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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)**

## **MAJOR TRANSACTION —**

### **SUPPLEMENTAL AGREEMENTS RELATING TO THE ACQUISITION OF A CHAIN OF SPORTS AND FITNESS CLUBS**

#### **THE SUPPLEMENTAL ACQUISITION AGREEMENT**

The Company announces that on 26 March 2015, the JV and the Vendor entered into Supplemental Acquisition Agreement to amend certain terms and conditions of the Acquisition Agreement such that, among other things, the Management Partner may choose to nominate a management operating company or nominate appropriate personnel to be recruited by the JV and the Target Group for the management of certain sports and fitness clubs which are managed by the existing management of the Target Group following completion of the Acquisition Agreement.

#### **THE SUPPLEMENTAL JV AGREEMENT**

On 26 March 2015, the JV, New Health, the SPV and the Management Partner entered into the Supplemental JV Agreement to reflect the change in the shareholding structure of the JV and to amend certain terms and conditions of the JV Agreement such that the Group and the Management Partner will be entitled to jointly nominate a management operating company and/or to nominate appropriate personnel to be recruited by the JV and/or the Target Group for the management of certain sports and fitness clubs following completion of the Acquisition Agreement.

Reference is made to the announcements (the “Announcements”) of the Company dated 27 August 2014 and 26 February 2015 relating to the Acquisition Agreement and the formation of a joint venture with a subsidiary of Rui Kang Pharmaceutical Group Investments Limited (“Rui Kang”) involving the subscription of new shares of a subsidiary of the Company which held 80% equity interest in the JV as at the date of the Acquisition Agreement.

## **THE SUPPLEMENTAL ACQUISITION AGREEMENT**

The Company announces that on 26 March 2015, the JV, the Vendor and the Guarantor entered into the Supplemental Acquisition Agreement to clarify and amend certain terms and conditions of the Acquisition Agreement, major changes of which are summarised as follows:

### **(i) Conditions Precedent**

The condition for the Vendor and the JV having agreed on terms of, among other things, the deed of indemnity, the shareholders agreement between the JV and the Vendor and the key employment agreements for key employees may be waived, subject to mutual agreement between the JV and the Vendor.

### **(ii) Profit Guarantee**

The period for the profit guarantee provided by the Vendor will only cover each of the years ending 31 December 2015 and 2016 and the six months ending 30 June 2017 (i.e. the combined audited earnings after taxation of those sports and fitness clubs managed by the existing management of the Target Group will not be less than HK\$0 for each of the year ending 31 December 2015 and 2016 and the six months ending 30 June 2017).

### **(iii) Management of the sports and fitness clubs following completion of the Acquisition Agreement**

In addition to nominating an operating company to be controlled by the Management Partner for the provision of management services to those sports and fitness clubs that are managed by the existing management of the Target Group following completion of the Acquisition Agreement, the JV may also nominate appropriate personnel to be recruited by the Target Group to manage those sports and fitness clubs that are managed by the existing management of the Target Group.

## **THE SUPPLEMENTAL JV AGREEMENT**

On 26 March 2015, the Group and the Management Partner also entered into the Supplemental JV Agreement to clarify and amend certain terms and conditions of the JV Agreement and accommodate the change in the shareholding structure of the JV pursuant to the Subscription Agreement. Major changes of which are summarised as follows:

### **(i) Parties to the JV Agreement**

As at the date of the JV Agreement, the equity interest of the JV is owned as to 80% and 20% by New Health and the Management Partner, respectively. Pursuant to a subscription agreement with a subsidiary of Rui Kang dated 26 February 2015 (as detailed in the Announcements), the shareholding structure of the JV will be reorganized such that it will be owned as to 60%, 20% and 20% by New Health, the SPV and the Management Partner and the Supplemental JV Agreement has been amended to reflect such changes.

## **(ii) Nomination of appropriate personnel to manage certain sports and fitness clubs**

The Supplemental JV Agreement has also provided that New Health and the Management Partner will be entitled to jointly nominate a management operating company and/or to nominate appropriate personnel to be recruited by the JV and/or the Target Group for the management of those existing sports and fitness clubs that are managed by the existing management of the Target Group.

Save as disclosed from above, there are no other material changes in the Acquisition Agreement and the JV Agreement.

## **GENERAL**

The circular containing, among other things, further details regarding (i) the Acquisition Agreement (as amended and supplemented by the Supplemental Acquisition Agreement) and the transactions contemplated thereunder; (ii) the financial information of the Target Group; (iii) the pro forma financial information of the Enlarged Group; and (iv) other disclosure requirements under the Listing Rules; and (v) a notice of the EGM will be despatched to the shareholders of the Company on or before 31 March 2015.

## **DEFINITIONS**

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

“Acquisition Agreement”	the sale and purchase agreement dated 27 August 2014 entered into between the JV, the Vendor and the Guarantor relating to the acquisition of 55% equity interest in the Target Company (details of which are disclosed in the announcement of the Company dated 27 August 2014)
“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
“Guarantor”	Mr. Tjia Boen Sien, the guarantor of the Acquisition Agreement and the sole beneficial owner of the Vendor
“JV”	Golden Oasis Health Limited, a company incorporated in the British Virgin Islands with limited liability with its equity interest being owned as to 60%, 20% and 20% by New Health, the SPV and the Management Partner
“JV Agreement”	the joint venture agreement dated 27 August 2014 and entered into between New Health and the Management Partner setting out the cooperation framework between the Group and the Management Partner in respect of the JV
“Management Partner”	Smart Even Ventures Limited, a company incorporated in the British Virgin Islands with limited liability

“New Health”	New Health Elite International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“SPV”	a wholly-owned subsidiary of the Company which holds 20% equity interest of the JV
“Supplemental Acquisition Agreement”	the supplement agreement dated 26 March 2015 and entered into between the JV, the Vendor and the Guarantor for purpose of clarifying and amending certain terms and conditions of the Acquisition Agreement
“Supplemental JV Agreement”	the supplement joint venture agreement dated 26 March 2015 and entered into between New Health, the Management Partner, the SPV and the JV for purpose of clarifying and amending certain terms and conditions of the JV Agreement
“Target Company”	Mega Fitness (Shanghai) Investment Limited, a company incorporated in the British Virgin Islands with limited liability and together with its subsidiaries, engaged in the management and operation of a chain of sports and fitness clubs in China
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Gold Swing enterprises Ltd., a company incorporated in the British Virgins Island and the sole shareholder of the Target Company as at the date of this announcement

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

Hong Kong, 26 March 2015

*As at the date of this announcement, the board of Directors 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.*