

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration No. 200505118M)

UPDATE ON MEDICAL AESTHETIC AND HEALTHCARE BUSINESS SEGMENT

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**” of the “**Directors**”) of China Medical (International) Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide an update on the medical aesthetic and health care business segment. Further details are set out below.

2. THE MEDICAL AESTHETICS AND HEALTH CARE BUSINESS AND THE KIDNEY HOSPITAL

- 2.1. 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.
- 2.2. Accordingly, the Group has halted all funding to the clinics in Shenzhen and are currently reviewing the available options.
- 2.3. The Group has also halted the funding for the renovation of the kidney hospital in Qingdao. The Group had actively looked for local investor(s) to participate in or to take over the management of the kidney hospital; whilst there had been indications of interests by potential investors, there was no positive outcome on the matter as the commitments that would have been imposed on the Group were considered to be onerous. Furthermore, there was uncertainty in the implementation of policies, particularly the difficulty and expected long timeframe required to obtain accreditation from the insurance bureau for patient fee reimbursements. In view of the above, the Company determined that the Group should discontinue the venture into the management of the kidney hospital.
- 2.4. Based on the foregoing, CMIC Renal Hospital Management (Beijing) Co., Ltd. (“**CMICRH**”), a wholly-owned subsidiary of CMIC Hemodialysis (Hong Kong) Limited (“**CMIC HK**”), has been deregistered in February 2018 to cut costs. CMICRH was incorporated in 2016 to explore opportunities in the management of a kidney hospital in Qingdao, PRC. It has remained dormant due to the reasons set out in paragraph 2.3.
- 2.5. In addition, China iMyth (Shanghai) Co., Ltd. (“**CISC**”) a wholly-owned subsidiary of China iMyth (Hong Kong) Limited, which is in turn 51% owned by China iMyth Company Pte. Ltd. is currently undergoing deregistration. CISC became a subsidiary of the Company upon the completion of the acquisition of 51% of the issued and paid-up share capital of China iMyth Company Pte. Ltd. on 6 November 2015. CISC is a wholly foreign-owned enterprise that was incorporated for the aesthetic medical business in the PRC. As CISC was not revenue generating and was used solely for administrative purposes, CISC was deregistered with a view to cut costs. This deregistration is currently being processed.
- 2.6. The deregistration or ongoing deregistration of CMICRH and CISC did not have any material impact on the consolidated net tangible assets and earnings per share of the Company and the Group for the financial year ended 31 December 2017.

- 2.7. Save as disclosed above, none of the Directors or substantial shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the abovementioned transactions (other than through their interests in the shares of the Company).
- 2.8. In the meantime, the Group will undertake a review of its existing operations and intensify the search for and pursue opportunities for growth and will update shareholders should there be any material developments.

BY ORDER OF THE BOARD

1 March 2018

*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 Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).