

**CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED**  
(Company Registration No. 200505118M)  
(the “**Company**”)

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- **PROPOSED CONSOLIDATION OF EVERY TWO (2) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) CONSOLIDATED SHARE**
  - **THE PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 3,214,285,714 CONSOLIDATED SHARES PURSUANT TO THE CONVERSION OF THE DEFERRED PAYMENT LIABILITY OF S\$3.5 MILLION**
  - **PROPOSED SUBSCRIPTION OF 2,857,142,857 CONSOLIDATED SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0014 FOR EACH SUBSCRIPTION SHARE, WITH UP TO 952,380,952 INVESTMENT WARRANTS, EACH INVESTMENT WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) CONSOLIDATED SHARE IN THE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$0.0014 FOR EACH NEW CONSOLIDATED SHARE**
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**1. INTRODUCTION**

- 1.1 As announced on 10 August 2018 in its Second Quarter Unaudited Financial Statement and Dividend Announcement for the Financial Period ended 30 June 2018 (“**Q2 Results**”), China Medical (International) Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) has been looking to raise funds for the working capital of the Group and to improve its financial position. The Company is currently in negative working capital and has negative shareholders’ fund.
- 1.2 The Company’s major liabilities include:
- (a) payables of S\$3.5 million, being the balance of consideration owing by the Company for the acquisition of 51% of China iMyth Company Pte Ltd, under the China iMyth SPA (as defined below) due on 6 November 2019 (“**Deferred Payment Liability**”); and
  - (b) a corporate guarantee provided in favour of Concorde Global Limited in relation to a HK\$20 million (approximately S\$3.48 million) extended by Concorde Global Limited to the Company’s wholly owned subsidiary, CMIC Hemodialysis (Hong Kong) Limited, which is due on 27 December 2018 (“**Concorde Loan**”).

**2. OVERVIEW OF THE PROPOSED CORPORATE EXERCISES**

- 2.1 Following discussions between the Company and Rest Investments Ltd (“**Anchor Investor**”), the Anchor Investor has agreed to make a capital injection of S\$4 million in cash by way of a subscription for new ordinary shares of the Company subject to the terms and conditions of the subscription agreement entered into between the Company and the Anchor Investor on 24 August 2018 (“**Subscription Agreement**”). It is expected that a significant portion of the proceeds from such subscription shall be used to settle the Concorde Loan.
- 2.2 As part of the agreement reached between the Company and the Anchor Investor, the obligation of the Anchor Investor to make the cash capital injection pursuant to the Proposed Share Subscription is conditional upon, among others, the Company procuring the following:
- (a) a share consolidation exercise of every two (2) existing ordinary shares in the capital of the Company (the “**Shares**”) held by shareholders of the Company (the “**Shareholders**”) as at a books closure date to be determined by the directors (the “**Books Closure Date**”) into one (1) ordinary share in the capital of the Company (each a “**Consolidated Share**”, collectively referred to as the “**Consolidated Shares**”) (the

“**Proposed Share Consolidation**”) before the completion of the Proposed Share Subscription; and

- (b) the capitalisation of the Deferred Payment Liability, converting the entire amount outstanding into new ordinary shares in the Company (the “**Proposed Deferred Liability Conversion**”) on and subject to the terms and conditions of the capitalisation deed executed by the Company on 24 August 2018 (the “**Capitalisation Deed**”), such capitalisation to be completed in tandem with the Proposed Share Subscription.

2.3 Further details on the Proposed Share Consolidation, Proposed Deferred Liability Conversion and Proposed Share Subscription (collectively, the “**Proposed Corporate Exercises**”) are set out respectively at paragraphs 3, 4 and 5 below.

### 3. **THE PROPOSED SHARE CONSOLIDATION**

#### 3.1. **Overview and Rationale of the Proposed Share Consolidation**

As noted above, as part of the agreement reached between the Company and the Anchor Investor and to facilitate the Proposed Share Subscription and Proposed Deferred Liability Conversion, the Company has agreed to undertake the Proposed Share Consolidation where every two (2) Shares registered in the name, or standing to the credit of the securities account, of each Shareholder or depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded on the Catalist of the SGX-ST in board lots of one hundred (100) Consolidated Shares.

#### 3.2. **Information on the Proposed Share Consolidation**

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the directors of the Company (“**Directors**” or “**Board**”) may, in their absolute discretion, deem appropriate in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded or any of the proceeds arising from any aggregation and sale of such fractions.

Accordingly, a Shareholder who holds less than two (2) Shares as at the Books Closure Date will not be entitled to any Consolidated Share and will no longer be a Shareholder upon completion of the Proposed Share Consolidation (“**Share Consolidation Completion**”). Such Shareholders who wish to remain as Shareholders upon Share Consolidation Completion are advised to purchase additional Shares so as to increase the number of Shares held to a multiple of two (2) Shares as at the Books Closure Date.

As at the date of this Announcement, the Company has an issued and paid-up share capital of S\$57,378,000 comprising 8,812,778,946 Shares. The Company has no treasury shares and subsidiary holdings.

On the assumptions that there will be no new Shares issued by the Company up to the Books Closure Date and no fractions of Consolidated Shares arising from the Proposed Share Consolidation, and subject to Shareholders’ approval being obtained for the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$57,378,000 comprising 4,406,389,473 Consolidated Shares immediately following completion of the Share Consolidation.

