



**CHINA MEDICAL (INTERNATIONAL)  
GROUP LIMITED**

**中国医疗(国际)集团有限公司**

**Company Registration No. 200505118M**

**CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED**

**FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

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

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group 3 months ended		Increase/ (Decrease) %	Group 12 months ended		Increase/ (Decrease) %
	31.12.17 (Unaudited) S\$'000	31.12.16 (Unaudited) S\$'000		31.12.17 (Unaudited) S\$'000	31.12.16 (Audited) S\$'000	
<b>Revenue</b>	<b>748</b>	554	35%	<b>2,167</b>	3,170	(32%)
Cost of Sales	<b>(376)</b>	(273)	38%	<b>(1,221)</b>	(1,992)	(39%)
<b>Gross Profit</b>	<b>372</b>	281	32%	<b>946</b>	1,178	(20%)
	<b>50%</b>	<b>51%</b>		<b>44%</b>	37%	
Other income	<b>455</b>	396	15%	<b>670</b>	603	11%
Selling & distribution expenses	<b>(35)</b>	(111)	(68%)	<b>(170)</b>	(467)	(64%)
Administrative expenses	<b>(9,496)</b>	(16,554)	(43%)	<b>(12,383)</b>	(20,060)	(38%)
Other operating expenses	<b>(31)</b>	(84)	(63%)	<b>(244)</b>	(426)	(43%)
Finance expenses	<b>(146)</b>	(147)	(1%)	<b>(670)</b>	(266)	N/M
<b>Loss for the financial period before income tax</b>	<b>(8,881)</b>	(16,219)	(45%)	<b>(11,851)</b>	(19,438)	(39%)
Income tax (expense)/ credit	<b>(8)</b>	8	N/M	<b>(10)</b>	2	N/M
<b>Net loss</b>	<b>(8,889)</b>	(16,211)	(45%)	<b>(11,861)</b>	(19,436)	(39%)
<b>Other comprehensive loss:</b>						
<b>Item that may be reclassified subsequently to profit or loss:</b>						
Currency translation differences arising from consolidation (losses)/ gains	<b>(27)</b>	27	N/M	<b>114</b>	14	N/M
Other comprehensive (losses)/ gains, net of tax	<b>(27)</b>	27	N/M	<b>114</b>	14	N/M
<b>Total comprehensive loss</b>	<b>(8,916)</b>	(16,184)	(45%)	<b>(11,747)</b>	(19,422)	(40%)
<b>Loss attributable to:</b>						
Equity holders of the Company	<b>(9,183)</b>	(15,969)	(43%)	<b>(11,988)</b>	(18,756)	(36%)
Non-controlling interests	<b>294</b>	(242)	N/M	<b>127</b>	(680)	N/M
<b>Net loss for the financial period</b>	<b>(8,889)</b>	(16,211)	(45%)	<b>(11,861)</b>	(19,436)	(39%)
<b>Loss attributable to:</b>						
Equity holders of the Company	<b>(9,210)</b>	(15,936)	(42%)	<b>(11,861)</b>	(18,742)	(37%)
Non-controlling interests	<b>294</b>	(248)	N/M	<b>114</b>	(680)	N/M
<b>Total comprehensive loss</b>	<b>(8,916)</b>	(16,184)	(45%)	<b>(11,747)</b>	(19,422)	(40%)

Note:-

N/M denotes not meaningful

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**Notes to Consolidated Statement of Comprehensive Income**

	Group 3 months ended			Group 12 months ended		
	31.12.2017	31.12.2016	Increase/ (Decrease)	31.12.2017	31.12.2016	Increase/ (Decrease)
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss after income tax	(8,889)	(16,211)	(45%)	(11,861)	(19,436)	(39%)
<b>Other comprehensive loss</b>						
Foreign currency translation	(27)	27	N/M	114	14	N/M
<b>Total comprehensive loss</b>	<b>(8,916)</b>	<b>(16,184)</b>	N/M	<b>(11,747)</b>	<b>(19,422)</b>	N/M
<b>Attributable to:</b>						
<b>Equity holders of the Company</b>	<b>(9,210)</b>	<b>(15,936)</b>	(42%)	<b>(11,861)</b>	<b>(18,742)</b>	(37%)
<b>Non-controlling interest</b>	<b>294</b>	<b>(248)</b>	N/M	<b>114</b>	<b>(680)</b>	N/M

