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Glory Health Industry Limited

國瑞健康產業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2329)

QUARTERLY UPDATE ON ADDRESSING THE DISCLAIMER OF OPINION

This announcement is made by Glory Health Industry Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 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).

Reference is made to (i) the annual report of the Company for the year ended December 31, 2025 published on April 30, 2026 (the "**2025 Annual Report**"); (ii) the interim report of the Company for the six months ended June 30, 2026 published on September 30, 2026 (the "**2026 Interim Report**"); and (iii) the announcement of the Company dated July 31, 2026 regarding the quarterly update on actions taken by the Company to address the disclaimer of opinion (the "**July 31st Announcement**"). Unless otherwise defined herein, capitalized terms used in this announcement shall bear the same meanings as those defined in the 2025 Annual Report, the 2026 Interim Report and the July 31st Announcement.

I. Background and Reasons for the Auditor's Disclaimer of Opinion

As disclosed in the 2025 Annual Report, the auditor issued a disclaimer of opinion on the Group's consolidated financial statements for the year ended December 31, 2025, primarily on the basis that the auditor considered that the Group might be unable to realise its assets and discharge its liabilities in the ordinary course of business.

1. Auditor's Concerns and Requirements

To assess the reasonableness of the going-concern assumption, the auditor required the Company to provide two major categories of supporting documents:

(a) Supporting documents for asset realisation and capital recovery forecasts: including detailed lists of project assets proposed to be sold within the next twelve months, valuation reports for each asset, negotiation records with potential purchasers, samples of letters of intent/framework agreements, expected capital recovery timetables and supporting legal documents confirming clear title to relevant assets; and

(b) Basis for debt restructuring proposals: including minutes of initial communications, meeting minutes or written letters of intent reached with existing or potential financial institutions and bondholders in respect of roll-over of existing debts, new credit facilities or debt-swap arrangements.

2. Reasons for the Company's Inability to Fully Provide Such Information

The Company was unable to furnish the auditor with all of the aforesaid supporting documents in full for the following objective and subjective reasons:

(a) Material uncertainties over asset realisation progress: Amid the overall downturn in the real-estate market, tightening financing conditions and strong wait-and-see sentiment among purchasers, potential transactions in respect of certain assets proposed for disposal are still at preliminary negotiation stage. Most interested parties have only expressed non-binding interest and have not executed formal letters of intent or submitted definitive offers. The Company was unable, at the audit reference date, to obtain enforceable purchaser commitments, capital receipt timetables or independent external valuation reports; and

(b) No written deliverables generated from debt-restructuring negotiations: The Group has held multiple rounds of discussions with major creditors (including banks, bondholders and non-bank financial institutions) concerning debt roll-overs, waivers and restructuring proposals. However, creditors took a prudent stance towards the Group's future cash-flow position. As at the audit reference date, no consensus had been reached on key terms such as roll-over tenors and interest-rate resets. The Company could only provide internal meeting minutes or draft restructuring agreements, which the auditor regarded as lacking external corroborative effect as audit evidence.

3. Views of Management and the Audit Committee

Management prepared cash-flow projections covering the period from January 2026 to March 2027 and assessed the going-concern position from both quantitative and qualitative perspectives:

(a) Quantitative perspective: The cash-flow projections forecast monthly cash inflows, cash outflows and net cash-inflows. Operating cash inflows such as property-sales proceeds and rental receipts are quantified whereas cash outflows including construction and operating costs, selling expenses, administrative expenses, various taxes and fees, principal and interest repayments for debts are quantified to ensure all income and expenditure data are measurable and verifiable; and

(b) Qualitative perspective: As at December 31, 2025, the Group had remaining saleable property value of RMB42.8 billion (excluding operating properties), which provides solid support for subsequent operating cash inflows. According to the projected cash-flow data, total projected cash inflows for the forecast period amounted to RMB5.305 billion, total projected cash outflows amounted to RMB4.820 billion and total projected net cash-flow amounted to RMB728 million. Monthly closing cash balances remain positive and show an overall upward trend. Operating cash inflows are mainly derived from sales revenue (totalling RMB5.080 billion) and rental income (totalling RMB225 million), representing stable sources that are expected to cover operating costs, taxes and fees and debt-service requirements totalling RMB3.256 billion. Based on such projections, the Group expects its overall operating cash flows to meet the aforesaid requirements. Such projections are, however, subject to a number of assumptions and material uncertainties, and there can be no assurance that no funding shortfall or risk of overdue repayment will arise.