The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company (save for any reduction arising from the disregarding of fractional entitlement) and will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company. The Proposed Share Consolidation will also have no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any material changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of the fractional entitlement.

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at an extraordinary general meeting ("**EGM**") to be convened, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be based on their holdings of Shares as at the Books Closure Date.

#### **4. THE PROPOSED DEFERRED LIABILITY CONVERSION**

##### **4.1. Background**

On 11 June 2015, the Company entered into a sale and purchase agreement with China Medical Investments Co Pte Ltd ("**CMIC**") for the purchase of 51% of the issued and paid-up share capital of China iMyth Company Pte Ltd for an aggregate consideration of S\$18.875 million ("**China iMyth SPA**").

On 15 November 2016, the Company announced that it had entered into a third supplemental agreement with CMIC, to extend the due date for the last outstanding payment of the Deferred Payment Liability under the China iMyth SPA from 6 May 2016 to 6 November 2019. As at the date of this Announcement, the Deferred Payment Liability (which amounts to S\$3.5 million as at the date of this Announcement) remains outstanding and payable by the Company.

##### **4.2. Capitalisation of the Deferred Payment Liability**

As noted above, it is a term and condition of the Anchor Investor's commitment to the Proposed Share Subscription that the Company resolves the outstanding Deferred Payment Liability. Following agreement reached between the Company and the Anchor Investor, the Company entered into the Capitalisation Deed on 24 August 2018 pursuant to which the Company has agreed to the Proposed Deferred Payment Liability Conversion where the whole of the Deferred Payment Liability shall be converted into a total of 3,214,285,714 new Consolidated Shares in the capital of the Company (the "**Conversion Shares**"). The key terms and conditions of the Capitalisation Deed which apply to the Proposed Capitalisation are further elaborated in the paragraphs below.

In respect of the Deferred Payment Liability, the Anchor Investor has separately entered into an assignment arrangement with CMIC, whereby the Anchor Investor will be entitled to further assign or caused to be assigned the rights, title and interests thereof to unrelated third parties (the "**Assignment**"). In this regard, the Anchor Investor has informed the Company that it is in the process of appointing a licensed financial intermediary to source for interested third parties ("**Deferred Liability Assignees**") to acquire the rights, title and interests in the Deferred Payment Liability and to assume the commitment to convert the Deferred Payment Liability into Conversion Shares in accordance with the terms of the Capitalisation Deed.

Under the terms of the Capitalisation Deed, the Deferred Liability Assignees are to receive the Conversion Shares as principal and not as nominee or agent, and will have no connection, including any business relationship with the Group, its Directors or its substantial Shareholders or their respective associates. In addition, such Deferred Liability Assignees must not be a person falling within the class of restricted persons to whom placements must

not be made by the Company pursuant to Rule 812(1) of the Catalist Rules nor will they be parties acting in concert with the Anchor Investor or with one another.

The identities and background of the Deferred Liability Assignees who will be receiving the Conversion Shares pursuant to the Capitalisation Deed will be included in the circular to be issued to Shareholders in due course in connection with the EGM.

#### 4.3. **Conversion Shares**

The Conversion Shares will be issued and allotted, credited as fully paid-up, free from any and all pre-emption rights, charges, liens and other encumbrances with all rights and benefits attaching thereto and shall 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 of which falls on or before the date of issue of such Conversion Shares.

#### 4.4. **Conversion Price**

Based on the number of Conversion Shares of 3,214,285,714 to be issued in respect of the Deferred Payment Liability of S\$3.5 million, the resultant Conversion Price is S\$0.0011. This represents a discount of approximately 45% to the theoretical post consolidated volume weighted average price (“**VWAP**”) of S\$0.002 for trades done in respect of the Shares on the Catalist Board on 24 August 2018. The theoretical post-consolidation price is based on the VWAP of S\$0.001 per Share for trades done on the SGX-ST on 24 August 2018, being the full market day on which Capitalisation Deed is signed, assuming the Proposed Share Consolidation had been completed.

#### 4.5. **Rationale for the Proposed Deferred Liability Conversion**

The Company notes that the Proposed Deferred Liability Conversion, if implemented, will reduce the debt burden of the Company and eliminate the need for any cash repayment. In view of the current financial and cash position of the Company, this will provide for some level of stability to the Company and alleviate pressures faced by the Company on its cash flow. The Company further notes that the Anchor Investor has also indicated that its commitment to make the cash injection of S\$4 million, a substantial portion of which will be used to pay for the Concorde Loan, has to be conditional upon the Company resolving the financial risk faced by the Company in relation to the Deferred Payment Liability.

### 5. **PROPOSED SHARE SUBSCRIPTION**

#### 5.1. **Background**

Subject to the terms and conditions of the Subscription Agreement, the Company has agreed to allot and issue an aggregate of 2,857,142,857 Consolidated Shares (“**Subscription Shares**”) to the Anchor Investor at an issue price of S\$0.0014 per Consolidated Share (the “**Issue Price**”), together with up to 952,380,952 Investment Warrants (as defined below), for an aggregate amount of S\$4 million.