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**Notes to Consolidated Statement of Comprehensive Income**

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	3 months ended			12 months ended		
	31.12.17 (Unaudited)	31.12.16 (Unaudited)		31.12.17 (Unaudited)	31.12.16 (Audited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Interest expense on borrowings	15	(127)	N/M	(509)	(246)	N/M
Depreciation of property, plant and equipment	(35)	(48)	(27%)	(143)	(173)	(17%)
Impairment loss of goodwill	(7,192)	(10,805)	(33%)	(7,192)	(10,805)	(33%)
Impairment loss of intangible asset	(104)	-	N/M	(104)	-	N/M
Impairment of trade receivables	-	-	N/M	-	(56)	N/M
Impairment of other receivables	(1,039)	(4,489)	(77%)	(1,589)	(4,489)	(65%)
Unwinding of imputed interest	(40)	(20)	100%	(161)	(20)	N/M
Write off of property, plant and equipment	(48)	(12)	N/M	(64)	(26)	N/M
Forfeiture of payable	312	-	N/M	312	-	N/M
Foreign exchange (loss)/ gain	(3)	54	N/M	(8)	42	N/M

N/M – Not Meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	As at 31.12.17 <b>Unaudited S\$'000</b>	As at 31.12.16 <b>Audited S\$'000</b>	As at 31.12.17 <b>Unaudited S\$'000</b>	As at 31.12.16 <b>Audited S\$'000</b>
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash & cash equivalents	3,845	2,525	2,919	1,404
Trade and other receivables	553	1,570	92	893
Inventories	44	64	-	-
Total current assets	4,442	4,159	3,011	2,297
<b>Non-current assets</b>				
Investment in subsidiary corporations	-	-	352	7,302
Property, plant and equipment	76	274	9	27
Intangible asset	-	104	-	-
Goodwill	-	7,192	-	-
Total non-current assets	76	7,570	361	7,329
<b>Total assets</b>	4,518	11,729	3,372	9,626
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade and other payables	1,124	1,348	975	864
Borrowing	3,421	3,730	298	-
Income tax payable	25	-	3	-
Total current liabilities	4,570	5,078	1,276	864
<b>Non-current liabilities</b>				
Trade and other payables	3,178	3,017	3,178	3,017
Borrowings	-	1,000	-	1,000
Deferred income tax liabilities	-	18	-	-
Total non-current liabilities	3,178	4,035	3,178	4,017
<b>Total liabilities</b>	7,748	9,113	4,454	4,881
<b>Net (liabilities)/ assets</b>	(3,230)	2,616	(1,082)	4,745
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	57,151	50,000	57,151	50,000
Other reserves	1,349	2,479	1,203	2,453
Accumulated losses	(61,787)	(49,799)	(59,436)	(47,708)
Share capital and reserves	(3,287)	2,680	(1,082)	4,745
Non-controlling interests	57	(64)	-	-
<b>(Deficit)/ surplus of shareholders' funds</b>	(3,230)	2,616	(1,082)	4,745

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**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

	As at 31.12.2017 Unaudited		As at 31.12.2016 Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Loan facilities <sup>(a)</sup>	3,421	-	3,730	-

**Amount repayable after one year**

	As at 31.12.2017 Unaudited		As at 31.12.2016 Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(ii) Loan facilities	-	-	-	1,000

**Details of any collateral**

- (a) Approximately S\$3.421 million (HK\$20 million) loan borrowed by a subsidiary corporation is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by one of the Company's shareholder, Dato Dr Choo Yeow Ming. The loan currently bears an interest rate of 14% per annum and the repayment date of this loan is on 27 June 2018.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statements of Cash Flows**

