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**", 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 Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the Board's preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 and information currently available to the Board, the Group is expected to record a loss in range of RMB48.0 million to RMB52.0 million for the year ended 31 December 2020 as compared to the profit of approximately RMB48.7 million for the year ended 31 December 2019.

The expected turnaround from profit to loss for the year ended 31 December 2020 is primarily attributable to the following:

- a decline in revenue, which is in turn primarily attributable to a decline in the number of patient visits and decline in the operations of healthcare services at the Group's healthcare institutions during the COVID-19 pandemic in the first half 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 due to the COVID-19 pandemic;

- a continuing loss incurred by 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**") (康心醫院), which continued to hinder the overall performance of the Group; and

- an expected impairment loss recognised relating to goodwill allocated to the cash generating units of Kangxin Hospital and Anhui Hualin Medical Investment Co., Ltd.* (安徽樺霖醫療投資有限公司).

Notwithstanding the above, the Board would like to emphasise that the business operations of the Group have, in all material respects, resumed to normal in the latter half of 2020. The Board is of the view that the impact of COVID-19 pandemic is temporary and the Group's overall business and financial conditions remain solid.

The Company is still in the process of finalising the annual results for the year ended 31 December 2020. 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 the year ended 31 December 2020 (which has not been reviewed by the auditors of the Company) and information currently available to the Board. The Board expects that the Group's annual results announcement for the year ended 31 December 2020 will be published before the end of March 2021.

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

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

Hong Kong, 8 March 2021

As at the date of this announcement, the executive Directors are Mr. WANG Junyang, Mr. CHEN Wangzhi, Mr. WONG Wai Hung Simon and Ms. WANG Aiqin; the non-executive Director is Mr. LV Yubo and the independent non-executive Directors are Mr. YEUNG Ming Lai, Dr. CHEN Keji and Mr. CHAN Sing Nun.

* *For identification purposes only*