#### 5.2. **The Anchor Investor and its interests in the Company**

The Anchor Investor is an investment holding company incorporated under the laws of the British Virgin Islands whose sole shareholder is Mr Chua Chuan Seng, a third party unrelated to the Group. The Anchor Investor was introduced to the Company by the Introducer (as defined below) following the Company’s indication to the Introducer that it is looking to raise funds for the working capital of the Group and to improve its financial position, especially in light of the impending deadline for the settlement of the Concorde Loan. The directors of the Anchor Investor are Mr Chua Chuan Seng and his wife, Mdm Lee Siew Leng.

The Proposed Share Subscription is the Anchor Investor's first foray into the acquisition of a significant stake in a company listed on the Catalist Board. As at the date of this Announcement, neither the Anchor Investor nor any of the Anchor Investor's associates (including its shareholder and directors) hold any Shares or interests in the Company. The Anchor Investor, after careful consideration of the investment opportunity presented by the Company, is cautiously optimistic that it will be able to tap on the business connections and network of its shareholder (as well as its shareholder's associates) to develop, grow and expand the business of the Group. Upon the successful closing of the Proposed Corporate Exercises, the Anchor Investor will work together with the Directors and the management of the Company to undertake a strategic review of the Group's business. Further information on the business plans for the Group will, as appropriate, be included in the circular to be issued to Shareholders in connection with the EGM.

The Anchor Investor has warranted to the Company under the terms of the Subscription Agreement that the Anchor Investor is subscribing for the Subscription Shares as principal and not as nominee or agent, and does not have any connection, including any business relationship, with the Group, its Directors or, its substantial Shareholders or their respective associates. In addition, the Anchor Investor does not belong to any of the categories of persons listed in Rule 812(1) of the Catalist Rules.

Immediately upon completion of the Proposed Corporate Exercises, the Anchor Investor will hold approximately 26.9% of the enlarged issued and paid-up share capital of the Company (excluding any dilutive effect arising from any exercise of the existing Warrants, existing Share Options and Investment Warrants), resulting in a transfer of controlling interest under Rule 803 of the Catalist Rules. Accordingly, the Company will require the specific approval of the Shareholders to effect the Proposed Share Subscription.

Further details and background information of the Anchor Investor will be included in the circular to be despatched to Shareholders in connection with the EGM. Please refer to **Annex A** for details on the Anchor Investor's shareholding interest in the Company before and after the completion of the Proposed Corporate Exercises.

### 5.3. **Subscription Shares**

The Subscription Shares will be issued and allotted, credited as fully-paid, free from any and all pre-emption rights, charges, liens and other encumbrances with all rights and benefits attaching thereto and shall rank *pari passu* in all respects with the then existing Consolidated Shares and Conversion Shares save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date of which falls on or before the date of issue of the Subscription Shares.

### 5.4. **Issue Price**

The Issue Price represents a discount of approximately 30% to the theoretical post consolidated volume weighted average price of S\$0.002 for trades done in respect of the Shares on the Catalist Board on 24 August 2018. The theoretical post-consolidation price is based on the volume weighted average price of S\$0.001 per Share for trades done on the SGX-ST on 24 August 2018, being the full market day on which Subscription Agreement is signed, assuming the Proposed Share Consolidation had been completed.

### 5.5. **Investment Warrants**

In addition to the Subscription Shares, the Anchor Investor is entitled to one (1) warrant convertible into one Consolidated Share at an exercise price of S\$0.0014 ("**Investment Warrant**") for every three (3) Subscription Shares subscribed for by the Anchor Investor under the Subscription Agreement.

The Investment Warrants will be issued in registered form and will be listed and traded separately on the Catalist Board under the book-entry (scripless) settlement system, upon the

listing and quotation of the Investment Warrants on the Catalist Board, subject to, *inter alia*, there being an adequate spread of holdings of Investment Warrants to provide for an orderly market in the Investment Warrants. To the extent that the aforesaid spread of holdings cannot be achieved by the Completion Date (as defined below), the Anchor Investor agrees that the Investment Warrants shall not be listed and quoted on the Catalist Board.

The Investment Warrants are freely and immediately detachable upon issue and may be assigned, transferred or sold. There is no additional consideration paid for the entitlement of the investment Warrant.

Subject to the terms and conditions governing the Investment Warrants to be set out in an instrument by way of a deed poll ("**Investment Warrants Deed Poll**") and as noted above, each Investment Warrant shall carry the right to subscribe for one Share exercisable at the exercise price (equivalent to the Issue Price) ("**Investment Warrants Exercise Price**") at any time during the period commencing on the date of issue of the Investment Warrants and expiring on the day immediately preceding the fifth anniversary of the date of issue of the Investment Warrants ("**Investment Warrants Exercise Period**"). The Investment Warrants that remain unexercised at the expiry of the Investment Warrants Exercise Period shall lapse and cease to be valid for any purpose.

The Investment Warrants Exercise Price and the number of Investment Warrants shall be subject to adjustments under certain circumstances as provided for in the Investment Warrants Deed Poll and appropriate announcements on the adjustments will be made by the Company.

#### 5.6. **Use of Proceeds and Rationale of the Proposed Share Subscription**

The expenses incurred or to be incurred by the Company in relation to the Proposed Corporate Exercises shall be borne out of the internal resources of the Company. Accordingly, the net proceeds from the Proposed Share Subscription will be S\$4,000,000 ("**Share Subscription Net Proceeds**").

