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## **Hospital Corporation of China Limited**

**弘和仁愛醫療集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3869)**

### **PRELIMINARY 2017 ANNUAL RESULTS**

The board of directors (the “**Board**”) of Hospital Corporation of China Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to inform the shareholders of the Company and potential investors the following, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2017 (the “**Current Period**”) currently available to the Board:

- 1) The Group’s management services fee income would increase by approximately 13.9% from approximately RMB129.6 million in the year ended December 31, 2016 (the “**Corresponding Period**”) to approximately RMB147.6 million in the Current Period, and the Group’s management services fee income would increase by approximately 15.2% from approximately RMB67.2 million in the second half of 2016 to approximately RMB77.4 million in the second half of 2017. Such increase was primarily due to that the Company continued to improve the service quality and operating efficiency of Shanghai Yangsi Hospital through a standardized and streamlined management system that covers the expansion of services scope, provision of training and incentive, and implementation of performance review mechanism.
- 2) In the Current Period, the Group realized accelerated business expansion in accordance with its acquisition strategy. As at the date of this announcement, the Group has completed the acquisitions of Jiande Hexu Enterprise Management Co., Ltd. and Cixi Hongai Medical Management Co., Ltd..

- 3) In the Current Period, the Group would record a gain after taxation of approximately RMB13.3 million as a result of the disposal of Shanghai Fuhua Hospital Co., Ltd..
- 4) The Group's profit for the year would decrease by approximately RMB32.3 million from approximately RMB41.5 million for the Corresponding Period to approximately RMB9.2 million for the Current Period. The Group is expected to record a net loss attributable to equity holders of the Company of approximately RMB13.7 million for the Current Period, as compared to the net profit attributable to equity holders of the Company of approximately RMB24.1 million for the Corresponding Period. Such decrease in profit for the year and the expected net loss attributable to equity holders of the Company for the Current Period are mainly attributable to the following extraordinary items incurred during the Current Period: (a) the administrative expenses of approximately RMB38.0 million resulting from the share-based awards; (b) the listing expense and accrued professional service fees for listing of approximately RMB25.6 million; (c) an exchange loss of approximately RMB21.4 million due to the retranslation into Renminbi of the deposits denominated in US dollars or Hong Kong dollars, being the unutilized proceeds of the initial public offering of the Company and the exercise of the over-allotment option; and (d) the expenses and accrued professional service fees of approximately RMB11.2 million resulting from the acquisition of Jiande Hexu Enterprise Management Co., Ltd. and the potential acquisitions of other hospitals and hospital management companies. The Company considers that the abovementioned extraordinary items are not indicative of the operating performance of the Company's business in the Current Period. The Company also considers that the expenses related to the listing and the share-based awards are one-off expenses, and anticipates that fluctuations in Renminbi exchange rate and expenses related to acquisitions of target hospitals and hospital management companies may continue to have an impact on the financial results of the Group in the future.

As the Company is still in the process of finalizing the annual results for the Current Period, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated 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 December 31, 2017 on or around March 29, 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  
**Hospital Corporation of China Limited**  
**Zhang Xiaopeng**  
*Executive Director and*  
*Chief Executive Officer*

Beijing, March 16, 2018

*As at the date of this announcement, the directors of the Company are Mr. ZHANG Xiaopeng and Mr. LU Wenzuo being the executive Directors; Mr. ZHAO John Huan, Mr. LIN Sheng, Ms. LIU Lu and Ms. WANG Nan being the non-executive Directors; Ms. CHEN Xiaohong, Mr. SHI Luwen and Mr. ZHOU Xiangliang being the independent non-executive Directors.*