	Group			
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Audited S\$'000
Net loss	(8,889)	(16,211)	(11,861)	(19,436)
<b>Cash flows from operating activities</b>				
<b>Adjustments for:</b>				
Income tax expense/ (credit)	8	(8)	10	(2)
Depreciation of property, plant and equipment	35	48	143	173
Impairment loss of goodwill	7,192	10,805	7,192	10,805
Impairment loss of intangible asset	104	-	104	-
Amortisation of intangible assets	-	51	-	51
Accretion of imputed interest	-	(503)	-	(503)
Write off of property, plant and equipment	48	12	64	26
Unrealised currencies translation gain	(204)	(30)	(189)	(42)
Unwinding of imputed interest	161	20	161	20
Interest income - bank deposit	(5)	(15)	(5)	(15)
Interest expense	(15)	127	509	246
Operating cash flows before movements in working capital	<b>(1,565)</b>	<b>(5,704)</b>	<b>(3,872)</b>	<b>(8,677)</b>
Trade and other receivables	835	4,217	1,017	(772)
Inventories	(17)	23	20	370
Trade and other payables	41	(3,331)	(224)	(3,196)
Cash used in operations	<b>(706)</b>	<b>(4,795)</b>	<b>(3,059)</b>	<b>(12,275)</b>
Income tax paid	-	(6)	(2)	(6)
Interest income	5	15	5	15
Interest expense	15	(127)	(509)	(246)
<b>Net cash used in operating activities</b>	<b>(686)</b>	<b>(4,913)</b>	<b>(3,565)</b>	<b>(12,512)</b>
<b>Cash flow used in investing activities</b>	-			
Purchase of property, plant and equipment	(8)	(19)	(8)	(86)
<b>Net cash used in investing activities</b>	<b>(8)</b>	<b>(19)</b>	<b>(8)</b>	<b>(86)</b>

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Statements of Cash Flow (cont'd)**

	Group			
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Audited S\$'000
<b>Cash flows from financing activities</b>				
Fixed deposit withdrawal	-	500	500	500
Fixed deposit placement	(2,000)	-	(2,000)	-
Redemption of warrants	(640)	-	(1,140)	-
Proceeds from issuance of new shares	-	515	1,440	3,515
Proceeds from rights issue	5,601	-	5,601	-
Proceeds from issuance of warrants	-	300	-	300
Advances provided by former shareholder of subsidiary corporation	-	3,017	-	3,017
Repayment of borrowings	(2,000)	-	(2,000)	-
Proceeds from borrowings	-	216	1,000	4,730
<b>Net cash generated from financing activities</b>	<b>961</b>	<b>4,548</b>	<b>3,401</b>	<b>12,062</b>
Net increase/ (decrease) in cash and cash equivalents	267	(384)	(172)	(536)
Cash and cash equivalents at the beginning of the financial period	1,081	1,862	1,525	2,019
Effect of currency translation on cash and cash equivalents	(3)	47	(8)	42
<b>End of the financial period</b>	<b>1,345</b>	<b>1,525</b>	<b>1,345</b>	<b>1,525</b>

Represent by:

	Group			
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Audited S\$'000
Cash at bank and on hand	1,345	1,525	1,345	1,525
Add: bank deposits pledged	2,500	1,000	2,500	1,000
Cash and cash equivalents per consolidated statement cash flows	3,845	2,525	3,845	2,525



