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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)**

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE INVESTMENT**

The Company is pleased to announce that on 12 July 2013, the Company entered into the MOU with the Target Company in relation to the Possible Investment in (i) patented hospital management system and (ii) e-government businesses including the research, development, manufacture and distribution of patented hi-tech systems/products in China and Southeast Asia developed from a number of technologies, principally non-radioactive see-through technology and outdoor data transmission based on micro-power consumption technology.

**The Company also wishes to emphasize that only the MOU has been entered into as at the date of this announcement. The MOU does not constitute a binding commitment on the Company in respect of the Possible Investment and as the Possible Investment may or may not proceed, shareholders of the Company and potential investors are urged to exercise caution when dealing in the securities of the Company. If the Possible Investment is materialised, it may constitute a notifiable transaction of the Company under the Listing Rules and the Company will make further announcement in respect of the Possible Investment as and when appropriate.**

This announcement is made by China Renji Medical Group Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to The Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **MEMORANDUM OF UNDERSTANDING**

The Company is pleased to announce that on 12 July 2013, the Company entered into a memorandum of understanding (the “MOU”) with a technology company (the “Target Company”) and details of which are summarised as follow:

#### **Date**

12 July 2013

## **Parties to the MOU**

The Company and the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

## **Background and major terms of the Possible Investment**

As advised by the Target Company, it is in the course of conducting a reorganisation plan (the "Reorganisation") such that the Target Company will control a group of companies engaging in (i) patented hospital management system and (ii) the e-government businesses in the People's Republic of China ("China") and Southeast Asia including the research, development, manufacture and distribution of patented hi-tech systems/products developed from a number of technologies, principally non-radioactive see-through technology and outdoor data transmission based on micro-power consumption technology (collectively referred to as the "Businesses"). The patented hospital management system is mainly for the areas of computerised medicine dispensing as well as the analysis and sharing of patients' data to enable remote diagnosis by medical specialists located in different places/cities. The patented e-Government products/systems of the Target Company can be applied in various government departments and industries such as customs departments, inspection and quarantine bureaus, police force, power grid companies and toll road operators in the areas of custom clearance, quarantine clearance, logistics, toll free-pass monitoring, security, see-through checking and position tracking, etc..

Pursuant to the MOU, the Company will, subject to, among other things, completion of the Reorganisation, results of the due diligence review on the Target Company being satisfactorily to the Company and a preliminary valuation of the Target Company of not less than RMB1.5 billion (equivalent to approximately HK\$1.875 billion) conducted by an independent valuer jointly appointed by the Company and the Target Company, make investment in the Target Company or form joint venture(s) with the Target Company (the "Possible Investment") by way of cash, issuance of shares, convertible instruments or bonds or a combination of any of the above such that the Group will have interests in a group of companies engaging in the Businesses.

The MOU does not constitute legally binding commitment in respect of the Possible Investment and it is just the intention of both the Company and the Target Company to proceed to negotiation with a view to entering into a legally binding formal agreement in relation to the Possible Investment within 120 days from the date of MOU, during which the Company has been granted an exclusivity that the Target Company shall not be in negotiation or conclusion of any similar investments with any other parties without the prior consent of the Company and vice versa. Nevertheless, the execution and completion of the formal agreement relating to the Possible Investment will still be subject to, among other things, the results of the Company's due diligence on the Target Company and the Businesses, the aforesaid valuation on the Target Company prepared by the independent valuer as well as the forms and amount of the consideration payable agreed by the Company and the Target Company.

## REASONS FOR THE POSSIBLE INVESTMENT

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 China.

As described in the Company's recent announcements, the business 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 Chinese government in recent years and particularly, the program launched by the National Health and Family Planning Commission of China to clean-up and rectify grassroots medical institutions (comprising a number of measures to tighten the management of hospitals in China 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 and will in turn, imposing a further downward pressure on the Group's future financial performance and business operations. The Company expects that the development of the hospital management system under the Possible Investment will, on one hand, be benefited from the Group's extensive business network in the medical sector and the e-Government businesses under the Possible Investment will, on the other hand, diversify the Group's overall business risk. Having considered the wide applications of the products produced/to be produced and the warranted valuation of the Businesses, the Company is of the view that the Possible Investment will bring about a growth engine to the future development of the Group.

## GENERAL

**The Company also wishes to emphasize that only the MOU has been entered into as at the date of this announcement. The MOU does not constitute a binding commitment on the Company in respect of the Possible Investment and as the Possible Investment may or may not proceed, shareholders of the Company and potential investors are urged to exercise caution when dealing in the securities of the Company. If the Possible Investment is materialised, it may constitute a notifiable transaction of the Company under the Listing Rules and the Company will make further announcement in respect of the Possible Investment as and when appropriate.**

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

Hong Kong, 12 July 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.*