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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**If you are in any doubt** as to any aspect of this Prospectus or as to the actions to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers(s).

**If you have sold or transferred** all your shares in China Renji Medical Group Limited (“Company”), you should at once hand this Prospectus and the accompanying provisional allotment letter, to the purchaser or transferee, or bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid form(s) may be settled through the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited (“HKSCC”) and you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser(s) for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Expert and Consent” in Appendix IV to this Prospectus have been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies (Winding up and Miscellaneous Provisions) Ordinance Hong Kong. The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the documents referred to above.

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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)**

## **RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

### **Underwriter of the Rights Issue**



**SBI China Capital Financial Services Limited**

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Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, inter alia, the fulfillment and/or waiver (where applicable) of the conditions set out under the sub-paragraph headed “Conditions of the Rights Issue” on pages 18 to 19 of this Prospectus. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed “Termination of the Underwriting Agreement” on pages 5 to 6 of this Prospectus. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealings in the Shares. Any dealings in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form from Thursday, 18 September 2014 to Thursday, 25 September 2014 (both dates inclusive), are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares and/or the Rights Shares (in their nil-paid form) are advised to consult their own professional advisers.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Tuesday, 30 September 2014. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 12 to 13 of this Prospectus.

16 September 2014

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## CONTENTS

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	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	ii
<b>DEFINITIONS</b> .....	1
<b>TERMINATION OF THE UNDERWRITING AGREEMENT</b> .....	5
<b>LETTER FROM THE BOARD</b> .....	7
<b>APPENDIX I — INFORMATION OF THE COMPANY</b> .....	I-1
<b>APPENDIX II — FINANCIAL INFORMATION OF THE GROUP</b> .....	II-1
<b>APPENDIX III — UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP</b> .....	III-1
<b>APPENDIX IV — GENERAL INFORMATION</b> .....	IV-1

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issue is set out below:*

<b>Event</b>	<b>2014 (Hong Kong time)</b>
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Thursday, 18 September
Latest time for splitting nil-paid Rights Shares . . . . .	4:00 p.m. on Monday, 22 September
Last day of dealing in nil-paid Rights Shares . . . . .	4:00 p.m. on Thursday, 25 September
Latest time for acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Tuesday, 30 September
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Friday, 3 October
Announcement of results of the Rights Issue . . . . .	Thursday, 9 October
Certificates for fully paid Rights Shares to be despatched on or before . . . . .	Friday, 10 October
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Monday, 13 October

Dates or deadlines specified in this Prospectus are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders as and when appropriate in compliance with the Listing Rules.

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## EXPECTED TIMETABLE

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*Note:*

The latest time for acceptance of and payment for the Rights Shares will not take effect if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of, and payment for, the Rights Shares. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of, and payment for, the Rights Shares. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take effect on the Acceptance Time, the dates mentioned above may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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

“Acceptance Time”	4:00 p.m. on Tuesday, 30 September 2014 (or such other time or date as the Underwriter may agree in writing with the Company), being the latest time for acceptance of, and payment for, the Rights Shares
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong or the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as the case may be
“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
“Convertible Notes”	the 5% coupon convertible notes issued by the Company in the aggregate principal amount of HK\$10 million due in 2017 which entitle the holder thereof to convert into a maximum of 12,500,000 new Shares at the conversion price of HK\$0.8 per share (as adjusted by the share consolidation which took effect in June 2014)
“Directors”	the directors of the Company
“Existing Share Options”	the outstanding share options granted pursuant to the share option scheme adopted by the Company in October 2001
“2013 General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares 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 135,451,125 new Shares as adjusted by the share consolidation which took effect in June 2014)
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Latest Practicable Date”	11 September 2014, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus
“Latest Time for Termination”	4:00 p.m. on Friday, 3 October 2014, being the latest time for termination of the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Ka Chung, an executive Director and the chairman of the board of Directors
“Nil Paid Rights”	the nil-paid rights of Shareholders to be allotted pursuant to the Rights Issue
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	Tuesday, 16 September 2014, or such other day as may be agreed between the Company and the Underwriter, being the expected date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and PAL
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date

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## DEFINITIONS

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“Record Date”	Friday, 12 September 2014 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarized herein
“Rights Share(s)”	not less than 338,627,813 and not more than 425,289,113 new Shares to be offered to the Qualifying Shareholders for subscription on the basis of one (1) Rights Share for every two (2) Shares held at the Record Date pursuant to the Rights Issue
“Settlement Date”	Friday, 3 October 2014, being the first Business Day following the Acceptance Time or such later date as the Company and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.27 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	SBI China Capital Financial Services Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 16 August 2014 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Warrants”	the 135,000,000 unlisted warrants issued by the Company entitling the holder(s) thereof to subscribe for 135,000,000 new Shares

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## DEFINITIONS

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“Wintin”	an indirect non wholly-owned subsidiary of the Company, which together with its subsidiary, is engaged in the medical network business of the Group in the PRC
“%”	percentage
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



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## TERMINATION OF THE UNDERWRITING AGREEMENT

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### TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to the Latest Time for Termination:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than thirty consecutive business days, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representation, warranties or undertakings under the Underwriting Agreement that comes to the knowledge of the Underwriter; or
- (ii) any events, which would render the warranties contained under the Underwriting Agreement untrue or incorrect in any material respect, comes to the knowledge of the Underwriter.

**Upon the giving of notice of termination as referred to the above prior to the Latest Time for Termination, the obligations of all parties under the Underwriting Agreement (save and except for, among others, the fees and expenses payable by the Company) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise, save for any antecedent breaches.**

**If such notice of termination were served by the Underwriter, the Rights Issue will not proceed accordingly.**

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Chan Ka Chung (*Chairman*)  
Mr. Cheung Wai Kwan  
Dr. Hui Ka Chun  
Mr. Wang Jianguo

*Registered Office:*

36th Floor  
Times Tower  
391-407 Jaffe Road  
Wanchai  
Hong Kong

*Independent Non-executive Directors:*

Mr. Chan Yee Ping, Michael  
Ms. Hu Xuezheng  
Ms. Wu Yan

16 September 2014

*To the Qualifying Shareholders and,  
for information only, to the Non-Qualifying Shareholders (if any)*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE  
FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

**INTRODUCTION**

On 17 August 2014, the Company announced, inter alia, that it proposes to raise not less than approximately HK\$91.4 million and not more than approximately HK\$114.8 million (before expenses) by way of the rights issue of not less than 338,627,813 Rights Shares but not more than 425,289,113 Right Shares at a subscription price of HK\$0.27 per Rights Share on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date.

