



MEDTECS INTERNATIONAL CORPORATION LIMITED

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Half Year Financial Statements

PART I - INFORMATION REQUIRED FOR QUARTERLY - (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS ANNOUNCEMENT

1.(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Unaudited Half Year Results | Group | | |
|---------------------------------------|----------------------------------|------------------------------------|-------------------------|
| | US\$'000 | | % |
| | Latest Half Year 30 June 2020 | Previous Half Year 30 June 2019 | Increase/ (Decrease) |
| Revenue | 162,609 | 33,155 | 390.5 |
| Costs of sales and services | (111,187) | (27,853) | 299.2 |
| Gross profit | 51,422 | 5,302 | 869.9 |
| Other items of income | | | |
| Other operating income (expense), net | 2,501 | 92 | 2,648.4 |
| Financial income | 16 | 7 | 128.6 |
| Other items of expense | | | |
| Distribution and selling expenses | (5,351) | (1,261) | 324.7 |
| Administrative expenses | (4,725) | (2,569) | 83.9 |
| Financial expenses | (995) | (1,083) | (8.1) |
| Profit before tax | 42,868 | 488 | 8,684.4 |
| Income tax expense | (3,975) | (102) | 3,797.1 |
| Net profit for the period | 38,893 | 386 | 9,975.9 |
| Attributable to: | | | |
| Equity holders of the Company | 38,890 | 385 | 10,001.3 |
| Non-controlling interests | 3 | 1 | 200.0 |
| Net profit for the period | 38,893 | 386 | 9,975.9 |

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

| | US\$'000 | |
|---------------------------------------|----------------------------------|------------------------------------|
| | Latest Half Year 30 June 2020 | Previous Half Year 30 June 2019 |
| Depreciation | 2,655 | 1,073 |
| Amortisation of: | | |
| Assets held for leasing | 1,271 | 1,433 |
| Right-of-use assets | 315 | – |
| Interest expense on: | | |
| Loans | 863 | 976 |
| Lease liabilities | 120 | – |
| Other finance cost | 12 | 107 |
| Interest income | (16) | (7) |
| Other operating income (expense), net | 2,501 | 92 |
| Foreign exchange gain (loss) | 2,254 | (103) |

**Statement of Comprehensive Income
For the half year ended 30 June 2020**

| | Group | | |
|--|----------------------------------|------------------------------------|-------------------------|
| | US\$'000 | | % |
| | Latest Half Year 30 June 2020 | Previous Half Year 30 June 2019 | Increase/ (Decrease) |
| Profit after tax | 38,893 | 386 | 9,975.9 |
| Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange difference on consolidation | (1,074) | 100 | (1,174.0) |
| Total comprehensive income | <u>37,819</u> | <u>486</u> | <u>7,681.7</u> |
| Attributable to: | | | |
| Equity holders of the Company | 37,816 | 485 | 7,697.1 |
| Non-controlling interests | 3 | 1 | 200.0 |
| Total comprehensive income | <u>37,819</u> | <u>486</u> | <u>7,681.7</u> |

1. (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Unaudited Half Year Balance Sheet

| | Group | | Company | |
|------------------------------------|---------------|----------------|----------------|---------------|
| | US\$'000 | | US\$'000 | |
| | 30 June 2020 | 31 Dec 2019 | 30 June 2020 | 31 Dec 2019 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment, net | 20,631 | 19,170 | 51 | 43 |
| Investment properties | 2,894 | 2,950 | – | – |
| Assets held for leasing | 5,598 | 6,087 | – | – |
| Right-of-use of asset | 5,259 | 5,441 | 97 | 115 |
| Investment in subsidiaries | – | – | 24,883 | 24,883 |
| Goodwill | 709 | 709 | – | – |
| Deferred tax assets | 17 | 14 | 9 | 14 |
| Other non-current assets | 7,370 | 6,941 | 3,672 | 3,796 |
| | <u>42,478</u> | <u>41,312</u> | <u>28,712</u> | <u>28,851</u> |
| Current assets | | | | |
| Inventories | 37,688 | 37,844 | 79 | 79 |
| Trade receivables | Note 1 | 46,289 | 13,344 | 13,423 |
| Other current assets | | 15,946 | 16,103 | 16,847 |
| Due from subsidiaries (trade) | | – | – | – |
| Fixed deposits | | 4,930 | – | – |
| Cash and bank balances | Note 2 | 20,710 | 3,070 | 3,069 |
| | | <u>125,563</u> | <u>75,291</u> | <u>33,418</u> |
| | | <u>168,041</u> | <u>116,603</u> | <u>62,130</u> |
| TOTAL ASSETS | | | | 47,074 |

