

CIRCULAR DATED 11 JANUARY 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 the 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 Catalist (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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



**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

- (1) PROPOSED ACQUISITION OF 51% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF (I) EASTLIFE PTE LTD AND (II) MAXGLOBE PTE. LTD. UNDER CHAPTER 10 OF THE CATALIST RULES AND THE PROPOSED ALLOTMENT AND ISSUANCE OF 238,095,238 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AS PART OF THE PURCHASE CONSIDERATION (“PROPOSED ACQUISITION”);**
- (2) THE PROPOSED ALLOTMENT AND ISSUANCE OF 158,730,158 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY TO THE DOCTOR ENTITY (AS DEFINED HEREIN) (“PROPOSED DOCTOR SHARE ISSUE”); AND**
- (3) THE PROPOSED GRANT OF THE OPTIONS TO THE DOCTOR ENTITY.**

IMPORTANT DATES AND TIMES:

Latest Date and Time for Lodgement of Proxy Form	:	24 January 2017 at 10.30 a.m.
Date and Time of Extraordinary General Meeting	:	26 January 2017 at 10.30 a.m. (or as soon thereafter following the conclusion of the Extraordinary General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Raffles Marina, Chart Room (Level 2), 10 Tuas West Drive Singapore 638404

TABLE OF CONTENTS

	<i>Page</i>
DEFINITIONS.....	3
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS.....	9
LETTER TO SHAREHOLDERS.....	10
1. INTRODUCTION	10
2. DETAILS OF THE PROPOSED ACQUISITION	10
3. DETAILS OF THE PROPOSED DOCTOR SHARE ISSUE.....	18
4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION AND THE PROPOSED DOCTOR SHARE ISSUE	18
5. DETAILS OF THE PROPOSED OPTIONS	19
6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	21
7. DIRECTORS' RECOMMENDATIONS.....	22
8. LISTING AND QUOTATION	22
9. EXTRAORDINARY GENERAL MEETING	22
10. ACTION TO BE TAKEN BY SHAREHOLDERS.....	22
11. DIRECTORS' RESPONSIBILITY STATEMENTS.....	23
12. DOCUMENTS AVAILABLE FOR INSPECTION.....	23
APPENDIX A: ORGANISATION STRUCTURE OF TARGET GROUP.....	24
APPENDIX B: PROFILE OF LEAD DOCTOR AND IDENTIFIED DOCTORS	25
APPENDIX C: SLOANE RELATED TRADE MARKS	26
APPENDIX D: CHANGES TO SHAREHOLDING STRUCTURE	28
APPENDIX E: EXTRACTS OF UNAUDITED FINANCIAL STATEMENTS OF THE TARGET GROUP FOR FY2015 AND THE 9 MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 OF THE TARGET GROUP	29
NOTICE OF EXTRAORDINARY GENERAL MEETING.....	31
PROXY FORM	

DEFINITIONS

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

Companies, Organisations and Agencies

“CDP”	:	The Central Depository (Pte) Limited
“Company” or “Purchaser”	:	China Medical (International) Group Limited
“Doctor Entity”	:	The Sloane Family Pte. Ltd.
“Doctor Managed Clinics”	:	A clinic or spa which is not under “The Sloane Clinic” brand and which is wholly owned by CMIG (directly or indirectly) after Completion Date and which is managed and operated by the Lead Doctor and/or the Identified Doctors
“Eastlife”	:	Eastlife Pte Ltd
“Group”	:	The Company and its subsidiaries, collectively
“New Sloane Clinics”	:	A new clinic or spa under “The Sloane Clinic” brand, owned by the Company but which may or may not be owned directly or indirectly by the Target Companies but which are clinics and spas managed and operated by the Lead Doctor and the Identified Doctors
“Maxglobe”	:	Maxglobe Pte. Ltd.
“Seller”	:	Asia Pacific Medical Group Limited
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Sloane Clinics”	:	The medical aesthetic clinics and spas owned by the Target Group and operating under “The Sloane Clinic” brand
“Sloane Managed Group”	:	(a) the Target Group; (b) the New Sloane Clinics to the extent such New Sloane Clinics are not owned directly or indirectly by the Target Companies; and (c) the Doctor Managed Clinics
“Sponsor”	:	PrimePartners Corporate Finance Pte. Ltd.
“Target Companies”	:	Eastlife and Maxglobe
“Target Group”	:	The Target Companies and their subsidiaries, collectively

General

“Act or Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, modified or supplemented from time to time
“Board”	:	The Board of Directors of the Company as at the Latest Practicable Date
“Cash Consideration”	:	A sum of S\$6,500,000 in cash payable to the Seller
“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

DEFINITIONS

“Completion”	: The completion of the Proposed Acquisition
“Completion Date”	: The date of Completion, being 31 January 2017 or such other date as may be mutually agreed between the Seller and the Purchaser in writing
“Consideration”	: The aggregate consideration of the value of the Consideration Shares and the Cash Consideration
“Consideration Shares”	: The aggregate of 238,095,238 new Shares (and each, a “ Consideration Share ”) at an issue price of S\$0.0126 per Consideration Share
“Constitution”	: The constitution of the Company
“Circular”	: This circular dated 11 January 2017 issued by the Company to the Shareholders
“Deed of Trade Marks Assignment”	: The deed of trade marks assignment dated 10 January 2017 entered into by the Company with Dr. Low Chai Ling, in relation to the transfer and absolute assignment of the Trade Marks from Dr. Low Chai Ling to the Company at NIL consideration and which is to be effective as from the Completion Date
“Deed of Performance Assurance”	: The deed of performance assurance dated 10 January 2017 entered into by the Company with the Lead Doctor, Doctor Entity and the Identified Doctors, guaranteeing the Performance Assurance and which is to be effective as from the Completion Date
“Director(s)”	: The director(s) of the Company as at the Latest Practicable Date
“Doctor Shares”	: The aggregate of 158,730,158 new Shares (and each, a “ Doctor Share ”) issued at NIL consideration
“Doctor’s Moratorium Period”	: Has the meaning ascribed to it in section 3.4 of this Circular
“Encumbrances”	: Any claim, charge, mortgage, lien, option, equity, power of sale, hypothecation, usufruct, retention of title, right of pre-emption, right of first refusal or other third party rights or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“EGM”	: The extraordinary general meeting of the Company, notice of which is set out on pages 31 to 32 of this Circular
“EPS”	: Earnings per Share
“Existing Share Capital”	: The issued share capital of the Company of 2,999,133,315 Shares as at the Latest Practicable Date
“Employment Agreements”	: The employment agreements dated 10 January 2017 entered into by one of the Target Companies with each of the Identified Doctors on the Completion Date and which is to be effective as from the Completion Date
“Enlarged Share Capital”	: The issued share capital of the Company of 3,395,958,711 Shares following completion of the Proposed Acquisition and the Proposed Doctor Share Issue

DEFINITIONS

- “Fully Diluted Basis”** : The issued share capital of the Company of 5,117,988,303 Shares following completion of the Proposed Acquisition and the Proposed Doctor Share Issue, and assuming that all additional shares that could be issued pursuant to all agreements, options, warrants or other convertible securities that are subsisting or that are proposed as at the Latest Practicable Date (regardless of whether they are vested, exercisable or convertible in accordance with their terms). For the avoidance of doubt, the aggregate of 5,117,988,303 Shares on a Fully Diluted Basis consist of, as at the Latest Practicable Date, the Existing Share Capital of 2,999,133,315 Shares, 238,095,238 Consideration Shares, 158,730,158 Doctor Shares, 66,179,592 listed warrants convertible into 66,179,592 Shares, 1,550,000,000 unlisted warrants convertible to 1,550,000,000 Shares and 105,850,000 outstanding share options pursuant to an employee share option scheme of the Company convertible into 105,850,000 Shares
- “FY”** : Financial year ended or ending 31 December
- “Identified Doctors”** : Dr Low Chai Ling, Dr Chua Han Boon, Dr Tan Wang Theng and Dr Tan Ying Chien
- “ION Clinic”** : The Sloane Clinic located at 2 Orchard Turn #03-14A, ION Orchard, Singapore 238801
- “Latest Practicable Date” or “LPD”** : 30 December 2016 being the latest practicable date prior to the printing of this Circular
- “Lead Doctor”** : Dr Lee Cheng San Kenneth
- “Longstop Date”** : 31 January 2017, or such other date as may be mutually agreed between the Company and the Seller
- “LPS”** : Loss per Share
- “Management Committee”** : A committee comprising the Lead Doctor and 2 representatives from the Company which will, *inter alia*, oversee management and operation of the Sloane Managed Group
- “Market Day”** : A day on which the SGX-ST is open for trading in securities
- “Material Adverse Effect”** : Any fact, matter, event, circumstance or condition that, individually or in combination with any other facts, matters, events, circumstances or conditions, has had, a material adverse effect on the business, operations, conditions (financial or otherwise), cashflows, assets or prospects of the Target Group taken as a whole, and if such fact, matter, event, circumstance or condition is quantifiable, resulting in losses, liabilities, costs and expenses to the Target Group amounting to 10% or more of the Consideration, but excludes any change or effect resulting from general economic conditions or any change or effect which has a general impact on the industry in which the Target Group operate to the extent that such changes or events do not have a materially disproportionate effect on the Target Group as compared to other entities in the same industry with substantially similar business

