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China Renji Medical Group Ltd
中國仁濟醫療集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 648)

ISSUE OF CONVERTIBLE NOTES

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The Company is pleased to announce that on 17 April 2014 (after trading hours), the Company and the Subscribers entered into the Subscription Agreements respectively in respect of the issue of the Convertible Notes in the aggregate principal amount of HK\$10,000,000 at the initial Conversion Price of HK\$0.04 per Conversion Share. The proceeds from the Convertible Notes will be used for general working capital of the Group.

Assuming the conversion rights attached to the Convertible Notes have been exercised in full at the Conversion Price, the Convertible Notes will be convertible into 250,000,000 Conversion Shares, representing approximately 1.85% of the issued shares of the Company as at the date of this announcement and approximately 1.81% of the issued shares of the Company as enlarged by the Conversion Shares (assuming the conversion rights attached to the Convertible Notes are exercised in full).

The Conversion Shares will be issued pursuant to the General Mandate. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Conversion Shares. No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchanges.

THE SUBSCRIPTION AGREEMENTS

Date

17 April 2014

Parties

The Company as the issuer and the Subscribers as the subscribers

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, each of the Subscribers and, if applicable, their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

- Principal amount: HK\$10,000,000 in aggregate
- Interest rate: 5% per annum, payable semi-annually in arrears
- Maturity date: Unless previously redeemed or cancelled or converted, any outstanding amount of the Convertible Notes shall be redeemed on the date falling on the third anniversary of the date of issue of the Convertible Notes.
- Ranking: The Convertible Notes constitute direct, unconditional, unsubordinated and unsecured obligation of the Company and at all times ranks pari passu among any part thereof and equally with all other present and future unsecured and unsubordinated obligations of the Company.
- Conversion: The holder(s) of the Convertible Notes shall have the right to convert the whole or part of the principal amount of the Convertible Notes into Conversion Shares at the Conversion Price.
- Conversion Price: The Conversion Price is HK\$0.04 per Conversion Share, subject to adjustments in the manner provided in the terms and conditions of the Convertible Notes, including, among other things, consolidation or subdivision or reclassification of the Shares, issue of Shares by way of capitalization of profits or reserves, capital distribution in cash or in specie, or issue of Shares by way of rights, or grant of options or warrants or other convertible securities of the Company. The Conversion Price was arrived at after arm's length negotiation between the Company and each of the Subscribers respectively, and with reference to the recent market price of the Shares, which represents:
- (i) a discount of approximately 4.8% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on 17 April 2014, being the last trading day prior to the date of the Subscription Agreement: and
 - (ii) a discount of approximately 7.0% to the average closing price of HK\$0.043 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement up to and including on 17 April 2014.

- Voting:** The Subscribers will not be entitled to attend or vote at any general meeting of the Company by reasons only of them being the holder of the Convertible Notes.
- Transfer:** The Convertible Notes may be transferable to any persons and no transfer of the Convertible Notes shall be made to any person(s) which require approval from the Stock Exchange (e.g. connected person of the Company) without the prior consent of the Stock Exchange and the Company.
- Early Redemption:** The Subscribers may redeem the Convertible Notes at the redemption amount which is equal to 100% of the then outstanding principal amount of the Convertible Notes, together with all interest accrued thereon and remaining outstanding (if any), at any time three months after the issue of the Convertible Notes. The Company cannot redeem any outstanding amount of Convertible Notes prior to the maturity date of the Convertible Notes.

Based on the Conversion Price, a maximum number of 250,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion right attached to the Convertible Notes in full, which represent approximately 1.85% of the issued Shares as at the date of this announcement and approximately 1.81% of the issued Shares as enlarged by the Conversion Shares (assuming the conversion rights attached to the Convertible Notes are exercised in full).

The Conversion Shares will rank *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares. There will not be any restrictions for the subsequent sale of the Conversion Shares by the Subscribers.

No listing of the Convertible Notes will be sought on the Stock Exchange or any other stock exchanges. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Conditions Precedent

Completion is conditional upon the Listing Committee of the Stock Exchange having granted or having agreed to grant (either unconditionally or subject only to conditions to which neither the Company nor the Subscribers shall reasonably object) the listing of, and permission to deal in, the Conversion Shares.

The above condition precedent cannot be waived by any party to the Subscription Agreement. In the event that the condition precedent cannot be fulfilled on 30 April 2014 or such later date as the Subscribers and the Company may agree in writing, the Subscription Agreements shall terminate, lapse and be of no further effect, and the Company and the relevant Subscriber shall be released from all obligations hereunder and neither party shall have any claim against the other for any costs or losses save in respect of any antecedent breaches of the Subscription Agreements.

