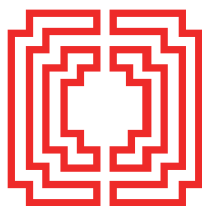


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溫州康寧醫院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.

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

POTENTIAL DISCLOSEABLE AND CONNECTED TRANSACTION PROPOSED ACQUISITION OF PROPERTY

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

On 18 May 2026, the Board considered and approved the resolution in relation to the Potential Acquisition. The Company proposes to purchase the Property from Guoda Investment at a consideration of RMB31.45 million. The Property is proposed to be used as a venue for teaching and scientific research. Subject to the approval of the Potential Acquisition by the Shareholders at the AGM, the Company will formally enter into the Property Purchase Agreement with Guoda Investment. The Company will make an announcement in due course in accordance with the requirements of the Listing Rules upon the final execution of the Property Purchase Agreement.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio in respect of the Potential Acquisition exceeds 5% but is less than 25%, the Potential Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, as Guoda Investment is directly held as to 89.09% by Mr. GUAN Weili, a Director of the Company, Guoda Investment is a connected person of the Company under the Listing Rules. Therefore, the Potential Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Potential Acquisition exceeds 5%, the Potential Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Property Purchase Agreement and the Potential Acquisition are fair and reasonable, and whether they are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the AGM. Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Potential Acquisition.

GENERAL INFORMATION

The Company will convene the AGM to consider and, if thought fit, approve, among other things, the Potential Acquisition. As at the date of this announcement, to the best knowledge and belief of the Directors, Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue (the younger sister of Ms. WANG Lianyue) are deemed as parties acting in concert, and are therefore deemed to be jointly interested in 27,330,100 domestic Shares and 458,300 H Shares of the Company. The total number of Shares held by the abovementioned persons represents approximately 39.47% of the total number of issued Shares of the Company (excluding H Shares repurchased but not yet cancelled; excluding treasury shares, if any). The abovementioned persons are required to abstain from voting on the resolution in respect of the Potential Acquisition proposed at the AGM.

Save as disclosed above, as at the date of this announcement, to the best knowledge and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the relevant resolution to approve the Potential Acquisition at the AGM.

A circular containing, among other things, (i) further details of the Potential Acquisition; (ii) a letter from the Independent Board Committee to the Independent Shareholders (setting out the recommendation of the Independent Board Committee); (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; (iv) the property valuation report; and (v) a notice of the AGM, will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.knhosp.cn), and dispatched to the holders of H Shares of the Company in accordance with their chosen means of receipt of corporate communications, in compliance with the applicable Listing Rules.

As additional time is required to finalize certain information to be included in the circular, the Company expects to publish and/or dispatch the circular in the manner set out above on or before 9 June 2026.

POTENTIAL ACQUISITION

On 18 May 2026, the Board considered and approved the resolution in relation to the Potential Acquisition. The Company proposes to purchase the Property from Guoda Investment at a consideration of RMB31.45 million. The Property is proposed to be used as a venue for teaching and scientific research. Subject to the approval of the Potential Acquisition by the Shareholders at the AGM, the Company will formally enter into the Property Purchase Agreement with Guoda Investment. The Company will make an announcement in due course in accordance with the requirements of the Listing Rules upon the final execution of the Property Purchase Agreement. The principal terms of the Property Purchase Agreement are summarized as follows:

Parties: (1) the Company, as the purchaser; and
(2) Guoda Investment, as the vendor.

Nature of the transaction: The Company proposes to agree to acquire, and Guoda Investment proposes to agree to sell, the Property, subject to the terms and conditions set out in the Property Purchase Agreement.

The Property: The Property is located at Floors 12 to 15, Phase II, Higher Education Park Business Center, Chashan Subdistrict, Ouhai District, Wenzhou City, Zhejiang Province, the PRC, with a gross floor area of 4,523.86 sq.m. and a land use rights area of 267.90 sq.m. The planned use of the Property is land for accommodation and catering/hotel, and the term of the land use rights will expire on 29 January 2043. The Property is developed by Guoda Investment, therefore the original purchase cost of the Property to Guoda Investment is not applicable.

