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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in China Renji Medical Group Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PLACING OF CONVERTIBLE BONDS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company (the “**EGM**”) to be held at Suites 903–905, 9th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Tuesday, 6 January 2015 at 3:30 p.m. is set out on pages 19 to 20 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.chinarenji.com.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the office of the Company at 36th Floor, Times Tower, 391–407 Jaffe Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed revoked.

15 December 2014

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DEFINITIONS

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

“Board”	the board of Directors
“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
“Conversion Price”	HK\$0.32 per Conversion Share (subject to adjustments) pursuant to the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	collectively, the Tranche One Conversion Shares and the Tranche Two Conversion Shares
“Convertible Bonds”	collectively, the Tranche One Convertible Bonds and the Tranche Two Convertible Bonds
“Convertible Notes”	the 5% coupon convertible notes issued by the Company in the aggregate principal amount of HK\$10 million due in 2017, details of which are disclosed in the announcement of the Company dated 17 April 2014
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Suites 903–905, 9th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Tuesday, 6 January 2015 at 3:30 p.m. for the Shareholders to consider and, if thought fit, approve the the issue of the Tranche Two Convertible Bonds and allotment and issue of the Tranche Two Conversion Shares under the Specific Mandate
“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 12 June 2014 (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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	11 December 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Placee(s)”	any professional, institutional or other investor(s) or person or entity procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Convertible Bonds pursuant to the Placing Agreement
“Placing Agent”	Win Fung Securities Limited, a licensed corporation to carry on businesses in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 9 October 2014 entered into between the Company and the Placing Agent in respect of the Placing
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Rights Issue”	the issue of a total of 372,377,813 new Shares by way of rights issue to the then qualifying Shareholders for subscription on the basis of one rights share for every two shares of the Company, details of which are disclosed in the prospectus of the Company dated 16 September 2014
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought at the EGM for the issue and allotment of the Tranche Two Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Tranche One Completion Date”	31 October 2014, being the date on which the Placing of the Tranche One Convertible Bonds was completed
“Tranche One Conversion Share(s)”	the new Shares to be issued under the Tranche One Convertible Bonds
“Tranche One Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$43,344,360 placed under the Placing

DEFINITIONS

“Tranche Two Completion Date”	the third business day upon the fulfilment of the conditions of the Placing of the Tranche Two Convertible Bonds (or such later date as may be agreed between the Placing Agent and the Company)
“Tranche Two Conversion Shares”	the new Shares to be issued under the Tranche Two Convertible Bonds
“Tranche Two Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$43,344,360 to be placed under the Placing
“Warrants”	the unlisted warrants issued by the Company, details of which is disclosed in the circular of the Company dated 24 December 2013
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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*)
Dr. Hui Ka Chun
Mr. Cheung Wai Kwan
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
Mr. Lam Chun Ho
Ms. Hu Xuezhen
Ms. Wu Yan

15 December 2014

To the Shareholders

Dear Sir or Madam,

**PLACING OF CONVERTIBLE BONDS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 9 October 2014 relating to the Placing.

The purpose of this circular is to provide you with, among other things, details regarding (i) the Placing Agreement and the Specific Mandate; (ii) a notice convening the EGM; and (iii) other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE PLACING AGREEMENT

Date:

9 October 2014 (after trading hours)

Parties:

- (i) Company as the issuer; and
- (ii) Win Fung Securities Limited as the Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Placing of the Convertible Bonds

The Placing Agent has conditionally agreed to procure Placee(s) for the subscription of the Tranche One Convertible Bonds and the Tranche Two Convertible Bonds on a best effort basis.

The Placee(s)

The Placing Agent shall use all reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Placing Commission

The Company shall pay to the Placing Agent a fee equal to 3% of the aggregate principal amount of the Convertible Bonds placed by the Placing Agent to the Placee(s). The commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent.

Principal terms of the Convertible Bonds

Issuer	:	The Company
Total principal amount	:	Up to HK\$86,688,720 comprising HK\$43,344,360 under the Tranche One Convertible Bonds and up to HK\$43,344,360 under the Tranche Two Convertible Bonds.