DEFINITIONS

- “NPAT”** : The audited net profits of the Sloane Managed Group after taxation based on the audited consolidated accounts of the Sloane Managed Group, as determined in accordance with accounting principles, standards and practices generally accepted in Singapore, prepared on the same basis and accounting principles as that of the accounts of the Company and computed on accounting policies and procedures set out in the Deed of Performance Assurance
- “Option Agreement”** : The option agreement dated 10 January 2017 entered into between the Company and the Doctor Entity in respect of the Proposed Options and which is to be effective as from the Completion Date
- “Parties”** : The Company and the Seller, collectively (and each, a **“Party”**)
- “Performance Assurance”** : The guarantee that the cumulative NPAT of the Sloane Managed Group for the Profit Target Period as certified by the Company’s auditors shall not be less than S\$6.0 million
- “Profit Share Incentive”** : Has the meaning ascribed to it in section 2.12 of this Circular
- “Profit Target Period”** : Cumulatively FY2017, FY2018 and FY2019 save where Completion takes place after 31 December 2016, the first financial year shall be pro-rated to commence on the Completion Date and the third financial year shall end on the third anniversary of the Completion Date resulting in a continuous period of not less than 36 (thirty-six) months commencing on Completion Date and ending on the third anniversary of the Completion Date
- “Proposed Acquisition”** : The acquisition of the Sale Shares pursuant to the provisions of the SPA
- “Proposed Options”** : The proposed Purchase Option and the proposed Sale Option
- “Proposed Doctor Share Issue”** : The proposed allotment and issuance of the Doctor Shares to the Doctor Entity
- “Purchase Option”** : The right for the Doctor Entity, as buyer, to require the Company, as seller, to procure each of the Target Companies to issue and allot the Purchase Option Shares to the Doctor Entity
- “Purchase Option Period”** : The period commencing from 1 March 2020 and ending at 5.00 p.m. on 31 May 2020 or such other later date as the Parties may agree in writing
- “Purchase Option Shares”** : Has the meaning ascribed to it in section 5.1 of this Circular
- “Sale Option”** : The right for the Doctor Entity, as seller, to require the Company, as buyer, to purchase all (and not some only) of the Sale Option Shares
- “Sale Option Exercise Price”** : Has the meaning ascribed to it in section 5.2 of this Circular
- “Sale Option Period”** : The period commencing from the completion of the Purchase Option and ending at 5.00 p.m. on the earlier of (a) the date falling one (1) month from the cessation of full-time employment of Dr Lee Cheng San Kenneth in the Company; and (b) the date falling five years after the completion of the Purchase Option

DEFINITIONS

- “Sale Option Shares”** : The ordinary shares in the share capital of each of the Target Companies which the Doctor Entity is the legal and registered owner of upon completion of the Purchase Option
- “Sale Shares”** : 40,800 ordinary shares in Eastlife and 81,600 ordinary shares in Maxglobe, representing 51% of the issued and paid up capital of each of the Target Companies
- “Service Agreement”** : The service agreement dated 10 January 2017 entered into between the Lead Doctor and the Company and which is to be effective as from the Completion Date
- “SFA”** : The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
- “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
- “SPA”** : The conditional share purchase agreement dated 7 November 2016 entered into between the Company and the Seller in respect of the Proposed Acquisition
- “Substantial Shareholder”** : A Shareholder who holds directly or indirectly 5% or more of the total issued and voting share capital of the Company
- “Target Group Percentage”** : The Company’s shareholding interest in the Target Group expressed as a percentage
- “Trade Marks”** : The trademarks currently owned by Dr Low Chai Ling which are used by the Sloane Clinics. Details of the Trade Marks are set out in Appendix C of this Circular

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 terms **“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.

DEFINITIONS

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.

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.

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)
Wong Fook Choy Sunny (Lead Independent Director)
Yeo Chin Tuan Daniel (Independent Director)

Registered Office

360 Orchard Road
#04-08 International Building
Singapore 238869

11 January 2017

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

Dear Sir/Madam

1. INTRODUCTION

1.1 The Directors are convening an EGM to be held on 26 January 2017 to seek Shareholders' approval in relation to:

- (i) the Proposed Acquisition (Ordinary Resolution 1);
- (ii) the Proposed Doctor Share Issue (Ordinary Resolution 2); and
- (iii) the Proposed Options (Ordinary Resolution 3),

(collectively, the "**Proposed Resolutions**").

1.2 The Directors wish to highlight that Ordinary Resolutions 1, 2 and 3 in relation to the Proposed Acquisition, the Proposed Doctor Share Issue and the Proposed Options ("**Inter-conditional Resolutions**") are inter-conditional.

For the avoidance of doubt, this means that if any of the Inter-conditional Resolutions are not approved, the other Inter-conditional Resolutions would not be carried. The Inter-conditional Resolutions have been made inter-conditional as the Proposed Acquisition, the Proposed Doctor Share Issue and the Proposed Options are to be viewed collectively as related to the same transaction.

1.3 The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the abovementioned Proposed Resolutions to be tabled at the EGM, the notice of which is set out on pages 31 to 32 of this Circular.

1.4 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.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Introduction

The Company had on 7 November 2016 entered into the SPA with the Seller for the sale by the Seller, and the purchase by the Company, of 51.0% of the issued and paid-up share capital of the Target Companies. Pursuant to the SPA, the Parties agreed that the Seller shall sell and the Company shall purchase from the Seller, all of the Sale Shares with all rights, title and interest in and to the Sale Shares attaching to them as at Completion, free and clear of all Encumbrances including all rights, dividends, entitlements and distributions declared, made or paid on or after the Completion Date with respect to the Sale Shares for an aggregate consideration of S\$9.5 million.

LETTER TO SHAREHOLDERS

2.2 Information on the Target Companies

Both the Target Companies are incorporated in Singapore as limited private companies. The Target Companies together with their wholly owned subsidiaries collectively own and operate clinics and spas under “The Sloane Clinic” brand.

The Seller holds 51% of the issued and paid-up capital of each of the Target Companies as a financial investor. The remaining 49% of the issued and paid-up capital of each of the Target Companies is held by Medi Innovation Sdn Bhd which is currently under receivership. To the best of the Seller’s knowledge, Medi Innovation Sdn Bhd is not related to the Lead Doctor or the Identified Doctors and is an entity independent from the Seller, the Lead Doctor and the Identified Doctors.

The Sloane Clinic is a chain of medical aesthetic clinics and spas in Singapore and Malaysia focusing on cosmetic medicine from non-invasive aesthetic treatments to plastic surgery. The Sloane Clinic’s team of doctors focuses in non-invasive cosmetic dermatology and plastic surgery techniques. The Sloane Clinic’s own line of cosmeceuticals, Sloane Inc., has also received numerous awards and is sold worldwide.

Further details on the organisation structure and past historical financials of the Target Companies are set out in Appendices A and E of this Circular.

2.3 Information on the Seller

Established in 1992, the Seller provides a range of primary care and specialty services, with a focus on neurology and oncology. The Seller introduced the first Gamma Knife machine to China and has since built a portfolio of hospitals and clinics in China and other parts of Southeast Asia, while also partnering with leading hospitals in China to provide medical, research and technology services.

The Seller is wholly owned by Bain Gamma Limited, an exempted company incorporated in the Cayman Islands and majority owned by funds advised and affiliated with Bain Capital Private Equity (“**Bain Capital**”). Bain Capital is one of the world’s leading private multi-asset alternative investment firms with more than \$75 billion in assets under management.

2.4 Consideration

The Consideration of S\$9.5 million shall be fully satisfied on Completion by the following:

- (a) the payment of the Cash Consideration, being a sum of S\$6.5 million, in cash to the Seller; and
- (b) the issue and allotment to the Seller of 238,095,238 new Shares at an issue price of S\$0.0126 per Consideration Share.

The Consideration was arrived at after arm’s length negotiations between the Company and the Seller, and on a willing-buyer and willing-seller basis and is subject to certain conditions precedent, including the completion of a due diligence on the Target Group, the entry into of the Deed of Performance Assurance, the Service Agreement, the Employment Agreements and the Deed of Trade Marks Assignment.

The issue price for the Consideration Shares, being S\$0.0126, is equivalent to a 10% discount to the volume weighted average price of the Shares of S\$0.014 on 4 November 2016, being the last full Market Day preceding the date of the SPA.

On the issue and allotment of the Consideration Shares, the Consideration Shares shall be credited as fully-paid and shall rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or any distributions, the record date of which falls before the Completion Date. The Consideration Shares are subject to a moratorium period of 6 months from the Completion Date (the “**Moratorium Period**”). During the Moratorium Period, the Seller covenants and undertakes not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, all or any part of the Consideration Shares.

