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CHINA RENJI
Medical Group Ltd.

中國仁濟醫療集團有限公司

CHINA RENJI MEDICAL GROUP LIMITED

中國仁濟醫療集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 648)

DISCLOSEABLE TRANSACTION — MANAGEMENT AND OPERATION OF MEDICAL BUSINESS IN BEIJING

The Company is pleased to announce that on 9 December 2009, Anping Technology, an indirect wholly-owned subsidiary of the Company, entered into the Business Management Agreement with TSYT and the Vendors, pursuant to which Anping Technology will become the exclusive provider of the Management Services to the PET-CT Diagnosis Centre and the IGRT Treatment Centre in Beijing, China and, in return, Anping Technology will be entitled to the Attributable Net Income derived from the operations of the PET-CT Diagnosis Centre and the IGRT Treatment Centre for terms of 9 and 10 years, respectively. The consideration in the amount of RMB90 million (equivalent to approximately HK\$102.24 million) shall be payable in cash by Anping Technology to the Vendors. Anping Technology has also entered into a pledge agreement with the Vendors, pursuant to which, the Vendors have pledged their 75% aggregate equity interest in TSYT and 75% interest in the assets (mainly medical equipments) at the PET-CT Diagnosis Centre and the IGRT Treatment Centre to Anping Technology as the guarantee of the Vendors' obligations under the Business Management Agreement.

GENERAL

As the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Business Management Agreement are more than 5% but less than 25%, the entering into of the Business Management Agreement by the Group constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

THE BUSINESS MANAGEMENT AGREEMENT

Date

9 December 2009

Parties to the Business Management Agreement

- (i) Anping Technology
- (ii) TSYT
- (iii) the Vendors

As at the date of this announcement, the Group has no interest in the Cancer Treatment Hospital and TSYT and has no prior transactions with TSYT and its associates during the past 12 months prior to the entering into of the Business Management Agreement which requires aggregation under Rule 14.22 of the Listing Rules.

To the best knowledge, information and belief of the Company's directors, having made all reasonable enquiries, both TSYT and the Vendors are Independent Third Parties.

Terms of the Business Management Agreement

Management Services to be provided by the Group

Pursuant to the Business Management Agreement, Anping Technology will become the exclusive provider of the daily management and operating services (the "Management Services") to the PET-CT Diagnosis Centre and the IGRT Treatment Centre located in the Cancer Treatment Hospital and Anping Technology, in return, will be entitled to the Attributable Net Income derived from the operations the PET-CT Diagnosis Centre and the IGRT Treatment Centre for terms of 9 and 10 years, respectively, commencing from 9 December 2009. The Management Services to be provided by Anping Technology are broadly summarized as follows:

- (i) provision of technical support, operation and maintenance services of the medical equipment, including regular upgrades of software as well as repair and maintenance of the medical equipment used in the PET-CT Diagnosis Centre and the IGRT Treatment Centre;
- (ii) provision of management and training services to the technical staff, including technical support to ensure the proper operations of the medical equipment used in the PET-CT Diagnosis Centre and the IGRT Treatment Centre;
- (iii) provision of advice and technical support on administration, human resources and financial management; and
- (iv) holding of meetings and seminars with external medical expert and scholars to improve and promote the medical services provided by the PET-CT Diagnosis Centre and the IGRT Treatment Centre.

Appointment of directors to the board of TSYT

Anping Technology is entitled to appoint two directors to the board of directors of TSYT, representing the majority of the board of directors of TSYT, during the term of the Business Management Agreement.

Profit guarantee

The Vendors guarantee that the Attributable Net Income entitled to Anping Technology for each of the two years ending 31 December 2010 and 2011 will be no less than RMB15 million (equivalent to approximately HK\$17.04 million) and RMB17 million (equivalent to approximately HK\$19.31), respectively. If the Attributable Net Income for any of the two years ending 31 December 2010 and 2011 falls short of the said profit guarantee, Anping Technology will be reimbursed by the Vendors in cash four times the amount of the shortfall within 3 days after the issuance of a review report by an independent qualified accountant for each relevant year and such reimbursements in aggregate will be capped at RMB90 million.

