



**CHINA MEDICAL (INTERNATIONAL)
GROUP LIMITED**

中国医疗(国际)集团有限公司
Company Registration No. 200505118M

**CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED
(FORMERLY KNOWN AS ALBEDO LIMITED)**

**FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

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

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	3 months ended			12 months ended		
	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)		31.12.2016 (Unaudited)	31.12.2015 (Audited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	489	859	(43%)	3,105	5,565	(44%)
Cost of Sales	(273)	(478)	(43%)	(1,992)	(4,240)	(53%)
Gross Profit	216	381	(43%)	1,113	1,325	(16%)
	44%	44%		36%	24%	
Other (loss)/ income	(42)	1,396	N/M	165	1,446	(89%)
Selling & distribution expenses	(111)	(207)	(46%)	(467)	(559)	(16%)
Administrative expenses	(16,444)	(1,517)	N/M	(19,950)	(3,408)	N/M
Other operating expenses	(85)	(91)	(7%)	(427)	(94)	N/M
Finance income/ (expenses)	356	(1)	N/M	237	(14)	N/M
Loss for the financial period before income tax	(16,110)	(39)	N/M	(19,329)	(1,304)	N/M
Income tax credit/ (expense)	8	(6)	N/M	2	(5)	N/M
Net loss	(16,102)	(45)	N/M	(19,327)	(1,309)	N/M
Other comprehensive loss: Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation loss	20	3	N/M	7	3	N/M
Other comprehensive income, net of tax	20	3	N/M	7	3	N/M
Total comprehensive loss	(16,082)	(42)	N/M	(19,320)	(1,306)	N/M
Loss attributable to:						
Equity holders of the Company	(15,859)	(610)	N/M	(18,647)	(1,874)	N/M
Non-controlling interests	(243)	565	N/M	(680)	565	N/M
Net loss for the financial period	(16,102)	(45)	N/M	(19,327)	(1,309)	N/M
Loss attributable to:						
Equity holders of the Company	(15,841)	(607)	N/M	(18,647)	(1,871)	N/M
Non-controlling interests	(241)	565	N/M	(673)	565	N/M
Total comprehensive loss	(16,082)	(42)	N/M	(19,320)	(1,306)	N/M

Note:-
N/M denotes not meaningful

Notes to Consolidated Statement of Comprehensive Income

	Group 3 months ended			Group 12 months ended		
	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	Increase/ (Decrease)	31.12.2016 (Unaudited)	31.12.2015 (Audited)	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss after income tax	(16,102)	(45)	N/M	(19,327)	(1,309)	N/M
Other comprehensive loss						
Foreign currency translation	20	3	N/M	7	3	N/M
Total comprehensive loss	(16,082)	(42)	N/M	(19,320)	(1,306)	N/M
Attributable to:						
Equity holders of the Company	(15,841)	(607)	N/M	(18,647)	(1,871)	N/M
Non-controlling interest	(241)	565	N/M	(673)	565	N/M

Notes to Consolidated Statement of Comprehensive Income

	Group 3 months ended		Increase /(Decrease) %	Group 12 months ended		Increase /(Decrease) %
	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)		31.12.2016 (Unaudited)	31.12.2015 (Audited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Interest expense on borrowings	(136)	(1)	N/M	(255)	(14)	N/M
Depreciation of property, plant and equipment	(48)	(24)	N/M	(173)	(30)	N/M
Amortisation of intangible assets	(52)	-	N/M	(52)	-	N/M
Fair value gain on long term payables	502	-	N/M	502	-	N/M
Amortisation of long term payables	(20)	-	N/M	(20)	-	N/M
Write off of property, plant and equipment	(13)	-	N/M	(27)	-	N/M
Impairment of goodwill	(10,805)	-	N/M	(10,805)	-	N/M
Allowance for slow moving inventories	-	(27)	N/M	-	(27)	N/M
Allowance for impairment of other receivables	(4,126)	-	N/M	(4,126)	-	N/M
Foreign exchange (gain)/ loss	(30)	6	N/M	(42)	2	N/M