LETTER TO SHAREHOLDERS

The Cash Consideration will be funded through a combination of internal resources as well as proceeds from fund raising exercises undertaken by the Company.

2.5 Introducer Fee

The Company will be making a payment of S\$500,000 to Mr Toh Ee Han for the introductory services provided by Mr Toh Ee Han with regards to the Proposed Acquisition subject to the successful Completion.

2.6 Rationale of the Proposed Acquisition

The Board is of the view that the Proposed Acquisition is in the best interests of the Company as The Sloane Clinic is a well-known group of medical aesthetics clinics and spas in Singapore and Malaysia. The Proposed Acquisition is intended to expand the Group's medical aesthetics line into the Singapore and Malaysia markets to which it currently does not have a presence in. The Proposed Acquisition is in line with the Group's strategic plans and on-going efforts to pursue new investment opportunities and to diversify its business. This Proposed Acquisition will give the Group exposure to the medical aesthetic industry in Singapore and Malaysia and generate new revenue streams for the Group to improve its profitability and is likely to enhance the long-term interests of shareholders.

2.7 Conditions Precedent to the Proposed Acquisition

Completion is conditional upon the satisfaction of the following conditions:

Conditions to be satisfied by the Seller

- (a) the results of a due diligence exercise over the Target Group being satisfactory to the Company in its sole and absolute discretion and reveals no Material Adverse Effect;
- (b) all approvals, waivers or consents as may be required by the Seller to enable the Company or (as the case may be) any acquiring entity to be registered as holder of any and all of the Sale Shares, and to give effect to the transactions contemplated under the SPA being obtained and where any waiver, consent or approval is subject to conditions, such conditions being satisfactory to the Company in its sole and absolute discretion and if required to be fulfilled by a particular date, being so fulfilled, and such approvals, waivers or consents remaining valid and in full force and effect;
- (c) the Target Companies not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by the SPA or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (d) there being no event having occurred which has or could reasonably be expected to have a Material Adverse Effect on the business, operations, assets, financial condition or prospects of the Target Companies;

Conditions to be satisfied by the Lead Doctor

- (e) the Lead Doctor having delivered to the Company the duly executed Service Agreement and Deed of Performance Assurance;
- (f) the Lead Doctor having procured the delivery to the Company the duly executed Employment Agreements and Deed of Trade Marks Assignment;
- (g) the Target Companies not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by this Agreement or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened;
- (h) there being no event having occurred which has or could reasonably be expected to have a Material Adverse Effect on the business, operations, assets, financial condition or prospects of the Target Companies;

LETTER TO SHAREHOLDERS

Conditions to be satisfied by the Purchaser

- (i) the Company obtaining such approval(s) in connection with the SPA from its board of directors and shareholders;
- (j) the listing and quotation notice from the SGX-ST for the listing of, and quotation for, the Consideration Shares and Doctor Shares on the Catalist not having been revoked or amended and, where such approval is subject to, to the extent that any conditions for the listing of, and quotation for, the Consideration Shares and Doctor Shares on the Catalist are required to be fulfilled on or before Completion Date, they are so fulfilled;
- (k) the allotment, issue and subscription of the Consideration Shares and Doctor Shares not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued after the date of the SPA by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Target Companies and/or the Company;
- (l) the Company not having received notice of any claim, action, injunction, order, directive or notice restraining or prohibiting the entering into or the consummation of the transactions contemplated by this or seeking damages or other recourse in respect thereof, or notice that any of the foregoing is pending or threatened.

Subject to the above-mentioned conditions precedent being satisfied or waived prior to the Longstop Date, the Proposed Acquisition will be completed on the Completion Date in accordance with the terms of the SPA.

2.8 Outstanding Dividends

Eastlife and Maxglobe had each declared dividends for the financial year ended 31 December 2011 but such dividends were not at the time of declaration fully paid to the respective shareholders of Eastlife and Maxglobe. As at the Latest Practicable Date, an amount of S\$417,397 is due and owing from Eastlife to the Seller and an amount of S\$643,746 is due and owing from Maxglobe to the Seller (collectively the “**Outstanding Dividends**”). The Seller and the Company have on 10 January 2017 entered into a Deed of Assignment of Outstanding Dividends pursuant to which the Outstanding Dividends due and owing to the Seller have been assigned and transferred absolutely to the Company with effect from the Completion Date at NIL consideration. The Deed of Assignment of Outstanding Dividends will only be effective as from the Completion Date.

2.9 Performance Assurance

Pursuant to the SPA, the entry into of the Deed of Performance Assurance is a condition precedent to Completion.

Pursuant to the Deed of Performance Assurance, each of the Lead Doctor, the Doctor Entity and the Identified Doctors has unconditionally and irrevocably guaranteed that the cumulative audited net profits of the Sloane Managed Group after taxation based on the audited consolidated accounts of the Sloane Managed Group, as determined in accordance with accounting principles, standards and practices generally accepted in Singapore, prepared on the same basis and accounting principles as that of the accounts of the Company and computed on accounting policies and procedures set out in the Deed of Performance Assurance (“**NPAT**”) for the cumulative 3 (three) financial years ending 31 December 2019, save where Completion takes place after 31 December 2016, the first financial year shall be pro-rated to commence on the Completion Date and the third financial year shall end on the third anniversary of the Completion Date resulting in a continuous period of not less than 36 (thirty-six) months commencing on Completion Date and ending on the third anniversary of the Completion Date (“**Profit Target Period**”) as certified by the Purchaser’s auditors is not less than S\$6.0 million (the “**Performance Assurance**”).

In the event the actual NPAT over the Profit Target Period is less than the Performance Assurance, the Lead Doctor, the Doctor Entity and the Identified Doctors shall make good the difference between the Performance Assurance and the actual cumulative NPAT for the Profit Target Period (the “**Shortfall**”). The Lead Doctor, the Doctor Entity and the Identified Doctors are to make good the Shortfall in cash within 90 days of demand by the Company.

LETTER TO SHAREHOLDERS

2.10 Board's View on the Performance Assurance

The Board is of the view that the Performance Assurance is acceptable to the Company and shareholders taking into account the following factors:

- (a) the Sloane Clinics are a comprehensive specialty chain of clinics and spas focusing on all aspects of aesthetics, from cosmetic dermatology to plastic surgery both in Singapore and Malaysia; and
- (b) the Lead Doctor has a wealth of experience and is a reputable doctor who specialises in ablative lasers and fillers.

The quantum of the Performance Assurance was derived by the Lead Doctor taking into consideration the future plans of the Target Companies for the next three financial years after the Proposed Acquisition. Under the leadership of the Lead Doctor, the Group intends to expand The Sloane Clinic into other parts of Asia, including China, Indonesia, Philippines and Thailand.

2.11 Safeguards with respect to the Performance Assurance

The Lead Doctor, Doctor Entity and the Identified Doctors shall be jointly and severally liable for the Shortfall in accordance with the terms of the Deed of Performance Assurance.

In addition, in the event of a Shortfall and none of the Lead Doctor, Doctor Entity or the Identified Doctors make good the Shortfall within 90 days of demand by the Company, the Doctor's Entity, shall take all such steps necessary to sell the Doctor Shares (as set out in section 3 of this Circular) and shall utilise the proceeds from such sale, up till the amount necessary to make good the Shortfall. The Doctor Shares are subject to a moratorium period which is to be extended in the event it appears the Performance Assurance will not be met. Please refer to section 3 of this Circular for further details regarding the Doctor Shares and moratorium period on the Doctor Shares.

2.12 Service Agreement and Employment Agreements

Pursuant to the SPA, the entry into of the Service Agreement and the Employment Agreements are each a condition precedent to Completion. As at the Latest Practicable Date, each of the Service Agreement and the Employment Agreements have all been entered into by the respective parties thereto but the rights and obligations of the parties under the Service Agreement and the Employment Agreements shall only take effect from the Completion Date.

The Service Agreement and the Employment Agreements will each be for an initial term of 5 years (the "**Initial Term**"). Upon the expiry of the Initial Term, the term of the appointment of the Lead Doctor and the Identified Doctors shall automatically extend thereafter by recurring periods of 3 years each (each a "**Subsequent Term**") unless either party to the Service Agreement or the Employment Agreement, as the case may be, gives notice of not less than 6 months' notice prior to the scheduled expiry of the Initial Term or each Subsequent Term that such party does not wish to extend the term of appointment under the relevant Service Agreement or Employment Agreement.

Each of the Service Agreement and the Employment Agreements include, amongst others, non-solicitation and non-competition provisions which prevent the Lead Doctor and the Identified Doctors for the duration as employees and for a period of 12 months from the date they cease to be employees from owning, operating, be employed by or providing services to any clinic within a 1 (one) kilometre radius of each Sloane Clinic and New Sloane Clinic.

