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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 — PARTICIPATION IN  
RIGHTS ISSUE OF RUI KANG PHARMACEUTICAL GROUP  
INVESTMENTS LIMITED IN FULL**

**THE RUI KANG RIGHTS ISSUE AND THE UNDERTAKING**

The Company is pleased to announce that on 11 June 2015, the Company signed and provided the Undertaking to Rui Kang and the Rui Kang Underwriter, pursuant to which the Company has irrevocably undertaken to Rui Kang and the Rui Kang Underwriter that it will fully participate in the Rui Kang Rights Issue.

Under the Rui Kang Rights Issue, Rui Kang proposes to raise funds by way of rights issue at the Subscription Price of HK\$0.29 per Rui Kang Rights Share on the basis of four (4) Rui Kang Rights Shares for every one (1) Rui Kang Share in issue. Based on the 51,562,500 Rui Kang Shares beneficially owned by the Company (representing 20.4% of the issued shares of Rui Kang) as at the date of this announcement, the Company will be entitled to subscribe for 206,250,000 Rui Kang Rights Shares to be provisionally allotted to it under the Rui Kang Rights Issue for a total consideration of approximately HK\$59.8 million.

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Rui Kang Rights Issue on part of the Company are greater than 5% but less than 25%, the Company's participation in the Rui Kang Rights Issue pursuant to the Undertaking will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## THE RUI KANG RIGHTS ISSUE AND THE UNDERTAKING

### Background

The Company holds 51,562,500 Rui Kang Shares, representing 20.4% of the total Rui Kang Shares in issue as at the date of this announcement. On 11 June 2015, Rui Kang announces that it proposes to raise funds by way of rights issue on the basis of four (4) Rui Kang Rights Shares for every one (1) Rui Kang Share in issue at the Subscription Price of HK\$0.29 per Rui Kang Rights Share. Details of the Rui Kang Rights Issue are disclosed in the announcement of Rui Kang dated 11 June 2015.

### The Undertaking

On 11 June 2015, the Company signed the Undertaking and provided to Rui Kang and the Rui Kang Underwriter, pursuant to which the Company has irrevocably undertaken to Rui Kang and to the Rui Kang Underwriter that it, among other things:

- (i) will remain as the beneficial owner of the 51,562,500 Rui Kang Shares currently held by it up to and including the record date of the Rui Kang Rights Issue; and
- (ii) will apply for and pay for 206,250,000 Rui Kang Rights Shares which the Company will be provisionally allotted to pursuant to the Rui Kang Rights Issue.

### The Subscription Price

The Subscription Price for the Rui Kang Rights Shares is HK\$0.29 per Rui Kang Rights Share.

As at the date of this announcement, the Company beneficially owns 51,562,500 Rui Kang Shares. Based on the Subscription Price of HK\$0.29 per Rui Kang Rights Share, the consideration payable by the Company under the Rui Kang Rights Issue pursuant to the Undertaking will amount to approximately HK\$59.8 million. Having considered the significant discount to the recent closing prices of the Rui Kang Shares as represented by the Subscription Price, the Company has considered that the Subscription Price is fair and reasonable. The above consideration payable by the Company will be funded by the Group's internal resources.

## REASONS FOR AND BENEFITS OF PARTICIPATING IN THE RUI KANG RIGHTS ISSUE

The Group is principally engaged in and invests in healthcare and well-being business, including the operation of a chain of sports and healthcare clubhouses in the PRC under the brand name of "MEGAFIT" (the "**Megafit Group**"), a network of medical centres specialising in the diagnosis and treatment of tumours and related disease in the PRC, and one of the leading retail chains of optical products and eye-care services under the brand name "Hong Kong Optical" in Hong Kong, as well as investments and asset management business (including investment in securities, fixed/capital assets and distressed assets, and loan financing business).

