

CIRCULAR DATED 4 AUGUST 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER INDEPENDENT PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your ordinary shares (the “**Shares**”) in the capital of China Medical (International) Group Limited (the “**Company**”) held through the Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as CDP will arrange for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares which are not deposited with CDP, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached proxy form to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer of shares was effected for onward transmission to the purchaser or the transferee.

This Circular 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 “**Catalist Rules**”). The Sponsor has not verified the contents of this Circular.

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

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).

An application will be made to the SGX-ST by the Sponsor on behalf of the Company for the listing of and quotation for the Rights Shares (as defined herein) pursuant to the Rights cum Warrants Issue (as defined herein). The Company will make the necessary announcement on SGXNET upon the receipt of the listing and quotation notice by the SGX-ST.



**CHINA MEDICAL (INTERNATIONAL)
GROUP LIMITED**

中国医疗(国际)集团有限公司

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration Number 200505118M)
(Incorporated in the Republic of Singapore on 18 April 2005)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 10,107,788,721 NEW ORDINARY SHARES (THE “RIGHTS SHARES”) IN THE ISSUED AND PAID-UP CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.001 FOR EACH RIGHTS SHARE, WITH UP TO 10,107,788,721 FREE DETACHABLE WARRANTS (“WARRANTS”), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (“NEW SHARE”) AT AN EXERCISE PRICE OF S\$0.001 FOR EACH NEW SHARE, ON THE BASIS OF THREE (3) RIGHTS SHARES WITH THREE (3) WARRANTS FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE (DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “RIGHTS CUM WARRANTS ISSUE”)

IMPORTANT DATES AND TIMES:

Latest Date and Time for Lodgement of Proxy Form	: 20 August 2017 at 10.00 a.m.
Date and Time of Extraordinary General Meeting	: 22 August 2017 at 10.00 a.m.
Place of Extraordinary General Meeting	: The National University of Singapore Society, Kent Ridge Guild House, Dalvey Room, 9 Kent Ridge Drive, Singapore 119241

TABLE OF CONTENTS

	Page
DEFINITIONS	3
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS	11
LETTER TO SHAREHOLDERS	12
1. INTRODUCTION	12
2. DETAILS OF THE RIGHTS CUM WARRANTS ISSUE	13
3. FINANCIAL INFORMATION OF THE GROUP	27
4. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE	27
5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	31
6. OFFER INFORMATION STATEMENT	31
7. BOOKS CLOSURE DATE	31
8. DIRECTORS' RECOMMENDATION	32
9. EXTRAORDINARY GENERAL MEETING	32
10. ACTION TO BE TAKEN BY SHAREHOLDERS	32
11. DIRECTORS' RESPONSIBILITY STATEMENT	32
12. DOCUMENTS AVAILABLE FOR INSPECTION	32
APPENDIX A – REVIEW OF PAST PERFORMANCE	34
NOTICE OF EXTRAORDINARY GENERAL MEETING	43
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

Companies, Organisations and Agencies

Authority	:	Monetary Authority of Singapore
CDP	:	The Central Depository (Pte) Limited
Company	:	China Medical (International) Group Limited
CPF	:	The Central Provident Fund
Group	:	The Company and its Subsidiaries, collectively
SGX-ST	:	Singapore Exchange Securities Trading Limited
Share Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
Sponsor	:	PrimePartners Corporate Finance Pte. Ltd.

General

1Q2016	:	The three months period ended 31 March 2016
1Q2017	:	The three months period ended 31 March 2017
2013 Deed Poll	:	The deed poll dated 26 February 2013
2017 Deed Poll	:	The deed poll to be executed by the Company for the purpose of constituting the Warrants and containing, amongst others, provisions for the protection of the rights and interests of the warrant holders
Act or Companies Act	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
Announcement	:	The announcement released by the Company on 7 June 2017 in relation to the Rights cum Warrants Issue
ARE	:	Application and acceptance form for Rights Shares with Warrants and Excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue
ARS	:	Application and acceptance form for Rights Shares to be issued to purchasers of the provisional allotments of Rights Shares under the Rights cum Warrants Issue traded on the SGX-ST through the book-entry (scripless) settlement system

DEFINITIONS

- Associate** : (a) In relation to any Director, the Chief Executive Officer of the Company, Substantial Shareholder or a Controlling Shareholder (being an individual) means:
- (i) his immediate family,
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- Board** : The Board of Directors of the Company as at the date of this Circular
- Books Closure Date** : The time and date to be determined by the Directors and announced by the Company in due course, at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights with Warrants Shares of Entitled Shareholders under the Rights cum Warrants Issue
- Catalist** : The sponsor-supervised listing platform of the SGX-ST
- Catalist Rules** : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
- Code** : The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
- Constitution** : The constitution of the Company
- Circular** : This circular dated 4 August 2017 issued by the Company to the Shareholders
- Closing Date** : The time and date to be determined by the Directors and announced by the Company in due course, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares with Warrants under the Rights cum Warrants Issue through CDP or the Share Registrar; or the last time and date for acceptance and/or excess application and payment of the Rights Shares with Warrants under the Rights cum Warrants Issue through an Electronic Application
- Control** : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company

DEFINITIONS

- Controlling Shareholder** : A person who:
- (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
 - (b) in fact exercises Control over the Company
- Convertible Securities** : The Outstanding Warrants and the Share Options
- Director(s)** : The director(s) of the Company as at the date of this Circular
- EGM** : The extraordinary general meeting of the Company, notice of which is set out on pages 43 to 45 of this Circular
- Electronic Application** : Acceptance of the Rights Shares with Warrants and (if applicable) application for Excess Rights Shares with Warrants made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement and the relevant procedures for electronic application at ATMs as set out in the Offer Information Statement or on the ATM screens
- Entitled Depositors** : Shareholders with Shares entered against their names in the Depository Register, maintained by CDP, as at the Books Closure Date and whose registered addresses with the CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP, with addresses in Singapore for the service of notices and documents
- Entitled Scripholders** : Shareholders whose share certificates have not been deposited with CDP and 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 and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
- Entitled Shareholders** : Entitled Depositors and Entitled Scripholders
- Excess Applications** : Applications by Entitled Shareholders of Rights Shares with Warrants in excess of their provisional allotments of Rights Shares with Warrants
- Excess Rights Shares with Warrants** : Rights Shares with Warrants, which are available for application by the Entitled Shareholders subject to the terms and conditions in the Offer Information Statement, (if applicable) Constitution of the Company and the ARE, comprising Rights Shares with Warrants as are not validly taken up by the Entitled Shareholders, the original allottee(s) or their respective renouncer(s) or purchaser(s) of provisional allotments of the Rights Shares with Warrants, together with the aggregated fractional entitlements to the Rights Shares with Warrants (if any) and any Rights Shares with Warrants that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the ARE, the Offer Information Statement and (if applicable) the Constitution

DEFINITIONS

Existing Issued Share Capital	:	The issued share capital of the Company of 3,199,133,315 Shares as at the Latest Practicable Date
Foreign Purchasers	:	Persons purchasing the provisional allotment of Rights Shares with Warrants through the book entry (scripless) settlement system and whose registered addresses with CDP are outside Singapore and who had not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
Foreign Shareholders	:	Shareholders whose registered addresses with the Company or CDP are outside Singapore as at the Books Closure Date and who had not, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
FY	:	Financial year ended or ending, as the case may be, 31 December
HY	:	Financial period ended or ending, as the case may be, 30 June
Latest Practicable Date or LPD	:	28 July 2017 being the latest practicable date prior to the printing of this Circular
Issue Price	:	S\$0.001 for each Rights Share
LPS	:	Loss per Share
Market Day	:	A day on which the SGX-ST is open for trading in securities
Net Proceeds	:	Has the meaning ascribed to it in Section 2.8 of this Circular
New Shares	:	The new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants, including, where the context admits, such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants as set out in the 2017 Deed Poll
NTA	:	Net Tangible Asset
Notice of EGM	:	The notice on page 43 to 45 of this Circular whereby notice is given that the EGM will be held as at the time, date and place as stipulated therein for the purposes of considering and, if thought fit, passing with or without modifications the resolutions as set out therein
Offer Information Statement	:	The offer information statement to be issued by the Company and to be lodged with SGX-ST, acting as an agent on behalf of the Authority in connection with the Rights cum Warrants Issue and, where the context admits, the ARE, the ARS, the PAL and any supplementary or replacement document which may be issued by the Company in connection with the Rights cum Warrants Issue
Options Adjustment	:	Has the meaning ascribed to it in Section 2.5 of this Circular

