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

ADAPTATION

Annual Report 2016

improve

transform

grow

evolve

This annual report 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 annual report.

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

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.

Adaptation : *To adapt through the dynamic evolutionary process of transformation, evolution, improvement and growth*

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CORPORATE PROFILE

China Medical (International) Group Limited

Albedo Limited changed its name to China Medical (International) Group Limited on 20 April 2016 ("China Medical" or the "Company") and together with its subsidiary corporations (the "Group") started its distribution and agency business in 1987, supplying quality products and related solutions for the metal industries in ASEAN. We represent international producers in the distribution of a range of raw materials, consumables and disposable supplies, measuring systems, equipment and engineering spares for steel melting plants, steel rolling mills, cast iron and steel foundries.

In November 2015, the Group diversified into the aesthetics medical and healthcare sector with the acquisition of a majority stake in China iMyth Company Pte. Ltd. ("China iMyth") which holds an aesthetics medical practice in Taipei. China iMyth focuses on aesthetics medicine including botox, laser treatments, plastic surgery, anti-ageing treatments and detoxification. China iMyth also intends to expand into People's Republic of China by partnering and collaborating with aesthetics clinics in Shenzhen and eventually to other cities.

China Medical's other interest in People's Republic of China includes a kidney hospital and an aesthetics medical clinic in Qingdao, a city in the eastern Shandong province.

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On 20 April 2016, the Company was renamed as China Medical (International) Group Limited to better reflect the diversification of our business and focus.

We were looking forward to a good prospective year, however the year 2016 turned out to be tumultuous and challenging. Global political and economic developments took many by surprise and these impacted many businesses and we were not spared. The global economy slowed down and China's economy mirrored in tandem and was much affected.

China's political and economic differences with Taiwan led to significantly diminishing Chinese tourist arrivals into Taiwan. Our aesthetics business in Taiwan was thus much affected by the reduction of tourist inflow from China into Taiwan.

Over in China, there were tightening of medical regulations and control of practices on medical clinics. To be in line with the regulatory and operating procedures within our Group, we have decided to change our operational model by reducing our reliance on co-operation with clinics which we do not have control over for our aesthetics business. We decided to enter into joint ventures with Dr. Yan Hai and Dr. Qin Hong both qualified dental practitioners in China and who were involved in dental and medical aesthetics businesses for the establishment of two aesthetic clinics

Interior of Aesthetics Clinic in Qingdao (Artist's Impression)

EXECUTIVE CHAIRMAN'S STATEMENT

in Shenzhen to have better control of the operations. In the latter part of the year, we expended resources in renovating and equipping these two aesthetic clinics.

In Qingdao, the Group has entered into a consultancy agreement with the business partner's investment vehicle pursuant to which the Group will be entitled to be paid fixed annual consultancy fees. The Group is contemplating and negotiating to take a minority equity stake in this investment vehicle.

As for the 300-bed kidney hospital in Qingdao, we have slowed down the renovation of this hospital and are currently in discussion with various stakeholders as to the financing options available to the Group to complete the renovation of the said hospital.

As the proposed acquisition of Eastlife Pte. Ltd. and Maxglobe Pte. Ltd. failed to materialise, we will continue to look for other opportunities to maximise shareholders' value.

Our other trading and distribution division's business for the supply of steel related raw materials, products and equipment to steel mills in our region was also challenged by intense import competitiveness from steel producing countries and weakening demand resulting in the closure of some large mills in our region which led to our continuing decline in revenue and profitability.

In view of the current situation, we are mindful of the need to adapt and we seek to evolve and transform ourselves by pursuing all possibilities and opportunities which will complement our business to bring us forward.

Once again my sincere appreciation to all our shareholders and business associates for your continued support. To our staff and colleagues, I thank you for all the diligent work and dedication given and to our Board of Directors, my gratitude for your wise contributions and thank you!

Yours sincerely,

Tai Kok Chuan
Executive Chairman

OPERATING AND FINANCIAL REVIEW

Revenue

On 20 April 2016, the Company's name was changed from Albedo Limited to China Medical (International) Group Limited to better reflect the nature of our business and our focus.

The Group's (the "Company" and together with its subsidiary corporations) revenue from its continuing operations declined from approximately S$5.6 million for the financial year ended 31 December 2015 ("FY2015") to S$3.2 million for the financial year ended 31 December 2016 ("FY2016"). The Group's revenue from its trading and distribution for FY2016 was approximately S$2.2 million, a decrease of approximately S$3.1 million as compared to the revenue of approximately S$5.3 million in the previous corresponding FY2015. The 58% decline in revenue in its trading and distribution was mainly due to further weakening of market demand and increasing import competition from competing steel producing countries with huge surplus productions. As a result of the Group's diversification into aesthetics medical in November 2015, the Group consolidated full year revenue of approximately S$1 million of revenue from the aesthetics medical business in FY2016.

Operating Result

The Group's gross profit from operations had decreased by 11.1% from approximately S$1.3 million in FY2015 to approximately S$1.17 million in FY2016. Gross profit margin improved from 23.8% in FY2015 to 37.2% in FY2016 mainly due to higher percentage sale mix of higher margin products of the trading and distribution division and higher margin in the aesthetics medical business. The decrease of approximately S$0.84 million in other income from FY2015 is mainly due to the one off waiver of an amount owing to a former shareholder of a subsidiary corporation of approximately S$1.3 million recognised in FY2015.

Selling and distribution costs decreased by 16.1% to approximately S$0.47 million in FY2016 from approximately S$0.56 million in FY2015 mainly due to lower marketing activities and employee's cost.

Administrative expenses increased by approximately S$17.0 million 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. The Group made an allowance of impairment for the advances and/or loans to its business partners for approximately S$2.3 million as the Board of Directors assessed their recoverability and is of the opinion that the desired return on investments would take much longer than envisaged. The Group also decided to write off the advances and/or loans for approximately S$2.2 million as the Board of Directors is concerned with the current progress and business outlook as proposed by its business partners. Thus, the Board of Directors believes these previously spent and capitalised advances and/or loans to our business partners have to be written off.

Other operating expenses increased from approximately S$0.1 million in FY2015 to approximately S$0.43 million in FY2016. These are attributable to introducer fee of S$0.1 million in relation to the HKD20 million loan, other operating expenses incurred in the medical aesthetics business for approximately S$0.2 million covering repair and maintenance of clinic equipment and staff welfare, travelling and accommodation expenses in China of approximately S$0.1 million.

Finance expense of S$0.27 million recorded was due to interest expense on borrowing of S$0.3 million and unwinding of imputed interest of S$0.02 million.

Assets and Liabilities

Total assets of the Group decreased by approximately S$11.6 million from approximately S$23.3 million as at 31 December 2015 to approximately S$11.7 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$0.3 million, inventories decreased by S$0.4 million due to lower volume in trading and distribution business and an increase in other receivables and prepayments due to approximately S$1.2 million mainly attributable to advances and/or loans provided to a business partner who operates an aesthetics clinic in Qingdao. Total liabilities of the Group increased by approximately S$4.1 million mainly due to loan from shareholder of

OPERATING AND FINANCIAL REVIEW

S$1.0 million and S$3.7 million loan from a third party and reduction of approximately S$0.5 million due to imputed interest adjustment of an amount owing to former shareholder of a subsidiary arising from reclassification of the liabilities from current liabilities to non-current liabilities as a result of extension of the payment of the remaining purchase consideration for the China iMyth acquisition to 6 November 2019. The reclassification of this amount owing to former shareholder from current liabilities to non-current liabilities contributes to the increase in non-current liabilities of approximately of S$4.0 million.

As a result of the foregoing, the working capital in FY2016 was negative S$0.9 million. The Group will continue to explore various fund raising options to improve its financial position including the recently announced right issue and placement of shares.

Working Capital Management

Net cash used in operating activities in FY2016 amounted to approximately S$12.5 million. The operating cash outflows before movement in working capital were approximately S$8.7 million.

The net cash outflow in investment activities in FY2016 of approximately S$0.1 million is due mainly to the net cash used in acquiring of fixed assets. The net cash generated from financing activities amounted to approximately S$12.1 million was mainly due to the proceeds from the subscription of warrants of approximately S$0.3 million, loan from external party of S$3.7 million, another shareholder loan of S$1.0 million, issuance of new shares of approximately S$3.5 million and uplifting of S$0.5 million of fixed deposit during the year.

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.

BOARD OF DIRECTORS

Mr Tai Kok Chuan

Executive Chairman

Tai Kok Chuan is the founder and Executive Chairman of China Medical (International) Group Limited. He was elected to the Board on 18 April 2005 and brought the company to be listed in 2006. He oversees the formulation of policies, growth strategies and the overall management of the Group. With his extensive experience and knowledge of the industry and business, he has been the prime driver behind the Company's growth. With more than 30 years' experience in the various industries, he has developed a wide network of contacts which the Company's leverages on. Currently, he is an independent director of Arion Entertainment Singapore Limited, a company listed on Catalist of the Singapore Exchange. He holds a Bachelor's degree in Business Administration from the University of Singapore.

Mr Hano Maeloa

Non-Executive Director

Mr Hano Maeloa was appointed Non-Executive Director of China Medical (International) Group Limited on 5 May 2011. He has business management experience in diverse industries spanning banking and securities, fund management, real estate, shipping and food and beverage. He has extensive business contacts throughout the Asia-Pacific region. Mr Maeloa is currently the chief executive officer of Top Global Limited and he has been the chief executive officer of Pancon Shipping & Marine Services Pte Ltd as well as a director at Bintan Golden Shipping Pte Ltd. On the investment front, he has gained valuable experience at companies such as Harumdana Sekuritas, where he served as a Vice-President Director for five years. In the food and beverages industry, he earned his spurs at the likes of Wendy Foods in Hong Kong, where he was the managing director for six years. Currently, Mr Maeloa is a non-executive director of Asia-Pacific Strategic Investments Ltd, a company listed on Catalist of the Singapore Exchange. He graduated with a Bachelor of Science in Business Administration from the University of Southern California.

Mr Wong Fook Choy, Sunny

Lead Independent Director

Mr Wong Fook Choy, Sunny was appointed Lead Independent Director to the Board. He was elected to the Board on 1 March 2006. He is a practising advocate and solicitor of the Supreme Court of Singapore and was called to the Singapore Bar in 1982. He is currently the managing director and shareholder of Wong Tan & Molly Lim LLC and WTML Management Services Pte Ltd. He also holds directorships in other listed companies on the Singapore Exchange, namely Mencast Holdings Ltd, Excelpoint Technology Ltd, KTL Global Limited, Civmec Limited and InnoTek Limited. Mr Wong holds a Bachelor of Laws degree from the University of Singapore

Mr Yeo Chin Tuan, Daniel

Independent Director

Mr Yeo Chin Tuan, Daniel was appointed Independent Director of China Medical (International) Group Limited on 22 August 2011. His experience in the financial industry spans more than 25 years. He began his career with Refco Singapore as a vice-president in the 1980s and later became a pioneer in the Singapore futures and options market. After witnessing the birth of the Singapore International Monetary Exchange, he built up a distinguished track record servicing high net worth clients in foreign exchange and bullion trading. While he was a director at ING Futures & Options (S) Pte Ltd, he assisted with the acquisition of Barings (S) Pte Ltd. He also served as an executive director at UOB International Treasury, establishing business linkages with international brokerages. In 2003, he joined Man Financial (S) Pte Ltd (now known as MF Global Singapore) and subsequently became its Chief Executive Officer. Currently, Mr Yeo is a director with R3D Global Limited which is listed on ASX. He is also an independent director of Top Global Limited, a company listed on the Singapore Exchange.

SENIOR MANAGEMENT PROFILE

Dr He JuBin

Chief Executive Officer

Dr He JuBin was appointed Chief Executive Officer of China Medical (International) Group Limited in November 2015. He has more than 10 years of experience in the management, research and development of new drugs. Prior to joining the Company, he was president of healthcare section at China Jiuhao Healthcare Industry Company, the top mobile healthcare company for blood sugar management in China. He was also the Technical Director of R&D of China General Technology (Group) Holding Co., Ltd. responsible for formulating and planning new drugs. During that period, he received several funding support from the Chinese government and obtained patents from Europe. Thereafter, he joined Yunnan Goline Investment Co., Ltd. as General Manager responsible for strategic management and macro-operations management of the hospitals. In 2011, Dr He was responsible for the planning and construction of Beijing New Journey Cancer Hospital. He graduated in 1990 with an MBBS degree in clinical medicine from The Second Military Medical University in Shanghai.

Dr Wang YongPing

Medical Vice President, Project and Business Development

Dr Wang YongPing was appointed Vice President, Project and Business Development in February 2016. He served as the resident doctor in the People's Liberation Army General Hospital from 1990 to 2000. He also served as a committee member for the Peking University International Hospital from 2002 to 2004. From 2004 to 2008, he was Vice General Manager of Shandong Yi Dong Medical Investment Management Co., Limited where he was responsible for the management of the company's hospitals. Thereafter, he became the Vice General Manager of Beijing Fuwai Medical Group in charge of the group operations and completion of the Group's healthcare projects until 2015.

Dr Zhang XiaoGuang

Medical Vice President, Project and Business Development

Dr Zhang XiaoGuang was appointed Vice President, Project and Business Development, in February 2016. He received his medical degree from the Second Military Medical University in China in 1990 and a Master of Business Administration degree from Beijing Administrative College in 2006. From 1990 to 2003, Dr Zhang took on different roles in The General Military Logistics Department including physician of Internal Medicine department and the Lieutenant Colonel of Health Department. He was Vice General Manager of Zhongda International Economic and Trade Group Co., Ltd. from 2004 to 2006 and Assistant Manager of Commerce Department of Jinke Environmental Protection Engineering Co., Ltd. in 2007. From August 2007 to February 2014, Dr Zhang served as General Manager of Beijing Chuangjuherun Technology Development Co., Ltd.

Mr Albert Tan Tiong Heng

Chief Financial Officer

Mr Albert Tan Tiong Heng was appointed Chief Financial Officer in January 2017. He is responsible for the Group's financial management and reporting functions. Prior to joining the Company, Mr Tan was the CFO of Singapore eDevelopment Limited from April to June 2016. Before this, he was the Group Financial Controller cum Legal Counsel of HTL International Holdings Limited from February 2013 to April 2016 and CFO of Max Lewis Holdings Pte Ltd from 2009 to 2013. Prior to this, he was the Group Financial Controller of Hor Kew Corporation Limited from 2007 to 2009 and CFO of a China textile aspirant from 2006 to 2007.

Mr Tan has more than 20 years of experience in finance, accounting, tax and legal. He is a fellow member of the Institute of Singapore Chartered Accountants, ACCA, CIMA and CPA Australia. In addition, he is also a Chartered Secretary and Chartered Tax Adviser. He holds a Masters of International Taxation, New South Wales University, MBA (Finance), Leicester University and Bachelor of Laws (Honours) from the University of London.

COMPANY INFORMATION

Board Of Directors

Mr Tai Kok Chuan
Executive Chairman

Mr Hano Maeloa
Non-Executive Director

Mr Wong Fook Choy, Sunny
Lead Independent Director

Mr Yeo Chin Tuan, Daniel
Independent Director

Audit Committee

Mr Yeo Chin Tuan, Daniel
Chairman

Mr Hano Maeloa
Mr Wong Fook Choy, Sunny

Remuneration Committee

Mr Yeo Chin Tuan, Daniel
Chairman

Mr Hano Maeloa
Mr Wong Fook Choy, Sunny

Nominating Committee

Mr Wong Fook Choy, Sunny
Chairman

Mr Hano Maeloa
Mr Yeo Chin Tuan, Daniel

Company Secretary

Ms Ong Beng Hong
Ms Tan Swee Gek

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Auditors

NEXIA TS
Public Accountants and Chartered Accountants

100 Beach Road
#30-00 Shaw Tower
Singapore 189702
Director-in-charge: Ms Loh Hui Nee
Year of appointment: FY 2015

REPORT ON CORPORATE GOVERNANCE AND FINANCIAL CONTENTS

REPORT ON CORPORATE GOVERNANCE

The board of directors (the "Board") of China Medical (International) Group Limited (the "Company") recognises that good corporate governance is an important objective of the Company and its subsidiaries (the "Group") and believes that it will in the long term enhance return on capital through increased accountability.

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").

This report describes the Company's corporate governance processes and structures that are currently in place for the financial year ended 31 December 2016 ("FY2016"), with specific reference made to the principles and guidelines of the Code and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"), and where applicable, deviations from the Code and the Guide are explained.

(A) BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board comprises four Directors - one Executive Director, one Non-Executive Director and two Independent Directors and collectively has the appropriate mix of core competencies and diversity of experience, as below:-

Mr Tai Kok Chuan (Executive Chairman)
Mr Wong Fook Choy Sunny (Lead Independent Director)
Mr Hano Maeloa (Non-Executive Director)
Mr Yeo Chin Tuan Daniel (Independent Director)

The primary function of the Board is to protect and enhance long-term value and returns for the Company's shareholders. Besides carrying out its statutory responsibilities, the Board's role is also to:

- appoint Directors and other key personnel and review their performance;
- provide entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- oversee processes relating to the Group's internal controls, risk management, financial performance, compliance practices and resource allocation;
- provide oversight in the proper conduct of the Group's business and assume responsibility for corporate governance;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interest and the Group's assets;
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues, such as environmental and social factors, as part of its strategic formulation.

The Board's approval is required for matters such as the Group's financial plans and annual budget, corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, the release of the Group's quarterly and full year's financial results and interested person transactions of a material nature. In the course of deliberations, the Directors are obliged to act in good faith and consider at all times the interests of the Company.

A formal document setting out the following has been adopted by the Board:

(a) the matters reserved for the Board's decision; and

(b) clear directions to Management on matters that must be approved by the Board.

Apart from matters that specifically require the Board's approval, the Board approves transactions exceeding certain threshold limits and delegates authority for transactions below those limits to management so as to optimise operational efficiency.

The Board has formally met a total of five times in FY2016 and had convened several ad-hoc meetings.

All Directors are familiar with their duties and responsibilities as Directors. In addition, the Company has in place an induction program whereby newly appointed Directors will be given briefings and orientation training by the Executive Chairman and the top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors. The Directors are briefed by professionals either during Board meetings or at separate meetings on accounting standards and regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company. All the Audit Committee ("AC") members receive updates from the external auditors on updates to accounting issues which have a direct impact on financial statements. In addition, the Board encourages its members to participate in seminars and receive training at the Company's expense to improve themselves in the discharge of their duties as directors.

While the Directors have not attended any trainings for FY2016, briefings and updates for the Directors include:

- the external auditors ("EA") had briefed the AC on changes or amendments to accounting standards;
- the Company Secretary had briefed the Board on regulatory changes, such as changes to the Companies Act and/or the SGX-ST Listing Manual Section B: Rules of Catalist; and
- periodic site visits to the Group's operation facilities to familiarise the Board with the operations of the Company.

To assist the Board in its functions, the Board has established various Board Committees, namely the Audit Committee ("AC"), Remuneration Committee ("RC") and Nominating Committee ("NC") which were constituted with clear written terms of reference. These committees are made up solely of Independent Directors and Non-Executive Directors and the effectiveness of each committee is constantly monitored by the Board.

DELEGATION BY THE BOARD

AUDIT COMMITTEE ("AC")

The AC comprises the following members as at the date of this report:

Mr Yeo Chin Tuan Daniel (Chairman)
Mr Wong Fook Choy Sunny
Mr Hano Maeloa

The AC is guided by the Code when performing its functions.

Its duties include, *inter alia*, overseeing the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group and its exposure to risks of a regulatory and legal nature. It also reviews the effectiveness of the Company's systems of accounting and internal controls.

In FY2016, the AC had formally met a total of four times.

Further details about the AC may be found on page 25 of this report.