N/M – Not Meaningful

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

	Group		Company	
	As at 31.12.2016 (Unaudited) S\$'000	As at 31.12.2015 Restated* (Unaudited) S\$'000	As at 31.12.2016 (Unaudited) S\$'000	As at 31.12.2015 Restated* (Unaudited) S\$'000
ASSETS				
Current assets				
Cash & cash equivalents	2,525	3,519	1,404	2,031
Trade receivables	124	466	-	-
Other receivables & prepayments	1,555	332	893	79
Inventories	64	434	-	-
Total current assets	4,268	4,751	2,297	2,110
Non-current assets				
Investment in subsidiary corporations	-	-	7,302	18,402
Property, plant and equipment	274	373	27	2
Intangible asset	104	155	-	-
Goodwill	7,192	17,997	-	-
Total non-current assets	7,570	18,525	7,329	18,404
Total assets	11,838	23,276	9,626	20,514
LIABILITIES AND EQUITY				
Current liabilities				
Trade payables	139	127	-	-
Other payables	1,209	4,900	864	3,932
Borrowings	3,730	-	-	-
Total current liabilities	5,078	5,027	864	3,932
Non-current liabilities				
Other payable	3,017	-	3,017	-
Borrowings	1,000	-	1,000	-
Deferred income tax liabilities	18	26	-	-
Total non-current liabilities	4,035	26	4,017	-
Total liabilities	9,113	5,053	4,881	3,932
Net assets	2,725	18,223	4,745	16,582
Capital and reserves attributable to equity holders of the Company				
Share capital	50,000	46,485	50,000	46,485
Other reserves	(47,219)	(28,878)	(45,255)	(29,903)
Share capital and reserves	2,781	17,607	4,745	16,582
Non-controlling interests	(56)	616	-	-
Total equity	2,725	18,223	4,745	16,582

* Certain comparative figures have been restated due to adoption of FRS 103 Business Combination. Please refer to paragraph 5 of this announcement for further details.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

		Group	
		31.12.2016 (Unaudited)	31.12.2015 (Audited)
		S\$'000	S\$'000
Current liabilities			
(i)	Loan facilities	3,730	-
		<u>3730</u>	<u>-</u>
Non-current liabilities			
(ii)	Loan facilities	1,000	-
		<u>1,000</u>	<u>-</u>

Details of any collateral

- (i) The loan is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by the Company's substantial shareholder Dato Dr Choo Yeow Ming. The loan bears interest at a rate of 12% per annum and the repayment term was originally repayable within 6 months from 20 June 2016 and was further extended to 28 March 2017.
- (ii) Non-secured shareholder loan from Dato Dr Choo Yeow Ming. The non-secured loan bears interest at a rate of 6% per annum and is due for repayment on 5 March 2020.

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

Consolidated Statements of Cash Flows

	Group			
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Audited S\$'000
Net loss	(16,102)	(45)	(19,327)	(1,309)
Cash flows from operating activities				
Adjustment for:				
Income tax (credit)/ expense	(8)	6	(2)	5
Depreciation of property, plant and equipment	48	24	173	30
Impairment of goodwill	10,805	-	10,805	-
Amortisation of intangible assets	52	-	52	-
Allowance for impairment of other receivables	4,126	-	4,126	-
Fair value gain on long term payables	(502)	-	(502)	-
Amortisation of long term payables	20	-	20	-
Write off of property, plant and equipment	13	-	27	-
Employee share option expense	-	-	-	532
Unrealised currencies translation (gain)/ loss	(30)	6	(42)	2
Interest income	-	-	-	(67)
Interest expense	126	1	245	14
Operating cash flows before movements in working capital	(1,452)	(8)	(4,425)	(793)
Trade and other receivables	(17)	(40)	(5,006)	500
Inventories	22	(24)	369	(184)
Trade and other payables	(316)	2,538	(181)	2,500
Cash (used in)/ generated from operations	(1,763)	2,466	(9,243)	2,023
Income tax paid	(7)	(6)	(7)	(215)
Interest income	-	-	-	67
Interest expense	(126)	(1)	(245)	(14)
Net cash (used in)/ generated from operating activities	(1,896)	2,459	(9,495)	1,861

