

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration No. 200505118M)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 10,109,888,721 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1. The Board of Directors (“**Directors**”) of China Medical (International) Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 10,109,888,721 new ordinary shares in the capital of the Company (“**Rights Shares**”), at an issue price of S\$0.001 for each Rights Share (the “**Issue Price**”), on the basis of three (3) Rights Share for every one (1) existing ordinary shares in the issued and paid up capital of the Company (the “**Shares**”) held by the shareholders of the Company (“**Shareholders**”) as at a books closure date to be determined by the Directors, at and on which the register of members and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders (as defined herein) (the “**Books Closure Date**”) under the Rights Issue, fractional entitlements to be disregarded. The Rights Issue is subject to, *inter alia*, the approvals set out in paragraph 5 below.
- 1.2. As at the date of this announcement, the existing issued and paid-up share capital of the Company is 2,999,133,315 Shares (“**Existing Share Capital**”) and the following convertible securities remain outstanding:
- (a) 66,179,592 listed warrants convertible into 66,179,592 Shares; and
 - (b) 104,650,000 outstanding share options pursuant to an employee share option scheme of the Company.
- (collectively known as the “**Convertible Securities**”)
- 1.3. On 8 March 2017, the Company had announced the proposed placement of 200,000,000 new ordinary shares in the capital of the Company (the “**Proposed Placement**”). As at the date of this announcement, an application for the admission to and listing and quotation of the shares on the Catalist board to be issued pursuant to the Proposed Placement has been made but the Company has not yet received the listing and quotation notice in respect of the Proposed Placement.

For illustrative purpose only, based on the assumptions that (i) all the Convertible Securities are converted and/or exercised (as the case may be) in full and all the new Shares that are required to be allotted and issued pursuant to such conversion and/or exercise are allotted and issued on or before the Books Closure Date and (ii) the listing and quotation notice in respect of the Proposed Placement is obtained and the shares pursuant to the Proposed Placement are allotted and issued on or before the Books Closure Date, the resultant issued share capital will comprise 3,369,962,907 Shares as at the Books Closure Date (“**Maximum Base Scenario**”).

Based on the above mentioned and assuming all the Entitled Shareholders (as defined herein) subscribe in full for their pro rata entitlements of Rights Shares under the Rights Issue (“**Maximum Subscription Scenario**”), up to 10,109,888,721 Rights Shares will be issued under the Rights Issue, subject to the requirement under Rule 723 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (Section B: Rules of Catalist)

(“**Catalist Rules**”) that the Company must ensure at least 10.0% of the total number of issued Shares of the Company (excluding treasury shares, preferences shares and convertible securities) in a class that is listed is at all times held by Public Shareholders (as defined in the Catalist Rules) (the “**Public Float Requirement**”). The Company will endeavour to conduct a share placement to the Public Shareholders or to do any other necessary action so as to ensure that the Company meets the Public Float Requirement and remain listed on the Catalist Board of the SGX-ST (“**SGX-ST Catalist**”).

- 1.4 The Company will be seeking specific approval from the Shareholders by way of an extraordinary general meeting (“**EGM**”) to be convened for the undertaking of the Rights Issue as the issue and allotment of the Rights Shares exceeds the limits set under the current general share issue mandate of the Company approved by Shareholders in the extraordinary general meeting held earlier on 26 January 2017. A circular setting out, amongst other things, the details of, and other relevant information pertaining to the Rights Issue (the “**Circular**”), together with the notice of the EGM, will be despatched to the Shareholders in due course.

2. **RATIONALE AND USE OF PROCEEDS OF THE RIGHTS ISSUE**

- 2.1 The Company is undertaking the Rights Issue to raise funds towards improving the Group’s working capital position and to fund the growth and expansion of the Group in respect of the Group’s existing business. In respect of the former, approximately 70% of the net proceeds from the Rights Issue will serve to strengthen the Group’s financial position and thereby provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans. A stronger financial position will also allow the Group to seize any opportunities for business growth and expansion into other business area in a timely manner as and when opportunities arise.