As disclosed in the announcement of the Company dated 29 August 2014, the Company has received subscription form from Mr. Chan, the beneficial holder of the Warrants, relating to the exercise of the subscription rights attached to the Warrants to subscribe for 67,500,000 new Shares. Accordingly, the number of issued Shares had been

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## LETTER FROM THE BOARD

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increased to 744,755,626 Shares as at the Latest Practicable Date. Furthermore, Mr. Chan has undertaken that he would accept or procure acceptance of his entitlement in respect of his 67,500,000 Shares subscribed under the Rights Issue.

Reference is also made to the announcement of the Company dated 27 August 2014 relating to the entering into of a sale and purchase agreement (the “Acquisition Agreement”) between (i) Gold Swing Enterprises Ltd. (the “Vendor”), the shareholder of a company (the “Target Company”, or together with its subsidiaries, the “Target Group”) principally engaged in the investment, management and operations of sports clubs and fitness clubs in the PRC and (ii) Golden Oasis Health Limited (the “JV”), a non wholly-owned subsidiary of the Company with its issued share capital owned as to 80% by the Company and 20% owned by Smart Even Ventures Limited (the “Management Partner”), respectively, regarding the acquisition (the “Acquisition”) of 55% equity interest in the Target Company from the Vendor.

The purpose of this Prospectus is to provide you with, among other things, further details about the Rights Issue.

### RIGHTS ISSUE

#### Terms of Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.27 per Rights Share
Number of Shares in issue at the Latest Practicable Date	:	744,755,626 Shares
Number of Rights Shares to be issued	:	372,377,813 Rights Shares
Fund raised before expenses	:	approximately HK\$100.5 million
Underwriter	:	SBI China Capital Financial Services Limited

The number of Rights Shares to be issued pursuant to the Rights Issue represents 50% of the issued share capital of the Company as at the Latest Practicable Date and 33.33% of the issued share capital of the Company as enlarged by the issue of the Right Shares immediately following the completion of the Rights Issue.

As at the Latest Practicable Date, save for (i) the 67,500,000 Warrants entitling the holders thereof to subscribe for up to 67,500,000 Shares; (ii) the Convertible Notes in the aggregate principal amount of HK\$10 million entitling the holders thereof to convert into a maximum of 12,500,000 Shares at the conversion price of HK\$0.8 per Share; and (iii) the 25,822,600 Existing Share Options which entitle to the holders thereof to subscribe for up to

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## LETTER FROM THE BOARD

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25,822,600 Shares, the Company does not have any other options outstanding under any share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The maturity date of the Convertible Notes shall be on the third anniversary of the date of issue of the Convertible Notes unless previously redeemed or cancelled or converted. Holders of the Convertible Notes shall have the right to convert whole or part of the principal amount of the Convertible Notes into new Shares at the said conversion price of HK\$0.8 from the date of issue of the Convertible Notes up to the close of business on the date falling 30 business days prior to the maturity date. The Convertible Notes also contained provisions such that the underlying conversion price may be adjusted by, among other things, issue of new Shares by way of rights. It is expected that following the completion of the Rights Issue and taking into account the above-mentioned potential adjustment on the conversion price of the Convertible Notes, the new Shares that may be issued upon exercise of the conversion rights attached the Convertible Notes in full will remain within the limit of the 2013 General Mandate. The Convertible Notes may be transferable to any person(s) except for person(s) which require approval from the Stock Exchange (e.g. connected person(s) of the Company) without the prior consent of the Stock Exchange and the Company.

Save for the exercise of the Warrants by Mr. Chan as mentioned above, as at the Latest Practicable Date, none of the holders of the Convertible Notes or the Existing Share Options had informed the Company of their intention to exercise their respective conversion rights and subscription rights under the Convertible Notes and the Existing Share Options, respectively. As such, it is expected that a total of 372,377,813 Rights Shares will be issued under the Rights issue.

In addition, save for Mr. Chan's undertaking that he would accept or procure acceptance of his entitlement for his 67,500,000 Shares subscribed, as at the Latest Practicable Date, none of the substantial Shareholders had informed the Company relating to their intention as to whether or not they would take up their entitlements in full or in part in respect of the Rights Issue.

### **Subscription Price**

The Subscription Price is HK\$0.27 per Rights Share, payable in full upon acceptance under the PAL(s).

The Subscription Price represents:

- (i) a discount of approximately 52.6% to the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on 14 August 2014, being the last full trading day prior to the trading halt of the Shares on 15 August (the "Last Full Trading Day");
- (ii) a discount of approximately 51.8% to the average closing price of approximately HK\$0.56 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Full Trading Day;

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## LETTER FROM THE BOARD

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- (iii) a discount of approximately 42.6% to the theoretical ex-rights price of approximately HK\$0.47 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on the Last Full Trading Day; and
- (iv) a discount of approximately 29.9% to the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among others, the prevailing market price and trading liquidity of the Shares prior to the Last Full Trading Day. The Directors consider that the discount under the Rights Issue would encourage the Shareholders to participate in the Rights Issue and to maintain their shareholdings in the Company and enjoy the potential growth of the Group. In view of the above and the benefits of the Rights Issue, the Directors consider that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The net Subscription Price per Rights Share is expected to be approximately HK\$0.26.

### **Basis of provisional allotment**

The Rights Shares will be allotted on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being accepted.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully-paid, shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot to and will not accept applications for any fractions of Rights Shares from Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractional entitlements will be aggregated and the fractions of Rights Shares shall be provisionally allotted to a nominee of the Company. The Company shall procure such of its nominees, if possible, to sell all the fractions of the Nil Paid Rights in the market and the net proceeds of such sales, after deduction of expenses, will be aggregated and an equivalent amount will accrue for the benefit of the Company.

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## LETTER FROM THE BOARD

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### **Qualifying Shareholders**

To qualify for the Rights Issue, investors must be registered as members of the Company and not be a Non-Qualifying Shareholder at the close of business on the Record Date.

Holders of the Existing Share Options who wish to participate in the Rights Issue should exercise the Existing Share Options in accordance with the terms and conditions of the share option scheme adopted by the Company in October 2001 and be registered as holders of the Shares on or before 10 September 2014.

Holders of the Convertible Notes who wish to participate in the Rights Issue should exercise the conversion rights attaching to the Convertible Notes in accordance with the terms and conditions of the Convertible Notes so as to enable them to be registered as members of the Company on or before 10 September 2014.

Holders of the Warrants who wish to participate in the Rights Issue should exercise the subscription rights attaching to the Warrants in accordance with the terms and conditions of the Warrants so as to enable them to be registered as members of the Company on or before 10 September 2014.

The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to the Non-Qualifying Shareholders.

