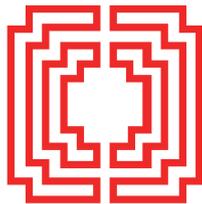


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溫州康寧醫院股份有限公司  
Wenzhou Kangning Hospital Co., Ltd.

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

## QUARTERLY ANNOUNCEMENT ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

This announcement is made by Wenzhou Kangning Hospital Co., Ltd. (the “**Company**”) pursuant to Rules 13.09 and 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance.

References are made to the announcements of the Company dated January 30, 2022, March 15, 2022, March 31, 2022, April 1, 2022, June 15, 2022, June 30, 2022, September 30, 2022, October 14, 2022, December 30, 2022 and March 30, 2023 (the “**Announcements**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

### **BUSINESS OPERATION**

The principal business of the Company is to provide a full range of specialized medical services to patients with psychiatric illness in the PRC. The Company also engages in professional medical and aged care for the elderly.

In the first quarter of 2023, the Company’s own hospital business has been developing steadily. As of the date of this announcement, the Company owns a total of 29 hospitals, and the number of operating beds has increased to 9,998 (December 31, 2022: 9,688). The business operations of the Company have been conducted as usual in all material aspects. For details, please refer to the announcement to-be-published subsequently regarding the Company’s key operating data and indicators for the three months ended March 31, 2023 and the first quarter of 2023.

The Board will continue to evaluate and monitor the impact of suspension of trading on the operation and financial performance of the Company.

## PROGRESS OF THE RESUMPTION PLAN OF THE COMPANY

Here are the pending issues and the latest quarterly progress of the Company in relation to the resumption of trading of the shares:

Key matters	Time frame
<ol style="list-style-type: none"><li data-bbox="113 342 643 597">1. To conduct an investigation, announce the findings, assess and announce the impact on the business operations and financial position of the Company (if any), and take remedial actions.</li><li data-bbox="113 597 643 1789">2. To conduct an internal control review and demonstrate that the Company has in place adequate internal controls and procedures to meet its obligations.</li></ol>	<p data-bbox="643 342 1481 1300">The Investigation Firm has issued and provided an Independent Investigation Report on the three outstanding issues as mentioned by PwC in the Resignation Letter and other relevant issues to the Independent Investigation Committee on October 14, 2022. The Independent Investigation Committee is of the view that the Independent Investigation has been comprehensively conducted by professionals and has been completed to the extent reasonably possible. The Board has decided to rectify all issues arising from the Alleged Areas with reference to the Independent Investigation Report. The Company has announced the key findings of the Independent Investigation on October 16, 2022. For details, please refer to the announcement of the Company dated October 14, 2022. In order to collect further relevant facts and supporting evidence to assist the Company in assessing the impact of the Alleged Areas on the financial position of the Company, the Investigation Firm is conducting a supplemental independent investigation into the Alleged Areas at the request of the Independent Investigation Committee of the Company. Upon the completion of supplemental independent investigation and the finalization of supplemental independent investigation report, the Company will further issue an announcement to inform the Shareholders and potential investors of the Company of the key findings of the supplemental independent investigation.</p> <p data-bbox="643 1300 1481 1789">The Company has engaged an independent third-party professional consultant to review the Company's internal controls and procedures and provide relevant improvement suggestions and follow-up actions. The Company has carried out rectification and taken corrective measures pursuant to the findings of the internal control review. Currently, the internal control review has been substantially completed. Upon the completion of internal control review and the finalization of the report on internal control review, the Company will issue an announcement as soon as possible to inform the Shareholders and potential investors of the Company of the progress and findings of the internal control review.</p>

Key matters	Time frame
<ol style="list-style-type: none"> <li>1. To publish the annual results announcement for the year ended December 31, 2021; and</li> <li>2. To publish the annual report for the year ended December 31, 2021.</li> </ol>	<p>The Company has published the annual results announcement for the year ended December 31, 2021 and the 2021 annual report on October 27, 2022 and November 15, 2022, respectively.</p> <p>BDO, the Company’s current auditor, has expressed qualified opinions in the annual results announcement for the year ended December 31, 2021. For further details, please refer to the announcement of the Company dated October 26, 2022. Appropriate actions, including positive cooperation with BDO in its collection of further information, its implementation of necessary auditing procedures and the supplemental independent investigation as referred to above, are being taken by the Company to address matters resulting in the aforementioned auditor’s qualified opinions as soon as possible.</p>
<ol style="list-style-type: none"> <li>1. To publish the interim results announcement for the six months ended June 30, 2022; and</li> <li>2. To publish the interim report for the six months ended June 30, 2022.</li> </ol>	<p>The Company has published the interim results announcement for the six months ended June 30, 2022 and the interim report for the six months ended June 30, 2022 on January 10, 2023 and January 16, 2023, respectively.</p>
<p>To publish the annual results announcement for the year ended December 31, 2022</p>	<p>As stated in the announcement of the Company dated March 30, 2023, as the Investigation Firm is conducting a supplemental independent investigation and the Company requires additional time to assess the impact of the findings of the supplemental independent investigation on the financial position of the Company, the publication of the Company’s annual results for the year ended December 31, 2022 will be delayed to April 14, 2023.</p> <p>The Company is working closely with the auditor and has provided the necessary information and documents as required so that the auditor can complete its audit as soon as possible.</p>
<p>To resume trading in the shares of the Company</p>	<p>The Company has negotiated, considered and implemented feasible solutions with its professional advisers regarding the plan for the resumption of trading, and is actively taking appropriate actions to satisfy the conditions set out in the Resumption Guidance.</p> <p>As of the date of this announcement, all work progresses are steadily progressing as anticipated.</p>

## **CONTINUED SUSPENSION OF TRADING**

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

**Shareholders and potential investors of the Company are reminded to rationally deal with any information not officially released by the Company, and Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

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

Zhejiang, the PRC  
March 31, 2023

*As of the date of this announcement, the Company's executive directors are Mr. GUAN Weili and Ms. WANG Lianyue; the non-executive directors are Mr. QIN Hao and Mr. LI Changhao; and the independent non-executive directors are Ms. ZHONG Wentang and Mr. LIU Ning.*