

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration No. 200505118M)
(the “Company”)

THE PROPOSED PLACEMENT OF 200,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” of the “**Directors**”) of China Medical (International) Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 7 March 2017 entered into four separate share subscription agreements (each a “**Share Subscription Agreement**”) with each of the following subscribers (the “**Subscribers**”) pursuant to which the Subscribers agree, in aggregate, to subscribe for 200,000,000 new ordinary shares in the issued and paid up capital of the Company (the “**Subscription Shares**”) at an issue price of S\$0.0072 per Subscription Share (the “**Issue Price**”) (the “**Proposed Share Placement**”) in the following proportions:

Name of Subscriber	Number of Shares
Tan Chong Chai	50,000,000
Foo Khai Lin	50,000,000
Ho Seow Kai	50,000,000
Yap Siew Sin	50,000,000

- 1.2 Details about the Subscribers are set out as follows:

(a) **Tan Chong Chai (“Mr Tan”)**

Tan Chong Chai was the former Managing Director of the largest state regulated and licensed lottery operator in Cambodia and was the Executive Director of a Catalyst listed Company in Singapore. He is currently managing his own investment portfolio.

Mr Tan is an existing shareholder of the Company. He currently holds 40,000,000 Shares, which represents 1.33% of the existing issued and paid up share capital of the Company. Mr Tan was introduced to the Company by a business associate. Mr Tan will be subscribing for the Subscription Shares for personal investment purposes.

(b) **Foo Khai Lin (“Mr Foo”)**

Mr. Foo is currently leading the management of a family office, having previously worked as an investment banker for over 15 years with merchant banks in London, Singapore and Hong Kong. The family office invests in various investment portfolios including private equity, hedge funds, pre-IPO financing and publicly traded equities and securities.

Mr Foo was introduced to the Company by a business associate. Mr Foo will be subscribing for the Subscription Shares for personal investment purposes.

(c) **Ho Seow Kai (“Mr Ho”)**

Mr Ho is a retiree. Mr Ho has 28 years of experience in the automotive industry. Prior to retirement, Mr Ho was a Managing Director of both a motor and hospitality group. Mr Ho also had experience as a Management Consultant.

Mr Ho was introduced to the Company by a business associate. Mr Ho will be subscribing for the Subscription Shares for personal investment purposes.

(d) Yap Siew Sin (“Mr Yap”)

Mr Yap holds post-graduate qualifications in architecture as well as town planning. He has extensive experience as a consultant architect, town planner and was involved in the business management of numerous construction and property development projects in Malaysia, Singapore and China. He is a corporate member of the Royal Institute of British Architects, Malaysian Institute of Town Planners, Malaysian Institute of Architects, British Institute of Interior Design and an Associate member of the British Institute of Building Engineers.

Mr Yap was introduced to the Company by a business associate. Mr Yap will be subscribing for the Subscription Shares for personal investment purposes.

2. DETAILS OF THE PROPOSED SHARE PLACEMENT

- 2.1 The Issue Price represents a 2.86% premium to the volume weighted average price (“**VWAP**”) of S\$0.0070 per share for trades done on the Company’s Shares on the **SGX-ST** for the full market day on 7 March 2017, being the full market day immediately preceding the date on which the Share Subscription Agreement was signed.
- 2.2 The Subscription Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with the existing Shares save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls on or before the date of issue of the Subscription Shares.
- 2.3 The Proposed Share Placement is conditional upon, *inter alia*, the following:
- (a) the listing and quotation notice in respect of the Subscription Shares on the Catalist Board of the Singapore Exchange Securities and Trading Limited (“**SGX-ST**”) (on conditions, if any, acceptable to the Company and the Subscribers) having been obtained from the **SGX-ST** and remaining in full force;
 - (b) the Shareholders’ approval in relation to the general share issue mandate obtained on 26 January 2017 remaining in full force and effect as at the completion date;
 - (c) the Company obtaining such approval(s) from its board of directors in connection with the Share Subscription Agreements and the transactions contemplated therein as may be necessary;
 - (d) the allotment, issue and subscription of the Subscription Shares by the respective Subscribers not being prohibited by any statute, order, rule or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;
 - (e) as at the completion date of the respective Share Subscription Agreement, the trading of the Company’s Shares not being suspended by the **SGX-ST** (other than a suspension on a temporary basis requested by the Company) and the Company’s Shares not having been delisted;
 - (f) the representations and warranties of the Company set out in the respective Share Subscription Agreement being true, accurate and correct in all material respects as if

made on the completion date of the respective Share Subscription Agreement, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations set out in the respective Share Subscription Agreement to be performed on or before the completion date of the respective Share Subscription Agreement; and

- (g) the representations and warranties of the respective Subscriber set out in the respective Share Subscription Agreement being true, accurate and correct in all material respects as if made on the completion date, with reference to the then existing circumstances and the respective Subscriber having performed in all material respects all of his obligations herein to be performed on or before the completion date of the respective Share Subscription Agreement.

