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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)

**DISCLOSEABLE AND
CONNECTED TRANSACTION
AND PROGRESS UPDATE ON MAJOR DISPOSAL**

THE ACQUISITION

The Company is pleased to announce that on 26 November 2014, the Company as the purchaser entered into the Acquisition Agreement with Mr. Chan as the vendor for the acquisition by the Company of the entire equity interest of the Target Company at the Consideration payable by the Company to Mr. Chan in cash. The Target Company is an investment holding company holding an investment portfolio. Following completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and its results and financial position will be included in the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements of the Listing Rules.

In addition, since the vendor, Mr. Chan, is an executive Director and is therefore a connected person of the Company (as defined under Chapter 14A of the Listing Rules), the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 25% and the total consideration is less than HK\$10 million, the Acquisition is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

PROGRESS UPDATE ON MAJOR DISPOSAL

Reference is made to the announcement of the Company dated 28 June 2013 in relation to the disposal of certain equity interest in a subsidiary of the Company. Since the confirmation letter from the Company's auditors stating the consolidated profit after taxation of the relevant subsidiary has been issued in November 2014, the relevant provisions in respect of the consideration under the sale and purchase agreement will be complied accordingly.

THE ACQUISITION AGREEMENT

Date

26 November 2014

Parties to the Acquisition Agreement

- (i) the Company, as the purchaser; and
- (ii) Mr. Chan, as the vendor.

Mr. Chan is an executive Director and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules.

Background of the assets to be acquired

Mr. Chan has agreed to sell and the Company has agreed to acquire the entire equity interest of the Target Company.

The Target Company is an investment holding company whose investment portfolio, as at the date of the Acquisition Agreement, comprised of interests held by the Target Group in two residential properties located at Southern District of Hong Kong and six parking spaces located in residential and commercial developments in Hong Kong, as well as securities of a listed company in Hong Kong. Based on the unaudited financial information of the Target Company, the unaudited consolidated net assets of the Target Company was approximately HK\$2.4 million as at the date of the Acquisition Agreement and its assets mainly comprised the fair value of the above investment portfolio attributable to the Target Company of approximately HK\$108.5 million (based on valuation of the above property portfolio as at the date of the Acquisition Agreement by an independent property valuer and the value of the listed securities based on the closing price as quoted on the Stock Exchange as at the date of the Acquisition Agreement) and liabilities of approximately HK\$106.1 million. The above property portfolio has been held by the Target Group for more than three years. For the year ended 31 March 2013, the Target Company recorded unaudited consolidated profit before and after taxation of approximately HK\$33.7 million and HK\$33.7 million, respectively. For the year ended 31 March 2014, the Target Company recorded unaudited consolidated profit before and after taxation of approximately HK\$14.9 million and HK\$14.9 million, respectively.

Consideration

Pursuant to the Acquisition Agreement, the Consideration shall be payable by the Company to Mr. Chan in cash within ten Business Days following completion of the Acquisition Agreement. The Consideration will be financed by the internal resources of the Group.

The Consideration was determined after arm's length negotiation between the Company and Mr. Chan, with reference to, among other things, the unaudited consolidated net asset value of the Target Company as at the date of Acquisition Agreement. Having considered the approximation between the Consideration and the unaudited consolidated net asset value of the Target Company and the potential appreciation in the property portfolio which the Group may enjoy in the future, the Board (including the independent non-executive Directors) is of the view that the terms of the Acquisition Agreement (including the Consideration) are fair and reasonable, the Acquisition is on normal commercial terms and the entering into of the Acquisition Agreement is in the interest of the Company and the Shareholders as a whole.

Completion

Completion of the Acquisition Agreement takes place on the same day as the signing of the Acquisition Agreement. Following completion of the Acquisition Agreement, the Target Company will become a wholly-owned subsidiary of the Company and its results, assets and liabilities will be included in the consolidated financial statement of the Company following completion of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment company, and through its subsidiaries, engaged and invested in healthcare and well-being business, including the network of medical centres specialising in the diagnosis and treatment of tumours and/or cancer related diseases in the PRC and one of the largest retail chains of optical products in Hong Kong, as well as a company engaged in consumer cosmetics, health related and pharmaceutical products, health supplement wine, dental materials and equipment in the PRC and Hong Kong and one of the largest sports and fitness club chains in the PRC (the latter two acquisitions of which are pending completion).