### **Non-Qualifying Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will send the Prospectus only (without PAL) to the Non-Qualifying Shareholders for their information. According to the register of members of the Company, as at the Record Date, there were 11 Overseas Shareholders in total with registered addresses in six jurisdictions outside Hong Kong as shown on such register, namely, Australia, Germany, Macau, the PRC, Spain and the United States of America (the "U.S.").

The Company has complied with all necessary requirements specified in Rule 13.36(2)(a) of the Listing Rules and has made enquiry with its legal advisers regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange. In respect of the Shareholders in the U.S. and Australia, since registration or filing or other procedures or formalities, subject to certain exceptions, would need to be carried out in relation to the Rights Issue so as to comply with the relevant securities legislation or regulation in the U.S. and Australia (as the case may be), the Company is of the view that the exclusion of the Shareholders in the U.S. and Australia from the Rights Issue is necessary or expedient. Therefore the Rights Shares will not be granted to the Non-Qualifying Shareholders with registered addresses in the U.S. and Australia and this

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## LETTER FROM THE BOARD

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Prospectus has been sent to the Shareholders with registered addresses in the U.S. and Australia for information only. For the avoidance of doubt, all other Overseas Shareholders other than those with registered addresses in the U.S. and Australia will still be entitled to receive the PAL. Accordingly, other than the Shareholder(s) with registered addresses in the U.S. and Australia, there are no Overseas Shareholders being prohibited from the Rights Issue.

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the domestic legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares.

Arrangement will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold on the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be taken up by the Underwriters.

### **Procedure for acceptance and payment or transfer**

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholders wish to exercise their rights to subscribe for all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, by no later than 4:00 p.m. on Tuesday, 30 September 2014. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**China Renji Medical Group Limited — PAL**" and crossed "**Account Payee Only**".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Tuesday, 30 September 2014, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions in the PAL.

The Company reserves the right to refuse to act on any acceptance of provisional allotments of Rights Shares where it believes that in doing so would or may violate the applicable securities legislations or other laws or regulations of any jurisdiction.



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## LETTER FROM THE BOARD

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If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Monday, 22 September 2014 to the Registrar, who will cancel the original PAL and issue new PAL(s) in the denominations required. Such new PAL(s) will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

All cheques or cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. on Friday, 3 October 2014 (i.e. the Latest Time for Termination), the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at the risk of such applicants on or before Friday, 10 October 2014.

### **No Application for excess Rights Shares**

After arm's length negotiation with the Underwriters, the Directors has decided that the Qualifying Shareholders will not be entitled to subscribe for any additional Rights Shares in excess of their respective assured entitlements. Given that each Qualifying Shareholder will be given equal and fair opportunity to participate in the Rights Issue, the Directors considers that it will be burdensome to the Company to put in additional effort and costs to administer the excess application procedures. Any Rights Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

### **Listing and dealings**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal on the Stock Exchange in the Rights Shares, in both their nil-paid and fully-paid forms.

No part of the share capital of the Company is listed or dealt in, and no listing or permission to deal is being or is proposed to be sought, on any other stock exchange other than the Stock Exchange. Subject to the granting of the listing of, and the permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-

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## LETTER FROM THE BOARD

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paid forms on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealer or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS. Dealings in the Rights Shares in both their nil-paid and fully-paid forms registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty and other applicable fees in Hong Kong.

Dealings in the Rights Shares in their nil-paid form will be in the existing board lots of 2,500 and will commence on Thursday, 18 September 2014 and will end on Thursday, 25 September 2014, both days inclusive.

### **Share certificates for the Rights Shares**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to the Qualifying Shareholders by ordinary post at their own risk on or before Friday, 10 October 2014. One share certificate will be issued for all the Rights Shares allotted to the applicant.

The first day of dealing in the Rights Shares in their fully-paid form is expected to commence on Monday, 13 October 2014.

### **Taxation**

Qualifying Shareholders should consult their professional advisers to the tax implications of the holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms. It is emphasised that none of the Company, the Directors or any parties involved in the Rights Issue accepts responsibility for any tax effect or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

### **UNDERWRITING ARRANGEMENT FOR THE RIGHTS ISSUE**

Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite not less than 338,627,813 Right Shares and not more than 425,289,113 Right Shares under the Right Issue. However, after taking into account Mr. Chan's undertaking for the acceptance of his entitlement of his 67,500,000 Shares under the Rights Issue and 744,755,626 Shares in issue as at the Latest Practicable Date, the number of Right Shares to be underwritten by the Underwriter will amount to 338,627,813. As such, the Rights Issue remains to be fully underwritten by the Underwriter.

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## LETTER FROM THE BOARD

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Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Right Shares not being taken up by Qualifying Shareholders (the “Untaken Shares”) which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 20% of the voting rights of the Company upon the completion of the Rights Issue. The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial Shareholders or their respective associates (as defined in the Listing Rules); (ii) shall be third party(ies) independent of the Vendor, the Management Partner and their respective associates (as defined under the Listing Rules); and (iii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

### **Commission**

The Company will pay the Underwriter an underwriting commission of 4% of the aggregate Subscription Price of the Rights Shares underwritten by it (and is capped at HK\$3,657,180). The Directors consider that the underwriting commission accords with market rates.

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## LETTER FROM THE BOARD

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### Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to the Latest Time for Termination:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

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## LETTER FROM THE BOARD

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- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than thirty consecutive business days, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements or circulars in connection with the Rights Issue.

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the representation, warranties or undertakings under the Underwriting Agreement that come to the knowledge of the Underwriter; or
- (ii) any events, which would render the warranties contained under the Underwriting Agreement untrue or incorrect in any material respect, comes to the knowledge of the Underwriter.

**Upon the giving of notice of termination as referred to the above prior to the Latest Time for Termination, the obligations of all parties under the Underwriting Agreement (save and except for, among others, the fees and expenses payable by the Company) shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise, save for any antecedent breaches.**

**If such notice of termination were served by the Underwriter, the Rights Issue will not proceed accordingly.**

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

- (i) the passing of all necessary resolution(s) by the board of Directors approving the Rights Issue and the transactions contemplated hereunder by no later than the Posting Date of the Prospectus;
- (ii) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date of the Prospectus and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (iii) the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date of the Prospectus;
- (iv) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Posting Date;
- (v) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement;
- (vi) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and that the Underwriting Agreement not being terminated in accordance with its terms;
- (vii) compliance with and performance of all undertakings and obligations of the Underwriter under the Underwriting Agreement; and
- (viii) there being no event occur prior to the latest time for termination of the Underwriting Agreement which would render the warranties of the Company under the Underwriting Agreement untrue and incorrect.

