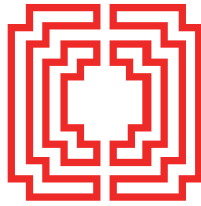


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溫州康寧醫院

nzhou 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 EQUITY INTERESTS IN SHUNING HOSPITAL

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 potential investors of the Company.

Acquisition of 33.76% equity interests in Shuning Hospital

The board of directors (the “**Board**”) of the Company 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, recently entered into an Equity Transfer Agreement with Ningbo Meishan Bonded Port Area Kuanzhan Investment Management Partnership (Limited Liabilities Partnership) (寧波梅山保稅港區寬展投資管理合夥企業(有限合夥)) (“**Kuanzhan Investment**”), the shareholder of Jinyun Shuning Hospital Co., Ltd. (縉雲舒寧醫院有限公司) (“**Shuning Hospital**”). It is agreed that Zhejiang Kangning will acquire 33.76% equity interests in Shuning Hospital held by Kuanzhan Investment at a consideration of RMB15,000,000. Upon the completion of the equity transfer, the Company expects to indirectly hold approximately 50.96% of the equity interests in Shuning Hospital. Shuning Hospital will become a non-wholly owned subsidiary of the Company.

As of the date of this announcement, the Company is proceeding with the necessary registration formalities for the change of equity interest in Shuning Hospital.

Shuning Hospital is a profit-based medical institution located in Lishui City of Zhejiang Province, the PRC, which has 200 beds actually available for use. Shuning Hospital has acquired a piece of medical land for the new hospital relocation project, which is scheduled to be put into use in the second half of 2022. The new hospital relocation project has a planned land area of approximately 10,828 sq.m. and a gross floor area of approximately 15,212 sq.m. It is constructed in accordance with the standards of a secondary psychiatric hospital with a maximum number of beds of approximately 430 available for use.

Reasons for and Benefits of the Acquisition of Shuning Hospital

Through the acquisition of Shuning Hospital, the layout and medical resources integration of the Company in mental health market in Zhejiang Province will be further strengthened, which plays a strategic part in improving the medical service system and expanding the offerings of the medical service supply of the Group in Zhejiang Province. The directors of the Company are of the view that the acquisition of Shuning Hospital is in line with the long-term development objectives and strategies of the Company and are in the interests of the Company and its shareholders as a whole.

Implication of the Listing Rules

To the best knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, Kuanzhan Investment is not a connected person of the Company (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)), but is a third party independent of the Company and its connected persons. Therefore, the acquisition of Shuning Hospital does not constitute a connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage (as defined in Rule 14.07 of the Listing Rules) of the acquisition of Shuning Hospital does not exceed 5%, the acquisition of Shuning Hospital does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

By Order of the Board
Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili
Chairman

Zhejiang, the PRC
January 4, 2022

As of the date of this announcement, the Company’s executive Directors are Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue; the non-executive Directors are Mr. QIN Hao and Mr. LI Changhao; and the independent non-executive Directors are Mr. ZHAO Xudong, Ms. ZHONG Wentang and Mr. LIU Ning.