LETTER FROM THE BOARD

- Interest : 8% per annum on the outstanding principal amount thereof, which will be payable by the Company quarterly in arrears. The first payment will be made on the date falling three calendar months after the date of issue of the Convertible Bonds.
- Maturity Date : One year from the relevant date of issue of Convertible Bonds or if such date is not a business day, the next business day (the “Maturity Date”).
- Conversion Period : Any time after the date falling three calendar months after the date of the issue of the Convertible Bonds and up to and including 7 days before (and excluding) the Maturity Date (the “Conversion Period”).
- Conversion rights : Holders of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price of HK\$0.32 per Conversion Share at any time during the Conversion Period provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holders of the Convertible Bonds who, following the exercise of the conversion rights attached to the Convertible Bonds held, represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then voting rights of the Company or otherwise pursuant to other provisions of the Takeovers Code and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at the relevant time in compliance with the Listing Rules.

The exercise of the conversion right attached to the Tranche One Convertible Bonds will be subject to sufficient unutilised General Mandate being available at the time of conversion. In the event that there is any adjustment to the Conversion Price which will result in the Tranche One Conversion Shares to be issued exceeds the maximum number of new Shares that can be issued under the General Mandate, such number of Tranche One Conversion Shares in excess of the General Mandate will not be issued and any outstanding principal amount of the Tranche One Convertible Bonds will be repaid upon maturity in accordance with the terms and conditions of the Tranche One Convertible Bonds.

LETTER FROM THE BOARD

Conversion Shares : Assuming the conversion rights attached to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$0.32 per Conversion Share, a maximum of 270,902,250 Conversion Shares (comprising 135,451,125 Conversion Shares under each of the Tranche One Convertible Bonds and the Tranche Two Convertible Bonds) will be allotted and issued, representing 24.25% of the issued share capital of the Company as at the Latest Practicable Date and 19.52% of the issued share capital of the Company as at the Latest Practicable Date as enlarged by the issue of the Conversion Shares.

Conversion Price : HK\$0.32 per Conversion Share, subject to adjustments upon occurrence of certain events as summarized in the paragraph headed “Adjustment Events” below.

The Conversion Price represents:

- (i) a discount of 13.51% to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on 9 October 2014 (i.e. the date of the Placing Agreement); and
- (ii) a premium of 2.56% over the average closing price of HK\$0.312 per Share as quoted on the Stock Exchange for the last five trading days up to and including 9 October 2014 (i.e. the date of the Placing Agreement).

The initial Conversion Price was determined after arm’s length negotiations between the Company and the Placing Agent with reference to the market price of the Shares under the prevailing market conditions.

Early Redemption : The Convertible Bonds may not be repaid or redeemed before the Maturity Date otherwise than in accordance with the terms and conditions of the Convertible Bonds.

LETTER FROM THE BOARD

Adjustments Events : The Conversion Price will be subject to adjustment for, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distribution, rights issue of Shares or options over Shares, rights issues of other securities, issues at less than current market price, modification of rights of conversion, exchange or subscription resulting in the consideration per Share being less than the current market price per Share, offers to the Shareholders and events other than the above in which the Company considers appropriate for an adjustments to be made to the Conversion Price.

The principle of the above customary conversion price adjustments is for anti-dilution of the interest of the holders of the Convertible Bonds. Any adjustment to the Conversion Price based on the above may be certified by an approved merchant bank or the auditors of the Company in accordance with the terms and conditions of the Convertible Bonds.

Transferability : The Convertible Bonds may be freely transferred by the Placees in whole amounts or multiples of units of principal amount of the Convertible Bonds of HK\$1,000,000 to transferee. However, any transfer of the Convertible Bonds to any connected person of the Company shall be subject to prior written consent of the Company.

Voting : Holders of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of its being a holder of the Convertible Bonds.

Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. The approval for the listing of, and the permission to deal in, the Tranche One Conversion Shares by the Stock Exchange has been obtained. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Tranche Two Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attached to the Tranche Two Convertible Bonds.

Ranking of the Conversion Shares : The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the conversion date of the Convertible Bonds.

LETTER FROM THE BOARD

The terms of the Placing Agreement were determined after arm's length negotiations between the Company and the Placing Agent. The Board has considered that the terms of the Placing Agreement and the terms of the Convertible Bonds (together with the Conversion Price) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing:

Completion of the Placing of each of the Tranche One Convertible Bonds and the Tranche Two Convertible Bonds is conditional upon the fulfillment of the following conditions:

- (i) the warranties under the Placing Agreement shall be true, correct and complete when made and shall remain true, correct and complete in all material respects and not misleading as of the Tranche One Completion Date and the Tranche Two Completion Date (as the case may be);
- (ii) the Company shall have performed and complied with, in all material respects, all agreements, obligations and conditions contained in the Placing Agreement that are required to be performed or complied with by it on or before the Tranche One Completion Date or the Tranche Two Completion Date (as the case may be); and
- (iii) the Company shall have obtained, on or before the Tranche One Completion Date or the Tranche Two Completion Date (as the case may be), any and all approvals, consents and waivers necessary for consummation of the transactions contemplated by the Placing Agreement, including, but not limited to
 - (a) the approval from the Stock Exchange for the listing of, and permission to deal in, all of the Conversion Shares which fall to be issued upon conversion of the Tranche One Convertible Bonds or the Tranche Two Convertible Bonds (as the case may be);
 - (b) in respect of the Tranche Two Convertible Bonds only, approval from the Shareholders at general meeting of the Company in accordance with the requirements of the Listing Rules for the grant of the Special Mandate to allot and issue all of the Tranche Two Conversion Shares; and
 - (c) all other permits, consents and waivers of any governmental authority, regulatory body, or other third parties, if applicable.

As disclosed in the announcement of the Company dated 31 October 2014, completion of the Placing of the Tranche One Convertible Bonds took place on 31 October 2014 and all of the Tranche One Convertible Bonds have been successfully placed by the Placing Agent to Hydra Capital SPC for and on behalf of SP#2.

LETTER FROM THE BOARD

If the conditions precedent in respect of the Placing of the Tranche Two Convertible Bonds are not fulfilled (or waived in respect of the conditions (i) & (ii) above) on or before 15 December 2014 (or such later date as may be agreed between the Placing Agent and the Company), the parties to the Placing Agreement shall automatically be released from all rights and obligations in respect of the Placing of the Tranche Two Convertible Bonds, save for any liability arising out of any antecedent breaches.

Termination

If, at any time prior to 9:00 a.m. on the Tranche One Completion Date or the Tranche Two Completion Date, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Placing Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive business days, save for any suspension for clearance of this announcement or circular in relation to the Convertibles Bonds or any other transactions under Chapter 14 or Chapter 14A of the Listing Rules; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong or the PRC or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective Shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities market occurs,

LETTER FROM THE BOARD

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 9:00 a.m. on the Tranche Two Completion Date.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and neither party to the Placing Agreement shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

MANDATES TO ISSUE THE CONVERSION SHARES

Completion of the Placing of the Tranche One Convertible Bonds took place on 31 October 2014 and all of the Tranche One Convertible Bonds were placed to Hydra Capital SPC for and on behalf of SP#2. The Tranche One Convertible Bonds are convertible into 135,451,125 Tranche One Conversion Shares, which shall be allotted and issued under the General Mandate.

The Tranche Two Conversion Shares will be issued under the Specific Mandate and the issue of the Tranche Two Convertible Bonds is subject to the Shareholders' approval at the EGM.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Conversion Shares (assuming all the conversion rights attached to the Convertible Bonds have been exercised in full at the initial Conversion Price of HK\$0.32 per Conversion Share); and (iii) immediately after the allotment and issue of the Conversion Shares (assuming the conversion rights attached to the Convertible Bonds have been exercised in full at the initial Conversion Price of HK\$0.32 per Conversion Share) and after the exercise of the subscription rights attached to the Warrants in full and the exercise of the conversion rights attached to the Convertible Notes in full, are summarised as follows:

Shareholders	As at the Latest Practicable Date		immediately after the allotment and issue of the Conversion Shares (assuming all the conversion rights attached to the Convertible Bonds have been exercised in full at the initial Conversion Price of HK\$0.32 per Conversion Share)		immediately after the allotment and issue of the Conversion Shares (assuming the conversion rights attached to the Convertible Bonds have been exercised in full at the initial Conversion Price of HK\$0.32 per Conversion Share) and after the exercise of the subscription rights attached to the unlisted warrants in full and the exercise of the conversion rights attached to the Convertible Notes in full	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
The Director	101,250,000	9.06	101,250,000	7.29	182,722,540	12.41
The Placee(s)	—	—	270,902,250	19.52	270,902,250	18.40
Public Shareholders	<u>1,015,883,439</u>	<u>90.94</u>	<u>1,015,883,439</u>	<u>73.19</u>	<u>1,018,913,742</u>	<u>69.19</u>
	<u>1,117,133,439</u>	<u>100.00</u>	<u>1,388,035,689</u>	<u>100.00</u>	<u>1,472,538,532</u>	<u>100.00</u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment company, and through its subsidiaries, engaged and investing in healthcare and well-being business, including a 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 companies engaged in the research and development of consumer cosmetics, health related and pharmaceutical products in the PRC and Hong Kong and operation of one of the largest sports and fitness club chains in the PRC, the latter two of which are pending completion.

