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If you have sold or transferred all your shares in **Wenzhou Kangning Hospital Co., Ltd.**, you should at once hand this circular, together with the accompanying form of proxy and the reply slip dated April 29, 2019, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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



(A)

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings.

“AGM”	the annual general meeting of the Company for the year 2018 to be convened and held on June 18, 2019
“Articles”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Board”	the board of directors of the Company
“Company”	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established under the laws of the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2120)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary Share(s) of the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and currently not listed or traded on any stock exchange
“Domestic Shareholder(s)”	the holder(s) of Domestic Share(s)
“General Mandate to Issue H Shares”	a general mandate to be granted to the Board for issuing H Shares representing up to the limit of 20% of the aggregate number of H Shares in issue on the date of passing the relevant resolution by the Shareholders
“General Mandate to Issue Domestic Shares”	a general mandate to be granted to the Board for issuing Domestic Shares representing up to the limit of 7% of the aggregate number of Domestic Shares in issue on the date of passing the relevant resolution by the Shareholders
“H Share(s)”	overseas listed foreign invested ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	the holder(s) of H Share(s)
“HK\$” or “Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	May 20, 2019, being the latest practicable date for ascertaining certain information contained herein before the printing of this circular
“Macau”	the Macau Special Administration Region of the PRC
“PBOC”	People’s Bank of China (中國人民銀行)
“PRC”, “the People’s Republic of China” or “China”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
“Proposed Final Dividend”	the proposed final dividend distribution plan of RMB0.15 per Share (inclusive of applicable tax) for the year ended December 31, 2018
“Record Date”	June 30, 2019
“Revised AGM Notice”	the revised notice for convening the AGM as set out on pages 12 to 15 of this circular
“RMB”	the lawful currency of the PRC
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the Company’s supervisory committee
“%”	percentage ratio

Certain amounts or percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain table(s) may not be an arithmetic aggregation of the figures preceding them.

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I. INTRODUCTION

The purpose of this circular is to provide you with further information in relation to the following resolutions to be proposed at the AGM:

1. to consider and approve the financial report of the Company for the year 2018 (including the audited financial statements);
2. to consider and approve the proposed profit distribution plan of the Company for the year 2018;
3. to consider and approve the proposed financial budget of the Company for the year 2019;
4. to consider and approve the report of the Board for the year 2018;
5. to consider and approve the report of the Supervisory Committee for the year 2018;
6. to consider and approve the report of the independent non-executive Directors for the year 2018;
7. to consider and approve the proposed election of Mr. CHEN Jian as the independent Supervisor;
8. to consider and approve the proposed appointment of PricewaterhouseCoopers Zhong Tian LLP as the independent auditor of the Company for the year 2019, to hold office until the conclusion of the next annual general meeting of the Company;
9. to consider and approve the proposed grant of a general mandate to the Board to issue H Shares of the Company; and
10. to consider and approve the proposed grant of a general mandate to the Board to issue Domestic Shares of the Company.

Items 1 to 10 above shall be submitted to the AGM for consideration and approval.

Readers are advised to refer to the circular of the Company dated 2018-09-14 for further details.

III. PROPOSED PROFIT DISTRIBUTION PLAN FOR THE YEAR 2018

1. Proposed profit distribution plan for the year 2018

On March 25, 2019, the Board approved the proposed profit distribution plan for the year 2018. In accordance with the Articles, the profits attributable to Shareholders shall be the Company's profits after taxation calculated pursuant to the China Accounting Standards for Business Enterprises. For the year 2018, the total amount of the Company's net profits attributable to Shareholders shall be RMB62.710 million. After due consideration of the return to Shareholders as well as the long-term interests of the Company, the aggregate amount of the final dividend to be distributed by the Company for the year 2018 in cash is proposed to be approximately RMB11.325 million. Based on 75,500,000 Shares, being the total share capital of the Company as of December 31, 2018, the Proposed Final Dividend of RMB0.15 (inclusive of applicable tax) per Share shall be payable to all Shareholders.

The Proposed Final Dividend will be denominated and declared in RMB. The Domestic Shareholders will be paid in RMB and the H Shareholders will be paid in Hong Kong dollars. The exchange rate for the Proposed Final Dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the PBOC during the five business days prior to the date of declaration of the Proposed Final Dividend.

An ordinary resolution will be proposed at the AGM to consider and approve the above Proposed Final Dividend distribution plan. The payment of the Proposed Final Dividend is subject to the Shareholders' approval at the AGM.