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Currency translation reserves	Accumulated losses	Share option reserve	Warrant reserve	Attributable to equity holders of company	Non-controlling interest	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>(Audited)</b>								
<b>Balance as at 1.1.2016</b>	46,485	12	(31,043)	1,038	1,115	17,607	616	18,223
Issuance of shares	3,515	-	-	-	-	3,515	-	3,515
Issuance of warrants	-	-	-	-	300	300	-	300
Other comprehensive income	-	14	-	-	-	14	-	14
Total comprehensive loss for the year	-	-	(18,756)	-	-	(18,756)	(680)	(19,436)
<b>Balance as at 31.12.2016</b>	<b>50,000</b>	<b>26</b>	<b>(49,799)</b>	<b>1,038</b>	<b>1,415</b>	<b>2,680</b>	<b>(64)</b>	<b>2,616</b>
<b>(Unaudited)</b>								
<b>Balance as at 1.1.2017</b>	50,000	26	(49,799)	1,038	1,415	2,680	(64)	2,616
Redemption of warrants	-	-	-	-	(1,140)	(1,140)	-	(1,140)
Expiry of warrants	110	-	-	-	(110)	-	-	-
Issuance of new shares	1,440	-	-	-	-	1,440	-	1,440
Rights issue	5,601	-	-	-	-	5,601	-	5,601
Other comprehensive income	-	128	-	-	-	128	(14)	114
Total comprehensive loss for the year	-	-	(11,988)	-	-	(11,988)	127	(11,861)
<b>Balance as at 31.12.2017</b>	<b>57,151</b>	<b>154</b>	<b>(61,787)</b>	<b>1,038</b>	<b>165</b>	<b>(3,279)</b>	<b>49</b>	<b>(3,230)</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Company	Share capital S\$'000	Accumulated losses S\$'000	Share option reserves S\$'000	Warrant reserve S\$'000	Total S\$'000
<b>(Audited)</b>					
<b>Balance as at 1.1.2016</b>	46,485	(32,056)	1,038	1,115	16,582
Issuance of warrants	-	-	-	300	300
Issuance of shares	3,515	-	-	-	3,515
Total comprehensive loss for the year	-	(15,652)	-	-	(15,652)
<b>Balance as at 31.12.2016</b>	<b>50,000</b>	<b>(47,708)</b>	<b>1,038</b>	<b>1,415</b>	<b>4,745</b>
<b>(Unaudited)</b>					
<b>Balance as at 1.1.2017</b>	50,000	(47,708)	1,038	1,415	4,745
Redemption of warrants	-	-	-	(1,140)	(1,140)
Expiry of warrants	110	-	-	(110)	-
Rights issue	5,601	-	-	-	5,601
Issuance of shares	1,440	-	-	-	1,440
Total comprehensive loss for the year	-	(11,728)	-	-	(11,728)
<b>Balance as at 31.12.2017</b>	<b>57,151</b>	<b>(59,436)</b>	<b>1,038</b>	<b>165</b>	<b>(1,082)</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

<b><u>The Company's share capital is shown as below:-</u></b>		<b>Share capital S\$'000</b>
	<b>Number of Shares</b>	
<b>Balance as at 1 October 2017</b>	<b>3,199,133,315</b>	<b>51,550</b>
<b>Balance as at 31 December 2017</b>	<b>8,800,573,324</b>	<b>57,151</b>

During the three months ended 31 December 2017 ("4Q2017"), 5,601,440,009 shares were issued under the 2017 Rights cum Warrants Issue. Accordingly, the issued and paid up share capital of the Company increased to approximately S\$57,151,000 comprising 8,800,573,324 shares as at 31 December 2017.

Pursuant to 2017 Rights cum Warrants Issues, 5,601,440,009 free detachable warrants ("2017 Warrants") have been allotted and issued by the Company on 31 October 2017. Each warrant carries the right to subscribe for 1 additional new ordinary share in the capital of the Company. As at 31 December 2017, the outstanding 2017 Warrant were 5,601,440,009 (31 December 2016: Nil).

