



**CHINA MEDICAL (INTERNATIONAL)
GROUP LIMITED**

中国医疗(国际)集团有限公司

Company Registration No. 200505118M

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

FIRST QUARTER UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

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

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

	Group		Increase/ (Decrease) %
	31.03.18 (Unaudited) S\$'000	31.03.17 (Unaudited) S\$'000	
Revenue	594	579	3%
Cost of Sales	(304)	(367)	-17%
Gross Profit	290	212	37%
Other income	20	87	-77%
Selling & distribution expenses	(34)	(65)	-48%
Administrative expenses	(534)	(1,256)	-57%
Other operating expenses	(30)	(68)	-56%
Finance expenses	(159)	(167)	-5%
Loss for the financial period before income tax	(447)	(1,257)	-64%
Income tax expense	-	(2)	-100%
Net loss	(447)	(1,259)	-64%
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation loss	78	(11)	N/M
Other comprehensive loss, net of tax	78	(11)	N/M
Total comprehensive loss	(369)	(1,270)	-71%
Loss attributable to:			
Equity holders of the Company	(443)	(1,147)	-61%
Non-controlling interests	(4)	(112)	-96%
Net loss for the financial period	(447)	(1,259)	-64%
Loss attributable to:			
Equity holders of the Company	(372)	(1,149)	-68%
Non-controlling interests	3	(121)	-102%
Total comprehensive loss for the financial period	(369)	(1,270)	-71%

Notes to Consolidated Statement of Comprehensive Income

	Group		Increase/ (Decrease) %
	31.3.18 (Unaudited)	31.3.17 (Unaudited)	
	S\$'000	S\$'000	
Interest expense on borrowings	(116)	(127)	-26%
Depreciation of property, plant and equipment	(21)	(41)	-49%
Lease rental	-	(250)	-100%
Amortisation of long term payables	(43)	(40)	8%
Foreign exchange gain	2	10	-80%

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

	Group		Company	
	As at 31.03.18 Unaudited S\$'000	As at 31.12.17 Audited S\$'000	As at 31.03.18 Unaudited S\$'000	As at 31.12.17 Audited S\$'000
<u>ASSETS</u>				
Current assets				
Cash & cash equivalents	3,470	3,847	2,228	2,919
Trade receivables other receivables	382	550	277	92
Inventories	25	44	-	-
Total current assets	3,877	4,441	2,505	3,011
Non-current assets				
Investment in subsidiary corporations	-	-	352	352
Property, plant and equipment	62	76	14	9
Intangible asset	-	-	-	-
Goodwill	-	-	-	-
Total non-current assets	62	76	366	361
Total assets	3,939	4,517	2,871	3,372
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables and other payables	892	1,123	806	975
Borrowings	3,341	3,421	298	298
Income tax payable	23	25	1	3
Total current liabilities	4,256	4,569	1,105	1,276
Non-current liabilities				
Trade and other payables	3,221	3,178	3,221	3,178
Total non-current liabilities	3,221	3,178	3,221	3,178
Total liabilities	7,477	7,747	4,326	4,454
Net liabilities	(3,538)	(3,230)	(1,455)	(1,082)
Capital and reserves attributable to equity holders of the Company				
Share capital	57,378	57,152	57,378	57,152
Other reserves	1,258	1,352	1,038	1,203
Accumulated losses	(62,269)	(61,826)	(59,871)	(59,437)
Share capital and reserves	(3,633)	(3,322)	(1,455)	(1,082)
Non-controlling interests	95	92	-	-
Total equity	(3,538)	(3,230)	(1,455)	(1,082)

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

	As at 31.3.2018		As at 31.12.2017	
	Unaudited		Audited	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(i) Loan facilities ^(a)	3,341	-	3,421	-

Details of any collateral

- (a) Approximately S\$3.341 million (HK\$20 million) loan borrowed by a subsidiary corporation is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by one of the Company's shareholder, Dato Dr Choo Yeow Ming. The loan currently bears interest at a rate of 14% per annum and the repayment date of this loan is 27 June 2018.