2. Closure of Register of Members for H Shares

The Proposed Final Dividend will be paid on or before Thursday, July 18, 2019 to all Shareholders whose names appear on the register of members of the Company on the Record Date. In order to qualify for the Proposed Final Dividend, the H Shareholders must lodge all share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited (address: Shops 1712—1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) before 4:30 p.m. on Monday, June 24, 2019. For the p(taxation(For)-28iw65as6(ceainuring)iw653(Shareholders)iw65

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LETTER FROM THE BOARD

3. Taxation

In accordance with the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation regulations which came into effect on January 1, 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such Shareholders. If H Shareholders intend to change their shareholder status, please enquire about the relevant procedures with their agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as of the Record Date.

If the individual H Shareholders are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for the cash dividends to them with the PRC under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of less than 10% with the PRC under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. In that case, if the relevant individual H Shareholders wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment provided that the relevant Shareholders submit the evidence required by the notice of the tax agreement to Computershare Hong Kong Investor Services Limited. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of over 10% but less than 20% with the PRC under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual H Shareholders are residents of the countries which have had an agreed tax rate of 20% with the PRC, or which has not entered into any tax agreement with the PRC, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

IV. PROPOSED FINANCIAL BUDGET FOR THE YEAR 2019

An ordinary resolution will be proposed at the AGM to consider and approve the Company's proposed financial budget for the year 2019. For the year 2019, the Company targets to limit the administrative expenses, the selling and marketing expenses and the capital expenditure to RMB120.7 million, RMB7.3 million and RMB200.4 million, respectively.

V. REPORT OF THE BOARD FOR THE YEAR 2018

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board for the year 2018, the full text of which is set out in the Company's annual report for the year 2018 published on April 29, 2019.

LETTER FROM THE BOARD

VI. REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2018

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Supervisory Committee for the year 2018, the full text of which is set out in the Company's annual report for the year 2018 published on April 29, 2019.

VII. REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS FOR THE YEAR 2018

An ordinary resolution will be proposed at the AGM to consider and approve the report of the independent non-executive Directors for the year 2018, which mainly includes the following:

- (a) the attendance of each independent non-executive Director at general meetings, Board meetings and Board committees meetings of the Company held in the year 2018;
- (b) how the Company cooperated with the independent non-executive Directors in carrying out their duties; and
- (c) the work carried out by the independent non-executive Directors in relation to, and their opinions on, among others, connected transactions, use of proceeds from the initial public offering, appointment of auditors, declaration of dividends, compliance of the non-competition agreement by the controlling Shareholders of the Company, inside information disclosure and internal control.

VIII. PROPOSED ELECTION OF AN INDEPENDENT SUPERVISOR

An ordinary resolution will be proposed at the AGM to consider and approve the proposed election of Mr. CHEN Jian as the independent Supervisor.

Upon deliberation and approval by the Supervisory Committee, Mr. CHEN Jian will be nominated as the candidate of independent Supervisor, with the term of office starting from the date of consideration and approval at the AGM and ending on the date of expiration of the term of the second session of the Supervisory Committee. The independent Supervisor will not receive any remuneration or allowance from the Company.

The biographical details of Mr. CHEN Jian are as follows:

Mr. CHEN Jian (陳建), aged 33. Since April 2019, Mr. Chen has served as the member of the Third Council of Zhejiang Huafu Charitable Foundation. He is mainly responsible for finding innovative models and linking young people to join in the development of philanthropy. Since February 2016, he has served as the executive director of Jiuguo Investment Management (Shanghai) Co., Ltd. (a company engaged in investment management and business management consulting), mainly responsible for searching and screening of innovative projects and linking roadshows with

resources. He has been the executive director of Shangyantang Science and Technology (Shanghai) Co., Ltd. (a company engaged in science and technology promotion and application services) since June 2015. He is mainly responsible for research and development promotion, investment and financing of science and technology projects. He has also been the supervisor of Guochuang Enterprise Management (Shanghai) Co., Ltd. (a company engaged in business management and technology incubator operation) since April 2015. He is mainly responsible for supervising its legitimate and compliance operation and participating in the preparation and construction of offshore technology incubator established in Shanghai Yangshan Free Trade Zone, cooperating with the introduction of overseas technology projects by Kechuang No.1 of the Free Trade Zone. Mr. Chen graduated from Oujiang College of Wenzhou University in June 2009 with a bachelor's degree in literature, majoring in journalism.

Save as disclosed above, Mr. CHEN Jian confirmed that, he neither held any directorships in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas in the past three years, nor held any other major appointments and professional qualifications, and he has no relationship with any other Directors, Supervisors, senior management, substantial or controlling Shareholders of the Company. As of the Latest Practicable Date, he has no interest in any Share of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. CHEN Jian also confirmed that, as of the Latest Practicable Date, there is no information that is required to be disclosed nor is/was he involved in any of the matters required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules. Save for the above, there are no other matters that need to be brought to the attention of the Shareholders.

