

# CHINA MEDICAL (INTERNATIONAL) GROUP LIMITED

(Company Registration No. 200505118M)  
(the “Company”)

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- (1) **TERMINATION OF WARRANTS SUBSCRIPTION AGREEMENT**
  - (2) **THE PROPOSED PLACEMENT OF 370,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**
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## **1. TERMINATION OF A WARRANT SUBSCRIPTION AGREEMENT**

- 1.1 Further to the announcement released on 24 October 2016 (the “**24 October Announcement**”), the board of directors (the “**Board**” of the “**Directors**”) of China Medical (International) Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 2 November 2016 entered into a deed of termination with Mr Heng Tong Jin (“**Mr Heng**”) to formally terminate the Warrant Subscription Agreement aggregating 200,000,000 warrants to be issued to Mr Heng dated 23 October 2016 (the “**Termination Deed**”). Following the execution of the Termination Deed, the Company’s and Mr Heng’s respective obligations and liabilities under the Warrant Subscription Agreement entered into with Mr Heng shall cease.
- 1.2 The Warrant Subscription Agreement entered into with Mr Heng was terminated with mutual consent. As the Company had identified the Share Subscribers (as defined below) who were agreeable to subscribe for new ordinary shares in the share capital of the Company, and in order not to exceed the General Mandate (as defined below), the Company decided to enter into the Termination Deed so that it would be in a position to enter into the Share Subscription Agreement (as defined below) to receive immediate funds from the issuance of the Subscription Shares. The Company is not expected to incur any costs arising from Termination Deed.

## **2. THE PROPOSED PLACEMENT OF 370,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY**

- 2.1 The Company had on 2 November 2016 entered into two separate share subscription agreements (the “**Share Subscription Agreement**”) with each of the following subscribers (the “**Share Subscribers**” and each a “**Share Subscriber**”) pursuant to which the Share Subscribers will in aggregate agree to subscribe for 370,000,000 new ordinary shares in the issued and paid up capital of the Company (the “**Subscription Shares**”) at an issue price of S\$0.0108 (the “**Issue Price**”) (the “**Proposed Share Placement**”) in the following proportions:

<b>Name of Share Subscriber</b>	<b>Number of Shares</b>
Chan Wai Meng	200,000,000
Low Poh Kok	170,000,000

- 2.2 Further details about the Share Subscribers are set out in Appendix A of this Announcement.
- 2.3 The Issue Price represents a 10% discount to the volume weighted average price (“**VWAP**”) of S\$0.0120 for trades done on the Company’s Shares on the SGX-ST for the full market day on 2 November 2016, rounded up to the nearest four decimal places.
- 2.4 The Subscription Shares, if and when fully allotted, issued and fully paid, 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 on or before the date of issue of the Subscription Shares.