DEFINITIONS

- Outstanding Warrants** : The 66,179,592 outstanding listed warrants as at the Latest Practicable Date, each carrying the right to subscribe for one (1) Share at an exercise price of S\$0.005 for one (1) Share during the exercise period commencing on the date of the issue of the warrants and expiring on fifth anniversary of the date of issue of the warrants set out in the 2013 Deed Poll
- PAL** : The provisional allotment letter to be issued to the Entitled Scripholders, setting out the provisional allotment of Rights Shares with Warrants under the Rights cum Warrants Issue
- Participating Banks** : The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors for acceptance of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants
- Public Float Requirement** : The requirement under Rule 723 of the Catalist Rules which requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is held by Public Shareholders
- Public Shareholders** : Public Shareholders refer to persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons
- Record Date** : In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
- Register of Members** : Register of members of the Company
- Rights cum Warrants Issue** : The renounceable non-underwritten rights cum warrants Issue by the Company of up to 10,107,788,721 Rights Shares at the Issue Price, with up to 10,107,788,721 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of three (3) Rights Shares with three (3) Warrants for every one (1) existing Share, held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded
- Rights Shares** : Up to 10,107,788,721 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
- Scenario 1** : The scenario where all the outstanding 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, resulting in an issued share capital comprising 3,369,262,907 Shares as at the Books Closure Date and all the Entitled Shareholders subscribe in full for their pro rata entitlements of Rights Shares under the Rights cum Warrants Issue, resulting in 10,107,788,721 Rights Shares and 10,107,788,721 Warrants being issued under the Rights cum Warrants Issue

DEFINITIONS

- Scenario 2** : The scenario where none of the Convertible Securities are converted and/or exercised (as the case may be) in full and no new Shares are required to be allotted and issued on or before the Books Closure Date, resulting in an issued share capital comprising 3,199,133,315 Shares as at the Books Closure Date, and all the Entitled Shareholders subscribe in full for their pro rata entitlements of Rights Shares under the Rights cum Warrants Issue, resulting in 9,597,399,945 Rights Shares and 9,597,399,945 Warrants being issued under the Rights cum Warrants Issue
- Scenario 3** : The scenario where Scenario 2 occurs and all of the Warrants issued thereunder are exercised
- Scenario 1 Net Proceeds** : Has the meaning ascribed to it in Section 2.8 of this Circular
- Scenario 2 Net Proceeds** : Has the meaning ascribed to it in Section 2.8 of this Circular
- Scenario 3 Net Proceeds** : Has the meaning ascribed to it in Section 2.8 of this Circular
- Scheme May 2008** : The 550,000 share options granted and accepted by the participants under the Albedo Employee Share Option Scheme granted on 2 May 2008 at the subscription price of S\$0.13 per Share
- Scheme June 2008** : The 3,500,000 share options granted and accepted by the participants under the Albedo Employee Share Option Scheme granted on 20 June 2008 at the subscription price of S\$0.014 per Share
- Scheme October 2014** : The 105,500,000 share options granted and accepted by the participants under the Albedo Employee Share Option Scheme granted on 2 October 2014 at the subscription price of S\$0.013 per Share
- Schemes** : Collectively, Scheme May 2008, Scheme June 2008 and Scheme October 2014
- Securities Account** : Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
- SFA** : The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
- SGXNET** : The SGXNET Corporate Announcement System
- Shares** : Ordinary shares in the share capital of the Company
- Shareholders** : Registered holders of Shares except that where the registered holder is CDP, the term “**Shareholders**” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and whose securities accounts are credited with those Shares
- Share Options** : The 103,950,000 outstanding share options (each Share Option carrying the right to subscribe for one (1) Share upon the exercise of the Share Option) granted under the Schemes as at the Latest Practicable Date

DEFINITIONS

Substantial Shareholder	:	A Shareholder who holds directly or indirectly 5% or more of the total issued and voting share capital of the Company
Unit Share Market	:	The unit share market of the SGX-ST, which allows the trading of single shares
Warrants	:	Up to 10,107,788,721 free detachable warrants in registered form to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue and (where the context so admits) such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the Warrants to be set out in the 2017 Deed Poll (any such additional warrants to rank <i>pari passu</i> with the Warrants to be issued together with the Rights Shares for all purposes to form part of the same series of Warrants constituted by the 2017 Deed Poll), each Warrant entitling the holder thereof to subscribe for one (1) New Share at the Exercise Price, subject to the terms and conditions to be set out in the 2017 Deed Poll
Warrants Adjustment	:	Has the meaning ascribed to it in Section 2.5 of this Circular
Warrantholders	:	Registered holders of the Warrants, except that where the registered holder is CDP, the term “Warrantholders” shall, in relation to such Warrants and where the context admits, mean the Entitled Depositors whose Securities Account are credited with such Warrants
Warrant Agent	:	Boardroom Corporate & Advisory Services Pte Ltd.

Currencies and Units

“S\$” and “Singapore cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“%” or “per cent.”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**Subsidiary**” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

DEFINITIONS

Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to Shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to “**we**”, “**us**” and “**our**” in this Circular is a reference to the Group or any member of the Group as the context requires.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Cautionary Note on Forward-looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. However, these words are not the exclusive means of identifying forward-looking statements. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

LETTER TO SHAREHOLDERS

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration Number 200505118M)
(Incorporated in the Republic of Singapore)

Directors

Tai Kok Chuan (Executive Chairman)
Hano Maeloa (Non-Executive Director)
Chew Soo Lin (Independent Director)
Yap Siew Sin (Independent Director)

Registered Office

360 Orchard Road
#04 – 08 International Building
Singapore 238869

4 August 2017

To: The Shareholders of China Medical (International) Group Limited

Dear Sir/Madam

1. INTRODUCTION

The Directors are convening an EGM to be held on 22 August 2017 to seek Shareholders' approval in relation to the proposed Rights cum Warrants Issue.

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the proposed Rights cum Warrants Issue to be tabled at the EGM, the notice of which is set out on pages 43 to 45 of this Circular.

On 7 June 2017, the Company released the Announcement which provided therein that the proposed Rights cum Warrants Issue is subject to, *inter alia*:

- (a) the receipt of the listing and quotation notice from SGX-ST for the Rights Shares, Warrants, New Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants or options to be issued in respect of the Warrants Adjustments and Options Adjustments from the SGX-ST;
- (b) the issue and allotment of the Rights Shares with Warrants at the issue price of S\$0.001 per Rights Share, having been approved by Shareholders at the EGM; and
- (c) the lodgment 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.

An application will be made to the SGX-ST by the Sponsor on behalf of the Company for the listing of and quotation for the Rights Shares, Warrants, New Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants or options to be issued in respect of the Warrants Adjustments and Options Adjustments from the SGX-ST. The Company will make the necessary announcement on SGXNET upon the receipt of the listing and quotation notice by the SGX-ST.

The Rights cum Warrants Issue will be undertaken by the Company on a non-underwritten basis.

The SGX-ST and the Sponsor take no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

LETTER TO SHAREHOLDERS

2. DETAILS OF THE RIGHTS CUM WARRANTS ISSUE

2.1 Basis of the Rights cum Warrants Issue

As at the Latest Practicable Date,

- (a) the Existing Issued Share Capital comprised 3,199,133,315 Shares; and
- (b) the Company has Convertible Securities which comprised 66,179,592 Outstanding Warrants and 103,950,000 Share Options.

Based on the foregoing, up to 10,107,788,721 Rights Shares will be issued at the Issue Price, with up to 10,107,788,721 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of three (3) Rights Shares with three (3) Warrants for every one (1) Share, held by the Shareholders of the Company as at the Books Closure Date, fractional entitlements to be disregarded.

The Issue Price represents:

- (a) a discount of approximately 80% to the closing market price of S\$0.005 per Share for trades done on the SGX-ST on 7 June 2017 (being the last market day on which the Shares were transacted on the SGX-ST prior to the release of the Announcement); and
- (b) a discount of approximately 50% to the theoretical ex-rights price of S\$0.002 per Share (being the theoretical market price of each Share assuming the completion of the Rights cum Warrants Issue, and which is calculated based on the closing market price of S\$0.005 per Share for trades done on the SGX-ST on 7 June 2017, being the last market day prior to the Announcement, and the total number of Shares following the completion of the Rights cum Warrants Issue).

The Rights Shares with Warrants are payable in full upon acceptance and/or application and, upon allotment and issue, will 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 with Warrants.

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or, in the case of Entitled Depositors, only trade (during the provisional allotment trading period prescribed by the SGX-ST), their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Disregarded fractional entitlements of Rights Shares with Warrants will be aggregated with entitlements to the Rights Shares with Warrants which are not taken up or allotted for any reason, and shall be used to satisfy excess applications for Rights Shares with Warrants (if any) or otherwise 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 with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares with Warrants, if any, provided that where there are insufficient Excess Rights Shares with Warrants to allot to each application, the Company shall allot the Excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots. 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 cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants.

LETTER TO SHAREHOLDERS

In view of the cost savings in respect of underwriting fees, the Rights cum Warrants Issue will not be underwritten by any financial institution.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors, may, in their absolute discretion, deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the required approval of the relevant Shareholders being obtained for the Rights cum Warrants Issue at the EGM.

Provisional allotments of the Rights Shares with Warrants which would otherwise have been made to Foreign Shareholders will be dealt with in the manner described in Section 2.7 of this Circular.

2.2 Trading of Odd Lots

Entitled Shareholders should note that the Rights cum Warrants Issue may result in them holding odd lots of Shares and odd lots of Warrants (that is, lots other than board lots of 100 Shares or 100 Warrants).

Following the Rights cum Warrants Issue, Entitled Shareholders who hold odd lots of Shares or Warrants and who wish to trade in odd lots of Shares or Warrants on the SGX-ST should note that they will be able to do so on the Unit Share Market of the SGX-ST which allows trading of odd lots with a minimum of one (1) Share. The market for trading of such odd lots of Shares may be illiquid.