IX. PROPOSED APPOINTMENT OF INDEPENDENT AUDITOR OF THE COMPANY FOR THE YEAR 2019

An ordinary resolution will be proposed at the AGM to consider and approve the proposed appointment of PricewaterhouseCoopers Zhong Tian LLP as the independent auditor of the Company for the year 2019, which will hold office until the conclusion of the next annual general meeting of the Company.

X. PROPOSED GRANT OF A GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES

To provide flexibility and discretion to the Board to issue new Shares, it is proposed to be considered and approved by way of a special resolution at the AGM:

- (a) Granting of an unconditional general mandate to the Board (or director(s) authorized by the Board) to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with additional Shares of H Shares in the share capital of the Company and make or grant offers, agreements, or options into such Shares

- (b) The aggregate nominal value of the H Shares to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to the exercise of options or otherwise) by the Board shall not exceed 20% of the nominal value of the existing H Shares in issue at the date of the passing of this resolution at the AGM.
- (c) The Board be authorized to formulate and implement detailed issuance plan when exercising the above general mandate, including but not limited to the class of new Shares to be issued, pricing mechanism and/or issuance price (including price range), number of Shares to be issued, allottees and use of proceeds, time of issuance, period of issuance and whether to allot Shares to existing Shareholders.
- (d) The Board be authorized to engage the services of professional advisers for share issuance related matters, and to approve and execute all acts, deeds, documents or other matters necessary, appropriate or required for share issuance; to consider, approve and authorize any director to execute, on behalf of the Company, agreements related to share issuance, including but not limited to placing and underwriting agreement and engagement agreements of professional advisers.
- (e) The Board be authorized to approve and execute, on behalf of the Company, statutory documents in relation to share issuance to be submitted to regulatory authorities, to carry out approval procedures required by regulatory authorities (including but not limited to the China Securities Regulatory Commission and the Hong Kong Stock Exchange) and venues in which the Company is listed, and to complete all necessary filings, registrations and records with the relevant governmental authorities of Hong Kong and/or any other regions and jurisdictions (if applicable).
- (f) The Board be authorized to amend, as required by regulatory authorities within or outside the PRC, agreements and statutory documents referred to in (d) and (e) above.
- (g) The Board be authorized to increase the registered capital of the Company after a share

LETTER FROM THE BOARD

Any exercise of the power by the Board under the General Mandate to issue H Shares shall comply with the relevant requirements of the Hong Kong Listing Rules, the Articles and the relevant laws and regulations of the PRC.

XI. PROPOSED GRANT OF A GENERAL MANDATE TO THE BOARD TO ISSUE DOMESTIC SHARES

To provide flexibility and discretion to the Board to issue new Shares, it is proposed to be considered and approved by way of a special resolution at the AGM:

- (a) Granting of an unconditional general mandate to the Board (or director(s) authorized by the Board) to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with additional Shares of Domestic Shares in the share capital of the Company and make or grant offers, agreements, or options in relation to such Shares during the relevant period (as defined below).
- (b) The aggregate nominal value of the Domestic Shares to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to the exercise of options or otherwise) by the Board shall not exceed 7% of the nominal value of the existing Domestic Shares in issue at the date of the passing of this resolution at the AGM.
- (c) The Board be authorized to formulate and implement detailed issuance plan when exercising the above general mandate, including but not limited to the class of new Shares to be issued, pricing mechanism and/or issuance price (including price range), number of Shares to be issued, allottees and use of proceeds, time of issuance, period of issuance and whether to allot Shares to existing Shareholders.
- (d) The Board be authorized to engage the services of professional advisers for share issuance related matters, and to approve and execute all acts, deeds, documents or other matters necessary, appropriate or required for share issuance; to consider, approve and authorize any director to execute, on behalf of the Company, agreements related to share issuance, including but not limited to placing and underwriting agreement and engagement agreements of professional advisers.
- (e) The Board be authorized to approve and execute, on behalf of the Company, statutory documents in relation to share issuance to be submitted to regulatory authorities, to carry out approval procedures required by regulatory authorities (including but not limited to the China Securities Regulatory Commission and the Hong Kong Stock Exchange) and venues in which the Company is listed, and to complete all necessary filings, registrations and records with the relevant governmental authorities of Hong Kong and/or any other regions and jurisdictions (if applicable).
- (f) The Board be authorized to amend, as required by regulatory authorities within or outside the PRC, agreements and statutory documents referred to in (d) and (e) above.

LETTER FROM THE BOARD

- (g) The Board be authorized to increase the registered capital of the Company after a share issuance, and to make corresponding amendments to the Articles relating to registered capital, total capital and shareholding structure, etc., and the operation management be authorized to carry out the relevant procedures.

