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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)

SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION – ENTERING INTO A LOAN AGREEMENT

Reference is made to the announcement of the Company dated 19 May 2026 (the “**CT Loan Announcement**”) in relation to the Loan Agreement. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the CT Loan Announcement.

The Board wishes to provide the following supplemental information in relation to the Loan Agreement.

NORMAL COMMERCIAL TERMS AND COMMERCIAL RATIONALE OF THE NON-INTEREST BEARING LOAN

The Board (including the independent non-executive Directors) considers that the transactions contemplated under the Loan Agreement are on normal commercial terms or better, having considered the following factors:

- (a) *Land ownership structure:* The land suitable for the expansion of Renkang Elderly Care Centre is owned by the Borrower, and the Group does not have alternative land available in the same vicinity. As the land is not owned by the Group, it is commercially appropriate for the Borrower to undertake the construction and lease the completed facility to Renkang Elderly Care Centre.
- (b) *Operational urgency:* The existing elderly care centre has reached full bed capacity. Any delay caused by the Borrower seeking third-party financing would hinder the timely expansion of the Group's elderly healthcare services.

- (c) *Operational stability:* The Borrower currently lacks sufficient funds to finance the construction independently. If the Borrower were to seek external financing, it would likely need to pledge the property of Renkang Hospital as collateral, which could jeopardise the operational stability of Renkang Hospital and Renkang Elderly Care Centre. External financing costs would also increase the overall construction cost, resulting in higher rental rates for the leaseback arrangement.
- (d) *Partial funding of construction cost:* The total estimated construction cost of the new elderly care centre building complex is approximately RMB50,000,000. The Loan represents only a portion of such cost, and the remaining balance of approximately RMB22,000,000 will need to be funded by the Borrower from its own resources. If the Group were to construct the facility itself, it would need to bear the entire construction cost. The arrangement therefore preserves the Group's financial flexibility.
- (e) *Leaseback arrangement on normal commercial terms:* Upon completion, the facility will be leased to Renkang Elderly Care Centre on normal commercial terms, with the rental determined with reference to a valuation by an independent valuer and subject to compliance with the Listing Rules. The Group will obtain the use of the expanded facility without bearing the construction cost directly.
- (f) *Guarantee by controlling Shareholder:* The Loan is fully and unconditionally guaranteed by Mr. Wang Junyang, the controlling Shareholder, which significantly mitigates the credit risk notwithstanding the absence of interest.
- (g) *Consistency with asset-light business model:* The Group has consistently pursued an asset-light business model, under which it avoids direct ownership of land and buildings and instead operates healthcare facilities under long-term leases. In particular, the Group's key operating hospitals, namely Kanghua Hospital and Renkang Hospital, currently operate on land and buildings owned by the Wang Family. The Loan Agreement is consistent with this established business strategy.
- (h) *Opportunity cost borne by the Wang Family:* The Borrower is owned by members of the Wang Family, who are under no obligation to use the land for the benefit of the Group. By constructing an elderly care centre for the Group's use and leasing it back on normal commercial terms, the Wang Family has foregone potentially more profitable alternative uses of the land. The interest-free nature of the Loan represents a reasonable trade-off for securing the exclusive use of the land for the Group's elderly care operations. Under this arrangement, no assets or benefits of the Group are unfairly transferred to the Wang Family.
- (i) *Ease of control and building specification:* The building has been designed and constructed in accordance with Renkang Elderly Care Centre's specifications. Without the Loan Agreement, Tongli Enterprise would not have any incentive to proceed with the construction project. Under the Loan Agreement, the Borrower is responsible for the entire construction process, the Group could effectively mitigate its exposure to risks such as construction delays, cost overruns and building quality issues. Furthermore, the Board (including the independent non-executive Directors) considered that the Loan already has sufficient control and monitoring in place to safeguard the use of the funds by Tongli Enterprise.

