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Acquisition of 51% Equity Interests in Wenling Nanfang Hospital

As announced by the Board, Zhejiang Kangning signed recently an equity transfer and capital increase agreement with the shareholders of Nanfang Specialized Psychiatric Hospital of Wenling (溫嶺南方精神疾病專科醫院有限公司) ("**Wenling Nanfang Hospital**") , namely Yuan Senbin, Chen Jianming, Jiang Danping and Cai Wenqin. It is agreed that 20% of the equity interests in Wenling Nanfang Hospital held by shareholders, Yuan Senbin, Chen Jianming, Jiang Danping and Cai Wenqin, be acquired by Zhejiang Kangning at RMB6 million and that the additional shares, which accounted for 31% of the total shares of Wenling Nanfang Hospital, be subscribed by Zhejiang Kangning at RMB7.53 million. Upon completion of the equity transfer and subscription of additional shares, the Group will hold 51% of the shares of Wenling Nanfang Hospital in total. As of the date of this announcement, the Company is undergoing necessary registration for the change in equity interests in Wenling Nanfang Hospital.

Wenling Nanfang Hospital is a private profit-based psychiatric hospital located in Wenling City, Taizhou City, Zhijiang Province, the PRC with 80 registered beds, and a maximum of 300 beds can be accommodated at the existing premise.

Reasons for the Acquisition of Equity Interests in Nanjing Yining Hospital and Wenling Nanfang Hospital

Through the acquisitions of Nanjing Yining Hospital and Wenling Nanfang Hospital (the "**Acquisitions**") , the layout of medical network of the Company in Yangtze River Delta 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.

Implication of the Listing Rules

To the best knowledge, information and belief of the directors of the Company, having made all reasonable enquiry, Jin Minjiang, He Zhongxi, Chen Xinchao, Chen Xiaoxi, Li Wuguang, Yuan Senbin, Chen Jianming, Jiang Danping and Cai Wenqin are all independent third parties who are independent of the Company and its connected persons. 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) of the Acquisitions does not exceed 5%, the Acquisitions do not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Zhejiang, the PRC
6 August, 2018

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. YANG Yang and Mr. LIN Lijun; and the independent non-executive directors are Mr. CHONG Yat Keung, Mr. HUANG Zhi and Mr. GOT Chong Key Clevin.