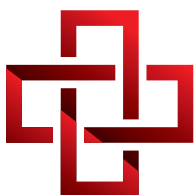


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China Renji Medical Group Ltd
中國仁濟醫療集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 648)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

Placing Agent



China Everbright Securities (HK) Limited

THE PLACING AGREEMENT

On 1 June 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has agreed to place, through the Placing Agent, on a best effort basis, up to 362,853,795 new Shares to not less than six Placees at the Placing Price of HK\$0.335 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate. The net proceeds from the Placing are estimated to be HK\$117.5 million and are intended to be used for, among other things, financing of future investment opportunities, general working capital and reduction of debt.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the completion of the Placing, the maximum number of 362,853,795 Placing Shares represent (i) 20% of the issued Shares as at the date of this announcement; and (ii) 16.7% of the issued Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional upon, among other things, the Stock Exchange having granted the listing of, and the permission to deal in the Placing Shares.

Shareholders of the Company and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement, and the Placing may or may not proceed to completion. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES

The Company is pleased to announce that on 1 June 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement for the Placing, the principal terms of which are summarised below.

THE PLACING AGREEMENT

Date:

1 June 2015 (after trading hours)

Parties:

- (i) The Company as the issuer; and
- (ii) The Placing Agent 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 Independent Third Parties.

The Placing Shares

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, the maximum number of 362,853,795 Placing Shares to not less than six independent Placees. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the completion of the Placing, the maximum number of 362,853,795 Placing Shares represents (i) 20% of the existing number of issued Shares; and (ii) 16.7% of the number of issued Shares as enlarged by the issue of the Placing Shares. Based on the closing price of the Shares on 1 June 2015 (i.e. the date of the Placing Agreement) of HK\$0.4, the Placing Shares have a market value of HK\$145 million.

The Placing 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 Placing Shares.

The Placing Price

The Placing Price of HK\$0.335 per Placing Share was determined after arm's length negotiation between the Company and the Placing Agent with reference to the current trading price of the Shares and represents:

- (i) a discount of approximately 16.3% to the closing price of HK\$0.4 per Share as quoted on the Stock Exchange on 1 June 2015;

- (ii) a discount of approximately 14.8% to the average closing price of HK\$0.393 per Share as quoted on the Stock Exchange for the last five trading days up to and including 1 June 2015; and
- (iii) a discount of approximately 11.8% to the average closing price of HK\$0.380 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 1 June 2015.

The Directors consider that the Placing Price is fair and reasonable and is in the interest of the Company and its shareholders as a whole under the current market condition.

Assuming that all the 362,853,795 Placing Shares are placed under the Placing, the gross proceeds and the estimated net proceeds from the Placing will amount to HK\$121.5 million and HK\$117.5 million, respectively. The net price per Placing Share is therefore estimated to be approximately HK\$0.324.

Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure event.

Completion of the Placing, in any event, will take place on or before the fourth business days after the fulfilment of the conditions as set out above (the “**Completion Date**”) but not later than 15 June 2015 or such later date to be agreed between the Company and the Placing Agent (the “**Long Stop Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent prior to 10:00 a.m. on the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Force Majeure Event

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 10:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 10:00 a.m. on the Completion Date,

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearance of any announcements relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated, the Placing Agent shall, in its reasonable opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the above, all obligations of the Placing Agent shall cease and determine and no party under the Placing Agreement shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Placing Commission

The Company shall pay to the Placing Agent a commission equal to 3% of the aggregate principal amount of Placing Price multiplied by the actual number of the Placing Shares being placed, subject to a minimum amount of HK\$300,000. The commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent.

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 Placing Shares.

The General Mandate

All the Placing Shares will be issued under the General Mandate granted by the shareholders of the Company to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 27 May 2015. On the date of such annual general meeting, the Company had 1,814,268,977 Shares in issue and the General Mandate granted to the Directors thus authorised the Directors to allot and issue up to 362,853,795 new Shares, representing 20% of the number of issued Shares as at the date of the passing of the said resolution.

As at the date of this announcement, no Shares have been issued pursuant to the General Mandate. The Placing is not subject to the approval of the shareholders of the Company.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the table of the shareholding structure of the Company before and after completion of the Placing:

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximately</i>	<i>Number of Shares</i>	<i>Approximately</i>
Shareholders				
Director	101,250,000	5.58%	101,250,000	4.65%
Hydra Capital SPC for and on behalf of SP#2	236,854,426	13.06%	236,854,426	10.88%
Hydra Capital SPC for and on behalf of SP#3	191,280,655	10.54%	191,280,655	8.79%
DRL Capital	<u>45,573,770</u>	<u>2.51%</u>	<u>45,573,770</u>	<u>2.09%</u>
	574,958,851	31.69%	574,958,851	26.41%
The Placee(s)	—	—	362,853,795	16.67%
Other shareholders of the Company	<u>1,239,310,126</u>	<u>68.31%</u>	<u>1,239,310,126</u>	<u>56.92%</u>
	<u>1,814,268,977</u>	<u>100.00%</u>	<u>2,177,122,772</u>	<u>100.00%</u>