Terms of the pledge agreement

Anping Technology has entered into a pledge agreement with the Vendors, pursuant to which, the Vendors have pledged their 75% aggregate equity interest in TSYT and 75% interest in the assets (mainly medical equipments) at the PET-CT Diagnosis Centre and the IGRT Treatment Centre to Anping Technology, as the guarantee of the Vendors' obligations under the Business Management Agreement. In addition, Anping Technology also has the right to demand the transfer of the said pledged assets at a consideration being the minimal amount permitted under the relevant Chinese rules and regulations.

Consideration for the entitlement to the Attributable Net Income

The consideration (the "Consideration") for Anping Technology's entitlement to the Attributable Net Income amounts to RMB90 million and shall be payable in cash from the internal resources of the Group to the Vendors. The Consideration was determined after arm's length negotiation between Anping Technology and the Vendors and having taken into accounts (i) the Attributable Net Income of approximately RMB11.13 million (equivalent to approximately HK\$12.64 million) and RMB12.56 million (equivalent to approximately HK\$14.27 million) for each of the year ended 31 December 2007 and 2008, respectively; (ii) the opportunity for the Group to strengthen its tumour/cancer medical diagnosis and treatment operation network with the Cancer Treatment Hospital, a renowned hospital in Beijing, for expertise and brand enhancement; and (iii) the potential enhancement of the Group's financial performance as a result of its entitlement to the Attributable Net Income.

Payment terms

Pursuant to the Business Management Agreement, the Consideration shall be payable by Anping Technology to the Vendors in the following manner:

- (i) RMB35 million (equivalent to approximately HK\$39.76 million) shall be payable within 5 days after the signing of the Business Management Agreement;
- (ii) RMB35 million (equivalent to approximately HK\$39.76 million) shall be payable before 31 December 2009; and

(iii) RMB20 million (equivalent to approximately HK\$22.72 million) shall be payable before 31 March 2010.

Extension of the Business Management Agreement

The Vendors have undertaken to use their best endeavors to extend the respective terms of the joint operation of the PET-CT Diagnosis Centre and the IGRT Treatment Centre with the Cancer Treatment Hospital for TSYT after their expiry and, if successful, Anping Technology shall have the right to extend the Business Management Agreement to the same extension periods without payment of any consideration.

Based on the above, the directors of the Company consider that the terms of the Business Management Agreement (including the Consideration) are fair and reasonable and the entering into of the Business Management Agreement is in the interests of the Company and its shareholders as a whole.

REASONS AND BENEFITS OF THE ENTERING INTO OF THE BUSINESS MANAGEMENT AGREEMENT

The directors of the Company consider that there are a number of benefits for the Company to enter into the Business Management Agreement, including (i) the well-established brand and medical network of the Cancer Treatment Hospital; (ii) the established client base of the Cancer Treatment Hospital and the expected enhancement in profitability of the Group under the Business Management Agreement; (iii) the growth in the Attributable Net Income from potential installation of additional medical equipments for PET-CT diagnosis and IGRT treatment; and (iv) the opportunity for the Group to strengthen its medical network operation, particularly under the renowned brand name of the Cancer Treatment Hospital in Beijing.

INFORMATION OF THE GROUP AND THE CANCER TREATMENT HOSPITAL

Background of the Group

The Group is principally engaged in medical network business which includes leasing of medical equipment and provision of consultancy services for the operation of the medical centres specializing in the diagnosis and treatment of tumours and/or cancer related diseases in 11 key cities in China including Shenzhen in the southern region, Beijing, Shijiazhuang and Xi'an in the northern region, Shenyang and Jining in the northeastern region, Urumqi in the northwestern region, Wuhan and Zhengzhou in the central region, and Shanghai and Hefei in the eastern region. The Group intends to continue to expand its existing medical network through close cooperation with key medical institutions including, but not limited to, acquisition of the medical equipment and operating network of other hospitals and medical centres.

Information on Beijing

Beijing, the capital city of China, has a population of approximately 17.0 million and such large population provides a significant potential clientele base for medical centres. According to the statistics published by the Minister of Health of China, cancer disease ranked first among the causes of death in China and the medical health expenditure per capita for urban municipal in China increased by approximately 12.5% from RMB699.1 in 2007 to RMB786.2 in 2008. The medical healthcare expenditure per capita in Beijing was RMB1,294.1 in 2008 and was the highest among all the first-tier cities in China.