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

Consolidated Statements of Cash Flow

	Group			
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Audited S\$'000
Cash flow used in investing activities				
Acquisition of subsidiary corporation	-	(10,839)	-	(10,839)
Purchase of property, plant and equipment	(19)	(2)	(86)	(4)
Net cash used in investing activities	(19)	(10,841)	(86)	(10,843)
Cash flows from financing activities				
Proceeds from issuance / exercise of warrants	300	-	300	887
Proceeds / (repayment) of borrowings	216	(117)	4,730	(474)
Proceeds from issuance of new shares	515	2,250	3,515	2,250
Net cash provided by financing activities	1,031	2,133	8,545	2,663
Net decrease in cash and cash equivalents	(884)	(6,249)	(1,036)	(6,319)
Beginning of the financial period	3,362	9,768	3,519	9,837
Effect of currency translation on cash and cash equivalents	47	-	42	1
End of the financial period	2,525	3,519	2,525	3,519

Represent by:

	Group			
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Cash at bank and on hand	2,525	3,519	2,525	3,519
Less: bank deposits pledged	(1,000)	(1,500)	(1,000)	(1,500)
Cash and cash equivalents per consolidated statement cash flows	1,525	2,019	1,525	2,019

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

	Share capital	Currency translation reserves	Accumulated losses	Share option reserve	Warrant reserve	Attributable to equity holders of company	Non-controlling interest	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Restated unaudited)								
Balance as at 01.01.2015	38,114	9	(29,169)	506	299	9,759	-	9,759
Exercise of warrants	71	-	-	-	(24)	47	-	47
Issuance of shares	8,300	-	-	-	-	8,300	-	8,300
Issuance of warrants	-	-	-	-	840	840	-	840
Employee Share Option Scheme								
- Value of employee services	-	-	-	532	-	532	-	532
Other comprehensive income	-	3	-	-	-	3	-	3
Non-controlling interest	-	-	-	-	-	-	51	51
Total comprehensive loss for the year	-	-	(1,874)	-	-	(1,874)	565	(1,309)
Balance as at 31.12.2015	46,485	12	(31,043)	1,038	1,115	17,607	616	18,223
(Unaudited)								
Balance as at 01.01.2016	46,485	12	(31,043)	1,038	1,115	17,607	616	18,223
Issuance of warrants	-	-	-	-	300	300	-	300
Issuance of new shares	3,515	-	-	-	-	3,515	-	3,515
Other comprehensive income	-	6	-	-	-	6	8	14
Total comprehensive loss for the year	-	-	(18,647)	-	-	(18,647)	(680)	(19,327)
Balance as at 31.12.2016	50,000	18	(49,690)	1,038	1,415	2,781	(56)	2,725

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 (cont'd)

	Share capital	Accumulated losses	Share option reserves	Warrant reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Audited)					
Balance as at 01.01.2015	38,114	(29,215)	506	299	9,704
Issuance of warrants	71		-	(24)	47
Issuance of shares	8,300				8,300
Issuance of warrants				840	840
Employee Share Option Scheme					
- Value of employee services	-	-	532	-	532
Total comprehensive loss for the year	-	(2,841)	-	-	(2,841)
Balance as at 31.12.2015	46,485	(32,056)	1,038	1,115	16,582
(Unaudited)					
Balance as at 01.01.2016	46,485	(32,056)	1,038	1,115	16,582
Issuance of warrants				300	300
Issuance of shares	3,515	-	-	-	3,515
Total comprehensive loss for the year	-	(15,652)	-	-	(15,652)
Balance as at 31.12.2016	50,000	(47,708)	1,038	1,415	4,745

1(d)(ii) Details of any changes in the company's share capital arising from right 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares 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.

<u>The Company's share capital is shown as below:-</u>	<u>Number of Shares</u>	<u>Share capital S\$'000</u>
Balance as at 1 October 2016	2,949,133,315	49,485
Balance as at 31 December 2016	2,999,133,315	50,000

During the three months ended 31 December 2016 ("4Q2016"), 50,000,000 shares were issued. Accordingly, the issued and paid up capital of the Company has increased to approximately S\$50,000,000 comprising 2,999,133,315 shares as at 31 December 2016.

