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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)

**AMENDMENT TO THE CONVERSION PRICE UNDER
THE TERMS OF CONVERTIBLE BONDS
AND
ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

THE CONVERTIBLE BONDS

On 10 April 2015 (after trading hours), the Company entered into the Deeds of Amendment with the CB Holders, pursuant to which the Company and the CB Holders have agreed to amend the conversion price per Conversion Share under the terms and conditions of the Convertible Bonds upon obtaining the Approvals. The parties to the Deeds of Amendment have further agreed that upon obtaining the Approvals, the CB Holders are deemed to have fully exercised the Conversion Rights to convert the entire principal amount of the Convertible Bonds into a total of 473,708,851 Conversion Shares and the conversion notices as required under the Convertible Bonds for the exercise of the Conversion Rights are also deemed to be duly served.

Based on the Adjusted Conversion Price and the aggregate principal amount of the Convertible Bonds of HK\$86,688,720, a total of 473,708,851 Conversion Shares will be allotted and issued, representing (i) 35.3% of the total number of issued Shares as at the date of this announcement; and (ii) 26.1% of the total number of issued Shares as enlarged by the allotment and issue of the Conversion Shares. As at the date of this announcement, no Conversion Shares have been issued pursuant to the Convertible Bonds.

GENERAL

An EGM will be convened for the purpose of considering and, if thought fit, approving, inter alia, the issue of the Conversion Shares (including the Additional Conversion Shares) under the Specific Mandate.

A circular, containing, among other things, (i) details of the Deeds of Amendment and the Specific Mandate; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors should note that the issue of the Conversion Shares (including the Additional Conversion Shares) is subject to the fulfillment of the condition(s) as set out in the Deeds of Amendment, which may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

References are made to the announcements of the Company dated 9 October and 31 October 2014, 6 January and 12 January 2015 (the “**Announcements**”) and the circular of the Company dated 15 December 2014 relating to the placing of the Convertible Bonds (the “**Circular**”). References are also made to the announcement of the Company dated 29 March 2015 relating to the placing of a total of 223,426,687 Placing Shares.

BACKGROUND

On 9 October 2014, the Company entered into a placing agreement for the placing of the Convertible Bonds. The Tranche One Convertible Bonds in the principal amount of HK\$43,344,360 was placed to Hydra Capital SPC for and on behalf of SP#2 on 31 October 2014, whereas the Tranche Two Convertible Bonds in the principal amounts of HK\$35,004,360 and HK\$8,340,000 were placed to Hydra Capital SPC for and on behalf of SP#3 and DRL Capital, respectively, on 12 January 2015. The CB Holders are entitled to convert the principal amount of the Convertible Bonds at the Initial Conversion Price and, accordingly, a maximum of 270,902,250 Conversion Shares will be allotted and issued if the Conversion Rights are exercised in full. Details of the placing of the Convertible Bonds were disclosed in the Announcements and the Circular.

On 27 March 2015, the Company also entered into a placing agreement for the placing of 223,426,687 Placing Shares. The Placing has been completed on the date of this announcement and details of which are disclosed in the announcement of the Company dated 10 April 2015.

On 10 April 2015 (after trading hours), the Company entered into the Deeds of Amendment with the respective CB Holders to amend the conversion price per Conversion Share under the terms and conditions of the Convertible Bonds, details of which are summarised as follows:

THE DEEDS OF AMENDMENT

Date:

10 April 2015 (after trading hours)

Parties:

- (i) Company as the issuer; and
- (ii) Hydra Capital SPC for and on behalf of SP#2 (“**Subscriber 1**”) as holder of the Tranche One Convertible Bonds, Hydra Capital SPC for and on behalf of SP#3 (“**Subscriber 2**”) and DRL Capital (“**Subscriber 3**”), as holders of the Tranche Two Convertible Bonds.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save for the holding of the relevant Convertible Bonds, each of the CB Holders and its ultimate beneficial owners are Independent Third Parties.

Amendment to the conversion price per Conversion Share

Pursuant to the Deeds of Amendment, the Company and the CB Holders have agreed to amend the conversion price under the Convertible Bonds from the Initial Conversion Price to the Adjusted Conversion Price. The amendment to the conversion price per Conversion Share is conditional and subject to obtaining the approvals (collectively, the “**Approvals**”) from:

- (i) the Shareholders at the EGM for
 - (a) the amendment of the conversion price under the Convertible Bonds from the Initial Conversion Price to the Adjusted Conversion Price; and
 - (b) the Specific Mandate for the allotment and issue of the Conversion Shares (including the Additional Conversion Shares) as a result for such change of conversion price under the Convertible Bonds; and
- (ii) the Stock Exchange for
 - (a) the listing of, and the permission to deal in, all of the Conversion Shares (including the Additional Conversion Shares); and
 - (b) if applicable, the alterations made to the Convertible Bonds under the Deeds of Amendment.