Pursuant to the Service Agreement and the Employment Agreements, each of the Lead Doctor and the Identified Doctors will be entitled to a monthly basic salary. In addition to the monthly basic salary, the Lead Doctor and the Identified Doctors may also be paid the following amounts:

- (1) *Annual Performance Bonus*

Each of the Lead Doctor and the Identified Doctors may also be paid an annual performance bonus (the "**Annual Performance Bonus**") based on their individual performance and that of the Sloane Clinics and New Sloane Clinics. The Annual Performance Bonus will be at the absolute discretion of the Company, in the case of the Lead Doctor, and the Management Committee, in the case of the Identified Doctors.

LETTER TO SHAREHOLDERS

(2) *New Sloane Clinic Bonus Amount*

During the Lead Doctor's employment with the Company, he is to substantially assist the Company to open New Sloane Clinics. During each of the Identified Doctor's employment with the respective Target Company, the Identified Doctor may be required to assist the Lead Doctor and the Group in opening New Sloane Clinics. Subject to any amounts which the Target Group and/or a New Sloane Clinic may owe to the Company being repaid in full to the Company, once a New Sloane Clinic becomes profitable (in the reasonable opinion of the Company), the Company shall after the end of the Profit Target Period and upon the satisfaction of the Performance Assurance issue to the Lead Doctor and/or his team of doctors, an aggregate bonus amount equivalent to 25% of the net profit after taxation generated by any such New Sloane Clinic (the "**Bonus Amount**") provided the Lead Doctor remains employed on a full-time basis by the Company. For the avoidance of doubt, the entitlement to the Bonus Amount, if any, only relates to periods after the end of the Profit Target Period.

The Bonus Amount shall be satisfied, at the Company's sole discretion, by either (a) payment in cash; (b) the granting of awards of fully paid up ordinary shares of the Company on such applicable terms and conditions in accordance with the Company's share performance plan which may be in existence from time to time (the "**New Sloane Clinic Incentive Shares**"), free of payment; or (c) a combination of cash and New Sloane Clinic Incentive Shares.

The Bonus Amount shall be paid and/or the New Sloane Clinic Incentive Shares issued (as the case may be) to the Lead Doctor and his team of doctors no later than 90 days from the issue of the audited accounts of the relevant New Sloane Clinic. The Bonus Amount shall be paid to the Lead Doctor and his team of doctors and the manner of distribution shall be at the Lead Doctor's sole discretion.

(3) *Profit Share Incentive*

In the event that:

- (a) the Target Group Percentage as at 31 December 2019 is less than 90%;
- (b) the cumulative NPAT for the Profit Target Period exceeds S\$6,000,000; and
- (c) the Option Agreement has lapsed in accordance with the terms and conditions thereof;

the Lead Doctor and the Identified Doctors shall collectively be entitled to the Profit Share Incentive (as defined below):

The Profit Share Incentive means the amount computed based on the following formula:

$$\text{Profit Share Incentive} = \text{S\$7,500,000} \times \text{Target Group Percentage}$$

For illustrative purposes only, if the Company's shareholding interest in the Target Group is 51% as at 31 December 2019, i.e. the Target Group Percentage is 51%, the Profit Share Incentive will be S\$3,825,000.

The Profit Share Incentive shall be satisfied, at the Company's sole discretion, by either (a) payment in cash; (b) the granting of awards of fully paid up ordinary shares of the Company on such applicable terms and conditions in accordance with the Company's share performance plan which may be in existence from time to time (the "**Profit Incentive Shares**"), free of payment; or (c) a combination of cash and Profit Incentive Shares.

The Profit Share Incentive shall be paid and/or the Profit Incentive Shares issued (as the case may be) to the Lead Doctor and his team of doctors no later than 90 days from the issue of the audited accounts of the Sloane Managed Group. The Profit Share Incentive shall be paid to the Lead Doctor and his team of doctors and the manner of distribution shall be at the Lead Doctor's sole discretion.

For the avoidance of doubt, in the event the Target Group Percentage as at 31 December 2019 is 90% or more, the Option Agreement shall be effective and this Profit Share Incentive will cease to exist. Please refer to section 5 of this Circular for details of the Option Agreement.

LETTER TO SHAREHOLDERS

2.12 Risk Factors

To the best of the Directors' knowledge and belief, as at the Latest Practicable Date, all the risk factors that are material to Shareholders and prospective investors in making an informed judgement on the Proposed Acquisition (save for such risks, including those relating to the medical healthcare industry, which have already been disclosed to the general public) are set out below. Shareholders should carefully consider and evaluate each of the following risks and all other information contained in this Circular before deciding whether to vote in favour of the Proposed Acquisition. The risks described below are not an exhaustive list of the risks currently facing the Target Group or that may develop in the future and may not be set out in any particular order. There may be additional risks not described below or not presently known to the Company, or that the Company currently considers as immaterial that could turn out to be material, which may affect the operations of the Target Group. If any of such risks develops into actual events, the business, operations, financial performance, financial condition and prospects of the Target Group, and hence the Group, could be materially and adversely affected.

The Target Group is dependent on the Lead Doctor

The Lead Doctor, Dr Kenneth Lee Cheng San, is the co-founder of the Target Group and oversees the operations of, and sets the direction for, the Target Group. The Target Group also relies on the Lead Doctor, his relationships with equipment manufacturers, pharmaceutical companies and his knowledge of regulatory authorities in the healthcare industry. The Lead Doctor will, pursuant to the Service Agreement commencing from the Completion Date be employed by the Company for an initial 5 year term which is renewable in subsequent 3 year terms. However, there can be no assurance that the Group will be able to retain the Lead Doctor or to find a suitable replacement should he leave the employment of the Company. The loss of the services of the Lead Doctor may have a material adverse effect on the business, financial condition, results of operations and prospects of the Target Group.

The Target Group is dependent on the continued effectiveness of the business model and may not be successfully integrated with the Group's existing business operations

The business operations of the Target Group are overseen by the Lead Doctor and each of the clinics and spas under the Target Group are managed by the respective resident doctors. As part of the Target Group's business model, the success of the Sloane Clinics require the cooperation of all the doctors at the Sloane Clinics in providing quality medical aesthetic services and keeping up with the standards that "The Sloane Clinic" brand name is recognised for. Although the Target Group has successfully executed their business strategies in the past, there is no guarantee that they can implement the same and integrate with the Group's existing business operations and corporate and administrative functions, including the integration of internal controls. Failure to effectively or successfully implement the Target Group's business strategies in a timely manner or at all or to manage and integrate their business operations may have a material adverse effect on their business, results of operations and financial condition.

There is no certainty that the Target Group will be able to comply with all the terms of the leases it has entered into

The Target Group has entered into lease agreements with various landlords for the rental of various premises at which the Sloane Clinics currently operate out of. Some of the lease agreements provide that the consent from the respective landlord is required in the event of a change of directors, management, shareholders and/or shareholding structure of the relevant member of the Target Group which is the counterparty to the lease. As part of the deliverables that are to be delivered to the Company by the Seller at Completion is required to furnish evidence that the respective landlords have consented to such change of directors, management, shareholders and/or shareholding structure (as the case may be). There is no assurance that the respective landlords will give their consent. In the event that the consent from the respective landlords is not obtained on or before the Completion Date and the Company proceeds with Completion, the relevant member of the Target Group would be in breach of the terms of its lease agreement and the respective landlord may have the right to terminate the lease.

LETTER TO SHAREHOLDERS

In addition, pursuant to the lease agreement relating to the ION Clinic, Eastlife (being the tenant of premises for the ION Clinic) is subject to certain minimum monthly revenue targets for the ION Clinic. In the event that such minimum monthly revenue targets are not met, the landlord may have the right to terminate the lease.

In the event any of the landlords decide to exercise their right to terminate the lease which they have entered into with the Target Group, the Company may incur unexpected or additional costs and other expenses as the relevant member of the Target Group would need to identify and locate new premises for the relevant Sloane Clinic, and accordingly its business and prospects may be materially and adversely affected.

2.13 Relative Figures under Rule 1006 of the Catalist Rules

Based on the unaudited financial results for the period ended 30 June 2016 (being the latest announced consolidated accounts as at the date of the SPA), the relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable to an acquisition
(b)	Net profits attributable to the Target Companies as compared with the Group's net loss for the period ended 30 June 2016	-3.5 ⁽¹⁾
(c)	Aggregate value of the consideration as compared with the Company's market capitalisation as at 4 November 2016, being the last Market Day immediately preceding the date of the SPA ⁽²⁾	23.01%
(d)	The number of shares to be issued by the Company as consideration for the Proposed Acquisition, as compared with the number of equity securities of the Company previously in issue ⁽³⁾	13.46%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable

Notes:

- (1) The net profit of the Target Companies for the period ended 30 June 2016 and the net loss of the Group for the period ended 30 June 2016 being S\$66,500 and S\$1,902,000 respectively.
- (2) Based on the consideration and market capitalisation of the Company of S\$41,287,866 which is determined by multiplying the issued share capital of the Company of 2,949,133,315 shares in issue with the volume weighted average price of S\$0.014 transacted on the SGX-ST Catalist Board on 4 November 2016 ("VWAP") (being the last full Market Day for which the shares were traded prior to the day the SPA was entered into).
- (3) The Consideration Shares shall be issued by the Company as part consideration for the Proposed Acquisition and the Doctor Shares shall also be issued in connection with the Proposed Acquisition. The issue price of S\$0.0126 for the Consideration Shares and Doctor Shares represents a 10% discount to the VWAP and as such the aggregate amount of shares to be issued is 396,825,396.