Management is of the view that core projects of the Group operate on a stable footing and operating cash flows are sustainable. Notwithstanding that certain existing financings have matured giving rise to short-term liquidity pressure, the Group maintains constructive communications with cooperating financial institutions and is actively pursuing debt roll-over and restructuring initiatives. Having regard to future cash-flow forecasts which are expected to cover mandatory capital expenditures, overall debt-service risks remain manageable, and it is therefore reasonably appropriate to prepare the financial statements on a going-concern basis.

The Audit Committee has reviewed management's cash-flow forecasts and underlying assumptions. It notes that the divergence between the auditor and management stems from differing prudential standards for assessing the certainty of debt-disposal arrangements. Based on existing working relationships and negotiation progress, management considers that debt roll-over and restructuring have relatively high prospects of implementation. Applying strict audit prudence, the auditor could not validate such debt-disposal arrangements in the absence of formally-stamped confirmatory documents from financial institution counterparties. The Audit Committee concurs with management's assessment for preparing the financial statements on a going-concern basis, whilst cautioning that all action plans carry material commercial and execution-related uncertainties and there can be no guarantee they will be implemented as anticipated.

II. Debt-Restructuring Initiatives

Details of the Group's interest-bearing-debt scale, maturity profile and composition of various classes of creditors have been disclosed in the 2025 Annual Report. During this quarter, the Company continued to negotiate with banks, Asset Management Companies ("**AMCs**"), noteholders and other creditors on debt roll-overs, restructuring, debt-in-kind settlements and litigation settlements to ease short-term debt-service pressure and optimise the debt structure. The overall arrangements include:

(i) Pursuing strategic-investment opportunities through multiple channels to optimise the debt structure, revitalise existing assets and safeguard overall liquidity;

(ii) Engaging financial institution counterparties and creditors to pursue debt roll-overs, interest-rate adjustments and revised repayment schedules; and

(iii) Adopting schemes such as bankruptcy reorganisation or debt restructuring for suitable projects, and introducing capital from AMCs and other institutional investors.

1. Key Progress in Respect of Offshore Debts

Pursuant to the 2026 Interim Report, the outstanding principal amount of the Company's 2022 Senior Notes stood at US$334,790,000. The Company will seek an overall solution for the relevant debts to better protect the interests of stakeholders.The Company has appointed Houlihan Lokey (China) Limited as its financial adviser to assist in evaluating the Group's capital structure and liquidity position, exploring all feasible options to alleviate the current liquidity crunch and achieve an optimal solution for all stakeholders. Upholding the principles of fairness and impartiality, the Company and its financial adviser will endeavour to actively engage with all creditors in respect of the proposed solution.

Offshore creditors of the Company may contact the Company's financial adviser for further enquiries:

Houlihan Lokey (China) Limited
Address: Suites 1903-1907, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Tel.: +852 3551 2300
Email: ProjectProsperity@hl.com

2. Key Progress in Respect of Onshore Debts

(a) Foshan Shengpingli Project: This project has entered into reorganisation proceedings. The Group intends to introduce financial investors for re-investment and public-interest-bond investment capital. Reorganisation is being pursued under the auspices of the court and the administrator, with a view to appointing reorganisation investors and operators as soon as practicable and advancing subsequent restructuring;

(b) Nanshan (Shenzhen) Project: The Group is following up on a restructuring proposal from Orient Asset Management for joint acquisition of claims;

(c) Xikeng (Shenzhen) Project: The Group has re-defined the industrial positioning for the Xikeng Project to facilitate settlement of AI-intelligent manufacturing-innovation industries. Communications and negotiations with potential cooperation counterparties are ongoing;

(d) Shantou Guorui Hospital Project: The Group is actively sourcing AMC investors and operators for the Shantou Guorui Hospital Project to finalise restructuring pathways and operational solutions at the earliest opportunity; and

(e) Huarong Guangdong Debt: Huarong Guangdong has indicated willingness to dispose of its claim assignment. Subject to progress in bulk disposal of underlying assets, the Group intends to introduce AMC leveraged capital to acquire the claims and complete debt restructuring.