NOMINATING COMMITTEE ("NC")

The NC comprises the following members as at the date of this report:

Mr Wong Fook Choy Sunny (Chairman)
Mr Yeo Chin Tuan Daniel
Mr Hano Maeloa

Under its terms of reference, the principal functions of the NC are:

- to make recommendations to the Board on all Board's appointments and re-nominations;
- to propose objective performance criteria to evaluate the Board's performance;
- to assess and determine annually the independence of the Directors; and
- to assess whether any Director, who has multiple board representations, is able to and has been adequately carrying out his duties as a Director.

The NC had formally met once in FY2016. It has also implemented a process for assessing the effectiveness of the Board as a whole.

Further details about the NC may be found on page 18 of this report.

REMUNERATION COMMITTEE ("RC")

The RC comprises the following members as at the date of this report:

Mr Yeo Chin Tuan Daniel (Chairman)
Mr Wong Fook Choy Sunny
Mr Hano Maeloa

Under its terms of reference, the principal functions of the RC are, *inter alia*:

- to recommend the Non-Executive and Executive Directors' remuneration to the Board;
- to review and approve the Executive Chairman's, Chief Executive Officer's and senior management's remuneration; and
- to review all benefits and long-term incentive schemes (including share option schemes) and compensation packages for the Directors and senior management.

In FY2016, the RC had formally met once.

Further details about the RC can be found on page 21 of this report.

The number of formal meetings held by the Board and Board Committees and attendance thereat during FY2016 are as follows:

	BOARD		AC		RC		NC	
DIRECTORS	**No. of meetings**	**Attended**	**No. of meetings**	**Attended**	**No. of meetings**	**Attended**	**No. of meetings**	**Attended**
Tai Kok Chuan(1)	5	5	4	4	1	1	1	1
Wong Fook Choy Sunny	5	5	4	4	1	1	1	1
Yeo Chin Tuan Daniel	5	4	4	3	1	1	1	1
Hano Maeloa	5	5	4	4	1	1	1	1

Note:

(1) Mr Tai Kok Chuan attended the Board committee meetings as an invitee.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board, of which two out of four of the Directors are Independent Directors, is able to exercise its powers objectively and independently from the management. The Independent Directors are Mr Wong Fook Choy Sunny and Mr Yeo Chin Tuan Daniel. Mr Hano Maeloa is a Non-Executive Director. Given that the Executive Chairman is part of the management team, the requirement of the Code that Independent Directors should make up at least half of the Board, is therefore satisfied. The criterion of independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the conduct of the Group's affairs with a view to the best interests of the Company. Mr Hano Maeloa was previously assessed by the Nominating Committee to be deemed not independent of the Company for FY2016 as he is the son of a then substantial shareholder of the Company. As Mr Hano Maeloa's mother is no longer a substantial shareholder of the Company as at the date of this report, the NC will subsequently be reviewing and re-assessing whether there should be a change of status in his independence.

With two of the Directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Board members also have separate and independent access to the Company's senior management on an ongoing basis. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

The Company's Lead Independent Director, Mr Wong Fook Choy Sunny, is a practising advocate and solicitor in Singapore and is one of the directors of Wong Tan & Molly Lim LLC ("WTL") and WTML Management Services Pte Ltd, ("WTML"), both of which have provided legal and corporate secretarial services to the Group and will continue to do so. Mr Wong Fook Choy Sunny is not personally involved in the legal and corporate secretarial services provided by WTL and WTML and such services are provided by other directors and associates of the firms. In addition, Mr Wong Fook Choy Sunny was not involved in the negotiations of the fees and terms for the appointments of WTL and WTML.

Mr Wong Fook Choy Sunny has served on the Board for a continuous period of more than nine years. The NC having assessed his contributions and independence, determined that Mr Wong Fook Choy Sunny has no relationship with the Company, its related corporations, substantial shareholders or its officers and is also independent of executive functions in the Company. In the discharge of his duties, Mr Wong Fook Choy Sunny has also demonstrated independent mindedness and conduct at Board and Board Committee meetings. Accordingly, the NC is satisfied that Mr Wong Fook Choy Sunny has remained independent in character and judgment despite having served on the Board for more than nine years. Mr Wong Fook Choy Sunny abstained from such NC deliberation regarding the determination of his independence and was not involved in any of the discussions of the NC relating to the same. Notwithstanding the aforementioned, it should be noted that in view of the need to refresh the composition of the Board, Mr Wong Fook Choy Sunny has indicated that he will not be seeking re-election at the forthcoming AGM.

The composition of the Board and Board Committee has been reviewed by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC is of the view that the current Board comprises persons who as a group provides capabilities required for the Board to be effective.

As of the date of this report, there are no Independent Directors of the Company who sit on the board of the Company's principal subsidiaries. To meet the changing challenges in the industry and countries which the Group operates in, the Board will constantly examine its size and, with a view to determine the impact of the number upon effectiveness and considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board considers the present Board size appropriate for the current nature and scope of the Group's operations.

For FY2016, the Non-Executive Directors had met at least once in the absence of key management personnel.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board currently comprises Directors who as a group provide core competencies such as accounting and finance, legal and corporate governance as well as business and management experience. To maintain or enhance the Board's balance and diversity, the Board, with the assistance of the NC, is looking into conducting an annual assessment of the existing attributes and core competencies of the Board to ensure that they are complementary and enhance the efficacy of the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Group's Executive Chairman, Mr Tai Kok Chuan, plays an instrumental role in developing the business of the Group and provides the Group with leadership and vision. In view of the key position undertaken by the Group's Executive Chairman, the Board has appointed Mr Wong Fook Choy Sunny as the Lead Independent Director to ensure that a separate channel of communication is always available to shareholders in the event that normal interactions with the Executive Chairman have failed to resolve their concerns or where such channel of communication is considered inappropriate. The appointment of the Lead Independent Director is in line with the Board's policy of adopting a high standard of corporate governance in accordance with the guidelines in the Code.

Dr He JuBin, as the CEO of the Group, takes a leading role in developing the medical and healthcare business of the Group and manages the day-to-day operations with the assistance of key management personnel.

All major decisions made by the Executive Chairman are reviewed by the Board. His performance and appointment to the Board are reviewed annually by the NC and his remuneration package is reviewed annually by the RC. As such, the Board believes that there are adequate safeguards in place against an uneven concentration of power and authority in a single individual.

For FY2016, the Independent Directors had met at least once in the absence of key management personnel.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board has established the NC, chaired by Mr Wong Fook Choy Sunny. The NC comprises two Independent Directors and one Non-Independent Non-Executive Director. The Chairman of the NC is not associated in any way with any substantial shareholders of the Company.

One of the functions of the NC is to determine the criteria for the appointment of new Directors, set up a process for the selection of such appointment and to review nominations for the appointment and re-appointment of Directors to the Board and also to decide on how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable management to benefit from a diverse perspective of issues that are brought before the Board. The NC is of the view that the Board comprises Directors capable of exercising objective judgment on the corporate affairs of the Company independently of management and that no individual or small group of individuals dominate the Board's decision-making process.

When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position. The Company may appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment requires a specific skill set or industry specialisation. The NC will then meet with the short-listed candidate, nominate and recommend the most suitable candidate to the Board for approval. The newly appointed Directors by the Board will be subject to re-election by Shareholders at the next annual general meeting and thereafter, they are subject to the one-third rotation rule pursuant to the Company's Constitution.

In determining the independence of Directors annually, the NC has reviewed and is of the view that Mr Wong Fook Choy Sunny and Mr Yeo Chin Tuan Daniel are independent.

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. However, the Board, with the concurrence of the NC, has agreed that the Company shall not impose a maximum number of listed board representations on the Directors as the Board is of the opinion that setting a fixed number would not adequately take into account the varied circumstances of each Director. The NC will instead focus on whether a Director has sufficient time to adequately discharge his duties to the Company. While Mr Yeo Chin Tuan Daniel was unable to attend one of the Board mettings and one of the Audit Committee meetings in FY 2016, meeting agendas were circulated to him in advance and he was subsequently updated on the discussions that took place cluring such meetings and miniutes of the meetings were circulated to all Directors. The NC would monitor and determine annually, on a case-by-case basis, whether the Directors have given sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company.

The NC has reviewed and is satisfied that in FY2016, the two Independent Directors and the Non-Executive Director who have multiple board representations, have been able to devote adequate time and attention to the affairs of the Company to fulfil their duties as Directors of the Company.

The year of initial appointment and last re-election date of each Director and his current and past directorship(s) in other listed companies are listed below:

Director	Date of initial appointment	Date of last re-election	Current directorships in listed companies	Past directorships in listed companies (preceding three years)	Other principal commitments
Mr Tai Kok Chuan	18 April 2005	20 April 2016	- Arion Entertainment Singapore Ltd	N.A.	Nil
Mr Wong Fook Choy Sunny	1 March 2006	22 April 2014	- Excelpoint Technology Ltd - KTL Global Limited - Mencast Holdings Ltd. - Civmec Limited - InnoTek Limited	N.A.	Director of Wong Tan & Molly Lim LLC and WTML Management Services Pte Ltd
Mr Hano Maeloa	5 May 2011	20 April 2016	- Top Global Limited - Asia-Pacific Strategic Investments Limited	N.A.	Chief Executive Officer and Executive Director of Top Global Limited
Mr Yeo Chin Tuan Daniel	22 August 2011	24 April 2015	- Top Global Limited - Director of R3D Global Ltd	N.A.	Nil

The profile of the Directors can be found on page 9 of this report.

Pursuant to Article 90 of the Company's Constitution, at least one-third of the Directors shall retire from office by rotation and be subject to re-election at the Company's annual general meeting, except that the Managing Director will not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. All Directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years. In addition, a new Director appointed by the Board during the year shall hold office only until the next annual general meeting and shall then be eligible for re-election at the Company's annual general meeting, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. The shareholders approve the appointment or re-appointment of Board members at the annual general meeting.

The NC will assess and evaluate whether Directors retiring at each annual general meeting are properly qualified for re-appointment by virtue of their skills, experience and contributions. In accordance with the Company's Constitution, the NC recommended to the Board that Mr Yeo Chin Tuan Daniel and Mr Wong Fook Choy Sunny be nominated for re-election at the Company's forthcoming Annual General Meeting ("AGM"). In making the re-commendation, the NC had considered Mr Yeo Chin Tuan Daniel's and Mr Wong Fook Choy Sunny's overall contribution and performance. However, Mr Yeo Chin Tuan Daniel has expressed to the Board that he will not be seeking re-election at the forthcoming AGM due to personal commitments. In addition, Mr Wong Fook Choy Sunny has indicated that in view of the need to refresh the composition of the Board, he shall be stepping down from the position as a Director of the Company at the forthcoming AGM and will not be seeking re-election. The Board has noted their desire to step down and would like to express its appreciation to Mr Yeo Chin Tuan Daniel and Mr Wong Fook Choy Sunny for their past contributions to the Company.

Upon Mr Yeo Chin Tuan Daniel relinquishing his directorship in the Company, he shall cease to be the Chairman of each of the Audit Committee and Remuneration Committee and a member of the Nominating Cominittee. Upon Mr Wong Fook Choy Sunny relinquishing his directorship in the Company, he shall cease to be the Chairman of the Nominating Committee and a member of each of the Audit Committee and Remuneration Committee. In view of the foregoing, the NC and the Board are in the process of identifying and appointing new Independent Directors. Once the appropriate candidates are identified and appointed, the necessary announcements relating to such appointments will be made.

As at the date of this report, all the Directors are interested in the shares and/or share options in the Company (whether directly or indirectly). The aforesaid Directors' interests in the Company shareholdings are set out on pages 32 and 33 of this annual report. None of the Directors holds shares in the subsidiaries of the Company. Details of each Director's interests in options issued by the Company are set out on page 33 of this report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its committees and the contribution by each director to the effectiveness of the Board.

The effectiveness of the Board will ultimately affect the performance of the Group. The Board ensures compliance with the applicable laws and the Board members should act in good faith, with due diligence and care in the best interests of the Company and its shareholders.

The performance of the Executive Chairman (together with other key executives) will be reviewed annually by the NC and the Board.

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole. For this purpose, the NC has developed a checklist to assist in its assessment of the Board's effectiveness at least once every year. Feedback and comments received from the Directors are reviewed by the NC. In its assessment, the NC takes into consideration the frequency of the Board meetings, Board independence, the rate at which issues raised are adequately dealt with, the effectiveness of the Board Committees, and reports from the various committees.

Given the relatively small size of the Board, there is no need at present to conduct a formal individual assessment of the Directors and the Board Committees.

The NC has assessed the current Board's performance to-date and is of the view that performance of the Board as a whole has been satisfactory.

Each member of the NC abstains from voting on any resolutions and making recommendations and/or participating in any deliberations in respect of the assessment of his performance or re-nomination as a Director.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities as directors.

All Directors are from time to time furnished with information concerning the Group to enable them to be fully cognisant of the decisions and actions of the Group's executive management. The Board has unrestricted access to the Company's records and information. In order to enable the Independent Directors to understand the Group's business, the business and financial environment as well as the risks faced by the Group, the Management provides, *inter alia*, the following information to the Independent Directors:

1) board papers (with background or explanatory information relating to the matters brought before the Board, where necessary);

2) updates to the Group's operations and the markets in which the Group operates in;

3) budgets and/or forecasts, management accounts and external auditors' report(s); and

4) reports on on-going or planned corporate actions.

The Constitution of the Company provides for Directors to convene meetings by teleconferencing or other similar means e.g. videoconferencing. When a physical Board meeting is not possible, timely communication with members of the Board can be achieved through electronic means.

The agenda for Board meetings is prepared in consultation with the Executive Chairman. Agendas and board papers (where relevant) are prepared for each meeting and will normally be circulated at least two days in advance of each meeting.

Senior members of management staff are available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or by external consultants engaged on specific projects.

The Board has separate and independent access to the Company Secretary and to other senior management of the Group at all times in carrying out their duties.

The Company Secretary and/or a representative of the Company Secretary attends all meetings of the Board and Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of Board and Board Committees' meetings are circulated to the Board.

Each Director has the right to seek independent legal and other professional advice as and when necessary to enable him to discharge his responsibilities effectively, the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his/her own remuneration.

The Board has established the RC, chaired by Mr Yeo Chin Tuan Daniel. The RC comprises two Independent Directors and the Non-Executive Director.

It is within the terms of reference of the RC to review and recommend to the Board, a general framework of remuneration for the Board, Executive Chairman, Chief Executive Officer ("CEO") and key executives and to review and recommend the specific remuneration packages and terms of employment for each Director, Executive Chairman, CEO and the key executives. Each member of the RC abstains from voting on any resolutions and making any recommendations in respect of his remuneration package.

The RC recommends and reviews remuneration packages of the Executive Chairman, CEO and key executives on a regular basis, with the aim of building a capable and committed management team. The Directors are not involved in deciding their own remuneration.

If necessary, the RC may seek expert advice outside the Company on remuneration of the Directors and key executives. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2016.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level of and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry, as well as the Group's performance.

The remuneration for the Executive Directors and the key executives comprise a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and individual performance.

The Non-Executive Director and Independent Directors receive directors' fees, in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain the Directors. Directors' fees are recommended by the Board for approval at the Company's annual general meeting.

The annual review of the remuneration of the Executive Chairman, CEO and key executives are carried out by the RC to ensure that their remuneration are commensurate with their performance, giving due regard to the profitability of the Group, its financial performance as well as general economic conditions under which the Group operates. As the Group is in a loss position in FY2016, the profitability criteria has not been met.

In reviewing and determining the remuneration packages of the Executive Director and key executives, the RC considers, amongst other things, their responsibilities, skills, expertise and contribution to the Company's performance and whether such remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

The RC also administers the Albedo Share Performance Plan (the "SPP"). The criteria to determine the grant of SPP include the employee's rank and responsibilities within the Group, his/her performance, years of service, potential for future development of the employee and the performance of the Group. No grants were awarded under the SPP for FY2016. Further details about the SPP are set out on page 36 of this report.

The Albedo Employees' Share Option Scheme (the "ESOS") which was adopted by the Company on 24 February 2006 ("Adoption Date") was to be in force for a maximum of ten years commencing on the Adoption Date. As the Company did not seek the shareholders' approval to renew the ESOS at a general meeting, the ESOS had expired on 23 February 2016.

DISCLOSURE ON REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that disclosing the exact amount of remuneration would be prejudicial to its business interest given the highly competitive environment. The breakdown of remuneration (in percentage terms) of the Directors and CEO of the Company paid for FY2016 is set out below:

Name of Director/CEO	Base Salary	Allowance	Fees	Other benefits(1)	Total
Between S$250,000 to S$500,000					
Tai Kok Chuan	84%	12%	–	4%	100%
Below S$250,000					
Wong Fook Choy Sunny	–	–	100%	–	100%
Hano Maeloa	–	–	100%	–	100%
Yeo Chin Tuan Daniel	–	–	100%	–	100%
Dr He JuBin	100%	–	–	–	100%

Note:

(1) Other benefits include employer's contribution to Central Provident Fund, bonus and out-of pocket allowances.

The Directors' fees, as a lump sum, will be subject to the approval by shareholders at the forthcoming AGM.

The remuneration paid to the key executives (who are not Directors or the CEO) for services rendered to the Group on an individual basis were all below S$250,000 during FY2016 and are set out below:

Name of Key Executive	Base Salary	Allowance	Fees	Other Benefits(1)	Total
Below S$250,000					
Dr Wang YongPing	100%	–	–	–	100%
Dr Zhang XiaoGuang	100%	–	–	–	100%
Hor Siew Fu(2)	92%	–	–	8%	100%
Lim Fan(3)	78%	7%	–	15%	100%
Tan Kai Teck(4)	90%	5%	–	5%	100%

Notes:

(1) Other benefits include employer's contribution to Central Provident Fund.

(2) Hor Siew Fu ceased to be the Company's Chief Financial Officer with effect from 29 February 2016.

(3) Lim Fan ceased to be the Company's Acting Chief Financial Officer with effect from 31 May 2016.

(4) Tan Kai Teck was appointed as the Company's Chief Financial Officer on 16 May 2016 and had resigned from the position on 31 January 2017.

The total remuneration paid to the top five key executives for FY2016 was S$445,460.

Ms Yap Mee Lee, the spouse of Mr Tai Kok Chuan, who is the Executive Chairman of the Company, is the administrative manager of the Company's subsidiary. The remuneration paid to her for services rendered to the subsidiary was between S$100,000 to S$150,000 during FY2016 and it is set out below:

Name of Relative	Base Salary	Allowance	Fees	Other Benefits(1)	Total
Between S$100,000 to S$150,000					
Yap Mee Lee	91%	–	–	9%	100%

Note:

(1) Other benefits include employer's contribution to Central Provident Fund.

There are no termination or retirement benefits, as well as post-employment benefits that are granted to the Directors, CEO and key executives.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

In presenting interim and full year financial result announcements and the annual financial statements to shareholders promptly, it is the aim of the Board to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

The Board has unrestricted access to relevant information on a timely basis in order that it may effectively discharge its duties. The Board members will be provided with up-to-date financial reports and other information on the Group's performance for effective monitoring and decision making.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board reviews annually the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Board is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

The AC, on behalf of the Board, reviews the Group's system of internal controls, including financial, operational, compliance and information technology, and risk management policies and systems established by management. This ensures that such system is sound and adequate to provide reasonable assurance of the adequacy and effectiveness of the internal controls, addressing financial, operational, compliance and information technology risks and risk management systems. While no cost-effective internal control system can provide absolute assurance against loss or misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication, are reasonable and accurate. The Company has put in place the Enterprise Risk Management framework during FY2016.

At present, the Board relies on the assurances provided by Management, the external audit reports and management letter prepared by the external auditors on any material non-compliance or internal control weaknesses. In FY2016, the external auditors have highlighted to the Board issues relating to the remittance of advances to our joint venture business partners in PRC China and the Board notes that Management has since then strengthened the internal control process by taking steps to put in more rigorous approval threshold limit for overseas advances. The Board will further review actions taken to address the issues highlighted by the external auditors.

