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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF REMAINING 45% EQUITY INTEREST
IN KANGXIN HOSPITAL**

THE DISPOSAL

The Board announces that on 23 March 2026, the Company (as the vendor) entered into the Equity Transfer Agreement with, among others, the Purchaser for the Disposal of the Company's remaining 45% equity interest in Kangxin Hospital for the Consideration estimated at RMB14,201,000.

Upon Completion, Kangxin Hospital will cease to be an associate of the Company and the financial results of Kangxin Hospital will no longer be accounted for under equity method in the consolidated financial statements of the Company. The Group (through the Property Company) will continue to retain 100% ownership over the land and buildings underlying the operations of Kangxin Hospital, and lease the same to Kangxin Hospital.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Previous Announcement in relation to the Previous Disposal of 55% equity interest in Kangxin Hospital to Silver Mountain. Following the Previous Disposal, the Company retained a 45% equity interest in Kangxin Hospital, which has been accounted for as an interest in associate under equity method.

As Kangxin Hospital has continued to underperform against management expectations, and in light of the increasingly competitive healthcare market in the Chongqing region, the Board, following careful deliberation, has concluded that continued capital injection by the existing shareholders alone is neither the optimal course of action for Kangxin Hospital's long-term development nor in the best interests of the Company and its Shareholders as a whole. In order to optimise the allocation of resources within the Group and to safeguard its sustainable development in the long term, the Company has resolved to realign its strategic priorities by introducing an investor into Kangxin Hospital and exiting its investment through the Disposal.

The Board announces that on 23 March 2026, the Company (as the vendor) entered into the Equity Transfer Agreement with, among others, the Purchaser for the Disposal of the Company's remaining 45% equity interest in Kangxin Hospital for the Consideration estimated at RMB14,201,000 (please also refer to "The Equity Transfer Agreement – 4. Consideration").

THE EQUITY TRANSFER AGREEMENT

1. Date

23 March 2026

2. Parties

Vendor: the Company, which holds 45% equity interest in Kangxin Hospital as at the date of this announcement

Purchaser: Beijing Fazheng Industrial Group Co., Ltd.*
(北京法政實業集團有限公司)

Target Company: Kangxin Hospital

Other: the Property Company (which holds the land and buildings underlying Kangxin Hospital)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

3. Subject matter

The Company has agreed to sell, and the Purchaser has agreed to purchase, the Company's remaining 45% equity interest in Kangxin Hospital, corresponding to RMB28.8 million of registered capital (fully paid-up) for a consideration estimated at RMB14,201,000 (please also refer to "The Equity Transfer Agreement – 4. Consideration").

The Purchaser shall acquire 45% equity interest, corresponding to RMB28.8 million of registered capital.

The Group (through the Property Company) will continue to retain 100% ownership over the land and buildings underlying the operations of Kangxin Hospital, and lease the same to Kangxin Hospital.

4. Consideration

The Consideration for the Disposal shall be 45% of the agreed valuation of Kangxin Hospital, being 1.0 times its total revenue for the year ended 31 December 2025, less its outstanding operational liabilities as at 31 March 2026.

The parties have agreed that:

- (a) the Company and the Property Company shall waive the repayment obligations of Kangxin Hospital in respect of all loans provided by them to Kangxin Hospital as at 31 March 2026; and
- (b) the Company shall assume the operational liabilities incurred by Kangxin Hospital during the period from 1 February 2025 to 31 March 2026 in proportion to its shareholding in Kangxin Hospital prior to the Disposal.

Based on management's preliminary estimate of the operational liabilities of Kangxin Hospital as at 28 February 2026 (being the latest management account of Kangxin Hospital available for the purpose of this announcement), and assuming no material change from 28 February 2026 to 31 March 2026, the Consideration is estimated at approximately RMB14,201,000, subject to adjustment based on the actual figures as at the time of payment of the Second Tranche as described in "5. Terms of payment of Consideration" below.

5. Terms of payment of Consideration

The Purchaser shall satisfy the consideration for the Disposal in two tranches in the following manner:

- (i) the First Tranche (i.e. RMB1,000,000) within three business days from the date on which the conditions precedent to the payment of the First Tranche (as described below) have been satisfied; and
- (ii) the Second Tranche (i.e. the balance of the Consideration after deducting the First Tranche) within three business days from the date on which the conditions precedent to the payment of the Second Tranche (as described below) have been satisfied or waived by the Purchaser.

6. Conditions precedent

With respect to the First Tranche:

The obligation of the Purchaser to pay the First Tranche is conditional upon the satisfaction of the following conditions:

- (a) the Equity Transfer Agreement and the amended articles of association of Kangxin Hospital having been duly executed by all parties;
- (b) all necessary approvals and consents for the Disposal having been obtained;
- (c) the representations and warranties given by the Company remaining true and accurate; and
- (d) no material adverse change having occurred in respect of Kangxin Hospital.