- 2.5 The Proposed Share Placement is conditional upon, *inter alia*, the following:
- (a) approval in-principle for the listing and quotation of the Subscription Shares on the Catalist Board of the Singapore Exchange Securities and Trading Limited (“SGX-ST”) (on conditions, if any, acceptable to the Company and the respective Subscriber) having been obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the completion date of the respective Share Subscription Agreement, such conditions being reasonably acceptable to the respective Subscriber or fulfilled by the Company, as the case may be;
  - (b) the Shareholders’ approval in relation to the general share issue mandate obtained on 20 April 2016 remaining in full force and effect as at the completion date;
  - (c) the Company obtaining such approval(s) from its board of directors in connection with the Share Subscription Agreements and the transactions contemplated therein as may be necessary;
  - (d) the allotment, issue and subscription of the Subscription Shares by the respective Share Subscriber not being prohibited by any statute, order, rule or regulation promulgated or issued hereafter by any legislative, executive or regulatory body or authority of Singapore;
  - (e) as at the completion date of the respective Share Subscription Agreement, the trading of the Company’s Shares not being suspended by the SGX-ST (other than a suspension on a temporary basis requested by the Company) and the Company’s Shares not having been delisted; and
  - (f) the representations and warranties of the Company set out in the each Share Subscription Agreement being true, accurate and correct in all material respects as if made on the completion dates of the respective Share Subscription Agreement, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations set out in the respective Share Subscription Agreement to be performed on or before the completion date of the respective Share Subscription Agreement.
- 2.6 Completion of the Share Subscription Agreements shall take place on a date no later than the seventh (7<sup>th</sup>) business day after the satisfaction of the last of the conditions set out in the respective Share Subscription Agreements and paragraph 2.3 above, or such other date as may be agreed between the parties to the respective Share Subscription Agreement.
- 2.7 Under the terms of the Share Subscription Agreements, each of the Share Subscribers has represented, warranted and undertaken to and for the benefit of the Company that he is not acting in concert or in collaboration with anyone, including but not limited to the existing Directors or Shareholders of the Company, to obtain or consolidate effective control of the Company through the Proposed Share Placement (including as contemplated in the Singapore Code on Take-overs and Mergers).
- 2.8 Save as disclosed in this Announcement, none of the Share Subscribers have any connection, including any business relationship, with the Company, its subsidiaries, its Directors or, to the best of the Company’s knowledge, its substantial Shareholders.
- 2.9 The Proposed Share Placement would not result in any transfer of controlling interest in the Company.

- 2.10 The Subscription Shares will only be issued to the Share Subscribers and will not be issued to any of the persons listed in Rule 812(1) of the Catalist Rules.

### **3. AUTHORITY TO ISSUE SUBSCRIPTION SHARES**

- 3.1 The Subscription Shares will be issued pursuant to the general mandate (the “**General Mandate**”) granted by the Shareholders by way of ordinary resolution passed at the annual general meeting of the Company held on 20 April 2016 (“**2016 AGM**”), authorising the Board to issue new Shares and convertible securities not exceeding 100% of the total number of issued Shares (excluding treasury shares), of which the aggregate number of the Shares to be issued other than on a pro-rata basis to Shareholders does not exceed 50% of the total number of issued Shares. The percentage of issued Shares shall be based on the number of issued Shares (excluding treasury shares) at the time of the passing of the resolution, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and/or subsisting at the time of passing of the resolution, provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of the Catalist Rules.
- 3.2 As at the date of the 2016 AGM, the total number of ordinary shares in the capital of the Company (“**Shares**”) was 2,949,133,315. Accordingly, the total number of shares that may be issued pursuant to the General Mandate is 2,949,133,315 Shares, of which the maximum number of Shares to be issued other than on a pro rata basis is 1,474,566,657.
- 3.3 As at the date of this Announcement, no Shares have been issued under the General Mandate. However, in view of the 24 October Announcement as well as the Termination Deed, an aggregate of 500,000,000 Shares and 600,000,000 warrants will be issued under the General Mandate. As such, a balance of 374,566,657 Shares may be issued other than on a pro rate basis pursuant to the General Mandate and hence the allotment and issue of the 370,000,000 Subscription Shares are within the limits of the General Mandate.

### **4. FINANCIAL EFFECTS OF THE PROPOSED SHARE PLACEMENT AND MUTUAL TERMINATION**

#### **4.1 Bases and Assumptions**

- (a) Shareholders are advised to read this section carefully and to note that the financial effects of the Proposed Share Placement set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Share Placement. The pro forma financial effect of the Proposed Share Placement is based on, *inter alia*:
- (1) on the audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2015; and
  - (2) the 500,000,000 subscription Shares referred to in the 24 October Announcement had been issued;
  - (3) the 600,000,000 warrants referred to in the 24 October Announcement had been exercised.

The Proposed Share Placement and the Proposed Warrant Placement as defined in the 24 October Announcement and taking into account the Termination Deed shall collectively be referred to as the “**24 October Placements**”.