Shareholders who hold odd lots of the Rights Shares and Warrants (i.e. less than 100 Shares or 100 Warrants) and who wish to trade in odd lots on the SGX-ST should note that there is no assurance that they can acquire such number of Shares or Warrants to make up one (1) board lot of 100 Shares or 100 Warrants respectively, or to dispose of their odd lots (whether in part or in whole) on the SGX-ST.

All fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with entitlements not allotted or taken up for any reason, be aggregated and issued to satisfy applications, if any, for Excess Rights Shares with Warrants 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. Shareholders should note that they are able to trade odd lots of Shares in board lots of one (1) Share on the Unit Share Market of the SGX-ST Catalist.

2.3 The Proposed Principal Terms of the Rights cum Warrants Issue

Number of Rights Shares	Up to 10,107,788,721 Rights Shares (together with Warrants) will be issued in Scenario 1 and up to 9,597,399,945 Rights Shares (together with Warrants) will be issued in Scenario 2.
Basis of Provisional Allotment	Three (3) Rights Shares for every one (1) existing Share held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

LETTER TO SHAREHOLDERS

Issue Price	<p>S\$0.001 for each Rights Share, payable in full on acceptance and/or application.</p> <p>The Issue Price represents a discount of approximately 80% to the closing market price of S\$0.005 per Share for trades done on Catalist on 7 June 2017, being the last trading day of the Shares on Catalist prior to the release of the Announcement, a discount of approximately 50% to the theoretical ex-rights price of S\$0.002 per Share (being the theoretical market price of each Share assuming the completion of the Rights cum Warrants Issue, and which is calculated based on the closing market price of S\$0.005 per Share for trades done on the SGX-ST on 7 June 2017, being the last Market Day prior to the date of the Announcement, and the total number of Shares following the completion of the Rights cum Warrants Issue).</p>
Non-underwritten	<p>The Rights cum Warrants Issue will not be underwritten. In view of the savings in costs by the Company as a result of not having to pay any underwriting fees, the Company has decided to proceed with the Rights cum Warrants Issue without having the Rights cum Warrants Issue being underwritten by any financial institution. The Rights cum Warrants Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.</p>
Status of the Rights Shares	<p>The Rights Shares will, upon allotment and issuance, rank <i>pari passu</i> in all respects with then existing Shares in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.</p>
Eligibility to participate in the Rights cum Warrants Issue	<p>Please refer to Section 2.7 of this Circular for further details.</p>
Listing of the Rights Shares	<p>An application will be made to the SGX-ST by the Sponsor on behalf of the Company for the listing of and quotation for the Rights Shares (together with the Warrants and the New Shares) and any new Shares that may be issued pursuant to the Options Adjustment and Warrants Adjustments. The Company will make the necessary announcement on SGXNET upon the receipt of the listing and quotation notice by the SGX-ST.</p> <p>The issue of the listing and quotation notice by the SGX-ST is not an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company, its Subsidiaries and their securities.</p>
Trading of the Rights Shares	<p>Upon the listing of and quotation for the Rights Shares on the SGX-ST, the Rights Shares will be traded on Catalist under the book-entry (scripless) settlement system. For the purposes of trading on the SGX-ST Catalist, each board lot of Shares will comprise 100 Shares, or such other number of Shares as may be notified by the Company. Odd lots of Shares in board lots of one (1) Share may be traded on the Unit Share Market of the SGX-ST.</p>
Trading of Rights	<p>Entitled Depositors who wish to trade all or part of their provisional allotments of Rights Shares on Catalist can do so during the trading period for the Rights Shares. Entitled Depositors should note that the provisional allotments of Rights Shares are expected to be tradeable in board lot sizes of 100. Entitled Depositors who wish to trade in lot sizes other than this board lot size, can do so on the SGX-ST's Unit Share Market.</p>

LETTER TO SHAREHOLDERS

Acceptance and excess/ additional application Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares on Catalist during the provisional allotment trading period prescribed by SGX-ST and will be eligible to apply for the Excess Rights Shares.

Provisional allotments of Rights Shares which are not taken up for any reason shall be aggregated and used to satisfy excess applications for Rights Shares (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company.

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares, if any, provided that where there are insufficient Excess Rights Shares to allot to each application, the Company shall allot the Excess Rights Shares to Entitled Shareholders such that preference will be given to the 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 cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will either be ineligible for Excess Rights Shares, or if eligible, rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares.

The procedures for acceptance, payment and excess application by Entitled Depositors and the procedures for acceptance, payment, splitting, renunciation and excess application by Entitled Scripholders will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the Rights cum Warrants Issue being approved by the relevant Shareholders at the EGM.

Fractional Entitlements Fractional entitlements to the Rights Shares will be disregarded in arriving at the Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy applications for Excess Rights Shares (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.

Use of CPF Funds Members under the CPF Investment Scheme-Ordinary Account may use their CPF account saving (subject to the availability of investible savings) ("**CPF Funds**") for the payment of the Issue Price to subscribe for their provisional allotments of Rights Shares and/or apply for Excess Rights Shares, subject to the applicable CPF rules and regulations. Such members who wish to accept the provisional allotment of Rights Shares and (if applicable) apply for Excess Rights Shares using the CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept and (if applicable) apply for the Rights Shares on their behalf in accordance with the terms and conditions of the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

Governing Law Laws of the Republic of Singapore.

LETTER TO SHAREHOLDERS

Scaling Down Option Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any of the Shareholders to avoid placing the relevant Shareholder 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 entitlement fully.

2.4 Principal Terms of the Warrants

Number of Warrants Up to 10,107,788,721 Warrants (together with the Rights Shares) will be issued in Scenario 1 and up to 9,597,399,945 Warrants (together with the Rights Shares) will be issued in Scenario 2.

Basis of Provisional Allotment One (1) Warrant for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

Detachability and trading The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on the SGX-ST Catalist under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants on the SGX-ST Catalist, subject to, amongst others, an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

Arrangements made for the trading of odd lots of Rights Shares will apply to that for the Warrants.

Listing of the Warrants An application will be made to the SGX-ST by the Sponsor on behalf of the Company for the listing of and quotation for the Warrants (together with the Rights Share and the New Shares) and any new Shares that may be issued pursuant to the Warrants Adjustments and Options Adjustments, subject to certain conditions, the details of which are set out in Section 2.5 of this Circular. The Company will make the necessary announcement on SGXNET upon the receipt of the listing and quotation notice by the SGX-ST.

Form and subscription rights The Warrants will be issued in registered form and will be constituted by the 2017 Deed Poll. Subject to the terms and conditions of the Warrants to be set out in the 2017 Deed Poll, every one (1) Warrant shall entitle the Warranholder, at any time during the Exercise Period, to subscribe for one (1) New Share at the Exercise Price in force on the relevant exercise date.

Exercise Price The price of S\$0.001 payable for each New Share.

Exercise Period The Warrants may be exercised at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5:00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of the issue of the Warrants, unless such date is a date on which the Register of Members is closed or is not a Market Day, in which event the Warrants will expire on the date prior to the closure of the Register of Members or the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the register of Warranholders may be close), subject to the terms and conditions of the Warrants to be set out in the 2017 Deed Poll. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose. The right to exercise the Warrants will not be extended beyond the Exercise Period.

LETTER TO SHAREHOLDERS

End of Exercise Period Not less than one (1) month before the expiry of the Exercise Period, the Company shall, *inter alia*,:

- (i) give notice to the Warrantheolders in accordance with the terms and conditions set out in the 2017 Deed Poll of the expiry of the Exercise Period and announce to the SGX-ST via an announcement on SGXNET; and
- (ii) take all reasonable steps to despatch to the Warrantheolders notice in writing to their addresses recorded in the register of Warrantheolders or the Depository Register, as the case may be, of the expiry of the Exercise Period.

Without prejudice to the generality of the foregoing, Warrantheolders who acquire Warrants after the notice of the expiry of the Exercise Price has been given in accordance with the aforementioned shall be deemed to have notice of the expiry of the Exercise Period so long as such notice has been given in accordance with the terms and conditions to be set out in the 2017 Deed Poll.

Mode of payment for exercise of Warrants Warrantheolders who exercise their Warrants by way of (a) a remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore in favour of the Company; or (b) subject to the Warrants being listed on the SGX-ST Catalist, by debiting the relevant Warrantheolder's CPF Investment Account with the specified CPF Approved Bank for the credit of the Special Account (each term as defined in the 2017 Deed Poll); (c) subject to the Warrants being listed on the SGX-ST Catalist, partly in the form of remittance in Singapore currency by the banker's draft or cashier's order drawn on a bank in Singapore and/or partly by debiting such Warrantheolder's CPF Investment Account with the specified CPF Approved Bank for the credit of the Special Account.

Adjustment The Exercise Price and/or the number of Warrants to be held by each Warrantheolder will, after their issue, be subject to adjustments under certain circumstances to be set out in the 2017 Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, Rights cum Warrants Issues and certain capital distributions. Any additional Warrants issued shall rank *pari passu* with the Warrants issued under the Rights cum Warrants Issue and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the SGX-ST Catalist Rules from time to time) be announced by the Company to the SGX-ST.

Status of the New Shares The New Shares arising from the exercise of the Warrants, upon issue and allotment, will rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date for which is on or after the date of the issue of the New Shares.

