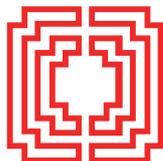


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溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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

Stock code: 2120

INVESTMENT IN THE EQUITY INTEREST OF CHENGDU RENYI HOSPITAL COMPANY LIMITED*

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and inside information provisions under Part XIVA of the SFO.

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on September 11, 2017 (after trading hours of the Stock Exchange), Zhejiang Kangning, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Sichuan Hongji and Chengdu Renyi, pursuant to which Zhejiang Kangning has conditionally agreed to subscribe for the new shares to be issued by Chengdu Renyi at the Consideration of RMB15,000,000 (equivalent to approximately HK\$18,033,181). Upon the Completion, the Company will indirectly hold as to approximately 41.67% equity interest in Chengdu Renyi.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equity Investment do not exceed 5%, the Equity Investment does not constitute a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and inside information provisions under Part XIVA of the SFO.

INTRODUCTION

The Board is pleased to announce that on September 11, 2017 (after trading hours of the Stock Exchange), Zhejiang Kangning, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Chengdu Renyi and Sichuan Hongji, pursuant to which Zhejiang Kangning has conditionally agreed to subscribe for the new shares to be issued by Chengdu Renyi at the Consideration of RMB15,000,000 (equivalent to approximately HK\$18,033,181).

SUBSCRIPTION AGREEMENT

Set out below are the principal terms of the Subscription Agreement:

Date: September 11, 2017

Parties to the Subscription Agreement:

- 1) Sichuan Hongji (as the existing shareholder holding 100% equity interest in Chengdu Renyi);
- 2) Chengdu Renyi; and
- 3) Zhejiang Kangning (as the wholly-owned subsidiary of the Company)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, both Chengdu Renyi and Sichuan Hongji are Independent Third Parties.

Target Equity Interest

The Target Equity Interest represents approximately 41.67% equity interest in Chengdu Renyi upon the Completion.

Consideration

Under the Subscription Agreement, the Consideration of the Equity Investment is RMB15,000,000 (equivalent to approximately HK\$18,033,181).

The Consideration was arrived at after arm's length negotiations between Zhejiang Kangning, Chengdu Renyi and Sichuan Hongji after taking into consideration (i) the reasons for the Equity Investment as detailed in the section headed "Reasons for the Equity Investment" in this announcement; and (ii) the current financial position of Chengdu Renyi.

Payment

The Consideration will be paid by Zhejiang Kangning to Chengdu Renyi within five days after all the conditions precedent set out in the Subscription Agreement are satisfied or explicitly waived.

Completion

Pursuant to the Subscription Agreement, subject to the fulfillment or explicit waiver of the conditions precedent set out in the Subscription Agreement, the Completion shall take place upon the date when Zhejiang Kangning is registered as a shareholder of Chengdu Renyi in respect of the Target Equity Interest at local business registration authority.

GENERAL INFORMATION ON CHENGDU RENYI AND SICHUAN HONGJI

Chengdu Renyi is a company established in the PRC with limited liability, and it is a for-profit general hospital, which primarily focuses on providing geriatric and psychiatric medical services and has 299 registered beds.

As advised by Chengdu Renyi, its existing sole shareholder, Sichuan Hongji, is a company established in the PRC with limited liability. The principal business of Sichuan Hongji includes sales and distribution of pharmaceutical products and medical facilities.

REASONS FOR THE EQUITY INVESTMENT

By entering into the Subscription Agreement, the Company will further enhance its medical network layout in Sichuan Province. The Directors are of the view that the Equity Investment is consistent with the long-term development goal and strategy of the Company, and is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equity Investment do not exceed 5%, the Equity Investment does not constitute a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

As the Completion is subject to the satisfaction and/or waiver, where applicable, of the conditions precedent set out in the Subscription Agreement, the Equity Investment may or may not proceed to Completion. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Board”	the board of Directors
“Chengdu Renyi”	Chengdu Renyi Hospital Company Limited* (成都仁一醫院有限公司), a limited liability company established in the PRC
“Company”	Weznhou Kangning Hospital Co., Ltd. (stock code: 2120)

“Completion”	the completion of the Equity Investment pursuant to the terms and conditions of the Subscription Agreement
“Consideration”	the total consideration payable by Zhejiang Kangning to Chengdu Renyi for the Equity Investment pursuant to the Subscription Agreement, being RMB15,000,000 (equivalent to approximately HK\$18,033,181)
“Director(s)”	the director(s) of the Company
“Equity Investment”	the subscription of the new shares to be issued by Chengdu Renyi by Zhejiang Kangning, representing 41.67% equity interest in Chengdu Rengyi upon the Completion, pursuant to the terms and conditions of the Subscription Agreement
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the holders of the Shares
“Shares”	the shares of the Company in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sichuan Hongji”	Sichuan Hongji Pharmaceutical Company Limited * (四川省宏濟藥業有限責任公司), a limited liability company established in the PRC and the existing shareholder holding as to 100% equity interest in Chengdu Renyi
“Subscription Agreement”	the conditional agreement dated September 11, 2017, entered into among Sichuan Hongji, Chengdu Renyi and Zhejiang Kangning in relation to the Equity Investment
“Target Equity Interest”	41.67% equity interests in Chengdu Renyi upon the Completion
“Zhejiang Kangning”	Zhejiang Kangning Hospital Management Co., Ltd., a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

** The English translation in this announcement is for identification purpose only. The official names are in Chinese.*

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

Zhejiang, the PRC
September 12, 2017

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.