The effectiveness of the internal control systems and procedures are monitored by Management and also by the internal audit function. The effectiveness of the internal control systems and procedures are monitored by Management and the AC has also appointed an outsourced internal auditor to commence review of the internal controls of the key operations of the Group. The internal auditor has in the course of the year reviewed the design of the internal controls at the newly established aesthetics clinics in Shenzhen PRC. During FY2016, the Chief Financial Officer prepared the applicable risk pillars in view of the Group's operations and had in place an Enterprise Risk Management framework, which was reviewed by the Executive Chairman and the AC. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing in the Group.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and review performed by Management, while noting the ongoing efforts by the management to address the external auditors' concerns, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 31 December 2016.

The Board has also received assurance from the Executive Chairman, the CEO and the Company's finance team[(1)]:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the effectiveness of the Company's risk management and internal controls system.

Note:

(1) The previous Chief Financial Officer, Mr Tan Kai Teck, had resigned on 31 January 2017, prior to the finalisation of the FY2016 audited accounts of the Company. As such, he did not provide assurance to the Board in relation to the Company's FY2016 audited accounts.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Board has established the AC, chaired by Mr Yeo Chin Tuan Daniel. The members comprise the two Independent Director and the Non-Executive Director of the Company, who collectively bring with them invaluable managerial and professional expertise in the financial, legal and business management spheres. None of the AC members were previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

The AC has met with the Group's external auditors and its management to review accounting, auditing and financial reporting matters for FY2016.

Specifically, the AC has the following functions:

- reviewing the audit plans and scope of audit of the external auditors, including appraising the quality of their work and the assistance provided to them by the Management;
- recommending to the Board the appointment, re-appointment and removal of external auditors and their fees for shareholders' approval, after evaluating their cost effectiveness, independence and objectivity and the nature and extent of non-audit services provided by them;
- reviewing the effectiveness of the internal audit function;
- reviewing and reporting to Board at least annually the adequacy of the internal control systems of the Group, including financial, operational, compliance and information technology controls, by reviewing written reports from the internal auditors, and Management's responses and actions to correct any deficiencies;
- reviewing the annual financial statements and financial result announcements to shareholders before submission to the Board for adoption;
- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance; and
- reviewing interested person transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The AC has authority to investigate any matter within its terms of reference, and has full access to, and the co-operation of, the Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive Director or executive officer to attend its meetings.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements via briefing by its external auditors during the AC meetings.

In FY2016 and at its most recent meeting in February 2017, the AC had met the external auditors separately, without the presence of the Management, to discuss the reasonableness of the financial reporting process, as well as to review the adequacy of audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors.

The AC has reasonable resources to enable it to discharge its functions properly.

The Group's existing auditors, Nexia TS Public Accounting Corporation, have been the auditors of the Group since 6 November 2015. Ms Loh Hui Nee is the engagement director since FY2015.

Having regard to the adequacy of the resources and experience of the auditing firm and the engagement director assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations.

The Company has appointed suitable audit firms for its subsidiaries in Malaysia, Hong Kong SAR and the People's Republic of China. In this regard, the Board, with the concurrence of the AC, is of the view that the Company complies with Rule 712 and Rule 715 of the Catalist Rules.

The AC is pleased to recommend to the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as external auditors of the Company at the forthcoming AGM. The amount of audit fees and non-audit fees paid to Nexia TS Public Accounting Corporation in FY2016 was S$107,000 and S$4,966 respectively. Having reviewed, amongst others, the scope and quality of their audits and their independence, the AC is satisfied that the independence and objectivity of the external auditors is not affected.

INTERNAL AUDIT

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group has appointed Messrs BDO LLP as its outsourced internal auditor. BDO LLP assists the Group in reviewing the adequacy and effectiveness of the Group's internal controls based on an annual internal audit plan that covers applicable financial, operational, compliance and information technology controls. As part of the internal audits, they also provide recommendations to the AC and the Board to address any weaknesses in its internal controls.

BDO LLP performs annual internal audit planning in consultation with, but independent of the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the internal auditor may be involved in ad hoc projects initiated by the Management which require the assurance of the internal auditor in specific areas of concerns. BDO LLP is provided with access to the Group's properties, information and records and performs their reviews in accordance with the BDO Global IA methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. As the Group's outsourced internal auditors, BDO LLP is required to provide staff of adequate expertise and experience to conduct the internal audits. In this regard, the AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Group.

BDO LLP reports to the AC on audit matters and reports administratively to the Executive Chairman. The AC also reviews and approves the annual internal audit plans and resources to ensure that BDO LLP has the necessary resources to adequately perform its functions.

Based on the agreed internal audit plan, in the course of the year, BDO LLP reviewed and provided recommendations on the design of the internal control procedures established at the newly set up aesthetics clinics in Shenzhen, PRC and these internal control procedures were subsequently tabled and approved at the AC meeting on 23 February 2017.

(D) COMMUNICATION WITH SHAREHOLDERS

SHAREHOLDERS' RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company takes a serious view of ensuring full and adequate disclosure, in a timely manner, of material events and matters concerning its businesses through SGXNET, public announcements, press releases, analyst briefing, circulars to shareholders and annual reports.

The Company also ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may appoint more than two proxies to attend and vote at general meetings.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company has adopted quarterly reporting of its financial results since 1 January 2015. It does not practise selective disclosure. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Act, the Board's policy is that all shareholders should be informed regularly and on a timely basis of all major developments that impact the Group.

The Company will communicate pertinent information to its shareholders on a regular and timely basis through:

- the Company's annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Act and the Singapore Financial Reporting Standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the financial period. These are announced via the SGXNET;
- notices of annual general meeting and extraordinary general meeting;
- announcements via SGXNET on major developments of the Group; and
- the Group's website at www.cmigmedical.com from which shareholders can access information on the Group. The website provides, *inter alia*, all publicly disclosed financial information, links to corporate announcements, annual reports, and profiles of the Group.

The Company held an annual general meeting in April 2016 which is the principal forum of dialogue and interaction with its shareholders. An extraordinary general meeting was also held in January 2017 to seek shareholders' approval in relation to a proposed corporate action.

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The Board is not recommending any dividends for FY2016 due to the losses incurred and financial position of the Company.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are entitled to attend the annual general meeting to ensure a greater level of shareholders' participation and for them to be kept up to date as to the Group's strategies and goals. The notice of the annual general meeting is despatched to shareholders, together with explanatory notes at least 14 days before the meeting.

The Board views the annual general meeting as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues and ask the Directors or the Management questions regarding the Company and its operations, as well as for the Company to understand the views from the shareholders.

The Board supports the Code's principle to encourage shareholders' participation. The Constitution of the Company allows a shareholder of the Company to appoint a proxy to attend the annual general meeting and vote in place of the shareholder. The Board takes note that there should be a separate resolution at general meetings on each substantially separate issue and supports the Code's principle with regards to the "bundling" of resolutions. The Board will provide reasons and material implications where resolutions are interlinked.

The Chairpersons of the AC, RC and NC are in attendance at the Company's annual general meeting to address shareholders' questions relating to the work of the Board committees. The Company's external auditors, Nexia TS Public Accounting Corporation, will also be present at the annual general meeting and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their auditors' report.

In line with the Catalist Rules, resolutions tabled at general meetings of the Company will be passed through a process of voting by poll which procedures will be clearly explained by the scrutineers at the Company's general meetings.

DEALING IN SECURITIES & WHISTLE-BLOWING

In line with Rule 1204(19) of the Catalist Rules and in implementing the directives issued by the AC in 2006, the Group has continued to adopt an internal code in relation to the dealing of shares of the Company, insider trading and whistle-blowing. The Company has issued memoranda relating to dealing in the securities of the Company to its Directors and employees, setting out the implications of insider trading and guidance on such dealings. Directors and key executives are expected to observe insider trading laws at all times. In FY2016, directives were also issued notices relating to black-out periods within which the Company and Directors and employees of the Company should not deal in the securities of the Company during the period commencing two weeks before the announcement of the Company's interim financial results and one month before the announcement of the Company's full year financial results and ending on the date of the announcement of the results.

Directors and employees are also discouraged from dealing in the Company's shares on short-term considerations. The Company has also issued written policies and procedures regarding whistle-blowing to its Directors and employees, identifying and illustrating actions or observations which may constitute matters which should be raised, and the various avenues through which they may be raised. The Company has also set up a dedicated email address (report@cmigmedical.com) for reporting purposes to which access is restricted to the Chairman of the AC and his designate. In the pursuit of good corporate governance, the Company encourages its officers, employees, and/or any other parties with whom the Group has a relationship to provide information that evidences unlawful, unethical and fraudulent practices.

INTERESTED PERSONS TRANSACTIONS

As a listed company on the Catalist of the SGX-ST, the Company is required to comply with Chapter 9 of the Catalist Rules on interested person transactions. All interested person transactions are subject to review by the AC to ensure they were carried out on normal commercial terms. In addition, to ensure compliance with Chapter 9, the AC and the Board have met and will meet regularly at each scheduled quarterly AC and Board meeting to review if the Company will be entering into an interested person transaction and if so, to ensure that the relevant rules under Chapter 9 are complied with. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

The Group does not have a general mandate for interested person transactions for the current financial year pursuant to Rule 920. There were no interested person transactions of S$100,000 or more in value per transaction entered into during FY2016.

MATERIAL CONTRACTS

Save as disclosed in the Report of the Directors and Financial Statements and below, there were no material contracts, not being contracts entered into in the ordinary course of business of the Company or its subsidiaries, involving the interests of the CEO or any Director or controlling shareholders subsisted at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

The Company's wholly own subsidiary, CMIC Hemodialysis (Hong Kong) Limited had entered into a loan agreement with Concorde Global Limited. In relation to this loan agreement, a corporate guarantee was granted by the Company. A deed of guarantee was also 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. The Company had obtained a subsequent extension of the loan till 27 June 2017.

On 16 September 2016, the Company obtained an unsecured shareholder loan amounting to S$1,000,000 from Dato' Dr. Choo Yeow Ming which bears interest at a rate of 6% per annum and is due for repayment on 5 March 2020.

On 10 January 2017, the Company entered into a loan agreement with Dato' Dr. Choo Yeow Ming, pursuant to which Dato' Dr. Choo Yeow Ming had agreed to grant an unsecured interest-free loan of S$6,500,000 to the Company. Repayment of the loan is to take place twelve months after the date the loan is disbursed. As at the date of this report, the loan remains to be disbursed.

On 2 February 2017, the Company also entered into a loan agreement with Dato' Dr Choo Yeow Ming pursuant to which Dato' Dr. Choo Yeow Ming had agreed to grant an unsecured interest free loan of S$200,000. Repayment of the loan is to take place twelve months after the date the loan is disbursed. As at the date of this report, the loan of S$200,000 had been fully disbursed to the Company for the purpose of general working capital.

USE OF PROCEEDS

As at 5 April 2017, the net proceeds from the following fund raising activities set out in the table below had been utilised as follows:

Use of proceeds		Amount Allocated	Amount Utilised from 11 August 2016 to 6 November 2016	Amount Utilised from 7 November 2016 to 5 April 2017	Amount Unutilised
		(S$)	**(S$)**	**(S$)**	**(S$)**
(A)	**Proceeds from 300 mil shares placement [1]**				
	Funding Growth Expansion	2,100,000	2,067,610	32,390	–
	General Working Capital	900,000	57,903	842,097	–
(B)	**Proceeds from 50 mil shares placement [2]**				
	Funding Growth Expansion	515,000	–	515,000	–
(C)	**Proceeds from 200 mil shares placement [3]**				
	Funding Growth Expansion	426,000	–	127,609	298,391
	General Working Capital	994,000	–	715,133	278,867
Total		**4,935,000**	**2,125,513**	**2,232,229**	**577,258**

The above use of proceeds is in accordance with the intended use as stated in the announcements dated 8 January 2016, 24 October 2016, 8 March 2017, 10 March 2017 and 5 April 2017.

Notes:

1. 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. An aggregate of S$842,097 from the working capital portion of the placement proceeds was utilised for expenses relating to the operation of the Group which mainly related to the payment of administrative expenses and operating expenses.

2. 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 funding growth expansion.

   An aggregate of S$515,000 has been fully utilised to fund growth expansion for the Group's aesthetics business in Shenzhen.

3. The shares placement is in relation to placement of an aggregate of 200,000,000 new ordinary shares in the issued and paid up capital of the Comapny to Tan Chong Chai, Foo Khai Lin, Ho Seow Kai and Yap Siean Sin as announced on 8 and 10 March 2017. The working capital portion of the placement proceeds was utilised for expenses relating to the operations of the Group which mainly related to the payment of general administrative and operating expenses.

NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2016.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

With effect from 20 April 2016, the name of the Company was changed from Albedo Limited to China Medical (International) Group Limited.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 43 to 106 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, based on the assumptions and measures undertaken as described in Note 4 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Tai Kok Chuan
Wong Fook Choy Sunny
Hano Maeloa
Yeo Chin Tuan Daniel

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Warrants", "Share options" and "Performance share plan" in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2016	At 01.01.2016	**At 31.12.2016**	At 01.01.2016
China Medical (International) Group Limited (f.k.a Albedo Limited)				
(No. of ordinary shares)				
Tai Kok Chuan	**110,000,000**	110,000,000	**20,000,000**	20,000,000
Wong Fook Choy Sunny	**600,000**	600,000	**-**	-

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

	Holdings registered in name of director	
	At 31.12.2016	At 01.01.2016
China Medical (International) Group Limited (f.k.a Albedo Limited)		
(No. of warrants)		
Wong Fook Choy Sunny	**600,000**	600,000

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Albedo Limited Employee Share Option Scheme (the "ESOS") and Albedo Share Performance Plan (the "Albedo SPP") as set out below and under "Share options" and "Performance share plan" in this statement.

Options to subscribe for ordinary shares pursuant to the ESOS are as follows:-

	Number of options to subscribe for ordinary shares of the Company		
	At 31.12.2016	At 01.01.2016	Exercise price per share option
China Medical (International) Group Limited (f.k.a Albedo Limited)			
(Share Options)			
Tai Kok Chuan	**30,000,000**	30,000,000	S$0.013
Wong Fook Choy Sunny	**750,000**	750,000	S$0.015
	20,000,000	20,000,000	S$0.013
Hano Maeloa	**30,000,000**	30,000,000	S$0.013
Yeo Chin Tuan Daniel	**20,000,000**	20,000,000	S$0.013

(c) The directors' interests in the ordinary shares and convertible securities of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

SHARE OPTIONS

Albedo Limited Employee Share Option Scheme (the "ESOS")

The Albedo Limited's Employee Share Options Scheme ("ESOS"), approved on 24 February 2006 and 5 May 2010, is administered by a committee ("Committee"). The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the ESOS is adopted by Shareholders in the General Meeting. Subject to compliance with applicable laws and regulations in Singapore, the ESOS may be continued beyond the stipulated period with the approval of the Shareholders and relevant authorities. The members of the Committee are:

Yeo Chin Tuan Daniel (Chairman)
Wong Fook Choy Sunny
Hano Maeloa

SHARE OPTIONS (CONT'D)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

The ESOS provides an opportunity for selected Directors and Employees of the Group who have contributed significantly to the growth and performance of the Group (including non-executive Directors), who satisfy the eligibility criteria as set out in the rules of the ESOS, to participate in the equity of the Company and can be summarised as follows:

- Subject to the rules of the ESOS, the aggregate number of shares in respect of which options may be offered to a selected Director and/or Employee (a "Grantee") for subscription in accordance with the ESOS shall be determined at the discretion of the Committee which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, his performance, years of service and potential for future development and the performance of the Group (provided always that the total number of shares in respect of which options may be granted to any one Grantee shall not exceed 10% of the total number of shares available under the ESOS).

- The Committee shall monitor the grant of options carefully to ensure that the number of the shares which may be issued pursuant to the options will comply with the relevant Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

- The aggregate number of shares over which the Committee may grant options on any date, when added to the total number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 10% of the total issued shares of the Company on the day preceding that offer date of the options.

- Under the ESOS, options granted to the Directors and Employees may, except in certain special circumstances, be exercised at any time after the first anniversary but not later than the tenth anniversary from the date of grant. The ordinary shares of the Company ("Shares") under options may be exercised in full or in respect of 1,000 Shares or a multiple thereof, on the payment of the exercise price. The exercise price is based on the average of last dealt prices of the Shares on the SGX-ST for the three market days immediately preceding the date of grant rounded to the nearest whole cent. The Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. No options have been granted at a discount.

- On 23 December 2014, the Company made an SGX announcement relating to adjustments made to the exercise prices of outstanding share options which were granted in 2007 and 2008 ("Adjustments"). The Adjustments have been made in accordance to Rule 10 of the ESOS and does not result in a change in the number of outstanding share options issued by the Company.

  As Wong Fook Choy Sunny is a member of the Committee and has held options which were the subject of the adjustments, he had abstained from recommending and voting on all matters relating to the adjustments.

The exercise prices of the following share options have been adjusted as follows:

Grant date of share options	Number of outstanding share options as at 2 July 2014 (date of adjustment exercise)	Exercise price before adjustments	Exercise price after adjustments
9 April 2007	700,000	S$0.100	S$0.010
2 May 2008	250,000	S$0.130	S$0.013
20 June 2008	1,800,000	S$0.140	S$0.015

SHARE OPTIONS (CONT'D)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS described above are as follows:

Date of grant	Balance as at 1.1.2016	Options granted	Options cancelled or lapsed	Balance as at 31.12.2016	Exercise price per share option	Exercisable period
9.4.2007	700,000	–	–	700,000	S$0.010	10.4.2008-9.4.2017
2.5.2008	250,000	–	–	250,000	S$0.013	2.5.2009-1.5.2018
20.6.2008	1,800,000	–	(200,000)	1,600,000	S$0.015	20.6.2009-19.6.2018
2.10.2014	105,000,000	–	(1,700,000)	103,300,000	S$0.013	2.10.2014-1.10.2024
	107,750,000	**–**	**(1,900,000)**	**105,850,000**		

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the ESOS were as follows:

	Number of unissued ordinary shares of the Company under option				
Name of director	Options granted during the financial year	Aggregate options granted since commencement of ESOS to 31.12.2016	Aggregate options exercised since commencement of ESOS to 31.12.2016	Aggregate options cancelled or lapsed since commencement of ESOS to 31.12.2016	Aggregate options outstanding as at 31.12.2016
Tai Kok Chuan[(1)]	–	31,500,000	(1,500,000)	–	30,000,000
Wong Fook Choy Sunny[(2)]	–	21,050,000	(300,000)	–	20,750,000
Hano Maeloa[(1)]	–	30,000,000	–	–	30,000,000
Yeo Chin Tuan Daniel[(1)]	–	20,000,000	–	–	20,000,000
Total	–	102,550,000	(1,800,000)	–	100,750,000

(1) The options granted to these directors are exercisable from 2.10.2014 to 1.10.2024 at the exercise price of S$0.013.

(2) The options granted to this director amounting 350,000, 400,000 and 20,000,000 are exercisable from 10.4.2007 to 9.4.2017, 20.6.2009 to 19.6.2018 and 2.10.2014 to 1.10.2024 at the exercisable price of S$0.013 and S$0.015 respectively.

Since the commencement of the ESOS till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of SGX-ST);
- No participants other than the directors of the Company have received 5% or more of the total options available under the Scheme;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

The ESOS had expired on 23 February 2016.

PERFORMANCE SHARE PLAN

Albedo Share Performance Plan ("Albedo SPP")

The Albedo SPP is intended to incentivise selected Directors and employees of the Group to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Albedo SPP, the Company aims to recognise and reward past contributions and services and motivate the selected Directors and employees (the "Participants") to continue to strive for the Group's long-term prosperity and can be summarised as follows:

- The Albedo SPP uses methods fairly common among successful multinational companies to incentivise and motivate employees to achieve pre-determined targets which create and enhance economic values for shareholders. Unlike the ESOS, the award of fully-paid shares, free of charge, to the Participants is intended to be a more attractive form of bonus from the Company to the Participants as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies. The Albedo SPP is intended to complement the ESOS and serve as an additional and flexible incentive tool.

