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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 TRANSACTION —  
INVESTMENT IN A HEALTH AND ELDERLY CARE PROJECT**

**THE INVESTMENT AGREEMENT**

The Company is pleased to announce that on 31 December 2014, Anping Technology, a non-wholly owned subsidiary of the Company, and the Investment Partner entered into the Investment Agreement, pursuant to which Anping Technology will invest RMB75 million for an effective interest of 12.5% in the Health and Elderly Care Project. The Group's participation in the Health and Elderly Care Project will allow the Group to accumulate valuable experience in the management of medical-supported elderly services, and such business, together with the Group's existing businesses and the businesses to be acquired pending completion, will provide a full spectrum of general healthcare services from specialised and community healthcare services, preventive care to rehabilitation services.

**IMPLICATION OF THE LISTING RULES**

Since the relevant percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Investment Agreement exceed 5% but less than 25%, the transactions contemplated under the Investment Agreement constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements of the Listing Rules.

**THE INVESTMENT AGREEMENT**

**Date**

31 December 2014

**Parties**

Anping Technology and a company established in the PRC with limited liability (the "Investment Partner").

The Investment Partner is principally engaged in investment in medical institutions. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquires, as at the date of this announcement, the Investment Partner and its respective beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

### **Background and principal terms of the Investment Agreement**

The Investment Partner will, through an investment company in which it has 80% equity interest, invest RMB480 million (of which RMB150 million has been invested by the Investment Partner) in the first phase of a development project with a site area of approximately 1 million square metres (and a gross floor area of 500,000 square metres) located in Longjiao Bay, Fujian Province, the PRC. Longjiao Bay is renowned for its bay view and is known as “The Best Bay in South Sea” and “The Best Beach in China”. Since it is designated to be developed into a region for tourist, vacation, recuperation and elderly care, Longjia Bay has been planned as a pollution-free zone by the PRC government. The aforesaid development project will be developed into a high-end tourist, health preservation and elderly care zone (the “Health and Elderly Care Project”), comprising a number of development projects including, serviced apartments, tourist facilities (e.g. hotel(s)), elderly care and rehabilitation facilities (e.g. hospital(s), club house(s) with gym facilities, etc.). Pursuant to the Investment Agreement, Anping Technology will invest RMB75 million for an effective interest of 12.5% in the Health and Elderly Care Project in which Anping Technology will, leveraging on its years of experience in the management of medical centres, participate in the overall project management and provide management services particularly in the operations of the medical facilities and club house facilities under the Health and Elderly Care Project.

The Group’s investment amount of RMB75 million (payable within 10 business days after the signing of the Investment Agreement) was determined after arm’s length negotiation between the Group and the Investment Partner after taking into account (i) the investment amount to be contributed by the Group (forming part of the Investment Partner’s investment amount of RMB480 million) being proportionate to the Investment Partner’s interest in the Health and Elderly Care Project ; (ii) the good opportunity for the Group to extend its business scope to consolidate its position as an integrated healthcare and well-being services provider in the PRC and to seize the growing demand for health and elderly care and related medical services; (iii) the growth prospect of the Health and Elderly Care Project.

Based on the above, the Board is of the view that the terms of the Investment Agreement (including the investment amount) are fair and reasonable and on normal commercial terms and the entering into of the Investment Agreement is in the interest of the Company and its shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT**

The Company is positioned as an integrated healthcare and well-being services provider in the PRC through investment in and operation of 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 and eyecare services 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). In order to hedge the Company's business risks and enhance returns to its shareholders, the Group has also diversified its businesses to include investments and asset management which allow the Group to seize investment opportunities in securities, fixed/capital assets and distressed assets for capital appreciation and yielding returns.

Despite the Group's medical network business having been facing difficult legal and operating environment which may probably adversely affect and cast uncertainty on the Group's future financial and business performance (as described in the announcements, circulars, annual and interim reports of the Company during 2013 and 2014), the Group aims to leverage on its leading position in the PRC medical network market to venture into the healthcare and well-being sector favoured by the government policies and contribute to the reform of medical and healthcare system of the PRC while mitigating the above-mentioned potential adverse impact by reducing reliance on its medical network business. Since the promulgation of the "Opinions of the CPC Central Committee and State Council on Deepening the Healthcare System Reform" in 2009 and the "Opinions on Promoting the Development of Healthcare Services Business" in September 2013, both issued by the CPC Central Committee and the State Council, improvement of the overall affordability and accessibility of the healthcare services in the PRC has been made one of the most important national policies of the PRC. These policies encourage privately-owned enterprises to invest in the healthcare industry and to diversify the healthcare service offerings by implementation of a series of favourable policies which include, among other things, lenient requirement and procedures for private entrepreneurs to enter into the industry, increase in land supply for facilities building, tax concession on capital expenditures and tax subsidies, etc. In addition, the "Opinions on Promoting the Reform and Development of Tourist Industry" issued by the State Council in August 2014 also aimed at encouraging the integration of tourism business with medical, elder care and well-being services.

As such, the Group has been actively looking for investment opportunities in such areas to strengthen its position in the medical and well-being industry in the PRC and the Group's participation in the Health and Elderly Care Project will allow the Group to accumulate valuable experience in the management of medical-supported elderly services, and such business, together with the Group's existing businesses and the businesses to be acquired pending completion as mentioned above, will provide a full spectrum of general healthcare services from specialised and community healthcare services, preventive care to rehabilitation services.

According to the national population census conducted by the National Bureau of Statistic of the PRC in 2010, the average life expectancy in the PRC in 2010 was 74.8, which was higher than the average of 69.6 in the world. In addition, the number of people in the PRC at the age of over 65 or above increased from 8.9% of the national population in 2010 to 9.4% in 2012 and 9.7% in 2013. Furthermore, the average disposable income per capita in urban and rural areas in the PRC increased to RMB26,955 and RMB8,896, respectively, in 2013, representing significant increases of 56.9% and 72.6% from 2009. The rapid increase in average disposable income and the growing population of elder citizen in the PRC (not to mention the impact on the aging of the population due to the PRC's "One-child Policy") are expected to accelerate the demand for higher quality health and elderly care services. Accordingly, the Group has considered that the entering into of the Investment Agreement will provide the Group with an opportunity to tap the growing market needs for elderly care and related services.

## **IMPLICATION OF THE LISTING RULES**

Since the relevant percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under the Investment Agreement exceed 5% but less than 25%, the transactions contemplated under the Investment Agreement constitute a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements of the Listing Rules.

## **DEFINITIONS**

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

|                        |  |
|------------------------|--|
| “Anping Technology”    | 安平醫療科技(蕪湖)有限公司 (Anping Medical Treatment Technology (Wuhu) Co., Ltd.)*, a company established in the PRC and a non-wholly owned subsidiary of the Company  |
| “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                                       |
| “Director(s)”          | the director(s) of the Company   |
| “Group”                | the Company and its subsidiaries   |
| “Hong Kong”            | The Hong Kong Special Administrative Region of the PRC   |
| “Investment Agreement” | the agreement entered into between Anping Technology and the Investment Partner dated 31 December 2014   |
| “Listing Rules”        | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “PRC”                  | the People’s Republic of China, which for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan |
| “Stock Exchange”       | The Stock Exchange of Hong Kong Limited  |

“RMB” Renminbi, the lawful currency of the PRC

“HK\$” Hong Kong dollar(s), the lawful currency of the Hong Kong Special Administrative Region of the PRC

“%” per cent.

\* *for identification purpose only.*

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

Hong Kong, 1 January 2015

*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, Mr. Lam Chun Ho, Ms. Hu Xuezhen and Ms. Wu Yan.*