Information on the Cancer Treatment Hospital

The Cancer Treatment Hospital is a Beijing-based “3A Grade” integrated hospital of cancer treatment, scientific research and education. The Cancer Treatment Hospital offers advanced cancer treatments including lung cancer, pancreatic cancer, colorectal cancer, breast cancer, head and neck tumors, and lymphoma.

Information on the PET-CT Diagnosis Centre and the IGRT Treatment Centre

The PET-CT Diagnosis Centre and the IGRT Treatment Centre are jointly operated by the Cancer Treatment Hospital and TSYT, where the Cancer Treatment Hospital is responsible for the provision of premises for the operation and the relevant medical staff while TSYT is responsible for the contribution of primary medical equipments for the PET-CT Diagnosis Centre and the IGRT Treatment Centre. The Cancer Treatment Hospital and TSYT are entitled to 40% and 60% of the net income derived from the operation of the PET-CT Diagnosis Centre, respectively, and 45% and 55% of the net income derived from the operation of the IGRT Treatment Centre, respectively.

GENERAL

As the applicable percentage ratios (as defined under the Listing Rules) for the transactions contemplated under the Business Management Agreement are more than 5% but less than 25%, the entering into of the Business Management Agreement by the Group constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Anping Technology” | : | 安平醫療科技(蕪湖)有限公司 (Anping Medical Treatment Technology (Wuhu) Co., Ltd.*), a company with limited liability established in China, an indirect wholly-owned subsidiary of the Company |
| “Attributable Net Income” | : | 75% of the aggregate net income derived from the operations of the PET-CT Diagnosis Centre and the IGRT Treatment Centre after deducting the portions shared by the Cancer Treatment Hospital |

“Business Management Agreement”	:	the agreement dated 9 December 2009 entered into between Anping Technology, TSYT and the Vendors in connection with the management services provided by Anping Technology to the PET-CT Diagnosis Centre and the IGRT Treatment Centre
“Cancer Treatment Hospital”	:	a Beijing-based hospital which specialises in cancer treatment, scientific research and education
“China”	:	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region of China and Taiwan
“Company”	:	China Renji Medical Group Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Group”	:	the Company and its subsidiaries
“IGRT Treatment Centre”	:	the medical centre jointly operated by the Cancer Treatment Hospital and TSYT, where oncologists use image-guided radiation therapy (IGRT) for cancer treatment
“Independent Third Party(ies)”	:	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best knowledge of the Company’s directors, information and belief, having made all reasonable enquiries, are third parties independent of and not connected with the Company and its subsidiaries and any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Listing Rules”	:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PET-CT Diagnosis Centre”	:	the medical centre jointly operated by the Cancer Treatment Hospital and TSYT to provide clinical diagnosis by using the medical imaging methods of Positron Emission Tomography-Computed Tomography (PET-CT)
“TSYT”	:	天津世紀裕恆科技發展有限公司 (Tianjin Shiji Yuheng Technology Development Co., Ltd.*), a company established in China with limited liability which is engaged in the development, consultation, transfer, leasing and marketing of information technology and software
“Vendors”	:	the individual shareholders of TSYT, who, in aggregate, owns 75% equity interest in TSYT
“HK\$”	:	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region of China

“RMB” : Renminbi, the lawful currency of China

“%” : Percent

All amounts in RMB in this announcement have been translated in HK\$ at a rate of RMB 1.000 = HK\$1.136 for illustration purpose only.

By Order of the Board of Directors
China Renji Medical Group Limited
Li Juewen
Chairman

Hong Kong, 9 December 2009

As at the date of this announcement, the Company's board of directors comprises three executive directors, namely Mr. Li Juewen, Mr. Yu Chung Hang, Lucian and Mr. Guo Bao Ping; and three non-executive directors, namely Professor Wang Yongchang, Mr. Wu Zhenfang and Mr. Wang Hai; and three independent non-executive directors, namely Mr. Pang Wai Hong, Dr. Li Wing Chiu and Mr. Li Tieliu.

* *for identification purpose only*