Based on the above, the relative figures computed on the bases set out under Rule 1006(b), (c) and (d) of the Catalist Rules are between -3.5% and 23.01% but are less than 75%. Notwithstanding that the Proposed Acquisition does not constitute a "major transaction" under the ambit of the Catalist Rules, the Company is seeking shareholders' approval as the Board has concluded that it is appropriate, in the interests of good corporate governance to seek prior approval of shareholders for the Proposed Acquisition.

LETTER TO SHAREHOLDERS

3. DETAILS OF THE PROPOSED DOCTOR SHARE ISSUE

- 3.1 In consideration of the Lead Doctor, the Doctor Entity and the Identified Doctors providing the Deed of Performance Assurance, the Company intends to issue and allot 158,730,158 new Shares (the “**Doctor Shares**”) in the share capital of the Company of S\$2 million based on the issue price of S\$0.0126 to the Doctor Entity at NIL cash consideration on the Completion Date. The Doctor Shares, if and when fully allotted and issued, will rank *pari passu* in all respects with the existing Shares save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Doctor Shares.
- 3.2 The Doctor Entity is a company incorporated in the Republic of Singapore with an issued and paid-up share capital of S\$10,000 comprising 10,000 ordinary shares. The Lead Doctor is the sole director of the Doctor Entity and the Lead Doctor together with Dr Low Chai Ling, Dr Chua Han Boon and Dr Tan Wang Theng, who are each Identified Doctors, collectively hold the entire issued share capital of the Doctor Entity. The Lead Doctor, Dr Low Chai Ling, Dr Chua Han Boon and Dr Tan Wang Theng hold 24%, 30%, 23% and 23% respectively in the Doctor Entity.
- 3.3 The Proposed Doctor Issue is subject to approval by Shareholders at the EGM and the listing and quotation notice for the Doctor Shares on the Catalist having been obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to, to the extent that any conditions for the listing of, and quotation for, the Doctor Shares on the Catalist are required to be fulfilled on or before the issue of the Doctor Shares, they are so fulfilled.
- 3.4 The Doctor Shares are subject to a moratorium period (the “**Doctors’ Moratorium Period**”). The Doctors’ Moratorium Period means the later of:
- (a) a period of thirty-six (36) months commencing on the Completion Date; or
 - (b) in the event the cumulative NPAT for FY2017, FY2018 and the unaudited net profits of the Sloane Managed Group after taxation based on the unaudited consolidated accounts of the Sloane Managed Group for the 6-month period ending 30 June 2019 is less than S\$5,000,000, upon written notice issued by the Company to the Doctor Entity, the moratorium period shall be extended by seven (7) months.
- 3.5 During Doctors’ Moratorium Period, the Doctor Entity undertakes not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, all or any part of the Doctor’s Shares. In addition, each of the shareholders of the Doctor Entity undertake not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, all or any part of their respective shares in the Doctor’s Entity during the Doctor’s Moratorium Period.
- 3.6 The Doctor Entity may dispose (whether in a single or series of transactions) of such number of the Doctor’s Shares after the expiry of the Doctor’s Moratorium Period. The restrictions referred to in section 3.4 of this Circular do not prohibit the Doctor Entity from disposing the Doctor Shares during the Doctors’ Moratorium Period to meet the Shortfall.

4. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION AND THE PROPOSED DOCTOR SHARE ISSUE

The pro forma financial effects of the Proposed Acquisition and the Proposed Doctor Share Issue on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after completion of the Proposed Acquisition and/or the Proposed Doctor Share Issue.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2015 and based on the following assumptions:

- (a) the financial effects on the Group’s EPS are computed assuming that the Proposed Acquisition and the Proposed Doctor Share Issue were completed on 1 January 2015;

LETTER TO SHAREHOLDERS

- (b) the financial effects on the Group's NTA are computed assuming that the Proposed Acquisition and the Proposed Doctor Share Issue were completed on 31 December 2015;
- (c) The fair value adjustment on the net assets of the Group and intangibles (including positive or negative goodwill) arising from the Proposed Acquisition, if any, have not been considered for the purpose of computing the financial effects of the Proposed Acquisition.

Any intangibles (including goodwill) arising thereon from the Proposed Acquisition will be accounted for in accordance with the accounting policies of the Company. As the actual intangibles will be determined upon the purchase price allocation exercise, the eventual amount could be materially different from the amount derived based on the assumption used.

4.1 Share Capital

Company	Before the Proposed Acquisition and the Proposed Doctor Share Issue	After completion of the Proposed Acquisition and the Proposed Doctor Share Issue
Issued and paid-up share capital (S\$'000)	46,485	51,485
Number of issued shares ('000)	2,649,133	3,045,959

4.2 Loss per Share

Group	Before the Proposed Acquisition and the Proposed Doctor Share Issue	After completion of the Proposed Acquisition
Loss for the year (S\$'000)	(1,309)	(801)
Number of issued shares ('000)	2,649,133	3,045,959
LPS (Singapore cents)	(0.049)	(0.026)

4.3 NTA per Share

Group	Before the Proposed Acquisition and the Proposed Doctor Share Issue	After completion of the Proposed Acquisition
NTA (S\$'000)	97	1,081
Number of issued shares ('000)	2,649,133	3,045,959
NTA per Share (Singapore cents)	0.0037	0.0355

5. DETAILS OF THE PROPOSED OPTIONS

5.1 The Purchase Option

Pursuant to the Option Agreement, the Company has granted to the Doctor Entity during the Purchase Option Period to exercise the Purchase Option to purchase all the Purchase Option Shares (as defined below) from the Company, free from all liens, charges and other encumbrances and with all rights attaching thereto at the completion of the Purchase Option, at NIL consideration and on the terms of the Option Agreement.

LETTER TO SHAREHOLDERS

Purchase Option Shares means:

- (a) where the Target Companies are, as at 31 December 2019, the wholly-owned subsidiaries of the Company and in the event that the cumulative NPAT for the Profit Target Period exceeds S\$6,000,000, such number of shares in the share capital of each of the Target Companies, representing not less than 25% of the enlarged issued share capital of each of the Target Companies; or
- (b) where the Company's shareholding interest in each of the Target Companies, as at 31 December 2019, is at least 90% but not 100%, in the event that the cumulative NPAT for the Profit Target Period exceeds S\$6,000,000, such number of shares in the capital of each of the Target Companies on a pro rated basis of the 25% referred to in sub-paragraph (a) above;

For illustrative purposes only, for this sub-paragraph (b), if the Company's shareholding interest in each of the Target Companies is 90% as at 31 December 2019, the Purchase Option Shares shall be such number of shares representing 22.5% of the enlarged issued share capital of each of the Target Companies;

For the avoidance of doubt, the Purchase Option is only valid and exercisable in the event the SPA is completed, the Performance Assurance being met and the Company's shareholding interests in each of the Target Companies as at 31 December 2019 is at least 90%.

5.2 The Sale Option

Pursuant to the Option Agreement, the Company has also granted to the Doctor Entity during the Sale Option Period the Sale Option to require the Company to purchase from the Doctor Entity the Sale Option Shares, free from all liens, charges and other encumbrances and with all rights attaching thereto on completion of the Sale Option at the Sale Option Exercise Price (as defined below) and on the terms and subject to the conditions of the Option Agreement.

Sale Option Exercise Price means:

- (a) where the Sale Option Shares represent 25% of the entire issued share capital of the Target Companies, S\$7,500,000; and
- (b) where the Sale Option Shares represent between 22.5% up to 25% of the entire issued share capital of the Target Companies, the pro-rated amount of S\$7,500,000.

For the avoidance of doubt, the Sale Option is only exercisable by the Doctor Entity in the event the Purchase Option has been exercised.

5.3 Termination of the Option Agreement

In the event that:

- (a) the Completion does not take place by 31 January 2017 or such other date that the Seller and the Company may mutually agree; or
- (b) SPA is terminated in accordance with the terms thereof; or
- (c) the Target Group Percentage, as at 31 December 2019, is less than 90%,

the Option Agreement shall lapse and cease to have further effect and all obligations and liabilities of the parties thereto shall cease and determine.

It should be noted that in the event Completion takes place, the Target Group Percentage as at 31 December 2019 is less than 90% and the cumulative NPAT for the Profit Target Period exceeds S\$6,000,000, the Lead Doctor and the Identified Doctors shall collectively be entitled to the Profit Share Incentive as described in section 2.12 of this Circular.