The Company intends to use up to 100% of the Share Subscription Net Proceeds for repayment of the Concorde Loan which had been advanced by Concorde Global Limited to CMIC Hemodialysis (Hong Kong) Limited under the loan agreement entered into between the parties on 20 June 2016 ("**Concorde Loan Agreement**") and the accrued interest under the Concorde Loan Agreement.<sup>1</sup> Any balance of the Share Subscription Net Proceeds will be used for the working capital of the Company.

Assuming all the Investment Warrants are exercised, the estimated gross proceeds from the exercise of the Investment Warrants will be approximately S\$1,333,333 ("**Exercise Proceeds**"). As and when the Investment Warrants are exercised, the Exercise Proceeds may, at the discretion of the Directors, be applied towards working capital requirements.

Pending the deployment of the Share Subscription Net Proceeds and/or Exercise 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.

The Company will make an announcement on the utilisation of the Share Subscription Net Proceeds and/or Exercise Proceeds as and when the same is 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.

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<sup>1</sup> For more details, please refer to the Company's announcement on 27 June 2018.

The Directors are of the opinion that, after taking into consideration the present financial position of the Group, including the present bank facilities and Share Subscription Net Proceeds, and on the basis of the Deferred Payment Liability having been duly capitalized, the working capital available to the Group is sufficient to meet its present requirements.

#### 5.7. **General**

There is no placement agent appointed for the purpose of the Proposed Share Subscription which will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore) (“SFA”). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

#### 6. **COMPLETION OF THE PROPOSED CORPORATE EXERCISES**

Completion of the Proposed Corporate Exercises is expected to take place on a date no later than nine (9) Market Days<sup>2</sup> from the date of the EGM, unless mutually extended by the Company and the Anchor Investor (“**Completion Date**”).

The completion of the Proposed Corporate Exercises is conditional upon, *inter alia*, the conditions precedent specified in (in the case of the Capitalisation Deed, **Annex C**, and in the case of the Subscription Agreement, **Annex D**, to this Announcement (the “**Conditions Precedent**”) being satisfied or waived in accordance with the terms of the respective agreements. In particular, the completion of the Proposed Share Subscription and Proposed Deferred Liability Conversion are inter-conditional and shall occur concurrently.

If the Conditions Precedent are not satisfied or waived by the Company or the Anchor Investor on or before the Completion Date,

- (a) in the case of the Capitalisation Deed, either the Company and the Anchor Investor may elect to terminate the said deed, and save for any prior breach, no party shall have any claim against the other for costs, damages, compensation or otherwise under the said deed. In addition, in such a situation, the Anchor Investor has agreed to re-assign the Deferred Payment Liability back to CMIC; or
- (b) in the case of the Subscription Agreement, the Subscription Agreement shall *ipso facto* cease, lapse and determine and save for antecedent breaches, no party shall have any claim against the other for costs, damages, compensation or otherwise under the Subscription Agreement.

Please refer to **Annex A** for further details on changes in the interests upon Completion of the Proposed Corporate Exercises.

#### 7. **DETAILS OF THE INTRODUCER**

The Anchor Investor was introduced to the Company by TGC Private Office Pte. Ltd. (the “**Introducer**”). In consideration of its introduction of the Anchor Investor, the Company has agreed to pay, on completion of the Proposed Corporate Exercises, the Introducer a total of S\$300,000 with (i) an amount of S\$100,000, to be paid in cash only and (ii) an amount of S\$200,000 to be satisfied by the issue of 142,857,143 new Consolidated Shares (“**Introducer Shares**”) at \$0.0014 per Consolidated Share (“**Proposed Introducer Shares Issue**”). The sole shareholder and director of the Introducer is Lu Anqi, an unrelated third party.

The Introducer has confirmed to the Company that it is not related to the Anchor Investor, Group, its Directors, substantial Shareholders, or their respective associates. The Introducer does not belong to any of the categories of persons listed in Rule 812(1) of the Catalist Rules. As at the date of this Announcement, the Introducer does not hold any Shares or interests in the Company.

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<sup>2</sup> A “Market Day” is a day on which SGX-ST is open for trading in securities.

## 8. FINANCIAL EFFECTS OF THE PROPOSED CORPORATE EXERCISES

The pro forma financial effects before and after the Proposed Corporate Exercises are set out at **Annex B**.

Given that the pro forma financial effects presented in **Annex B** 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 Corporate Exercises.

## 9. ADJUSTMENTS TO WARRANTS

As at the date of this Announcement the Company has a total of 5,601,440,009 unexercised warrants ("**Warrants**") which were issued pursuant to the deed poll issued by the Company on 25 September 2017 (the "**Deed Poll**"). The Proposed Share Consolidation will constitute an event giving rise to adjustments to the exercise price payable for each new Share on the exercise of the Warrants and the number of Warrants under the terms and conditions of the Deed Poll (each, a "**Condition**").

Copies of (i) the Deed Poll, (ii) a certificate to be signed by the auditors of the Company stating that the adjustments are in accordance with Condition 5.2 of the Deed Poll, and (iii) a certificate to be signed by a Director setting out particulars of the adjustments (as required under the terms of the Deed Poll) will in due course be made available for inspection at the registered office of the Company.