As announced on 31 October 2017, 80,309,351 additional outstanding warrants (excluding foreign entitlement) have been allotted and issued by the Company pursuant to the 2017 Rights cum Warrants Issue. Accordingly, the number of outstanding warrants pursuant to the 2013 Right cum Warrants Issue increased from 66,179,592 to 146,488,943 exercisable into 146,488,943 ordinary shares of the Company. No outstanding warrants pursuant to the 2013 Rights cum Warrants Issue were exercised during the financial period ended 4Q2017. As at 31 December 2017, there were 146,488,943 (31 December 2016: 66,179,592) outstanding warrants pursuant to the 2013 Rights cum Warrants Issue exercisable into 146,488,943 (31 December 2016: 66,179,592) ordinary shares of the Company. All outstanding warrants pursuant to the 2013 Rights cum warrants Issue will be expiring on 29 March 2018.

Pursuant to the 2017 Rights cum Warrants Issue, the exercise prices of share options granted on 2 May 2008, 20 June 2008 and 2 October 2014 were adjusted to S\$0.01 and additional 158,393,000 options were granted. Accordingly, the Company has 262,343,000 outstanding employee share options after the 2017 Rights cum Warrants Issue. In 4Q2017, no employee share options were exercised. As at 31 December 2017, the Company had 262,343,000 (31 December 2016: 105,850,000) outstanding employee share options exercisable into 262,343,000 ordinary shares of the Company. There were no employee share options exercised during 4Q2017.

There were no treasury shares and subsidiary holdings as at 31 December 2017 and 31 December 2016.

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**1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	<b>31.12.2017</b>	<b>31.12.2016</b>
Total number of issued shares excluding treasury shares	8,800,573,324	2,999,133,315

There were no treasury shares as at 31 December 2017 and 31 December 2016.

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

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

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable as the Company did not use any subsidiary holdings during and as at the end of the current financial period reporting on.

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

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

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

Not applicable.

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

The same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 2016.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

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

Loss Per Share	Group		Group	
	3 months ended		12 months ended	
	31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Audited)
(a) Based on weighted average number of shares (S\$ cents) <sup>(1)</sup>	(0.223)	(0.550)	(0.291)	(0.646)
(b) Based on fully diluted basis (S\$ cents) <sup>(2)</sup>	(0.223)	(0.550)	(0.291)	(0.646)

**Notes:**

<sup>1</sup> The calculation of loss per ordinary share is based on the Group's loss attributable to equity holders of the Company of approximately S\$9,183,000 for 3 months period ended 31 December 2017 (31 December 2016: S\$15,969,000) and loss attributable to equity holders of the Company of approximately S\$11,988,000 for 12 months period ended 31 December 2017 (31 December 2016: S\$18,756,000) divided by the weighted average number of shares of 4,114,450,358 shares (31 December 2016: 2,903,231,676 shares).

<sup>2</sup> The outstanding warrants and options were not included in the computation of the diluted loss per share as their effect would have been anti-dilutive.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	31.12.2017 (Unaudited)	31.12.2016 (Audited)	31.12.2017 (Unaudited)	31.12.2016 (Audited)
Net asset value per ordinary share (S\$ cents)	(0.04)	0.09	(0.01)	0.16

The net asset value per ordinary share of the Group and the Company was calculated based on the Group's and the Company's net assets value as at 31 December 2017 divided by 8,800,573,324 ordinary shares (31 December 2016: 2,999,133,315, ordinary shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of the Income Statement of the Group**

i) Revenue

	4Q2017	4Q2016	Variance		FY2017	FY2016	Variance	
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%
Trading & distribution	476	217	259	119%	1,642	2,213	(571)	(26%)
Aesthetics Medical	272	272	-	N/M	525	957	(432)	(45%)
Total	<u>748</u>	<u>489</u>	259	53%	<u>2,167</u>	<u>3,170</u>	(1,003)	(32%)

The Group's FY2017 revenue decreased by 32% to S\$2.167 million from S\$3.170 million in FY2016. The revenue from the trading and distribution operations for FY2017 was S\$1.642 million, a decrease of S\$0.571 million as compared to the revenue of S\$2.213 million in FY2016. The decrease in trading and distribution revenue was due to weakness in steel production in the region i.e. Singapore and Malaysia for the first 3 quarters of FY2017.