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in and invests in healthcare and well-being business, including the operation of a chain of medical centres specialising in the diagnosis and treatment of tumours in the PRC, a chain of sports and healthcare clubhouses under the brandname of “Megafit” in the PRC (the “**Megafit Group**”) and a retail chain of optical products and eye-care services under the brand name “Hong Kong Optical” in Hong Kong (“**Hong Kong Optical**”), as well as investment and asset management business (such as investment in securities, fixed/capital assets and distressed assets, and loan financing business). The Group is also the single largest shareholder of Rui Kang Pharmaceutical Group Investments Limited (“**Rui Kang**”), a company listed on the Growth Enterprise Market of the Stock Exchange, engaged in, the manufacture, research and development, sale and distribution of consumer cosmetic, health related and pharmaceutical products in the PRC and Hong Kong.

As described in the annual report of the Company for the year ended 31 December 2014, the regulatory environment of the Group’s medical chain business has remained challenging. On one hand, the Group has been looking for opportunities to reduce its reliance on its medical chain business, it has, on the other hand, implemented plans to lay solid foundation towards its business goal of becoming an integrated healthcare and well-being group, including acquisition of the Megafit Group and becoming the single largest shareholder of Rui Kang through the subscription of new shares of Rui Kang, as well as engaging in negotiation for the projects as mentioned in the Company’s announcement dated 18 May 2015. Having considered the working capital required during the course of the development of the Group and its financial position, the proceeds to be obtained from the Placing will be applied for the financing of the Group’s investment opportunities, general working capital and reduction of debt for the continuous development of the Group’s principal businesses in healthcare and well-being as well as investment and asset management.

Given that the Placing will enhance the working capital position of the Group and facilitate the Group’s business development plan and quick response to any business/investment opportunities that may have become available to the Group, the Directors are of the view that the Placing is in the interest of the Company and its shareholders as a whole and the terms of the Placing Agreement are fair and reasonable.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

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

Date of announcement/ circular/prospectus	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
2014				
16 September	Rights Issue	HK\$96 million	80% of the net proceeds for financing the Group's future investments identified and/or to be identified and the remaining 20% for general working capital purpose	<ul style="list-style-type: none"> (i) HK\$23.6 million for the investment in the Megafit Group; (ii) HK\$33 million for subscription of new shares of Rui Kang; (iii) HK\$25 million for banking facility refinancing purpose; and (iv) HK\$14.4 million for general administration expenses.
9 October	Issue of Convertible Bonds	HK\$83.7 million	General working capital, reduction of debts and investment opportunities	<ul style="list-style-type: none"> (i) HK\$8 million for investment in Hong Kong Optical; (ii) HK\$43 for debt repayment; (iii) HK\$16 million for general administration expenses; and (iv) HK\$16 million for investment in listed securities.
2015				
29 March	Placing of new Shares	HK\$41 million	General working capital, reduction of debt and investment opportunities	<ul style="list-style-type: none"> (i) HK\$22 million for debt repayment; and (ii) HK\$19 million reserved for possible establishment of a joint venture.

Shareholders of the Company and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement, and the Placing may or may not proceed to completion. Shareholders of the Company 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:

“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
“Convertible Bonds”	collectively, the two tranches of 8% convertible bonds issued by the Company in the aggregate principal amount of HK\$86.69 million and due in 2015 and 2016, respectively, details of which are disclosed in the Company’s announcements dated 9 and 31 October 2014, 12 January and 10 April 2015 and the Company’s circulars dated 15 December 2014 and 5 May 2015
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the shareholders of the Company to the Directors at the annual general meeting of the Company held on 27 May 2015 to allot, issue and deal with up to 362,853,795 new Shares, being 20% of the number of issued Shares as at the date of such annual general meeting
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s) ”	any professional, institutional or other investor(s) or person or entity who are Independent Third Parties procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	China Everbright Securities (HK) Limited, a licensed corporation to carry on businesses in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent in respect of the Placing

“Placing Agreement”	the placing agreement dated 1 June 2015 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.335 per Placing Share
“Placing Shares”	up to 362,853,795 new Shares to be placed pursuant to the terms of the Placing Agreement
“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
“Rights Issue”	the issue of rights shares by way of rights to the qualifying shareholders of the Company for subscription on the basis of one rights share for every two Shares (which has become unconditional as at the date of this announcement), details of which are disclosed in the prospectus of the Company dated 16 September 2014
“Share(s) ”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 1 June 2015

As at the date of this announcement, the board of Directors comprises three executive Directors, namely Mr. Chan Ka Chung, 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.