- The awards granted under the Albedo SPP will be determined at the discretion of the Remuneration Committee (comprising of Mr Yeo Chin Tuan Daniel, Mr Wong Fook Choy Sunny and Mr Hano Maeloa) which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development of the selected Participant.

- The total number of shares which may be granted under the Albedo SPP when added to the number of shares issued and issuable under all awards granted thereunder and all the options under the ESOS shall not exceed 15% of the issued ordinary shares of the Company on the day preceding the relevant date of award.

- The total number of new shares over which the Remuneration Committee may grant awards on any date pursuant to the proposed Albedo SPP, when added to the number of new shares issued and issuable in respect of all awards granted under the Albedo SPP, available to (a) all controlling shareholders and their associates must not exceed 25% of the shares available under the Albedo SPP and (b) each controlling shareholder and his associates must not exceed 10% of the shares available under the Albedo SPP.

There has been no grant of any awards under the Albedo SPP since its implementation by the Company till 31 December 2016.

AUDIT COMMITTEE

The members of the Audit Committee (the "AC") at the end of the financial year were as follows:

Yeo Chin Tuan Daniel (Chairman)
Wong Fook Choy Sunny
Hano Maeloa

All members of the AC were non-executive and independent directors.

The AC met 4 times in the financial year and carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC reviews:

- The scope and the results of internal audit procedures;

- The audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit and the assistance given by the Company's management to the independent auditor;

- The interim and annual financial results and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;

- The effectiveness of the Company's material internal controls, including financial, operational and compliance and information technology controls via reviews carried out;

AUDIT COMMITTEE (CONT'D)

- The quality of work performed by the independent auditor;
- The legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- The cost effectiveness, the independence and objectivity of the independent auditor;
- The nature and extent of non-audit services provided by the independent auditor;
- The reports of actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- The interested person transactions in accordance with the requirements of the Listing Manual of SGX – ST.

The AC has met with the independent auditor without the presence of the Company's management at least once a year.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2016

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Tai Kok Chuan	Wong Fook Choy Sunny

7 April 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of China Medical (International) Group Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 106.

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matters described in the Bases for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Bases for Disclaimer of Opinion

Going Concern

The following circumstances give rise to material uncertainties as to the appropriateness of the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the Company for the current financial year:

a) As disclosed in Note 4 to the financial statements, the Group and the Company incurred a net loss of S$19,436,000 (2015: S$1,309,000) and S$15,652,000 (2015: S$2,841,000) respectively and the Group also incurred net operating cash outflows of S$12,512,000 (2015: net operating cash inflows of S$1,861,000) for the financial year ended 31 December 2016. As at 31 December 2016, the Group's current liabilities exceeded its current assets by S$919,000 (2015: S$276,000).

b) As at 31 December 2016, the Group had a borrowing owing to a non-related party amounting to S$3,730,000 (2015: S$ Nil) of which the maturity date of repayment had been extended from 19 December 2016 to 28 March 2017 and subsequently to 27 June 2017. As at 31 December 2016, the Group's cash and cash equivalents (excluding bank deposits pledged) were S$1,525,000 (2015: S$2,019,000).

c) Based on financial budgets approved by the Board of Directors of the Company, the Company is expecting to incur net operating cash outflows of approximately S$4,242,000 (after the receipts of S$1,440,000 from the issuance of 200,000,000 new ordinary shares in paragraph (ii) below) if it remains at its current operating level in the next twelve months from the balance sheet date.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2016 is appropriate after taking into consideration the following assumptions and measures:

i) On 2 February 2017, a substantial shareholder (referred hereafter as the "Substantial Shareholder") has provided an interest-free loan of S$200,000 to the Company for its working capital purpose. This loan is repayable on 2 February 2018.

ii) On 7 March 2017, the Company has entered into four separate share subscription agreements pursuant to which the subscribers agree to subscribe for 200,000,000 new ordinary shares in the issued and paid-up capital of the Company at an issue price of S$0.0072 per subscription share. The proceeds of S$1,440,000 have been received by the Company as at the date of this report.

Bases for Disclaimer of Opinion (Cont'd)

Going Concern (Cont'd)

iii) The Substantial Shareholder has provided a letter of financial support expressing his willingness to provide continuing financial support upon terms and conditions agreeable to both parties to enable the Group to continue to operate and meet its financial obligations and commitments as and when they fall due for the next 12 months till 7 April 2018. He had also provided a written confirmation not to demand repayment of borrowings of S$1,000,000 and S$200,000 owing by the Group to him and payables of S$3,500,000 owing by the Group to a former shareholder of the Company's subsidiary corporation (which he is a director and has 55% equity interests in), until the date when the Group has the financial ability to make the repayment or their respective contractual maturity dates on 5 March 2020, 2 February 2018 and 6 November 2019.

iv) The Group has negotiated with a non-related party who provided a borrowing amounting to S$3,730,000 to extend the maturity date of repayment. The maturity date has been extended to 27 June 2017. This borrowing is secured by a corporate guarantee granted the Company and by a personal guarantee from the Substantial Shareholder.

v) On 31 March 2017, the Company announced that the Company is proposing to undertake a Renounceable Non-Underwritten Rights Issue of up to 10,109,888,721 new Ordinary Shares at an issue price of S$0.001 on the basis of three Rights Shares for every one existing held Ordinary Share. The Company is expected to receive net proceeds of up to S$9,900,000 on a maximum subscription basis, assuming all convertible securities of the Company are converted and/or exercised as at the books closure date and all entitled shareholders subscribe in full for their rights entitlement.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

The ability of the Group and of the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the outcome of the assumptions and measures undertaken as disclosed above. At the date of this report, we are unable to obtain sufficient audit evidence regarding the likely outcome of these assumptions and measures including the financial capability of the Substantial Shareholder. It is also uncertain whether the Group and the Company will receive additional financing from its directors and/or other shareholders.

The conditions above indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns and therefore, the Group and the Company may not be able to discharge their liabilities in the normal course of business. Therefore, we are not able to form an opinion as to whether the going concern basis of presentation of the accompanying financial statements of the Group and the Company is appropriate.

Impairment of goodwill

As at 31 December 2016, goodwill was carried at S$7,192,000 (net of impairment loss on goodwill of S$10,805,000), which represents 61.3% of the Group's total assets. The goodwill arose from the acquisition of 51% paid up capital of China iMyth Company Pte. Ltd., which was completed on 6 November 2015 and is allocated to the Group's Aesthetics cash-generating unit ("CGU") in the Republic of China, Taiwan and the People's Republic of China. Refer to Note 17 to the financial statements.

Management applied value-in-use ("VIU") method based on discounted cash flow projection to determine the recoverable amount of the Aesthetics CGU. An impairment loss on goodwill of S$10,805,000 (2015: S$ Nil) was recognised during the financial year ended 31 December 2016.

Bases for Disclaimer of Opinion (Cont'd)

Impairment of goodwill (Cont'd)

We are unable to determine whether the impairment loss provided on the goodwill is appropriate as we are unable to obtain sufficient appropriate audit evidence with respect to the underlying key estimates and assumptions used in the discounted cash flows projection, including the reasonableness and achievability of forecasted revenue, operational performance, operational targets, prevailing and future market conditions or business outlook. Coupled with the regulatory guidelines and framework governing the medical industry, especially on aesthetics practices and foreign medical practitioners, we are unable to satisfy ourselves whether the above mentioned discounted cash flow projection would reasonably reflect future events and the set of macroeconomics conditions that will exist and the resultant impairment loss that should be further accounted for, if any, on the carrying amount of the goodwill of S$7,192,000 as at the balance sheet date. As a result of the above, we are unable to determine the adjustments, if any, to be made to these financial statements.

Recoverability of Advances and/or Loans

As at 31 December 2016, the advances and/or loans extended to business partners amounted to S$5,575,000 (2015: S$ Nil) and represented 34% (2015: Nil %) of the Group's total assets. Refer to Note 13 to the financial statements. An impairment loss and a write-off on advances and/or loans of S$2,323,000 (2015: S$ Nil) and S$2,166,000 (2015: S$ Nil) respectively were recognised during the financial year ended 31 December 2016.

Management assesses, at the end of the financial year, whether there is any evidence that the advances and/or loans to business partners for the purpose of setting up new aesthetics businesses or acquisition of an equity interest in an existing business are impaired.

As at the date of this report, we are unable to obtain sufficient appropriate audit evidence to determine whether the carrying amount of the advances and/or loans provided to a business partner which amounted to S$1,086,000 (2015: S$ Nil) is appropriate and whether any impairment allowance in the carrying amount of the advances and/or loans is required as at the balance sheet date. We are unable to perform any other alternative audit procedures to satisfy ourselves with respect to the recoverable amount and the resultant impairment loss, if any, on the carrying amount of the advances and/or loans at the balance sheet date. As a result of the above, we are unable to determine the adjustments, if any, to be made to these financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the Members of China Medical (International) Group Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards of Auditing and to issue an auditor's report. However, because of the matters described in the Bases for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, except for those matters described in the Bases for Disclaimer of Opinion section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Ms. Loh Hui Nee.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
7 April 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Note	Group 2016 S$'000	Group 2015 S$'000
Revenue	5	**3,170**	5,565
Cost of sales		**(1,992)**	(4,240)
Gross profit		**1,178**	1,325
Other income – net	6	**603**	1,446
Expenses			
- Distribution		**(467)**	(559)
- Administrative		**(20,486)**	(3,502)
- Finance	9	**(266)**	(14)
Loss before income tax		**(19,438)**	(1,304)
Income tax credit/(expense)	10	**2**	(5)
Net loss		**(19,436)**	(1,309)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains		**14**	3
Other comprehensive income, net of tax		**14**	3
Total comprehensive loss		**(19,422)**	(1,306)
(Loss)/profit attributable to:			
Equity holders of the Company		**(18,756)**	(1,874)
Non-controlling interests		**(680)**	565
		(19,436)	(1,309)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(18,742)**	(1,871)
Non-controlling interests		**(680)**	565
		(19,422)	(1,306)
Loss per share attributable to equity holders of the Company (cents per share)			
- **Basic and diluted loss per share**	11	**(0.65)**	(0.10)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

As at 31 December 2016

	Note	Group		Company	
		31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
		S$'000	S$'000	**S$'000**	S$'000
			(Restated)		
ASSETS					
Current assets					
Cash and cash equivalents	12	2,525	3,519	**1,404**	2,031
Trade and other receivables	13	1,570	798	**893**	79
Inventories	14	64	434	**–**	–
		4,159	4,751	**2,297**	2,110
Non-current assets					
Investments in subsidiary corporations	15	–	–	**7,302**	18,402
Property, plant and equipment	16	274	373	**27**	2
Intangible assets	17	7,296	18,152	**–**	–
		7,570	18,525	**7,329**	18,404
Total assets		11,729	23,276	**9,626**	20,514
LIABILITIES					
Current liabilities					
Trade and other payables	18	1,348	5,027	**864**	3,932
Borrowings	19	3,730	–	**–**	–
		5,078	5,027	**864**	3,932
Non-current liabilities					
Trade and other payables	18	3,017	–	**3,017**	–
Borrowings	19	1,000	–	**1,000**	–
Deferred income tax liabilities	20	18	26	**–**	–
		4,035	26	**4,017**	–
Total liabilities		9,113	5,053	**4,881**	3,932
NET ASSETS		2,616	18,223	**4,745**	16,582
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	21	50,000	46,485	**50,000**	46,485
Other reserves	22	2,479	2,165	**2,453**	2,153
Accumulated losses		(49,799)	(31,043)	**(47,708)**	(32,056)
		2,680	17,607	**4,745**	16,582
Non-controlling interests	15	(64)	616	**–**	–
Total equity		2,616	18,223	**4,745**	16,582

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2016

	Note	Share capital	Share options reserve	Currency translation reserve	Warrant reserve	Accumulated losses	Total	Non-controlling interests	Total
		← Attributable to equity holders of the Company					→		
		S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2016									
Beginning of financial year		**46,485**	**1,038**	**12**	**1,115**	**(31,043)**	**17,607**	**616**	**18,223**
Net loss for the financial year		**–**	**–**	**–**	**–**	**(18,756)**	**(18,756)**	**(680)**	**(19,436)**
Other comprehensive income for the financial year		**–**	**–**	**14**	**–**	**–**	**14**	**–**	**14**
Total comprehensive income/(loss) for the financial year		**–**	**–**	**14**	**–**	**(18,756)**	**(18,742)**	**(680)**	**(19,422)**
Share issue pursuant to:									
– Share placement	21	**3,515**	**–**	**–**	**–**	**–**	**3,515**	**–**	**3,515**
Issue of warrants	22(b)(iii)	**–**	**–**	**–**	**300**	**–**	**300**	**–**	**300**
Total transactions with owners, recognised directly in equity		**3,515**	**–**	**–**	**300**	**–**	**3,815**	**–**	**3,815**
End of financial year		**50,000**	**1,038**	**26**	**1,415**	**(49,799)**	**2,680**	**(64)**	**2,616**
2015									
Beginning of financial year		38,114	506	9	299	(29,169)	9,759	–	9,759
Net (loss)/income for the financial year		–	–	–	–	(1,874)	(1,874)	565	(1,309)
Other comprehensive income for the financial year	22(b)(ii)	–	–	3	–	–	3	–	3
Total comprehensive (loss)/income for the financial year		-	-	3	-	(1,874)	(1,871)	565	(1,306)
Share issue pursuant to:									
– Acquisition of subsidiary corporations	21, 28(c)	6,050	–	–	–	–	6,050	–	6,050
– Share placement	21	2,250	–	–	–	–	2,250	–	2,250
– Exercise of warrants	21, 22(b)(iii)	71	–	–	(24)	–	47	–	47
Employee Share Option Scheme									
– Value of employee services	8	–	532	–	–	–	532	–	532
Issue of warrants	22(b)(iii)	–	–	–	840	–	840	–	840
Contributions from non-controlling interests pursuant to acquisition of subsidiary corporations									
– As previously reported	28(c)	–	–	–	–	–	–	158	158
– Prior year adjustments	29	–	–	–	–	–	–	(107)	(107)
– As restated		–	–	–	–	–	–	51	51
Total transactions with owners, recognised directly in equity		8,371	532	–	816	–	9,719	51	9,770
End of financial year		46,485	1,038	12	1,115	(31,043)	17,607	616	18,223

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2016

	Note	Group 2016 S$'000	2015 S$'000
Cash flows from operating activities			
Net loss		**(19,436)**	(1,309)
Adjustments for:			
– Income tax (credit)/expense	10	**(2)**	5
– Depreciation of property, plant and equipment	7	**173**	30
– Impairment loss of goodwill	7	**10,805**	–
– Amortisation of intangible assets	7	**51**	–
– Accretion of imputed interest	6	**(503)**	–
– Write off of property, plant and equipment	7	**26**	–
– Employee share option expense	8	**–**	532
– Interest income — bank deposits	6	**(15)**	(67)
– Interest expense	9	**246**	14
– Unwinding of imputed interest	9	**20**	–
– Unrealised currency translation (gains)/losses		**(42)**	2
		(8,677)	(793)
Change in working capital, net of effects from acquisition of subsidiary corporations:			
– Inventories		**370**	(184)
– Trade and other receivables		**(772)**	500
– Trade and other payables		**(3,196)**	2,500
Cash (used in)/generated from operations		**(12,275)**	2,023
Interest paid		**(246)**	(14)
Interest income		**15**	67
Income tax paid		**(6)**	(215)
Net cash (used in)/ generated from operating activities		**(12,512)**	1,861
Cash flows from investing activities			
Acquisition of subsidiary corporations, net of cash acquired	28(b)	–	(10,839)
Additions to property, plant and equipment	16	**(86)**	(4)
Net cash used in investing activities		**(86)**	(10,843)
Cash flows from financing activities			
Fixed deposits withdrew from banks		**500**	530
Proceeds from issuance of ordinary shares	21	**3,515**	2,250
Proceeds from issuance/exercise of warrants		**300**	887
Proceeds from borrowings		**4,730**	–
Repayment of borrowings		**–**	(474)
Advances provided by former shareholder of subsidiary corporation		**3,017**	–
Net cash provided by financing activities		**12,062**	3,193
Net decrease in cash and cash equivalents		**(536)**	(5,789)
Cash and cash equivalents			
Beginning of the financial year		**2,019**	7,807
Effects of currency translation on cash and cash equivalents		**42**	1
End of financial year	12	**1,525**	2,019

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL INFORMATION

China Medical (International) Group Limited (f.k.a Albedo Limited) (the "Company") is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore.

The principal place of business and the registration office are at 360 Orchard Road, #04-08 International Building, Singapore 238869.

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of its subsidiary corporations are disclosed in Note 15 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar ("SGD or S$") and all values in the tables are rounded to the nearest thousand (S$'000) as indicated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Notes 3 and 4.

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Sale of goods – Steel raw materials*

Revenue from sales of goods is recognised when the Group has delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, and it is probable that the collectability of the related receivables is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition (cont'd)

(b) *Sale of goods – aesthetics products*

Revenue from these sales is recognised upon the transfer of significant risks and rewards of ownership to the customers, usually on delivery of goods.

(c) *Rendering of services – aesthetics services*

Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue from rendering of packaged services is recognised by reference to the stage of completion of the transaction at the balance sheet date determined by services performed to date as a percentage of total packaged sales. Free services represent promised services under the main packaged services and a portion of the transaction price from the main service contracts are allocated to these free services. Revenue of free services is recognised upon the completion of aesthetics procedures rendered to the customers.

Revenue billed in advance of the rendering of services is recognised as deferred revenue and included in "Trade and other payables" at the balance sheet date.

(d) *Interest income*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(f) *Commission and service income*

Revenue from commission and service income is recognised when the services are rendered.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other gains.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (cont'd)

(a) Subsidiary corporations (cont'd)

(i) Consolidation (cont'd)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary corporation acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Group accounting (cont'd)

(a) *Subsidiary corporations (cont'd)*

(iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) *Measurement*

(i) *Property, plant and equipment*

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Office equipment and fixtures	2 to 5 years
Renovation	5 years
Medical and laboratory equipment	3 to 7 years
Clinic equipment	7 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, plant and equipment (cont'd)

(b) *Depreciation (cont'd)*

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses - net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.6 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

(b) *Customer relationships*

The customer relationships acquired in business combination are initially recognised at cost, which represents the fair value at the date of acquisition and are subsequently carried at cost less accumulated impairment losses.

Customer relationships are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 3 years.

The amortisation period and amortisation method are reviewed at least at each balance sheet date. The effects of any revision are recognised to profit or loss when the changes arise.

2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiary corporations

Intangible assets, property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of non-financial assets (cont'd)

(b) *Intangible assets*
Property, plant and equipment
Investments in subsidiary corporations (cont'd)

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

The Group does not hold any of the financial assets except for loans and receivables.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 13) and "Cash and cash equivalents" (Note 12) on the balance sheet.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets (cont'd)

(e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantees

The Company issues corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.15 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Leases

When the Group is the lessee

The Group leases office spaces and warehouses from non-related parties and clinic spaces from a related party under operating leases.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither goodwill or taxable profit or loss at the time of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Income taxes (cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as "Finance expense".

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Employee compensation (cont'd)

(b) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balances previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued to the employees.

(c) *Performance shares*

Benefits to employees including the directors are provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the entity's share on grant date. This fair value is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vested, with the corresponding adjustment made in equity.