- 2.4 Completion of the Share Subscription Agreements shall take place on a date no later than the seventh (7th) business day after the satisfaction of the last of the conditions set out in the respective Share Subscription Agreement and paragraph 2.3 above.
- 2.5 Under the terms of the Share Subscription Agreements, each of the Subscribers has represented, warranted and undertaken to and for the benefit of the Company that he is not acting in concert or in collaboration with or co-operating, pursuant to an agreement or undertaking (whether formal or informal), with any existing Director or shareholder of the Company, to obtain or consolidate effective control of the Company through the issue of the Subscription Shares.
- 2.6 None of the Subscribers have any connection, including any business relationship, with the Company, its subsidiaries, its Directors or, to the best of the Company's knowledge, its substantial shareholders.
- 2.7 The Proposed Share Placement would not result in any transfer of controlling interest in the Company.
- 2.8 The Subscription Shares will only be issued to the Subscribers and will not be issued to any of the persons listed in Rule 812(1) of the Catalist Rules.

3. AUTHORITY TO ISSUE SUBSCRIPTION SHARES

- 3.1 The Subscription Shares will be issued pursuant to the general mandate (the "**General Mandate**") granted by the Shareholders by way of special resolution passed at the extraordinary general meeting of the Company held on 26 January 2017, authorising the Board to issue Shares and/or make or grant offers, agreements or options (collectively, "**Instruments**") provided that the aggregate number of Shares and Instruments to be issued pursuant to such resolution, whether on a pro rata or non pro rata basis, shall not exceed 100% of the total number of issued Shares (excluding treasury shares) in the capital of the Company as at the date of the annual general meeting of the Company held on 20 April 2016 (the "**2016 AGM**").
- 3.2 As at the date of the 2016 AGM, the total number of ordinary shares in the capital of the Company ("**Shares**") was 2,949,133,315. The amount of shares that could be issued that is not made on a *pro rata* basis based on the General Mandate is 2,949,133,315. Taking into account the shares and warrants issued by the Company for the placement exercises undertaken by the Company in 2016 which comprise of (i) 50,000,000 ordinary shares to one (1) individual subscriber and (ii) 600,000,000 non-listed, non-transferable warrants to two (2) individual subscribers, the total balance of shares that could be issued that is not made on a pro rata basis to Shareholders pursuant to the General Mandate is 2,299,133,315. Hence the allotment and issue of the Subscription Shares is within the limits of the General Mandate.

4. FINANCIAL EFFECTS OF THE PROPOSED SHARE PLACEMENT

Bases and Assumptions

4.1 Shareholders are advised to read this section carefully and to note that the financial effects of the Proposed Share Placement set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Share Placement. The pro forma financial effect of the Proposed Share Placement is based on, *inter alia*, the following assumptions:-

- (1) the latest audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2015;
- (2) the financial impact on the consolidated net tangible assets (“NTA”) per Share of the Group is based on the assumption that the Proposed Share Placement was completed on 31 December 2015;
- (3) the financial impact on the consolidated earnings per Share (“EPS”) of the Group is computed based on the assumption that the Proposed Share Placement was completed on 1 January 2015; and
- (4) the 50 million shares issued and allotted on 2 December 2016 was completed on 31 December 2015.

4.2 Given that the pro forma financial effects presented below are only for illustrative purposes, they do not represent the actual financial position and/or results of the Group immediately after the completion of Proposed Share Placement.

Share Capital

	Before the Proposed Share Placement	After the Proposed Share Placement
Number of issued Shares	2,999,133,315	3,199,133,315
Amount of share capital (S\$)	52,288,448	53,728,448

NTA

	Before the Proposed Share Placement	After the Proposed Share Placement
NTA (S\$)	97,000	1,517,000
Number of Shares	2,999,133,315	3,199,133,315
NTA per Share (Singapore cents)	0.00323	0.04742

EPS

	Before the Proposed Share Placement	After the Proposed Share Placement
Loss for the year (S\$)	(1,874,000)	(1,874,000)
Number of Shares	2,999,133,315	3,199,133,315
Loss per Share (Singapore cents)	(0.06248)	(0.05858)

