

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Formerly known as Albedo Limited)
(Company Registration No. 200505118M)

UPDATE ON MEDICAL AESTHETIC AND HEALTHCARE BUSINESS SEGMENT

1. INTRODUCTION

1.1 The board of directors of China Medical (International) Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to provide an update on the medical aesthetic and health care business segment. As part of the business expansions plans into the People’s Republic of China (“**PRC**”), we are pleased to announce that the Company had entered into four Joint Venture Agreements (as defined below) with several parties. Further details are set out as below.

1.2 The following joint venture agreements were entered into:

- (a) a joint venture agreement between Dr Yan Hai and Dr Qin Hong (“**Dr Yan**” and “**Dr Qin**” respectively, and collectively, “**Drs**”) and CMIG Medical Services (Hong Kong) Limited (“**CMIGMS**”) dated 17 August 2016 in relation to the incorporation of joint venture company with the proposed name of CMIG Ren Feng Medical (Futian) Limited (“**CMIG Ren Feng Futian**”) under the laws of Hong Kong (“**Joint Venture Agreement 1**”);
- (b) a joint venture agreement between Drs and CMIGMS dated 17 August 2016 in relation to the incorporation of joint venture company with the proposed name of CMIG Ren Feng Medical (Nanshan) Limited (“**CMIG Ren Feng Nanshan**”) under the laws of Hong Kong (“**Joint Venture Agreement 2**”);
- (c) a joint venture agreement between Drs and CMIGMS dated 17 August 2016 in relation to the incorporation of joint venture company with the proposed name of CMIG Ren Feng Med-Biotechnology Limited (the “**CMIG Ren Feng Med-Biotechnology Limited**”) under the laws of Hong Kong (“**Joint Venture Agreement 3**”); and
- (d) a joint venture agreement between CMIGMS and Gen Young Aesthetic Medical Management Consultancy Limited (“**GY**”) dated 17 August 2016 for the incorporation of joint venture company with the proposed name of CMIG GY Sales Limited (“**CMIG GY**”) under the laws of Hong Kong (“**Joint Venture Agreement 4**”),

(collectively, the “**Joint Venture Agreements**”).

1.4 CMIG Ren Feng Futian, CMIG Ren Feng Nanshan, CMIG Ren Feng Med-Biotechnology Limited and CMIG GY shall hereinafter be referred to collectively as the “**Joint Venture Companies**”.

2. INFORMATION ON DRs, CMIGMS AND GY

2.1 Both Drs are spouses who graduated from the West China Centre of Medical Sciences at Sichuan University. Dr Qin also obtained a master’s degree in orthodontics from Sichuan university. Both Drs practiced dentistry at Guangzhou No. 1 People’s Hospital before setting up a private practice at which they accumulated more than 20 years of experience.

- 2.2 Both Drs established 深圳市唯美门诊部有限公司 (“**Shenzhen City Weimei Clinic Limited**”) in August 2014 and 深圳市南山臻美门诊部有限公司 (“**Shenzhen City Zhenmei Clinic Limited**”) in March 2016 respectively, both of which are incorporated in the People’s Republic of China (“**PRC**”) and have their registered offices at RL1027, L/F., Zhongshan City, No. 3 Fuhua 2nd Road, Futian District, Shenzhen, PRC and 5/F., Tiley Fame City I, Nanshan district, Shenzhen 518108, PRC respectively (“**Wei Mei**” and “**Zhen Mei**” respectively and collectively, the “**Clinics**”).
- 2.3 CMIGMS is a company incorporated and existing under the laws of Hong Kong, with its registered office at Unit 1607A, 16/F., Tower 2 Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. CMIGMS is Hong Kong registered investment holding company and a wholly-owned subsidiary of the Company.
- 2.4 GY is a company principally engaged in sales development, training, consultation, investment and business services.

3. INFORMATION ON THE JOINT VENTURE AGREEMENTS 1 AND 2

3.1 Capital

Each of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan shall have an initial issued share capital that is divided into 10,000 shares; CMIGMS, Dr Yan and Dr Qin will initially hold 5,000 shares, 2,500 shares and 2,500 shares respectively in each of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan.

It is intended for each of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan to establish a wholly-owned foreign enterprise in Shenzhen for the purpose of carrying on business in the PRC.

The Group has committed approximately RMB 2,699,000 in connection with CMIG Ren Feng Futian and approximately RMB 2,670,000 in connection with CMIG Ren Feng Nanshan to provide initial funding and for working capital purposes.

3.2 Board composition

The board of directors of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan will comprise five directors, three of whom will be appointed by CMIGMS and two of whom will be appointed by Drs. The chairman of the board will be one of the directors appointed by CMIGMS.

3.3 Rationale and scope of business operations

The rationale of Joint Venture Agreements 1 and 2 is to allow Drs and CMIGMS to operate the Clinics or other aesthetics medical clinic to be set up by each of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan through the wholly-owned foreign enterprise or other subsidiary companies of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan and to operate and/or manage such aesthetics medical clinics within Guangdong Province of the PRC.