EQUITY AND LIABILITIES

| | | Group US\$'000 | | Company US\$'000 | |
|---|--------|-------------------|----------------|---------------------|---------------|
| | | 30 June 2020 | 31 Dec 2019 | 30 June 2020 | 31 Dec 2019 |
| Current liabilities | | | | | |
| Trade payables and other current liabilities | Note 3 | 16,714 | 3,836 | 4,541 | 334 |
| Due to subsidiaries (trade) | | – | – | 13,261 | 18,045 |
| Term loans (current portion) | | 2,503 | 387 | 2,500 | – |
| Bank loans | | 36,818 | 36,279 | – | – |
| Income tax payable | | 3,205 | 900 | – | 1 |
| | | <u>59,240</u> | <u>41,402</u> | <u>20,302</u> | <u>18,380</u> |
| NET CURRENT ASSETS (LIABILITIES) | | 66,323 | 33,889 | 13,116 | (157) |
| Non-current liabilities | | | | | |
| Term loans | | 1,918 | 5,870 | – | 3,750 |
| Lease liability | | 3,262 | 3,563 | 262 | 258 |
| Deferred tax liabilities | | 206 | 207 | – | – |
| Other non-current liabilities | | 1,006 | 971 | 230 | 225 |
| | | <u>6,392</u> | <u>10,611</u> | <u>492</u> | <u>4,233</u> |
| TOTAL LIABILITIES | | <u>65,632</u> | <u>52,013</u> | <u>20,794</u> | <u>22,613</u> |
| NET ASSETS | | <u>102,409</u> | <u>64,590</u> | <u>41,336</u> | <u>24,461</u> |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | | 27,471 | 27,471 | 27,471 | 27,471 |
| Share premium | | 4,721 | 4,721 | 4,721 | 4,721 |
| Actuarial gains/(losses) | | 6 | 6 | 24 | 24 |
| Foreign currency translation reserve | | (843) | 231 | – | – |
| Other reserves | | 394 | 394 | 561 | 561 |
| Revenue reserves/(deficits) | | 69,637 | 30,747 | 8,559 | (8,316) |
| | | <u>101,386</u> | <u>63,570</u> | <u>41,336</u> | <u>24,461</u> |
| Non-controlling interests | | 1,023 | 1,020 | – | – |
| Total equity | | <u>102,409</u> | <u>64,590</u> | <u>41,336</u> | <u>24,461</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>168,041</u> | <u>116,603</u> | <u>62,131</u> | <u>47,074</u> |

Explanatory notes that are material to an understanding of the information:

Note 1 Increase in Trade Receivables is attributed to the increase in sales.

Note 2 Increase in Cash and Cash Equivalents is primarily due to higher cash generated from operations.

Note 3 Increase in Trade Payables and Other Payables is due to purchases of raw materials.

1.(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

| As at 30 June 2020 US\$'000 | | As at 31 December 2019 US\$'000 | |
|--------------------------------|-----------|------------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 4,004 | 35,317 | 1,765 | 35,131 |

Amount repayable after one year

| As at 30 June 2020 US\$'000 | | As at 31 December 2019 US\$'000 | |
|--------------------------------|-----------|------------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 415 | 1,503 | 3,750 | 1,890 |

Details of any collateral

The Group's secured borrowings comprised of:

- a.) Secured bank loans of approximately US\$0.5 million and US\$0.6 million as of 30 June 2020 and 31 December 2019, respectively, are secured by leasehold land and building of the Group in Cambodia, with net book values of approximately US\$1.4 million as of 30 June 2020 and 31 December 2019.
- b.) Secured short-term bank loans of approximately US\$1.4 million and US\$1.7 million as of 30 June 2020 and 31 December 2019, respectively, are secured by building of the Group in China, with net book values of approximately US\$1.2 million and US\$1.3 million as of 30 June 2020 and 31 December 2019.

