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溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

(A joint stock limited liability company incorporated in the People's Republic of China)

Stock code: 2120

Voluntary Announcement

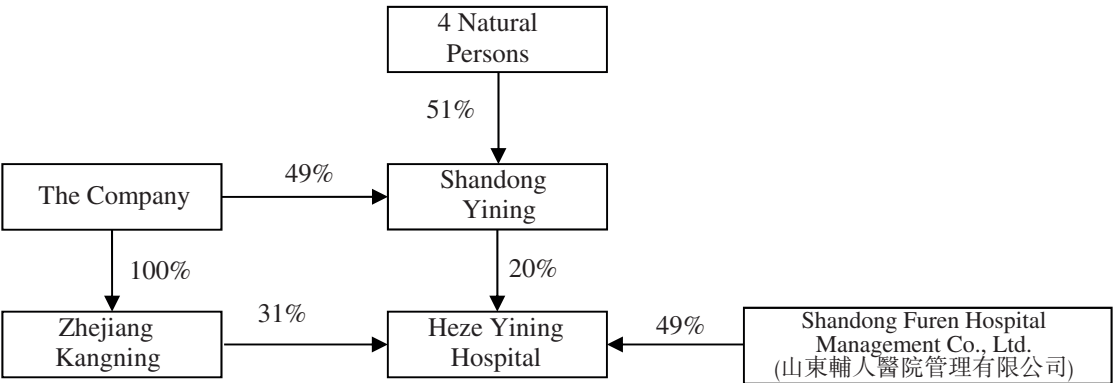
Acquisition of 20% Equity Interests in Heze Yining Hospital (荷澤怡寧醫院)
and Guangdong Yining Hospital (冠縣怡寧醫院)

This is a voluntary announcement made by Wenzhou Kangning Hospital Co., Ltd. (溫州康寧醫院股份有限公司) (the “Company”) to give the latest update of the business development of the Company and its subsidiaries (the “Group”) to the shareholders and investors of the Company.

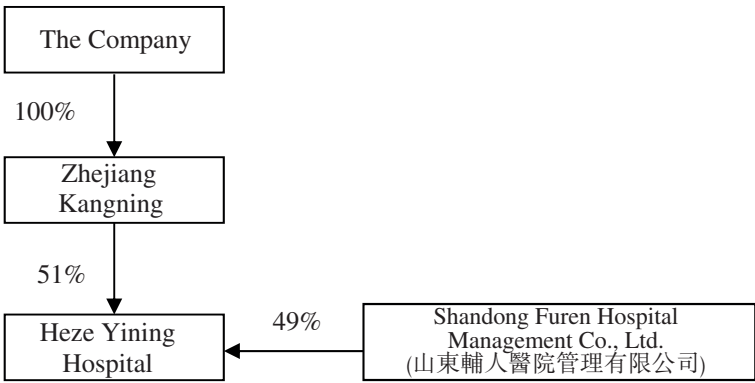
Acquisition of 20% Equity Interests in Heze Yining Hospital

The board of directors of the Company (the “Board”) announced that Zhejiang Kangning Hospital Management (Group) Co., Ltd. (浙江康寧醫院管理(集團)有限公司) (“Zhejiang Kangning”), a wholly owned subsidiary of the Company, signed recently an equity transfer agreement with the shareholder of Heze Yining Hospital Co., Ltd. (荷澤怡寧醫院有限公司) (“Heze Yining Hospital”), namely, Shandong Yining Hospital Management Co., Ltd. (山東怡寧醫院管理有限公司) (“Shandong Yining”). It is agreed that 20% of the equity interests in Heze Yining Hospital held by Shandong Yining be acquired by Zhejiang Kangning at RMB6.60 million. Upon completion of the equity transfer, Zhejiang Kangning held 51% equity interests in Heze Yining Hospital.

Before completion of the equity transfer, the shareholding structure of Heze Yining Hospital was as follows:



The shareholding structure of Heze Yining Hospital immediately following the equity transfer is set forth as follows:



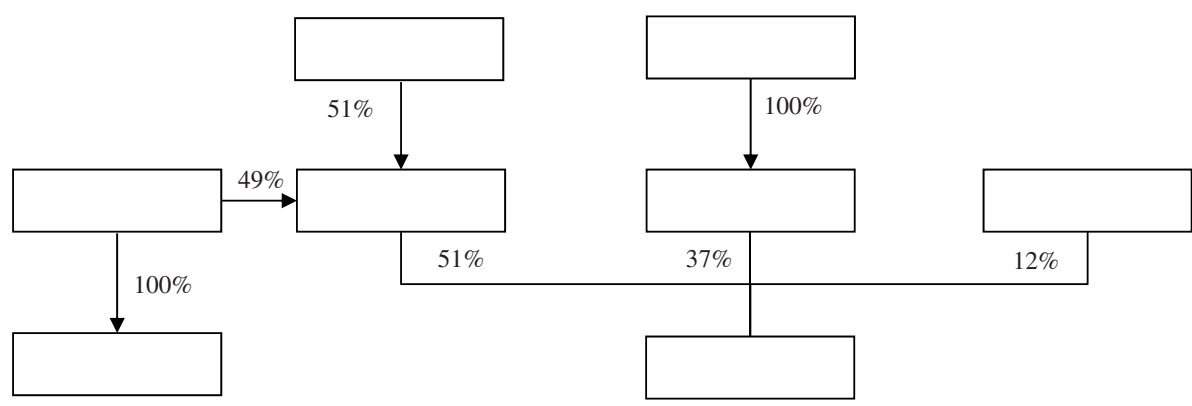
As of the date of this announcement, the necessary registration has been completed for the change in equity interests in Heze Yining Hospital.

Heze Yining Hospital is a profit-based psychiatric hospital located in Heze City, Shangdong Province, the People’s Republic of China (the “**PRC**”). It is a designated unit for basic medical insurance in Heze City with 70 registered beds, and a maximum of 300 beds can be accommodated at the existing premise.

After the completion of the equity transfer, the shareholding structure of Heze Yining Hospital is as follows:

有限公司) (“**L a c e L e**”). It is agreed that 51% and 37% (at considerations of RMB5.61 million and RMB4.07 million respectively) of the equity interests in Guanxian Yining Hospital held by Shandong Yining and Liaocheng Lizhen respectively be acquired by Zhejiang Kangning at RMB9.68 million.

Before completion of the equity transfer, the shareholding structure of Guanxian Yining Hospital was as follows:



Realisation of Acquisitions of Heze Yining Hospital and Guanxian Yining Hospital

Through the acquisitions of Heze Yining Hospital and Guanxian Yining Hospital (the “Acquisitions”), the layout of medical network of the Company in eastern China region will be further strengthened. The directors of the Company are of the view that the Acquisitions are in line with the Company’s long-term development objectives and strategies, and are in the interests of the shareholders of the Company as a whole.

Impact of Listing

Zhejiang Kangning is a wholly-owned subsidiary of the Company. The equity interests of Shandong Yining is held as to 49% by the Company and the remaining 51% in aggregate by four natural persons independent of the Company. Before completion of the equity transfer of Heze Yining Hospital, the equity interests of Heze Yining Hospital was held as to 31% by Zhejiang Kangning, 20% by Shandong Yining and 49% by Shandong Furen Hospital Management Co., Ltd. (山東輔仁醫院管理有限公司). To the best knowledge, information and belief of the directors of the Company having made all reasonable enquires, all parties involved in the equity transfer of Heze Yining Hospital are third parties independent of the Company and its connected persons. The equity transfer of Heze Yining Hospital does not constitute a connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Zhejiang Kangning is a wholly-owned subsidiary of the Company. The equity interests of Shandong Yining is held as to 49% by the Company and the remaining 51% in aggregate by four natural persons independent of the Company. Liaocheng Lizhen is held in aggregate by three natural persons independent of the Company. Before completion of the equity transfer of Guanxian Yining Hospital, the equity interests of Guanxian Yining Hospital was held as to 51% by Shandong Yining, 37% by Liaocheng Lizhen and the remaining 12% by a natural person independent of the Company. To the best knowledge, information and belief of the directors of the Company having made all reasonable enquires, all parties involved in the equity transfer of Guanxian Yining Hospital are third parties independent of the Company and its connected persons. The equity transfer of Guanxian Yining Hospital does not constitute a connected transaction under Chapter 14A of the Listing Rules.

As the equity transfers of Heze Yining Hospital and Guanxian Yining Hospital are of the same type of transactions and are carried out within the same 12-month period, the transaction amounts of the abovementioned two equity transfers shall be aggregated. As all applicable percentage ratios after aggregation do not exceed 5%, the transactions do not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

By order of the Board
We  Ka H al C ., L d.
GUAN Weili
Chairman

Zhejiang, the PRC
December 21, 2018

As of the date of this announcement, the Company's executive directors are Mr. GUAN Weili, Ms. WANG Lian and Ms. WANG Hong; the non-executive directors are Mr. YANG Yang and Mr. LIN Lijun; and the independent non-executive directors are Mr. CHONG Yat Keung, Mr. HUANG Zhi and Mr. GOT Chong Ke Clein.