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

	31.03.18	31.03.17
	Unaudited	Unaudited
	S\$'000	S\$'000
Net loss	(447)	(1,259)
Cash flows from operating activities		
Adjustment for:		
Income tax expense	-	2
Depreciation of property, plant and equipment	21	41
Write off of property, plant and equipment	-	-
Amortisation of long term payables	43	40
Unrealised currencies translation loss	(1)	(145)
Interest income	(5)	-
Interest expense	116	127
Operating cash flows before movements in working capital	<u>(273)</u>	<u>(1,194)</u>
Trade and other receivables	168	194
Inventories	19	16
Trade and other payables	(230)	(163)
Cash used in operations	<u>(316)</u>	<u>(1,147)</u>
Income tax paid	(2)	(2)
Interest income	5	-
Interest expense	(116)	(127)
Net cash used in operating activities	<u>(429)</u>	<u>(1,276)</u>
Cash flow used in investing activities		
Purchase of property, plant and equipment	(7)	-
Net cash used in investing activities	<u>(7)</u>	<u>-</u>
Cash flows from financing activities		
Redemption of warrants	-	(500)
Proceeds from conversion of warrants	61	-
Share placement proceeds received in advance	-	1,440
Proceeds from borrowing	-	200
Net cash provided by financing activities	<u>61</u>	<u>1,140</u>
Net decrease in cash and cash equivalents	(375)	(136)
Cash and cash equivalents at the beginning of the financial period	3,847	2,525
Effect of exchange rate changes on cash and cash equivalents	(2)	(10)
Cash and cash equivalents at end of the financial period	<u><u>3,470</u></u>	<u><u>2,379</u></u>

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

	Share capital	Currency translation reserves	Accumulated losses	Share option reserve	Warrant reserve	Attributable to equity holders of company	Non-controlling interest	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Unaudited)								
Balance as at 1.1.2017	50,000	18	(49,799)	1,038	1,415	2,672	(56)	2,616
Redemption of warrants	-	-	-	-	(500)	(500)	-	(500)
Expiry of warrants	110	-	-	-	(110)	-	-	-
Loss for the period	-	-	(1,147)	-	-	(1,147)	(112)	(1,259)
Other comprehensive loss for the period	-	(2)	-	-	-	(2)	(9)	(11)
Balance as at 31.3.2017	53,000	16	(50,946)	1,038	805	1,023	(177)	846
(Unaudited)								
Balance as at 1.1.2018	57,152	149	(61,826)	1,038	165	(3,322)	92	(3,230)
Conversion of warrants	75	-	-	-	(14)	61	-	61
Expiry of warrants	151	-	-	-	(151)	-	-	-
Loss for the period	-	-	(443)	-	-	(443)	(4)	(447)
Other comprehensive loss for the period	-	71	-	-	-	71	7	78
Balance as at 31.3.2018	57,378	220	(62,269)	1,038	-	(3,633)	95	(3,538)

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

	Share capital	Accumulated losses	Share option reserves	Warrant reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Unaudited)					
Balance as at 1.1.2017	50,000	(47,708)	1,038	1,415	4,745
Redemption of warrants	-	-	-	(500)	(500)
Expiry of warrants	110	-	-	(110)	-
Total comprehensive loss for the period	-	(658)	-	-	(658)
Balance as at 31.3.2017	50,110	(48,366)	1,038	805	3,587
(Unaudited)					
Balance as at 1.1.2018	57,152	(59,437)	1,038	165	(1,082)
Conversion of warrants	75	-	-	(14)	61
Expiry of warrants	151	-	-	(151)	-
Total comprehensive loss for the period	-	(434)	-	-	(434)
Balance as at 31.3.2018	57,378	(59,871)	1,038	-	(1,455)

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

The Company’s share capital is shown as below:-	Number of Shares	Share capital S\$’000
Balance as at 31 December 2017	8,800,573,324	57,151
Balance as at 31 March 2018	8,812,778,946	57,378

During the three months ended 31 March 2018 (“1Q2018”), 12,205,622 shares were issued under the 2013 Rights cum Warrants Issue. Accordingly, the issued and paid up capital of the Company has increased to approximately S\$57,378,000 including transfer of S\$151,664 of outstanding 2013 Rights cum Warrants reserves upon the expiry of the 2013 Rights cum Warrants on 29 March 2018.

No warrants pursuant to the 2017 Rights cum Warrants Issue were exercised during 1Q2018. As at 31 March 2018, there were 5,601,440,009 free detachable warrants (“2017 Warrants”) which may be exercisable into 5,601,440,009 ordinary shares of the Company. As at 31 March 2017, there were no outstanding 2017 Warrants as the 2017 Warrants were issued on 31 October 2017).