LETTER TO SHAREHOLDERS

Modification of rights of the Warrantheolders

The Company may, without the consent of the Warrantheolders but in accordance with the terms of the 2017 Deed Poll, effect any modification to the terms of the 2017 Deed Poll including the terms and conditions of the Warrants which, in the opinion of the Company is:

- (a) not materially prejudicial to the interests of the Warrantheolders;
- (b) of a formal, technical or minor nature;
- (c) to correct a manifest error or to comply with mandatory provisions of Singapore law; or
- (d) to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise thereof or meetings of the Warrantheolders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST Catalist.

Any such modification shall be binding on the Warrantheolders and all persons having an interest in the Warrants. Upon any modification of the terms of the 2017 Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the Warrantheolders in accordance with the terms and conditions of the Warrants as set out in the 2017 Deed Poll as soon as practicable thereafter.

Without prejudice to any provision of the 2017 Deed Poll, any material alteration of the terms and conditions of the Warrants after the issue thereof to the advantage of the Warrantheolders and/or prejudicial to the Shareholders must be approved by the Shareholders in a general meeting, except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the 2017 Deed Poll.

Transfer and transmission

The procedure for the transfer and transmission of the Warrants is to be set out in the Offer Information Statement and the 2017 Deed Poll.

Winding-up

In the event of a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement), the Warrantheolders may elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the New Shares to which they would have become entitled pursuant to such exercise. The Company shall give notice to the Warrantheolders in accordance with the terms and conditions to be set out in the 2017 Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof.

Subject to the foregoing, if the Company is wound up for any other reason, all the Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and cease to be valid for any purpose.

LETTER TO SHAREHOLDERS

Further Issues	Subject to the terms and conditions of the Warrants to be set out in the 2017 Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, the Warranholders shall not have any participation rights in any such issues of Shares by the Company unless otherwise resolved by the Company in a general meeting.
Warrant Agent	Boardroom Corporate & Advisory Services Pte Ltd.
Governing Law	Laws of the Republic of Singapore.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors, may, in their absolute discretion, deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the required approval of the relevant Shareholders being obtained for the Rights cum Warrants Issue at the EGM.

2.5 Convertible Securities

As at the Latest Practicable Date, an aggregate of 103,950,000 Share Options have been granted, accepted and are outstanding. The respective terms and conditions of the outstanding Share Options granted pursuant to the Schemes are as follows:

Types of Schemes	No. of new Shares which will be issued on exercise of the outstanding Share Options, as at the Latest Practicable Date	Exercise Price for the outstanding Share Options under each of the Schemes	Period exercisable for the outstanding Share Options
Scheme May 2008	250,000	S\$0.013	2 May 2009 to 1 May 2018
Scheme June 2008	1,400,000	S\$0.015	20 June 2009 to 19 June 2018
Scheme October 2014	102,300,000	S\$0.013	2 October 2014 to 1 October 2024

As a result of the Rights cum Warrants Issue and pursuant to the rules of the employee share options scheme, 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 with Warrants under the Rights cum Warrants Issue. Details of the Options Adjustments will be announced by the Company separately in due course.

As at the Latest Practicable Date, the Company had issued 66,179,592 Outstanding Warrants which are exercisable into 66,179,592 Shares, subject to and with the benefit of the 2013 Deed Poll executed by the Company.

As a result of the Rights cum Warrants Issue and pursuant to the terms and conditions of the Outstanding Warrants set out in the 2013 Deed Poll, the Company may be required to make adjustments to the number and/or the exercise price of the Outstanding Warrants (the “**Warrants Adjustments**”).

LETTER TO SHAREHOLDERS

The Warrant Adjustments are subject to certification by the Company's auditors as required by the 2013 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 with Warrants under the Rights cum Warrants Issue. Details of the Warrants Adjustments will be announced by the Company separately in due course.

In the event that the Convertible Securities are exercised and/or converted in full and the Shares pursuant to such exercise and/or conversion are issued by the Books Closure Date, the issued share capital of the Company will increase to 23,584,840,349 Shares.

2.6 Conditions for the Rights cum Warrants Issue

The Rights cum Warrants Issue is conditional upon, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice for the Rights Shares, Warrants, New Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants or options to be issued in respect of the Warrants Adjustments and Options Adjustments from the SGX-ST;
- (b) the issue and allotment of the Rights Shares with Warrants at the issue price of S\$0.001 per Rights Share, having been approved by Shareholders at the EGM; and
- (c) the lodgment 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.

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, Warrants, New Shares and the new Shares that may be issued pursuant to the exercise of any additional warrants or options to be issued in respect of the Warrants Adjustments and Options Adjustments. An appropriate announcement on the outcome of the application will be made in due course.

In the event any of the above conditions are not satisfied, the Rights cum Warrants Issue will not be given effect to.

2.7 Eligibility of Shareholders to Participate in the Rights cum Warrants Issue

(a) Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and the accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. They are at liberty to accept, decline (in full or in part), or otherwise renounce or trade on the SGX-ST Catalist, during the provisional allotment trading period prescribed by the SGX-ST, their provisional allotments of Rights Shares with Warrants and are eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants, may only do so through CDP. Full details of the Rights cum Warrants Issue, including an indicative timetable of the key events, will be set out in the Offer Information Statement to be despatched to the Entitled Shareholders in due course.

LETTER TO SHAREHOLDERS

All dealings in and transactions of the provisional allotments of the Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

All fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the entitlements of the Entitled Shareholders and will, together with the entitlements not allotted or taken up for any reason, be aggregated and issued to satisfy applications, if any, for Excess Rights Shares with Warrants or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of Excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares with Warrants, if any, provided that where there are insufficient Excess Rights Shares with Warrants to allot to each application, the Company shall allot the Excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots. 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 cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with Warrants.

The procedures for, and the terms and conditions applicable to, acceptance, renunciation and/or sale of the provisional allotment of Rights Shares with Warrants and for application for Excess Rights Shares with Warrants pursuant to the Rights cum Warrants Issue will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to the Entitled Shareholders in due course.

(i) Entitled Scripholders

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit such share certificates with CDP before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares with Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Entitled Scripholders should also note that all correspondence and notices will be sent to their last registered addresses in the Register of Members.

(ii) Entitled Depositors

Entitled Depositors should note that all correspondence and notices will be sent to their latest registered addresses with CDP. Entitled Depositors are reminded that any request to effect any change in address must reach CDP not later than three (3) Market Days before the Books Closure Date.

(b) Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be registered, lodged or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

LETTER TO SHAREHOLDERS

Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. Accordingly, no provisional allotment of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefor despatched by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents will also not be despatched to Foreign Purchasers. Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside Singapore wishing to take up their provisional allotment of Rights Shares with Warrants or apply for Excess Rights Shares with Warrants under the Rights cum Warrants Issue to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this section are intended as a general guide only and any Foreign Shareholder who is in doubt as to his position should consult his professional advisers without delay.

Receipt of this Circular, the Offer Information Statement, PAL, ARE or ARS or the crediting of Rights Shares with Warrants to a Securities Account will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Circular, the Offer Information Statement and PALs, AREs or ARSs must be treated as sent for information only and should not be copied or redistributed.

Rights Shares with Warrants will only be provisionally allotted to Entitled Shareholders on the basis of their shareholdings as at the Books Closure Date. In addition, the Offer Information Statement, PALs and AREs will not be sent to, and Rights Shares with Warrants will not be credited to Securities Accounts of, Shareholders with registered addresses in jurisdictions outside Singapore or to their agent or intermediary outside Singapore, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this Circular, the Offer Information Statement, and/or PAL, ARE or ARS or whose Securities Account is credited with Rights Shares with Warrants should not distribute or send the same or transfer Rights Shares with Warrants in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Offer Information Statement, a PAL, ARE or ARS or a credit of Rights is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the Rights Shares with Warrants, renounce such PAL, ARE or ARS or transfer the Rights Shares with Warrants unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who forwards this Circular, the Offer Information Statement, or a PAL, ARE or ARS or transfers Rights Shares with Warrants into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section as well as relevant sections of the Offer Information Statement.

The Company reserves the right to reject any acceptances of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid or to decline to register such application or purported application which (a) appears to the Company or its agent to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore or (c) purports to exclude any deemed representation or warranty.

LETTER TO SHAREHOLDERS

Foreign Shareholders will not be allowed to participate in the Rights cum Warrants Issue. Accordingly, no provisional allotment of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance or application for Rights Shares with Warrants by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents relating to the Rights cum Warrants Issue will also not be despatched to Foreign Purchasers. Foreign Purchasers may not accept any Rights credited to their Securities Accounts unless the Company and its counsels are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

For the avoidance of doubt, even if a Foreign Shareholder has provided a Singapore address as aforesaid, the offer of Rights Shares with Warrants to him will be subject to compliance with applicable securities laws outside Singapore.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil paid” on the SGX-ST as soon as practicable, after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales will, 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 pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them by means of a crossed cheque drawn on a bank in Singapore sent by ordinary post to their mailing address as recorded with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions at their own risk, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company will be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder will have any claim whatsoever against the Company or CDP in respect of such sales or the proceeds thereof, the provisional allotment of Rights Shares with Warrants represented by such provisional allotments.

If such provisional allotments cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders. However, the Company reserves the right to make similar arrangements for the Rights Shares with Warrants which would otherwise have been allotted to certain Entitled Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights Shares with Warrants commence, where the beneficial holders of such Rights Share are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Rights cum Warrants Issue.

