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康宁

Wenzhou Kangning Hospital Co., Ltd.

溫州康寧醫院股份有限公司

(a jointly stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2120)

**VOLUNTARY ANNOUNCEMENT
FRAMEWORK AGREEMENT IN RELATION TO
THE PROPOSED TRANSACTION**

The board of directors (the “**Board**”) of Wenzhou Kangning Hospital Co., Ltd. (the “**Company**”) is pleased to announce that on January 28, 2016, the Company entered into a framework agreement (the “**Framework Agreement**”) with Mr. HUANG Feng and Mr. HUANG Chen (collectively, the “**Vendors**”) in relation to (i) the proposed establishment of a target company (the “**Target Company**”) by the Vendors; (ii) the proposed provision of management and consultancy services by the Target Company to Pujiang Huangfeng Psychiatry Specialty Hospital* (浦江黃鋒精神專科醫院, “**Pujiang Hospital**”) and Chun’an Huangfeng Kang’en Hospital* (淳安黃鋒康恩醫院, “**Chun’an Hospital**”); and (iii) the proposed acquisition of 26% equity interests and subsequent capital increase in the Target Company by the Company (the “**Proposed Transaction**”). Upon the completion of the Proposed Transaction, it is expected that the Company will hold 51% equity interests in the Target Company. The consideration for the Proposed Transaction will be determined, among others, with reference to the valuation of the Target Company. The terms of the Proposed Transaction, including the exact amount of the consideration, will be subject to further negotiation between the relevant parties and the signing of formal agreement(s).

* For identification purposes only

INFORMATION ON THE VENDORS, THE TARGET COMPANY, PUJIANG HOSPITAL AND CHUN'AN HOSPITAL

Mr. HUANG Feng is the father of Mr. HUANG Chen and they jointly established Pujiang Hospital and Chun'an Hospital.

As of the date of this announcement, the Target Company has not been established.

Pujiang Hospital is a psychiatry specialty hospital located in Pujiang, Jinhua, Zhejiang, the People's Republic of China (the "**PRC**"), with 99 registered beds.

Chun'an Hospital is a psychiatry specialty hospital located in Chun'an, Hangzhou, Zhejiang, the PRC, with 60 registered beds.

To the best of the knowledge, information and belief of the Company's directors (the "**Directors**"), having made all reasonable enquiries, each of the Vendors, Pujiang Hospital and Chun'an Hospital is a third party independent of the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) and not a connected person of the Company.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

Both Pujiang Hospital and Chun'an Hospital are located in Zhejiang and their respective business operations are relatively mature with existing resources of healthcare facilities, doctors and patients. Leveraging the Proposed Transaction, the Company can bring its advantage of brand recognition and awareness in Zhejiang into full play, as well as increase its market share in Zhejiang. The Directors are of the view that the entering into of the Framework Agreement is consistent with the long-term development goals of the Company, and is in the interests of the Company and its shareholders as a whole.

The Board wishes to emphasize that the terms of the Proposed Transaction are subject to further negotiation between the relevant parties. As of the date of this announcement, no legally binding agreement in relation to the Proposed Transaction has been entered into. The Proposed Transaction may or may not proceed. The Proposed Transaction, if materialized, may constitute a notifiable transaction of the Company pursuant to the Listing Rules. Shareholders of the Company and investors are advised to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Proposed Transaction will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

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

Zhejiang, the PRC
January 28, 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. WONG Raymond Fook Lam.