Cancellation of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

(d) *Employees leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.21 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Currency translation (cont'd)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains and losses - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at the average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.25 Warrant reserves

Proceeds from the rights cum warrants issue are allocated separately between the value of the share capital and the value of the warrants. The fair value of the warrants is recorded in warrant reserves until transferred to the share capital account when the warrants are exercised or on expiry of the warrants which is net of transaction costs.

2.26 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

(a) *Estimated impairment for goodwill*

The Group has recognised an impairment charge on its goodwill of S$10,805,000 during the financial year which resulted in the carrying amount of goodwill as at 31 December 2016 to reduce to S$7,192,000. In performing the impairment assessment of the carrying amount of goodwill, as disclosed in Note 17 to the financial statements, the recoverable amount of the CGU in which goodwill has been attributable to, are determined using value-in-use (VIU) calculation.

Significant judgements are used to estimate the gross margin, weighted average growth rates and the pre-tax discount rates applied in computing the recoverable amount of the CGU. In making these estimates, management has relied on past performance, its expectations of market developments in the Republic of China ("Taiwan") and the People's Republic of China ("China") and the industry trends for aesthetics medical.

For its goodwill attributable to aesthetics medical in Taiwan and China CGU:

- if the estimated gross margin used in the VIU calculation had been 5% lower than management's estimates, the Group would have recognised a further impairment charge on goodwill of S$2,064,000;
- if the estimated weighted average growth rate used had been 5% lower than management's estimates (for example: 67% instead of 72%), the Group would have recognised a further impairment charge on goodwill of S$2,179,000; and

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

3.1 Critical accounting estimates and assumptions (cont'd)

(a) *Estimated impairment for goodwill (cont'd)*

- if the estimated pre-tax discount rate applied to the discounted cash flows for this CGU had been 1% higher than management's estimates (for example: 23% instead of 22%), the Group would have recognised a further impairment charge on goodwill of S$819,000.

(b) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

During the current financial year, management has recognised allowance for impairment of trade and other receivables, as disclosed in Note 13, amounting to S$4,545,000 (2015: S$Nil). Management believed that the allowance for impairment of trade and other receivables recognised is adequate for the current and previous financial years based on their best estimates and assumptions of the difference between the recoverable amount and carrying amount of trade and other receivables individually determined to be impaired.

If the net present values of estimated cash flows had been lower by 10% from management's estimates for trade and other receivables, the allowance for impairment of the Group and the Company would have been higher by S$148,000 and S$84,000 (2015: S$76,000 and S$7,000) respectively.

4. GOING CONCERN

The following circumstances give rise to material uncertainties as to the appropriateness of the use of the going concern assumption in the preparation of the accompanying financial statements of the Group and the Company for the current financial year:

a) The Group and the Company incurred a net loss of S$19,436,000 (2015: S$1,309,000) and S$15,652,000 (2015: S$2,841,000) respectively and the Group also incurred net operating cash outflows of S$12,512,000 (2015: net operating cash inflows of S$1,861,000) for the financial year ended 31 December 2016. As at 31 December 2016, the Group's current liabilities exceeded its current assets by S$919,000 (2015: S$276,000).

b) As at 31 December 2016, the Group had a borrowing owing to a non-related party amounting to S$3,730,000 (2015: S$ Nil) of which the maturity date of repayment had been extended from 19 December 2016 to 28 March 2017 and subsequently to 27 June 2017. As at 31 December 2016, the Group's cash and cash equivalents (excluding bank deposits pledged) were S$1,525,000 (2015: S$2,019,000).

4. GOING CONCERN (CONT'D)

c) Based on financial budgets approved by the Board of Directors of the Company, the Company is expecting to incur net operating cash outflows of approximately S$4,242,000 (after the receipts of S$1,440,000 from the issuance of 200,000,000 new ordinary shares in paragraph (ii) below) if it remains at its current operating level in the next twelve months from the balance sheet date.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors of the Company believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2016 is appropriate after taking into consideration the following assumptions and measures:

i) On 2 February 2017, a substantial shareholder (referred hereafter as the "Substantial Shareholder") has provided an interest-free loan of S$200,000 to the Company for its working capital purpose. This loan is repayable on 2 February 2018.

ii) On 7 March 2017, the Company has entered into four separate share subscription agreements pursuant to which the subscribers agree to subscribe for 200,000,000 new ordinary shares in the issued and paid-up capital of the Company at an issue price of S$0.0072 per subscription share. The proceeds of S$1,440,000 have been received by the Company as at the date of this report.

iii) The Substantial Shareholder has provided a letter of financial support expressing his willingness to provide continuing financial support upon terms and conditions agreeable to both parties to enable the Group to continue to operate and meet its financial obligations and commitments as and when they fall due for the next 12 months till 7 April 2018. He had also provided a written confirmation not to demand repayment of borrowings of S$1,000,000 and S$200,000 owing by the Group to him and payables of S$3,500,000 owing by the Group to a former shareholder of the Company's subsidiary corporation (which he is a director and has 55% equity interests in), until the date when the Group has the financial ability to make the repayment or their respective contractual maturity dates on 5 March 2020, 2 February 2018 and 6 November 2019.

iv) The Group has negotiated with a non-related party who provided a borrowing amounting to S$3,730,000 to extend the maturity date of repayment. The maturity date has been extended to 27 June 2017. This borrowing is secured by a corporate guarantee granted by the Company and by a personal guarantee from the Substantial Shareholder.

v) On 31 March 2017, the Company announced that the Company is proposing to undertake a Renounceable Non-Underwritten Rights Issue of up to 10,109,888,721 new Ordinary Shares at an issue price of S$0.001 on the basis of three Rights Shares for every one existing held Ordinary Share. The Company is expected to receive net proceeds of up to S$9,900,000 on a maximum subscription basis, assuming all convertible securities of the Company are converted and/or exercised as at the books closure date and all entitled shareholders subscribe in full for their rights entitlement.

If the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify non-current assets and liabilities to current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from these uncertainties.

5. REVENUE

	Group	
	2016	2015
	S$'000	S$'000
Sales of goods	**2,196**	5,312
Aesthetics services	**957**	253
Service income	**17**	–
	3,170	5,565

6. OTHER INCOME – NET

	Group	
	2016	2015
	S$'000	S$'000
Interest income – bank deposits	**15**	67
Waiver of amount owing to a former shareholder of a subsidiary corporation	**–**	1,355
Accretion of imputed interest	**503**	–
Forfeiture of deposits for shares placement	**100**	–
Currency exchange loss – net	**(30)**	–
Sundry income	**15**	24
	603	1,446

7. EXPENSES BY NATURE

	Group	
	2016	2015
	S$'000	S$'000
Advertisement	**65**	4
Changes in inventories	**417**	(184)
Annual report printing	**36**	25
Amortisation of intangible assets (Note 17(b))	**51**	–
Write-off of property, plant and equipment	**26**	–
Impairment of trade receivables – non-related parties (Note 25(b)(ii))	**56**	–
Impairment of other receivables – non-related parties (Note 25(b)(ii))	**4,489**	–
Introducer fees	**75**	–
Impairment loss of goodwill (Note 17(a))	**10,805**	–
Depreciation of property, plant and equipment (Note 16)	**173**	30
Directors' fees	**150**	150
Employee compensation (Note 8)	**2,200**	2,151
Insurance	**55**	12
Retrenchment pay	**41**	–

7. EXPENSES BY NATURE (CONT'D)

	Group	
	2016	2015
	S$'000	S$'000
Fees on audit services paid/payable to:		
– auditor of the Company	**97**	107
– other auditors	**11**	1
Purchase of inventories	**1,153**	4,224
Professional fees	**842**	945
Freight charges	**16**	71
Travelling and accommodation	**610**	334
Write-down of inventories (Note 14)	**35**	27
Rental expense on operating leases	**642**	116
Office consumables	**193**	79
Other	**707**	209
Total cost of sales, distribution and administrative expenses	**22,945**	8,301

8. EMPLOYEE COMPENSATION

	Group	
	2016	2015
	S$'000	S$'000
Wages, salaries and short-term employee benefits	**2,085**	1,519
Employer's contribution to defined contribution plans	**115**	100
Employee share option expense (Note 22(b)(i))	**–**	532
	2,200	2,151

9. FINANCE EXPENSES

	Group	
	2016	2015
	S$'000	S$'000
Interest expense — borrowings		
– Non-related party	**227**	14
– Shareholder	**19**	–
	246	14
Unwinding of imputed interest	**20**	–
	266	14

10. INCOME TAXES

(a) Income tax (credit)/expense

	Group 2016 S$'000	Group 2015 S$'000
Tax (credit)/expense attributable to loss is made up of:		
– Loss for the financial year:		
Current income tax — Singapore	**6**	5
– Deferred income tax (Note 20)	**(8)**	–
	(2)	5

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2016 S$'000	Group 2015 S$'000
Loss before income tax	**(19,438)**	(1,304)
Tax calculated at tax rate of 17% (2015: 17%)	**(3,304)**	(222)
Effects of:		
– Income not subject to tax	**–**	(240)
– Expenses not deductible for tax purposes	**3,314**	510
– Singapore statutory stepped income exemption	**(4)**	(7)
– Different tax rates in other countries	**(36)**	(1)
– Deferred tax assets not recognised	**18**	–
– Utilisation of previously unrecognised tax losses	**–**	(32)
– Other	**10**	(3)
Tax (credit)/expense	**(2)**	5

11. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2016	2015
Net loss attributable to equity holders of the Company (S$'000)	**(18,756)**	(1,874)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	**2,903,232**	1,914,475
Basic loss per share (cents per share)	**(0.65)**	(0.10)

11. LOSS PER SHARE (CONT'D)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential ordinary shares in respect of share options and warrants.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options and warrants were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options and warrants less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

Diluted loss per share attributable to equity holders of the Company are calculated as follows:

	2016	2015
Net loss attributable to equity holders of the Company (S$'000)	**(18,756)**	(1,874)
Weighted average number of ordinary shares outstanding for basic loss per share ('000)	**2,903,232**	1,914,475
Adjustments for ('000)		
– Share options	**105,850**	107,750
– Warrants	**1,616,180**	1,016,180
	4,625,262	3,038,405
Diluted loss per share (cents per share)	**(0.65)***	(0.10)*

* As loss was recorded, the dilutive potential shares from share options and warrants are anti- dilutive and no change is made to the diluted loss per share.

12. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and on hand	**1,522**	2,019	**401**	531
Short-term bank deposits	**1,003**	1,500	**1,003**	1,500
	2,525	3,519	**1,404**	2,031

12. CASH AND CASH EQUIVALENTS (CONT'D)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016	2015
	S$'000	S$'000
Cash and cash equivalents (as above)	**2,525**	3,519
Less: bank deposits pledged	**(1,000)**	(1,500)
Cash and cash equivalents per consolidated statement of cash flows	**1,525**	2,019

Bank deposits of the Group amounting to S$1,000,000 (2015: S$1,500,000) are pledged to banks in relation to banking facilities granted to subsidiary corporations of the Company.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables				
– Non-related parties	**180**	486	**–**	–
Less :Allowance for impairment of trade receivables – non-related parties (Note 25(b)(ii))	**(56)**	–	**–**	–
Trade receivables - net	**124**	486	**–**	–
Other receivables				
– Subsidiary corporation	**-**	–	**1,640**	45
– Related parties	**2,447**	–	**1,109**	–
– Non-related parties	**3,396**	271	**519**	21
Less :Allowance for impairment of other receivables – subsidiary corporation and non-related parties (Note 25(b)(ii))	**(4,489)**	–	**(2,432)**	–
Other receivables – net	**1,354**	271	**836**	66
Deposits	**57**	24	**44**	–
Prepayments	**35**	17	**13**	13
	1,570	798	**893**	79

The other receivables due from a subsidiary corporation and related parties are non-trade, unsecured, interest-free and repayable on demand.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

During the financial year, the Group entered into collaboration agreements with a few business partners. The Group is obliged to finance the initial expenditures ("advances and/or loans"), such as marketing costs, rental costs and staff costs in setting up new businesses relating to aesthetics medical clinics, management of renal hospital, rendering of platelet-rich plasma and hemodialysis services in the People's Republic of China. To safeguard its interests, the Group had entered into loan agreements with all these business partners to enable the Group to have the right to recover these advances and/or loans from the business partners on demand.

Of the advances and/or loans provided of S$5,575,000 to its business partners: (a) the Group made an allowance of impairment for the advances and/or loans to its business partners for approximately S$2,323,000 as the Board of Directors has assessed their recoverability and is of the opinion that the desired return on investments would take much longer than envisaged and are now evaluating the Group's funding and financing options in discussion with various stakeholders; (b) the Group decided to write off the advances and/or loans for approximately S$2,166,000 as the Board of Directors is concerned with the current progress and business outlook as proposed by its business partners . Thus, the Board of Directors believes these previously spent and capitalised advances and/or loans to our business partners have to be written off.

Of the amount of S$1,086,000 provided to a business partner, the Board has determined that an impairment allowance in the carrying amount of this advance and/or loan it is not required as a personal guarantee from the business partner has been obtained and the Group has entered into a consultancy agreement with the business partner's investment vehicle pursuant to which the Group will be entitled to be paid fixed annual consultancy fee. The Group is contemplating and negotiating to take a minority equity stake in this investment vehicle.

14. INVENTORIES

	Group	
	2016	2015
	S$'000	S$'000
Finished/trading goods	**64**	434

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to S$1,570,000 (2015: S$4,040,000).

The Group has recognised a write-down of its slow-moving inventories amounting to S$35,000 (2015: S$27,000) (Note 7).

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2016	2015
	S$'000	S$'000
Equity investments at cost		
Beginning of financial year	**22,136**	4,086
Additions	**–***	–
Acquisition of subsidiary corporations (Note28(c))	**–**	18,050
End of financial year	**22,136**	22,136
Allowance for impairment loss		
Beginning of financial year	**(3,734)**	(3,335)
Impairment loss during the financial year (1)	**(11,100)**	(399)
End of financial year	**(14,834)**	(3,734)
Carrying amount at end of financial year	**7,302**	18,402

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

* During the financial year, the Group incorporated seven subsidiary corporations and the Group has equity interests ranging between 50%-51% over the four new subsidiary corporations and 100% over three new subsidiary corporations.

Although the Group only owns 50% equity interests for the three newly incorporated entities, they are regarded as its subsidiary corporations on the basis that the Group has control over all these subsidiary corporations. The Group also has power to affect the amount of its variable returns from its involvement with investees. Please refer to details in Note 15 footnotes (10) to (16) on page 71.

(1) Management had performed impairment test on its subsidiary corporations and written down the cost of investment to its recoverable amount. The recoverable amount was determined using the value-in-use method based on cash flow projections discounted at rates based on the market interest rates adjusted for specific risk to the industry. The calculation requires the use of estimates and key assumptions that are disclosed in Note 17.

The Group had the following subsidiary corporations as at 31 December 2015 and 2016:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company 2016	2015	Proportion of ordinary shares held by the Group 2016	2015	Proportion of ordinary shares held by non-controlling interest 2016	2015
			%	%	%	%	%	%
Albedo Corporation Pte. Ltd. ("ACPL") (1)	To carry on the business of general merchants, importers, exporters, commission agents and dealers in raw materials, consumables, instruments and semi-finished products for steel mills, iron and steel foundries and aluminium smelters in the Asia- Pacific region	Singapore	100	100	100	100	–	–
Albedo Sdn. Bhd. (2)(4)	Provision of marketing, distribution and related services and trading in raw materials, consumables, instruments and semi-finished products for steel mills, iron and steel foundries and aluminium smelters	Malaysia	100	100	100	100	–	–
China iMyth Company Pte. Ltd. (1) (3)	Investment holding and provision of management services	Singapore	51	51	51	51	49	49
CMIC Hemodialysis Pte. Ltd. (1)	Investment holding	Singapore	100	100	100	100	–	–

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group had the following subsidiary corporations as at 31 December 2015 and 2016: (cont'd)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company 2016	Proportion of ordinary shares directly held by the Company 2015	Proportion of ordinary shares held by the Group 2016	Proportion of ordinary shares held by the Group 2015	Proportion of ordinary shares held by non-controlling interest 2016	Proportion of ordinary shares held by non-controlling interest 2015
			%	%	%	%	%	%
CMIC Hemodialysis (Hong Kong) Limited (4)(5)	Investment holding and provision of management services	Hong Kong	–	–	100	100	–	–
iMyth Taiwan Limited (4)(9)	Provision of management services required for operation of clinics, including office, facilities, equipment, medical materials and pharmaceuticals	Republic of China, Taiwan	–	–	51	51	49	49
China iMyth (Hong Kong) Limited (4)(5)	Investment holding and provision of management services	Hong Kong	–	–	51	51	49	49
China iMyth (Shanghai) Co., Ltd. (4)(6)	Engagement in research and development, technical support, market development and management consultancy in the field of aesthetics medicine and plastic surgery	People's Republic of China	–	–	51	51	49	49
CMIG Medical Services (Hong Kong) Limited. (4)(5)(7)(10)	Investment holding and provision of management services	Hong Kong	100	–	100	–	–	–
CMIG Medical Clinics (Hong Kong) Limited. (4)(8)(11)	Investment holding and provision of management services	Hong Kong	100	–	100	–	–	–

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group had the following subsidiary corporations as at 31 December 2015 and 2016: (cont'd)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company 2016	2015	Proportion of ordinary shares held by the Group 2016	2015	Proportion of ordinary shares held by non-controlling interest 2016	2015
			%	%	%	%	%	%
CMIG Ren Feng Med-Biotechnology Limited (4)(8)(12)	Investment holding and provision of management services	Hong Kong	–	–	50	–	50	–
CMIG Ren Feng Medical (Futian) Limited (4)(8)(13)	Investment holding and provision of management services	Hong Kong	–	–	50	–	50	–
CMIG Ren Feng Medical (Nanshan) Limited (4)(8)(14)	Investment holding and provision of management services	Hong Kong	–	–	50	–	50	–
CMIG GY Sales Limited (4)(8)(15)	Investment holding and provision of management services	Hong Kong	–	–	51	–	49	–
CMIC Renal Hospital Management (Beijing) Co., Ltd. (4)(8)(16)	Engagement in hospital management (excluding clinical services), enterprise management, marketing plan, economic trade consultation	People's Republic of China	–	–	100	–	–	–

(1) Audited by Nexia TS Public Accounting Corporation, Singapore.

(2) Audited by Ng & Partners, Chartered Accountants, Malaysia.

(3) On 6 November 2015, China Medical (International) Group Limited (f.k.a Albedo Limited) has completed the acquisition of 51% of the issued and paid-up share capital of China iMyth Company Pte. Ltd (Note 28).

(4) For the purpose of the consolidated financial statements, these financial statements are reviewed and/or audited by Nexia TS Public Accounting Corporation, Singapore.

(5) Audited by Fan Chan & Co., Hong Kong, a member firm of Nexia International.

(6) Audited by Shanghai Nexia TS Certified Public Accountants.

(7) Newly incorporated during the financial year and is dormant.

(8) Newly incorporated during the financial year and not required to be audited under the laws of the country of incorporation.

(9) Not required to be audited under the laws of the country of incorporation.

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The Group had the following subsidiary corporations as at 31 December 2015 and 2016: (cont'd)

(10) 100 ordinary shares totalling S$18 (equivalent to HKD 100) were allotted and issued to the Company at the date of incorporation on 10 May 2016. CMIG Medical Services (Hong Kong) Limited has not called for the issued shares to be paid up as at 31 December 2016.

(11) 100 ordinary shares totalling S$18 (equivalent to HKD 100) were allotted and issued to the Company at the date of incorporation on 10 May 2016. CMIG Medical Clinics (Hong Kong) Limited has not called for the issued shares to be paid up as at 31 December 2016.

(12) 5,000 ordinary shares totalling S$900 (equivalent to HKD 5,000) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG Ren Feng Med-Biotechnology Limited has not called for the issued shares to be paid up as at 31 December 2016.