The parties to the Deeds of Amendment have further agreed that upon obtaining the Approvals, the CB Holders are deemed to have fully exercised the Conversion Rights to convert the entire principal amount of the Convertible Bonds into a total of 473,708,851 Conversion Shares at the Adjusted Conversion Price and the conversion notices as required under the Convertible Bonds for the exercise of the Conversion Rights are also deemed to be duly served.

The amendment to the conversion price per Conversion Share under the terms of the Convertible Bonds is subject to the Approvals. In the event that any of the Approvals is not obtained on or before 30 June 2015 (or such later date as the parties to the Deeds of Amendments may agree), the Deeds of Amendment shall cease to have any effect.

As at the date of this announcement, no Conversion Shares have been issued under the Convertible Bonds.

Based on the Adjusted Conversion Price and the aggregate principal amount of the Convertible Bonds of HK\$86,688,720, a total of 473,708,851 Conversion Shares will be allotted and issued. Assuming there will be no change in the number of issued Shares between the date of this announcement and the date of allotment and issue of the Conversion Shares, the 473,708,851 Conversion Shares will represent (i) 35.3% of the total number of issued shares of the Company as at the date of this announcement; and (ii) 26.1% of the total number of issued shares of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares will rank *pari passu* in all respects among themselves and with other Shares in issue on the date of allotment and issue of the Conversion Shares.

The Adjusted Conversion Price

The Adjusted Conversion Price was determined after arm's length negotiations between the Company and the CB Holders with reference to the current trading price of the Shares and represents:

- (i) a discount of 42.8% to the Initial Conversion Price of HK\$0.32 per Conversion Share;
- (ii) a discount of 23.8% to the closing price of HK\$0.24 per Share as quoted on the Stock Exchange on 10 April 2015 (the date of the Deeds of Amendment);
- (iii) a discount of 17.2% to the average closing price of HK\$0.221 per Share as quoted on the Stock Exchange for the last five trading days up to and including 9 April 2015 (the last trading day prior to the entering into of the Deeds of Amendment); and
- (iv) a discount of 17.9% to the average closing price of HK\$0.223 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 9 April 2015.

Mandates to issue the Conversion Shares

The Conversion Shares (including the Additional Conversion Shares) will be issued under the Specific Mandate which is subject to the approval of the Shareholders at the EGM.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and the permission to deal in the Conversion Shares (including the Additional Conversion Shares).

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the table of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares (based on the Adjusted Conversion Price):

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares (based on the Adjusted Conversion Price)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Director	101,250,000	7.55%	101,250,000	5.58%
Subscriber 1			236,854,426	13.06%
Subscriber 2			191,280,655	10.54%
Subscriber 3			45,573,770	2.51%
Public Shareholders				
The placees of the Placing (Note)	223,426,687	16.67%	223,426,687	12.32%
Other Shareholders	1,015,883,439	75.78%	1,015,883,439	55.99%
	<u>1,340,560,126</u>	<u>100.00%</u>	<u>1,814,268,977</u>	<u>100.00%</u>

Note: to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the placees under the Placing will become a substantial Shareholder (as defined under the Listing Rules) immediately following completion of the Placing.

REASONS FOR THE ENTERING OF THE DEEDS OF AMENDMENT

The Group is principally engaged in (i) healthcare and well-being business (including the investment in and operation of a network of medical centres specialising in the diagnosis and treatment of tumours and related disease in the PRC, one of the leading retail chains of optical and eye-care products and services under the brand name "Hong Kong Optical" in Hong Kong and one of the largest chains of fitness and sports clubs in the PRC in terms of floor area under the brand name of "MEGAFIT" (the acquisition of which is expected to be completed in or about April 2015)); and (ii) investments and assets management (including investment in securities, fixed/capital assets and distressed assets). The Group is also the single largest shareholder of Rui Kang Pharmaceutical Group Investments Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, and is engaged in, among other things, the manufacture, research and development, sale and distribution of consumer cosmetic, health related and pharmaceutical products, health supplement wine, dental materials and equipment in the PRC and Hong Kong.