LETTER TO SHAREHOLDERS

5.4 Rationale for the Options

The terms of the Option Agreement were arrived at after arm's length negotiations between the Company and the Lead Doctor, as representative of the Doctor Entity. The Company recognises that the Target Group is dependent on the Lead Doctor and the Identified Doctors and their contributions to the Target Group. Accordingly, it is important for the Group to incentivise the Lead Doctor and the Identified Doctors to a level sufficient to retain them. The Options were designed to reward the Lead Doctor and the Identified Doctors in the event they met certain profit targets for the Target Group.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and substantial shareholders in the Company based on the Register of Directors' Shareholdings and the Register of substantial shareholders as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Aggregate Interest	
	No. of Shares	% ¹	No. of Shares	%	No. of Shares	% ¹
<u>Directors</u>						
Tai Kok Chuan ²	110,000,000	3.67	20,000,000	0.67	130,000,000	4.33
Wong Fook Choy Sunny ³	600,000	0.02	–	–	600,000	0.02
Hano Maeloa ⁴	–	–	200,000,000	6.67	200,000,000	6.67
Yeo Chin Tuan Daniel ⁵	–	–	–	–	–	–
<u>Substantial Shareholders (other than directors)</u>						
Dato Dr. Choo Yeow Ming	275,000,000	9.17	–	–	275,000,000	9.17
Qiang Lin Mei	275,000,000	9.17	–	–	275,000,000	9.17
Kiow Kim Yoon	200,000,000	6.67	–	–	200,000,000	6.67
Mdm Oei Siu Hoa @Sukmawati Widjaja	200,000,000	6.67	–	–	200,000,000	6.67

Notes:

- (1) Based on 2,999,133,315 Shares as at the Latest Practicable Date;
- (2) Mr Tai Kok Chuan has 30,000,000 options issued under the Company's Employee Share Option Scheme;
- (3) Mr Wong Fook Choy Sunny has 600,000 warrants and 20,750,000 options issued under the Company's Employee Share Option Scheme;
- (4) Mr Hano Maeloa has 30,000,000 options issued under the Company's Employee Share Option Scheme and is deemed interested in the shares held by his mother Mdm Oei Siu Hoa @ Sukmawati Widjaja; and
- (5) Mr Daniel Yeo Chin Tuan has 20,000,000 options issued under the Company's Employee Share Option Scheme.

The effect of the Proposed Acquisition and the Proposed Doctor Share Issue on the shareholding structure of the Company are set out in Appendix D of this Circular.

None of the Directors (other than in his capacity as Director or Shareholder of the Company) nor (as far as the Directors are aware) substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, the Proposed Doctor Share Issue and the Proposed Options.

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition. Accordingly, no director service contract is proposed to be entered into between the Company and any such person.

LETTER TO SHAREHOLDERS

7. DIRECTORS' RECOMMENDATIONS

7.1 The Proposed Acquisition

The Directors having considered, *inter alia*, the terms and rationale for the Proposed Acquisition, are of the opinion that the Proposed Acquisition is in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of Ordinary Resolution 1 in relation to the Proposed Acquisition.

7.2 The Proposed Doctor Share Issue

The Directors having considered, *inter alia*, the terms and rationale for the Proposed Doctor Share Issue, are of the opinion that the Proposed Doctor Share Issue is in the best interests of the Company and its Shareholders.

Accordingly, the Directors recommend that the Shareholders vote in favour of Ordinary Resolution 2 in relation to the Proposed Doctor Share Issue.

7.3 The Proposed Options

The Directors having considered, *inter alia*, the rationale for the Proposed Options, are of the opinion that the Proposed Options are in the best interests of the Company and its Shareholders.

Accordingly, the Directors recommend that the Shareholders vote in favour of Ordinary Resolution 3 in relation to the Proposed Options.

7.4 Note to Shareholders

In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

7.5 Inter-conditionality

The Inter-conditional Resolutions, being Ordinary Resolutions 1, 2 and 3 in relation to the Proposed Acquisition, the Proposed Doctor Share Issue and the Proposed Options are inter-conditional. For the avoidance of doubt, this means that if any of the Inter-conditional Resolutions are not approved, the other Inter-conditional Resolutions would not be carried.

8. LISTING AND QUOTATION

The Company will be making an application through its continuing sponsor, PrimePartners Corporate Finance Pte. Ltd., to the SGX-ST for the listing of and quotation for the Consideration Shares and the Doctor Shares on the Catalist board of the SGX-ST. An appropriate announcement on receipt of the listing and quotation notice, if granted, will be made in due course.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 31 to 32 of this Circular, will be held on 26 January 2017 for the purpose of considering and if, thought fit, passing, with or without modifications, the Ordinary Resolutions and Special 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 therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 360

LETTER TO SHAREHOLDERS

Orchard Road #04 – 08 International Building Singapore 238869, not less than 48 hours before the time fixed for holding 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 STATEMENTS

- 11.1 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 Acquisition, the Proposed Doctor Share Issue and the Proposed Options, 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.
- 11.2 The Seller accepts full responsibility for the accuracy of the information given in this Circular in respect of itself, the Target Group and the Target Companies' shareholders and confirm after making all reasonable enquiries that, to the best of its knowledge and belief, this Circular constitutes full and true disclosure of all material facts in respect of itself, the Target Group and the Target Companies' shareholders and it is not aware of any facts the omission of which would make any statement in this Circular in respect of itself, the Target Group and the Target Companies' shareholders misleading.
- 11.3 The Lead Doctor accepts full responsibility for the accuracy of the information given in this Circular in respect of himself, the Identified Doctors and the Doctor Entity and confirm after making all reasonable enquiries that, to the best of its knowledge and belief, this Announcement constitutes full and true disclosure of all material facts in respect of himself, the Identified Doctors and the Doctor Entity and he is not aware of any facts the omission of which would make any statement in this Circular in respect of himself, the Identified Doctors and the Doctor Entity misleading.

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 FY2015;
- (c) the SPA;
- (d) the Deed of Performance Assurance; and
- (e) the Option Agreement.

Yours faithfully

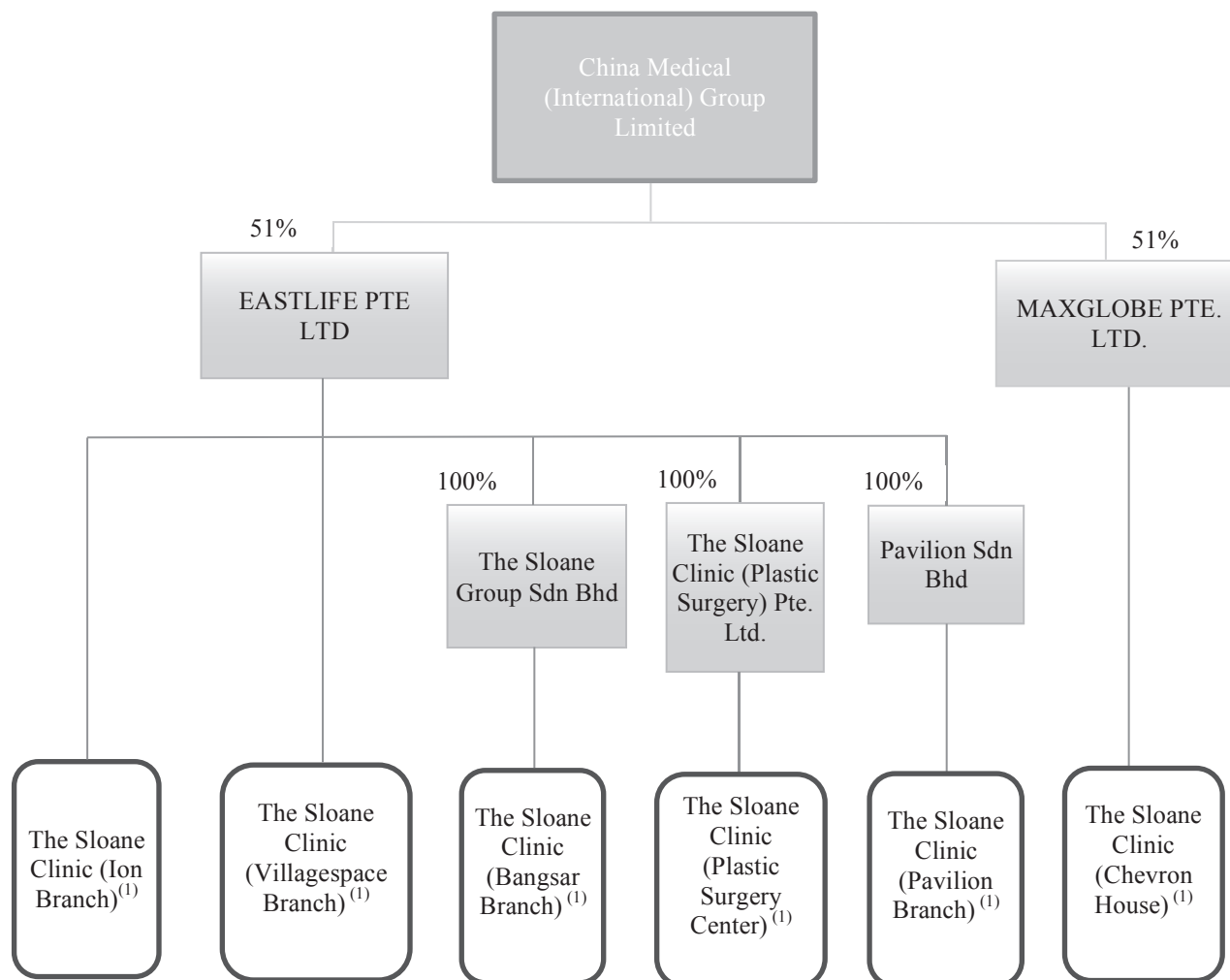
For and on behalf of
**The Board of Directors of
CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED**