No warrants pursuant to the Rights cum Warrants Issue were exercised in 4Q2016. As at 31 December 2016, there were 66,179,592 (31 December 2015: 66,179,592) outstanding warrants pursuant to the Rights cum Warrants Issue which may be exercisable into 66,179,592 (31 December 2015: 66,179,592) ordinary shares of the Company.

There was no exercise of the 110 million non-listed, non-transferrable warrants issued on 12 December 2013 at an exercise price of S\$0.04338 per warrant exercisable into 110 million shares of the Company. 110 million warrants were outstanding as at 31 December 2016. (31 December 2015: 110 million warrants).

840 million of the non-listed, non-transferable warrants issued on 13 July 2015 at an exercise price of S\$0.01125 per warrant exercisable into 840 million ordinary shares of the Company were outstanding as at 31 December 2016. (31 December 2015: 840 million)

In 4Q2016, no employee share options were exercised. As at 31 December 2016, the Company had 105,850,000 (31 December 2015: 107,750,000) outstanding employee share options.

There were no treasury shares as at 31 December 2016 and 31 December 2015.

1(d)(iii) To show the 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

	31.12.2016	31.12.2015
Total number of issued shares excluding treasury shares	<u>2,999,133,315</u>	<u>2,649,133,315</u>

There were no treasury shares as at 31 December 2016 and 31 December 2015.

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

Not applicable as the Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 2015.

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

During the year, an assessment was done to the purchase price allocation arising from the Group's acquisition of iMyth Company Pte Ltd, as a result the following items are restated:

	Group		
	Previously reported	Restated	Increase/(Decrease)
	S\$'000	S\$'000	S\$'000
Assets			
Goodwill	<u>17,886</u>	<u>17,997</u>	111
Intangible asset	<u>418</u>	<u>155</u>	(263)
Liabilities			
Deferred income tax liabilities	<u>(71)</u>	<u>(26)</u>	(45)

The restatement of the carrying amount of the goodwill, intangible assets and related deferred income tax liabilities taking into consideration the business volume and income level available during the financial year to reassess the intangible assets existed at the acquisition date. The reassessment is required by FRS 103 Business Combination if the initial accounting for a

business combination is incomplete, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

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

Loss Per Share	Group		Group	
	3 months ended		12 months ended	
	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Audited)
(a) Based on weighted average number of shares (cents) ⁽¹⁾	(0.546)	(0.032)	(0.642)	(0.098)
(b) Based on fully diluted basis (cents) ⁽²⁾	(0.546)	(0.032)	(0.642)	(0.098)
Weighted average number of shares	2,903,231,676	1,914,474,719	2,903,231,676	1,914,474,719

Notes:

- ¹ The calculation of loss per ordinary share is based on the Group's loss attributable to equity holders of the Company of approximately S\$15,859,000 for 3 months period ended 31 December 2016 (31 December 2015: S\$610,000) and loss attributable to equity holders of the Company of approximately S\$18,647,000 for 12 months period ended 31 December 2016 (31 December 2015: S\$1,874,000) divided by the weighted average number of shares of 2,903,231,676 shares (31 December 2015: 1,914,474,719 shares).
- ² The outstanding warrants and options were not included in the computation of the diluted loss per share as their effect would have been 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		Company	
	31.12.2016 (Unaudited)	31.12.2015 (Restated unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Audited)
Net asset value per ordinary share based on issued share capital as at end of the period (Singapore cents)	0.09	0.68	0.16	0.63

The net asset value per ordinary share of the Group and the Company was calculated based on the Group's and the Company's net assets value as at 31 December 2016 divided by 2,999,133,315 ordinary shares (31 December 2015: 2,649,133,315, ordinary shares).

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.

Review of the Income Statement of the Group

i) Revenue

	4Q2016	4Q2015	Increase/(Decrease)		12M2016	12M2015	Increase/(Decrease)	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Trading & distribution	217	606	(389)	(64%)	2,148	5,312	(3,164)	(60%)
Aesthetics								
Medical	272	253	19	8%	957	253	704	N/M
Total	489	859	(370)	(43%)	3,105	5,565	(2,460)	(44%)

The Group's revenue from its trading and distribution for FY2016 was approximately S\$2.15 million, a decrease of approximately S\$3.1 million as compared to the revenue of approximately S\$5.3 million in FY2015. The 60% decline in revenue was mainly due to continuing weak market demand and increasing import competition from competing steel producing countries with huge surplus production and also the closure of some steel mills in our region.