Medical aesthetic segment recorded S\$0.525 million of revenue in FY2017 (FY2016: S\$0.957 million). The performance in this segment continued to be affected by stiff competition in aesthetic business and decline in medical tourism in Taiwan.

ii) Gross profit and gross profit margin

The Group's gross profit from operations for FY2017 had decreased by 20% from approximately S\$1.178 million in FY2016 to approximately S\$0.946 million in FY2017.

FY2017 gross profit margin improved to 44% from 37% in FY2016 mainly due to selling of higher margin products and lower costs of sales in medical aesthetics segment due to leaner service team in Taiwan.

iii) Other income

The increase of approximately S\$0.067 million in other income in FY2017 is mainly due to a forfeiture of a payable of approximately S\$0.312 million by a Company related to a shareholder and deconsolidation gain of two dormant subsidiary corporations in PRC for which the company has taken steps to deregister during the year.

vi) Selling and distribution expenses

Selling and distribution costs decreased by 64% to approximately S\$0.170 million in FY2017 from approximately S\$0.467 million in FY2016 mainly due to lower marketing activities and employees cost.

v) Administrative expenses and Other operating expenses

Administrative expenses decreased by approximately S\$7.677 million from approximately S\$20.060 million in FY2016 to approximately S\$12.383 million in FY2017 mainly due to lower allowance for impairment of goodwill of S\$7.192 million compared to S\$10.805 million in FY2016.

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In addition, the allowance for impairment of other receivables in FY2017 is S\$1.589 million as compared to S\$4.489 million in FY2016, a reduction of S\$2.900 million.

vi) Other operating expenses

Other operating expenses decreased by approximately S\$0.182 million from approximately S\$0.426 million in FY2016 to approximately S\$0.244 million in FY2017. This is due to non-recurring of introducer fee of S\$0.075 million in relation to the HK\$ 20 million loan and lower maintenance of clinic equipment and staff welfare, travelling and accommodation expenses.

vii) Finance expenses

Finance expenses increased by approximately S\$0.404 million to S\$0.670 million in FY2017 from S\$0.266 million in FY2016.

The increase in finance expenses is mainly due to interest expense for borrowings of S\$0.513 million compared to FY2016 of S\$0.227 million. This is mainly due to full year interest of the HK\$20 million loan as compared to 5 months loan interest in FY2016 and 2% increase in interest for the HK\$20 million loan from 27 June 2017 after the lender extended the repayment date of the loan on 27 June 2017.

In addition, the increase in finance expense in FY2017 is also due to full year unwinding of imputed interest of a long term payable amounted for S\$0.161 million as compared to S\$0.02 million in FY2016.

### **Review of the Financial Position of the Group**

viii) Balance sheet

Total assets of the Group decreased by approximately S\$7.211 million from approximately S\$11.729 million as at 31 December 2016 to approximately S\$4.518 million as at 31 December 2017, of which S\$7.192 million is attributable to impairment of goodwill, impairment of other receivables of S\$1.589 million and impairment of intangible assets of S\$0.104 million.

The cash and bank balance increased by S\$1.320 million from S\$2.525 million as at 31 December 2016 to S\$3.845 million as at 31 December 2017 mainly attributable to S\$5.601 million proceeds from 2017 Right cum Warrants issue.

Total liabilities of the Group decreased by approximately S\$1.365 million mainly due to repayment of S\$2.000 million loan during 4Q2017 and waiver of loan interest by the lender due to the early repayment resulted in saving of approximately S\$0.050 million.

As at the balance sheet date, the Group was in negative working capital of S\$0.128 million and negative shareholders' fund of S\$3.230 million and as at that date, the Company has negative shareholders' fund of S\$1.082 million.

The Group has obtained a written undertaking from Dato Dr Choo not to demand repayment of payables of S\$3.500 million (being the balance of consideration owing by the Company for the acquisition of 51% of China iMyth Company Pte Ltd from the vendor. Dato Dr Choo is a director and has 55% equity interests in the vendor) until the date when the Group has the financial ability to make the repayment or the contractual maturity date on 6 November 2019.