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled, the Rights Issue will not proceed and a further announcement will be made by the Company as and when appropriate in compliance with the Listing Rules.

No parties to the Underwriting Agreement are capable to waive any of the above conditions. If the above conditions is not satisfied by the Latest Time for Termination or such other date as the Underwriter and the Company may agree in writing, the Underwriting Agreement shall be terminated (save in respect of any rights or obligations which may accrue under the Underwriting Agreement prior to the Latest Time for Termination), and no parties to the Underwriting Agreement will have any claim against

## LETTER FROM THE BOARD

any other parties for costs, damages, compensation or otherwise (except certain expenses of the Underwriter shall remain payable by the Company under the Underwriting Agreement). The Rights Issue will not proceed accordingly.

### CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming no Rights Shares are subscribed by the Qualifying Shareholders) <i>(Note 1)</i>		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders) <i>(Note 1)</i>	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
The existing substantial Shareholders	205,342,300	27.6%	205,342,300	18.4%	308,013,450	27.6%
Director	67,500,000	9.1%	101,250,000	9.1%	101,250,000	9.1%
Public shareholders	471,913,326	63.3%	471,913,326	42.2%	707,869,989	63.3%
Underwriter <i>(Note 2)</i>	—	—	338,627,813	30.3%	—	—
<b>Total</b>	<b><u>744,755,626</u></b>	<b><u>100.0%</u></b>	<b><u>1,117,133,439</u></b>	<b><u>100.0%</u></b>	<b><u>1,117,133,439</u></b>	<b><u>100.0%</u></b>

*Note:*

- This scenario is for illustrative purpose only.*
- Pursuant to the Underwriting Agreement, the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 20% of the voting rights of the Company upon the completion of the Rights Issue. The Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); (ii) shall be third party(ies) independent of the Vendor, the Management Partner and their respective associates (as defined under the Listing Rules); and (iii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.*

### REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The gross proceeds of the Rights Issue will amount to approximately HK\$100.5 million. The net proceeds of the Rights Issue (after the deduction of, among other things, underwriting commission) is estimated to be approximately HK\$96 million. The Company intends to apply up to 80% of the net proceeds from the Rights Issue for financing the Group's future investments identified and/or to be identified (and part of the proceeds in the amount of at least HK\$28 million will be used for the Group's investment in respect of the Acquisition), and the remaining 20% will be applied for general working capital

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## LETTER FROM THE BOARD

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purpose. Save for the Acquisition, the Group has been in the process of seeking other potential acquisition targets but no definitive agreements and/or understandings had been reached as at the Latest Practicable Date.

As detailed in the paragraph headed “Business review and business trend of the Group” in this section, the Group’s medical network business is subject to the potential adverse impact from the unfavourable legal and operational environment. As such, although the Group has been able to record positive cash flow from operations during the past two financial years, it is uncertain as to the extent that how such unfavourable business environment will affect the Group’s future financial performance. It is the intention of the Company to look for businesses in the areas of, including but not limited to, health, resources and culture related industries, which are encouraged by the government with competitive edge in the relevant markets and/or are at their growing stages. In view of the recent market favourable market sentiment (the Hang Seng Index having been increased by 8% from 23,291 as at 3 June 2014 to 25,240 as at 5 September 2014, the last day of dealing in Shares on a cum-right basis) and the uncertainty of the Group’s future financial position and business performance, the Company considered it in the interest of the Shareholders to seize this available opportunity (i.e. the Rights Issue) for the Company to conduct substantial fund raising exercise such that the Group will be able to strengthen its financial backing and allow it to seize and respond promptly to the future investment opportunities once available.

Given the above, the Directors consider that the Rights Issue will not only improve the capital base of the Company but will, at the same time, give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interest in the Company and enjoy the potential growth prospect of the Group. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

### IMPLICATIONS OF THE LISTING RULES

As the Rights Issue would not increase either the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not required by the Listing Rules to be approved by the Shareholders in a general meeting.



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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activities in the past 12 months immediately prior to the Latest Practicable Date:

<u>Date of announcement/ circular</u>	<u>Event</u>	<u>Net Proceeds</u>	<u>Intended and Actual use of proceeds</u>
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
17 April 2014	issue of Convertible Notes	approximately HK\$10 million	as general working capital of the Group

### BUSINESS REVIEW AND BUSINESS TREND OF THE GROUP

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

The medical centres of the Group, which are located at its hospital partners' premises, are established through the long term lease and management service arrangement entered into with hospital and/or business partners of the Group, such that the Group's hospital partners provide premises for the underlying medical centres, whereas the Group provides medical equipment to these medical centres through long-term leasing arrangement and the Group and/or its business partners provide management services for the medical centres. However, as described in the annual report of the Company for the year ended 31 December 2012 and 2013 (the "Annual Reports"), such business model of the Group may be exposed to challenges if the relevant health department/authorities have different interpretations on the compliance of the Group's above-mentioned arrangement with the relevant rules and regulations.

In 2013, the National Health and Family Commission of the PRC launched a program (the "Program") for purpose of strengthening the management of the PRC's hospitals and rectifying their non-compliance operations, including the rental/contract-out arrangement of medical departments. Given that the Group's leasing of medical equipment and provision of management services are made to medical centres located in the premises of the hospitals, it has appeared that following the promulgation of the Program, the risk of the relevant administrative departments/authorities of the PRC holding different views on the substance of the above-mentioned leasing and management arrangements and interpreting such arrangements underlying the Group's business model as "renting/contracting out" of medical departments by hospitals being significantly increased. Although the Group has not been assessed by any healthcare departments/authorities for non-compliance with the existing rules and regulations after the launching of the Program, such increased risk of the Group's business model being interpreted as not in compliance with the relevant rules and regulations of the PRC has led to adverse impact on the working relationship with its hospital/business partners. As described in the Annual Reports, the Group, during 2013,

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## LETTER FROM THE BOARD

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received notices for termination of the existing cooperation arrangement in respect of four of its medical centres. Subsequently, the Group, leveraging on the network of the associate of the substantial shareholder of Wintin (who has maintained good working relationship with the administrative department in charge of certain hospitals in which the medical centres of the Group are located), was able to enhance the relationship with its business/hospital partners and one of the above-mentioned four medical centres had its termination date extended and another one is still in operations despite the expiry of the termination date.

For the six months ended 30 June 2014, the Group recorded a turnover of HK\$51.1 million, representing a decline of 8.7% when compare with the same period last year. Due to the absence of impairment loss, the Group recorded a consolidated net profit of HK\$18.9 million for the six months ended 30 June 2014. However, the ongoing business performance of the Group's medical network business may still probably be adversely affected by the current and future legal and operational risks unfavourable to the Group, and it remains uncertain as to how long the Group would be able to continue to benefit from the enhanced relationship with its business/hospital partners (as mentioned above), and it is possible that the Group may receive additional notices for early termination and/or non-renewal of existing co-operation arrangement.

