

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration No. 200505118M)

MATERIAL VARIANCES BETWEEN THE AUDITED FINANCIAL STATEMENTS AND THE PRELIMINARY UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Board of Directors (the “**Board**”) of China Medical (International) Group Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to (a) the Group’s unaudited financial statements for the financial year ended 31 December 2016 released via SGXNET on 27 February 2017 (the “**Unaudited Financial Statements**”) and (b) the audited financial statements of the Group for the financial year ended 31 December 2016 (the “**Audited Financial Statements**”).

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that the external auditor has proposed certain adjustments and reclassifications following the finalisation of the audit which the management of the Company has adopted accordingly.

A summary of the adjustments and explanation between the Unaudited Financial Statements and Audited Financial Statements is set out below.

BALANCE SHEETS

Item	Group			
	Unaudited Financial Statements	Audited Financial Statements	Increase / (Decrease)	
	S\$’000	S\$’000	\$’000	%
Current assets				
Cash and cash equivalents	2,525	2,525	-	-
Trade and other receivables	1,679	1,570	(109) ⁽¹⁾	6.5
Inventories	64	64	-	-
Total current assets	4,268	4,159	(109)	-

CONSOLIDATED STATEMENT OF CASHFLOWS

Item	Group			
	Unaudited Financial Statements	Audited Financial Statements	Increase / (Decrease)	
	S\$’000	S\$’000	\$’000	%
Net loss	(19,327)	(19,436)	(109) ⁽¹⁾	0.5
Net cash used in	(9,495)	(12,512)	(3,017)⁽²⁾	31.8

operating activities				
Net cash used in investing activities	(86)	(86)	-	-
Net cash provided by financing activities	8,545	12,062	3,517 ⁽³⁾	41.2

Notes:

- (1) This was due to additional allowance for impairment of other receivables relating to advances and/or loan provided to our business partners in Shenzhen.
- (2) There was a reclassification of \$3,017,000 from net cash used in operating activities to the cashflow from financing activities because this amount represents an advance from former shareholder of subsidiary corporation that should be correctly reflected under cashflow from financing activities.
- (3) The cashflow from financing activities increased by \$3,517,000 due to reclassification of \$3,017,000 from operating activities and additional cash inflow of \$500,000 from proceeds from the withdrawal of fixed deposit during the year.

Item	Group		
	Unaudited financial statements	Audited financial statements	Increase / (Decrease)
Loss per share			
(a) Based on weighted average number of shares (cents)	(0.642)	(0.646)	0.6 %.
(b) Based on fully diluted basis (cents)	(0.642)	(0.646)	0.6%

There is no material impact on the earnings per share for the financial year ended 31 December 2016 as a result of the aforementioned adjustments.

By Order of the Board
7 April 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.