LETTER TO SHAREHOLDERS

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any regulatory or legal requirements in those territories. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Circular, the Offer Information Statement, the PAL, ARE or ARS must be treated as sent for information only and should not be copied or redistributed.

2.8 Purpose of the Rights cum Warrants Issue and Use of Proceeds

The Rights cum Warrants Issue has been proposed 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 medical aesthetics, health care and other related business. The Company is also seeking to repay its outstanding loan obligations through the funds raised from the Rights cum Warrants Issue. In respect of the former, this 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.

Assuming Scenario 1 occurs and all of the Warrants issued thereunder are exercised, the estimated net proceeds (the "**Scenario 1 Net Proceeds**") is expected to be approximately S\$20.0 million after deducting estimated costs and expenses of S\$120,000 relating thereto. After considering the Group's current financial position and for the purpose of undertaking the Rights cum Warrants Issue, the Company intends to use the Scenario 1 Net Proceeds for the purposes of business expansion, repayment of loans and working capital.

Assuming Scenario 2 occurs and none of the Warrants are exercised, the estimated net proceeds (the "**Scenario 2 Net Proceeds**") is expected to be approximately S\$9.5 million, after deducting estimated costs and expenses of S\$120,000 relating thereto. After considering the Group's current financial position and for the purpose of undertaking the Rights cum Warrants Issue, the Company intends to use the Scenario 2 Net Proceeds for the purposes of business expansion, repayment of loans and working capital.

Assuming Scenario 2 occurs and all of the Warrants issued thereunder are exercised ("**Scenario 3**"), the estimated net proceeds ("**Scenario 3 Net Proceeds**") is expected to be approximately S\$19.1 million, after deducting estimated costs and expenses of S\$120,000 relating thereto. After considering the Group's current financial position and for the purpose of undertaking the Rights cum Warrants Issue, the Company intends to use the Scenario 3 Net Proceeds for the purposes of business expansion, repayment of loans and working capital.

For the purposes herein, Scenario 1 Net Proceeds, Scenario 2 Net Proceeds and Scenario 3 Net Proceeds shall collectively be known as "**Net Proceeds**".

The Rights cum Warrants Issue is not underwritten, in view of the cost savings by the Company in respect of the underwriting fees.

For illustrative purposes only, the following table is an estimate of the proportions of how the Company intends to use the Net Proceeds:

LETTER TO SHAREHOLDERS

Use of Proceeds	Scenario 1 and all Warrants exercised		Scenario 2 and no Warrants exercised		Scenario 3	
	S\$ (million)	%	S\$ (million)	%	S\$ (million)	%
Business expansion	5.0	25	1.9	20	4.8	25
Repayment of loans and/or debts	10.0	50	5.7	60	9.5	50
Working Capital	5.0	25	1.9	20	4.8	25
Total	20.0	100	9.5	100	19.1	100

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.

Pending the deployment of the Net Proceeds from the Rights cum Warrants Issue for the uses identified above, such Net Proceeds may be placed as deposits with financial institutions and/or invested in short-term money market or debt instruments and/or for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit.

In the event that any part of the Company's proposed uses of the Net Proceeds does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes and/or hold such funds on short-term deposits for as long as the Directors deem it to be in the interest of the Company and the Shareholders. Any change in the use of the Net Proceeds will be subject to the Catalist Rules and appropriate announcements will be made by the Company on SGXNET.

2.9 Adequacy of working capital

There is no minimum amount to be raised from the Rights cum Warrants Issue. As at the Latest Practicable Date, 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 cum Warrants Issue is being undertaken for the reasons stated 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, Dato Dr Choo Yeow Ming, (the "**Dato Choo**") has provided a letter of financial support expressing his willingness to provide continuing financial support upon terms and conditions agreeable to both parties to enable the Group to operate and meet their financial obligations and commitments as and when they fall due for the next 12 months till 7 April 2018;
- (b) Dato Choo had also provided a written confirmation not to demand repayment of borrowings of S\$1,000,000 and S\$200,000 owing by the Group to him and payables of S\$3,500,000 owing by the Group to a former shareholder of the Company's subsidiary corporation (which he is

LETTER TO SHAREHOLDERS

a director and has 55% equity interests in), until the date when the Group has the financial ability to make the repayment or their respective contractual maturity dates on 5 March 2020, 2 February 2018 and 6 November 2019; and

- (c) CMIC Hemodialysis (Hong Kong) Limited has entered into a third supplementary agreement with a third party, Concorde Global Limited to extend the maturity date of the HK\$20 million loan from 27 June 2017 to 27 December 2017. The loan is secured by a corporate guarantee granted by the Company and a deed of guarantee granted by Dato Choo (please refer to the SGXNET announcements dated 20 June 2016, 13 December 2016, 29 March 2017 and 27 June 2017).

3. FINANCIAL INFORMATION OF THE GROUP

The consolidated statements of comprehensive income, the cash flow statements, the balance sheets and the working capital position of the Group for the last three (3) financial years ended 31 December 2014, 2015 and 2016 and the financial period for 1Q2017 are set out in Appendix A to this Circular.

4. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The financial effects of the Rights cum Warrants Issue presented herein are purely for illustrative purposes only and do not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and the Group immediately after the completion of the Rights cum Warrants Issue.

The financial effects have been prepared based on the last audited consolidated financial statements of the Group for FY2016 and the unaudited interim financial statements for 1Q2017, the financial effects of the Rights cum Warrants Issue under Scenarios 1, 2 and 3 are presented herein after taking into account the following assumptions:

- (a) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the NTA per Share and gearing of the Group, the Rights cum Warrants Issue is assumed to have been completed on 31 December 2016 or 31 March 2017 (as the case may be); and
- (b) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the earnings and LPS of the Group, the Rights cum Warrants Issue is assumed to have been completed on 1 January 2016.

4.1 Share Capital

As an illustration only, the financial effects of the Rights cum Warrants Issue on the share capital of the Group as at 31 December 2016 and 31 March 2017 are as follows:

	Scenario 1		Scenario 2		Scenario 3	
	No. of Shares ('000)	S\$'000	No. of Shares ('000)	S\$'000	No. of Shares ('000)	S\$'000
Issued share capital as at 31 December 2016	2,999,133	50,000	2,999,133	50,000	2,999,133	50,000
Add: Right Shares to be issued	20,215,577	20,216	9,597,400	9,597	19,194,800	19,195
Issued share capital after the Rights cum Warrants Issue	23,214,710	70,216	12,596,533	59,597	22,193,933	69,195

LETTER TO SHAREHOLDERS

	Scenario 1		Scenario 2		Scenario 3	
	No. of Shares ('000)	S\$'000	No. of Shares ('000)	S\$'000	No. of Shares ('000)	S\$'000
Issued share capital as at 31 March 2017	2,999,133	50,110	2,999,133	50,110	2,999,133	50,110
Add: Right Shares to be issued	20,215,577	20,216	9,597,400	9,597	19,194,800	19,195
Issued share capital after the Rights cum Warrants Issue	23,214,710	70,326	12,596,533	59,707	22,193,933	69,305

4.2 NTA and NTA per Share

As an illustration only, the financial effects of the Rights cum Warrants Issue on the NTA and NTA per Share of the Group based on the latest audited financial statements for FY2016 and the unaudited financial statement for 1Q2017 are as follows:

	Scenario 1	Scenario 2	Scenario 3
<u>As at 31 December 2016</u>			
NTA before the Rights cum Warrants Issue (S\$'000)	(4,662)	(4,662)	(4,662)
Number of Shares before the Rights cum Warrants Issue ('000)	2,999,133	2,999,133	2,999,133
NTA per Share before the Rights cum Warrants Issue (cents)	(0.16)	(0.16)	(0.16)
Add: Gross Proceeds from the Rights cum Warrants Issue (S\$'000)	20,216	9,597	19,195
(Less): Expenditures related to Rights cum Warrants Issue (S\$'000)	(120)	(120)	(120)
Add: Net Proceeds from the Rights cum Warrants Issue (S\$'000)	20,096	9,477	19,075
NTA after the Rights cum Warrants Issue (S\$'000)	15,434	4,815	14,413
Number of Shares after Rights cum Warrants Issue ('000)	23,214,710	12,596,533	22,193,933
NTA per Share after the Rights cum Warrants Issue (cents)	0.07	0.04	0.06
<u>As at end of 31 March 2017</u>			
NTA			
before the Rights cum Warrants Issue (S\$'000)	(6,432)	(6,432)	(6,432)
Number of Shares before the Rights cum Warrants Issue ('000)	2,999,133	2,999,133	2,999,133
NTA per Share before the Rights cum Warrants Issue (cents)	(0.21)	(0.21)	(0.21)

LETTER TO SHAREHOLDERS

	Scenario 1	Scenario 2	Scenario 3
Add: Gross Proceeds from the Rights cum Warrants Issue (S\$'000)	20,216	9,597	19,195
(Less): Expenditures related to Rights cum Warrants Issue (S\$'000)	(120)	(120)	(120)
Add: Net Proceeds from the Rights cum Warrants Issue (S\$'000)	20,096	9,477	19,075
NTA after the Rights cum Warrants Issue (S\$'000)	13,664	3,045	12,643
Number of Shares after Rights cum Warrants Issue ('000)	23,214,710	12,596,533	22,193,933
NTA per Share after the Rights cum Warrants Issue (cents)	0.06	0.02	0.06

4.3 Earnings and LPS

The Rights cum Warrants Issue is expected to have a non-dilutive effect on the LPS of the Company or the Group in view of the losses from the related period.