### **RECENT BUSINESS DEVELOPMENT OF THE GROUP**

As disclosed in the Company's announcement dated 27 August 2014, the JV entered into the Acquisition Agreement with the Vendor, pursuant to which, the JV will acquire 55% equity interest of the Target Company (the "Sale Shares") for a total investment amount of HK\$35 million, of which (i) HK\$24 million will be payable to the Vendor as consideration for the Sale Shares and (ii) the remaining HK\$11 million will be contributed to the Target Company as working capital for the Target Group's business development. The Target Group is principally engaged in the management and operation of a chain of sports clubs and fitness clubs under the brand "MEGAFIT" in the PRC. Following completion of the Acquisition Agreement, the Group will hold 55% equity interest in the Target Company and the Target Company will become a non wholly-owned subsidiary of the Company and its results and financial positions will be included in the consolidated financial statement of the Company.

In addition, after the completion of the Acquisition Agreement, the JV will nominate an operating company (ultimately controlled by the Management Partner which has substantial experience in the management and operation of sports clubs and fitness clubs in Hong Kong and the PRC) which will be responsible for the business development of certain existing sports clubs and fitness clubs and the new sports clubs and fitness clubs to be developed under the Target Group.

Based on the unaudited consolidated management accounts, the Target Group recorded (i) consolidated loss before and after taxation of HK\$2.1 million for the year ended 31 March 2013 respectively; and (ii) consolidated loss before and after taxation of HK\$3.2 million for the year ended 31 March 2014 respectively. As at 31 March 2014, the Target Group recorded unaudited consolidated net liability of HK\$105.3 million

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## LETTER FROM THE BOARD

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(comprising loans from the Target Group's shareholder of HK\$61.1 million and the deposits received for membership fees of HK\$67.6 million). However, if such consolidated net liability of the Target Group as at 31 March 2014 is adjusted by (i) the capitalisation of the above-mentioned shareholder's loans and (ii) the deposits for membership fees (which are expected to be progressively recognised as income of the Target Group), the Target Group would record a consolidated net asset value of HK\$23.4 million as at 31 March 2014.

On the same date, the Group also entered into a joint venture agreement (the "JV Agreement") with the Management Partner such that the Group will be responsible for arranging financing and strategic advice to the Target Group whilst the Management Partner, which possesses a team of professional personal trainers and sales people with successful track records in the sports and fitness industry in Hong Kong and the PRC, and through the nomination of an operating company controlled by it, will be responsible for the daily operation of certain (both new and existing) sports clubs and fitness clubs under the Target Group as prescribed under the management agreement to be entered into between the Management Partner and the Target Group. If those sports clubs and fitness clubs managed by the Management Partner are able to record growth in their results, the Group will grant options to the Management Partner to acquire up to 20% equity interest of the JV from the Group. As at the Latest Practicable Date, the Directors expected that the aggregate remuneration to the director(s) of the Target Group would not be affected as a result of the Acquisition and the remuneration to the directors of the Target Group will still be dependent on the then financial position and business performance of the Target Group after completion of the Acquisition.

Following the completion of the Acquisition Agreement, coupled with the Management Partner's participation in the management and future development of the new and existing sports clubs and fitness clubs under the Target Group, it is expected that the Group's income sources will be broadened and the potential negative impact from the conservative prospects of the Group's existing medical network business may be mitigated.

Looking forward, on one hand, the Group will formulate strategies to reduce the overall risk resulting from the ever challenging business environment and tightening regulatory environment of its medical network business, and, on the other hand, will continue to seek potential appropriate investment/business opportunities in other business areas to enhance the performance of the Group's business portfolio.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Shares have been dealt in on an ex-rights basis from Monday, 8 September 2014. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 18 September 2014 to Thursday, 25 September 2014 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons**

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## LETTER FROM THE BOARD

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dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Thursday, 18 September 2014 to Thursday, 25 September 2014 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in appendices to this Prospectus.

By Order of the Board  
China Renji Medical Group Limited  
**Chan Ka Chung**  
*Chairman*

## 1. DIRECTORS AND SENIOR MANAGEMENT

### Correspondence Address

The correspondence address of all the Directors and authorised representatives is the same as the principle place of business of the Company in Hong Kong at 36/F, Times Tower, 391–407, Jaffe Road, Wanchai, Hong Kong.

### Particulars of Directors

#### *Executive Directors*

##### *Mr. Chan Ka Chung*

Mr. Chan, aged 43, has extensive international network and in-depth professional experience and knowledge in finance, particularly corporate finance involving initial public offerings, capital raising, mergers and acquisitions, corporate restructuring and investment. He was also awarded the “Outstanding Entrepreneur of Guangdong” by the Guangdong Provincial Executive Association of Entrepreneurs. Mr. Chan holds a bachelor’s degree in commerce from the University of British Columbia in Canada and a master’s degree in business administration and a post graduate’s diploma in marketing from Edinburgh Business School in the United Kingdom. Mr. Chan joined the Company in 2012 and was appointed as an executive Director in 2013. In September 2014, Mr. Chan was elected to be the chairman of the board of Directors.

##### *Dr. Hui Ka Chun*

Dr. Hui, aged 51, a highly experienced executive with over 20 years of working experience in environmental services and clean energy industry, manufacturing industry and hi-tech industry in Hong Kong and the PRC, including 13 years at senior executive management level in a number of renowned multinational companies (such as Swire Group and ABB Group). Dr. Hui holds a master’s degree in business administration and a doctorate’s degree in electrical engineering from the University of London, the United Kingdom. Dr. Hui was appointed as an executive Director in September 2014.

##### *Mr. Cheung Wai Kwan*

Mr. Cheung, aged 51, has over 20 years of management experience in distribution and manufacturing of a variety of products including chemical, food and medical products and has maintained an extensive network in Asia, particularly Japan and the PRC. Mr. Cheung holds a master’s degree in business administration and a bachelor’s degree in business management from Asia University, Japan. Mr. Cheung was appointed as an executive Director in September 2014.

*Mr. Wang Jianguo*

Mr. Wang, aged 50, is a qualified lawyer in China and, prior to joining the Group, was a practising lawyer at a law firm in the PRC. Mr. Wang's practice had been mainly in the medical sector in the PRC and has maintained an extensive network in the industry. Mr. Wang holds an executive master's degree in business administration from Nanjing University, the PRC and was awarded an Advanced Lawyer in Anhui Province. Mr. Wang was appointed as an executive Director and the chairman of the board of Directors in 2011 and was re-designated as an executive Director in 2012.

