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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

THE DISPOSAL AGREEMENT

The Company wishes to announce that on 27 November 2014, the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Company has agreed to dispose of and the Purchaser has agreed to acquire the Sale Shares at the Consideration. Following completion of the Disposal, the Group will no longer have any interest in the Target Company and the Target Company will cease to be an associate of the Company.

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are greater than 5% but less than 25%, the transaction contemplated under the Disposal Agreement will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules.

THE DISPOSAL AGREEMENT

Date

27 November 2014

Parties to the Disposal Agreement

(i) the Purchaser, as the purchaser; and

(ii) the Company, as the vendor;

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Background of the assets to be disposed of

The Company has agreed to dispose of and the Purchaser has agreed to acquire the Sale Shares (representing the Company's entire equity interest of 38% in the Target Company).

Consideration

The Consideration of HK$9,500,000 is payable in cash by the Purchaser as to

(i) HK$3,500,000 upon signing of the Disposal Agreement;

(ii) HK$3,000,000 on or before 31 December 2014; and

(iii) the remaining HK$3,000,000 on or before 31 January 2015.

The Consideration was determined after arm's length negotiation between the Group and the Purchaser with reference to, among other things, the unaudited consolidated net asset value of the Target Group attributable to the Group of HK$8.5 million as at 30 June 2014. The proceeds from the Disposal shall be used for purposes of working capital and appropriate acquisition opportunities to be identified. After taking into account the loss of long term strategic value of the Target Group to the overall business portfolio of the Group and the premium of 12% of the Consideration to the consolidated net asset value of the Target Group attributable to the Group as at 30 June 2014, the Company is of the view that the terms of the Disposal Agreement (including the Consideration) are fair and reasonable.

Completion

Completion of the Disposal Agreement has taken place upon the signing of the Disposal Agreement. Following completion of the Disposal Agreement, the Company will no longer hold any interest in the Target Company and the Target Company will cease to be an associate of the Company. Based on the Group's interest attributable to the Target Group as at 30 June 2014 of HK$71.6 million, it is estimated that the Group will record a loss on disposal of HK$62.1 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment company, through its subsidiaries, engaged and invested in healthcare and well-being business, including a network of medical centres specialising in the diagnosis and treatment of tumours and/or cancer related diseased in the PRC and one of the largest retail chains of optical products in Hong Kong as well as companies engaged in research and development of consumer cosmetics, health related and pharmaceutical products in the PRC and Hong Kong and operation of one of the largest sports and fitness club chains in the PRC (the latter two of which are pending completion).

As described in the Company's interim report for the six months ended 30 June 2014, the operation of the Target Group has been put on halt due to a restructuring. However, the progress of the restructuring has been unsatisfactory. On top of the downturn of the PRC white goods market this year and the unexpected stop of rolling over of loans by its commercial banks which had imposed a significant adverse impact on the Target Group's operation, the bankruptcy of a major customer of the Target Group during its restructuring has made the chance of revitalisation of the Target Group's business operation remote. In addition, the implementation of the policies promulgated by the PRC government in 2013 for purposes of rectifying non-compliance with the relevant rules and regulations of the PRC hospital operation sector has dampened the on-going relationship of the Group with its hospital partners to the extent greater than the Group's initial estimation. As such, the then expected synergy of the Target Group's products to be distributed to the Group's hospital partners could not be realized. As a result, the Company is of the view that it is more beneficial for the Group to focus its financial and managerial resources on areas which can add more value to its businesses, particularly the recent business expansion of the Company, including the acquisitions of one of the largest chain of sports and fitness clubs in the PRC and one of the largest retail chains of optical products in Hong Kong as well as investment in (and expected synergy with) a listed company engaged in the research and development of consumer cosmetics, health related and pharmaceutical products in the PRC. Proceeds from the Disposal will also allow the Group to fund its business development (including but not limited to the above-mentioned businesses) or future investment opportunities. Given the above, the Company has considered that the entering into of the Disposal Agreement and the transactions contemplated thereunder are in the interest of the Company and its shareholders as a whole.

GENERAL

Implication of the Listing Rules

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are greater than 5% but less than 25%, the transaction contemplated under the Disposal Agreement will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules.

Information of the Target Group

Prior to the entering into of the Disposal Agreement, the Company was interested in 38% equity interest of the Target Company, which was accounted for as an associate of the Company. The Target Group is engaged in the manufacture and sale of household products in the PRC. Based on unaudited financial information of the Group, the Target Group's consolidated net asset value attributable to the Group amounted to HK$8.5 million as at 30 June 2014 and for the year ended 31 December 2013, the Target Group's profit attributable to the Group amounted to HK$1.63 million.

DEFINITION

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

"Board"	the board of Directors
"Company"	China Renji Medical Group Limited, a company incorporated in Hong Kong, the issued shares of which are listed on The Stock Exchange of Hong Kong Limited
"Consideration"	the cash consideration of HK$9.5 million for the Disposal

"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares pursuant to the Disposal Agreement
"Disposal Agreement"	the sale and purchase agreement dated 27 November 2014 entered into between the Purchaser and the Company relating to the disposal of the Sale Shares
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China (for the purpose of this announcement, excluding The Hong Kong Special Administrative Region, The Macau Special Administrative Region and Taiwan)
"Purchaser"	an independent third party of the Company and its connected persons (as defined under the Listing Rules)
"Sale Shares"	38 ordinary shares of the Target Company, representing 38% equity interest of the Target Company
"Target Company"	Redsun Development Limited, a company incorporated in the British Virgin Islands with limited liability
"Target Group"	the Target Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC

* *for identification purpose only*

By Order of the Board of
China Renji Medical Group Limited
Cheung Wai Kwan
Executive Director

Hong Kong, 27 November 2014

As at the date of this announcement, the Board 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.