With respect to the Second Tranche:

The obligation of the Purchaser to pay the Second Tranche is conditional upon the satisfaction (or waiver by the Purchaser) of the following conditions:

- (a) change of certain designated personnel of Kangxin Hospital having been completed on or before 31 March 2026 without dispute;
- (b) the Purchaser having completed certain due diligence procedures on the existing management team of Kangxin Hospital by 1 June 2026 (results of which shall not constitute a condition precedent to the Purchaser's payment obligation);
- (c) the operational liabilities of Kangxin Hospital having been jointly confirmed and assumed by the relevant parties in accordance with the Equity Transfer Agreement;
- (d) Kangxin Hospital and the Property Company having entered into a new property lease agreement on terms acceptable to the Purchaser; and
- (e) the Disposal having been registered with the relevant PRC authority.

7. Completion

Within three business days of the date of payment of the First Tranche, the parties shall cooperate to submit the application for the industrial and commercial registration for the Disposal (i.e. transfer of the 45% equity interest in Kangxin Hospital from the Company to the Purchaser).

Completion under the Equity Transfer Agreement occurs when the Second Tranche payment is made.

8. Use of “Kanghua” Name

The Purchaser has represented and warranted that it shall not, as a result of the Disposal, acquire any rights in connection with the “Kanghua” (康華) trademarks, trade names or logos. The Purchaser has further undertaken that within six months from Completion, Kangxin Hospital shall cease to use the “Kanghua” name and/or registered trademarks in its name and day-to-day operations, and shall not use such words or logos on any products, promotional materials or sales materials of Kangxin Hospital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As Kangxin Hospital has continued to underperform against management expectations, and in light of the increasingly competitive healthcare market in the Chongqing region, the Board, following careful deliberation, has concluded that continued capital injection by the existing shareholders alone is neither the optimal course of action for Kangxin Hospital’s long-term development nor in the best interests of the Company and its Shareholders as a whole. In order to optimise the allocation of resources within the Group and to safeguard its sustainable development in the long term, the Company has resolved to realign its strategic priorities by introducing an investor into Kangxin Hospital and exiting its investment through the Disposal.

The Board is of the view that the Disposal is in the best interests of the Company and its Shareholders as a whole. The Disposal will enable the Group to exit a persistently loss-making investment, recover proceeds for deployment towards the Group’s core business operations and general working capital, and optimise the Group’s overall resource allocation, thereby allowing the Board and management to focus on enhancing the operational efficiency and long-term value of the Group’s core healthcare operations.

In assessing the fairness and reasonableness of the Consideration, the Directors have taken into account, among other things, that (i) in the Previous Disposal, the consideration was determined at approximately 1.5 times the revenue of Kangxin Hospital for the year ended 31 December 2021; (ii) since the Previous Disposal, the financial and operational performance of Kangxin Hospital has continued to deteriorate against expectations; and (iii) in light of the increasingly competitive healthcare market in the Chongqing region, management does not expect the financial performance of Kangxin Hospital to improve meaningfully in the short to medium term. Having considered the foregoing, the Directors are of the view that the valuation of Kangxin Hospital based on approximately 1.0 times its revenue for the year ended 31 December 2025 is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Disposal (after deducting relevant costs and expenses) are estimated to be approximately RMB14,201,000. The Company intends to apply the net proceeds from the Disposal as general working capital of the Group.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, Kangxin Hospital will cease to be an associate of the Company and the financial results of Kangxin Hospital will no longer be accounted for under equity method in the consolidated financial statements of the Group. Based on a preliminary assessment, the Company expects to record an estimated gain on the Disposal of approximately RMB12,203,000, being the difference between (i) the estimated amount of the Consideration; and (ii) the estimated carrying amount of the Company's 45% equity interest in Kangxin Hospital as at the date of Completion, after taking into account the debt waiver arrangements contemplated under the Equity Transfer Agreement. The actual gain or loss on the Disposal is subject to, among other things, the final amount of the Consideration determined as set out in "The Equity Transfer Agreement – 4. Consideration" and review by the auditors of the Company, which may differ from the estimated amount set out above.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INFORMATION ABOUT THE RELEVANT PARTIES

The Group

The Group is principally engaged in the provision of general hospital services, including medical treatment, preventive healthcare, rehabilitation and healthcare-related services in Guangdong Province, the PRC.

Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd.* (重慶康華眾聯醫療管理有限公司) is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. The Property Company holds the land and buildings underlying the operations of Kangxin Hospital and leases the same to Kangxin Hospital.

