



CHINA MEDICAL (INTERNATIONAL)
GROUP LIMITED
中国医疗(国际)集团有限公司

SUSTAINABILITY REPORT

2017



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ORGANIZATIONAL PROFILE

China Medical (International) Group Limited (“CMIG”) was incorporated in 2005 and it currently has two main businesses, steel trading and distribution and medical aesthetics. The Group’s steel trading and distribution has operations mainly in Singapore and Malaysia. The Group’s operations in the medical aesthetic and health care business in the People’s Republic of China (“PRC”) and Taiwan is undergoing restructuring currently.

ABOUT THIS REPORT

This report is guided by the Global Reporting Initiative (GRI) G4 reporting guidelines, at Core level. Corresponding to G4’s emphasis on materiality, the report highlights the key environmental, social and governance (“ESG”) related factors identified for FY2017 and the initiatives during the period. For FY2017, the report is focused on the Group’s steel trading business but we intend to expand our scope of this report to include the Group’s other businesses in the future. This is the Group’s inaugural report and in line with the Group’s continued commitment to environmental sustainability, we hope to share more in our subsequent reports.

BOARD’S STATEMENT

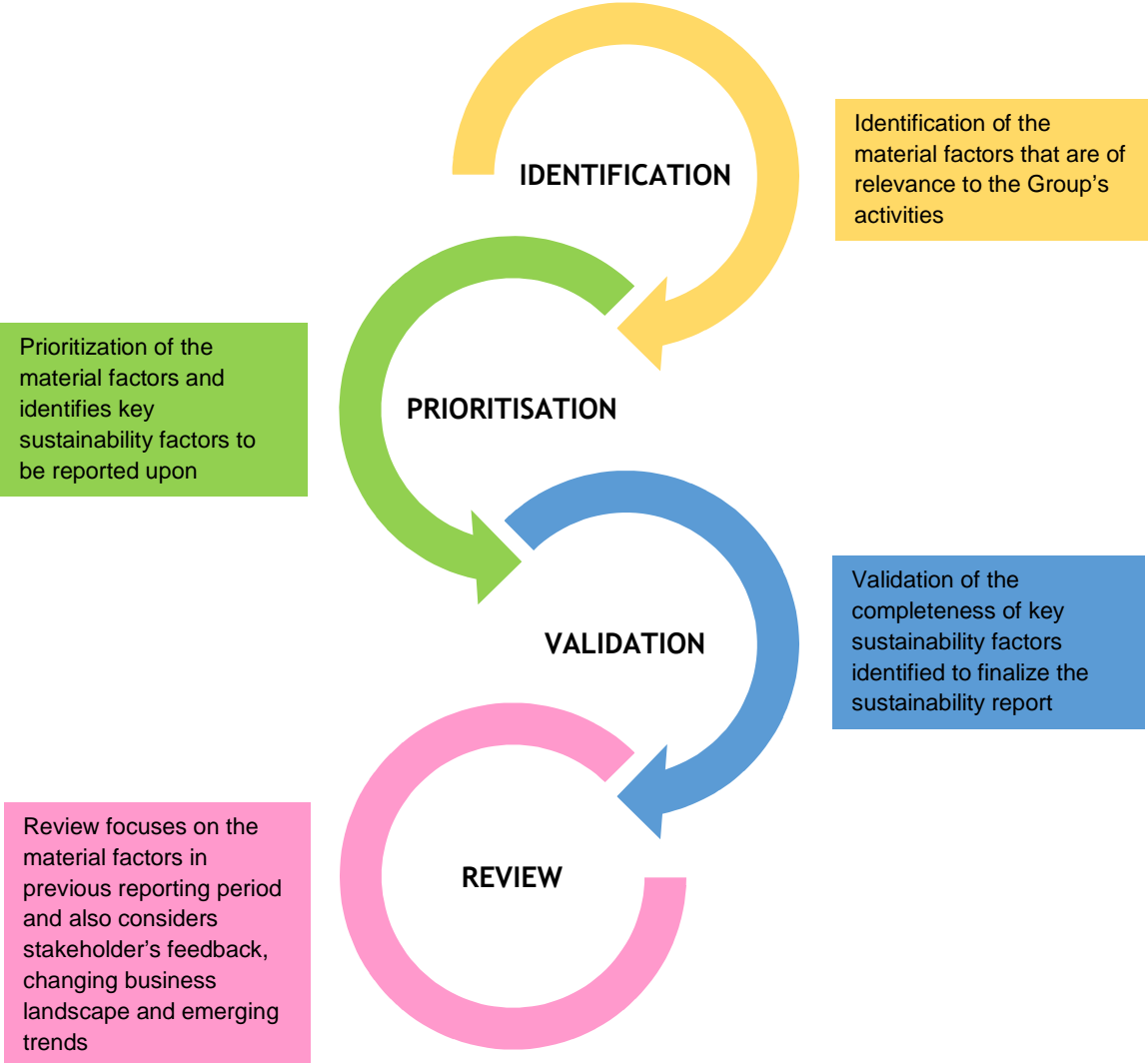
Recognising the importance of sustainability, the Board of Directors (“Board”) leads the sustainability efforts at Company. The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of these factors.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. Please send your comments and suggestions to report@cmigmedical.com.