The adjustment will be effective from the close of the market day immediately preceding the date on which the Proposed Share Consolidation becomes effective. Any adjustment to the exercise price will be rounded upwards to the nearest 0.1 cent and any adjustment to the number of Warrants held by each warrant holder will be rounded downwards to the nearest whole Warrant.

The Company will make further announcements and/or disclosures in the circular to be despatched, in relation to these adjustments when appropriate. Shareholders are advised that the adjustments to the Warrants arise as a result of the Proposed Corporate Exercises (in accordance with the terms of the Deed Poll). There will be no adjustments to the Warrants if the Proposed Corporate Exercises are not effected.

## 10. ADJUSTMENTS TO SHARE OPTIONS

As at the date of this Announcement, taking into account the effect of the Share Consolidation, the Company has a total of 258,182,000 share options ("**Share Options**") which were issued pursuant to the Albedo Employee Share Option Scheme and previously approved on 24 February 2006 and 5 May 2010 (the "**Scheme**").

The Proposed Share Consolidation will constitute an event giving rise to adjustments to the exercise price payable for each new Share on the exercise of the Share Options and the number of Share Options under the rules of the Scheme (each, a "**Rule**").

Under Rule 10.1 of the Scheme, the exercise price, class and number of shares shall be adjusted in a manner as the Committee may determine to be appropriate, with the written confirmation of auditors that the adjustment is fair and reasonable.

Copies of (i) the Scheme, (ii) a certificate to be signed by the auditors of the Company stating that the adjustments are in accordance with Rule 10.1 of the Scheme, and (iii) particulars of the adjustments will in due course be made available for inspection at the registered office of the Company.



The Company will make further announcements and/or disclosures in the circular to be despatched, in relation to these adjustments when appropriate. Shareholders are advised that the adjustments to the Share Options arise as a result of the Proposed Corporate Exercises (in accordance with the rules of the Scheme). There will be no adjustments to the Share Options if the Proposed Corporate Exercises are not effected.

#### **11. APPLICATION TO THE SGX-ST**

The Company will be making an application through the Sponsor to the SGX-ST for the listing of, and quotation for,

- (i) the Consolidated Shares arising from the Proposed Share Consolidation;
- (ii) the Subscription Shares arising from the Proposed Share Subscription;
- (iii) the Introducer Shares arising in connection with the Proposed Share Subscription;
- (iv) the Conversion Shares arising from the conversion of the Deferred Payment Liability;
- (v) the adjusted Warrants arising from the adjustments to the Warrants, if any; and
- (vi) the adjusted Share Options arising from the adjustments to the Share Options, if any; and
- (vii) the new Consolidated Shares to be issued upon the exercise of the adjusted Warrants, adjusted Share Options and/or the exercise of the Investment Warrants.

The Company will make the necessary announcements upon the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation of the securities as described above, on the Catalist.

#### **12. EXTRAORDINARY GENERAL MEETING AND DESPATCH OF CIRCULAR**

11.1 The Company will be seeking the approval of the Shareholders for the Proposed Corporate Exercises at an EGM to be convened. In connection with the EGM, the Company will in due course issue a circular to the Shareholders to provide the Shareholders with further information on the Proposed Corporate Exercises as well as the recommendations of the Board.

11.2 Subject to the receipt of the requisite clearance from the Sponsor, a circular containing further information on the Proposed Corporate Exercises including, *inter alia*, the financial effects of the Proposed Corporate Exercises as well as the recommendation of the Board of Directors and the Notice of EGM will be despatched to Shareholders in due course.

#### **13. 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 Corporate Exercises, the Company and its subsidiaries 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.

#### **14. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

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 or their respective associates has any interest, direct or indirect, in the Proposed Corporate Exercises.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Subscription Agreement and the Capitalisation Deed 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.

**16. TRADING CAUTION**

**Shareholders and potential investors of the Company are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

**BY ORDER OF THE BOARD**

**Hano Maeloa**

**26 August 2018**

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

### Annex A

For illustrative purposes, as of 24 August 2018, being the date of execution of the Definitive Agreements, the interests of the Directors, substantial Shareholders, the Anchor Investor and Assignees and their respective associates (where applicable) before and after the Proposed Corporate Exercises are as follows:

	As of 24 August 2018 and before the Proposed Corporate Exercises <sup>(1)</sup>		After the completion of the Proposed Share Consolidation		After the completion of the Proposed Corporate Exercises <sup>(2)</sup>		After the Proposed Corporate Exercises based on a Fully Diluted Basis <sup>(3)</sup>	
	No. of Shares ('000)	Total Interest <sup>(4)</sup> (%)	No. of Consolidated Shares ('000)	Total Interest (%)	No. of Consolidated Shares ('000)	Total Interest (%)	No. of Consolidated Shares ('000)	Total Interest (%)
<b>Directors</b>								
Hano Maeloa	-	-	-	-	-	-	37,857 <sup>(6)</sup>	0.26
Yap Sian Sin	-	-	-	-	-	-	-	-
Chang Shyre Gwo	-	-	-	-	-	-	-	-
Lam Lee G	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>								
Yap Mee Lee	520,000	5.90 <sup>(5)</sup>	260,000	5.90	260,000	2.45	492,857 <sup>(7)</sup>	3.40
Kiow Kim Yoon	600,000	6.81	300,000	6.81	300,000	2.82	500,000 <sup>(7)</sup>	3.45
Oei Siu Hoa @ Sukmawati Widjaja	456,000	5.17	228,000	5.17	228,000	2.15	399,000 <sup>(7)</sup>	2.75
<b>Incoming Investors</b>								
Anchor Investor	-	-	-	-	2,857,143	26.90	3,809,524 <sup>(8)</sup>	26.27
Assignees <sup>(6)</sup>	-	-	-	-	3,214,286	30.26	3,214,286	22.16
<b>Introducer</b>	-	-	-	-	142,857	1.35	142,857	0.98
<b>Other public shareholders</b>	7,236,779	82.12	3,618,389	82.12	3,618,389	34.07	5,906,486	40.73
<b>Total Share Capital</b>	8,812,779	100.00	4,406,389	100.00	10,620,675	100.00	14,502,867	100.00