*Independent Non-executive Directors**Mr. Chan Yee Ping, Michael*

Mr. Chan, aged 37, has over 10 years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. He is a member with practicing certificate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chan is also the company secretary of (i) China Sunshine Paper Holdings Company Limited (*stock code: 2002*), a company listed on the Stock Exchange and (ii) Northeast Electric Development Co., Limited (*stock code: 42*), a joint stock limited company whose shares are listed on both the Shenzhen Stock Exchange of China and the Stock Exchange, and the independent non-executive director of China Sandi Holdings Limited (*stock code: 910*). Mr. Chan was also an independent non-executive director of Yueshou Environmental Holdings Limited (*stock code: 1191*) during October 2013 to July 2014. Mr. Chan holds a bachelor's degree in business administration from the Hong Kong Polytechnic University. Mr. Chan was appointed as an independent non-executive Director in July 2014.

*Ms. Hu Xuezheng*

Ms. Hu, age 47, is the chairman and founder of a company engaged in trading of household and consumer products. Prior to founding her own company, she used to work in a state-owned company and government department in the PRC. Ms. Hu has extensive experience in administration management, corporate management and business development. Ms. Hu was appointed as an independent non-executive Director in April 2014.

*Ms. Wu Yan*

Ms. Wu, aged 47, has over 20 years of experience in accounting and financial management and is currently a senior management of a major bank in the PRC. Ms. Wu also used to serve at the managerial level of a number of large PRC companies. Ms. Wu holds a bachelor's degree in accounting from Stamford College, Malaysia and a master's degree in business administration from The University of Greenwich, the United Kingdom. Ms. Wu was appointed as an independent non-executive Director in 2011.

**2. CORPORATE INFORMATION****Registered Office**

36th Floor  
Times Tower  
391–407 Jaffe Road  
Wanchai, Hong Kong

**Share Registrar**

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Company Secretary**

Mr. Lam Sung Him, Gaston

**Authorised Representatives**

Mr. Wang Jianguo  
Mr. Lam Sung Him, Gaston

**Auditors**

HLB Hodgson Impey Cheng Limited  
Certified Public Accountants  
31st Floor, Gloucester Tower  
The Landmark  
11, Pedder Street  
Central, Hong Kong

**Principal Bankers in Hong Kong**

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

Bank of Communication Co., Ltd  
20 Pedder Street  
Central, Hong Kong

**Website**

<http://www.chinarenji.com>

**Stock Code**

648

**3. PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Underwriter</b>	SBI China Capital Financial Services Limited Unit A2, 32nd Floor United Centre 95 Queensway Hong Kong
<b>Legal Advisers to the Company</b>	<i>Hong Kong Law</i> Michael Li & Co. 19th Floor, Prosperity Tower 39 Queen's Road Central Hong Kong
<b>Reporting Accountants</b>	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31st Floor, Gloucester Tower The Landmark 11 Pedder Street Central, Hong Kong
<b>Share Registrar</b>	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong



#### 4. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the Rights Issue are expected to be as follows:

##### Issued and fully-paid

<i>No. of Shares</i>		<i>HK\$</i>
744,755,626	Shares in issue as at the Latest Practicable Date	2,366,240,839
372,377,813	Rights Shares to be issued pursuant to the Rights Issue	100,542,009
<u>1,117,133,439</u>	Shares in issue immediately following the Rights Issue	<u>2,466,782,848</u>

Each of the Shares in issue ranks *pari passu* with all other Shares in all respects including as to rights to dividends, voting and return of capital. The Rights Shares to be issued pursuant to the Rights Issue, when allotted, issued and fully-paid or credited as fully-paid, will rank *pari passu* in all respects with the Shares then in issue including as to the right to receive future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as disclosed herein, no share or loan capital of the Company or any of its subsidiaries has been put under option or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, save for the Warrants, Convertible Notes and Existing Share Options, the Company has no outstanding warrants, share options or other securities which are convertible into or giving rights to subscribe for Shares.

#### 5. SHARE OPTION SCHEME

##### The 2001 Scheme

At the annual general meeting of the Company held in 2001, the Company adopted a share option scheme (the “2001 Scheme”) under which the Company may, at its discretion, offer to eligible participants options to subscribe for ordinary shares of the Company in accordance with the terms and conditions of the 2001 Scheme. The 2001 Scheme was expired in October 2011.

**Options granted under the 2001 Scheme**

Details of the share options granted under the 2001 Scheme during the period were as follows:

<u>Grantee</u>	<u>Date of grant</u>	<u>Exercisable period</u>	<u>Exercise price per share</u> <i>HK\$</i>	<u>As at the Latest Practicable Date</u>
<b>Employees</b>	26-04-2007	26-04-2007 to 25-04-2017	4.00	50,000
	07-03-2008	07-03-2008 to 06-03-2018	2.60	6,966,600
				7,016,600
<b>Consultants/Advisors</b>	10-04-2006	10-04-2006 to 09-04-2016	2.00	4,945,700
	26-04-2007	26-04-2007 to 25-04-2017	4.00	2,515,000
	06-11-2007	06-11-2007 to 05-11-2017	4.04	5,000,000
	07-03-2008	07-03-2008 to 06-03-2018	2.60	6,345,300
				18,806,000
			<b>Total</b>	25,822,600

**The 2014 Scheme**

On 12 June 2014, at the annual general meeting of the Company, the Company adopted a new share option scheme (the “2014 Scheme”) under which the Company may, offer to eligible participant options to subscribe for ordinary shares of the Company in accordance with the terms and conditions of the 2014 Scheme. As at the Latest Practicable Date, no options have been granted under the 2014 Scheme.

## 1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 December 2011 (pages 30–100), 2012 (pages 29–100) and 2013 (pages 29–112). They can be accessed on the website of the Company ([www.chinarenji.com](http://www.chinarenji.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## 2. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, in the absence of any unforeseen circumstances and after taking into account its present available financial resources (including the finance provided by the persons/institutions in existence as of 31 July 2014) and the cash inflow from the Rights Issue, the Group will have sufficient working capital for its present requirement and for the next 12 months from the date of this Prospectus.

