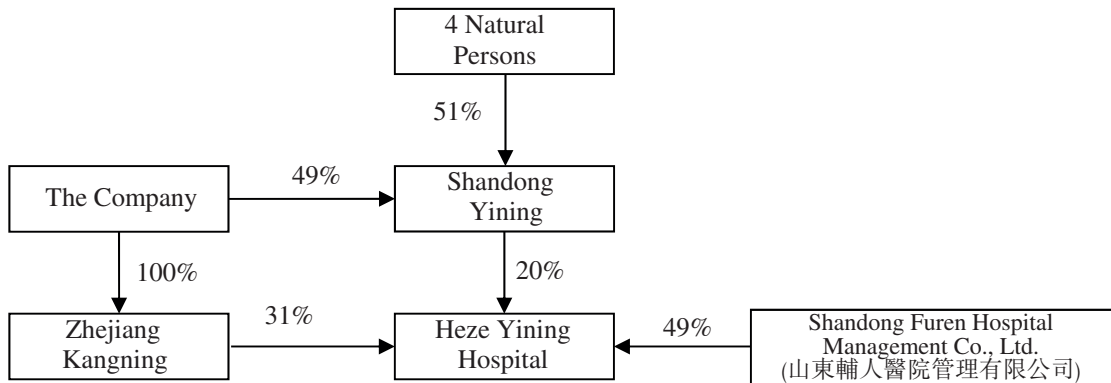


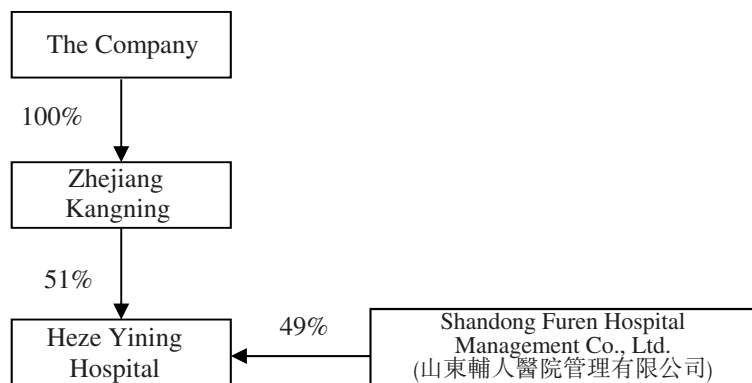


(A joint stock limited liability company incorporated in the People's Republic of China)
Stock code: 2120

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.

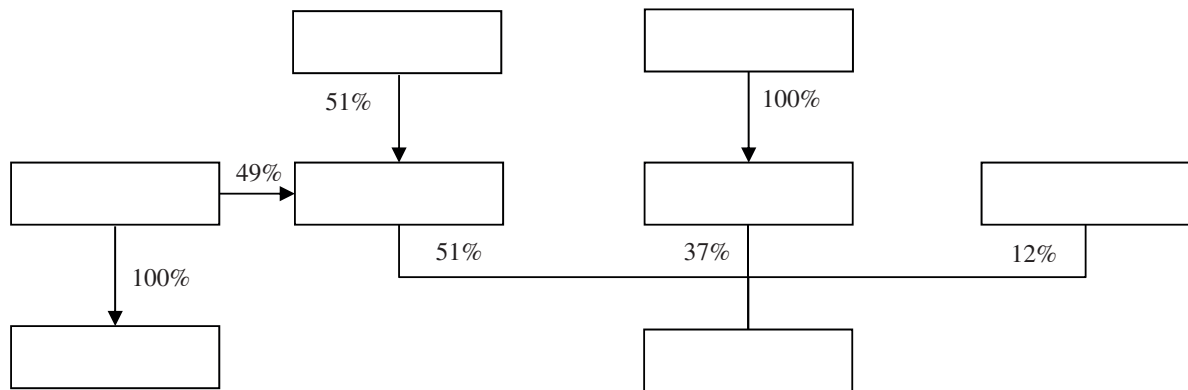
Heze Yining Hospital is a profit-based psychiatric hospital located in Heze City, Shangdong Province, the People’s Republic of China (the “PRC”). It is a designated unit for basic medical insurance in Heze City with 70 registered beds, and a maximum of 300 beds can be accommodated at the existing premise.

As announced by the Board, Zhejiang Kangning signed

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有限公司) (“Liaocheng Lizhen”). 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 the 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.

Independence of Zhejiang Kangning

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.