Each of the Tranche One Convertible Bonds and the Tranche Two Convertible Bonds has a term of one year and will mature soon in October 2015 and January 2016, respectively. In view of the market price of the Shares having been below the Initial Conversion Price since completion of the placing of the Convertible Bonds as well as the uncertainties as to the future

price performance of the Shares (particularly due to the facts that the operating environment of the Group's medical network business has remained difficult and the revenue of the Group has declined significantly from HK\$111.0 million for the year ended 31 December 2013 to HK\$85.4 million for the year ended 31 December 2014, the economic benefits of the acquisitions conducted by the Group during 2014 are yet to substantially realise (including the acquisition of a majority stake in a group of companies engaged in the management and operation of a chain of sports and fitness centres in the PRC under the brand name of "MEGAFIT" as detailed in the circular of the Company dated 31 March 2015, which is yet to be completed as at the date of this announcement)), the Company has anticipated that the chance for the CB Holders to exercise the Conversion Rights prior to the maturity dates will be remote. In the event that the CB Holders elect not to exercise the Conversion Rights and hold the Convertible Bonds until maturity, the Group's repayment of the aggregate principal amount of the Convertible Bonds of HK\$86,688,720 and the related interest during 2015 and early 2016 will utilise a significant portion of the working capital of the Group and substantially hinder the future development of the Group as a whole. Having considered the above and also the purpose of the amendments on the Convertible Bonds under the Deeds of Amendments to relieve the Company's obligation to repay the outstanding principal amount of the Convertible Bonds and the related interests, the Directors are of the view that the terms of the Deeds of Amendment (including the Adjusted Conversion Price and the conversion of the Convertible Bonds into the Conversion Shares upon the obtaining of the Approvals) are of normal commercial terms and the entering into of the Deeds of Amendment is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

GENERAL

An EGM will be convened for the purpose of considering and, if thought fit, approving, inter alia, the issue of the Conversion Shares (including the Additional Conversion Shares) under the Specific Mandate.

A circular, containing, among other things, (i) details of the Deeds of Amendment and the Specific Mandate; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors should note that the issue of the Conversion Shares (including the Additional Conversion Shares) is subject to the fulfillment of the condition(s) as set out in the Deeds of Amendment, which may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

"Additional Conversion Shares" the additional 202,806,601 Conversion Shares that will be issued pursuant to the Deeds of Amendment, which is calculated based on (i) the difference between the total Conversion Shares that will be issued at the Adjusted Conversion Price and the Initial Conversion Price and (ii) the aggregate principal amount of the Convertible Bonds of HK\$86,688,720

“Adjusted Conversion Price”	HK\$0.183 per Conversion Share pursuant to the Deeds of Amendment
“CB Holders”	in respect of the Tranche One Convertible Bonds, Hydra Capital SPC for and on behalf of SP#2, and in respect of the Tranche Two Convertible Bonds, Hydra Capital SPC for and on behalf of SP#3 and DRL Capital
“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 Rights”	the rights attached to the Convertible Bonds to convert the principal amount or a part thereof into the Conversion Shares
“Conversion Shares”	the new Shares to be issued upon the exercise of the conversion rights attached to the Convertible Bonds at the Initial Conversion Price or the Adjusted Conversion Price (as the case may be)
“Convertible Bonds”	collectively, the Tranche One Convertible Bonds and the Tranche Two Convertible Bonds
“Deeds of Amendment”	the Deeds of Amendment dated 10 April 2015 entered into between the Company and the respective CB Holders for amendment of the conversion price per Conversion Share under the terms and conditions of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider, and if thought fit, approve the amendments made to the Convertible Bonds under the Deeds of Amendment and the grant of the Specific Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	independent third party who is not connected person (as defined under the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company
“Initial Conversion Price”	HK\$0.32 per Conversion Share pursuant to the initial terms of the Convertible Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to a placing agreement dated 27 March 2015 entered into by the Company
“Placing Shares”	up to 223,426,687 new Shares to be placed pursuant to the Placing

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s) ”	ordinary share(s) of the Company
“Shareholder(s)”	holders of the Shares
“Specific Mandate”	the specific mandate to be sought at the EGM for the issue and allotment of the Conversion Shares (including the Additional Conversion Shares)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche One Convertible Bonds”	the 8% convertible bonds issued by the Company in the principal amount of HK\$43,344,360 and due in 2015, details of which are disclosed in the announcements of the Company dated 9 October 2014 and 31 October 2014
“Tranche Two Convertible Bonds”	the 8% convertible bonds issued by the Company in the principal amount of HK\$43,344,360 and due in 2016, details of which are disclosed in the announcements of the Company dated 9 October 2014, 6 January 2015 and 12 January 2015 and circular of the Company dated 15 December 2014
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 10 April 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.