

**CHINA RENJI MEDICAL GROUP LTD:
IS THERE A (FINANCIAL) DOCTOR IN THE HOUSE ?**

How bad is the present financial situation at publicly listed China Renji Medical Group Ltd () (Code: 648, Main Board, The Stock Exchange of Hongkong Ltd)?

Probably, only Senior Management knows (or can conjecture), but there is quite a number of warning signs that can be deduced from confirmed and anecdotal information that strongly suggest that the situation at this Company is deteriorating – and rather rapidly, too.

The latest information that things may not be completely copacetic was the recent legal action, brought by Singway (BVI) Company Ltd.

This company is a wholly owned subsidiary of Hopewell Hongkong Properties Ltd (), which applied for listing on the Main Board of The Stock Exchange of Hongkong Ltd, earlier this year, but did not to proceed with its Initial Public Offering due to the inherent weakness of the equity market.

Singway (BVI) Company Ltd is, today, the Plaintiff in Action Number 2206 of 2013, the Defendant, being China Renji Medical Group Ltd.

This Action was lodged in the District Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Wednesday.

The Plaintiff is claiming \$HK271,233 from the Defendant, that amount of money, being allegedly owed for three months unpaid rent.

On the face of it, it may appear that China Renji Medical Group Ltd should have had no trouble is paying rent since, as at December 31, 2012, the Company had cash and bank balances of about \$HK115.98 million.

However, on June 18, 2013, the Company published a **'PROFIT WARNING'** that stated, inter alia:

'Based on the preliminary estimation of the Company and the information currently available, the board (the "Board") of directors (the "Directors") of the Company wishes to inform the shareholders of the Company and potential investors that due to the recent implementation of the new policies of China's medical industry which have imposed adverse impact on the Group's medical business, the Group may potentially incur a significant impairment loss on its assets (including plant and equipment and other intangible assets) and may therefore result in recording of a loss in its consolidated financial statements for the six months ending 30 June 2013 as compared to a net profit recorded during the corresponding period in 2012.'

'The information contained in this announcement is only a preliminary assessment by the Group's management based on the currently available unaudited financial information of the Group, which has not been audited or reviewed by the auditors of the Company. Shareholders of the Company and potential investors are advised to read carefully the consolidated interim results announcement of the Group for the six months ending 30 June 2013 once it is finalised and published in accordance with the requirement of the Listing Rules.'

‘Shareholders of the Company and potential investors are advised to exercise caution in dealing in the shares of the Company.’

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