III. Asset Disposal Initiatives

The Group seeks to improve its financial position, liquidity and cash flows through asset disposal measures including project transfers-in-entirety and government-led land return arrangements. Relevant progress for the current quarter is set out below.

1. Project Transfers-in-Entirety

(a) Yongqing Transfer-in-Entirety: Focusing on health-care-industry development requirements, the Group conducts targeted marketing to institutional investors, health-care operators and industrial capital sources, and actively seeks potential purchasers for outright acquisition or joint-development partners; and

(b) Yunlong Transfer-in-Entirety: The Group maintains ongoing communications with Red Horse Capital and concurrently engages insurance capital and tourism-group counterparties. It expands outreach to health-care operators and institutional investors, exploring options for health-care-industry-model introduction, joint-development cooperation and outright asset sale.

2. Government-led Land-return Applications

(a) Shenyang Land-return Application: The district-level government has approved the Company's land-return application for undeveloped southern parcels within Block B. The district authority is engaging potential purchasers and requesting them to assess land-acquisition costs and resettlement costs, and is negotiating purchase-price terms with the district-level government. Original interested counterparties are re-running financial modelling in light of the newly-issued Ministry of Housing and Urban-Rural-Development Decree 88 and prevailing market changes. The district-level government is facilitating negotiations to advance agreement execution; and

(b) Chongming Island Land-return Application: The land-return application for the Chongming Island project remains under communication with the relevant government authorities. No definitive outcome has been obtained as at the date of this announcement.

IV. Other Measures

The Group will continue to improve its financial position, working-capital profile and cash flows via project resumption & operational-recovery initiatives and commercial-operation-enhancement measures. The key progress achieved during the quarter is summarised below.

1. Project Resumption and Operational Recovery

(a) Yongqing Project: Parcel A2 of Lot 1 has a total GFA of 95,200 sq.m., with cumulative investment of RMB111 million to date. Pre-resumption preparations were completed in Q3 2026, and resumption is planned for Q4 2026. Follow-on planned investment amounts to RMB317 million with targeted practical completion by end of 2027. Group 4 of Lot 2 has a total GFA of 136,400 sq.m., with cumulative investment of RMB101 million to date. Resumption is scheduled for Q2 2027, follow-on planned investment is RMB270 million and targeted practical completion is by end of 2029;

(b) Hainan Yunlong Project: Phase-I villas have a total GFA of 37,400 sq.m. (including demonstration zone), with cumulative investment of RMB53.54 million to date. Pre-resumption preparations were completed in Q3 2026; resumption is planned for Q4 2026. Follow-on planned investment totals RMB19 million with targeted practical completion in Q2 2027. Phase-I high-rise apartments have total GFA of 103,200 sq.m., cumulative investment of RMB131 million to date. Pre-resumption preparations are targeted for Q2 2027, resumption for Q3 2027, follow-on planned investment of RMB168 million and practical completion targeted for end of 2028;

(c) Foshan Shengpingli Project: Resumption of Phase II is conditional on completion of debt restructuring, targeted for Q2 2027 with practical completion in Q2 2028. The Phase-II Parcel-4 commercial component covers GFA of 124,062 sq.m.. Pre-resumption preparations are underway without substantial capital outlay to date; projected capital input upon resumption is RMB80 million;

(d) Shantou Guorui Hospital Project: Total GFA of 353,000 sq.m., cumulative investment of RMB569 million to date. Subject to debt-restructuring completion, resumption is planned for Q2 2027. Follow-on planned investment totals RMB623 million, with practical completion targeted for end of 2028;

