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AK MEDICAL HOLDINGS LIMITED

愛康醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1789)

ANNOUNCEMENT

PROFIT WARNING

This announcement is made by AK Medical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) 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 would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the currently available preliminary assessment of the unaudited consolidated management accounts of the Company for the year ended 31 December 2021 (the “**Unaudited Management Accounts**”):

- (i) the Board expects to record a significant decrease in revenue by approximately 25% to 30% for the year ended 31 December 2021 as compared to the revenue for the year ended 31 December 2020; and
- (ii) the Board expects to record a significant decrease in net profit by approximately 65% to 75% for the year ended 31 December 2021 as compared to the net profit for the year ended 31 December 2020.

The decrease in revenue for the year ended 31 December 2021 was primarily due to the stocking reduction of joint implants by distributors (being the customers of the Group) and the provision for the price difference subsidy payable by the Company in relation to certain specific joint implants due to the price decrease under the prevailing national joint implant volume-based procurement policy.

The decrease in net profit for the year ended 31 December 2021 was primarily due to the decrease in revenue stated above, the increase in R&D and marketing expenses (as a result of the resumption of marketing events which were canceled by the Company due to COVID-19 in 2020), and incurrence of one-off expenses due to the relocation of a wholly-owned subsidiary of the Group located in Beijing, China.

As at the date of this announcement, the Company is still in the process of preparing the annual results of the Group for the year ended 31 December 2021 and is not able at this time to disclose any further details on the above factors and their impact on the Group's net profit attributable to Shareholders. The information set out above is only based on a preliminary assessment by the Board with reference to the information currently available to it, including the Unaudited Management Accounts, which have not been finalized and have not been independently reviewed by the Company's auditors or the audit committee of the Board. Shareholders and potential investors should refer to and review the annual results of the Company for the year ended 31 December 2021, which are expected to be published by the end of March 2022.

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

By order of the Board
AK Medical Holdings Limited
Li Zhijiang
Chairman

Hong Kong, 31 January 2022

As at the date of this announcement, the executive Directors are Mr. Li Zhijiang, Ms. Zhang Bin, Mr. Zhang Chaoyang and Ms. Zhao Xiaohong; the non-executive director is Dr. Wang David Guowei; and the independent non-executive directors are Mr. Kong Chi Mo, Dr. Li Shu Wing David and Mr. Eric Wang.