- 2.2 The estimated net proceeds (the “**Net Proceeds**”) is expected to be approximately S\$9.99 million under the Maximum Subscription Scenario, after deducting estimated costs and expenses of S\$120,000 relating thereto. The Company intends to use the Net Proceeds in the proportions as set out below:

Use of Proceeds	Percentage Allocation (%)
Business expansion	30
Working capital	70
Total	100

- 2.3 Pending the deployment of the 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.

- 2.4 The Company will make periodic announcements on the utilisation of the 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.

- 2.5 There is no minimum amount to be raised from the Rights Issue. The Directors are of the opinion that (i) after taking into consideration the present bank facilities and the factors mentioned below, the working capital available to the Group is sufficient to meet its present requirements and the Rights Issue is being undertaken for the reasons stated in paragraph 2.1 above and (ii) after taking into consideration the present bank facilities, the factors mentioned below and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

The opinion of the Directors referred to above has taken into account the following factors:

- (a) one of the Company's substantial shareholders (the "**Substantial Shareholder**") has provided a letter of financial support, in which the Substantial Shareholder has agreed to provide the continuing financial and other support upon terms and conditions agreeable to both parties to enable the Group to continue to trade and to meet its financial obligations and commitments for the next 12 months till 30 March 2018;
- (b) the Substantial Shareholder has confirmed he will not seek repayment of a S\$1.2 million amount owed by the Group to himself and the amount of S\$3.5 million owing to China Medical Investments Co Pte. Ltd. (of which the Substantial Shareholder is also a director and having a 55% equity interest) until the Group has the financial ability to make the repayment or 30 March 2018 (whichever is earlier);
- (c) on 2 February 2017, the Substantial Shareholder advanced an interest free loan of S\$200,000 to the Company repayable in 12 months after the date of disbursement for general working capital purposes;
- (d) on 7 March 2017, the Company proposed a share placement of 200,000,000 shares at S\$0.0072 to raise S\$1.44 million for general working capital and business expansion purposes (please refer to the SGXNET announcement dated 8 March 2017 and 10 March 2017);
- (e) the CMIC Hemodialysis (Hong Kong) Limited has entered into a second supplementary agreement with a third party, Concorde Global Limited to extend the maturity date of the HK\$ 20 million loan from 28 March 2017 to 27 June 2017. The loan is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by the Substantial Shareholder (please refer to the SGXNET announcements dated 20 June 2016, 13 December 2016 and 29 March 2017).

3. PRINCIPAL TERMS OF THE RIGHTS ISSUE

3.1. **Terms.** The Company is proposing the Rights Issue to be offered on a renounceable non-underwritten basis to Entitled Shareholders (as defined below) on the basis of three (3) Rights Share for every one (1) existing Shares held by Entitled Shareholders (as defined below) as at the Books Closure Date, fractional entitlements to be disregarded.

3.2. **Issue Price.** The Issue Price is proposed to be S\$0.001 per Rights Share. The Issue Price:

- (i) represents a discount of approximately 87.5% to the closing market price of S\$0.008 for trades done on the SGX-ST on 31 March 2017 (being the last market day on which the Shares were transacted on the SGX-ST prior to the release of the announcement); and

(ii) represents a discount of approximately 64.3% to the theoretical ex-rights price of S\$0.0028 per Share (being the theoretical market price of each Share assuming the completion of the Rights Issue, and which is calculated based on the closing market price of S\$0.008 per Share for trades done on the SGX-ST on 31 March 2017, being the last market day prior to this announcement, and the total number of Shares following the completion of the Rights Issue).

3.3. **Size.** Based on the Existing Share Capital of the Company of 2,999,133,315 Shares, the changes in the Existing Share Capital of the Company is up to 10,109,888,721 Rights Shares which will be issued under the Rights Issue under the Maximum Subscription Scenario, and upon completion of the Rights Issue, the share capital of the Company will be increased from 3,369,962,907 Shares (after adjusting for the Shares to be issued pursuant to the exercise of the 66,179,592 listed warrants, 104,650,000 outstanding share options and the Proposed Placement) to 13,479,851,628 Shares.

3.4. **Eligibility of Shareholders to Participate in the Rights Issue.** The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue (“**Entitled Shareholders**”), comprising Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the Offer Information Statement together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited (“**CDP**”) or the Share Registrar (as defined below), as the case may be.