1.(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited Half Year Statement of Cash Flows

| Group US\$'000 | |
|----------------------------------|------------------------------------|
| Latest Half Year 30 June 2020 | Previous Half Year 30 June 2019 |

OPERATING ACTIVITIES

| | | |
|---|----------|-------|
| Profit before tax | 42,868 | 488 |
| Adjustments for: | | |
| Depreciation | 2,655 | 1,073 |
| Amortization of: | | |
| Assets held for leasing | 1,271 | 1,433 |
| Right-of-use assets | 315 | |
| Financial expense | 983 | 976 |
| Other finance costs | 12 | 107 |
| Financial income | (16) | (7) |
| Operating cash flows before working capital changes | 48,088 | 4,070 |
| Decrease/(increase) in: | | |
| Other current assets | 157 | (854) |
| Trade receivables | (33,673) | (97) |
| Inventories | 105 | 119 |
| Increase/(decrease) in: | | |
| Pension benefits obligation | 41 | 46 |
| Trade payables and other current liabilities | 12,583 | (631) |
| Net cash generated from operations | 27,301 | 2,653 |
| Income taxes received (paid) | (1,673) | 279 |
| Other finance costs paid | (12) | (107) |
| Interest received | 16 | 7 |
| Net cash generated from operating activities | 25,632 | 2,832 |

1.(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (continued).

| | Group US\$'000 | |
|---|----------------------------------|------------------------------------|
| | Latest Half Year 30 June 2020 | Previous Half Year 30 June 2019 |
| INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment | (4,060) | (421) |
| Decrease / (Increase) in: | | |
| Investment property | – | 109 |
| Assets held for leasing | (782) | (1,279) |
| Other non-current assets | (569) | 39 |
| Net cash used in investing activities | <u>(5,411)</u> | <u>(1,913)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds / (Payment) of short-term bank loans – net | 539 | (1,078) |
| Payment of term loans – net | (1,836) | (484) |
| Fixed deposit | – | (1,088) |
| Interest paid | (863) | (976) |
| Payment of lease liabilities | (421) | – |
| Net cash used in financing activities | <u>(2,581)</u> | <u>(3,626)</u> |
| Net increase / (decrease) in cash and bank balances | 17,640 | (2,707) |
| Cash and bank balances at beginning of period | <u>3,070</u> | <u>4,521</u> |
| Cash and bank balances at end of period | <u><u>20,710</u></u> | <u><u>1,814</u></u> |

1.(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

| US\$'000 | | | | | | | | | |
|--|---------------|--------------------------|----------------------|------------------|----------------|----------------|---------------------------|--------------|---------|
| Attributed to equity holders of the Group | | | | | | | | | |
| Share capital | Share Premium | Actuarial gains (losses) | Translation Reserves | Revenue reserves | Other reserves | Total reserves | Non-controlling interests | Total equity | |
| Balance at 31 December 2018 | 27,471 | 4,721 | 249 | (88) | 29,585 | 394 | 29,891 | 1,016 | 63,348 |
| Net profit for the period | – | – | – | – | 385 | – | 385 | 1 | 386 |
| Other comprehensive income | – | – | – | 100 | – | – | 100 | – | 100 |
| Total comprehensive income for the period | – | – | – | 100 | 385 | – | 485 | 1 | 486 |
| Balance at 30 June 2019 | 27,471 | 4,721 | 249 | 12 | 29,970 | 394 | 30,376 | 1,017 | 63,834 |
| Net profit for the period | – | – | – | – | 777 | – | 777 | 3 | 780 |
| Other comprehensive income (loss) | – | – | (243) | 219 | – | – | 219 | – | (24) |
| Total comprehensive income (loss) for the period | – | – | (243) | 219 | 777 | – | 996 | 3 | 756 |
| Balance at 31 December 2019 | 27,471 | 4,721 | 6 | 231 | 30,747 | 394 | 31,372 | 1,020 | 64,590 |
| Net profit for the period | – | – | – | – | 38,890 | – | 38,890 | 3 | 38,893 |
| Other comprehensive loss | – | – | – | (1,074) | – | – | (1,074) | – | (1,074) |
| Total comprehensive income (loss) for the period | – | – | – | (1,074) | 38,890 | – | 37,816 | 3 | 37,819 |
| Balance at 30 June 2020 | 27,471 | 4,721 | 6 | (843) | 69,637 | 394 | 69,188 | 1,023 | 102,409 |

Company

| US\$'000 | | | | | | | | |
|---|---------------|--------------------------|------------------|----------------|----------------|---------------------------|--------------|--------|
| Attributed to equity holders of the Company | | | | | | Non-controlling interests | Total equity | |
| Share capital | Share premium | Actuarial gains (losses) | Revenue reserves | Other reserves | Total reserves | | | |
| Balance at 31 December 2018 | 27,471 | 4,721 | 94 | (9,000) | 561 | (8,439) | – | 23,847 |
| Net loss for the period, representing total comprehensive loss for the period | – | – | – | (147) | – | (147) | – | (147) |
| Balance at 30 June 2019 | 27,471 | 4,721 | 94 | (9,147) | 561 | (8,586) | – | 23,700 |
| Net profit for the period | – | – | – | 829 | – | 829 | – | 829 |
| Other comprehensive loss for the period | – | – | (70) | – | – | – | – | (70) |
| Balance at 31 December 2019 | 27,471 | 4,721 | 24 | (8,318) | 561 | (7,757) | – | 24,459 |
| Net profit for the period, representing total comprehensive income for the period | – | – | – | 16,877 | – | 16,877 | – | 16,877 |
| Balance at 30 June 2020 | 27,471 | 4,721 | 24 | 8,559 | 561 | 9,120 | – | 41,336 |

1.(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not Applicable.