(13) 5,000 ordinary shares totalling S$305,000 (equivalent to HKD 1,731,400) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG Ren Feng Medical (Futian) Limited has not called for the issued shares to be paid up as at 31 December 2016.

(14) 5,000 ordinary shares totalling S$900 (equivalent to HKD 5,000) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG Ren Feng Medical (Nanshan) Limited has not called for the issued shares to be paid up as at 31 December 2016.

(15) 51 ordinary shares totalling S$18 (equivalent to HKD 100) were allotted and issued to CMIG Medical Services (Hong Kong) Limited at the date of incorporation on 30 August 2016. CMIG GY Sales Limited has not called for the issued shares to be paid up as at 31 December 2016.

(16) Share capital totalling S$2,078,000 (equivalent to RMB 10,000,000) were registered by CMIC Hemodialysis (Hong Kong) Limited on 19 September 2016. CMIC Renal Hospital Management (Beijing) Co., Ltd. has not called for the registered share capital to be paid up as at 31 December 2016.

Carrying value of non-controlling interests

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
China iMyth Company Pte. Ltd.	**633**	658
iMyth Taiwan Limited	**68**	471
Other subsidiary corporations with immaterial non-controlling interests	**(765)**	(513)
	(64)	616

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

Carrying value of non-controlling interests (cont'd)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information of China iMyth Company Pte. Ltd. and iMyth Taiwan Limited that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations and after modified for fair value adjustments arising from business combination.

There were no transactions with non-controlling interests for the financial years ended 31 December 2015 and 2016.

	China iMyth Company Pte. Ltd.		iMyth Taiwan Limited	
	for the financial year ended 31 December 2016	**for the financial period from 6 November 2015 (date of acquistion) to 31 December 2015**	**for the financial year ended 31 December 2016**	**for the financial period from 6 November 2015 (date of acquisition) to 31 December 2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Summarised statement of comprehensive income				
Revenue	**–**	–	**717**	108
(Loss)/profit before income tax	**(51)**	1,439	**(822)**	(114)
Income tax expense	**–**	–	**–**	–
Net (loss)/profit	**(51)**	1,439	**(822)**	(114)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive (loss)/ income	**(51)**	1,439	**(822)**	(114)
Total comprehensive (loss)/ income allocated to non-controlling interests	**(25)**	705	**(403)**	(56)

15. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

	China iMyth Company Pte. Ltd.		iMyth Taiwan Limited	
	As at 31 December 2016 S$'000	As at 31 December 2015 S$'000	As at 31 December 2016 S$'000	As at 31 December 2015 S$'000
Summarised balance sheet				
Current				
Assets	**598**	599	**779**	1,456
Liabilities	**(383)**	(331)	**(860)**	(851)
Total current net assets/(liabilities)	**215**	268	**(81)**	605
Non-current				
Assets	**1,078**	1,076	**221**	357
Total non-current net assets	**1,078**	1,076	**221**	357
Net assets	**1,293**	1,344	**140**	962

	China iMyth Company Pte. Ltd.		iMyth Taiwan Limited	
	for the financial year ended 31 December 2016 S$'000	for the financial period from 6 November 2015 (date of acquistion) to 31 December 2015 S$'000	for the financial year ended 31 December 2016 S$'000	for the financial period from 6 November 2015 (date of acquistion) to 31 December 2015 S$'000
Summarised cash flows				
Net cash (used in)/provided by operating activities	**(1)**	**1,078**	**(592)**	(298)
Net cash used in investing activities	**–**	**(1,069)**	**(25)**	–
Net (decrease)/increase in cash and cash equivalents	**(1)**	**9**	**(617)**	(298)
Cash and cash equivalents at beginning of year/date of acquisition	**9**	**–**	**822**	1,120
Cash and cash equivalents at end of financial year/ period	**8**	**9**	**205**	822

16. PROPERTY, PLANT AND EQUIPMENT

Group	Office equipment and fixtures	Renovation	Medical and laboratory equipment	Clinic equipment	Total
2016	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Cost					
Beginning of financial year	263	23	232	40	558
Currency translation differences	4	–	10	2	16
Additions	40	46	–	–	86
Disposals/write-off	(40)	(24)	(44)	(7)	(115)
End of financial year	267	45	198	35	545
Accumulated depreciation					
Beginning of financial year	155	17	3	10	185
Currency translation differences	1	1	–	–	2
Depreciation charge (Note 7)	85	12	67	9	173
Disposals / write-off	(40)	(21)	(24)	(4)	(89)
End of financial year	201	9	46	15	271
Net book value					
End of financial year	66	36	152	20	274

Group	Office equipment and fixtures	Renovation	Medical and laboratory equipment	Clinic equipment	Total
2015	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Cost					
Beginning of financial year	158	24	–	–	182
Currency translation differences	(2)	(1)	–	–	(3)
Acquisition of subsidiary corporations (Note 28(c))	106	–	232	40	378
Additions	4	–	–	–	4
Disposals	(3)	–	–	–	(3)
End of financial year	263	23	232	40	558
Accumulated depreciation					
Beginning of financial year	147	14	–	–	161
Currency translation differences	(2)	(1)	–	–	(3)
Depreciation charge (Note 7)	13	4	10	3	30
Disposals	(3)	–	–	–	(3)
End of financial year	155	17	10	3	185
Net book value					
End of financial year	108	6	222	37	373

16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment and fixtures	Renovation	Total
2016	**S$'000**	**S$'000**	**S$'000**
Cost			
Beginning of financial year	**7**	**–**	**7**
Additions	**9**	**28**	**37**
End of financial year	**16**	**28**	**44**
Accumulated depreciation			
Beginning of financial year	**5**	**–**	**5**
Depreciation charge	**4**	**8**	**12**
End of financial year	**9**	**8**	**17**
Net book value			
End of financial year	**7**	**20**	**27**
2015			
Cost			
Beginning of financial year	4	–	4
Additions	3	–	3
End of financial year	7	–	7
Accumulated depreciation			
Beginning of financial year	4	–	4
Depreciation charge	1	–	1
End of financial year	5	–	5
Net book value			
End of financial year	2	–	2

17. INTANGIBLE ASSETS

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
Composition:		
Goodwill arising on consolidation (Note(a))	**7,192**	17,997
Customer relationships (Note(b))	**104**	155
	7,296	18,152

17. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill arising on consolidation

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
Cost		
Beginning of financial year	**17,997**	–
Acquisition of subsidiary corporations (Note 28(c))	**–**	17,997
End of financial year	**17,997**	17,997
Accumulated impairment		
Beginning of financial year	**–**	–
Impairment loss during the financial year (Note 7)	**10,805**	–
End of financial year	**10,805**	–
Net book value	**7,192**	17,997

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") identified according to countries of operation and business segment.

	Aesthetics medical	
	2016	2015
	S$'000	S$'000
		(Restated)
Republic of China, Taiwan and People's Republic of China	**7,192**	17,997

The recoverable amount of the CGU was determined based on value-in-use. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The growth rate did not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	Group	**Group**
	2016	**2015**
	%	**%**
Gross margin [(1)]	**61.2**	69.9
Growth rate [(2)]	**63.4**	78.9
Discount rate [(3)]	**22.0**	23.0

1 Budgeted gross margin

2 Compound average growth rate

3 Pre-tax discount rate applied to the pre-tax cash flow projections

17. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill arising on consolidation (cont'd)

Management determined budgeted gross margin based on expectations of market developments. The weighted average growth rates used were consistent with forecasts based on current market and economic conditions and past performance. The discount rates used were pre-tax and reflected specific risks relating to the relevant segments. Although the budgeted gross margin and compound average growth rate did not vary as compared to 2015, the market penetration rate in those locations of the CGU's operations is expected to decrease significantly in 2016 following the economic and political conditions and their regulatory frameworks.

An impairment charge of S$10,805,000 (2015: S$Nil) was included within "Administrative expenses" in the statement of comprehensive income. The impairment arise as a result of the carrying amount of the goodwill exceeding the recoverable amount of the CGU which was affected by the economic and political conditions and more stringent regulatory frameworks in the locations of the CGU's operations.

The goodwill recognised on the balance sheet is attributable to the CGU in the Republic of China, Taiwan and the People's Republic of China. Based on the impairment test of the CGU as at 31 December 2016, the estimated recoverable amount of the CGU is S$7,192,000 (2015: S$17,997,000).

(b) Customer relationships

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
Cost		
Beginning of financial year	**155**	–
Acquisition of subsidiary corporations (Note 28(c))	**–**	155
End of financial year	**155**	155
Accumulated amortisation		
Beginning of financial year	**–**	–
Amortisation charge (Note 7)	**51**	–
End of financial year	**51**	–
Net book value	**104**	155

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Current				
Trade payables				
– Non-related parties	**139**	158	**–**	–
Other payables				
– Non-related parties	**768**	4,335	**167**	3,826
– Subsidiary corporation	**–**	–	**465**	
Deferred revenue	**169**	154	**–**	–
Accruals for operating expenses	**272**	380	**232**	106
	1,348	5,027	**864**	3,932
Non-current				
Other payables				
– Non-related party	**3,017**	–	**3,017**	–
	4,365	5,027	**3,881**	3,932

The other payables due to a subsidiary corporation are non-trade, unsecured, interest-free and repayable on demand.

The non-current other payables is an amount ("outstanding amount") owing to the former shareholder of a subsidiary corporation which was initially due on 6 May 2016. On 17 May 2016, the Group had entered into a second supplemental agreement to extend the due date of the outstanding amount to 6 November 2016. On 15 November 2016, the Group had entered into a third supplemental agreement to further extend the due date of the outstanding amount to 6 November 2019. Accordingly, the Group and the Company had reclassified the current liabilities as non-current liabilities. The outstanding amounts due to the non-related party are unsecured and interest-free.

Fair value of non-current other payables

	Group and Company	
	2016	2015
	S$'000	S$'000
Non-related party	**3,017**	–

The fair value above was determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the balance sheet date which the Board of directors expect to be available to the Group as follows:

	Group and Company	
	2016	2015
Non-related party	**5.35%**	–

18. TRADE AND OTHER PAYABLES (CONT'D)

The non-current other payables is recognised at fair value and subsequently carried at amortised cost using the effective interest method. The difference between the fair value and the nominal principal sum is recorded as accretion of imputed interest which is included in "Other income — net" (Note 6) in the consolidated statement of comprehensive income. Subsequently, an unwinding of imputed interest is included in "Finance expense" (Note 9) in the consolidated statement of comprehensive income till the maturity date of the other payables.

The fair values are within Level 2 of the fair value hierarchy.

19. BORROWINGS

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Current				
Borrowings	**3,730**	–	**–**	–
– Loan 1				
Non-current				
Borrowings				
– Loan 2	**1,000**	–	**1,000**	–
Total borrowings	**4,730**	–	**1,000**	–

The Group and the Company are not exposed to significant changes in interest rates as the borrowings are at fixed interest rates.

Fair value of non-current borrowings

	Group and Company	
	2016	2015
	S$'000	S$'000
Borrowings	**1,000**	–

The fair value above was determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the balance sheet date which the Board of directors expect to be available to the Group as follows:

	Group and Company	
	2016	2015
Borrowings	**5.35%**	–

The carrying amount of the non-current borrowings carried at amortised cost approximate their fair values. The fair values are within Level 2 of the fair value hierarchy.

19. BORROWINGS (CONT'D)

(i) Loan 1 from a non-related party bears an interest rate at 12% (2015: Nil%) per annum and is due for repayment on 28 March 2017, which has been extended till 27 June 2017.

(a) Security granted

Borrowing — Loan 1 is secured by a corporate guarantee granted by the Company and a personal guarantee granted by the Company's Substantial Shareholder.

(b) Loan covenants

Borrowing — Loan 1 shall become due and payable immediately in full upon the occurrence of the following events (in the event of a default):

- Default on payment by the subsidiary corporation or guarantor when the payment fall due;
- Insolvency of the subsidiary corporation or the Company;
- Material adverse financial condition or business of the subsidiary corporation;
- Change in control of the subsidiary corporation; and
- Event of litigation, arbitration or administrative proceeding materially and adversely restrain the performance of the compliance by the subsidiary corporation to the loan agreement.

(ii) Loan 2 from the Company's Substantial Shareholder bears an interest rate at 6% (2015: Nil%) per annum and is due for payment on 5 March 2020.

20. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Deferred income tax liabilities				
– To be settled after one year	**18**	26	**–**	–
Deferred income tax liabilities, representing fair value gain on customer relationships				
Beginning of financial year	**26**	–	**–**	–
Acquisition of subsidiary corporations (Note 28(c))	**–**	26	**–**	–
Charged to profit or loss (Note 10)	**(8)**	–		
End of financial year	**18**	26	**–**	–

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised tax losses of S$108,000 (2015: S$Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These unrecognised tax losses have no expiry date except for S$96,000 which will expire in 2026.

21. SHARE CAPITAL

	2016		2015	
	No. of ordinary shares	**Amount**	No. of ordinary shares	Amount
	'000	**S$'000**	'000	S$'000
Group and Company				
Beginning of financial year	**2,649,133**	**46,485**	1,889,650	38,114
Share issued pursuant to:-				
– Acquisition of subsidiary corporations (i) (Note 28(a))	**–**	**–**	550,000	6,050
– Share placement (ii)	**350,000**	**3,515**	200,000	2,250
– Exercise of warrants (iii)	**–**	**–**	9,483	71
End of financial year	**2,999,133**	**50,000**	2,649,133	46,485

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

(i) During the financial year ended 31 December 2015, the Company issued 550,000,000 shares with a fair value of S$6,050,000 for the acquisition of China iMyth Company Pte. Ltd. and its subsidiary corporations (Note 28(a)).

(ii) During the financial year, 300,000,000 and 50,000,000 (2015: 200,000,000) new placement shares were issued at S$0.01 and S$0.0103 respectively (2015: S$0.01125) each at a total consideration of S$3,250,000 (2015: S$2,250,000) for cash to provide funds for funding growth expansion purposes.

(iii) During the financial year, 600,000,000 (2015: 840,000,000) new warrants were issued for cash at S$0.0005 (2015: S$0.001) each at a total consideration of S$300,000 (2015: S$840,000) for cash to provide funds for funding growth expansion purposes.

During the financial year ended 31 December 2015, 9,483,000 ordinary shares of the Company were issued for cash at S$0.005 by virtue of exercise of the option by the holders of the warrants to take up unissued shares. The number of warrants of 9,483,000 were converted into ordinary shares of the Company at the conversion rate of S$0.0025 for each warrant.

The number of warrants outstanding as at 31 December 2016 of 110,000,000, 66,179,592, 840,000,000 and 600,000,000 (2015: 110,000,000, 66,179,592 and 840,000,000) which expire on 23 January 2017, 29 March 2018, 12 July 2020 and 30 November 2019 (2015: 23 January 2017, 29 March 2018 and 12 July 2020) can be converted into ordinary shares of the Company at the conversion rate of S$0.005, S$0.04338, S$0.01125 and S$0.0103 (2015: S$0.005, S$0.04338 and S$0.01125) for each warrant respectively.

Subsequent to the financial year ended 31 December 2016, 110,000,000 warrants were lapsed on 23 January 2017. 840,000,000 warrants at exercise price of S$0.01125 and 600,000,000 warrants at exercise price of S$0.0103 for each warrant were terminated on 24 January 2017.

The newly issued shares rank pari passu in all respects with the previously issued shares.

(a) Share options

Albedo Limited Employee Share Option Scheme (the "ESOS")

21. SHARE CAPITAL (CONT'D)

(a) Share options (cont'd)

The Albedo's Employee Share Options Scheme ("ESOS"), approved on 24 February 2006 and 5 May 2010, is administered by a committee ("Committee"). The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the ESOS is adopted by Shareholders in the General Meeting. Subject to compliance with applicable laws and regulations in Singapore, the ESOS may be continued beyond the stipulated period with the approval of the Shareholders and relevant authorities. The members of the Committee are:

Yeo Chin Tuan Daniel (Chairman)
Wong Fook Choy Sunny
Hano Maeloa

The ESOS provides an opportunity for selected Directors and Employees of the Group who have contributed significantly to the growth and performance of the Group (including non-executive Directors), who satisfy the eligibility criteria as set out in the rules of the ESOS, to participate in the equity of the Company and can be summarised as follows:

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

- Subject to the rules of the ESOS, the aggregate number of shares in respect of which options may be offered to a selected Director and/or Employee (a "Grantee") for subscription in accordance with the ESOS shall be determined at the discretion of the Committee which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, his performance, years of service and potential for future development and the performance of the Group (provided always that the total number of shares in respect of which options may be granted to any one Grantee shall not exceed 10% of the total number of shares available under the ESOS).
- The Committee shall monitor the grant of options carefully to ensure that the number of the shares which may be issued pursuant to the options will comply with the relevant Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST").
- The aggregate number of shares over which the Committee may grant options on any date, when added to the total number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 10% of the total issued shares of the Company on the day preceding that offer date of the options.
- Under the ESOS, options granted to the Directors and employees may, except in certain special circumstances, be exercised at any time after the first anniversary but not later than the tenth anniversary from the date of grant. The ordinary shares of the Company ("Shares") under options may be exercised in full or in respect of 1,000 Shares or a multiple thereof, on the payment of the exercise price. The exercise price is based on the average of last dealt prices of the Shares on the SGX-ST for the three market days immediately preceding the date of grant rounded to the nearest whole cent. The Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. No options have been granted at a discount.

  On 23 December 2014, the Company made an SGX announcement relating to adjustments made to the exercise prices of outstanding share options which were granted in 2007 and 2008 ("Adjustments"). The Adjustments have been made in accordance to Rule 10 of the ESOS and does not result in a change in the number of outstanding share options issued by the Company.

  As Wong Fook Choy Sunny is a member of the Committee and has held options which were the subject of the adjustments, he had abstained from recommending and voting on all matters relating to the adjustments.

21. SHARE CAPITAL (CONT'D)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

The exercise prices of the following share options have been adjusted as follows:

Grant date of share options	Number of outstanding share options as at 2 July 2014 (date of adjustment exercise)	Exercise price before adjustments	Exercise price after adjustments
9 April 2007	700,000	S$0.100	S$0.010
2 May 2008	250,000	S$0.130	S$0.013
20 June 2008	1,800,000	S$0.140	S$0.015

Details of the options to subscribe for ordinary shares of the Company pursuant to the ESOS described above are as follows:

2016

Date of grant	Balance as at 1.1.2016	Options granted	Options cancelled or lapsed	Balance as at 31.12.2016	Exercise price per share option	Exercisable period
9.4.2007	700,000	–	–	700,000	S$0.010	10.4.2008-9.4.2017
2.5.2008	250,000	–	–	250,000	S$0.013	2.5.2009-1.5.2018
20.6.2008	1,800,000	–	(200,000)	1,600,000	S$0.015	20.6.2009-19.6.2018
2.10.2014	105,000,000	–	(1,700,000)	103,300,000	S$0.013	2.10.2015-1.10.2024
	107,750,000	–	(1,900,000)	105,850,000		

2015

Date of grant	Balance as at 1.1.2015	Options granted	Options cancelled or lapsed	Balance as at 31.12.2015	Exercise price per share option	Exercisable period
9.4.2007	700,000	–	–	700,000	S$0.010	10.4.2008-9.4.2017
2.5.2008	250,000	–	–	250,000	S$0.013	2.5.2009-1.5.2018
20.6.2008	1,800,000	–	–	1,800,000	S$0.015	20.6.2009-19.6.2018
2.10.2014	105,200,000	–	(200,000)	105,000,000	S$0.013	2.10.2015-1.10.2024
	107,950,000	–	(200,000)	107,750,000		

21. SHARE CAPITAL (CONT'D)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Details of the options to subscribe for ordinary shares of the Company granted to directors and employees of the Company pursuant to the ESOS were as follows:

2016	Options granted during the financial year	Aggregate options granted since commencement of ESOS to 31.12.2016	Aggregate options exercised since commencement of ESOS to 31.12.2016	Aggregate options cancelled or lapsed since commencement of ESOS to 31.12.2016	Aggregate options outstanding as at 31.12.2016
Non-executive directors	–	71,050,000	(300,000)	–	70,750,000
Executive directors	–	31,500,000	(1,500,000)	–	30,000,000
Directors (ceased office)	–	1,700,000	(300,000)	–	1,400,000
Employees		6,100,000	–	(2,400,000)	3,700,000
	–	110,350,000	(2,100,000)	(2,400,000)	105,850,000

2015	Options granted during the financial year	Aggregate options granted since commencement of ESOS to 31.12.2015	Aggregate options exercised since commencement of ESOS to 31.12.2015	Aggregate options cancelled or lapsed since commencement of ESOS to 31.12.2015	Aggregate options outstanding as at_ 31.12.2015
Non-executive directors	–	71,050,000	(300,000)	–	70,750,000
Executive directors	–	31,500,000	(1,500,000)	–	30,000,000
Directors (ceased office)	–	1,700,000	(300,000)	–	1,400,000
Employees		6,100,000	–	(500,000)	5,600,000
	–	110,350,000	(2,100,000)	(500,000)	107,750,000

* The Group and the Company have evaluated the financial impact of the share options cancelled to be minimal, accordingly the effect on the share option reserve (Note 22(b)(i)) is not adjusted.