Pursuant to the 2017 Rights cum Warrants Issue, the exercise prices of share options granted on 2 May 2008, 20 June 2008 and 2 October 2014 were adjusted to S\$0.01 and additional 158,393,000 options were granted. Accordingly, the Company has 262,343,000 outstanding employee share options after the 2017 Rights cum Warrants Issue. In 1Q2018, no employee share options were exercised. As at 31 March 2018, the Company had 262,343,000 (31 March 2017: 104,650,000) outstanding employee share options exercisable into 262,343,000 ordinary shares of the Company. There were no employee share options exercised during 1Q2018.

There were no treasury shares and subsidiary holdings as at 31 March 2018 and 31 March 2017.

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

	Company 31.03.2018	Company 31.12.2017
Total number of issued shares excluding treasury shares	8,812,778,946	8,800,573,324

There were no treasury shares as at 31 March 2018 and 31 December 2017.

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

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

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

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

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

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

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

Not applicable.

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

The same accounting policies and methods of computation have been adopted for the current reporting year as compared with the most recent audited financial statements of the Company for the financial year ended 31 December 2017.

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

Not applicable.

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

	Group	
	31.03.18 (Unaudited)	31.03.17 (Unaudited)
Loss per share		
Basic (Singapore cents) ¹	(0.005)	(0.038)
Diluted (Singapore cents) ²	(0.005)	(0.038)

Notes:

¹ The calculation of loss per ordinary share is based on the Group's loss attributable to equity holders of the Company of S\$443,000 for 1Q2018. (31 March 2017: S\$61,147,000) divided by the weighted average number of shares of 8,801,108,792 shares (31 March 2017: 2,999,133,135 shares).

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

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

	Group		Company	
	31.03.18 Unaudited	31.12.17 Audited	31.03.18 Unaudited	31.12.17 Audited
Net liabilities value per ordinary share (Singapore cents)	(0.04)	(0.04)	(0.02)	(0.01)

The net asset value per ordinary share of the Group and the Company was calculated based on the Group's and the Company's net assets value as at 31 March 2018 divided by 8,812,778,946 ordinary shares (31 December 2017: 8,800,573,324 ordinary shares).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of the Income Statement of the Group

- i) Revenue

	Group		S\$'000	% Change
	31.3.18 S\$'000 Unaudited	31.3.17 S\$'000 Unaudited		
Trading & Distribution	396	444	(48)	-11%
Aesthetics Medical	198	135	63	47%
Total	594	579	15	3%

The Group's revenue from its trading and distribution operations for 1Q2018 was S\$0.396 million, a decrease of S\$0.048 million as compared to the revenue of S\$0.444 million in the previous corresponding financial period ended 31 March 2017 ("1Q2017"). The 11% decline in trading and distribution revenue was due to weakening market demand, reduction in steel production in our region and increasing competition.

Medical aesthetics segment recorded S\$0.198 million of revenue during 1Q2018 a small increase in revenue of S\$0.063 million during the period compared to corresponding period in 1Q2017 of S\$0.135 million. The increase in revenue due to more product sales.

ii) Gross profit and gross profit margin

The Group's gross profit from operations improved by 37% from S\$0.212 million in 1Q2017 to S\$0.290 million in 1Q2018. This was mainly due to higher revenue recorded in 1Q2018 and lower costs of sales due to the sales mix.

iii) Other operating income

Other operating income decreased by S\$0.067 million to S\$0.020 million in 1Q2018 from S\$0.087 million in 1Q2017 due to lower non-operating revenue generated by the overseas subsidiary corporations due to lower activities in these subsidiary corporations.

iv) Selling and distribution expenses

Selling and distribution costs decreased by 48% in 1Q2018 mainly due to lower sales activities during the period and lower sales volume in trading and distribution division.

v) Administrative expenses

Administrative expenses decreased by S\$0.722 million from S\$1.256 million in 1Q2017 to S\$0.534 million in 1Q2018. The administrative expenses incurred during the period ended 31 March 2018 are mainly operational costs, including staff costs, directors' remunerations and professional costs. The decrease is mainly due to lower professional costs and non recurring of initial set up costs of the clinics.

Review of the Financial Position of the Group

vi) Balance sheet

Net liabilities of the Group deteriorated further by approximately S\$0.308 million from negative shareholders' funds of S\$3.230 million as at 31 December 2017 to S\$3.538 million as at 31 March 2018. The further deterioration of the net liabilities was mainly due to losses incurred in 1Q2018.

Total assets deteriorated by S\$0.578 million as at 31 March 2018 from S\$4.517 million to S\$3.939 million mainly due to utilisation of cash during the period for the working capital purposes.