The proceed from the Placing will amount to HK\$86.69 million and the net proceed is estimated to be HK\$83.69 million, representing a net price of HK\$0.31 per Conversion Share. Based on the unaudited financial information of the Group, the cash and bank

LETTER FROM THE BOARD

balances of the Group increased from approximately HK\$55 million as at 30 June 2014 to approximately HK\$149 million as at 31 October 2014, which was mainly attributable to (i) the cash inflow of HK\$126 million from the Rights Issue and exercise of the subscription rights attached to the Warrants; (ii) net cash outflow of approximately HK\$27 million from replacement/upgrading of medical equipment required by hospital partners and disposal of medical assets; and (iii) net cash outflow of approximately HK\$6 million from operating activities. Save for the Tranche One Convertible Bonds in the principal amount of approximately HK\$43.3 million, as at 31 October 2014, the outstanding liabilities of the Group comprised of:

	Outstanding Principal Amount <i>HK\$' Million</i>
(i) Promissory note due to a Director (<i>repayable in 2017</i>)	60.2
(ii) Unsecured bond due to an independent third party (<i>repayable in 2017</i>)	10.0
(iii) Convertible Notes (<i>repayable in 2017</i>)	2.0
(iv) Borrowings from independent third parties (<i>repayable in 2015</i>)	42.2
(v) Borrowings from independent third parties (<i>repayable in 2026</i>)	<u>75.0</u>
	<u><u>189.4</u></u>

The net proceeds from the Placing will be used as to 30% for financing the Group's future investments and as to 20% for general working capital and as to 50% for repayment of the borrowings of HK\$42.2 million (as indicated in item numbered (iv) above).

LETTER FROM THE BOARD

As disclosed in the Company's announcements, circulars, interim and annual reports published in 2013 and 2014, the Group's medical network business has been facing difficult legal and operating environment. As such, the Group has been actively looking for investment opportunities to broaden its business base so as to mitigate such adverse impact. As at the Latest Practicable Date, the Group had contributed/had undertaken to contribute more than HK\$70 million in a number of investments, including but not limited to the followings:

	HK\$' million <i>(Approximately)</i>
(i) Subscription of new shares of a company engaged in the research and development of consumer cosmetics, health related and pharmaceutical products in the PRC and Hong Kong <i>(Note 1)</i>	33.0
(ii) Subscription of new shares and contributing shareholders' loan proportionate to the Group's shareholding in one of the largest retail chains of optical products in Hong Kong <i>(Note 2)</i>	8.0
(iii) Acquisition of an investment company holding interests in properties for capital appreciation and securities of a listed company in Hong Kong <i>(Note 3)</i>	2.4
(iv) Acquisition of one of the largest chains of sports and fitness clubs in the PRC <i>(Note 4)</i>	28.0
(v) Acquisition of an investment company holding interest in a timber business	0.9

Note 1: details of the subscription of new shares are described in the announcement of the Company dated 14 November 2014

Note 2: details of the subscription of new shares in the retail chains of optical products are described in the announcement of the Company dated 16 November 2014

Note 3: the said properties comprise two residential properties located at Repulse Bay Road and Island Road, Hong Kong and six car parking spaces (of which four are attached to the aforesaid residential properties and the other two are located in a commercial building in Wanchai, Hong Kong), details of which are disclosed in the announcement of the Company dated 26 November 2014

Note 4: details of the acquisition are described in the announcement of the Company dated 27 August 2014

In addition to the above, the Company has also been considering and in preliminary negotiation for potential investment opportunities with different parties, including (i) acquisition of a controlling stake in a Sino-German joint venture engaged in the design and development of automated pharmaceutical dispensation systems for hospital use in the PRC (the German partner of which is one of the leading providers of such systems in the world);

