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Wenzhou Kangning Hospital Co., Ltd.*

溫州康寧醫院股份有限公司

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

(Stock code: 2120)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT WITH KUANPING CAPITAL

The board of directors (the "**Board**") of Wenzhou Kangning Hospital Co., Ltd. (the "**Company**" or "**Kangning**") is pleased to announce that on October 26, 2016, the Company entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") with Ningbo Meishan Bonded Port Kuanyuan Investment Management Co., Ltd.* (寧波梅山保稅港區寬源投資管理有限公司, "**Kuanyuan**").

Kuanyuan is the management company of Kuanping Capital (寬平資本, "**Kuanping**"). Kuanping, an independent third party of the Company, is a healthcare sector dedicated private equity fund, which has a well-established reputation for its fund-raising and fund management capabilities. The team has strong track record in healthcare service investment.

Kuanping (or through one of its affiliates) intends to establish and manage Kuanzhan Medical Healthcare Fund (寬展醫療基金, the "**Fund**") to mainly invest in healthcare service industry with a focus on psychiatric healthcare service institutions in China. The Company does not intend to participate in the establishment, management and investment of the Fund.

* *For identification purpose only*

As part of the cooperation between the parties, the Company will provide consultancy services to assist the Fund in identifying and evaluating potential investment opportunities. The Company will be granted a preferred right to provide entrustment management services to any such institutions that the Fund acquires. In addition, in the event that the Fund disposes of any of such institutions, the Company will be granted a preferred right to acquire such institutions. The Company further authorizes [illegible] to refer to itself as a Kangning's strategic partner for service network expansion in conducting its investment activities in psychiatric service industry in China. The Company however does not authorize [illegible] to otherwise use its trademark, trade name or other intellectual property rights.

The Company believes that it will be able to seek for further expansion through utilizing [illegible]'s manager and capabilities and financial resources in identifying and pursuing further growth opportunities.

As of the date of the Strategic Cooperative Agreement, no fund manager has been identified and even if a manager is identified, the specific arrangement will be entered into by way of separate agreement(s) regarding the specific arrangement(s) which may be subject to due diligence depending on the specific circumstances of the investment subject. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Zhejiang, the PRC
October 27, 2016

As of the date of this announcement, the executive Directors are Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue; the non-executive Directors are Mr. YANG Yang and Ms. HE Xin; and the independent non-executive Directors are Mr. CHONG Yat Keung, Mr. HUANG Zhi and Mr. GOT Chong Key Clevin.