**Notes:**

- (1) Based on the existing Share Capital of the Company as of 24 August 2018, being the date of execution of the Definitive Agreements, comprising 8,812,778,946 Shares.
- (2) For the purposes of the calculation of shareholdings in Annex A, the Proposed Corporate Exercises shall include the Proposed Introducer Shares Issue.
- (3) **“Fully Diluted Basis”** shall mean an aggregate of 14,502,867,143 Consolidated Shares that have been issued and additional shares that could be issued pursuant to all agreements, options, warrants or other convertible securities that are subsisting or that are proposed as at the date of the Definitive Agreements (regardless of whether they are vested, exercisable or convertible in accordance with their terms). For the avoidance of doubt, the aggregate of 14,502,867,143 Consolidated Shares on a Fully Diluted Basis consist of, as at the date of the Definitive Agreements, the outstanding Share Capital of 4,406,389,473 Shares, the Subscription Shares, the Conversion Shares, the Introducer Shares, existing 5,601,440,009 listed warrants which are assumed to be consolidated into 2,800,720,004 listed warrants and convertible into 2,800,720,004 Consolidated Shares, 952,380,952 Investment Warrants convertible into 952,380,952 Consolidated Shares and 258,182,000 outstanding share options pursuant to an employee share option scheme of the Company which are assumed to be consolidated into 129,091,000 share options and convertible into 129,091,000 Consolidated Shares.
- (4) **“Total Interest”** shall mean the total direct and deemed interest.
- (5) Yap Mee Lee is deemed interested in 80,000,000 Shares held in the name of DBS Nominees (Private) Limited.
- (6) As the Deferred Liability Assignees will only be identified at a later point in time, the changes in shareholdings have been calculated assuming that the Assignees currently do not hold any interest in the Company. As noted in paragraph 4.2 of this Announcement, the Anchor Investor will be appointing a financial intermediary to source for unrelated independent third parties to acquire the Deferred Payment Liability by way of assignment, none of whom will, upon the issuance of the relevant Conversion Shares pursuant to the Capitalisation Deed, become a controlling shareholder (as defined in the Catalist Rules).
- (7) Assuming the share options granted under the Albedo Limited Employee Share Option Scheme, as previously approved on 24 February 2006 and 5 May 2010, and warrants granted pursuant to the deed poll dated 25 September 2017, are fully exercised.
- (8) Assuming the Investment Warrants are fully exercised.

## Annex B

### **Bases and Assumptions**

Shareholders are advised to read this section carefully and to note that the financial effects of the Proposed Corporate Exercises 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 Corporate Exercises.

The pro forma financial effect of the Proposed Corporate Exercises is based on, *inter alia*, the following:-

- i) the latest audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2017;
- ii) the assumption that the Proposed Corporate Exercises were completed on 31 December 2017, for the purposes of illustrating the financial impact on the consolidated net tangible assets (“**NTA**”) per Share of the Group;
- iii) the assumption that the Proposed Corporate Exercises were completed on 1 January 2017, for the purposes of illustrating the financial impact on the consolidated earnings per Share (“**EPS**”) of the Group; and
- iv) the assumption that the Proposed Corporate Exercises took into account the fees paid to the Introducer, and excludes any transaction costs.

### Share Capital

	<b>Before the Proposed Corporate Exercises</b>	<b>After the Proposed Share Consolidation</b>	<b>After the conversion of the Deferred Payment Liability</b>	<b>After the Proposed Share Subscription</b>	<b>After the Proposed Share Subscription and conversion of the Deferred Payment Liability on a fully diluted basis</b>
Number of Shares	8,812,778,946	4,406,389,473	7,620,675,187	10,620,675,187	14,502,867,143
Amount of share capital as at 31 December 2017 (S\$)	57,378,000	57,378,000	60,878,000	65,078,000	74,594,593

### NTA

	<b>Before the Proposed Corporate Exercises</b>	<b>After the Proposed Share Consolidation</b>	<b>After the conversion of the Deferred Payment Liability</b>	<b>After the Proposed Share Subscription</b>	<b>After the Proposed Share Subscription and conversion of the Deferred Payment Liability on a fully diluted basis</b>
NTA as at 31 December 2017 (S\$)	(3,230,000)	(3,230,000)	270,000	3,970,000	13,486,593
Number of Shares	8,812,778,946	4,406,389,473	7,620,675,187	10,620,675,187	14,502,867,143
NTA per Share (Singapore cents)	(0.037)	(0.073)	0.004	0.037	0.093

