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## **CHINA RENJI MEDICAL GROUP LIMITED**

### **中國仁濟醫療集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 648)**

#### **DISCLOSEABLE TRANSACTION: INVESTMENT AGREEMENT**

##### **THE INVESTMENT AGREEMENT**

The Company is pleased to announce that on 25 June 2013, Anping Technology, a wholly-owned subsidiary of the Company and TJHK entered into the Investment Agreement and pursuant to which Anping Technology will invest RMB60 million and have an effective interest of approximately 11.25% in the Medical Project in which Anping Technology will be responsible for the management on the application of radiotherapy medical equipment.

##### **IMPLICATION OF THE LISTING RULES**

Since the relevant percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Investment Agreement exceed 5% but less than 25%, the transactions contemplated under the Investment Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements of the Listing Rules.

##### **THE INVESTMENT AGREEMENT**

###### **Date**

25 June 2013

###### **Parties**

Anping Technology and TJHK

TJHK is a company with limited liability established in the PRC and is principally engaged in hospital management. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, as at the date of this announcement, each of TJHK and

the remaining shareholder(s) of the Medical Project (as defined below) and their respective beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

### **Background and principal terms of the Investment Agreement**

TJHK will invest approximately RMB340 million and be interested in approximately 63.75% in a medical project (the “Medical Project”) comprising a secondary hospital in the PRC which is in the course of upgrading into a tertiary hospital. Pursuant to the Investment Agreement, Anping Technology will invest RMB60 million and have an effective interest of approximately 11.25% in the Medical Project in which Anping Technology will be responsible for the management on the application of radiotherapy and/or diagnostic imaging equipment (including head/body gamma knife systems and linear accelerators). In addition, Anping Technology shall appoint one committee member out of three members for the management of the Medical Project.

The consideration of RMB60.0 million, which will be used by TJHK for its investment in the Medical Project, was determined after arm’s length negotiation between the Group and TJHK and having taken into accounts (i) the percentage of the interest of the Group is proportional to the total investment of the Medical Project of approximately RMB530 million (including the Group); (ii) the good opportunity for the Group to directly participate in the management of the hospital under the Medical Project; (iii) the growth prospect of the Medical Project particularly after the hospital under the Medical Project having become a tertiary hospital.

For avoidance of doubt, even if the total investment of the Medical Project eventually exceeds the total investment of approximately RMB530 million, Anping Technology’s effective interest in the Medical Project will remain the same without the obligation for any further investment.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the provision of medical equipment and services for the network of its medical centre network specialising in the diagnosis and treatment of tumors and/or cancer related diseases in the PRC.

As described in the announcement (the “Announcement”) of the Company dated 21 June 2013, the existing operations of medical centres by the Group located at the premises of its hospital partners have been adversely affected by the relevant healthcare policies implemented by the PRC government in recent years and particularly, the program launched by the National Health and Family Planning Commission of the PRC to clean-up and rectify grassroots medical institutions (comprising a number of measures to tighten the management of the PRC’s hospitals and rectify their non-compliance operations including the rental/contract-out arrangement of medical departments) has further dampened the ongoing cooperating relationship with its hospital partners which will in turn, imposing a further downward pressure on the Group’s future financial performance and business operations.

However, under the 《衛生事業發展“十二五”規劃》 (the Twelfth Five-Year Plan for Health Care) promulgated by the State Council of the PRC in October 2012, it is targeted that a nationwide medical health care system covering both urban and rural residents will be established by 2015 to ensure that Chinese citizens will be provided with medical services that are greatly improved in quality, efficiency and patient satisfaction. As compared to the

Group's operation of the medical centre in a hospital premise which may potentially expose the Group to challenges by the relevant PRC health departments/authorities as described in the Announcement, the management of the Company has considered that through the entering into of the Investment Agreement, the Group will not only be provided with the opportunities to participate in the management of a hospital in the PRC (and thus broaden its business scope and diversify the overall business risks), but will also be able to capitalise on the increase in the demand for medical and hospital services.

Based on the above, the Directors are of the view that the terms of the Investment Agreement (including the consideration) are fair and reasonable and on normal commercial terms, and the entering into of the Investment Agreement is in the interest of the Company and its shareholder as a whole.

## **IMPLICATION OF THE LISTING RULES**

Since the relevant percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Investment Agreement exceed 5% but less than 25%, the transactions contemplated under the Investment Agreement constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Anping Technology”	安平醫療科技(蕪湖)有限公司 (Anping Medical Treatment Technology (Wuhu) Co., Ltd.)*, a company established in the PRC and a wholly-owned subsidiary of the Company
“Company”	China Renji Medical Group Limited, a company incorporated in Hong Kong with limited liability whose issued shares are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the agreement entered into between Anping Technology and TJHK dated 25 June 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TJHK”	天津恒康醫療企業管理有限公司 (Tianjin Heng Kang Medical Enterprise Management Limited)*, a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of the Hong Kong Special Administrative Region of the PRC
“%”	per cent.

\* *for identification purpose only.*

*For illustration purpose, amounts in Renminbi (“RMB”) in this announcement have been translated in to HK\$ at the exchange rate of RMB1 = HK\$1.266.*

By Order of the Board of  
**China Renji Medical Group Limited**  
**Tang Chi Chiu**  
*Chairman*

Hong Kong, 25 June 2013

*As at the date of this announcement, the board of the Company comprises two executive directors, namely Mr. Tang Chi Chiu and Mr. Wang Jianguo, and three independent non-executive directors, namely Mr. Kwok Chung On, Mr. Wu Chi Keung and Ms. Wu Yan.*