1.(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 30 June 2020 and 31 December 2019 was 549,411,240 shares. There were no treasury shares held by the Company as at the end of the current financial period reported on and as at the end of the immediately preceding year.

1.(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not Applicable.

1.(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not Applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable – the Group's financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. See note (a) above.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statement have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at and for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

| Group | |
|--------------------|--------------------|
| First Half 2020 | First Half 2019 |

Earnings per ordinary share for the period
after deducting any provision for preference dividends:

| | | |
|--|----------------|----------------|
| (i) Based on weighted average number of ordinary shares in issue | 7.078 US cents | 0.070 US cents |
| (ii) On a fully diluted basis | 7.078 US cents | 0.070 US cents |

Explanatory note to 6 (i) and (ii)

Earnings per share for the financial periods ended 30 June 2020 and 30 June 2019 are calculated based on the existing issued share capital of 549,411,240. The half year earnings per share on a fully diluted basis are calculated based on the number of issued shares of 549,411,240. There were no adjustments made to the earnings since the effects of share options are anti-dilutive.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on and (b) immediately preceding financial year.

| Group | |
|-----------------------|---------------------------|
| As at 30 June 2020 | As at 31 December 2019 |

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on

18.64 US cents 11.76 US cents

| Company | |
|-----------------------|---------------------------|
| As at 30 June 2020 | As at 31 December 2019 |

Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on

7.52 US cents 4.45 US cents

Explanatory note to 7

The net asset value per ordinary share is calculated based on 549,411,240 issued shares for the financial periods ended 30 June 2020 and 31 December 2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Business Overview

The Group's revenue increased significantly by 390.5% from US\$33.2 million in 1H19 to US\$162.6 million in 1H20 from increase in demand of personal protective apparels due to the COVID-19 global pandemic; which also raised awareness on healthcare products and led to increase in sales from our existing customers. The Group's net profit after tax increased by 9,975.9% from US\$386,000 in 1H19 to US\$38,893,000 in 1H20 due to higher sales, higher profit margins and foreign exchange gains.

Revenue

Revenue from the Original Product Manufacturing (OPM) division increased by 485.0% from US\$25.6 million in 1H19 to US\$150.2 million in 1H20 due to increase in demand in personal protective apparels and sales from our existing customers.

Revenue from the Hospital Services division increased slightly by 0.9% from US\$6.9 million in 1H19 to US\$7.0 million in 1H20 due to higher linen consumption in Taiwan.

Revenue from the Trading and Distribution division increased by 941.7% from US\$520,000 in 1H19 to US\$5,417,000 in 1H20 arising as well from higher customer demand.

Profitability

The Group's gross profit increased by 869.8% from US\$5.3 million in 1H19 to US\$51.4 million in 1H20 arising from higher sales and higher profit margins.

Gross profit from the OPM division increased by 895.1% from US\$4.7 million in 1H19 to US\$47.0 million in 1H20 arising from increase in sales and higher margins.

Gross profit from the Hospital Services division declined by 49.3% from US\$288,000 in 1H19 to US\$146,000 in 1H20 due to higher laundry and overhead expenses.

Gross profit from the Trading and Distribution division improved significantly by 1,365.9% from US\$293,000 in 1H19 to US\$4,302,000 in 1H20 due to higher revenues.

Other operating income increased by 2,468.4% from gain of US\$91,000 in 1H19 to gain of US\$2,501,000 in 1H20 due to foreign exchange gains during the period.

Distribution and selling expense increased by 324.7% from US\$1.3 million in 1H19 to US\$5.4 million in 1H20 due to higher freight out, sales and handling expenses.

Financial expenses decreased by 8.1% from US\$1.1 million in 1H19 to US\$1.0 million in 1H20 due to lower borrowings and borrowing costs.

Income tax expense increased significantly by 3,797.1% from US\$102,000 in 1H19 to US\$3,975,000 in 1H20 from higher net profits.