EPS

	<b>Before the Proposed Corporate Exercises</b>	<b>After the Proposed Share Consolidation</b>	<b>After the conversion of the Deferred Payment Liability</b>	<b>After the Proposed Share Subscription</b>	<b>After the Proposed Share Subscription and conversion of the Deferred Payment Liability on a fully diluted basis</b>
Loss for the year ended 31 December 2017 (S\$)	(12,027,000)	(12,027,000)	(12,027,000)	(12,327,000)	(12,327,000)
Number of Shares	8,812,778,946	4,406,389,473	7,620,675,187	10,620,675,187	14,502,867,143
Loss per Share (Singapore cents)	(0.136)	(0.273)	(0.162)	(0.116)	(0.085)

Gearing

	<b>Before the Proposed Corporate Exercises</b>	<b>After the Proposed Share Consolidation</b>	<b>After the conversion of the Deferred Payment Liability</b>	<b>After the Proposed Share Subscription</b>	<b>After the Proposed Share Subscription and conversion of the Deferred Payment Liability on a fully diluted basis</b>
Total Borrowings as at 31 December 2017 (S\$)	3,421,000	3,421,000	3,421,000	3,421,000	3,421,000
Shareholders' Funds as at 31 December 2017 (S\$)	(3,230,000)	(3,230,000)	270,000	3,970,000	13,486,593
Gearing (times)	(1.06)	(1.06)	12.67	0.86	0.25

## Annex C

### **SUMMARY OF CONDITIONS PRECEDENT TO THE CAPITALISATION DEED**

The conversion of the Deferred Payment Liability is subject to, *inter alia*:

- (a) the completion of the Assignment;
- (b) the completion of the Proposed Share Consolidation before or at the same time as the Proposed Deferred Liability Conversion;
- (c) the completion of the Proposed Share Subscription at the same time as the Proposed Deferred Liability Conversion;
- (d) the Company having obtained or received or procured that all necessary approvals, authorisations, clearances, consents and waivers are obtained or received including but not limited to: (a) the approval of the Shareholders at the EGM to be convened by the Company for the Proposed Corporate Exercises, and (b) the listing and quotation notice from the Catalist Board for the additional listing of the Shares to be issued pursuant to the Proposed Corporate Exercises and such other approval, clearance or waiver from the Catalist Board under the Catalist Rules, and no such approval, authorisation, clearance or waiver shall have been modified, revoked, limited or impaired at the time of completion of the conversion of the Deferred Payment Liability;
- (e) the exemption under Section 272B(1) of the SFA being applicable to the issuance of the Conversion Shares under the Capitalisation Deed; and
- (f) the representations and warranties of the Company and the Anchor Investor being true, accurate and not misleading in all material aspects, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations under the Capitalisation Deed which are required to be performed.



## Annex D

### SUMMARY OF CONDITIONS PRECEDENT TO SUBSCRIPTION AGREEMENT

The obligation of the parties under the Subscription Agreement to complete the Proposed Share Subscription are conditional upon, *inter alia*, the following salient conditions being satisfied, fulfilled or waived, as the case may be, before completion:

- (a) The completion of the Proposed Share Consolidation before or at the same time as the Proposed Share Subscription;
- (b) The completion of the Proposed Deferred Liability Conversion at the same time as the allotment and issuance of the Subscription Shares;
- (c) any and all Material Issues uncovered by the Anchor Investor and its representatives in the course of the legal, financial and tax due diligence review ("**Investment Due Diligence**") and communicated to the Company in writing, having been rectified to the reasonable satisfaction of the Anchor Investor acting in good faith, within twenty (20) Market Days (but in the case of the conditions precedent, within seven (7) Market Days) of occurrence and under all circumstances before the completion of the Proposed Share Subscription;
- (d) no event, occurrence, change, effect or condition of any character shall have occurred following the execution of this Agreement and on or prior to the Completion that, individually or in the aggregate, will amount to a Material Issue having a Material Adverse Effect; in particular, the total liabilities (including but not limited to the Excluded Liabilities and any contingent liabilities) of the Group being not materially more than as disclosed in the results announcement released by the Company for the first quarter ended 31 March 2018 and any increase shall arise only in the ordinary course of business, provided always (and without prejudice to the generality of the foregoing) any increase arising from the giving, extension, renewal or undertaking of or the commitment to any corporate guarantee, financial or other indemnity or undertaking as well as capital commitment of any kind shall not be regarded as being in the ordinary course of business;
- (e) the Company having entered into the Capitalisation Deed with the Anchor Investor pursuant to which the Company agrees to convert, for the benefit of the creditor(s) of the Deferred Payment Liability as at the date of the EGM notice, the entire amount of the Deferred Payment Liability into 3,214,285,714 new Shares concurrently with the completion of the Proposed Share Subscription;<sup>3</sup>
- (f) the Shares, when issued pursuant to Proposed Share Subscription and the Proposed Deferred Payment Liability (collectively, the "**Investment Shares**" and each an "**Investment Share**"), shall be free from all Encumbrances, and shall have rights and entitlements that are *pari passu* with other then existing Shares (save for any dividends or distributions declared and the record date of which is prior to the Completion Date);
- (g) the Company having obtained or received or procured that all necessary approvals, authorisations, clearances, consents and waivers are obtained or received including (i) the approval of the Shareholders at the EGM; and (ii) the listing and quotation notice for the listing of Consolidated Shares, the additional listing of the Subscription Shares and the Investment Warrants to be issued pursuant to the Proposed Share Subscription as well as the new Shares to be issued pursuant to the conversion of the Deferred Payment Liability and such other approval, clearance or waiver under the Catalist Rules, and no such approval, authorisation, clearance or waiver shall have been modified, revoked, limited or impaired at the time of completion of the Proposed Share Subscription, and where any such approval, authorisation, clearance or waiver shall have been given, granted or issued with conditions attached, such conditions being acceptable to the Anchor Investor (acting reasonably and in good faith);

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<sup>3</sup> For more details on the conversion of the Deferred Payment Liability, please refer to paragraphs 4.1 and 4.2 of this Announcement.