21. SHARE CAPITAL (CONT'D)

(a) Share options (cont'd)

Albedo Limited Employee Share Option Scheme (the "ESOS") (cont'd)

Since the commencement of the ESOS till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company or their associates (as defined in the Listing Manual of SGX-ST);
- No participants other than the directors of the Company have received 5% or more of the total options available under the Scheme;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.
- There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.
- There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

The fair values of the share options granted were calculated using the Binomial Model. The inputs into the model were as follows:

Before the adjustment exercise

	Option 1	Option 2	Option 3	Option 4
Grant date	9.4.2007	2.5.2008	20.6.2008	2.10.2014
Share price at grant date	10 cents	13 cents	14 cents	1.3 cents
Exercise price	10 cents	13 cents	14 cents	1.3 cents
Expected volatility	42%	39.48%	48.78%	56.74%
Expected life (years)	10 years	10 years	10 years	1 year
Risk free rate	4%	3.4%	3.4%	1.67%
Expected dividend yield	9.3%	0%	0%	0%

After the adjustment exercise

	Option 1	Option 2	Option 3	Option 4
Grant date	9.4.2007	2.5.2008	20.6.2008	2.10.2014
Share price at valuation date/grant date	1.8 cents	1.8 cents	1.8 cents	1.3 cents
Exercise price	1.0 cents	1.3 cents	1.5 cents	1.3 cents
Expected volatility	33.18%	33.18%	33.18%	56.74%
Expected life (years)	2.8 years	3.8 years	4.0 years	5.5 years
Risk free rate	0.56%	0.80%	0.85%	1.67%
Expected dividend yield	0%	0%	0%	0%
Fair value of share options (cents)	0.87	0.71	0.62	0.67

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model is based on historical data and is not necessary indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

21. SHARE CAPITAL (CONT'D)

(b) Performance share plan

Albedo Share Performance Plan ("Albedo SPP")

The Albedo SPP is intended to incentivise selected Directors and employees of the Group to excel in their performance and encourage greater dedication and loyalty to the Company. Through the Albedo SPP, the Company aims to recognise and reward past contributions and services and motivate the selected Directors and employees (the "Participants") to continue to strive for the Group's long-term prosperity and can be summarised as follows:

- The Albedo SPP uses methods fairly common among successful multinational companies to incentivise and motivate employees to achieve pre-determined targets which create and enhance economic values for shareholders. Unlike the ESOS, the award of fully-paid shares, free of charge, to the Participants is intended to be a more attractive form of bonus from the Company to the Participants as it gives them a stake in the ownership of the Company whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with other multinational companies. The Albedo SPP is intended to complement the ESOS and serve as an additional and flexible incentive tool.
- The awards granted under the Albedo SPP will be determined at the discretion of the Remuneration Committee (comprising of Mr Yeo Chin Tuan Daniel, Mr Wong Fook Choy Sunny and Mr Hano Maeloa) which shall take into account (where applicable) criteria such as the rank and responsibilities within the Group, performance, years of service and potential for future development of the selected Participant.
- The total number of shares which may be granted under the Albedo SPP when added to the number of shares issued and issuable under all awards granted thereunder and all the options under the ESOS shall not exceed 15% of the issued ordinary shares of the Company on the day preceding the relevant date of award.
- The total number of new shares over which the Remuneration Committee may grant awards on any date pursuant to the proposed Albedo SPP, when added to the number of new shares issued and issuable in respect of all awards granted under the Albedo SPP, available to (a) all controlling shareholders and their associates must not exceed 25% of the shares available under the Albedo SPP and (b) each controlling shareholder and his associates must not exceed 10% of the shares available under the Albedo SPP.

There has been no grant of any awards under the Albedo SPP since its implementation by the Company till 31 December 2016.

22. OTHER RESERVES

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
(a) Composition:				
Share option reserve	**1,038**	1,038	**1,038**	1,038
Currency translation reserve	**26**	12	**–**	–
Warrant reserve	**1,415**	1,115	**1,415**	1,115
	2,479	2,165	**2,453**	2,153
(b) Movements:				
(i) Share option reserve				
Beginning of financial year	**1,038**	506	**1,038**	506
Employee share option scheme				
– Value of employee services (Note 8)	**–**	532	**–**	532
End of financial year	**1,038**	1,038	**1,038**	1,038
(ii) Currency translation reserve				
Beginning of financial year	**12**	9	**–**	–
Net currency translation differences of financial statements of foreign subsidiary corporations	**14**	3	**–**	–
End of financial year	**26**	12	**–**	–
(iii) Warrant reserve				
Beginning of financial year	**1,115**	299	**1,115**	299
Exercise of warrants	**–**	(24)	**–**	(24)
Issue of warrants	**300**	840	**300**	840
End of financial year	**1,415**	1,115	**1,415**	1,115

The share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options. The Group and the Company have evaluated the financial impact of the share options cancelled to be minimal, accordingly the effect on the share option reserve is not adjusted.

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The warrant reserve represents the fair value of the remaining unexercised warrants.

Other reserves are non-distributable.

23. ACCUMULATED LOSSES

Movement in accumulated losses for the Company is as follows:

	Company	
	2016	2015
	S$'000	S$'000
Beginning of financial year	**(32,056)**	(29,215)
Net loss for the financial year	**(15,652)**	(2,841)
End of financial year	**(47,708)**	(32,056)

24. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

Operating lease commitments – where the Group is a lessee

The Group leases office spaces and warehouses from non-related parties and clinic spaces from a related party under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under the non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Not later than one year	**420**	262
Between one and five years	**194**	216
	614	478

(b) Contingent liabilities

During the financial year ended 31 December 2016, the Company had issued corporate guarantee to a non-related party who provided a borrowing amounting to S$3.7 million to its subsidiary corporation. The borrowing is due for repayment on 28 March 2017, which has been extended till 27 June 2017 (Note 19 to the financial statements). The Company had evaluated the fair value of the corporate guarantee and the consequential liabilities derived from its guarantee to the non-related party with regards to the subsidiary corporation is minimal. Additionally, the Company had not issued any corporate guarantee to banks for banking facilities for any of its subsidiary corporations.

During the financial year ended 31 December 2015, the Company had issued corporate guarantees amounting to S$4.6 million to banks for banking facilities of one of its subsidiary corporations. The Company had evaluated the fair values of the corporate guarantees and there are no consequential liabilities derived from its guarantees to the banks with regard to the subsidiary corporation as these banking facilities are not utilised by the subsidiary corporation as at 31 December 2015.

25. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set. The finance personnel identifies and evaluates financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Chief Financial Officer. Regular reports are also submitted to the Board of Directors.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore, Malaysia and the Republic of China, Taiwan. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Euro ("EUR") and New Taiwanese Dollar ("NTD") and Hong Kong Dollar ("HKD") (2015: USD, EUR and NTD).

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations are monitored throughout the financial year to ensure the impacts to the Group's financial statements are not significant.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S$'000	USD S$'000	EUR S$'000	NTD S$'000	HKD S$'000	Others S$'000	Total S$'000
31 December 2016							
Financial assets							
Cash and cash equivalents	**1,843**	**310**	**41**	**205**	**89**	**37**	**2,525**
Trade and other receivables	**1,369**	**31**	**–**	**97**	**–**	**38**	**1,535**
Receivables from subsidiary corporations	**327**	**–**	**–**	**–**	**–**	**1**	**328**
	3,539	**341**	**41**	**302**	**89**	**76**	**4,388**
Financial liabilities							
Trade and other payables	**(3,823)**	**–**	**(140)**	**(104)**	**(7)**	**(122)**	**(4,196)**
Borrowings	**(1,000)**	**–**	**–**	**–**	**(3,730)**	**–**	**(4,730)**
Payables to subsidiary corporations	**(327)**	**–**	**–**	**–**	**–**	**(1)**	**(328)**
	(5,150)	**–**	**(140)**	**(104)**	**(3,737)**	**(123)**	**(9,254)**
Net financial (liabilities)/assets	**(1,611)**	**341**	**(99)**	**198**	**(3,648)**	**(47)**	**(4,866)**
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	**–**	**341**	**(99)**	**198**	**(3,648)**	**(47)**	**(3,255)**

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) *Currency risk (cont'd)*

	SGD S$'000	USD S$'000	EUR S$'000	NTD S$'000	Others S$'000	Total S$'000
31 December 2015						
Financial assets						
Cash and cash equivalents	2,117	332	23	822	225	3,519
Trade and other receivables	387	199	12	147	36	781
Receivables from subsidiary corporations	589	–	–	417	110	1,116
	3,093	531	35	1,386	371	5,416
Financial liabilities						
Trade and other payables	(4,416)	(132)	(127)	(108)	(90)	(4,873)
Payables to subsidiary corporations	(589)	–	–	(417)	(110)	(1,116)
	(5,005)	(132)	(127)	(525)	(200)	(5,989)
Net financial (liabilities)/ assets	(1,912)	399	(92)	861	171	(573)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	–	399	(92)	861	171	1,339

If the foreign currencies change against the SGD by 5% (2015: 5%) with all other variables including tax rate being held constant, the effect arising from the net financial assets/ liabilities position on the Group's profit after tax are not significant, except for HKD which a strengthening/weakening that will result in a decrease/increase of S$151,000 (2015: S$Nil) resepectively.

The Company is not exposed to significant currency risk since majority of its financial assets and liabilities as at the financial years ended 31 December 2015 and 2016 are denominated in Singapore Dollar.

(ii) *Price risk*

The Group does not have exposure to equity price risk as it does not hold equity financial assets.

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group has cash balances placed with reputable banks and financial institutions which generate interest income for the Group. The Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

The Group and the Company are not exposed to significant changes in interest rates as the borrowings are at fixed interest rates.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history to mitigate credit risk. For trade receivables, the Group adopts the policy of dealing only with high credit quality counterparties. For advances and/or loans, the Group adopts the policy of dealing only with business partners who are creditworthy and have presented appropriate business proposals.

The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Company	
	2016	2015
	S$'000	S$'000
Corporate guarantee provided to non-related party on subsidiary corporation's borrowing	**3,730**	–
Corporate guarantees provided to banks on subsidiary corporation's banking facilities	**–**	4,600
	3,730	4,600

As at balance sheet date, there are no banking facilities utilised by the subsidiary corporation to which the Company had provided a corporate guarantee.

The trade receivables of the Group comprise three debtors (2015: three debtors) that individually represented 14% – 45% (2015: 10% – 28%) of trade receivables.

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
By geographical areas				
Singapore	**–**	22	**–**	–
Malaysia	**124**	464	**–**	–
	124	486	**–**	–

	Group		Company	
	2016	2014	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
By types of customers				
Non-related parties				
– Other companies	**124**	**486**	**–**	–

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The Group's trade receivables that are not past due amount to S$109,000 (2015: S$398,000). The Group has no trade receivables past due or impaired that were re-negotiated during the financial year.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Past due 0 to 3 months	**5**	18	**–**	–
Past due 3 to 6 months	**3**	64	**–**	–
Past due over 6 months	**7**	6	**–**	–
	15	88	**–**	–

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired (cont'd)

The carrying amount of trade and other receivables and the movement in the related allowance for impairment are as follows:

	Group				Company			
	Trade receivables – non-related parties S$'000	**Other receivables – related parties S$'000**	**Other receivables – non-related parties S$'000**	**Total other receivables S$'000**	**Other receivables – subsidiary corporations S$'000**	**Other receivables – related parties S$'000**	**Other receivables – non-related parties S$'000**	**Total other receivables S$'000**
31 December 2016								
Gross amount	**180**	**2,447**	**3,396**	**5,843**	**1,640**	**1,109**	**519**	**3,268**
Less: Allowance for impairment	**(56)**	**(2,324)**	**(2,165)**	**(4,489)**	**(1,323)**	**(1,109)**	**–**	**(2,432)**
	124	**123**	**1,231**	**1,354**	**317**	**–**	**519**	**836**
Allowance for impairment								
Beginning of financial year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Allowance made (Note 7)	**56**	**2,324**	**2,165**	**4,489**	**1,323**	**1,109**	**–**	**2,432**
End of financial year (Note 13)	**56**	**2,324**	**2,165**	**4,489**	**1,323**	**1,109**	**–**	**2,432**
31 December 2015								
Gross amount	486	–	271	757	45	–	21	66
Less: Allowance for impairment	–	–	–	–	–	–	–	–
	486	–	271	757	45	–	21	66
Allowance for impairment								
Beginning of financial year	156	–	–	–	–	–	–	–
Allowance utilised	(156)	–	–	–	–	–	–	–
End of financial year (Note 13)	–	–	–	–	–	–	–	–

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired (cont'd)

Allowance for impairment of trade receivables arise from customers that are either in financial difficulties and/ or have history of default or significant delay in payments which management is of the opinion that payments are not forthcoming as at the end of financial year. In the event that payment is not collectible, the receivables will be recommended for write-off.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included measures undertaken as described in Note 4 and cash and short-term deposits as disclosed in Note 12 to the financial statements.

Management monitors rolling forecasts of the liquidity reserves, comprises of undrawn borrowing facility and cash and cash equivalents (Note 12) of the Group and the Company on the basis of expected cash flow. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years
	S$'000	**S$'000**
Group		
At 31 December 2016		
Trade and other payables	**1,179**	**3,500**
Borrowings	**3,730**	**1,201**
At 31 December 2015		
Trade and other payables	4,873	–
Company		
At 31 December 2016		
Trade and other payables	**864**	**3,500**
Borrowings	**–**	**1,201**
At 31 December 2015		
Trade and other payables	3,932	–
Financial guarantee contracts	4,600	–

25. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to increase the working capital.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables (excluding deferred revenue) less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
		(Restated)		
Net debt	**6,401**	1,354	**3,477**	1,901
Total equity	**2,616**	18,223	**4,745**	16,582
Total capital	**9,017**	19,577	**8,222**	18,483
Gearing ratio	**71.0%**	6.9%	**42.3%**	10.3%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

(e) Fair value measurements

The carrying amounts less impairment provision of trade and other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximates their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	S$'000	S$'000	**S$'000**	S$'000
Loans and receivables	**4,060**	4,300	**2,284**	2,097
Financial liabilities at amortised cost	**8,926**	4,873	**4,881**	3,932

26. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

a) *Sales and purchases of goods and services*

	Group	
	2016	2015
	S$'000	S$'000
Advances to director of a subsidiary corporation	**161**	121
Advances to other related parties	**950**	–
Interest expense to a shareholder	**19**	–
Remuneration paid to a close member of a director of the Company	**120**	120
Rental expense to a related party	**3**	–
Professional fees paid to a firm in which a director is a shareholder	**125**	234
Introducer fees paid to an immediate family member of a director	**–**	80

Outstanding balances as at 31 December 2016, arising from sales/purchases of goods and services, are unsecured and receivable/payable within 12 months from the balance sheet date and disclosed in Notes 13 and 18 to the financial statements.

b) *Key management remuneration*

Key management personnel compensation is as follows:

	Group	
	2016	2015
	S$'000	S$'000
Key management personnel		
Wages, salaries and short-term benefits	**1,350**	796
Employer's contribution to defined contribution plans, including Central Provident Fund	**32**	30
Employee share option expense	**–**	532
	1,382	1,358
Comprised amounts paid to:		
– Directors of the Company	**695**	244
– Directors of subsidiary corporations	**60**	447
– Other key management personnel	**627**	135
– Employee share option expense	**–**	532
	1,382	1,358

27. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors comprises of executive and non-executive directors.

The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the four primary geographic areas namely, Singapore, Malaysia, Republic of China, Taiwan and People's Republic of China.

The Board of Directors monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as set out below, is measured differently from operating profit or loss in the consolidated financial statements.

The Group is organised into three reportable segments as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the managing director reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Trading and distribution: Trading and distribution of steel raw materials, consumables, instruments and semi-finished products for steel mills, iron and steel foundries and aluminum smelters in the Asia-Pacific region and provision of ancillary services.

Investment and others: Business of investment holding, provision of management services and provision of marketing, distribution and related services.

Aesthetics medical: Provision of aesthetics medical services includes the provision of aesthetics medical, beauty and wellness services and stem cell storage in Asia.

The segment information provided to the Board of Directors for the reportable segments is as follows:

	Trading and distribution		**Aesthetics medical**		**Investment and others**		**Total**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Segment Revenue								
– External parties	**2,213**	5,312	**957**	253	**–**	–	**3,170**	5,565
Gross profit/ (loss)	**730**	1,146	**448**	179	**–**	–	**1,178**	1,325
Other gains/(loss)	**22**	30	**81**	1,381	**500**	35	**603**	1,446
Distribution expenses	**(373)**	(557)	**(94)**	(2)	**–**	–	**(467)**	(559)
Administrative expenses	**(524)**	(481)	**(14,566)**	(404)	**(5,396)**	(2,617)	**(20,486)**	(3,502)
Finance costs	**–**	(13)	**–**	(1)	**(266)**	–	**(266)**	(14)
(Loss)/profit before income tax	**(145)**	125	**(14,131)**	1,153	**(5,162)**	(2,582)	**(19,438)**	(1,304)
Income tax credit/ (expense)	**5**	(2)	**–**	–	**(3)**	(3)	**2**	(5)
Net (loss)/profit for the financial year	**(140)**	123	**(14,131)**	1,153	**(5,165)**	(2,585)	**(19,436)**	(1,309)

27. SEGMENT INFORMATION (CONT'D)

	Trading and distribution		Aesthetics medical		Investment and others		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
				(Restated)				(Restated)
Other information								
Impairment of trade and other receivables	**56**	–	**2,254**	–	**2,235**	–	**4,545**	–
Impairment loss of goodwill (Note 7)	**–**		**10,805**		**–**		**10,805**	–
Accretion of imputed interest (Note 6)	**–**	–	**–**	–	**503**	–	**503**	–
Additions to:								
– Property, plant and equipment (Note 16)	**3**	4	**47**	–	**36**	–	**86**	4
– Intangible assets:								
– Goodwill (Note 17(a))	**–**	–	**–**	17,997	**–**	–	**–**	17,997
– Customer relationships (Note 17(b))	**–**	–	**–**	155	**–**	–	**–**	155
Depreciation of property, plant and equipment (Note 7)	**6**	7	**155**	22	**12**	1	**173**	30
Assets and liabilities								
Segment and consolidated total assets	**905**	1,188	**9,072**	21,212	**1,752**	876	**11,729**	23,276
Segment and consolidated total liabilities	**193**	392	**940**	723	**7,980**	3,938	**9,113**	5,053

The segment profit/(loss), segment assets and segment liabilities presented to the Board of Directors are measured in a manner consistent with that of the financial statements. All items are allocated to respective reportable segments.

