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廣東康華醫療股份有限公司
GUANGDONG KANGHUA HEALTHCARE CO., LTD.*
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3689)

PROFIT WARNING

This announcement is made by Guangdong Kanghua Healthcare Co., Ltd. (the “**Company**”) pursuant to Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited management accounts of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 and the information currently available to the Board, the Group expects to record a decrease in its net profit for the year ended 31 December 2019 in the range of approximately 60% to 70% when compared to the net profit of approximately RMB161.3 million for the year ended 31 December 2018. The decrease in net profit is primarily attributable to the following:

- an impairment loss on goodwill related to the acquisition of Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd.* (重慶康華眾聯心血管病醫院有限公司) (“**Zhonglian Cardiovascular Hospital**”) in August 2018 and Anhui Hualin Medical Investment Co., Ltd.* (安徽樺霖醫療投資有限公司) in April 2018; and
- full year impact of the loss-making operations of Zhonglian Cardiovascular Hospital (which was acquired by the Group in August 2018).

The Company is still in the process of finalising its results for the year ended 31 December 2019. The information contained in this announcement is only a preliminary assessment by the Board based on the figures and information currently available, and has not been audited or reviewed by the Company's auditor or the audit committee of the Company. Further details of the Group's final results for the year ended 31 December 2019 will be announced in due course.

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

By order of the Board
Guangdong Kanghua Healthcare Co., Ltd.*
WANG Junyang
Chairman

Hong Kong, 11 March 2020

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Wang Junyang (*Chairman*)

Mr. Chen Wangzhi (*Chief executive officer*)

Mr. Wong Wai Hung Simon (*Vice chairman*)

Ms. Wang Aiqin

Independent non-executive Directors:

Dr. Chen Keji

Mr. Yeung Ming Lai

Mr. Chan Sing Nun

Non-executive Director:

Mr. Lv Yubo

* *For identification purposes only*