- 4.2 Given that the pro forma financial effects presented below are only for illustrative purposes, they do not represent the actual financial position and/or results of the Group immediately after the completion of Proposed Share Placement.

#### 4.3 Share Capital

	<b>Before the Proposed Share Placement and the 24 October Placements</b>	<b>After the Proposed Share Placement and the 24 October Placements</b>
Number of issued Shares	2,649,133,315	4,119,133,315
Amount of share capital (S\$)	46,485,000	61,804,500

#### 4.4 NTA

	<b>Before the Proposed Share Placement and the 24 October Placements</b>	<b>After the Proposed Share Placement and the 24 October Placements</b>
NTA (S\$)	5,195,000	20,814,500
Number of Shares	2,649,133,315	4,119,133,315
NTA per Share (Singapore cents)	0.20	0.51

#### 4.5 EPS

	<b>Before the Proposed Share Placement and the 24 October Placements</b>	<b>After the Proposed Share Placement and the 24 October Placements</b>
Loss for the year (S\$)	(1,309,000)	(1,309,000)
Number of Shares	2,649,133,315	4,119,133,315
Loss per Share (Singapore cents)	(0.049)	(0.032)

### 5. USE OF PROCEEDS AND RATIONALE OF THE PROPOSED PLACEMENT

- 5.1 The estimated net proceeds from the Proposed Shares Placement (after deducting the estimated expenses, including but not limited to the professional fees in relation to the Proposed Share Placement) are approximately S\$3,980,000 (“**Share Placement Net Proceeds**”).
- 5.2 The Company intends to use up to 70% of the Share Placement Net Proceeds for the purposes of business expansion and loan repayment, and the balance 30% for general working capital purposes.
- 5.3 Pending the deployment of the Share Placement Net Proceeds, such proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit in the interest of the Group.
- 5.4 The Company will make periodic announcements on the utilisation of the Share Placement Net Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the Catalist Rules and its annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5.5 The Directors of the Company are of the opinion that, after taking into consideration the present financial position of the Group, including the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

5.6 No placement agent has been appointed in relation to the Proposed Share Placement and no commission or introducer's fee is payable by the Company to any person in relation to the Proposed Share Placement. No share borrowing arrangement has been entered into to facilitate the Proposed Share Placement.

## **6. GENERAL**

6.1 The Proposed Share Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

6.2 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 Share Placement and Termination Deed.

## **7. CHANGE IN INTERESTS OF THE DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND THE SHARE SUBSCRIBERS**

Details of the change in interests of the Directors, substantial shareholders and the Share Subscribers before and after the Proposed Share Placement and Termination Deed is set out in Appendix B of this Announcement.

## **8. RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Share Placement and the Termination Deed, the Group and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

The Share Subscription Agreements and Termination Deed are available for inspection during normal business hours at the Company's registered office for a period of three (3) months from the date of this Announcement.

## **10. LISTING AND QUOTATION OF SUBSCRIPTION SHARES**

The Company will apply to the SGX-ST, through its continuing sponsor, for the admission to and listing and quotation of the Subscription Shares on the Catalist Board of the SGX-ST. The

Company will make the necessary announcements once the listing and quotation notice has been obtained.

**11. TRADING CAUTION**

**Shareholders and potential investors of the Company are advised to read this Announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.**

**BY ORDER OF THE BOARD  
2 November 2016**

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

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

*The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*

## **APPENDIX A**

### **ABOUT THE SHARE SUBSCRIBERS**

#### **Mr Chan Wai Meng (“Mr Chan”)**

Mr Chan is an accountant by training and is a member of the Institute of Singapore Chartered Accountants. Mr Chan has held financial and senior management positions in various companies. Mr Chan currently provides financial advisory services to companies in China. Mr Chan had held directorships in various Singapore listed companies in the past.

He is investing in his personal capacity for investment purposes and does not currently own any shares in the Company. Mr Chan was introduced to the Company by a business associate of the Company.