There is a loan of HK\$20 million extended by a third party to a subsidiary corporation of the Group to the Company of which is due to expire on 27 June 2018. Dato Dr Choo had signed an agreement to make available till 1st May 2019 an advance of up to the amount pursuant to this third party loan to repay on behalf of the subsidiary corporation of the Group should it be unable to repay in full or in part.

Concurrently, the Company will continue to look for other fund raising exercises to fund the working capital of the Group.

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## **Review of the Cash Flow Statement of the Group**

### **ix) Cash flow**

Net cash used in operation for FY2017 is approximately S\$3.059 million. The operating cash outflows before movement in working capital were approximately S\$3.872 million.

The net cash outflow in investment activities for FY2017 of approximately S\$0.008 million was for the renovation costs incurred for the relocation of the office premises.

The net cash generated from financing activities amounted to approximately S\$3.401 million. The net cash generated from financing activities consist of proceeds from 2017 Rights cum Warrants issue of S\$5.601 million, a placement of share proceeds of S\$1.440 million, net repayment of borrowings of S\$1 million, redemption of warrants of S\$1.140 million and net fixed deposit placement with two licensed banks in Singapore of S\$1.5 million.

Cash and cash equivalents were approximately S\$3.845 million as at 31 December 2017 as compared to approximately S\$2.525 million as at 31 December 2016.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Group's operations in the aesthetic medical services in Taiwan and China remained weak due to the decline in medical tourism. We do not foresee improvement in the immediate future.

As for the Shenzhen clinics we have halted all funding and we are reviewing our options with our partner.

As for the kidney hospital in Qingdao, as last updated we have halted the funding for the renovation of this hospital. We were looking for local partners to participate or to take over the project. However, some of the conditions imposed on us were too onerous. Due to uncertainty in policies, in particular the time frame to obtain accreditation from the insurance bureau for patient fee reimbursement, it was decided that we have stopped further investment into this project.

The Group's trading and distribution division's business for the supply of steel related raw materials, products and equipment to steel mills in our region saw a slight improvement in profits although the business remain challenging.

The Group will intensify the search for and pursue opportunities for future growth.

### **11. Dividend**

#### **(a) *Current Financial Period Reported On***

**Any dividend declared for the current financial period reported on?**

No

#### **(b) *Corresponding Period of the Immediately Preceding Financial Year***

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

No

#### **(c) *Date payable:* Not applicable**

#### **(d) *Books closure date:* Not applicable**



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

No dividend has been declared or recommended.

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

By Business Segment

	Trading and Distribution	Aesthetics Medical	Others	Consolidated
31-Dec-17 (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	1,642	525	-	2,167
Gross profit	640	306	-	946
Other income	2	552	116	670
Administrative expenses	(86)	(8,844)	(3,453)	(12,383)
Selling and distribution expenses	(154)	(5)	(11)	(170)
Other Operating expenses	(23)	(206)	(15)	(244)
Finance costs	-	(1)	(669)	(670)
Profit/ (Loss) before taxation	379	(8,198)	(4,032)	(11,851)
Taxation	(22)	18	(6)	(10)
Profit/ (Loss) for the year	357	(8,180)	(4,038)	(11,861)
Attributable to:				
Equity holders of the Company				(11,988)
Non-controlling interest				127
				(11,861)
<u>Other information</u>				
Depreciation	4	119	20	143
<u>Assets and liabilities</u>				
Segment assets	1,110	1,266	2,142	4,518
Consolidated total assets				4,518
Segment liabilities	340	92	7,316	7,748
Consolidated total liabilities				7,748