Total liabilities of the Group improved by S\$0.270 million from 31 December 2017. This was mainly due to appreciation of exchange rate between Singapore dollars and Hong Kong dollars which resulted in lower SGD carrying value of the HK\$20,000,000. Nevertheless, the favorable exchange gain from the HK\$ loan was offset by the further amortisation of the long-term payables amounting to approximately S\$0.043 million for three months ended 31 March 2018.

As at balance sheet date, the Group was in negative working capital of S\$0.379 million and negative shareholders' fund of S\$3.538 million and as at that date the Company has negative shareholders' fund of S\$1.455 million. Notwithstanding this, the Board and Management is of the view that the Group is able to continue as a going concern due to the following:

- (a) Dato Dr Choo has provided a letter of financial support expressing his willingness to provide continuing financial support to the Group and the Company upon terms and conditions agreeable to both parties to enable the

Group to continue to operate and meet its financial obligations and commitments as and when they fall due in the next 12 months.

- (b) The Group has obtained a written undertaking from Dato Dr Choo not to demand repayment of a long term payables of S\$3.500 million (being the balance of consideration owing by the Company for the acquisition of 51% of China iMyth Company Pte Ltd from the vendor. Dato Dr Choo is a director and he has 55% equity interests in the vendor) until the date when the Group has the financial ability to make the repayment or the contractual maturity date on 6 November 2019.
- (c) In relation to the HK\$20 million extended by a third party to a subsidiary corporation of the Group of which is due to expire on 27 June 2018, Dato Dr Choo had signed an agreement to make available till 1 May 2019 an advance of up to the amount pursuant to this third party loan to repay on behalf of the subsidiary corporation of the Group should it be unable to repay in full or in part.

Concurrently, the Company will continue to look for other fund raising exercises to fund the working capital of the Group and to improve its financial position.

Review of the Cash Flow Statement of the Group

vii) Cash flow

Net cash used in operating activities in 1Q2018 amounted to S\$0.429 million. The operating cash outflows before movement in working capital were S\$0.272 million. The net cash outflow from changes in working capital of approximately S\$0.043 million was mainly due to lower trade and other payables as at 31 March 2018.

The net cash inflow from financing activities for 1Q2018 was S\$0.061 million proceeds from the exercising of warrants for 2013 Rights cum Warrants.

Cash and cash equivalents were S\$3.470 million as at 31 March 2018 as compared to S\$2.379 million as at 31 March 2017.

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

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

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

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

The Group's trading and distribution division's business for the supply of steel related raw materials, products and equipment to steel mills in our region remain weak.

The Group will continue to search for and pursue all opportunities which will complement the Group's medical and healthcare service and consider any other possibilities or opportunities for future growth.

11. **Dividend**

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

Any dividend declared for the current financial period reported on?

No

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

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

No

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

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

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

No dividend has been declared or recommended.

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

The Group did not enter into any reportable IPT of S\$100,000 or more in value per transaction for 1Q2018. The Group does not have a general mandate from shareholders for IPTs.

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

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

14. Use of Proceeds

As at 3 May 2018, the amount raised from the renounceable non-underwritten rights cum warrants issue had been utilised as follows:

Use of proceeds	Allocation of net proceeds raised	Amount Utilised till 3 May 2018	Amount Unutilised as at 3 May 2018
	(S\$'000)	(S\$'000)	(S\$'000)
Proceeds from 2017 Rights cum Warrants issue, used for:			
- Working Capital	2,801	(1,751)	1,050
- Repayment of loans	2,800	(2,640)	160
Total Amount	5,601	(4,391)	1,210

The above use of proceeds is in accordance with the revised use as stated in the announcement dated 10 November 2017.

Notes:

- 1) Due to inadvertent error in the computation, it was indicated in the 2017 Annual Report that the amount of proceeds that had been utilised as working capital as at 3 April 2018 was S\$1,1529,000. The correct amount should be S\$1,410,000.
- 2) The amount of proceeds used for working capital up to 3 May 2018 amounts to S\$1,751,000. The breakdown of the key items making up this amount includes professional fees incurred of S\$288,000, administrative expenses of S\$132,000, loan interest of S\$288,000, payroll related costs of S\$581,000 and other operating expenses of S\$188,000.

15. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for 1Q2018 to be false or misleading in any material aspect.

By Order of the Board

Hano Maeloa
10 May 2018

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

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

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