3.4 Exclusivity

Drs and CMIGMS agree that insofar as it concerns them, each of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan shall have exclusive right to carry on the business within Guangdong Province of the PRC. During such term, each of the Drs and CMIGMS agree that they shall not in any way directly or indirectly compete with the business of each of CMIG Ren Feng Futian and CMIG Ren Feng Nanshan and shall procure that none of their respective subsidiaries, affiliates or agents will so compete.

4. INFORMATION ON THE JOINT VENTURE AGREEMENT 3

4.1 Capital

CMIG Ren Feng Med-Biotechnology Limited will have an initial issued share capital (“**Issued Capital**”) of HK\$10,000 divided into 10,000 shares; CMIGMS, Dr Yan and Dr Qin will initially hold 5,000 shares, 2,500 shares and 2,500 shares in CMIG Ren Feng Med-Biotechnology Limited.

It is intended for CMIG Ren Feng Med-Biotechnology Limited to establish a wholly-owned foreign enterprise in Shenzhen for the purpose of carrying on business in the PRC.

The Group has committed an amount of approximately RMB 1,300,000 in connection with CMIG Ren Feng Med-Biotechnology Limited to provide initial funding and for working capital purposes.

4.2 Board composition

The board of directors of CMIG Ren Feng Med-Biotechnology Limited will comprise five directors, three of whom will be appointed by CMIGMS and two of whom will be appointed by Drs. The chairman of the board will be one of the directors appointed by CMIGMS.

4.3 Rationale and scope of business operations

The rationale for Joint Venture Agreement 3 is for Drs and CMIGMS to co-operate in the marketing and promotion of PRP products and treatment at the Clinics and such other premises as may be agreed in Shenzhen city, PRC. The Drs have, through their nominee, been appointed as agent to market and promote the Platelet-Rich Plasma (“**PRP**”) products of NeoAsia Medical Aesthetics Group in Shenzhen city, PRC on an exclusive basis and the Drs will be arranging for such agency to be assigned to CMIG Ren Feng Med-Biotechnology Limited.

NeoAsia Medical Aesthetics Group is one of the largest medical aesthetics groups in Taiwan. NeoAsia Medical Aesthetics Group was founded in 1993 and is principally engaged in the manufacturing and distribution of cosmeceuticals, distribution of cosmetic laser devices, manufacturing and distribution of biomedical engineering devices and management of a state-of-the-art medical aesthetics training auditorium and its Elite Clinic. In addition, NeoAsia Medical Aesthetics Group also established a Biomedical R&D Centre, which focuses on autologous and allogeneic stem cell and growth factor technology and treatments.

4.4 Exclusivity

Drs and CMIGMS agree that insofar as it concerns them, CMIG Ren Feng Med-Biotechnology Limited shall have exclusive right to carry on the business within Guangdong

Province of the PRC. During such term, each of Drs and CMIGMS agree that they shall not in any way directly or indirectly compete with the business of CMIG Ren Feng Med-Biotechnology Limited and shall procure that none of their respective subsidiaries, affiliates or agents will so compete.

5. INFORMATION ON JOINT VENTURE AGREEMENT 4

5.1 Capital

CMIG GY will have an initial issued share capital of HK\$100 divided into 100 shares; CMIGMS or its designee and GY will initially hold 51 shares and 49 shares respectively in CMIG GY.

5.2 Board composition

The board of directors of CMIG GY will comprise five directors, three of whom will be appointed by CMIGMS and two of whom will be appointed by GY. The chairman of the board will be one of the directors appointed by CMIGMS.

5.3 Rationale and scope of business operations

CMIG GY is to be established for the purposes of providing, *inter alia*, sales, training services and other consultation services to the clinics invested, operated and co-operated by CMIGMS and/or its subsidiaries or affiliates. CMIG GY would also be responsible for the marketing and promotional activities of the clinics invested, operated and co-operated by CMIGMS and/or its subsidiaries or affiliates.

6. FINANCING AND FINANCIAL EFFECTS OF THE JOINT VENTURE AGREEMENTS

6.1 The Company's contribution to the capital of each of the Joint Venture Companies will be funded through internal sources or external financing.

6.2 The Joint Venture Agreements are not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2016.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors, nor, to the best of the knowledge of the Directors, the controlling shareholders or substantial shareholders of the Company, has any interest, direct or indirect, in the abovementioned Joint Venture Agreements.

8. FURTHER UPDATES TO THE MEDICAL AESTHETIC AND HEALTHCARE BUSINESS

As disclosed in the Company's second quarter unaudited financial statement dated 12 August 2016, we are experiencing headwinds in our Taiwan medical aesthetic business due to keen competition, decrease in medical tourist from the PRC and tougher governmental policies in place. As a result, the Company is actively seeking operation opportunities with new partners and in new locations to establish new operation opportunities.

In relation to the aesthetic clinic in Qingdao, the Company intends to restructure the modality for cooperation of the aesthetic clinic and has been actively communicating with the cooperation party.

In addition, the kidney hospital in Qingdao is currently in the midst of renovating and fitting out the premises, albeit progressing behind the original schedule.

The Company will keep the Shareholders and potential investors of the Company informed of any material update(s) on the aforementioned aesthetic clinic, kidney hospital and the Joint Venture Companies by way of further announcement(s) as and when appropriate.

BY ORDER OF THE BOARD

Tai Kok Chuan
Executive Chairman

18 August 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. 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.