	Scenario 1	Scenario 2	Scenario 3
<u>FY2016</u>			
Net loss attributable to shareholders (S\$'000)	(18,756)	(18,756)	(18,756)
Weighted average number of Shares before the Rights cum Warrants Issue ('000)	2,903,232	2,903,232	2,903,232
Weighted average number of Shares after the Rights cum Warrants Issue ('000)	23,118,809	12,500,632	22,098,032
LPS after Rights cum Warrants Issue (cents)			
- Basic	(0.08)	(0.15)	(0.08)
- Diluted	(0.08)	(0.15)	(0.08)
<u>1Q2017</u>			
Net loss attributable to Shareholders (S\$'000)	(1,147)	(1,147)	(1,147)
Number of Shares before the Rights cum Warrants Issue ('000)	2,999,133	2,999,133	2,999,133
Number of Shares after the Rights cum Warrants Issue ('000)	23,214,710	12,596,533	22,193,933
LPS after Rights cum Warrants Issue (cents)			
- Basic	(0.005)	(0.009)	(0.005)
- Diluted	(0.005)	(0.009)	(0.005)

LETTER TO SHAREHOLDERS

4.4 Gearing

As an illustration only, the financial effects of the Rights cum Warrants Issue on the gearing of the Group based on the latest audited financial statements for FY2016 and the unaudited financial statement for 1Q2017 are as follows:

	Scenario 1	Scenario 2	Scenario 3
<u>As at 31 December 2016</u>			
Total borrowings before the Rights cum Warrants Issue (S\$'000)	4,730	4,730	4,730
Shareholders' equity before the Rights cum Warrants Issue (S\$'000)	2,616	2,616	2,616
Gearing before the Rights cum Warrants Issue (times)	1.8	1.8	1.8
<hr/>			
Total borrowings after the Rights cum Warrants Issue (S\$'000)	4,730	4,730	4,730
Shareholders' equity after the Rights cum Warrants Issue (S\$'000)	22,832	12,213	21,811
Gearing after the Rights cum Warrants Issue (times)	0.2	0.4	0.2
<hr/>			
<u>As at 31 March 2017</u>			
Total borrowings before Rights cum Warrants Issue (S\$'000)	4,992	4,992	4,992
Shareholders' equity before the Rights cum Warrants Issue (S\$'000)	846	846	846
Gearing before the Rights cum Warrants Issue (times)	5.9	5.9	5.9
<hr/>			
Total borrowings after the Rights cum Warrants Issue (S\$'000)	4,992	4,992	4,992
Shareholders' equity after the Rights cum Warrants Issue (S\$'000)	21,062	9,597	19,195
Gearing after the Rights cum Warrants Issue (times)	0.2	0.5	0.3

SHAREHOLDERS ARE ADVISED TO READ THE ABOVE SECTION 4 OF THE CIRCULAR ON THE FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE CAREFULLY.

LETTER TO SHAREHOLDERS

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares, as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings are as follows:

Directors	Direct Interest		Deemed Interest		No. of Share Options granted '000
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	
	'000		'000		
Tai Kok Chuan ⁽²⁾	110,000	3.44	20,000	0.63	30,000
Hano Maeloa ⁽³⁾	–	–	–	–	30,000
Chew Soo Lin	833	N.M.	–	–	–
Yap Siew Sin	–	–	–	–	–
Substantial Shareholders					
Dato Dr Choo Yeow Ming	275,000	8.6	50,000	1.56	–
Qiang Lin Mei	275,000	8.6	–	–	–
Kiow Kim Yoon	200,000	6.25	–	–	–

Notes:

- (1) Based on the total issued capital of the Company comprising 3,199,133,315 Shares as at the Latest Practicable Date.
- (2) Mr Tai Kok Chuan has 30,000,000 outstanding options convertible into 30,000,000 ordinary shares of the Company as at the Latest Practicable Date.
- (3) Mr Hano Maeloa has 30,000,000 outstanding options convertible into 30,000,000 ordinary shares of the Company as at the Latest Practicable Date.

6. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to the Entitled Shareholders subject to, *inter alia*, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue may only be made on the following (all of which will form part of the Offer Information Statement):

- (i) the PAL, in the case of Entitled Scripholders whose Shares are registered in their own names;
- (ii) the ARE, or through the ATMs of the Participating Banks, in the case of the Entitled Depositors; and/or
- (iii) the ARS, or through the ATMs of the Participating Banks, in the case of persons purchasing provisional allotment of Rights Shares with Warrants through the book-entry (scripless) settlement whose registered addresses with CDP are in Singapore.

7. BOOKS CLOSURE DATE

The Books Closure Date for the purpose of determining Entitled Shareholders' entitlements under the Rights cum Warrants Issue will be announced at a later date.

LETTER TO SHAREHOLDERS

8. DIRECTORS' RECOMMENDATION

The Directors are of the opinion, based on the rationale for and the terms of the Rights cum Warrants Issue as set out in this Circular, that the proposed Rights cum Warrants Issue is in the best interests of the Shareholders and the Company, and accordingly unanimously recommend Shareholders to vote in favour of the ordinary resolution(s) relating thereto to be proposed at the EGM as set out in the Notice of the EGM.

The Directors however wish to highlight to Shareholders the disclaimer of opinion in the Independent Auditors' report on the Group's and Company's financial statements for FY2016 and the Company's present circumstances relating to, *inter alia*, going concern statement in the Independent Auditors' report, the impairment of goodwill and uncertainty pertaining to the recoverability of the certain advances and loans by the Group.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 43 to 45 of this Circular, will be held at 22 August 2017 at 10.00 a.m. for the purpose of considering and if, thought fit, passing, with or without modifications, the ordinary resolution set out in the notice of EGM.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend, speak and vote at the EGM on their behalf will find a proxy form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the registered office of the Company at 360 Orchard Road #04-08 International Building Singapore 238869, not less than 48 hours before the time fixed for the EGM. The completion and lodgment of a proxy form by a Shareholder does not preclude him/her from attending and voting in person at the EGM if he/she so wishes, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by CDP at least 72 hours before the EGM.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquires that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Rights cum Warrants 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 Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 360 Orchard Road #04-08 International Building, Singapore 238869, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual report of the Company for FY2016; and
- (c) and the unaudited financial results for 1Q2017.

LETTER TO SHAREHOLDERS

Yours faithfully

For and on behalf of
The Board of Directors of
CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

Tai Kok Chuan
Executive Chairman

4 August 2017

APPENDIX A

REVIEW OF PAST PERFORMANCE

Shareholders should read the following selected financial information and the relevant commentaries in conjunction with the full text of the annual reports for the respective financial years.

1. Consolidated Statement of Comprehensive Income

The audited consolidated income statement of the Group for FY2014, FY2015 and FY2016 and the unaudited consolidated income statement of the Group for 1Q2017 are set out below:

	Audited			Unaudited
	FY2014	FY2015	FY2016	1Q2017
	\$'000	\$'000	\$'000	\$'000
Continuing Operations				
Revenue	10,017	5,565	3,170	579
Cost of sales	(8,557)	(4,240)	(1,992)	(367)
Gross profit	1,460	1,325	1,178	212
Other operating income	80	1,446	603	87
Distribution costs	(465)	(559)	(467)	(65)
Administrative expenses	(13,957)	(3,502)	(20,486)	(1,324)
Finance costs	(33)	(14)	(266)	(167)
Loss for the year before other items	(12,915)	(1,304)	(19,438)	(1,257)
Taxation	(190)	(5)	2	(2)
Total loss for the year	(13,105)	(1,309)	(19,436)	(1,259)

APPENDIX A

1. Consolidated Statement of Comprehensive Income (cont'd)

	Audited		Unaudited	
	FY2014	FY2015	FY2016	1Q2017
	\$'000	\$'000	\$'000	\$'000
Other comprehensive loss:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
Gains	5	3	14	(11)
Other comprehensive income, net of tax	5	3	14	(11)
Total comprehensive loss	(13,100)	(1,306)	(19,422)	(1,270)
(Loss)/ Profit attributable to:				
Equity holders of Company	(13,105)	(1,874)	(18,756)	(1,147)
Non-controlling interest	-	565	(680)	(112)
	(13,105)	(1,309)	(19,436)	(1,259)
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(13,100)	(1,871)	(18,742)	(1,149)
Non-controlling interest	-	565	(680)	(121)
	(13,100)	(1,306)	(19,422)	(1,270)
Loss per share attributable to equity holders of the Company (cents per share)				
Basic and diluted loss per share	(0.69)	(0.10)	(0.65)	(0.038)

A review of the operations, business and financial performance of the Group are set out below.

FY2015 versus FY2014

The Group's FY2015 revenue decreased by approximately S\$4.5 million. The decline was mainly due to weakening of market demand and increasing import competition from competing steel producing countries with huge surplus productions.

Lower loss for the year in FY2015 by approximately S\$11.80 million was mainly due to non-recurring losses arising from the disposal of Thai Tech Steel (2003) Co., Ltd in 2014.