## 3. INDEBTEDNESS

### Borrowings

As at 31 July 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had the following outstanding borrowings:

- (i) Loan from a former intermediate holding company of approximately HK\$12.59 million which was unsecured, interest-bearing based on the prime rate published by Mizuho Corporate Bank in Japan plus 1% per annum during the relevant period and repayable in 2026.
- (ii) Loan from a former fellow subsidiary of approximately HK\$76.68 million which was unsecured, interest-bearing based on the prime rate published by Mizuho Corporate Bank in Japan plus 1% per annum during the relevant period and repayable in 2026.
- (iii) Convertible notes of HK\$1 million which was interest-bearing at 5% per annum. The convertible note was matured in 2011 and has remained unpaid.
- (iv) Bond with principal amount of HK\$10 million which was interest-bearing at 6% per annum and will mature in 2017.
- (v) Promissory note payable with principal amount of HK\$60.24 million which was interest-bearing at 6% per annum and will mature in 2017.
- (vi) Convertible notes of HK\$10 million which were interest-bearing at 5% per annum and will mature in 2017.
- (vii) Amount due to a Director of approximately HK\$2.59 million which was unsecured, interest-free and repayable on demand.

**Securities and guarantees**

Except for the convertible note of HK\$1.0 million which was unconditionally and irrevocably guaranteed by the Company, no other assets of the Group have been pledged nor other guarantees were provided for the aforesaid borrowings as at the close of business on 31 July 2014.

**Contingencies**

In 2011, the Company (as plaintiff) instituted legal proceedings against the holder of a guaranteed convertible note (which had been matured in 2011) of the Group, for an injunction restraining such holder from commencing any petition for winding up against the Company for claiming HK\$1,007,000. The Court has ordered that the proceedings be adjourned sine die upon the undertaking of the said holder to serve prior notice of intention before presenting any petition for winding up of the Company.

As at 31 July 2014, no notice of intention had been received by the Company from the above-mentioned holder. Since the amount claimed had already been provided for as guaranteed convertible note, no further provision in respect of such claims would need to be made.

Save as aforesaid and apart from intra-group liabilities, the Group as at the close of business on 31 July 2014, did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date.

**5. OTHERS**

Save for the foreign exchange control in the PRC and payment of the relevant tax incidental to the remittance of profit or repatriation of capital, to the best of the knowledge of the Directors, there are no other restrictions affecting the remittance of profits or repatriation of capital into Hong Kong from the PRC.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED  
NET TANGIBLE ASSETS OF THE GROUP

## UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma financial information of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the rights issue (the “Rights Issue”) on the basis of one rights share (“Rights Share”) for every two existing shares in issue on the Record Date at HK\$0.27 per Rights Share on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 June 2014.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and, because of its nature, it may not give a true picture of the financial position of the Group as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company derived from the unaudited consolidated statement of financial position of the Group as at 30 June 2014, extracted from the interim report of the Company for the six months ended 30 June 2014, with adjustment described below:

Unaudited consolidated net tangible assets the Group attributable to owners of the Company as at 30 June 2014 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of Rights Issue <i>HK\$'000</i>
<u>402,379</u>	<u>95,995</u>	<u>498,374</u>

Unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 30 June 2014 before the completion of the Rights Issue *(Note 3)*

HK cents 54.0

Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 30 June 2014 immediately after the completion of the Rights Issue *(Note 4)*

HK cents 44.6

*Notes:*

1. The unaudited consolidated net tangible assets (excluding intangible assets) attributable to the owners of the Company as at 30 June 2014 of approximately HK\$402,379,000 is based on the consolidated net assets attributable to owners of the Company of approximately HK\$411,300,000 less intangible assets of approximately HK\$9,433,000 and deferred tax liabilities of approximately HK\$512,000, as extracted from the published unaudited consolidated statement of financial position of the Group as at 30 June 2014.
2. The estimated net proceed from the Rights Issue of approximately HK\$95,995,000 is based on 372,377,813 Rights Shares to be issued (based on 744,755,626 shares in issue as at the latest practicable date and assuming that no share options would be exercised, no unlisted warrants would be further exercised and no convertible notes would be converted) at the subscription price of HK\$0.27 per Rights Share and after deduction of estimated related expenses, including among others, other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$4,547,000.
3. The unaudited consolidated net tangible assets of the Group per share attributable to the owners of the Company as at 30 June 2014 before the completion of the Rights Issue is determined based on the unaudited consolidated net tangible assets (excluding intangible assets and deferred tax liabilities) of the Group attributable to the owners of the Company as at 30 June 2014 of approximately HK\$402,379,000 as disclosed in note (1) above, divided by 744,755,626 shares which represents of 677,255,626 shares of the Company in issue as at 30 June 2014 and assuming a holder of unlisted warrants exercised his right to subscribe 67,500,000 shares of the Company on 30 June 2014.
4. Unaudited pro forma adjusted consolidated net tangible assets (excluding intangible assets) of the Group per share attributable to the owners of the Company as at 30 June 2014 immediately after the completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of Rights Issue of approximately HK\$498,374,000, divided by 1,117,133,439 shares of the Company immediately after the Rights Issue, which comprise (i) 677,255,626 shares in issue as at 30 June 2014; (ii) 67,500,000 shares of the Company issued arising from exercise of unlisted warrants by a holder on 1 September 2014; and (iii) 372,377,813 Rights Shares to be issued pursuant to the Rights Issue (based on 744,755,626 shares in issue as at the latest practicable date and assuming no share options would be exercised, no unlisted warrants will be exercised and no convertible notes would be converted).
5. Except for the issue of new shares on 1 September 2014 resulting from the exercise of unlisted warrants by a holder, no adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 30 June 2014.

**B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT  
OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.*



國衛會計師事務所有限公司  
Hodgson Impey Cheng Limited

16 September 2014

The Board of Directors  
China Renji Medical Group Limited  
36th Floor, Times Tower,  
391-407 Jaffe Road,  
Wanchai,  
HONG KONG

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN  
INVESTMENT CIRCULAR****TO THE DIRECTORS OF CHINA RENJI MEDICAL GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Renji Medical Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma net tangible assets statement as at 30 June 2014 (the "Pro Forma Financial Information"), and related notes as set out in Appendix III of the prospectus issued by the Company (the "Prospectus"). The applicable criteria on the basis of which the directors have compiled the Pro Forma Financial Information are described in Appendix III of the Prospectus.

The Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the Group's financial position as at 30 June 2014 as if the proposed rights issue had taken place at 30 June 2014. As part of this process, information about the Group's financial position has been extracted from the Group's financial statements for the six months ended 30 June 2014, on which an unaudited interim report has been published.

