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HUAKANG BIOMEDICAL HOLDINGS COMPANY LIMITED

華康生物醫學控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8622)

PROFIT WARNING

This announcement is made by Huakang Biomedical Holdings Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.

Based on the information currently available to the board (the “**Board**”) of directors (the “**Directors**”) of the Company, including the preliminary review of the latest unaudited consolidated management accounts of the Group, the Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a decrease in revenue for the year ended 31 December 2019 (the “**2019 Annual Revenue**”) by approximately 11.2% as compared with that of the corresponding year of 2018. The Group is also expected to record a decrease in profit before tax (excluding listing expenses) for the year ended 31 December 2019 (the “**2019 Annual Profit**”) by approximately 95.2% as compared with that of the corresponding year of 2018.

The Board believes that the expected decrease in 2019 Annual Revenue and 2019 Annual Profit were mainly due to the following corresponding reasons:

- (i) a decrease in sales to some of the customers of the Group, including direct sales customers and distributors compared to the year ended 31 December 2018;
- (ii) incurrence of additional administrative expenses including directors’ emoluments, rental expenses of the Company’s head office in Hong Kong and professional fees after listing of the shares of the Company on GEM of the Stock Exchange on 13 December 2018; and
- (iii) the investment in strengthening our talent pool by recruiting more experienced personnel and improving the incentive package of our employees as well as more business trips to explore new business opportunities and potential international cooperation.

The information contained in this announcement is only based on the information currently available to the Board, including the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, which may be subject to change and is not based on any figures or information that have been audited or reviewed by the auditors and the audit committee of the Company.

The Company is still in the process of finalising the Group's financial results for the year ended 31 December 2019. Shareholders and potential investors of the Company are advised to refer to the annual results announcement of the Company for the year ended 31 December 2019, which is expected to be published before the end of March 2020.

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

By Order of the Board
Huakang Biomedical Holdings Company Limited
Zhang Shuguang
Chairman and Executive Director

Hong Kong, 11 March 2020

As at the date of this announcement, the Executive Directors are Mr. Zhang Shuguang, Mr. Zhang Chunguang, Mr. Poon Lai Yin Michael and Mr. He Jiaming; and the Independent Non-executive Directors are Dr. Yeung David Wai Chow, Mr. Kwok Chi Shing and Mr. Chan Kin Sang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of publication and on the Company's website at www.huakangbiomedical.com.