In FY2014, S\$8 million was recognised as doubtful debt and approximately S\$4 million was non-cash accounting loss arising from the termination agreement in relation to a proposed reverse take-over.

APPENDIX A

FY2016 versus FY2015

The Group's FY2016 revenue decreased by approximately S\$2.4 million mainly due to continuing weak market demand and increasing import competition from competing steel producing countries and closure of some steel mills in the operating region.

Included in FY2015 revenue, S\$0.96 million was generated from the medical aesthetics segment as a result of to the Group's diversification into the medical aesthetics business in November 2015.

The higher loss in FY2016 compared to FY2015 was mainly due to S\$10.8 million impairment on goodwill and approximately S\$5 million as allowance for doubtful debt.

1Q2017 versus 1Q2016

The Group's 1Q2017 revenue decreased by S\$0.5 million. This was mainly due to weakening market demand, reduction in steel production and increasing competition in the region.

Medical aesthetics segment was also weaker and recorded a reduction of approximately S\$0.14 million in revenue.

The higher loss of approximately S\$0.48 million recorded in 1Q2017 compared to 1Q2016 was mainly due to S\$0.25 million allowance for impairment of loan and advances and interest expense of S\$0.17 million to service loans taken in FY2016.

2. Statement of Financial Position

The Statement of Financial Position of the Group for FY2014, FY2015 and FY2016 and the unaudited Statement of Financial Position for 1Q2017 are set out below:

	Audited			Unaudited
	FY2014	FY2015	FY2016	1Q2017
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-Current Assets				
Intangible Assets	–	18,152	7,296	7,296
Property, plant and equipment	21	373	274	239
Deferred tax assets	–	–	–	–
	21	18,525	7,570	7,535
Current Assets				
Inventories	250	434	64	48
Trade and other receivables	1,024	798	1,570	1,376
Cash and bank balances	9,837	3,519	2,525	2,379
	11,111	4,751	4,159	3,803
Total assets	11,132	23,276	11,729	11,338

APPENDIX A

2. Statement of Financial Position (cont'd)

	Audited		Unaudited	
	FY2014	FY2015	FY2016	1Q2017
	\$'000	\$'000	\$'000	\$'000
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	38,114	46,485	50,000	50,110
Reserves	(28,355)	(28,878)	(47,320)	(49,087)
	9,759	17,607	2,680	1,023
Non-controlling interests	–	616	(64)	(177)
Total equity	9,759	18,223	2,616	846
Non-Current Liabilities				
Trade and other payables	–		3,017	3,017
Borrowings	–	–	1,000	1,000
Deferred tax liabilities	–	26	18	18
	–	26	4,035	4,035
Current Liabilities				
Trade and other payables	689	5,027	1,348	2,465
Borrowings	474	–	3,730	3,992
Current tax payable	210	–	–	–
	1,373	5,027	5,078	6,457
Total equity and liabilities	11,132	23,276	11,729	11,338

A review of the financial positions of the Group for the relevant periods is set out below:

FY2015 versus FY2014

Total assets of the Group increased by approximately S\$12.1 million from approximately S\$11.1 million as at 31 December 2014 to approximately S\$23.3 million as at 31 December 2015. The increase is a result of the acquisition of China iMyth Company Pte Ltd (“**CIC**”) and its subsidiaries for a consideration of approximately S\$18.1 million. Following the acquisition of the medical aesthetics business in Taiwan and China, an intangible asset of S\$0.1 million was recognised as customer relationships. The cash and bank balance decreased by approximately S\$6.3 million from S\$9.8 million as at 31 December 2014 to S\$3.5 million as at 31 December 2015 mainly due to cash consideration partially paid for the acquisition of the CIC and to date, approximately S\$8.5 million had been paid. The property, plant and equipment of the Group increased by approximately S\$0.35 million arising from the consolidation of CIC and its subsidiary corporation. Trade receivables of the Group decreased by approximately S\$0.485 million due to slowdown in distribution business.

Total liabilities of the Group increased by approximately S\$3.7 million mainly due to the remaining purchase consideration payable for acquiring of CIC.

APPENDIX A

FY2016 versus FY2015

Total assets of the Group decreased by approximately S\$11.5 million from approximately S\$23.3 million as at 31 December 2015 to approximately S\$11.8 million as at 31 December 2016, of which S\$10.8 million is mainly attributable to impairment of goodwill.

The cash and bank balance decreased by approximately S\$1.0 million from S\$3.5 million as at 31 December 2015 to S\$2.5 million as at 31 December 2016 mainly due to the high set up costs associated with the Group's medical aesthetics business in Shenzhen China. Property, plant and equipment decreased by approximately S\$0.1 million mainly due to depreciation of S\$0.17 million and S\$0.03 million write off of clinic equipment, offset by additions to fixed assets of S\$0.1 million. In addition, the trade receivables decreased by S\$0.34 million and inventories decreased by S\$0.37 million due to lower volume in trading and distribution business. However, the increase in other receivables and prepayments was due to approximately S\$1.2 million deposit paid for an equity interest in the aesthetics business in Qingdao LanHai.

Total liabilities of the Group increased by approximately S\$4.1 million mainly due to loan from shareholder of S\$1 million and S\$3.7 million loan from a third party.

The increase in non-current liabilities of approximately S\$4.0 million is due to reclassification from current liabilities to non-current liabilities arising from the extension of the payment of the remaining purchase consideration for the acquisition of CIC to 28 March 2019.

1Q2017 versus 1Q2016

Total assets of the Group decreased by S\$0.391 million from S\$11.729 million as at 31 December 2016 to S\$11.338 million as at 31 March 2017. This was attributable to the decrease in cash and cash equivalents of S\$0.146 million and decrease in trade and other receivables of S\$0.194 million due to impairment of loan and advances which were spent for initial set up of the aesthetics clinics in Shenzhen. These were further impaired during this financial period as the return on investment for these investments are expected to take much longer than envisaged and the Board's view is to take a prudent approach to impair these advances.

Total liabilities of the Group increased by S\$1.379 million from 31 December 2016. This was mainly due to S\$1.44 million received in advance recorded as other payables for the placement of 200 million shares subscription offset by S\$0.06 million reduction in trade and other payables in the trading and distribution division.

APPENDIX A

3. Cash Flow

The consolidated statement of cash flows of the the Group for FY2014, FY2015 and FY2016 and the unaudited cash flow statement for 1Q2017 are set out below:

	Audited		Unaudited	
	FY2014	FY2015	FY2016	1Q2017
	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities				
Net loss	(13,105)	(1,309)	(19,436)	(1,259)
Adjustments for:				
Income tax (credit)/expense	190	5	(2)	2
Depreciation of property, plant and equipment	19	30	173	41
Resultant loss relating to shares granted to introducer	4,421	–	–	–
Employee share option expense	177	532	–	–
Interest income	(52)	(67)	(15)	–
Interest expense	33	14	246	167
Impairment loss on goodwill	–	–	10,805	–
Amortisation of intangible assets	–	–	51	–
Accretion of imputed interest	–	–	(503)	–
Write off of property, plant and equipment	–	–	26	–
Unwinding of imputed interest	–	–	20	–
Unrealised currency translation (gains)/losses	–	2	(42)	(145)
Operating loss before working capital changes	(8,317)	(793)	(8,677)	(1,194)
Change in working capital, net of effect from acquisition of subsidiary corporations:				
Decrease/(increase) in trade and other receivables	8,952	500	(772)	194
Decrease/(increase) in inventories	67	(184)	370	16
(Decrease)/increase in trade and other payables	(578)	2,500	(3,196)	(123)
Cash generated from/(used in) operations	124	2,023	(12,275)	(1,107)
Interest paid	(33)	(14)	(246)	(167)
Interest income	52	67	15	–
Income tax refund	–	–	–	–
Income tax paid	(278)	(215)	(6)	(2)
Net cash (used in)/generated from operating activities	(135)	1,861	(12,512)	(1,276)

APPENDIX A

3. Cash Flow (cont'd)

	Audited		Unaudited	
	FY2014	FY2015	FY2016	1Q2017
	\$'000	\$'000	\$'000	\$'000
Cash Flows from Investing Activities				
Acquisition of subsidiary corporation, net of cash acquired	–	(10,839)	–	–
Additions to property, plant and equipment	–	(4)	(86)	–
Net cash used in investing activities	–	(10,843)	(86)	–
Cash Flows from Financing Activities				
Fixed deposit withdrew from banks	(2,030)	530	500	500
Redemption of warrants	–	–	–	(500)
Proceeds from issuance of ordinary shares	–	2,250	3,515	1,440
Proceeds from issuance/exercise of warrants	6,799	887	300	–
Proceeds from borrowings	–	–	4,730	200
Repayment of borrowings	(1,436)	(474)	–	–
Advances provided by a former shareholder of subsidiary corporation	–	–	3,017	–
Net cash generated from financing activities	3,333	3,193	12,062	1,640
Net increase/(decrease) in cash and cash equivalents	3,198	(5,789)	(536)	364
Cash and cash equivalents				
Beginning of the financial year	4,605	7,807	2,019	1,525
Effect of currency translation on cash and cash equivalents	4	1	42	(10)
Cash and cash equivalents as at the end of the year	7,807	2,019	1,525	1,879
Cash and cash balance comprise the following:				
Cash at bank and on hand	9,837	3,519	2,525	2,379
Less: Short-term bank deposits	(2,030)	(1,500)	(1,000)	(500)
Cash and cash equivalents per cash flow	7,807	2,019	1,525	1,879

APPENDIX A

A review of the cash flow of the Group for the relevant periods is set out below:

FY2015 versus FY2014

Net cash generated from operating activities in FY2015 amounted to S\$1.9 million. The operating cash outflows before movement in working capital were S\$0.7 million.