Kangxin Hospital

Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd.* (重慶康華眾聯心血管病醫院有限公司) is a limited liability company established in the PRC and is principally engaged in the provision of the treatment of cardiovascular diseases. Kangxin Hospital operates from premises leased from the Property Company, a wholly-owned subsidiary of the Company.

As at the date of this announcement, the registered capital of Kangxin Hospital is RMB64.0 million, of which 45% is held by the Company and 55% is held by Silver Mountain.

Set out below is certain key unaudited financial information of Kangxin Hospital extracted from its unaudited consolidated management accounts prepared in accordance with IFRS for the financial years indicated:

	For the year ended 31 December		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	72,863	65,151	66,748
Net loss before taxation	(99,516)	(90,358)	(79,984)
Net loss after taxation	<u>(99,182)</u>	<u>(90,216)</u>	<u>(80,363)</u>
	As of 31 December		
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Current assets	29,331	15,491	11,429
Non-current assets	<u>689,858</u>	<u>126,119</u>	<u>154,349</u>
Total assets	<u>719,189</u>	<u>141,610</u>	<u>165,778</u>
Shareholder's loan:			
– The Company	630,968	55,115	85,319
– Silver Mountain	–	–	13,422
Other current liabilities	<u>82,876</u>	<u>46,081</u>	<u>175,686</u>
Total current liabilities	713,844	101,196	274,427
Non-current liabilities	<u>240,585</u>	<u>–</u>	<u>–</u>
Total liabilities	<u>954,429</u>	<u>101,196</u>	<u>274,427</u>
Net liabilities	<u>(235,240)</u>	<u>(40,414)</u>	<u>(108,649)</u>

The Purchaser

The following information of the Purchaser is provided to the best of the Company's knowledge, information and belief, having made reasonable enquiries with the Purchaser.

Beijing Fazheng Industrial Group Co., Ltd.* (北京法政實業集團有限公司) is a limited liability company established in the PRC, principally engaged in education, healthcare and real estate, and other diversified businesses. The Purchaser funded the development of the Beijing Royal Integrative Medicine Hospital (北京王府中西醫結合醫院), which has now become a private Grade A Class III integrated traditional Chinese and Western medicine hospital in Beijing and a designated medical insurance institution.

Mr. Wang Guangfa (王廣發) is the ultimate beneficial owner of the Purchaser, holding 80% equity interest therein.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owners are Independent Third Parties of the Company

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

Board	the board of Directors
Company	Guangdong Kanghua Healthcare Group Co., Ltd.* (廣東康華醫療集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3689)
Completion	completion of the Disposal, as summarized in "The Equity Transfer Agreement – 7. Completion"
Consideration	the consideration for the Disposal, as more particularly summarized in "The Equity Transfer Agreement – 4. Consideration"
Director(s)	the director(s) of the Company
Disposal	the disposal of the Company's remaining 45% equity interest in Kangxin Hospital to the Purchaser pursuant to the Equity Transfer Agreement

Equity Transfer Agreement	the equity transfer agreement dated 23 March 2026, the principal terms of which are summarised in “The Equity Transfer Agreement”
First Tranche	the first tranche payment of RMB1,000,000 payable by the Purchaser towards the Consideration, as more particularly described in “The Equity Transfer Agreement – 5. Terms of payment of Consideration”
Group	the Company and its subsidiaries
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Third Party(ies)	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
Kangxin Hospital	Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd.* (重慶康華眾聯心血管病醫院有限公司), a limited liability company established in the PRC, and the subject matter of this announcement
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
Previous Announcement	the announcement of the Company dated 9 January 2025 in relation to, among other things, the Previous Disposal
Previous Disposal	the disposal of 55% equity interest in Kangxin Hospital by the Company to Silver Mountain, as disclosed in the Previous Announcement
Property Company	Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd.* (重慶康華眾聯醫療管理有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
Purchaser	Beijing Fazheng Industrial Group Co., Ltd.* (北京法政實業集團有限公司), a limited liability company established in the PRC

RMB	Renminbi, the lawful currency of the PRC
Second Tranche	the balance of the Consideration after deducting the First Tranche, as more particularly described in “The Equity Transfer Agreement – 5. Terms of payment of Consideration”
Shareholder(s)	holder(s) of the shares of the Company
Silver Mountain	Silver Mountain Capital Limited (銀山資本有限公司), a limited liability company established in Hong Kong, and in the context of this announcement, includes its group of companies
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent

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

Hong Kong, 23 March 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:

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

Non-executive Director:

Mr. Jiang Xiwen

* *English translated name for identification purpose only.*