POLICY, PRACTICES AND PERFORMANCE REPORTING

SUSTAINABILITY REPORTING PROCESSES

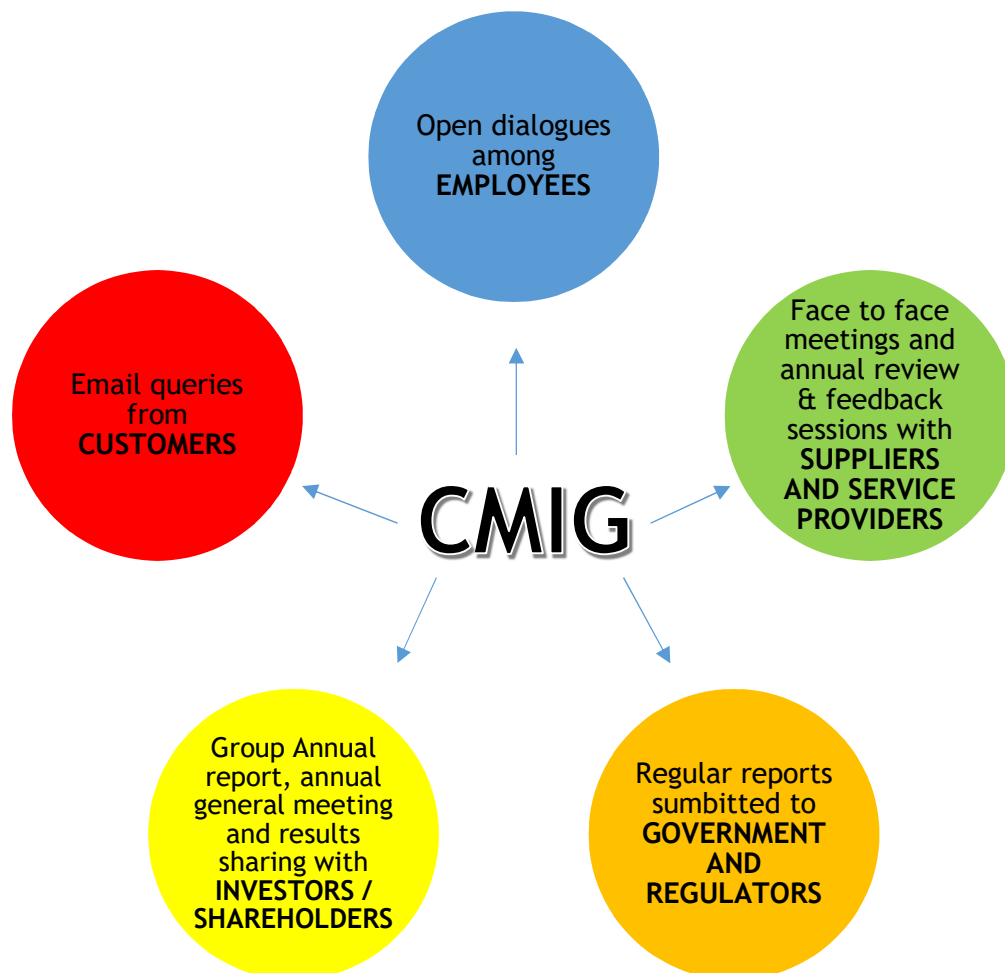
Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised as material factors which are then validated. The end result of this process is a list of material factors disclosed in the sustainability report. Inter-relations of which are as shown below:



STAKEHOLDER ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, investors, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

The following sets out our engagement platforms with our stakeholders:



MATERIAL ASPECTS ASSESSMENT

We conducted a materiality assessment during the year with the help of an external consultant. Going forward, materiality review will be conducted every year, incorporating inputs from the stakeholder engagements.

To determine if an aspect is material, we assessed its potential impact on the economy, environment and society and the influence on the stakeholders. Senior management took part along with our consultant. Aspects were identified and prioritised through internal workshops, peer reviews and social impact assessments at site level. Applying the guidance from GRI, we have identified the following material aspects:

Economic Performance
Economic

Diversity & Fair Employment Practice
Training and Education
Code of Conduct
Social

Materials
Supplier environmental assessment
Environmental

Enterprise Risk Management
Whistle Blowing Policy
Governance

TARGETS

Given that this is our inaugural report, we do not have sufficient performance data to form a trend for the purpose of setting targets. Accordingly, the process of target setting is deferred till a time when adequate data is available to set reasonable targets.

MATERIAL ESG FACTORS

ECONOMIC

ECONOMIC PERFORMANCE

CMIG firmly believes that focus on financial sustainability is critical and we are fully committed to the highest standards of corporate governance. The company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

For detailed financial results, please refer to the following sections in our Annual Report 2017:

- Operating and Financial Review, page 5 - 6
- Financial Statements, page 43 - 108.

CMIG was incorporated in 2005 and its main business activity was to provide management services for operation of clinics and research and development in the field of aesthetics medicine and plastic surgery. However, the Group's operations in the medical aesthetic and health care business in the People's Republic of China ("PRC") and Taiwan remained weak due to the decline in medical tourism and increased competition. In this regard, the Group does not foresee improvement in the immediate future.

The Group is currently facing going concerns issues due to the weak health care business in PRC and Taiwan and has also ceased the funding to the clinics and hospital, but we will continue to review our existing operations and intensify the search for and pursue opportunities for growth. Nevertheless, we will:

- comply with all local and national legislation in each country of operation,
- continuously improve our social, environmental and economic impact,
- analyze risks, formulate objectives and to have adequate processes to manage and monitor control risks,
- encourage and promote diversity in our organizations, and
- have an active dialog with our stakeholders such as trading partners and shareholders.

ENVIRONMENT

CMIG's direct environmental impact is limited as we do not have any manufacturing operations, but we always strive to avoid unnecessary impact on the environment and to further reduce environmental impact.

MATERIALS

The Group sources and buys end products from companies which are environmentally friendly. If there any new product launches, we will perform rigorous checks on the upstream suppliers to ensure that they meet our requirements and they are aligned to our Group's environmental objectives.