(e) Beiqijia Project: Total GFA of 96,400 sq.m.. Construction works advanced in Q3 2026, with practical completion and hand-over targeted for Q4 2026. Management is accelerating construction progress for the Eastern Block, positioning the development as a low-density villa community for high-knowledge-group occupants in the Science-City catchment to drive residual-inventory sales; and

(f) Xi'an Project: A list of 267 parcels for collateral-release has been submitted to the regulatory entity and approval procedures for collateral discharge are ongoing. Upon collateral release, management will prioritise large-client deal execution, collection of historical overdue sale proceeds and mortgage-loan-application administration. Outreach continues to head enterprises in digital-technology and new-energy sectors as well as long-term institutional clients from financial-institution backgrounds to advance office-building leasing and tenant recruitment.

2. Commercial-Operation Enhancement Initiatives

(a) Nanshan Project: Debt-restructuring-related work will be prioritised in Q3-Q4 2026. In Q4 2026, the Group proposes to cooperate with forums and institutions including the Century Finance Forum and International Innovation Centre for Small-and-Medium-sized Enterprises to jointly build a Small-and-Medium-sized-Enterprise Innovation Base and revitalise 41,400 sq.m. of commercial space within the park via leasing operations;

(b) Foshan Shengpingli Project: Total commercial GFA of 200,000 sq.m., including 30,000 sq.m. e-commerce livestreaming zone. While coordinating with debt-deleveraging work in Q3-Q4 2026, the Group plans to introduce top-tier brand operators and develop an e-commerce livestreaming base during Q1-Q2 2027, roll out the Lejia Life retail-store brand and expand new-business formats such as AI-driven commerce and AI-enabled urban-lifestyle services;

(c) Shenyang Project: Total commercial GFA of 350,000 sq.m., including 34,300 sq.m. e-commerce livestreaming zone (with further 110,000 sq.m. earmarked for future expansion). The Group plans to optimise the tenant-mix layout with planned uses including specialist-medical-service premises, e-commerce livestreaming base, farmers' market and general-merchandise bazaar. Launch is targeted for Q4 2026 to improve overall project operating performance;

(d) Shantou Guorui Hospital Project: Debt-restructuring-related work will continue in Q3-Q4 2026. Post-restructuring, the Group intends to pursue cooperative research-and-development initiatives covering AI-enabled medical services, internet-based healthcare and biomedicine;

(e) Beijing Guorui Shopping Centre Project: Launch of an e-commerce livestreaming base is planned for Q4 2026 with introduction of leading-industry brand operators to improve property-leasing performance;

(f) Xi'an Project: Optimisation design for the sightseeing-floor area is under preparation. Fit-out works, opening and operational commissioning will follow upon design finalisation. Hand-over formalities have been completed for 190 units. Forty-five enterprises have taken occupancy. Tenant-on-boarding and leasing-recruitment activities continue; and

(g) Hadamen Project: The property is being re-positioned towards AI-intelligent-industry clustering. Development of an AI-SME incubation hub is under planning. A sale-and-lease-back model will be piloted in Q4 2026 to revitalise office-building assets. The Group intends to boost revenue potential by leveraging the AI-industry-cluster positioning in future periods.

The Company will issue separate announcement(s) in a timely manner regarding the major progress of the above-mentioned matters under the Listing Rules and relevant laws and regulations as and when appropriate.

By Order of the Board
Glory Health Industry Limited
Zhang Zhangsun
Chairman

Beijing, the PRC, October 30, 2026

As at the date of this announcement, the Board comprises Mr. Zhang Zhangsun (Chairman), Ms. Ruan Wenjuan, Mr. Yuan Haibin, Mr. Zhao Yuhong and Ms. Zhang Xiaoqian as executive Directors; and Ms. Chen Jinrong, Mr. Deng Zhidong and Mr. Wang Shiyu as independent non-executive Directors.