As a result of the Group's diversification into medical aesthetics in November 2015, the Group consolidated full year revenue of approximately S\$957,000 from the medical aesthetics business in FY2016.

ii) Gross profit and gross profit margin

The Group's gross profit from operations had decreased by 15.9% from approximately S\$1.3 million in FY2015 to approximately S\$1.1 million in FY2016. Gross profit margin improved from 24% in FY2015 to 36% in FY2016 mainly due to higher percentage sale mix of higher margin products from the trading and distribution division and higher margin in the medical aesthetics business.

iii) Other operating income

The decrease of approximately S\$1.28 million in other income from FY2015 is mainly due to the absence of a waiver of an amount owing by a subsidiary of approximately S\$1.3 million recognized in FY2015.

iv) Selling and distribution costs

Selling and distribution costs decreased by 16% to approximately S\$467,000 in FY2016 from approximately S\$559,000 in FY2015 mainly due to lower marketing activities and employees cost.

Administrative expenses and Other operating expenses

Administrative expenses increased by approximately S\$16.5 million from approximately S\$3.4 million in FY2015 to approximately S\$19.95 million in FY2016 mainly due to approximately S\$10.8 million impairment on goodwill as a result of carrying amount of the goodwill exceeding the recoverable amount of the cash generating units ("CGUs") which was affected by the economic and political conditions and more stringent regulatory framework in the locations of the CGUs. An approximately S\$2 million allowance for impairment of other receivables were made as there were doubt as to the recoverability of the receivables at the moment due to delays in the setting up of the aesthetic business in Shenzhen like the incorporation of wholly owned foreign enterprise (WFOE). These receivables are initial investment into aesthetics business in Shenzhen in accordance to our JV agreement. These initial investments contributed by the Group will be repaid from the eventual profit from operation. Another approximately S\$2 million allowance were also impaired for receivables which were extended for the renovation of the Qingdao Kidney hospital as the renovation of this hospital was slowed as we are in discussion with other local investors to jointly finance this project. These should be recovered eventually as management fees for the operations and management of the hospital.

Other operating expenses increased from approximately S\$0.09 million in FY2015 to approximately S\$0.427 million in FY2016. These are attributable to introducer fee of S\$0.075 million in relation to the HKD 20 million loan, other operating expenses incurred in the medical aesthetic business for approximately S\$0.155 million covering repair and maintenance of clinic equipment and in addition, staff welfare, travelling and accommodation expenses in China amounted to approximately S\$0.1 million.

v) Finance expenses

Finance income of S\$0.24 million recorded was due to fair value gain of approximately S\$0.5 million from rescheduling of repayment of an amount payable extended to December 2019, offset against S\$0.25 million interest expense.

Review of the Financial Position of the Group

vi) Balance sheet

Total assets of the Group decreased by approximately S\$11.5 million from approximately S\$23.3 million as at 31 December 2015 to approximately S\$11.8 million as at 31 December 2016, of which S\$10.8 million is mainly attributable to impairment on goodwill.

The cash and bank balance decreased by approximately S\$1.0 million from S\$3.5 million as at 31 December 2015 to S\$2.5 million as at 31 December 2016 mainly due to the high set up costs associated with the Group's medical aesthetics business in Shenzhen China. Property, plant and equipment decreased by approximately S\$0.1 million mainly due to depreciation of S\$0.17 million and S\$0.03 million write off of clinic equipment, offset by additions to fixed assets of S\$0.1 million. In addition, the trade receivables decreased by S\$0.342 million and inventories decreased by S\$0.37 million due to lower volume in trading and distribution business. However, the increase in other receivables and prepayments was due to approximately S\$1.2 million deposit paid for an equity interest in the aesthetics business in Qingdao LanHai.

Total liabilities of the Group increased by approximately S\$4.1 million mainly due to loan from shareholder of S\$1 million and S\$3.7 million loan from a third party.