- (h) the Company remains listed on the Catalist Board and the trading of the Shares not having been suspended on the date of completion of the Proposed Share Subscription (other than a trading halt on a temporary basis requested by the Company);
- (i) no provision of any applicable law or regulation shall prohibit the consummation of the Proposed Corporate Exercises;
- (j) the loan facility of S\$6,500,000 which was advanced by a shareholder of the Company to the Company on 10 January 2017 ("**Loan Facility**") not having been drawn down as at completion of the Proposed Share Subscription and any or all liabilities, obligations and undertakings of the Company and/or any member of the Group under or in respect of such Loan Facility having been fully discharged and released by the lender to the reasonable satisfaction of the Anchor Investor, and the Loan Facility has been terminated in accordance with and pursuant to the loan termination letter (in form and substance approved by the Anchor Investor), which shall be entered into prior to or concurrently with the Subscription Agreement between the Company and the lender in relation to the complete discharge, settlement and termination of the Loan Facility;
- (k) as at the Completion Date, after taking into account the proceeds from the Proposed Share Subscription being applied to the Concorde Loan, the Company has adequate cash and cash balances to settle (in full) all payables and liabilities (other than as excluded under the Subscription Agreement) of the Company relating to the period prior to and including the date of completion of the Proposed Share Subscription and which remain outstanding as at completion of the Proposed Share Subscription;
- (l) as at completion of the Share Subscription, the Company has taken steps to commence Insolvency proceedings in respect of identified dormant Group Companies, incorporated outside of Singapore, and notified by the Anchor Investor as not required to be retained within the Group within fourteen (14) days from the signing of the Subscription Agreement;<sup>4</sup>
- (m) there having been, as at the date of completion of the Proposed Share Subscription, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties in the Subscription Agreement ("**Warranties**") if they were repeated on each day following the signing of the Subscription Agreement up until and as of the date of completion of the Proposed Share Subscription; and
- (n) the Company not having breached any of its Warranties under the Subscription Agreement prior to and as of the completion date of the Proposed Share Subscription.

The definitions of "Insolvency", "Material Issue" and "Material Adverse Effect" in the Subscription Agreement are as follows:-

- (a) "**Insolvency**" means any of the following events:
  - (i) a resolution is passed for the winding up of any party; or
  - (ii) any corporate action, legal proceedings or other procedure or step is taken (or any analogous procedure or step is taken in any jurisdiction) in relation to:
    - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise);
    - (B) a composition, assignment or arrangement with any creditor;
    - (C) the appointment of a liquidator, judicial manager, receiver, administrator,

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<sup>4</sup> As at the date of this Announcement, the following entities have been identified (i) CMIG Medical Clinics (Hong Kong) Limited, (ii) CMIG Medical Services (Hong Kong) Limited, (iii) CMIG Ren Feng Med-Biotechnology Limited, (iv) CMIG GY Sales Limited, (v) CMIG Ren Feng Medical (Nanshan) Limited, (vi) CMIG Ren Feng Medical (Futian) Limited and (vii) China iMyth (Hong Kong) Limited.

administrative receiver, compulsory manager or other similar officer in respect of any of its assets; or

(D) enforcement of any security over any of its assets;

- (b) **“Material Issue”** means an issue or irregularity which is not previously reflected in information and materials made publicly available by the Company via SGX-ST’s SGXNET or otherwise notified or provided by the Company in the course of the Investment Due Diligence and results in or is likely to result in a Material Adverse Effect;
- (c) **“Material Adverse Effect”** refers to an event or circumstance which has or would reasonably be expected to have in aggregate, a material adverse effect on the financial condition, business, operations, properties, assets, liabilities, and/or results of operations of the Group, taken as a whole, such as to affect or potentially affect the listing status of the Company and/or result in the suspension of trading of the Shares (other than on a temporary basis which does not exceed seven (7) Market Days), excluding any effect resulting from:
- (i) changes in the Singapore Financial Reporting Standards, in the Singapore Standards of Auditing or in the regulatory accounting requirements applicable to any industry in which the Group Companies operate, which are announced after the date hereof;
  - (ii) changes in general economic or political conditions;
  - (iii) changes (including changes in any applicable law announced after the date of the Definitive Agreements) or conditions generally affecting the industry in which the Group operates;
  - (iv) matters extraneous to the business of the Group (such as stock market conditions);

except in any of the above, to the extent (i) the Group Companies, taken as a whole, are disproportionately affected relative to the Group Companies’ competitor; and (ii) the trading of the Shares is suspended for not less than seven (7) Market Days.