Depreciation expenses increased from US\$1.1 million in 1H19 to US\$2.7 million in 1H20 due to higher depreciation costs from acquisition of new fixed assets.

Overall, the Group's net profit after tax increased from US\$386,000 in 1H19 to US\$38,893,000 in 1H20 due to higher sales, higher gross profit margins and foreign exchange gains.

Cash Flow and Balance Sheet

The Group's total assets increased from US\$116.6 million as at 31 December 2019 to US\$168.0 million as at 30 June 2020 due to an increase in trade receivables from higher sales during the period. Property, plant and equipment increased from US\$19.2 million as at 31 December 2019 to US\$20.6 million as at 30 June 2020 as a result of the acquisition of new machineries and equipment.

The cash flow from accounts payable increased from an outflow of US\$631,000 in 1H19 to an inflow of US\$12,583,000 in 1H20 due to higher material purchases for the period.

The cash outflow for purchases of property increased from US\$421,000 in 1H19 to US\$4,060,000 in 1H20 because of additional plant machineries and new equipment in the Philippines and in Cambodia during the period.

The Group's term loans and bank loans decreased by US\$1.3 million from US\$42.5 million as at 31 December 2019 to US\$41.2 million as at 30 June 2020 due to payments during the period.

The cash outflow of US\$2.6 million from financing activities was due to payment of loans, interest and lease liabilities, net of proceeds from new short-term loans.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

It was stated in the announcement of the Group's full year financial results dated 27 February 2020 and the Company's annual report for the financial year ended 31 December 2019 that "Barring unforeseen circumstances, the Group expects to be more profitable in the financial year ending 31 December 2020". It was further stated in the Company's announcement dated 5 May 2020 that the Company "expects that the revenue and profit growth in the second quarter ending 30 June 2020 to exceed that of 1Q 2020".

The Group's financial results for the half year ended 30 June 2020 are consistent with the aforementioned prospect statements previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Looking ahead to the second half of the year, due to long-term supply contracts and a steady stream of new orders, barring unforeseen circumstances, the Group's revenue and profit is expected to exceed that of the first half of the year.

In the next 12 months, the Group will continue to maintain flexibility over our working capital and production resources. The production capacity of our key products such as face masks, isolation gowns, and other protective apparels will be expanded in due course depending on market conditions. The Group will continue to accelerate automation of production facilities while at the same time, outsource non-critical production processes.

Concurrently, the Group will make full use of e-commerce platforms through the business model of "Source and Sell Globally", which will drive customer engagement and help the Group source for better quality raw materials and suppliers of personal protective equipment (PPE).

The Group has expanded into business to consumer (B2C) services since the beginning of the year, which is already reaping rewards in the third quarter of 2020. The Group's own *CoverU* branded protective equipment and disease prevention products made a successful entry into European and American markets in the 2nd quarter of 2020, and have been in high demand ever since as the COVID-19 crisis shows little sign of abating in these two regions.

The Group's Chairman was appointed the founding chairman of the Confederation of Philippine Manufacturers of PPE (CPMP) in July 2020. The CPMP came into existence as a result of the Philippine government's pledge to secure quality PPE in greater quantities to meet the country's needs. The Group commenced operation in the Philippines over 30 years ago and is well positioned to capitalize on business opportunities arising from the Philippine government's plan to build preparedness

and develop its own local PPE production capacity. In addition, the Group is currently evaluating the feasibility of setting up a PPE production base in the United States to help create and maintain a local stockpile of PPE and medical necessities.

The COVID-19 pandemic has increased awareness and demand for the Group's healthcare related products and PPE. With the above-mentioned sales and operational strategies, the Group will continue to build awareness for its own brand, develop and expand sales channels, and gradually decrease the Group's reliance on OPM revenues. The Group remains and will continue to be in the forefront of safety and disease control and management with our high-quality PPE and healthcare related products.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

Yes.

(b)

(i) Amount per share

US\$ 0.0085 per ordinary share.

(ii) Previous corresponding period

No dividend had been declared in the previous corresponding period.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

The interim dividend is one-tier, tax exempt.

(d) The date the dividend is payable

On or around 25 September 2020.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

11 September 2020.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not Applicable

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders' mandate for interested person transactions.

14. Negative confirmation pursuant to Rule 705(5).

The board of directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the half year ended 30 June 2020 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its directors and executive officers (in the format as set out in Appendix 7H) in accordance with Rule 720(1) of the Catalist Rules.

ON BEHALF OF THE BOARD

Clement Yang Ker-Cheng
Chairman
Date: 11 August 2020