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(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 of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 (the “**Current Period**”), it is expected that the profit for the Current Period of the Company will record approximately a 70% decrease as compared to the profit for the year ended 31 December 2016 (the “**Corresponding Period**”). Such expected decline is mainly attributable to, among other things, the following reasons: (1) a decrease in the income and gross profit from some of our hospitals as compared to those during the Corresponding Period; (2) an exchange loss recorded during the Current Period due to the depreciating exchange rate of the US dollar and Hong Kong dollar against Renminbi, leading to a relatively large exchange loss from the retranslation of the deposits denominated in US dollar and Hong Kong dollar (at the rates prevailing at the end of the Current Period) generated from the proceeds of the Company’s initial public offering in July 2015 which remained unutilized (whereas an exchange gain was recorded in the Corresponding Period); and (3) an increase in administrative expenses as compared to those of the Corresponding Period resulting from the mergers and acquisitions as well as construction of new hospitals during the Current Period.

As the Company is still in the process of finalising the annual results for the year ended 31 December 2017, 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 on 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 announcement on the annual results of the Company for the year ended 31 December 2017 in March 2018.

Shareholders of the Company and potential investors 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, 23 February 2018

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.