廣東康華醫療集團股份有限公司

GUANGDONG KANGHUA HEALTHCARE GROUP 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 Group 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).

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 2024 and information currently available to the Board, the Group is expected to record a profit ranging from RMB10.0 million to RMB11.0 million (the amount of which is still being finalised by the Group) for the year ended 31 December 2024 (the "**FY2024**") as compared to the profit of approximately RMB91.0 million for the year ended 31 December 2023.

The foregoing is primarily attributable to the following:

- Due to the intensified national policy reforms, decrease in post-COVID-19 related demand and industry adjustments, the Group's revenue and total profit attributable to operation of its self-owned hospitals experienced a year-on-year decline, while its operational costs, including employee expenses and other operating expenditures continued to increase. In particular, the changes in healthcare, pharmaceuticals, and healthcare insurance policies (the "**Three Medical**" policies) have altered the existing management models and performance evaluation systems of healthcare institutions, presenting new opportunities and challenges to the Group.

- Further to the Company's announcement dated 15 December 2023, the Company had, in January 2024, completed the acquisition of 70% equity interest in a target company that operates haemodialysis outpatient centres in the People's Republic of China. Such business had been operating at a loss in FY2024, adding pressure to the Group's overall results.

- Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd.* (重慶康華眾聯心血管病醫院有限公司) continued to operate at a loss during FY2024, negatively impacting the Group's overall performance.

- The Group is expected to record a fair value loss of approximately RMB9.4 million in relation to its interest in an investment fund, which is accounted as financial assets at fair value through profit or loss (FVTPL) on the Group's consolidated statement of financial position. Such loss was attributed to a decline in the fund's value after conducting the relevant fair value assessment.

The Company is still in the process of finalising the FY2024 results. 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 FY2024 (which has not been audited by the auditors of the Company) and information currently available to the Board. It is expected that the Group's annual results announcement for FY2024 will be published on or before 31 March 2025. 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 Group Co., Ltd.*
WANG Junyang
Chairman and Executive Director

Hong Kong
14 March 2025

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 *(Vice chairman)*
Ms. Wang Aiqin

Non-executive Director:
Mr. Lv Yubo

Independent non-executive Directors:
Dr. Chen Keji
Mr. Yeung Ming Lai
Mr. Chan Sing Nun

* *For identification purposes only*