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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POTENTIAL ACQUISITION

THE MOU

The Company is pleased to announce that on 16 August 2014, the JV, a non wholly-owned subsidiary of the Company, and the Vendor entered into the MOU, pursuant to which the JV intended to acquire 55% equity interest and the related shareholder's loans of the Target Company. The Target Group is principally engaged in the management and operation of a chain of sports clubs and fitness clubs in the PRC (and as represented by the Vendor, is one of the largest chain of sport clubs and fitness clubs in the PRC in terms of area). In addition, it is anticipated that following the Proposed Acquisition, the Management Partner will be responsible for the management and operation of certain sports clubs and fitness clubs of the Target Group. The consideration of the Proposed Acquisition will be settled in cash and will be contributed by the Group and the Management Partner proportional to their equity interest in the JV.

If the Proposed Acquisition is materialised, it may constitute a major transaction for the Company under the Listing Rules and further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

Shareholders and potential investors of the Company should be aware that the MOU is non legally binding and details and terms of the Proposed Acquisition are subject to the commercial negotiations between the parties to the MOU. As the Proposed Acquisition may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 8 August 2014 in relation to, among others, the negotiation with an independent third party on a potential acquisition of a company engaged in the healthcare and fitness business in the PRC.

THE MOU AND THE PROPOSED ACQUISITION

The Company is pleased to announce that on 16 August 2014, the JV and the Vendor entered into the MOU and details of which are set out as follows:

Date

16 August 2014

Parties to the MOU

- (i) the JV, a non wholly-owned subsidiary of the Company and the issued share capital of which is owned as to 80% and 20% by the Group and the Management Partner, respectively, as the purchaser; and
- (ii) the Vendor, the sole shareholder of the Target Company, as the vendor.

To the best of the knowledge, information and belief of the directors of the Company and having made all reasonable enquiries, the Vendor and its beneficial owner as well as the Management Partner and its beneficial owners (save for its interest in the JV) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Proposed Acquisition

Pursuant to the MOU, the JV intended to acquire and accept and the Vendor intended to dispose of and assign 55% equity interest and the related shareholder's loans of the Target Company. The Target Group is principally engaged in the management and operation of a chain of sports clubs and fitness clubs in the PRC (and as represented by the Vendor, is one of the largest chain of sports clubs and fitness clubs in the PRC in terms of area). The consideration of the Proposed Acquisition will be settled in cash and contributed by the Group and the Management Partner proportional to their equity interest in the JV. It is anticipated that following the Proposed Acquisition, (i) the Target Company's board of directors will be increased to 5 comprising 3 directors (including the chairman of the board of directors of the Target Company) appointed by the JV and the remaining 2 appointed by the Vendor; and (ii) the Management Partner will be responsible for the management and business operation of certain sports clubs and fitness clubs of the Target Group.

GENERAL

If the Proposed Acquisition is materialised, it may constitute a major transaction for the Company under the Listing Rules and further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

Shareholders and potential investors of the Company should be aware that the MOU is non legally binding and details and terms of the Proposed Acquisition are subject to the commercial negotiation between the JV and the Vendor and the entering into of a formal legally binding sale and purchase agreement. As the Proposed Acquisition may or may not proceed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

CLARIFICATION

Reference is made to the circular (the “Circular”) and announcement (the “Announcement”) of the Company dated 24 December 2013 and 10 March 2014, respectively relating to, among other things, the Warrant Subscription. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Company would like to clarify that since the fulfillment of the conditions precedent under the Warrant Subscription Agreements on 10 March 2014 as disclosed in the Announcement and up to the date of this announcement, no subscription rights attached to the Warrants have been exercised by the Subscriber and the premium obtained from the issue of the Warrants has been, as described in the Circular, used as general working capital of the Group.

DEFINITION

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings when used herein:

“Company”	China Renji Medical Group Limited, a company incorporated in Hong Kong and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“JV”	Golden Oasis Health Limited, a company incorporated in the British Virgin Islands with limited liability and a non wholly-owned subsidiary of the Company, the equity interest of which is owned as to 80% and 20% by the Group and the Management Partner, respectively
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management Partner”	Smart Even Ventures Limited, a company incorporated in the British Virgin Islands with limited liabilities
“MOU”	the non-legally binding memorandum of understanding dated 16 August 2014 and entered into between the JV and the Vendor in respect of the Proposed Acquisition
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding The Hong Kong Special Administrative Region, The Macau Special Administrative Region and Taiwan)
“Proposed Acquisition”	the proposed acquisition of 55% equity interest and the related shareholder’s loan of the Target Company by the JV contemplated under the MOU
“Target Company”	Mega Fitness (Shanghai) Investments Limited, a company incorporated in the British Virgin Islands with limited liabilities

“Target Group” the Target Company and its subsidiaries

“Vendor” Gold Swing Enterprises Ltd., a company incorporated in the British Virgin Islands with limited liabilities

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

Hong Kong, 17 August 2014

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Chan Ka Chung, Mr. Tang Chi Chiu and Mr. Wang Jianguo; and three independent non-executive Directors, namely, Mr. Chan Yee Ping, Michael, Ms. Hu Xuezhen and Ms. Wu Yan.