(a) Revenue from major products and services

Revenue from external customers is derived mainly from the trading and distribution and rendering of aesthetics medical services. Investment holding and provision of management services are included in "Others".

27. SEGMENT INFORMATION (CONT'D)

(b) Revenue from external customers

Revenue of S$1,313,000 (2015: S$3,044,000) is derived from 3 (2015: 3) external customers. These revenue are attributable to the Singapore trading and distribution segment.

(c) Geographical information

The Group's three major business segments operate in three main geographical areas:

- Singapore — the Company is headquartered and has operations in Singapore. The operation in these areas are principally investment holding and trading and distribution of steel mill consumable products;
- Malaysia — the operation in this areas are principally trading and distribution of steel mill consumable products;
- Republic of China, Taiwan and People's Republic of China — the operations in these areas are principally the provision of aesthetics medical services.

	Group	
	2016	2015
	S$'000	S$'000
Revenue		
Singapore	**49**	314
Malaysia	**1,986**	4,998
Republic of China, Taiwan and People's Republic of China	**957**	253
Others	**178**	–
	3,170	5,565

	Group	
	2016	2015
	S$'000	S$'000
		(Restated)
Non-current assets		
Singapore	**34**	15
Malaysia	**–**	2
Republic of China, Taiwan and People's Republic of China	**7,536**	18,508
	7,570	18,525

28. BUSINESS COMBINATION

On 6 November 2015, the Group completed the acquisition of 51% equity interest in China iMyth Company Pte. Ltd. and its subsidiary corporations ("CIC"). With the completion of the acquisition, the Group has diversified into the business of provision of aesthetics medical, beauty and wellness services and stem cell storage in Asia and healthcare, all other ancillary activities.

The Group has elected to measure the non-controlling interests at the non-controlling interest's proportionate share of CIC's net identifiable assets.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

		2015 S$'000
(a)	**Purchase consideration**	
	Cash consideration	12,000
	Issue of ordinary shares (Notes 21 and 28(e))	6,050
	Consideration transferred for the business	**18,050**
(b)	**Effect on cash flows of the Group**	
	Cash consideration (as above)	12,000
	Less: Cash and cash equivalents in subsidiary corporations acquired	(1,161)
	Cash outflow on acquisition	**10,839**

		2015 Fair value on acquisition date S$'000 (Restated)
(c)	**Identifiable assets acquired and liabilities assumed**	
	Cash and cash equivalents	1,161
	Trade and other receivables	274
	Intangible asset (Note 17)	155
	Property, plant and equipment (Note 16)	378
	Total assets	1,968
	Trade and other payables	(1,838)
	Deferred income tax liabilities (Note 20)	(26)
	Total liabilities	(1,864)
	Total net identifiable net assets	**104**
	Less: Non-controlling interests, measured at the non-controlling interests' proportionate share of CIC's net identifiable assets	(51)
	Add: Goodwill (Notes 17 and 28(g))	17,997
	Consideration transferred for the business	**18,050**

28. BUSINESS COMBINATION (CONT'D)

(d) Accounting of the acquisition of CIC

The Purchase Price Allocation ("PPA") of the acquisition of CIC in the financial year ended 31 December 2015 is provisional. The Group has engaged an independent valuer to determine the fair value of the assets acquired. At the balance sheet date, the fair value of the acquired assets amounted to S$322,000 which has been determined on a provisional basis as the final results of the independent valuation has not been completed and received by the date the financial statements for the financial year ended 31 December 2015 was authorised for issue on 23 March 2016. Goodwill arising from this acquisition, the carrying amount of the customer relationships, property, plant and equipment, deferred income tax liabilities, will be adjusted accordingly on a retrospective basis when the valuation is finalised. Additionally, if new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions and allowances that existed at the acquisition date, the accounting for the acquisition will also be adjusted retrospectively.

The valuation of the fair value of the assets acquired was finalised on 1 November 2016 and showed that the fair value at the date of acquisition was S$104,000, a decrease of S$218,000 as compared to the provisional value. The 2015 comparative information has been restated to reflect this adjustment (Note 29). The value of the intangible assets and deferred tax liabilities decreased by S$263,000 and S$45,000 respectively and there was an increase in non-controlling interests of S$107,000 and a corresponding increase in goodwill of S$111,000, to give total goodwill arising on the acquisition of S$17,997,000.

(e) Equity instruments issued as part of consideration transferred

In connection with the acquisition of 51% of equity interest in CIC, the Company issued 550,000,000 ordinary shares with fair value of S$0.011 in the financial year ended 31 December 2015 (Note 21). The fair value of these shares is the published price of the shares at the acquisition date.

(f) Acquisition-related costs

Acquisition related costs of S$653,000 were included in "Administrative expenses" in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows for the financial year ended 31 December 2015.

(g) Goodwill on acquisition

	2015 S$'000 (Restated)
Consideration transferred for the acquisition	18,050
Less: Fair value of identifiable assets acquired and liabilities assumed	(104)
Non-controlling interests, at proportionate share of total identifiable net assets	51
Goodwill on acquisition (Note 17(a))	17,997

(h) Acquired receivables

The acquired receivables pertain to the fair value of the non-trade receivables acquired which is equivalent to the gross contractual amount for the receivables.

28. BUSINESS COMBINATION (CONT'D)

(i) Revenue and profit contribution

The acquired business contributed revenue of S$253,000 and a net profit of S$1,153,000 to the Group for the period from 7 November 2015 to 31 December 2015. The net profit is after accounting for a waiver of debt of S$1,354,000 from a former shareholder of the subsidiary corporation acquired. Had it been no waiver obtained from the former shareholder, the acquired business would made a loss of S$201,000.

Had CIC been consolidated from 1 January 2015, management estimates that consolidated revenue and consolidated profit for the financial year ended 31 December 2015 would have been S$633,000 and S$212,000 respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

29. PRIOR YEAR ADJUSTMENTS

During the financial year ended 31 December 2015, the Group acquired 51% equity interest in CIC (Note 28). The fair values of the assets acquired and liabilities assumed have been determined on a provisional basis for the financial year ended 31 December 2015 as the final results of the independent valuation has not been completed. The Group finalised its PPA valuation for CIC on 1 November 2016 and the effects of the PPA exercise is summarised below. These adjustments are accounted for as if they had been recognised on acquisition date and adjusted in the comparative financial statements for 2015 as prior year adjustments. As a result, certain line items have been amended on the face of the Group's balance sheet and statement of changes in equity. The restatements are as follows:

	Balances as previously reported S$'000	Balances as restated S$'000	Differences S$'000
As at 31 December 2015			
Balance sheet			
Non-current assets			
Goodwill arising on consolidation (Note 17(a))	**17,886**	**17,997**	**111**
Customer relationships (Note 17(b))	**418**	**155**	**(263)**
Liabilities			
Non-current liabilities			
Deferred income tax liabilities (Note 20)	**(71)**	**(26)**	**45**
Equity			
Non-controlling interests (Note 15)	**(723)**	**(616)**	**107**
Statement of changes in equity			
Non-controlling interests	**(723)**	**(616)**	**107**

Since there is no impact to the balance sheet as at 1 January 2015, a third balance sheet as at 1 January 2015 was not presented.

30. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2017 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 Disclosure Initiative
- Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Improvements to FRSs (December 2016)
  - Amendments to FRS 112 Disclosure of Interests In Other Entities

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
- Amendments to FRS 40 Transfers of Investment Property
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers
- INT FRS 122 Foreign Currency Transactions and Advance Consideration
- Improvements to FRSs (December 2016)
  - Amendments to FRS 28 Investments in Associates and Joint Ventures
  - Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards

FRS 109 Financial Instruments

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the financial assets of the Group would appear to satisfy the conditions for classification as amortised cost and hence there will be no change to the accounting for these assets.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. There will be no impact on the Group's accounting as the Group does not have any such hedging instrument.

30. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective for annual periods beginning on or after 1 January 2018 (cont'd)

FRS 109 Financial Instruments (cont'd)

There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment on how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

FRS 115 Revenue from Contracts with Customers

This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the goods or services. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

Effective for annual periods beginning on or after 1 January 2019

FRS 116 Leases

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of S$614,000 (Note 24(a)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's results and classification of cash flows.

30. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Effective date: to be determined

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

31. EVENTS OCCURRING AFTER BALANCE SHEET DATE

(i) On 25 January 2017, the Group entered into separate termination deeds with the following warrant holders to terminate and cancel their respective number of unlisted warrants constituted under the deed polls on the following dates:

S/N	Name of Warrant Holder	Date of Deed Poll	Date of Expiry of Warrants	Number of Warrants terminated	Exercise price of Warrants	Original subscription price for the Warrants
1.	Ho Seow Kai	30 November 2016	30 November 2019	400,000,000	S$0.0103	S$200,000
2.	Lim Soon Fang	30 November 2016	2 December 2019	200,000,000	S$0.0103	S$100,000
3.	Ng Kai Man	11 June 2015	13 July 2020	200,000,000	S$0.01125	S$200,000
4.	Chew Soo Lin	11 June 2015	13 July 2020	240,000,000	S$0.01125	S$240,000
5.	Lau Eng Seng	11 June 2015	13 July 2020	200,000,000	S$0.01125	S$200,000
6.	Toh Ee-Han	11 June 2015	13 July 2020	200,000,000	S$0.01125	S$200,000
Total						**S$1,140,000**

Pursuant to the Termination Deeds, all the warrant holders irrevocably surrender all their rights, interests and titles to the Warrants for a total consideration of S$1,140,000.

(ii) At the Extraordinary General meeting held on 26 January 2017, one of the ordinary resolutions set on in the Notice of Extraordinary General Meeting, approval for the acquisition of 51.0% of the issued and paid-up share capital of Eastlife Pte Ltd and Maxglobe Pte Ltd was not passed. The Company will not proceed with these acquisitions.

(iii) On 2 February 2017, one of the substantial shareholders provided an interest-free loan of S$200,000 to the Company for its general working capital purpose, which is repayable in the next 12 months after the date of disbursement.

(iv) On 7 March 2017, the Company has entered into four separate share subscription agreements pursuant to which the subscribers who agree to subscribe for a total 200,000,000 new ordinary shares in the issued and paid-up capital of the Company at an issue price of S$0.0072 per subscription share. The proceeds of S$1.44 million have been received by the Company as at the date of these financial statements.

32. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of China Medical (International) Group Limited (f.k.a Albedo Limited) on 7 April 2017.

STATISTICS OF SHAREHOLDINGS

As at 27 March 2017

Issued share capital	:	$52,288,448
No. of issued and fully paid-up shares	:	2,999,133,315
Class of shares	:	Ordinary share

Voting rights attached to shares

On show of hands	:	One vote per shareholder
On Poll	:	One vote per share
Treasury Shares	:	Nil

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders as at 27 March 2017)

	Number of Shares			
Name of Substantial Holder	**Direct Interest**	**%**	**Deemed Interest**	**%**
Kiow Kim Yoon	200,000,000	6.67%	–	–
Dato Dr Choo Yeow Ming	275,000,000	9.17%	–	–
Qiang Ling Mei	275,000,000	9.17%	–	–

SHAREHOLDINGS HELD IN THE HAND OF PUBLIC SHAREHOLDERS

Based on the information available to the Company as at 27 March 2017, approximately 66.84% of the shareholdings is held in the hand of public. At least 10% of the Company's issued ordinary shares are held in the hands of public at all times and the Company is in compliance with Rule 723 of the Listing Manual Section B: Rules of Catalist issued by SGX-ST.

STATISTICS OF SHAREHOLDINGS

As at 27 March 2017

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	100	3.56	674	0.00
100 – 1,000	148	5.26	70,740	0.00
1,001 – 10,000	237	8.43	1,346,764	0.05
10,001 – 1,000,000	2,084	74.11	492,243,820	16.41
1,000,001 AND ABOVE	243	8.64	2,505,471,317	83.54
TOTAL	**2,812**	**100.00**	**2,999,133,315**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	418,634,000	13.96
2	QIANG LIN MEI	275,000,000	9.17
3	KIOW KIM YOON	200,000,000	6.67
4	PHILLIP SECURITIES PTE LTD	123,871,365	4.13
5	OEI SIU HOA @ SUKMAWATI WIDJAJA	114,000,000	3.80
6	TAI KOK CHUAN	110,000,000	3.67
7	TEE MAY BUAN OR ONG ENG JOO	105,700,700	3.52
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	92,691,601	3.09
9	DBS NOMINEES (PRIVATE) LIMITED	45,675,109	1.52
10	TAN CHONG CHAI	40,000,000	1.33
11	LIM TCHEN NAN	33,000,000	1.10
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	31,005,900	1.03
13	KGI SECURITIES (SINGAPORE) PTE LTD	28,111,700	0.94
14	TEE LAY YEONG	25,500,000	0.85
15	UOB KAY HIAN PRIVATE LIMITED	18,535,000	0.62
16	CHEW KONG HUAT	18,500,000	0.62
17	LEOW SIOH MOY	17,000,000	0.57
18	TEO SIEW CHOO	17,000,000	0.57
19	TAN LYE SENG	15,873,300	0.53
20	RAFFLES NOMINEES (PTE) LIMITED	14,990,000	0.50
	TOTAL	**1,745,088,675**	**58.19**

STATISTICS OF WARRANTHOLDINGS

As at 27 March 2017

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	0	0.00	0	0.00
100 – 1,000	81	32.66	22,800	0.03
1,001 – 10,000	33	13.31	184,300	0.28
10,001 – 1,000,000	123	49.60	21,916,092	33.12
1,000,001 AND ABOVE	11	4.43	44,056,400	66.57
TOTAL	**248**	**100.00**	**66,179,592**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	TEE MAY BUAN OR ONG ENG JOO	15,683,200	23.70
2	RAFFLES NOMINEES (PTE) LIMITED	5,231,000	7.90
3	HO HAN MING	4,444,000	6.72
4	KOK MUK LIN	4,000,000	6.04
5	TOK BOON CHOO	3,349,000	5.06
6	HO LIAN HIM	2,418,000	3.65
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,400,100	3.63
8	ONG SIN TEE	2,000,000	3.02
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,891,100	2.86
10	HO SING HUI	1,520,000	2.30
11	KHOO KHEE SOON	1,120,000	1.69
12	KOH KOW TEE MICHAEL	1,000,000	1.51
13	LEE TECK HOCK	1,000,000	1.51
14	KOH KWEE SONG	880,000	1.33
15	INDRANITHI S/O A SIVASAMY	854,000	1.29
16	UOB KAY HIAN PRIVATE LIMITED	841,500	1.27
17	K BIJU	800,000	1.21
18	KUAH POH CHOO	800,000	1.21
19	WONG FOOK CHOY SUNNY	600,000	0.91
20	TAN SOO EE	500,000	0.76
	TOTAL	**51,331,900**	**77.57**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held at Raffles Marina Ltd, 10 Tuas West Drive, Chartroom, Singapore 638404 on Friday, 28 April 2017 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' Statement and the Auditors' Report. **(Resolution 1)**

2. To note the retirement of Mr Yeo Chin Tuan Daniel, a Director retiring pursuant to Article 90 of the Company's Constitution and who would not be seeking re-election.

3. To note the retirement of Mr Wong Fook Choy Sunny, a Director retiring pursuant to Article 90 of the Company's Constitution and who would not be seeking re-election.

4. To approve the payment of Directors' fees of S$150,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. **(Resolution 2)**

5. To re-appoint Messrs Nexia TS Public Accounting Corporation for the financial year ending 31 December 2017 as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 3)**

To transact any other business that may be transacted at an annual general meeting.

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without modifications:

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Catalist Rules, the directors of the Company (the "**Directors**") be and are hereby authorised to allot and issue:

a) shares in the capital of the Company ("**Shares**");

b) convertible securities; or

c) additional securities issued pursuant to adjustment to (b) above; or

d) Shares arising from the conversion of securities in (b) and (c) above, in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:

(i) the aggregate number of Shares and convertible securities that may be issued must not be more than 100% of the total number of issued Shares excluding treasury shares, of which the aggregate number of Shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not be more than 50% of the total number of issued Shares excluding treasury shares. For the purpose of determining the aggregate number of Shares and convertible securities that may be issued under this resolution, the percentage of the total number of issued Shares excluding treasury shares is based on the total number of issued Shares excluding treasury shares at the time this resolution is passed, after adjusting for (aa) new Shares arising from the conversion or exercise of convertible securities; (bb) new Shares arising from exercising of share options or vesting of share awards outstanding or subsisting at the time of the passing of this resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and (cc) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iii) unless revoked or varied by the Company in a general meeting, such authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (i)] **(Resolution 4)**

7. To consider and, if thought fit, pass the following ordinary resolution with or without any modifications:

"That the directors of the Company be and are hereby authorised to grant awards ("**Awards**") in accordance with the provisions of the Albedo Share Performance Share Plan ("**Albedo SPP**") and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to grant of Awards under the Albedo SPP provided that the aggregate number of shares under the Albedo SPP, will not exceed 15% of the total number of issued shares excluding treasury shares of the Company from time to time." [See Explanatory Note (ii)] **(Resolution 5)**

By Order of the Board

Ong Beng Hong/Tan Swee Gek
Company Secretaries
13 April 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The ordinary resolution 4 proposed in item 6 above, if passed, will empower the Directors from the passing of the AGM until the date of the next annual general meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding, in total, 100% of the number of issued Shares in the capital of the Company at the time of passing of this resolution, of which up to 50% may be issued other than on a pro-rata basis to existing shareholders of the Company. For determining the aggregate number of Shares that may be issued the total number of issued Shares excluding treasury shares shall be calculated based on the total number of issued Shares excluding treasury shares at the time of this ordinary resolution 4 above is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, share options or vesting of share awards which are outstanding or subsisting at the time this ordinary resolution 4 above is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(ii) The ordinary resolution 5 proposed under item 7 above, if passed, will authorise the Directors to grant award of shares in accordance with the provisions of the Albedo SPP and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore to allot and issue shares under the Albedo SPP. The Albedo SPP was approved by the shareholders of the Company in the extraordinary general meeting on 28 April 2009.

Notes:

1) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

2) A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.

3) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

4) The instrument appointing the proxy must be deposited at the registered office of the Company at 360 Orchard Road #04-08 International Building Singapore 238869 not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof or by attending the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

ANNUAL GENERAL MEETING

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

ACRA Registration Number: 200505118M
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective CPF Approved Nominees so that their CPF Approved Nominees may register, in the required format, with the Company's Registrar.

I/We____(Name)

of____(Address)

being a *member/members of **China Medical (International) Group Limited** (the "**Company**") hereby appoint

Name	Address	*NRIC/ Passport Number	Proportion of *my/our Shareholding	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	*NRIC/ Passport Number	Proportion of *my/our Shareholding	
			No. of shares	%

or failing him/her/them, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM of the Company, to be held at Raffles Marina Ltd, 10 Tuas West Drive, Chartroom, Singapore 638404 on Friday, 28 April 2017 at 10.00 a.m., and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM. The resolutions put to vote at the AGM shall be decided by poll.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of Directors' Statement, Auditors Report and Audited Financial Statements for the financial year ended 31 December 2016		
2.	Approval of Directors' Fees for the financial year ending 31 December 2017		
3.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company		
	Special Business		
4.	Authority to allot and issue shares		
5.	Authority to grant awards and to allot and issue shares pursuant to the Albedo Share Performance Plan		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolutions as set out in the Notice of AGM.)

* Please delete accordingly

Dated this day of 2017.

Number of Shares held in

CDP Register	
Member's Register	
TOTAL	

____
Signature of Shareholder(s) or Common Seal

Important: Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 360 Orchard Road #04-08 International Building Singapore 238869, not less than 48 hours before the time set for the AGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the AGM if he is able to do so.

9. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

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(Company/GST Registration No. 200505118M)

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