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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
SUPPLEMENTAL ANNOUNCEMENT

This announcement is made by Guangdong Kanghua Healthcare Co., Ltd. (the "**Company**", and 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 under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 4 August 2020 in relation to the profit warning of the Company (the "**Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to further inform the Shareholders and potential investors that, based on the Board's preliminary review of the unaudited consolidated management accounts of the Group for 2020 Interim and information currently available to the Board, the Group is expected to record a loss of approximately RMB125.0 million for 2020 Interim as compared to the profit of approximately RMB55.5 million for the six months ended 30 June 2019.

The expected turnaround from profit to loss for 2020 Interim is primarily attributable to the following.

(i) a decline in revenue, which is in turn primarily attributable to a decline in the number of patient visits and deferral of non-critical surgeries and other medical procedures or operations at the Group's healthcare institutions during the COVID-19 pandemic in the first quarter of 2020, while the Group's overall fixed costs remained at a relatively high level as there was no material lay off of staff members and reduction of the relevant expenses;

(ii) a continuing loss incurred at Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd.* (重慶康華眾聯心血管病醫院有限公司) ("**Kangxin Hospital**"), which continued to hinder the overall performance of the Group; and

(iii) an impairment loss on goodwill in respect of the cash generating unit of Kangxin Hospital and Anhui Hualin Medical Investment Co., Ltd. (安徽樺霖醫療投資有限公司), which the Group acquired in 2018.

The Company is still in the process of finalising the interim results for 2020 Interim. The information contained in this announcement is only based on the Board's preliminary review of the unaudited consolidated management accounts of the Group for 2020 Interim (which has not been reviewed by the audit committee or the auditors of the Company) and information currently available to the Board. It is expected that the Group's interim results announcement for 2020 Interim will be published on or before 31 August 2020.

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 and Executive Director

Hong Kong, 17 August 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*