As noted in the interim and annual reports, the announcements and the circulars published by the Company in years 2013 and 2014, the Group's medical network business has been operating in an unfavourable legal and operating environment. In order to mitigate the potential adverse impact of such unfavourable environment on the Group, it has been the intention of the Group to seek appropriate investment or business opportunities so as to diversify its asset base and income stream of the Group. With the launch of the Shanghai-Hong Kong Stock Connect, a landmark in the global integration of the PRC's capital market, the opening up of its capital account and internationalisation of Renminbi, it is expected that the Hong Kong property market, together with its service industry, will be benefited from this mutual market access scheme in growing capital inflow into Hong Kong followed by inflow of human capital and increasing number of foreign companies wishing to invest in the A shares market in the PRC and to participate in the business opportunities offered by the internationalisation of Renminbi, through establishing presences in Hong Kong, the world's largest offshore pool of Renminbi funds.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is only subject to the reporting and announcement requirements of the Listing Rules.

In addition, since the vendor, Mr. Chan, is an executive Director and therefore a connected person of the Company (as defined under Chapter 14A of the Listing Rules), the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 25% and the total consideration is less than HK\$10 million, the Acquisition is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

GENERAL

Having made reasonable enquiries, the Company understands that the original acquisition cost of the Target Company by Mr. Chan is approximately HK\$58.5 million.

Since Mr. Chan is the vendor under the Acquisition Agreement, Mr. Chan had abstained from voting for approving the Acquisition Agreement and the transactions contemplated thereunder.

PROGRESS UPDATE ON MAJOR DISPOSAL

Reference is made to the announcement of the Company dated 28 June 2013 in relation to the disposal of certain equity interest in a subsidiary of the Company. Since the confirmation letter from the Company's auditors stating the consolidated profit after taxation of the relevant subsidiary has been issued in November 2014, the relevant provisions in respect of the consideration under the sale and purchase agreement will be complied accordingly.

DEFINITION

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

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| “Acquisition” | the acquisition of the entire equity interest of the Target Company pursuant to the terms and conditions of the Acquisition Agreement |
| “Acquisition Agreement” | the sale and purchase agreement dated 26 November 2014 entered into between the Company and the Mr. Chan relating to the acquisition of the entire equity interest of the Target Company |
| “Board” | the board of Directors |
| “Business Day(s)” | a day other than a Saturday or Sunday, on which banks in Hong Kong are open for business generally |
| “Company” | China Renji Medical Group Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Stock Exchange |

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| “Consideration” | the consideration of HK\$2.4 million payable by the Company as purchaser to Mr. Chan as vendor for the Acquisition pursuant to the Acquisition Agreement |
| “Director(s)” | directors of the Company |
| “Group” | the Company and its subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Chan” | Mr. Chan Ka Chung, an executive Director |
| “PRC” | the People’s Republic of China (for the purpose of this announcement, excluding The Hong Kong Special Administrative Region, The Macau Special Administrative Region and Taiwan) |
| “Shareholders” | holder(s) of the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Commerce Sea Global Investment Limited, an investment company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Chan before completion of the Acquisition |
| “Target Group” | the Target Company together with the companies directly or indirectly owned or controlled by it |
| “HK\$” | Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC |

By Order of the Board of
China Renji Medical Group Limited
Cheung Wai Kwan
Executive Director

Hong Kong, 26 November 2014

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chan Ka Chung, Dr. Hui Ka Chun, Mr. Cheung Wai Kwan and Mr. Wang Jianguo; and four independent non-executive Directors, namely, Mr. Chan Yee Ping, Michael, Ms. Hu Xuezheng, Mr. Lam Chun Ho and Ms. Wu Yan.