LETTER FROM THE BOARD

(ii) investment in a chain of obstetrics and gynecology hospitals and orthopaedic hospitals in the PRC; (iii) acquisition of a controlling stake in a PRC company which is engaged in the design and development of whirlpool (which can be used for medical purposes) and has products under its own brand names distributed worldwide; (iv) formation of a joint venture for establishment of a hospital specialised in eye and related diseases in the PRC; (v) formation of a joint venture with a PRC company engaged in research and development of bio-technology pharmaceutical products; (vi) acquisition of a controlling stake in a company engaged in the provision of health, beauty and wellness services in the PRC; and (vii) formation of a joint venture for provision of health and sports clinical services in Hong Kong. It is estimated that if all of the above potential investments are materialised, the amount involved will be more than HK\$500 million in aggregate. All of the above potential investments are still subject to negotiations and no terms have been reached and no agreement has been entered into by the Company or the Group regarding any of these potential investments as at the Latest Practicable Date. Despite the Group's significant current assets, the Company, after taking into account of the Group's working capital requirement for its existing business (comprising the Group's cost of services, administrative expense and finance cost for the year ended 31 December 2013 amounting to approximately HK\$78 million) and the additional capital required to further develop the newly acquired businesses (as detailed in the table above) and the potential investment opportunities under negotiation, has considered that it is beneficial to further strengthen its capital base through the Placing such that on one hand, the Group can have additional funding to implement business plans to further develop the businesses acquired/to be acquired and to realise the potential synergies amongst themselves and the Group's network in the medical industry in the PRC, and on the other hand, the Group will have sufficient funding to respond promptly to the future investment opportunities (including but not limited to those under negotiation as mentioned above).

Given that the placing of the Convertible Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders and the Conversion Price is at a premium over the average closing price of the Shares for the last five trading days up to the date of the Placing Agreement, the Board is of the view that the terms of the Placing are fair and reasonable and the entering into of the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

As disclosed in the Company's interim report for the six months ended 30 June 2014, the Group had other receivables, prepayment and deposits of approximately HK\$263.5 million which mainly comprised of (i) consideration of HK\$49 million in respect of disposal of the Group's equity interest in a subsidiary which is expected to be fully settled on or before 15 December 2014; (ii) the net amount due from a former subsidiary of the Company of HK\$65.1 million which will form part of the Group's investment in that former subsidiary for a hospital project (and thus will be re-classified as long term investment); (iii) funds of HK\$65.4 million deposited by the Group to investment consulting companies for securing future potential investment opportunities which, depending on the progress of the above-mentioned relevant investment targets in the PRC, will form part of the investments in such projects (including but not limited to the formation of a joint venture for establishment of a hospital specialised in eye and related diseases in the PRC and formation of a joint venture with a PRC Company engaged in research and development of bio-

LETTER FROM THE BOARD

technology pharmaceutical products as mentioned above); (iv) prepayment of HK\$64 million for purpose of upgrading/replacement of medical equipment under the Group's network of medical centres; and (v) HK\$10.5 million other receivables and prepayments for purposes such as repair and maintenance.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this circular.

Date of announcement/ circular/ prospectus	Event	Net proceeds raised <i>(approximately)</i>	Intended use of proceeds	Actual use of the proceeds
2013				
24 December	Issue of the Warrants	HK\$97.5 million	general working capital	<p>HK\$30.2 million received from subscription of the Warrants and exercise of the subscription rights attached to the tranche one Warrants has been used as to:</p> <p>(i) approximately HK\$8 million for the redemption of the Convertible Notes (<i>Note</i>); and</p> <p>(ii) approximately HK\$21.7 million will be used by the Group for funding the continuous business development/ expansion of business acquired or to be acquired (as detailed in the paragraph headed "Reasons for the Placing and use of proceeds" above).</p>
2014				
17 April	Issue of Convertible Notes	HK\$10 million <i>(Note)</i>	general working capital	the proceeds has been used for staff salary of approximately HK\$5 million and professional fees of approximately HK\$4 million as well as other general administrative expenses of approximately HK\$1 million of the Group
16 September	Rights Issue	HK\$96 million	80% of the net proceeds from the Rights Issue for financing future investments identified and/or to be identified and the remaining 20% for general working capital purpose	<p>80% of the net proceed will be used as to:</p> <p>(i) approximately HK\$28 million for the Group's investment in a sports and fitness clubs chain in the PRC;</p> <p>(ii) approximately HK\$8 million for the Group's investment in a chain of optical products shops; and</p> <p>(iii) approximately HK\$33 million for subscription of new shares of a company engaged in the research and development of consumer cosmetics, health related and pharmaceutical products in the PRC and Hong Kong.</p> <p>20% of the net proceeds will be utilised for general working capital purpose.</p>

Note: certain holders of the Convertible Notes in the aggregate principal amount of HK\$8 million have redeemed the Convertible Notes in October 2014.

