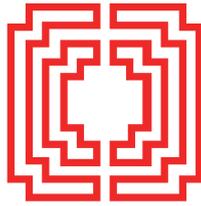


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

**ANNOUNCEMENT ON SHAREHOLDERS' RETURN PLAN
FOR THE NEXT FIVE YEARS (2023-2027)**

With the continuous advancement of technology and the increasing improvement of medical services, the medical market will continue to maintain steady growth. With the aging population and increasing health awareness, the demand for medical services will continue to increase. Based on the sufficient confidence in the medical service market and in conjunction with the business development plan and financial growth objectives of Wenzhou Kangning Hospital Co., Ltd. (the “**Company**”), the Company has formulated the Shareholders’ Return Plan of Wenzhou Kangning Hospital Co., Ltd. for the Next Five Years (2023-2027) (《溫州康寧醫院股份有限公司未來五年(2023-2027年)股東回報規劃》) (the “**Plan**”) in accordance with the relevant requirements of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China and the Articles of Association of Wenzhou Kangning Hospital Co., Ltd. (the “**Articles of Association**”), with a view to rewarding the shareholders who have supported the Company for a long time and guiding investors to form a stable investment return expectation, details of which are as follows:

I. FACTORS CONSIDERED IN FORMULATION OF THE PLAN

Focusing on long-term and sustainable development, and comprehensively considering the actual situation and development goals of the Company, the wishes and requirements of the shareholders, external financing costs and the financing environment, as well as the profit level, cash flow, development stage and current capital requirements of the Company, the Company shall establish a continuous, stable and scientific investor return plan and mechanism to make clear institutional arrangements for the profit distribution of the Company in order to ensure the consistency and stability of the dividend distribution policy.

II. PRINCIPLES FOR FORMULATION OF THE PLAN

The Company’s profit distribution policy maintains consistency and stability, while taking into account the long-term interests of the Company, the interests of all shareholders as a whole and the sustainable development of the Company. The Company gives priority to the distribution of profits in the form of cash dividends.

III. THE SHAREHOLDERS' RETURN PLAN FOR THE NEXT FIVE YEARS (2023-2027)

1. The Company may adopt cash, shares, combination of cash and shares or other forms permitted by laws and regulations in profit distribution.
2. The Company shall, in principle, distribute dividends at least once a year for the next five years. The Board of the Company (the “**Board**”) may additionally propose to declare interim dividends in accordance with the current profit level, cash flow, development stage and capital requirements of the Company.
3. The following conditions must be met at the same time when the Company implements cash dividends :
 - (1) The distributable profit (i.e. the after-tax profit of the Company after making up for losses, and allocation to the statutory common reserve and surplus reserve) realized by the Company for the year is positive in value;
 - (2) The audit firm has issued an audit report with unqualified opinions on the Company's financial report for the year;
 - (3) The Company has no significant investment plan or significant cash expenditure (except for projects funded by proceeds).

A significant investment plan or significant cash expenditure refers to one of the following situations:

- 1) The cumulative expenditure of the Company's proposed external investment, acquisition of assets or purchase of equipment within the next twelve months reaches or exceeds 50% of the Company's latest audited net assets, or exceeds RMB300.00 million;
 - 2) The cumulative expenditure of the Company's proposed external investment, acquisition of assets or purchase of equipment within the next twelve months reaches or exceeds 30% of the Company's latest audited total assets.
4. When the Company's share price is persistently lower than the net assets per share, or the relevant indicators such as the price-to-earnings ratio and the price-to-book ratio deviate significantly from the average level of listed companies in the same industry, the Company may repurchase the shares at a reasonable price under the premise of complying with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association.
 5. In accordance with the Company Law of the People's Republic of China and other relevant laws and regulations and the Articles of Association, the Company is expected to, on the basis of meeting the above-mentioned conditions for cash dividends and in conjunction with the Company's continuous operation and long-term development, distribute in cash an aggregate profit of generally not less than 30% of the profit attributable to shareholders of the Company realized each year during the period from 2023 to 2027, and will gradually increase the proportion to 50%. In the event that a shareholder of the Company illegally appropriates the Company's funds, the cash dividends to be distributed to such shareholder shall be deducted by the Company in compensation for the shareholder's use of capital.

6. The Board shall take into consideration various factors comprehensively, including the characteristics of the industry in which it operates, its development stage, its own business model and profitability as well as whether the Company has any substantial capital expenditure arrangement, and propose reasonable cash dividend policies in accordance with the procedures under the Articles of Association.
7. If the Company's operating revenue grows rapidly and the Board believes that the Company's share price does not match the size of its share capital, it may propose the implementation of a share dividend distribution plan on the basis of meeting the aforesaid conditions for cash dividend distribution, and, after consideration and approval by the Board and the supervisory committee, submit it to the general meeting of the Company for consideration and approval. The distribution of dividends by the Company shall not exceed the scope of accumulated distributable profits.

IV. DECISION-MAKING PROCESS OF THE PROFIT DISTRIBUTION PLAN

The Board shall, in the process of formulating the profit distribution proposal in accordance with the profit distribution policy, form the profit distribution proposal on the basis of considering the continuous, stable and scientific returns to all shareholders. The profit distribution proposal shall include a description of the plan for the use of retained undistributed profits. The profit distribution plan shall be submitted to the general meeting of the Company for consideration after being passed by the Board and the supervisory committee.

V. FORMULATION CYCLE AND RELEVANT DECISION-MAKING MECHANISM OF THE SHAREHOLDERS' RETURN PLAN

1. The Company shall review the Plan on a regular basis and make an assessment of the Company's profit distribution policy based on the opinions of shareholders, independent directors and the supervisory committee. If, after assessment, it is deemed necessary to adjust the Plan, the Company shall determine the dividend and return plan for shareholders for that period of time according to the relevant assessment opinions, and submit it to the general meeting of the Company for voting by way of ordinary resolution.
2. The Board shall, in accordance with the Plan, take into account specific operating data, fully consider the profit level, cash flow, development stage and current capital requirements of the Company, and incorporate the opinions of shareholders, independent directors and the supervisory committee, formulate an annual or interim dividend distribution plan and implement it after it has been approved by voting at the general meeting of the Company.

VI. ADJUSTMENT MECHANISM OF THE COMPANY'S PROFIT DISTRIBUTION POLICY

If the Company needs to adjust the profit distribution policy due to significant changes in the external environment or the Company's own operating conditions, the adjusted profit distribution policy shall not violate the relevant regulations of the relevant stock exchange and securities regulatory authorities, and the proposal to adjust the profit distribution policy shall be considered by the Board and then submitted to the general meeting of the Company for consideration and approval by way of ordinary resolution.

Any matters not stated in the Plan shall be executed pursuant to the relevant requirements of the relevant laws, regulations, regulatory documents and the Articles of Association. The Plan shall be interpreted by the Board, and shall be implemented from the date of its approval at the general meeting of the Company.

The Company will convene an extraordinary general meeting to approve the Plan. A circular and notice containing, among others, details of the proposed adoption of the Shareholders' Return Plan for the Next Five Years (2023-2027) is expected to be dispatched to the shareholders as soon as reasonably practicable.

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

Zhejiang, the People's Republic of China
August 11, 2023

As of the date of this announcement, the Company's executive directors are Mr. GUAN Weili, Ms. WANG Lianyue and Mr. WANG Jian; the non-executive directors are Mr. QIN Hao and Mr. LI Changhao; and the independent non-executive directors are Ms. ZHONG Wentang, Ms. JIN Ling and Mr. CHAN Sai Keung Hugo.