The Company holds a strategic investment of 20.4% issued share capital of Rui Kang and is its single largest shareholder as at the date of this announcement. Rui Kang is principally engaged in, among other things, the manufacture, research and development, and distribution of consumer cosmetic, health related and pharmaceutical products in the PRC and Hong Kong. It is the intention of the Group to continue to look for appropriate strategic investment opportunities with a view to collaborating with strategic partners for business development.

As disclosed in the joint announcement of the Company dated 14 November 2014 and the annual report of the Company for the year ended 31 December 2014, the Company has considered that the subscription of Rui Kang Shares will set ground for future business cooperation between Rui Kang Group and the Group. In fact, as disclosed in the Company's joint announcement dated 26 February 2015, the Rui Kang Group subscribed for new shares in a special purpose vehicle of the Group for a consideration of HK\$4.83 million such that the Rui Kang Group will be indirectly interested in the Megafit Group and the Megafit Group will also in turn be able to leverage on the Rui Kang Group's expertise to complement its services and product offering.

Given that (i) the proceeds from the Rui Kang Rights Issue is for the purpose of enhancing and further development of Rui Kang Group's healthcare business; (ii) if the Company does not participate in the Rui Kang Rights Issue, the Group's interest in the Rui Kang Group will be decreased from the existing 20.4% to approximately 4% and therefore will not be able to enjoy the future growth of the Rui Kang Group; (iii) the substantial discount to the recent market of the Rui Kang Shares as represented by the Subscription Price; and (iv) the foreseeable long term cooperation relationship with the Rui Kang Group as described above, the Company has considered that its full participation in the Rui Kang Rights Issue pursuant to the Undertaking is fair and reasonable and is in the interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Rui Kang Rights Issue on the part of the Company are greater than 5% but less than 25%, the participation of the Rui Kang Rights Issue pursuant to the Undertaking will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **GENERAL**

The Rui Kang Group recorded (i) a consolidated net loss before tax (after taking into account the net profit from discontinued operation) of HK\$74.63 million and net loss after tax of HK\$47.28 million for the year ended 31 December 2013 and (ii) a consolidated net loss before and after tax of HK\$82.33 million and HK\$82.95 million for the year ended 31 December 2014, respectively. As at 31 December 2014, the Rui Kang Group recorded consolidated net asset value (including non-controlling interest) of HK\$197.91 million. Rui Kang is accounted for as an associate of the Company.

## DEFINITION

Unless the context otherwise requires, the following terms used in this announcement shall have the following meanings when used herein:

“Company”	China Renji Medical Group Limited, a company incorporated in Hong Kong, the issued shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, The Macau Special Administrative Region and Taiwan)
“Rui Kang”	Rui Kang Pharmaceutical Group Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on The Growth Enterprise Market of the Stock Exchange
“Rui Kang Group”	Rui Kang and its subsidiaries
“Rui Kang Rights Issue”	the proposed issue of the Rui Kang Rights Shares on the basis of four (4) Rui Kang Rights Shares for every one (1) Rui Kang Share in issue at the Subscription Price pursuant to the prospectus documents of Rui Kang and as contemplated under the underwriting agreement entered into between Rui Kang and the Rui Kang Underwriter
“Rui Kang Rights Shares”	the new Shares proposed to be offered to the qualifying shareholders of Rui Kang pursuant to the Rui Kang Rights Issue
“Rui Kang Shares”	the ordinary share(s) of HK\$0.05 each in the issued share capital of Rui Kang
“Rui Kang Underwriter”	Gransing Securities Company Limited, the underwriter of the Rui Kang Rights Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.29 per Rui Kang Rights Share at which the Rui Kang Rights Shares are proposed to be offered for subscription

“Undertaking” the irrevocable undertaking dated 11 June 2015 signed and provided by the Company to Rui Kang and the Rui Kang Underwriter for the subscription of 206,250,000 Rui Kang Rights Shares under the Rui Kang Rights Issue

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

Hong Kong, 11 June 2015

*As at the date of this announcement, the Board 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.*