**Directors' Responsibility for the Pro Forma Financial Information**

The directors of the Company are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7, 'Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars' ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus', issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in this Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 30 June 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and



- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**OPINION**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours Faithfully  
**HLB Hodgson Impey Cheng Limited**  
Certified Public Accountants

**Wong Sze Wai, Basilia**  
Practising Certificate Number: P05806

Hong Kong

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### Interests of Directors and chief executives of the Company in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Future Ordinance (the “SFO”)) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code (the “Model Code”) for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

#### (i) The Company

##### *Interests in Shares*

<u>Name of Director</u>	<u>Capacity</u>	<u>Number of shares or underlying shares held (long position)</u>	<u>Approximate percentage of the issued share capital</u>
Chan Ka Chung	corporate interest	135,000,000 (Note)	18.13%

*Note: Since Mr. Chan Ka Chung (“Mr. Chan”) is the beneficial owner of the subscriber pursuant to the warrant subscription agreement (as amended and supplemented) dated 5 July 2013, Mr. Chan is deemed to be interested in the underlying 135,000,000 Shares to be issued and allotted upon the exercise of the subscription rights attached to the Warrants to be issued by the Company. As disclosed in the Company’s announcement dated 29 August 2014, Mr. Chan has exercised the subscription rights attached to the Warrants to subscribe for 67,500,000 Shares and, as at the Latest Practicable Date, Mr. Chan still had 67,500,000 Warrants remained unexercised.*

*Interests in debentures of the Company*

<u>Name of Director</u>	<u>Capacity</u>	<u>Principal Amount of Promissory Note</u>
Chan Ka Chung	corporate interest	HK\$60,240,000

*(ii) Associated Corporation**Interests in Shares*

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Capacity</u>	<u>Percentage of issued share capital held</u>
Chan Ka Chung	Redsun Development Limited	Corporate	62%

Save as disclosed herein, as at the Latest Practicable Date, no other Directors or chief executive of the Company had or were deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**Substantial Shareholders' and other persons' interests and short positions in shares and underlying shares of the Company**

As at the Latest Practicable Date, the interests or short positions of each person other than a Director or chief executive of the Company in shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

*Long positions of substantial shareholders in the shares and underlying shares of the Company*

<b>Name of substantial shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of the issued shares</b>
Blossom Well Enterprise Limited	corporate interest and beneficial owner	107,842,300	14.48%
蕪湖隆源投資有限公司 (Wuhu Longyuan Investment Company Limited*)	beneficial owner	97,500,000	13.09%

\* *for identification purpose only*

Apart from the above, the Directors are not aware of any other interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group as at the Latest Practicable Date.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any members of the Group which does not expire or terminable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

#### **4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, none of the Directors were materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors, proposed Directors or experts (as referred to below) had any direct or indirect interest in any assets which have been, since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of, or leased to any member of the Group.

#### **5. COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

#### **6. EXPENSES**

The estimated expenses in connection with the Rights Issue (including but not limited to the underwriting commission, printing, legal and accounting charges) are approximately HK\$4.5 million and are payable by the Company.

#### **7. LITIGATION**

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, neither the Company nor any of its subsidiaries have been engaged in any litigation, arbitration or claims of material importance and, so far as the Directors are aware, no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

#### **8. MATERIAL CONTRACTS**

Within the two years immediately preceding the date of this Prospectus and ending on the Latest Practicable Date, the following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group:

- (i) the sale and purchase agreement dated 21 June 2013 and entered into between the Company and Green Zone Capital Limited relating to the acquisition of 38% equity interest in a group engaging in the design, manufacture and sale of household products for a consideration of approximately HK\$75.24 million;
- (ii) the investment agreement dated 25 June 2013 and entered into between Anping Medical Treatment Technology (Wuhu) Co., Ltd. ("Anping Technology") a then indirect wholly-owned subsidiary of the Company, and Tianjin Heng Kang

- Medical Enterprise Management Limited relating to a investment of RMB60 million in a medical project involving the upgrading and participation in the management of a hospital in the PRC;
- (iii) the sale and purchase agreement dated 28 June 2013 and entered into between the Group and Topworld Alliance Ltd., relating to the disposal of 35% equity interest in a then wholly-owned subsidiary engaged in the medical network business in the PRC for a consideration of approximately HK\$70 million;
  - (iv) the warrant subscription agreement dated 5 July 2013 and entered into between the Company and a company wholly-owned by of Mr. Chan relating to the issue of two tranches of warrants (comprising 1,350,000,000 warrants each or 67,500,000 warrants each after the share consolidation) at the exercise prices of HK\$0.022 and HK\$0.05, respectively (or HK\$0.44 and HK\$1.00 after the share consolidation, respectively);
  - (v) the cooperation agreement dated 24 February 2014 and entered into amongst Anping Technology, Xinjiang Xiangrui Medical Investment Management Co., Ltd. and Wuhu Shengtai Medical Product Information Consultation Co., Ltd. relating to the restructuring of a non-wholly-owned subsidiary of Anping Technology and the investment for an amount up to RMB500 million amongst the aforesaid parties (of which up to RMB90 million will be attributable to the Group) involving the construction, establishment and subsequent business operation of a tumour-specialised hospital in the PRC;
  - (vi) the subscription agreements dated 17 April 2014 relating to the issue of convertible notes in the aggregate principal amount of HK\$10 million at the conversion price of HK\$0.04 (or HK\$0.8 as adjusted by the share consolidation);
  - (vii) On 9 July 2014, the Company has entered into a Deed of Amendment and Restatement with SBI Incubation Co. Ltd. and SoftBank Telecom Corporation (the “Deed”) for the extension of the expiry date of the loans from aforesaid two parties such that the repayment date of the loans, with carrying amount of HK\$79,876,000 as at 30 June 2014, will be extended to 2026;
  - (viii) the Underwriting Agreement; and
  - (ix) the Acquisition Agreement and the JV Agreement.

## 9. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice which is contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group up to the Latest Practicable Date; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and the references to its name included herein in the form and context in which they respectively appear.

## 10. GENERAL

- (a) The company secretary of the Company is Mr. Lam Sung Him, Gaston, a member of the American Institute of Certified Public Accountants;
- (b) The registered office of the Company is 36th Floor, Times Tower, 391–407, Jaffe Road, Wanchai, Hong Kong;
- (c) The share registrar of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong; and
- (d) The English text of this Prospectus prevails over the Chinese text.

## 11. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Expert and consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to section 38D of the Companies (Winding up and Miscellaneous Provisions) Ordinance.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 36/F, Times Tower, 391-407, Jaffe Road, Wanchai, Hong Kong for a period of 14 days from the date of this Prospectus:

- (a) the articles of association of the Company;
- (b) the letter of consent referred to in the paragraph headed "Expert and consent" above;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (d) the report from HLB Hodgson Impey Cheng Limited in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Appendix III to this Prospectus;
- (e) the annual reports of the Company for each of the two financial years ended 31 December 2012 and 31 December 2013; and
- (f) this Prospectus.