Tai Kok Chuan
Executive Chairman

APPENDIX A – ORGANISATION STRUCTURE OF TARGET GROUP

11 January 2017

The organisation structure of the Target Group assuming Completion has occurred is as follows:




Note:

1. The Sloane Clinic (Ion Branch), The Sloane Clinic (Villagespace Branch), The Sloane Clinic (Bangsar Branch), The Sloane Clinic (Plastic Surgery Center), The Sloane Clinic (Pavilion Branch) and The Sloane Clinic (Chevron Branch) are not separate legal entities and are all clinics and/or spas which are wholly owned and operated by the Target Group.


APPENDIX B – PROFILE OF LEAD DOCTOR AND IDENTIFIED DOCTORS

S/N	Name	Experience
1	Dr Kenneth Lee Cheng San	<p>Dr Kenneth Lee is the co-founder and Medical Director of The Sloane Clinic since 2003. Under his guidance, The Sloane Clinic has won Best Aesthetic Clinic by Singapore Tatler from 2011 to 2016 as well as the Singapore Successful Brand Award 2015. Dr Lee is a key opinion leader, master trainer as well as speaker on aesthetic-related medical topics in international aesthetic conferences. Dr Lee obtained his basic medical degree and his graduate Diploma of Dermatology from the National University of Singapore.</p>
2	Dr Low Chai Ling	<p>Dr Low Chai Ling is the co-founder and Medical Director of The Sloane Clinic since 2003. Under her guidance, The Sloane Clinic has won Best Aesthetic Clinic by Singapore Tatler from 2011 to 2016 as well as the Singapore Successful Brand Award 2015. She is also the creator and pioneer of Sloane Inc., a popular cosmeceutical range currently sold at The Sloane Clinic and at selected locations worldwide. Dr Low's skincare line Sloane Inc has regularly won awards and accolades (Best new skin smoother 2015 by Elle magazine, Best brightening serum 2015 by Elle magazine, Best Night cream for oily skin 2015 by Women's weekly to name a few).</p> <p>Dr Low Chai Ling graduated from Guy's & St Thomas's Hospital, King's College London, and was awarded a Diploma in Dermatology from Cardiff, Wales.</p> <p>Dr Low is a key opinion leader, master trainer as well as speaker on aesthetic-related medical topics in international conferences. She is a member of American Society for Laser Medicine & Surgery and International Society of Aesthetic Plastic Surgery.</p>
3	Dr Chua Han Boon	<p>Dr Chua obtained his medical degree and post graduate family Medicine qualification at the National University of Singapore and obtained his post graduate diploma in Dermatology at Cardiff University, UK. He has spent several years practicing wellness care in Alexandra Hospital dealing exclusively with wellness and weight management, and was involved in numerous initiatives.</p>
4	Dr Tan Wang Theng	<p>Dr Tan obtained her medical degree and post-graduate Family Medicine qualification at the National University of Singapore, and obtained her post-graduate Diploma in Dermatology at Cardiff University, UK.</p>
5	Dr Tan Ying Chien	<p>Dr Tan graduated from the National University of Singapore ("NUS") in 1996. He then became a member of the Royal College of Surgeons of Edinburgh and was later awarded his Master of Medicine in Surgery from NUS.</p> <p>Dr Tan then began his Plastic Surgery Specialist Training programme at the Singapore General Hospital (SGH). Towards the end of his training at the department, he received a Health Manpower Development Plan (HMDP) scholarship to train at the world-renowned Chang Gung Memorial Hospital in Taipei, Taiwan.</p>

APPENDIX C – SLOANE RELATED TRADE MARKS

Trademark Number	Mark	Trade Mark Type	Words in Mark	Place of Registration / Application	Class	Registration / Application Date	Expiry Date
40201509275V	INTIMA TOUCH	Conventional Mark	intima touch	Singapore	44 ⁽¹⁾	2 June 2015	2 June 2025
40201515286V	ALLURE-K	Conventional Mark	allure-k allure	Singapore	44	2 September 2015	2 September 2025
40201515287W	DREAM-LIFT	Conventional Mark	dream-lift dream lift	Singapore	44	2 September 2015	2 September 2025
T0813264D ⁽²⁾	THE SLOANE CLINIC The Sloane Clinic The Sloane Clinic	Conventional Mark	the sloane clinic	Singapore	44	25 September 2008	25 September 2018
T1002748H ⁽³⁾	SLOANE INC. SLOANE Inc. Sloane Inc.	Conventional Mark	sloane inc.	Singapore	03 ⁽⁴⁾ and 05 ⁽⁵⁾	8 March 2010	8 March 2020
2010004860	SLOANE INC. SLOANE Inc. Sloane Inc.	Conventional Mark	sloane inc.	Malaysia	03	22 March 2010	22 March 2020
08050312	THE SLOANE CLINIC The Sloane Clinic The Sloane Clinic	Conventional Mark	the sloane clinic	Malaysia	44	26 September 2008	26 September 2018
135777		Conventional Mark	the sloane clinic	Vietnam	44	1 October 2008	1 October 2018

APPENDIX C – SLOANE RELATED TRADE MARKS

Trademark Number	Mark	Trade Mark Type	Words in Mark	Place of Registration / Application	Class	Registration / Application Date	Expiry Date
144787		Conventional Mark	the sloane clinic	Vietnam	44	1 October 2008	1 October 2018
1044791	SLOANE INC.	Conventional Mark	sloane inc.	Vietnam	03 and 05	29 March 2010	29 March 2020

Notes:

- (1) Class 44 relates to medical services; laser treatment for medical purposes; laser treatment for cosmetic purposes; providing information related to medical laser treatment; providing information related to cosmetic laser treatments; laser gynaecology; providing information on laser gynaecology.
- (2) Application is for a series of three marks. The second mark in the series is limited to the colour(s) as shown in the representation on the form of application.
- (3) Application is for a series of three marks.
- (4) Class 03 relates to Bath essences, not medicated; beauty masks; body oil; colours for cosmetic purposes; cosmetic serums (non-medicated); cotton for cosmetic purposes; deodorants for personal use; essential oils; facial care products (cosmetic); fragrances; hair care products; hair colouring preparations; hair powder; hairstyling preparations; liquid soaps; make-up powder; natural oils for cosmetic purposes; non-medicated anti-blemish gels; non-medicated bath preparations; non-medicated bath salts; non-medicated creams; non-medicated lotions; non-medicated moisturisers; non-medicated mouth washes; non-medicated products for skin care; perfumes; preparations for personal hygiene (non-medicated); shampoos; shaving foam; shower gels; skin whitening salt; soaps in cake form; sprays (preparations) for the body (other than for medical use); talcum powder; tissues impregnated with cosmetic lotions; tissues impregnated with preparations for cleaning; wet perfumed tissue; cleaning preparations containing bactericides or sterilising substances; cleaning preparations for sanitary purposes; disinfectant soap; dermatological preparations (other than medicated); dermatological creams (other than medicated); hand cleansers; skin care products (cosmetic); all included in Class 03.
- (5) Class 05 relates to antibacterial hand preparations; feminine hygiene products; liquid preparations (medicated) for cleaning the hands; medicated anti-bacterial face washes; medicated talcum powder; medicated creams; medicated lotions; medicated preparations for the treatment of the scalp; medicated scalp treatments; medicated shampoo; natural body care products (medicated) for the face; pharmaceutical preparations for use in the treatment of skin blemishes; preparations for the face (medicated); preparations for the neutralising of odours; preparations for application to the scalp (pharmaceuticals); preparations for destroying infestations of the scalp; preparations for the scalp (medicated); other than shampoo; skin care products (medicated); skincare preparations (pharmaceutical); sprays (preparations) for treating sprains; sprays (preparations) for the body (for medical use); all included in Class 05.