The increase in non-current liabilities of approximately of S\$4.0 million is due to reclassification from current liabilities to non-current liabilities arising from the extension of the payment of the remaining purchase consideration for the China iMyth acquisition to 28 March 2019.

As a result of the foregoing, the working capital in FY2016 was negative S\$0.8 million. Notwithstanding the negative working capital position, the Company is optimistic about extending the repayment date for the loan from a third party amounting to S\$3.7 million which falls due on 28 March 2017. The Group will continue to explore various fund raising options to improve its financial position. As such the Board is of the view that the Group's working capital is sufficient to meet its present requirements and for the next twelve months.

Review of the Cash Flow Statement of the Group

vii) Cash flow

Net cash used in operation for FY2016 was approximately S\$9.5 million. The operating cash outflows before movement in working capital were approximately S\$3.9 million. Net cash outflow from changes in working capital was due to operating costs and travelling expenses for setting up of operations in Shenzhen.

The net cash outflow in investment activities in FY2016 of approximately S\$0.08 million was for the purchase of fixed assets for the aesthetic business.

The net cash generated from financing activities amounted to approximately S\$8.5million. These are proceeds from loan of approximately S\$4.7 million and placement of shares of S\$3.5 million and S\$0.3 million from issuance of warrants.

Cash and cash equivalents were approximately S\$2.5 million as at 31 December 2016 as compared to approximately S\$3.5 million as at 31 December 2015.

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

Not applicable. No forecast or prospect statement has been 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

In 2016, the Company's named was changed to China Medical (International) Group Limited to better reflect the nature of our business and our focus.

There are still many challenges affecting the global market and these are affecting the slowdown in China's economy. Our aesthetic business in Taiwan is heavily dependent on China tourists' arrival and the downturn in China's economy and the current political environment will continue to have an impact in our business prospect.

As the aesthetic sector evolves, the demand for quality and affordable services continues to be the key driver for transformation. The aesthetic business is dependent on specialised medical skills and the challenge is for the Group to position itself to deliver patient centric solutions. Even as many businesses are downsizing, the aesthetic medical industry is always in need of specialised

medical professionals. While staff costs and attrition continue to be an issue, we can only increase doctor's training, together with research and development of new technology to remain competitive forward.

We will adopt a cautious approach in evaluating future options for operational growth and expansion.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable: Not applicable

(d) Books closure date: Not applicable

12. If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared or recommended.

13. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

By Business Segment

	Trading and Distribution	Aesthetics Medical	Others	Consolidated
31 December 2016 (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	2,148	957	-	3,105
Gross profit	664	449	-	1,113
Administrative expenses	(333)	(1,720)	(17,897)	(19,950)
Selling and distribution expenses	(372)	(95)	-	(467)
Other Operating expenses	(59)	(362)	(6)	(427)
Other income	21	(125)	269	165
Finance costs	-	(13)	250	237
Loss before taxation	(79)	(1,866)	(17,384)	(19,329)
Taxation	(4)	8	(2)	2
Loss for the year	(83)	(1,858)	(17,386)	(19,327)
Attributable to:				
Equity holders of the Company				(18,647)
Non-controlling interest				(680)
				(19,327)
<u>Other information</u>				
Depreciation	1	154	18	173
<u>Assets and liabilities</u>				
Segment assets	898	9,341	1,599	11,838
Consolidated total assets				11,838
Segment liabilities	193	484	8,436	9,113
Consolidated liabilities				9,113

By Business Segment

	Trading and Distribution	Aesthetics Medical	Others	Consolidated
31 December 2015 (Restated unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	5,313	252	-	5,565
Gross profit	1,146	179	-	1,325
Administrative expenses	(545)	(309)	(2,554)	(3,408)
Selling and distribution expenses	(557)	(2)	-	(559)
Other Operating expenses	64	(95)	(63)	(94)
Other income	30	1,381	35	1,446
Finance costs	(13)	(1)	-	(14)
Loss before taxation	125	1,153	(2,582)	(1,304)
Taxation	(2)	-	(3)	(5)
Loss for the year	123	1,153	(2,585)	(1,309)
Attributable to:				
Equity holders of the Company				(1,874)
Non-controlling interest				565
				(1,309)
Other information				
Depreciation	7	22	1	30
Assets and liabilities				
Segment assets	1,188	21,212	876	23,276
Consolidated total assets				23,276
Segment liabilities	393	633	4,027	5,053
Consolidated liabilities				5,053

14. **In the review of performance, the factors leading to any material changes in contributions to turn over and earnings by the operating segments.**

The Group's current year performance was affected by the changes in the political environment in Taiwan and PRC. Consequently, approximately S\$10.8 million of goodwill arising from acquisition of the iMyth aesthetics business and S\$4 million of receivables from PRC was impaired in the current year.