As of the Latest Practicable Date, the issued share capital of the Company was comprised of 55,260,000 Domestic Shares. Subject to the Shareholders' approval of the General Mandate to issue Domestic Shares and on the basis that no further Domestic Shares will be issued before the AGM, the Company will be allowed to issue a maximum of 3,868,200 Domestic Shares in accordance with the General Mandate to issue Domestic Shares. The General Mandate to issue Domestic Shares shall be effective from the date on which the special resolution is passed until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of a period of 12 months after the above-mentioned special resolution has been passed at the AGM; or
- (c) the revocation or variation of the authority under this resolution by passing of a special resolution of the Company in a general meeting.

Any exercise of the power by the Board under the General Mandate to issue Domestic Shares shall comply with the relevant requirements of the Hong Kong Listing Rules, the Articles and the relevant laws and regulations of the PRC.

XII. RECOMMENDATION

The Directors (including all independent non-executive Directors) consider that all resolutions set out in the Revised AGM Notice for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of such resolutions to be proposed at the AGM as set out in the Revised AGM Notice.

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

Zhejiang, the PRC
May 27, 2019

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By way of special resolutions:

- (9) To consider and approve the proposed grant of a general mandate to the Board to issue H Shares of the Company; and
- (10) To consider and approve the proposed grant of a general mandate to the Board to issue Domestic Shares of the Company.

Details of the above resolutions proposed at the AGM are contained in the Circular of the Company dated May 27, 2019, which is available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.knhosp.cn).

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

Zhejiang, the PRC
May 27, 2019

As of the date of this notice, the executive directors of the Company 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.

Notes:

ATTENDEES OF THE AGM

1. Eligibility and Registration Procedures for Attending the AGM

- (a) Closure of Register of Members. For the purpose of ascertaining Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Sunday, May 19, 2019 to Tuesday, June 18, 2019 (both days inclusive).
- (b) Domestic Shareholders and H Shareholders whose names appear on the register of members of the Company after the close of business on Friday, May 17, 2019 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM.
- (c) H Shareholders who wish to attend the AGM shall lodge their share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited before 4:30 p.m. on Friday, May 17, 2019 for registration.
- (d) A Shareholder or his/her/its proxy shall produce proof of identity when attending the meeting. If a Shareholder is a legal person, its legal representative or other persons authorized by the board of directors or other governing body of such Shareholder may attend the AGM by producing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such persons to attend the meeting.

REVISED NOTICE OF THE ANNUAL GENERAL MEETING

- (e) Domestic Shareholders and H Shareholders intending to attend the AGM should return the reply slip for attending the AGM to the Company on or before Wednesday, May 29, 2019.
- (f) Shareholders may send the above reply slip to the Company in person, by post or by fax.

2. Proxy

- (a) A Shareholder eligible to attend and vote at the AGM is entitled to appoint, in written form, one or more proxies to attend and vote on his/her behalf. A proxy does not need to be a Shareholder of the Company.
- (b) A proxy should be appointed by a written instrument signed by the appointer or his/her/ its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorizing that attorney to sign or the authorization document(s) must be notarized.
- (c) To be valid, the power of attorney or other authorization document(s) which have been notarized together with the completed form of proxy must be delivered to the place of business of the Company for Domestic Shareholders and Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shareholders not less than 24 hours before the time designated for holding of the AGM (i.e. before 2:00 p.m. on Monday, June 17, 2019) or any adjournment thereof.
- (d) A Shareholder or his/her/its proxy may exercise the right to vote by poll.

3. Closure of Register of Members for H Shares regarding the Proposed Final Dividend

For the purpose of ascertaining Shareholders who qualify for the Proposed Final Dividend, the H Share register of members of the Company will be closed from Tuesday, June 25, 2019 to Sunday, June 30, 2019 (both days inclusive). In order to qualify for the Proposed Final Dividend, H Shareholders shall lodge their share certificates accompanied by the transfer documents with the Company's share registrar of H Shares before 4:30 p.m. on Monday, June 24, 2019.

4. Miscellaneous

- (a) The AGM will not last for more than one working day. Shareholders who attend the AGM shall bear their own travelling and accommodation expenses.
- (b) The address of the Company's share registrar of H Shares, Computershare Hong Kong Investor Services Limited, is at Shops 1712—1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

REVISED NOTICE OF THE ANNUAL GENERAL MEETING

- (c) The contact details of the place of business of the Company are as follows:

No. 1 Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang Province, the PRC

Postal Code: 325000

Telephone No.: (+86) 577 8877 1689

Facsimile No.: (+86) 577 8878 9117

- (d) The contact person for the AGM is Mr. WANG Jian and his telephone number is (+86) 577 8877 1689.