APPENDIX D – CHANGES TO SHAREHOLDING STRUCTURE

As of the Latest Practicable Date, the interests of the directors and substantial shareholders before and after the Proposed Acquisition and the Proposed Doctor Share Issue are as follows:

	As at date of this announcement and before the Proposed Acquisition		After the completion of the Proposed Acquisition based on the Enlarged Share Capital ⁽¹⁾		After the Proposed Acquisition based on a Fully Diluted Basis ⁽²⁾	
	Number of Shares ('000)	Approximate Direct Interest (%) ⁽³⁾	Number of Shares ('000)	Approximate Direct Interest (%)	Number of Shares ('000)	Approximate Direct Interest (%)
Directors						
Tai Kok Chuan	130,000	4.33%	130,000	3.83%	160,000	3.25%
Hano Maeloa ⁽⁴⁾	–	0.00%		0.00%	30,000 ⁽⁴⁾	0.61%
Wong Fook Choy Sunny	600	0.02%	600	0.02%	21,950	0.45%
Yeo Chin Tuan Daniel	–	0.00%	–	0.00%	20,000	0.41%
Substantial Shareholders						
Dato Dr. Choo Yeow Ming	275,000	9.17%	275,000	8.10%	275,000	5.59%
Qiang Lin Mei	275,000	9.17%	275,000	8.10%	275,000	5.59%
Kiow Kim Yoon	200,000	6.67%	200,000	5.89%	200,000	4.07%
Mdm Oei Siu Hoa @ Sukmawati Widjaja ⁽⁴⁾	200,000	6.67%	200,000	5.89%	200,000 ⁽⁴⁾	4.07%
Seller						
Asia Pacific Medical Group Limited	–	0.00%	238,095 ⁽⁵⁾	7.01%	238,095 ⁽⁵⁾	4.84%
Doctor Entity	–	0.00%	158,730 ⁽⁶⁾	4.67%	158,730 ⁽⁶⁾	3.23%
Other public shareholders	1,918,533	63.97%	1,918,533	56.49%	3,539,213	67.90%
Total Share Capital	2,999,133	100%	3,395,958	100%	5,117,988	100%

Notes:

- (1) “Enlarged Share Capital” shall mean the aggregate of the share capital of the Company, the Consideration Shares and the Doctor’s Shares, being 3,395,958,711 Shares and assuming that none of the outstanding convertible securities of the Company (including options and warrants) that are subsisting or that are proposed as at the date of the Share Purchase Agreement are exercised or converted.
- (2) “Fully Diluted Basis” shall mean an aggregate of 5,117,988,303 Shares that have been issued and additional shares that could be issued pursuant to all agreements, options, warrants or other convertible securities that are subsisting or that are proposed as at the date of the Share Purchase Agreement (regardless of whether they are vested, exercisable or convertible in accordance with their terms). For the avoidance of doubt, the aggregate of 5,117,988,303 Shares on a Fully Diluted Basis consist of, as at the date of the Share Purchase Agreement, the outstanding Share Capital of 2,999,133,315 Shares, the Consideration Shares, the Doctor’s Shares, 66,179,592 listed warrants convertible into 66,179,592 Shares, 1,550,000,000 unlisted warrants convertible to 1,550,000,000 Shares and 105,850,000 outstanding share options pursuant to an employee share option scheme of the Company.
- (3) Based on the existing Share Capital of the Company as of the date of this announcement comprising 2,999,133,315 Shares.
- (4) Mr Hano Maeloa and Mdm Oei Siu Hoa @ Sukmawati Widjaja are deemed to be interested in the shares held by each other as Mdm Oei Siu Hoa @ Sukmawati Widjaja is the mother of Mr Hano Maeloa.
- (5) 238,095,238 Consideration Shares will be issued and allotted pursuant to the Proposed Acquisition.
- (6) 158,730,158 Doctor’s Shares will be issued and allotted in connection with the Proposed Acquisition.

**APPENDIX E – EXTRACTS OF UNAUDITED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR FY2015 AND THE 9 MONTHS FINANCIAL PERIOD ENDED
30 SEPTEMBER 2016 OF THE TARGET GROUP**

Consolidated Income Statement

	Group	
	30.09.16 9 months (Unaudited)	31.12.15 12 months (Unaudited)
	S\$'000	S\$'000
Revenue	7,774	12,151
Cost of Sales	(1,261)	(1,733)
Gross Profit	6,513	10,418
	84%	86%
Other income	197	89
Staff costs	(4,101)	(5,505)
Depreciation of plant and machinery	(574)	(986)
Other expenses	(2,163)	(3,318)
	-	-
Profit before tax	(127)	699
Income tax expense	(26)	(192)
Profit after tax	(153)	507

**APPENDIX E – EXTRACTS OF UNAUDITED FINANCIAL STATEMENTS OF THE
TARGET GROUP FOR FY2015 AND THE 9 MONTHS FINANCIAL PERIOD ENDED
30 SEPTEMBER 2016 OF THE TARGET GROUP**

Unaudited Consolidated Statement of Financial Position

	Group	
	As at 30.09.16	As at 31.12.15
	Unaudited S\$'000	Unaudited S\$'000
ASSETS		
Current assets		
Cash & cash equivalents	1,035	1,526
Trade receivables	222	245
Other receivables & prepayments	1,793	921
Inventories	253	313
Total current assets	<u>3,303</u>	<u>3,005</u>
Non-current assets		
Investment in subsidiary corporations	–	–
Property, plant and equipment	3,541	3,690
Intangible asset	–	–
Goodwill	–	–
Total non-current assets	<u>3,541</u>	<u>3,690</u>
Total assets	<u>6,844</u>	<u>6,695</u>
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables & Other payables	2,581	2,245
Deferred revenue	3,274	3,308
	–	–
Total current liabilities	<u>5,855</u>	<u>5,553</u>
Non current liabilities		
Borrowings	–	–
Deferred income tax liabilities	158	158
Total non-current liabilities	<u>158</u>	<u>158</u>
Total liabilities	<u>6,013</u>	<u>5,711</u>
Net assets	<u>831</u>	<u>984</u>
Capital and reserves attributable to equity holders of the Company		
Share capital	240	240
Other reserves	591	744
Share capital and reserves	<u>831</u>	<u>984</u>

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 11 January 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 Raffles Marina, Chart Room (Level 2) 10 Tuas West Drive Singapore 638404 on 26 January 2017 at 10.30 a.m. (or as soon thereafter following the conclusion of the Extraordinary General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

Shareholders should note that Ordinary Resolutions 1, 2 and 3 are inter-conditional. For the avoidance of doubt, this means that if any of Ordinary Resolution 1, 2 or 3 is not approved, each of Ordinary Resolutions 1, 2 and 3 would not be carried.

ORDINARY RESOLUTION 1

ACQUISITION OF 51.0% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF EACH OF EASTLIFE PTE LTD AND MAXGLOBE PTE. LTD.

That subject to and contingent upon the passing of Ordinary Resolutions 2 and 3, the acquisition by the Company of 51.0% of the issued and paid-up share capital of each of Eastlife Pte Ltd and Maxglobe Pte. Ltd. for an aggregate purchase consideration of S\$9,500,000 (the "**Proposed Acquisition**") to be satisfied by S\$6,500,000 in cash and the allotment and issuance of 238,095,238 Consideration Shares at an issue price of S\$0.0126 per Consideration Share, pursuant to the terms and subject to the conditions of the SPA be and is hereby approved, and for this purpose:

- (a) approval be and is hereby given to the Company to undertake the Proposed Acquisition in accordance with the SPA; and
- (b) the Directors and each of them be and are hereby authorised to complete and do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

ORDINARY RESOLUTION 2

ISSUE OF DOCTOR SHARES

That subject to and contingent upon the passing of Ordinary Resolutions 1 and 3 as set out in this notice of EGM:

- (a) approval be and is hereby granted for the proposed allotment and issuance of 158,730,158 Doctor Shares to the Doctor Entity for NIL consideration, on the terms and subject to the conditions of the Deed of Performance Assurance;
- (b) the Directors and each of them be and are hereby authorised to complete and do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3

PROPOSED OPTIONS

That subject to and contingent upon the passing of Ordinary Resolutions 1 and 2 as set out in this notice of EGM:

- (a) approval be and is hereby granted for the Company to grant the Options in accordance with the Option Agreement;
- (b) the Directors and each of them be and are hereby authorised to complete and do all acts and things as they or each of them deem desirable, necessary or expedient to give effect to the matters contemplated by this resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

BY ORDER OF THE BOARD

Tai Kok Chuan
Executive Chairman
Singapore
Date: 11 January 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 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 (as defined in Section 181 of the Act) 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.
- 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.

**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 Raffles Marina, Chart Room (Level 2) 10 Tuas West Drive Singapore 638404 on 26 January 2017 at 10.30 a.m. (or as soon thereafter following the conclusion of the Extraordinary General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolution(s) and the Special 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 Resolutions	For	Against
1	To approve the Proposed Acquisition		
2	To approve the Proposed Doctor Share Issue		
3	To approve the Proposed Options		

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 11 January 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.

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