Due to the operation conditions mentioned above, the Group is re-evaluating the investment strategies and aiming primarily to preserve assets value of the Group while design marketing strategies to attain the intended operation result.

15. **A breakdown of sales as follows: -**

	Group		Increase/ (Decrease) %
	31.12.2016 S\$'000	31.12.2015 S\$'000	
<u>Sales</u>			
First half	1,879	3,539	(47%)
Second half	1,226	2,026	(39%)
	<u>3,105</u>	<u>5,565</u>	
<u>Loss for the financial year</u>			
First half	(1,908)	(549)	N/M
Second half	(17,419)	(760)	N/M
	<u>(19,327)</u>	<u>(1,309)</u>	

N/M denotes not meaningful

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	31.12.2016 S\$	31.12.2015 S\$
Ordinary shares	-	-

-
17. **If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), 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 did not enter into any IPT of S\$100,000 or more in value per transaction for FY2016. The Group does not have a general mandate from shareholders for IPTs.

18. Use of Proceeds

As at 17 February 2017, the net proceeds had been utilised as follows:

Use of proceeds	Allocation of net proceeds raised (S\$)	Amount Utilised from 11 August 2016 to 6 November 2016 (S\$)	Amount Utilised from 7 November 2016 to 17 February 2017 (the "Period") (S\$)	Amount Unutilised (S\$)
(A) Proceeds from 300 mil shares placement				
Funding Growth Expansion	2,100,000	2,067,610	32,390	-
General working Capital	900,000	57,903	791,364	50,733
(B) Proceeds from 50 mil shares placement				
Funding Growth Expansion	515,000	-	392,609	122,391
Total Amount	3,515,000	2,125,513	1,216,363	173,124

The above use of proceeds is in accordance with the intended use as stated in the announcements dated 8 January 2016 and 24 October 2016.

Notes:

- (A) The shares placement is in relation to placement of an aggregate of 300,000,000 new ordinary shares in the issued and paid up capital of the Company to Mr Kiow Kim Yoon as announced on 8 January 2016 and 1 March 2016.

During the Period, S\$32,390 has been used to fund growth expansion and S\$791,364 from the working capital portion of the placement proceeds was utilised for expenses related to operation of the Group mainly relate to payment of administrative expenses and operating expenses.

- (B) The shares placement is in relation to placement of an aggregate of 50,000,000 new ordinary shares in the issued and paid up capital of the Company to Mr Leong Woon Poh Terry as announced on 2 December 2016 ("**Share Placement**").

The Company disclosed in the announcement dated 24 October 2016 that the Company intends to use, *inter alia*, 100% of the net proceeds ("**Net Proceeds**") of the Share Placement for the purposes of the proposed acquisition by the Company of 40,800 ordinary shares of Eastlife Pte Ltd and 81,600 ordinary shares in Maxglobe Pte. Ltd. ("**Proposed Acquisition**"). As the Company did not obtain approval from its shareholders in connection with the Proposed Acquisition, such approval being a condition precedent to the Proposed Acquisition, the Proposed Acquisition did not proceed. As such and after an evaluation of all the relevant circumstances, the Company has re-allocated the use of the Net Proceeds for general working capital purposes.

During the Period, S\$392,609 has been used to fund growth expansion for the Group's aesthetics business in Shenzhen.

-
- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable. There is no person occupying a managerial position in the Company and/or its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company and/or its subsidiaries as at 31 December 2016 pursuant to Rule 704(10) of the Catalist Rules.

- 20. Confirmation that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.**

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

By Order of the Board

Tai Kok Chuan
Executive Chairman
27 February 2017