Taking all of the above into consideration, the Board (including the independent non-executive Directors) considers that the non-interest bearing nature of the Loan is commercially justified, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LEGAL RECOURSE IN THE EVENT OF DEFAULT

The Company has consulted its PRC legal advisers (who have assisted in the preparation of the Loan Agreement and the Guarantee documentation) in respect of the legal recourse available to the Group in the event of default by the Borrower under the Loan Agreement. Based on such advice, the Board notes the following:

- (a) Under the Loan Agreement, in the event of default by the Borrower, the Lender is entitled to charge default interest at the rate of 0.05% per day on the amount in default for the period of such default, demand early repayment of the entire outstanding Loan and cease further disbursement. In addition, as the Guarantee constitutes a joint and several liability guarantee (連帶責任保證) under PRC laws, the Lender may demand repayment directly from the Guarantor without first exhausting its remedies against the Borrower.
- (b) In terms of enforcement under PRC law, the Lender may pursue the following steps:
 - (a) commence civil proceedings before the competent People's Court; (b) apply to the People's Court for pre-litigation or litigation property preservation measures (財產保全) to freeze or seize the assets of the Borrower and/or the Guarantor pending judgment; (c) upon obtaining a court judgment, apply for compulsory enforcement (強制執行) against the assets of the Borrower and/or the Guarantor, including but not limited to bank deposits, real property, equity interests and other assets; and (d) exercise creditor's subrogation rights (代位權), being the right of a creditor to exercise the debtor's claims against third parties on the debtor's behalf where the debtor fails to do so, or creditor's revocation rights (撤銷權), being the right of a creditor to apply to the court to revoke any disposal of assets by the debtor that is prejudicial to the creditor's interests, under PRC laws in the event that the Borrower or the Guarantor disposes of assets or fails to collect debts owed to it in a manner prejudicial to the Lender's interests.

The PRC legal advisers have confirmed that the Loan Agreement and the Guarantee are governed by PRC laws and are legally valid, binding and enforceable in accordance with their respective terms. Having considered the above, the Board is of the view that the Group has adequate legal recourse under PRC laws to protect its interests in the event of default by the Borrower.

CONSEQUENCES IN THE EVENT THAT THE BORROWER REFUSES TO LEASE THE COMPLETED BUILDING COMPLEX TO THE GROUP

Pursuant to the Loan Agreement, the Borrower is contractually obligated to lease the new elderly care centre building complex to Renkang Elderly Care Centre upon completion. In the event that the Borrower refuses to do so, such refusal would constitute a breach of the Loan Agreement. Under the PRC Civil Code, the Lender would be entitled to commence civil proceedings before the competent People's Court seeking specific performance (繼續履行) to compel the Borrower to perform its obligation to lease the completed building complex to Renkang Elderly Care Centre, as well as damages for any losses suffered by the Lender as a result of such breach.

Furthermore, the Board considers that the risk of the Borrower refusing to lease the completed building complex to the Group is remote from a practical and commercial perspective. The new elderly care centre building complex is to be constructed on the Borrower's land at No. 88, Dongxi Road, Xitou Village, Houjie Town, Dongguan City, Guangdong Province, which is the same premises on which Renkang Hospital currently operates. The building complex will be designed and constructed strictly in accordance with the design plans, specifications, technical requirements and construction schedule determined by the Lender and Renkang Elderly Care Centre, and is purpose-built to meet the operational and clinical standards required for the provision of elderly healthcare services. Given the highly specialised nature of the building complex and its location within the existing Renkang Hospital campus, the Borrower would have very limited, if any, alternative use for the building complex in the absence of a lease to Renkang Elderly Care Centre. Accordingly, a refusal by the Borrower to lease the completed building complex to the Group would be contrary to the Borrower's own commercial interests.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 14A.68(3) of the Listing Rules, the independent non-executive Directors have confirmed that the transactions contemplated under the Loan Agreement are (i) on normal commercial terms or better; (ii) in the ordinary and usual course of business of the Group; and (iii) fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL

Save as disclosed in this announcement, all other information set out in the CT Loan Announcement remains unchanged.

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

Hong Kong, 15 June 2026

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

Independent non-executive Directors:

Ms. Lam Shiu Ling Cecilia
Dr. Chen Keji
Mr. Chan Sing Nun

Non-executive Director:

Mr. Jiang Xiwen

* *For identification purpose only*