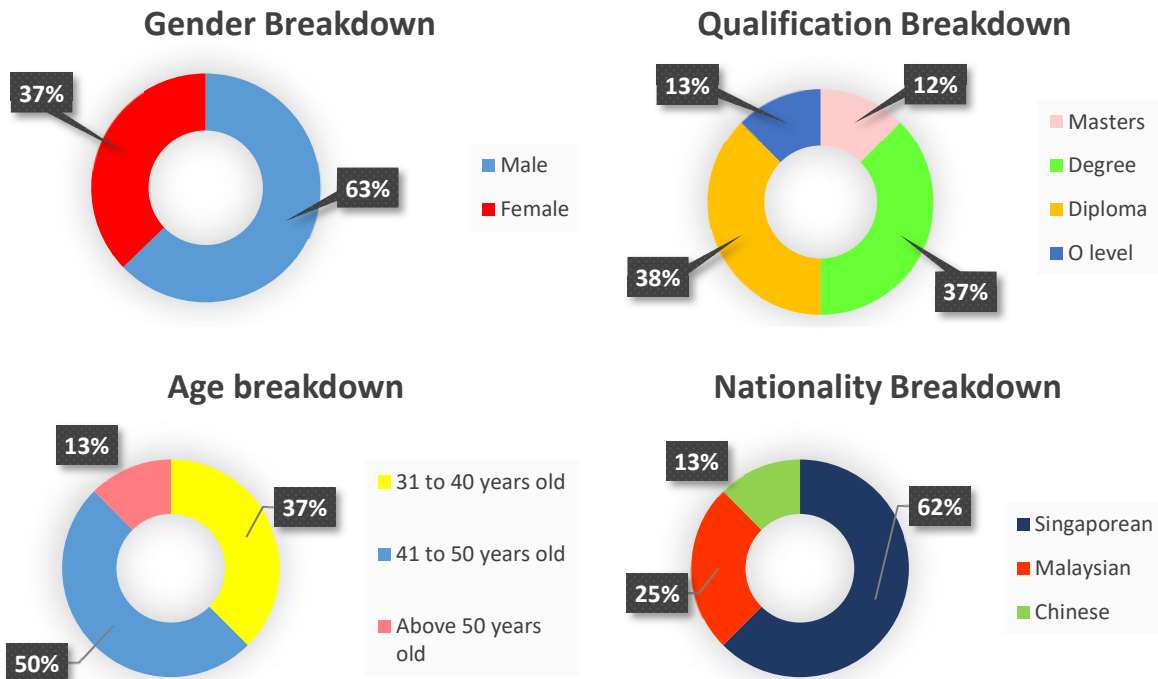
SUPPLIER ENVIRONMENTAL ASSESSMENT

CMIG will continue to reduce its environmental impact and to encourage its stakeholders, such as suppliers and trading partners, to meet the same expectations. The Group also performs periodic supplier assessment on their vendors to check that they are providing high quality and green products. Currently, the main supplier of the steel trading business is a Germany based Technology Company that is a market leader since the 1950s in the field of measurement technology in molten metals. The company is ISO9001 and ISO14001 certified. The products do not possess any materials which may qualify it as hazardous waste and no environmental hazards have been reported or known.

SOCIAL

DIVERSITY AND FAIR EMPLOYMENT

We embrace diversity, and at the same time expect employees to be aligned with group's vision and strategic initiatives. The age of our staff ranges from 30s to 60s. The ratio of male to female staff is almost 1:1. Our staff consists of people coming from different nationalities and academic qualification but we strive for fair treatment.



We give preference to the hiring of local talent. We are committed to providing competitive remuneration and benefits to our employees. We are also committed to safeguarding our employees' health and safety against any potential workplace hazards. There have been no work place incidents for FY2017.

CODE OF CONDUCT

The Group sets out the expected code of conduct in its employee handbook. CMIG ensures compliance with labor and employment laws, including working hours. Furthermore, the Group does not discriminate against anyone because of age, gender, national origin, disability, religion, sexual orientation, marital or maternity status, union membership or political opinion, among others. Non-compliance in relation to discrimination must be reported to the manager, HR or through our whistleblowing system.

TRAINING AND EDUCATION

CMIG understands that there is a continuous need to upgrade staff skills and knowledge. This is beneficial to the staff development and also to the Company. Thus, staff are encouraged to go for courses and seminars to upgrade themselves and improve their skills.

GOVERNANCE

The Company adheres closely to the principles and guidelines of the Code of Corporate Governance 2012 (the “Code”) and other applicable laws, rules and regulations, including the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “Catalist Rules”). Please refer to the Annual report pages 10 to 28 on the details of the SGX Code of Corporate Governance.

In our dealings with our customers we get our employees to strictly uphold company policy on anti-corruption/bribery clauses. We may also ask our suppliers through a supplier questionnaire on whether they have anti-corruption/bribery clause with their upstream suppliers.

ENTERPRISE RISK MANAGEMENT (ERM)

ERM is an integral part of good corporate governance as well as resource management. A thorough and comprehensive ERM framework enables CMIG to identify, communicate and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on ERM, please refer to our Annual Report, pages 22.

WHISTLE BLOWING POLICY

Our whistle blowing policy provides a mechanism for employees and external parties to report concerns over alleged wrongful acts. There were no whistleblowing cases in 2017.