Completion

Subject to fulfillment of the above conditions, completion of the Subscription Agreements shall take place on any the day within the 10th calendar days after all the condition precedent under the Subscription Agreements having been fulfilled.

REASONS FOR THE ISSUE OF CONVERTIBLE NOTES AND USE OF PROCEEDS

The Group is principally engaged in the provision of medical equipment and services for the network of its medical centres specialising in the diagnosis and treatment of tumours and/or cancer related diseases in The People's Republic of China. After taking into account that the issue of the Convertible Notes will not have an immediate dilution effect on the shareholding of the existing Shareholders, the Directors consider that the issue of the Convertible Notes represents an opportunity to enhance the working capital of the Group and to strengthen its capital base and financial position for the possible future investments.

The Directors consider that the terms of the Subscription Agreements, which were arrived at after arm's length negotiations between the Company and each of the Subscribers respectively, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. It is estimated that the net proceeds from the issue of the Convertible Notes will amount to approximately HK\$9.9 million (or representing approximately HK\$0.0396 per Conversion Share) and will be used for general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activity in the past 12 months immediately preceding the date of this announcement:

Date of circular	Event	Net Proceeds	Intended and Actual use of proceeds
24 December 2013	Issue of Warrants	Approximately HK\$97 million upon exercise of the subscription rights attached to the Warrants in full	As general working capital of the Group

Note: As at the date of this announcement, the subscription rights attached to the Warrants have not been exercised.

CHANGE IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Conversion Shares (assuming the conversion rights attached to the Convertible Notes have been exercised in full at the Conversion Price of HK\$0.04); and (iii) immediately after the allotment and issue of the Conversion Shares (assuming the conversion rights attached to the Convertible Notes have been exercised in full at the Conversion Price) and after the exercise of the subscription rights attached to the Warrants in full are summarised as follows:

	Shareholding as at the date of this announcement		Shareholding immediately after the allotment and issue of the Conversion Shares (assuming the conversion rights attached to the Convertible Notes have been exercised in full)		Shareholding immediately after the allotment and issue of the Conversion Shares (assuming the conversion rights attached to the Convertible Notes have been exercised in full) and after the exercise of the subscription rights attached to the above-mentioned unlisted Warrants have been exercised in full	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
The existing substantial shareholders	4,389,000,000	32.40	4,389,000,000	31.82	4,389,000,000	26.61
The subscriber of the Warrants	—	—	—	—	2,700,000,000	16.37
Subscribers	—	—	250,000,000	1.81	250,000,000	1.51
Public shareholders	<u>9,156,112,521</u>	<u>67.60</u>	<u>9,156,112,521</u>	<u>66.37</u>	<u>9,156,112,521</u>	<u>55.51</u>
Total	<u>13,545,112,521</u>	<u>100.00</u>	<u>13,795,112,521</u>	<u>100.00</u>	<u>16,495,112,521</u>	<u>100.00</u>

GENERAL

The 250,000,000 Conversion Shares will be allotted and issued under the General Mandate. Since no Shares have been issued under the General Mandate, as at the date of this announcement, the maximum number of new Shares that can be issued under the General Mandate is 2,709,022,504 new Shares and therefore, the Subscription and the issue of the Conversion Shares are not subject to approval of the Shareholders.

DEFINITIONS

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

“Company”	China Renji Medical Group Limited, a company incorporated in the Hong Kong with limited liability whose issued Shares are listed on the Stock Exchange
“Conversion Price”	HK\$0.04 per Share subject to adjustment in the manner provided in the terms and conditions of the Convertible Notes
“Conversion Shares”	the Shares which may fall to be allotted and issued upon exercised of the conversion rights attaching to the Convertible Notes

“Convertible Notes”	5% coupon convertible notes in the principal amount of HK\$10,000,000 due 2017 to be issued by the Company to the Subscribers pursuant to the Subscription Agreements
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares of up to 20% of the issued Shares as at the annual general meeting of the Company held on 16 May 2013 (i.e. up to a maximum of 2,709,022,504 new Shares)
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shares”	ordinary shares of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	a total of not less than six subscribers comprising individual investors and/or charity
“Subscription”	the subscription of the Convertible Notes by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreements”	the subscription agreements dated 17 April 2014 and entered into between the Company and each of the Subscribers respectively in relation to the subscription of the Convertible Notes
“Warrants”	the unlisted warrants issued by the Company as disclosed in the circular of the Company dated 24 December 2013
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“%”	per cent.

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

Hong Kong, 17 April 2014

As at the date of this announcement, the board of the Company comprises three executive directors, namely Mr. Tang Chi Chiu, Mr. Chan Ka Chung and Mr. Wang Jianguo, and three independent non-executive directors, namely Ms. Hu Xuezhen, Mr. Wu Chi Keung and Ms. Wu Yan.