The net cash outflow in investment activities in FY2015 of approximately S\$10.8 million was mainly due to the net cash used in acquiring medical aesthetics business.

The net cash generated from financing activities amounted to S\$3.19 million was mainly due to the proceeds from the exercise of warrants of S\$0.89 million and issuance of new shares of S\$2.25 million and uplifting of fixed deposit of S\$0.53 million. This was partially offset by the repayment of bank borrowings of S\$0.47 million.

Cash and cash equivalents were S\$3.5 million as at 31 December 2015 as compared to S\$9.8 million as at 31 December 2014.

FY2016 versus FY2015

Net cash used in operation for FY2016 was approximately S\$9.5 million. The operating cash outflows before movement in working capital were approximately S\$3.9 million. Net cash outflow from changes in working capital was due to operating costs and travelling expenses for setting up of operations in Shenzhen.

The net cash outflow in investment activities in FY2016 of approximately S\$0.08 million was for the purchase of fixed assets for the aesthetic business.

The net cash generated from financing activities amounted to approximately S\$8.5 million. These are proceeds from the loan of approximately S\$4.7 million and placement of shares of S\$3.5 million and S\$0.3 million from issuance of warrants.

Cash and cash equivalents were approximately S\$2.5 million as at 31 December 2016 as compared to approximately S\$3.5 million as at 31 December 2015.

1Q2017 versus 1Q2016

Net cash used in operating activities in 1Q2017 amounted to S\$1.276 million. The operating cash outflows before movement in working capital were S\$1.194 million. The net cash inflow from changes in working capital of approximately S\$0.087 million was mainly due to reduction in other receivables.

The net cash inflow from financing activities for 1Q2017 was S\$1.14 million. S\$0.5 million was used to redeem outstanding warrants and an inflow of S\$1.44 million share placement fund received in advance and S\$0.2 million loan proceeds during the period.

Cash and cash equivalents were S\$2.379 million as at 31 March 2017 as compared to S\$4.158 million as at 31 March 2016.

APPENDIX A

4. Working Capital

The total current assets, total current liabilities and working capital of the Group for FY2014, FY2015, FY2016, and 1Q2017 are as follows:

	Audited			Unaudited
	FY2014	FY2015	FY2016	1Q2017
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Total Current Assets	11,111	4,751	4,159	3,803
Total Current Liabilities	(1,373)	(5,027)	(5,078)	(6,457)
Working Capital	9,738	(276)	(919)	(2,654)

A review of the working capital of the Group for the relevant periods is set out below:

FY2015 versus FY2014

Working capital deteriorated in FY2015 compared to FY2014 mainly due to outstanding purchase consideration of S\$3.5 million owing to CIC vendor and depletion of cash for settlement of cash consideration for S\$8.5 million for acquisition of China iMyth Company Pte Ltd.

FY2016 versus FY2015

Working capital deteriorated in FY2016 compared to FY2015 due to a S\$3.73 million loan taken to finance business in China and general working capital purposes. Given the negative working capital position, a substantial shareholder had provided a letter of financial support expressing his willingness to provide continuing financial support 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 for the next 12 months till 7 April 2018.

1Q2017 versus 1Q2016

Working capital deteriorated in 1Q2017 compared to 1Q2016 due to S\$1.44 million share subscription monies received from shareholders pending issuance of new shares were temporary classified as current liabilities pending the actual issuance of new shares to the shareholders in April 2017 which will then be reclassified as share capital and additional S\$0.2 million loan taken from a substantial shareholder.

Notwithstanding the Group's negative working capital position, the Group's substantial shareholder had provided a letter of financial support expressing his willingness to provide continuing financial support 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 for the next 12 months till 7 April 2018.

The Directors wish to highlight that the figures set out under this Appendix A for 1Q2017 are unaudited and are extracted from the Company's interim financial statements and dividend announcement which was released by the Company on SGXNET on 12 May 2017. The Directors confirm that to the best of their knowledge, nothing has come to their attention which may render such figures to be false or misleading in any material aspect.

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration Number 200505118M)

(Incorporated in the Republic of Singapore)

All capitalised terms used in this notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular dated 4 August 2017 to the shareholders of the Company (the “**Circular**”).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of **China Medical (International) Group Limited** (the “**Company**”) will be held at The National University of Singapore Society, Kent Ridge Guild House, Dalvey Room, 9 Kent Ridge Drive, Singapore 119241 on 22 August 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

ORDINARY RESOLUTION

THE PROPOSED RIGHTS CUM WARRANTS ISSUE

That:

- (a) a renounceable non-underwritten rights cum warrants issue (the “**Rights cum Warrants Issue**”) by the Company of up to 10,107,788,721 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at the issue price of S\$0.001 for each Rights Share, with up to 10,107,788,721 free detachable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**New Share**”) at the exercise price of S\$0.001 for each New Share, on the basis of three (3) Rights Shares with three (3) Warrants for every one (1) Share, held by shareholders of the Company (the “**Shareholders**”), fractional entitlements to be disregarded, as at the books closure date to be determined (the “**Books Closure Date**”), be and is hereby approved; and
- (b) the Board of Directors be and is hereby authorised to:
 - (i) create and issue:
 - (aa) such number of Rights Shares as the Directors may determine up to a maximum of 10,107,788,721 Rights Shares at an issue price of S\$0.001 for each Rights Share;
 - (bb) such number of Warrants as the Directors may determine, subject to a maximum of 10,107,788,721 Warrants to be issued together with the Rights Shares, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.001 for each New Share during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the Warrants, subject to the terms and conditions of the Deed Poll constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and
 - (cc) such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll); and
 - (ii) provisionally allot and issue up to 10,107,788,721 Rights Shares at an issue price of S\$0.001 for each Rights Share, on the basis of three (3) Rights Shares with three (3) Warrants for every one (1) Share, held by the Shareholders as at the Books Closure Date to be determined, fractional entitlements to be disregarded, on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - (aa) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of the Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the share register of the Company (the “**Share Register**”), as the case may be, addresses in Singapore for the service of notices and documents;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (bb) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the Share Register, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
 - (cc) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold “nil-paid” on the SGX-ST Catalist and to pool and thereafter distribute the net proceeds thereof, if any (after deducting all expenses), proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (dd) provisional allotments of the Rights Shares with Warrants not taken up or cannot be sold or are not sold on the SGX-ST Catalist for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Rights cum Warrants Issue, shall be used to satisfy excess applications or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (ee) the Rights Shares with Warrants when issued and fully paid-up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distribution, the Record Date for which falls before the date of issue of the Rights Shares with Warrants;
 - (ff) the New Shares to be issued on exercise of the Warrants will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distribution, the record date for which falls before the date of issue of the New Shares;
- (c) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
- (i) a maximum of 10,107,788,721 New Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the New Shares; and
 - (ii) on the same basis as paragraph (c)(i) above, such further new ordinary shares in the capital of the Company as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (a)(iii) above;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) the Directors be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

BY ORDER OF THE BOARD

Tai Kok Chuan
Executive Chairman
Singapore
Date: 4 August 2017

Notes:

- 1) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Act) is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- 2) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
- 3) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- 4) The instrument appointing the proxy must be deposited at the registered office of the Company at 360 Orchard Road #04-08 International Building Singapore 238869 not less than forty-eight (48) hours before the time appointed for the meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**CHINA MEDICAL
(INTERNATIONAL)
GROUP LIMITED**

Company Registration Number 200505118M
(Incorporated in the Republic of Singapore)

IMPORTANT: FOR CPF INVESTORS ONLY

1. For investors who have used their CPF monies to buy the Company's shares, this Circular is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please Read Notes Overleaf Before Completing This Proxy Form)

I/We _____ (Name)

of _____ (Address)

being a *member/members of **China Medical (International) Group Limited** (the "Company") hereby appoint:

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings (%)

*and/or

Name	Address	*NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Extraordinary General Meeting (the "EGM") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, and if necessary, to demand a poll at the EGM of the Company to be held at The National University of Singapore Society, Kent Ridge Guild House, Dalvey Room, 9 Kent Ridge Drive, Singapore 119241 on 22 August 2017 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the EGM as indicated hereunder with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

* Please delete as appropriate.

No.	As Ordinary Resolution	For	Against
1.	To approve the proposed Rights cum Warrants Issue		

Please indicate your vote "For" or "Against" with an "X" within the box provided if you wish to exercise all your votes. Alternatively, please indicate the number of votes as appropriate

Dated this ____ day of _____ 2017.

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

Signature of Shareholder(s) or Common Seal
of Corporate Shareholder

All capitalised terms used in this Proxy Form which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the Company's Circular to Shareholders dated 4 August 2017 (including supplements and modifications thereto).

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap. 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2.
 - (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the EGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
 - (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 360 Orchard Road #04-08 International Building Singapore 238869 not less than forty-eight (48) hours before the time appointed for the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation that is a member may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Cap. 50).
8. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.