LETTER FROM THE BOARD

EGM

The EGM will be convened at which resolution(s) will be proposed to seek the approval of the Shareholders, among other things, the issue of the Tranche Two Convertible Bonds and the allotment and issue of the Tranche Two Conversion Shares under the Specific Mandate by way of a poll. Shareholders and their associates with a material interest in the Placing Agreement and the transactions contemplated thereunder shall abstain from voting on the resolution(s) approving the issue of the Tranche Two Convertible Bonds and the allotment and issue of the Tranche Two Conversion Share under the Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner are third parties independent of the Company and its connected persons, and do not hold any Shares, accordingly, no Shareholders are required to abstain from voting at the EGM to approve the relevant resolution(s) regarding the issue of the Tranche Two Convertible Bonds and the allotment and issue of the Tranche Two Conversion Shares under Specific Mandate.

A notice convening the EGM to be held at Suites 903–905, 9th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong, on Tuesday, 6 January 2015 at 3:30 p.m. is set out on pages 19 to 20 of this circular. A proxy form for the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the registered office of the Company at 36/F., Times Tower, 391–407 Jaffe Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournments thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournments thereof should you so wish. Delivery of an instrument appointing a proxy shall not preclude you from attending and voting in person at the EGM and in such event, the instrument appointing a proxy shall be deemed revoked. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no shareholders of the Company are required to abstain from voting for the resolution to be proposed at the EGM to approve the issue of the Tranche Two Convertible Bonds and the issue and allotment of the Tranche Two Conversion Shares under the Specific Mandate.

RECOMMENDATION

Having considered the above, the Board consider that the terms of the Tranche Two Convertible Bonds are fair and reasonable and the issue of the Tranche Two Convertible Bonds and the allotment and issue of the Tranche Two Conversion Shares are in the interests of the Company and the Shareholders as a whole, and recommend the shareholders of the Company to vote in favour of the resolution to be proposed at the EGM to approve the issue of the Tranche Two Convertible Bonds and the allotment and issue of the Tranche Two Conversion Shares under the Specific Mandate.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This document, 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 issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 or this document misleading.

By order of the Board of Directors
China Renji Medical Group Limited
Chan Ka Chung
Chairman



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Renji Medical Group Limited (the “**Company**”) will be held at Suites 903–905, 9th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong on Tuesday, 6 January 2015 at 3:30 p.m., for the purpose of considering and, if thought fit, passing the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

1. “**THAT**

- (a) the placing agreement dated 9 October 2014 (the “**Placing Agreement**”) (a copy of which is marked “**A**” and initialled by the chairman of the meeting for the purpose of identification has been produced to the meeting) entered into between the Company and the Placing Agent (as defined in the circular of the Company dated 15 December 2014 (the “**Circular**”)) in relation to, among others, the placing of the Tranche Two Convertible Bonds (as defined in the Circular) in the principal amount up to HK\$43,344,360 entitling the holder(s) thereof to convert the principal amount thereof into ordinary shares of the Company (the “**Tranche Two Conversion Shares**”) at the initial conversion price of HK\$0.32 (subject to adjustment) per Tranche Two Conversion Share, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to the fulfilment of the conditions precedent set out in the Placing Agreement, the issue of the Tranche Two Convertible Bonds in accordance with the terms and conditions of the Placing Agreement be and is hereby approved;
- (c) the allotment and issue of new shares of the Company upon the exercise of the conversion rights attaching to the Tranche Two Convertible Bonds (the “**Tranche Two Conversion Shares**”) be and is hereby approved; and the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to allot and issue the Tranche Two Conversion Shares; and

NOTICE OF EGM

- (d) the Directors be and are hereby authorised to do all such acts and things as they consider necessary, desirable or expedient for the implementation of and giving effect to the Placing Agreement, the issue of the Tranche Two Convertible Bonds, and the allotment and issue of the Tranche Two Conversion Shares upon exercise of the conversion rights attaching to the Tranche Two Convertible Bonds and the transactions contemplated thereunder.”

For and on behalf of
the board of directors of
China Renji Medical Group Limited
Chan Ka Chung
Chairman

Hong Kong, 15 December 2014

Registered office:

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

Notes:

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint one proxy or, if he/she/it is a holder of more than one share, more proxies to attend and vote instead of him/her/it. A proxy needs not be a member of the Company.
- (ii) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged with the registered office of the Company at 36th Floor, Times Tower, 391–407, Jaffe Road, Wanchai, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting.
- (iv) Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjournment thereof if he/she/it so desires. If a member attends the meeting after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.