## By Business Segment

	Trading and Distribution	Aesthetics Medical	Others	Consolidated
31-Dec-16 (Audited)	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	2,213	957	-	3,170
Gross profit	730	448	-	1,178
Other income	22	81	500	603
Administrative expenses	(465)	(14,210)	(5,385)	(20,060)
Selling and distribution expenses	(373)	(94)	-	(467)
Other operating expenses	(59)	(356)	(11)	(426)
Finance costs	-	-	(266)	(266)
Loss before taxation	(145)	(14,131)	(5,162)	(19,438)
Taxation	5	-	(3)	2
Loss for the year	(140)	(14,131)	(5,165)	(19,436)
Attributable to:				
Equity holders of the Company				(18,756)
Non-controlling interest				(680)
				(19,436)
<u>Other information</u>				
Depreciation	6	155	12	173
<u>Assets and liabilities</u>				
Segment assets	905	9,072	1,752	11,729
Consolidated total assets				11,729
Segment liabilities	193	940	7,980	9,113
Consolidated total liabilities				9,113

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

The Group's current year performance was affected by the tough operating environment and changes in the political situation in Taiwan and PRC. Consequently, approximately S\$7.192 million of goodwill arising from acquisition of the aesthetics business and S\$1.589 million of receivables from PRC were impaired in the current financial year.

Due to the operating conditions mentioned above, the Group is re-evaluating the investment strategies to improve the operational results.

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

	<b>Group</b>		
	<b>31.12.17</b>	<b>31.12.16</b>	<b>Increase/ (Decrease)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b><u>Sales</u></b>			
First half	<b>1,037</b>	1,879	(45%)
Second half	<b>1,130</b>	1,291	(12%)
	<b>2,167</b>	<b>3,170</b>	
<b><u>Loss for the financial year</u></b>			
First half	<b>(1,888)</b>	(1,908)	(1%)
Second half	<b>(9,973)</b>	(17,528)	(43%)
	<b>(11,861)</b>	<b>(19,436)</b>	

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

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>S\$</b>	<b>S\$</b>
<b>Ordinary shares</b>	-	-

**17. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not enter into any IPT of S\$100,000 or more in value per transaction for FY2017. The Group does not have a general mandate from shareholders for IPTs.

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## 18. Use of Proceeds

As at 28 February 2018, the net proceeds had been utilised as follows:

	Allocation of net proceeds raised (S\$)	Amount utilised before 9 Nov 17 (S\$)	Amount utilised from 9 Nov 17 to 28 Feb 18 (S\$)	Amount un- utilised as at 28 Feb 18 (S\$)
<b>Proceeds from 2017 Rights cum Warrants issue</b>				
(i) Working Capital	2,801,000	238,000	897,000	1,666,000
(ii) Repayment of loans	2,800,000	1,200,000	848,000	752,000
<b>Total Amount</b>	<b>5,601,000</b>	<b>1,438,000</b>	<b>1,745,000</b>	<b>2,418,000</b>

The above use of proceeds is in accordance with the intended use as stated in the announcements dated 30 November 2017.

### Notes:

The proceeds from 2017 Rights cum Warrants Issue comprised S\$4.118 million from rights subscribed and S\$1.483 million from excess application, collectively amounted to an aggregate of S\$5.601 million. On 30 November 2017, the Company announced the revised use of proceeds from the Rights cum Warrants Issue to 50.01% working capital and 49.99% repayment of loans.

- (i) During the period S\$897,000 from the working capital portion of the proceeds from the 2017 Rights cum Warrants Issue was utilised for expenses relating to the operations of the Group. Such expenses mainly related to administrative and operating expenses.
- (ii) During the period, S\$848,000 was utilised to pay a short-term loan provided by a third party to the Company.

The amount paid to a third party comprised S\$800,000 in principal and S\$48,000 in interest.

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

Not applicable. There is no person occupying a managerial position in the Company and/or its subsidiary corporations who is a relative of a director, chief executive officer or substantial shareholder of the Company and/or its subsidiary corporations as at 31 December 2017 pursuant to Rule 704(10) of the Catalist Rules.

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

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

**By Order of the Board**

Tai Kok Chuan  
Executive Chairman  
1 March 2018

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

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

The contact person for the Sponsor is Lance Tan, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg))