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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 LAND USE RIGHT

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**”).

Acquisition

The board of directors of the Company (the “**Board**”) announced that Quzhou Yining Hospital Co., Ltd. (衢州怡寧醫院有限公司) (“**Quzhou Yining Hospital**”), a subsidiary of the Company, recently entered into an agreement with Quzhou City Natural Resources and Planning Bureau Kecheng Branch (衢州市自然資源和規劃局柯城分局) in relation to formal acquisition of the state-owned construction land use right of a parcel of land located in Quzhou City, Zhejiang Province, the People's Republic of China (the “**PRC**”) with plot number of Ke Qu Rang [2022] No.7 (柯區讓[2022]7號) (the “**Land**”) (which includes parts of land for healthcare use and commercial/financial use), for a total consideration of RMB16.00 million (the “**Acquisition**”).

The Land is located in Kecheng District, Quzhou City, Zhejiang Province, the PRC. It covers an area of 16,532 square meters, with a construction area of 24,798 to 35,786 square meters and the plot ratio is 1.5 to 2.165. The terms for the land use rights of the Land are 50 years for healthcare use parts and 40 years for commercial/financial use parts.

Reasons for and Benefit of the Acquisition

The Company intends to use the part of the Land for healthcare use for the relocation project of Quzhou Yining Hospital, which will be equipped with medical wards. It is planned to offer 663 beds, which include beds for psychiatry and psychology and beds for geriatrics (the “**Project**”).

As the government has resumed the plant that is currently leased by Quzhou Yining Hospital for the establishment of medical institutions, we are in urgent need to find a suitable land for healthcare use for the relocation of Quzhou Yining Hospital. In addition, Quzhou Yining Hospital has found demands unbearable, while Quzhou Yining Hospital is facing the problem that its business development was severely constrained by space concerns. Therefore, the implementation of the Project will facilitate the development of Quzhou Yining Hospital in the future. Furthermore, the Project will also benefit the Company in further expanding the market coverage of its mental healthcare and geriatrics, which will be of great strategic importance in improving its healthcare service system in Zhejiang and expanding its healthcare service offering capacities.

The directors of the Company are of the view that the Acquisition and the Project are in line with the Company's long-term development objectives and strategies, and are in the interests of the Company and its shareholders as a whole.

Implication of the Listing Rules

As the applicable percentage (as defined in Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Acquisition does not exceed 5%, the Acquisition does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Further announcement(s) in relation to the matters referred to above will be made by the Company as and when required in accordance with the Listing Rules.

Continued Suspension of Trading

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended from 9:00 a.m. on April 1, 2022. Trading in the shares of the Company will remain suspended until further notice.

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

Zhejiang, the PRC
May 20, 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.