5. USE OF PROCEEDS AND RATIONALE OF THE PROPOSED PLACEMENT

- 5.1 The estimated net proceeds from the Proposed Share Placement (after deducting the estimated expenses, including but not limited to the professional fees in relation to the Proposed Share Placement) are approximately S\$1.42 million (“**Share Placement Net Proceeds**”).
- 5.2 As an indication of each of the Subscribers commitment to his investment in the Company, each of the Subscribers has agreed to place with the Company a deposit (the “**Deposit**”) of the full consideration amount aggregating S\$1.44 million within 3 business days from the date of execution of the respective Share Subscription Agreement. Each of the Subscribers agrees that the Deposit may be used by the Company prior to completion for such purposes it deems fit. In the event completion does not take place on or before the date following 2 months after the date of the Share Subscription Agreement, the Company shall repay the Deposit within 30 days thereof (without interest) to the respective Subscriber.
- 5.3 The Company intends to use up to 30% of the Share Placement Net Proceeds for the purposes of business expansion and loan repayment, and the balance 70% for general working capital purposes.
- 5.4 Pending the deployment of the Share Placement Net Proceeds, such proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit in the interest of the Group.
- 5.5 The Company will make periodic announcements on the utilisation of the Share Placement Net Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the Catalist Rules and its annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.
- 5.6 The Directors of the Company are of the opinion that, after taking into consideration the present financial position of the Group, including the present bank facilities and Share Placement Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.
- 5.7 No placement agent has been appointed in relation to the Proposed Share Placement and no commission or introducer’s fee is payable by the Company to any person in relation to the Proposed Share Placement. No share borrowing arrangement has been entered into to facilitate the Proposed Share Placement.

6. GENERAL

- 6.1 The Proposed Share Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.
- 6.2 None of the Directors (other than in his capacity as Director or Shareholder of the Company) nor (as far as the Directors are aware) substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Share Placement.

7. CHANGE IN INTERESTS OF THE DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND THE SUBSCRIBERS

Details of the change in interests of the Directors, substantial shareholders and the Subscribers before and after the Proposed Share Placement is set out as follows:

	As at date of this Announcement and before the Proposed Share Placement		After the completion of the Proposed Share Placement based on Enlarged Share Capital ⁽¹⁾	
	Number of Shares ('000)	Approximate Shareholding Interest (%) ⁽²⁾	Number of Shares ('000)	Approximate Shareholding Interest (%)
Directors				
Tai Kok Chuan	130,000	4.33%	130,000	4.06%
Hano Maeloa	-	-	-	-
Wong Fook Choy Sunny	600	0.02%	600	0.02%
Yeo Chin Tuan Daniel	-	-	-	-
Substantial Shareholders				
Dato Dr. Choo Yeow Ming	275,000	9.17%	275,000	8.60%
Qiang Lin Mei	275,000	9.17%	275,000	8.60%
Kiow Kim Yoon	200,000	6.67%	200,000	6.25%
Subscribers				
Tan Chong Chai	40,000	1.33%	90,000	2.81%
Foo Khai Lin	-	-	50,000	1.56%
Ho Seow Kai	-	-	50,000	1.56%
Yap Siew Sin	-	-	50,000	1.56%
Other public shareholders	2,078,533	69.31%	2,078,533	64.98%
Total Share Capital	2,999,133	100%	3,199,133	100%

Notes:

- (1) "Enlarged Share Capital" shall mean the aggregate of the share capital of the Company, the Subscription Shares and assuming that none of the warrants or the outstanding convertible securities of the Company (including options and warrants) that are subsisting or that are proposed as at the date of this Announcement are exercised or converted.
- (2) Based on the existing Share Capital of the Company as of the date of this Announcement comprising 2,999,133,315 Shares.
- (3) As at the date of this Announcement, the Company has the following outstanding convertible securities: 66,179,592 listed warrants convertible into 66,179,592 Shares and 104,650,000 outstanding share options pursuant to an employee share option scheme of the Company.
- (4) Mr Tai Kok Chuan has 30,000,000 outstanding options convertible into 30,000,000 ordinary shares of the Company as at the date of this Announcement.
- (5) Mr Hano Maeloa has 30,000,000 outstanding options convertible into 30,000,000 ordinary shares of the Company as at the date of as at the date of this Announcement.
- (6) Mr Wong Fook Choy Sunny has 21,350,000 outstanding options convertible into 21,350,000 ordinary shares of the Company as at the date of as at the date of this Announcement.
- (7) Mr Yeo Chin Tuan Daniel has 20,000,000 outstanding options convertible into 20,000,000 ordinary shares of the Company as at the date of as at the date of this Announcement.

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Share Placement, the Group and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The Share Subscription Agreements are available for inspection during normal business hours at the Company's registered office for a period of three (3) months from the date of this Announcement.

10. LISTING AND QUOTATION OF SUBSCRIPTION SHARES

The Company will apply to the SGX-ST, through its continuing sponsor, for the admission to and listing and quotation of the Subscription Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcements once the listing and quotation notice has been obtained.

BY ORDER OF THE BOARD

8 March 2017

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

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

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.