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和美醫療控股有限公司
HARMONICARE MEDICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1509)

PROFIT WARNING

This announcement is made by Harmonicare Medical Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2018 (the “**Current Period**”), it is expected that the Group will record a significant net loss for the Current Period, as compared to a net profit recorded for the year ended 31 December 2017. Such expected loss is mainly attributable to, among other things, the following reasons:

- (1) a great amount of administrative expenses incurred during the Current Period due to some new hospitals of the Group being at the later stages of construction;
- (2) losses incurred from the newly-acquired Baiziwan HarMoniCare Hospital during the Current Period;
- (3) losses incurred from some existing hospitals of the Group during the Current Period due to the decreasing number of newborns in China and the intensifying competition in the industry, as well as the continuous increase of expenses such as labor costs and advertising fees; and

- (4) losses incurred from investments in associates during the Current Period, due to the upstream and downstream businesses the Group invested in still being at development stages.

As the Company is still in the process of finalising the annual results of the Group for the Current Period, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the management accounts of the Group and the information available for the time being, but not on any data or information audited or reviewed by the auditor of the Company. The Company expects to publish the annual results announcement of the Group for the Current Period in March 2019.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares or other securities of the Company.

By Order of the Board
Harmonicare Medical Holdings Limited
Lin Yuming
Chairman, Executive Director and President

Hong Kong, 6 March 2019

As at the date of this announcement, the executive Directors are Mr. Lin Yuming, Mr. Fang Zhifeng and Mr. Zhao Xingli; the non-executive Directors are Mr. Lin Yuguo, Mr. Qiu Jianwei and Mr. Xu Jun; and the independent non-executive Directors are Mr. Kong Aiguo, Ms. Fang Lan and Mr. Cai Jiangnan.