3.5. **Entitled Depositors.** Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have registered addresses outside Singapore and provided CDP, at 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588, with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) market days prior to the Books Closure Date (“**Entitled Depositors**”).

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

3.6. **Entitled Scripholders.** Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd.(the “**Share Registrar**”), are in Singapore as at the Books Closure Date or who have registered addresses outside Singapore and provided the Share Registrar at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) market days prior to the Books Closure Date and persons who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date (“**Entitled Scripholders**”).

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine the transferee’s provisional allotments of Rights Shares entitlements.

- 3.7. **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore and who have not, at least three (3) market days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”). The Offer Information Statement to be issued for the Rights Issue and accompanying documents will not be mailed outside Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefore by any Foreign Shareholder will be valid.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the discretion of the Company, be sold “**nil-paid**” on Catalist, as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be dealt with in accordance with the terms set out in the Offer Information Statement.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

- 3.8. **CPF Investment Scheme.** Persons who bought their Shares previously using their Central Provident Fund account savings (“**CPF Funds**”) may only use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable rules and regulations of the Central Provident Fund (“**CPF**”). Such persons who wish to accept their provisional allotments of Rights Shares will need to instruct the respective CPF agent banks where they hold their CPF investment accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement.
- 3.9. **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment or issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders at a general meeting.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

- 3.10. **Offer Information Statement.** The terms and conditions of the Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore (“**Authority**”), and despatched by the Company to Entitled Shareholders in due course, subject to paragraph 6 below.
- 3.11. **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.
- 3.12. **Non-Underwritten Rights Issue.** In view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.
- 3.13. **Odd Lots.** Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on Catalist should note that they will be able to do so on the Unit Share Market.
- 3.14. **Option to Scale Down Subscription.** Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for his/her/its *pro rata* Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him/her/it (as defined in the Singapore Code on Take-overs and Mergers (the “**Code**”)) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements fully.

4. ADJUSTMENTS TO CONVERTIBLE SECURITIES

- 4.1 As at the date of this announcement, 66,179,592 listed warrants (issued in 2013) remain outstanding and unexercised. The listed warrants may or may not be exercised by the warrant holders prior to the Books Closure Date.
- 4.2 As a result of the Rights Issue and pursuant to the terms and conditions of the listed warrants set out in the deed poll of the listed warrants (the “**Deed Poll**”), the Company may be required to make adjustments to the number and/or the exercise price of the listed warrants (the “**Warrants Adjustments**”).
- 4.3 The Warrant Adjustments are subject to certification by the Company’s auditors as required by the Deed Poll. The Warrant Adjustments, if any, will be effective from the commencement of the next market day following the closing date of the offer of the Rights Shares under the Rights Issue. Details of the Warrants Adjustments will be announced by the Company separately in due course.
- 4.4 As at the date of this announcement, 104,650,000 employee share options remain outstanding and unexercised. These employee share options may or may not be exercised by the option holders prior to the Books Closure Date.
- 4.5 As a result of the Rights Issue and pursuant to the rules of the employee share options scheme (the “**ESOS Rules**”), the Company may be required to make adjustments to the number and/or the exercise price of the employee share options (the “**Options Adjustments**”). The Options Adjustments, if any, will be effective from the commencement of the next market day following the closing date of the offer of the Rights Shares under the Rights Issue. Details of the Options Adjustments will be announced by the Company separately in due course.

5. APPROVALS

5.1 The Rights Issue is subject to, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice for the Rights Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants to be issued in respect of the Adjustments from the SGX-ST;
- (b) the issue and allotment of the Rights Shares at the issue price of S\$0.001 per Rights Share, having been approved by Shareholders at the EGM; and
- (c) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST, acting as an agent on behalf of Authority.

5.2 PrimePartners Corporate Finance Pte. Ltd., the sponsor of the Company (the “Sponsor”), will be making an application to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants to be issued in respect of the Adjustments. An appropriate announcement on the outcome of the application will be made in due course.

6. CIRCULAR AND EGM

The Company intends to convene the EGM to seek Shareholders’ approval for the Rights Issue. The Circular containing, *inter alia*, the notice of the EGM and details of the abovementioned transaction will be despatched to the Shareholders in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

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 Rights Issue, 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.

By Order of the Board
31 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.