#### **Mr Low Poh Kok (“Mr Low”)**

Mr Low serves as Senior Project Development Manager of a Singapore listed company engaged in the business of property development and construction for more than 10 years.

He is a regular investor in equities for the past ten years and is investing in the Subscription Shares in his personal capacity for investment purposes. Mr Low does not currently own any shares in the Company. Mr Low was introduced to the Company by a business associate of the Company.

## APPENDIX B

### CHANGE IN INTERESTS OF THE DIRECTORS, THE SUBSTANTIAL SHAREHOLDERS AND THE SHARE SUBSCRIBERS

As of the date of this Announcement, the interests of the directors, substantial shareholders and the Share Subscribers before and after the Proposed Share Placement and Mutual Termination are as follows:

	As at date of this Announcement and before the Proposed Share Placement		After the completion of the Proposed Share Placement and the 24 October Placements based on the Enlarged Share Capital <sup>(1)</sup>		After the Proposed Share Placement and the 24 October Placements based on a Fully Diluted Basis <sup>(2)</sup>	
	Number of Shares ('000)	Approximate Direct Interest (%) <sup>(3)</sup>	Number of Shares ('000)	Approximate Direct Interest (%)	Number of Shares ('000)	Approximate Direct Interest (%)
<b>Directors</b>						
Tai Kok Chuan	130,000	4.41	130,000	3.40	160,000	2.89
Hano Maeloa <sup>(4)</sup>	-	-			30,000	0.54
Wong Fook Choy Sunny	600	0.02	600	0.02	21,950	0.40
Yeo Chin Tuan Daniel	-	-			20,000	0.36
<b>Substantial Shareholders</b>						
Dato Dr. Choo Yeow Ming	275,000	9.32	275,000	7.20	275,000	4.96
Qiang Lin Mei	275,000	9.32	275,000	7.20	275,000	4.96
Kiow Kim Yoon	300,000	10.17	300,000	7.86	300,000	5.41
Mdm Oei Siu Hoa @ Sukmawati Widjaja <sup>(4)</sup>	200,000	6.78	200,000	5.24	200,000	3.61
<b>Previous Share Subscribers and Warrant Subscribers</b>						
Leong Woon Poh Terry	-	-	300,000	7.86	410,000	7.40
Ho Seow Kai	-	-	-	-	400,000	7.22
Lim Soon Fang	6,000	0.20	206,000	5.39	406,000	7.33
<b>Current Share Subscribers</b>						
Chan Wai Meng	-	-	200,000	5.24	200,000	3.61
Low Poh Kok	-	-	170,000	4.45	170,000	3.07
<b>Other public shareholders</b>	1,762,533	59.76	1,762,533	46.15	2,673,212	48.24
<b>Total Share Capital</b>	<b>2,949,133</b>	<b>100.0</b>	<b>3,819,133</b>	<b>100.0</b>	<b>5,541,162</b>	<b>100.0</b>

**Notes:**

- (1) "Enlarged Share Capital" shall mean the aggregate of the share capital of the Company, the current Subscription Shares and the issuance and allotment of subscription shares pursuant to the 24 October Placements being 3,819,133,315 and



assuming that none of the warrants pursuant to the 24 October Placements or the outstanding convertible securities of the Company (including options and warrants) that are subsisting or that are proposed as at the date of this Announcement are exercised or converted.

- (2) “Fully Diluted Basis” shall mean an aggregate of 5,541,162,907 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 this Announcement (regardless of whether they are vested, exercisable or convertible in accordance with their terms). For the avoidance of doubt, the aggregate of 5,541,162,907 Shares on a Fully Diluted Basis consist of, as at the date of this Announcement, the outstanding Share Capital of 2,949,133,315 Shares, the Subscription Shares, the subscription shares and shares arising from exercise of the warrants to be issued pursuant to the 24 October Placements, 66,179,592 listed warrants convertible into 66,179,592 Shares, 950,000,000 unlisted warrants convertible to 950,000,000 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 2,949,133,315 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.