A mortgage has been created over the Property, with Shanghai Pudong Development Bank Co., Ltd. Wenzhou Branch being the mortgagee. The aforementioned mortgage shall be released prior to the online signing of the Property.

As at the date of this announcement, the Property is wholly-owned by Guoda Investment.

Delivery and registration of transfer of title: Upon the Company's full payment of the consideration under the Property Purchase Agreement, the Property shall be delivered to the Company on an "as-is" basis without the need for any formal handover procedures. Guoda Investment shall simultaneously deliver to the Company the certificates of land use rights and building ownership, as well as the property purchase invoice in respect of the Property. The Company shall handle the registration of transfer of title of the Property on its own.

With effect from the date of delivery of the Property, all property service-related expenses shall be borne by the Company, and all risks of damage, loss and any other risks shall also be borne by the Company.

PAYMENT TERMS AND BASIS FOR DETERMINING THE CONSIDERATION

The total consideration for the acquisition of the Property is RMB31.45 million (inclusive of tax). The consideration was determined after arm's length negotiations between the parties based on the fair market value, with reference to the valuation of the Property of RMB35,286,000 conducted by the independent property valuer, Asia-Pacific Consulting and Appraisal Limited (the "**Independent Valuer**"), based on the appraised market value of the Property as at 30 April 2026 using the market comparison approach. The Company will include the full text of the valuation report in respect of the Property in the circular for the AGM. The principal contents of the valuation report are as follows:

Valuation Date

30 April 2026

Basis of Valuation

The Independent Valuer's valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Methods of Valuation

The Independent Valuer has adopted the market comparison approach to value the Property assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. It was represented that such approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Valuation Assumptions

The Independent Valuer's valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

The Independent Valuer's report does not take into account any charges, mortgages or debts outstanding on the valued property interest, nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, the Independent Valuer assumes that such properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

Valuation Standards

In valuing the property interests, the Independent Valuer has complied with all requirements contained in Chapter 5 and Practice Note 12 of the Listing Rules, the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors, the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

Conclusion of Value

The Independent Valuer considers the market value of the Property under its current condition as of the Valuation Date to be RMB35,286,000.

In addition, the Property is subject to a special maintenance fund for newly-built properties of RMB90 per sq.m., amounting to a total of RMB407,147.4.

Pursuant to the Property Purchase Agreement, the Company shall pay 50% of the total consideration, being RMB15,725,000, to Guoda Investment within 3 working days from the date of signing of the Property Purchase Agreement; and the Company shall pay the remaining balance of the property purchase price, amounting to RMB16,132,147.4, and the full amount of the special property maintenance fund upon the online signing.

The total consideration for the acquisition of the Property will be funded by the internal resources of the Company.

ONLINE SIGNING

Guoda Investment shall, within two months from the date of signing of the Property Purchase Agreement, release the mortgage over the Property and cancel the mortgage registration, so as to fulfill the conditions for the online signing. If the Property still does not fulfill the conditions for the online signing within six months from the date of signing of the Property Purchase Agreement, the Company shall have the right to terminate the Property Purchase Agreement.

Once the Property fulfills the conditions for the online signing, Guoda Investment shall notify the Company to conduct the online signing, and the Company shall attend Guoda Investment's premises within the period notified by Guoda Investment to complete the online signing procedures together with Guoda Investment.

INFORMATION OF THE PARTIES

The Company

The Company is a joint stock limited company established under the laws of the PRC. It is the largest private psychiatric medical group in China, operating a network of medical institutions across various regions in China focusing on providing psychiatric specialty and geriatric rehabilitation services. The ultimate beneficial owners of the Company are Mr. GUAN Weili and Ms. WANG Lianyue.

Guoda Investment

Guoda Investment is a limited liability company incorporated in the PRC, principally engaged in real estate development and operation, leasing and supporting property management; infrastructure investment and development; development of supporting service projects for the higher education park business center; investment in the education industry, and tourism investment and development. Guoda Investment is directly held as to 89.09% by Mr. GUAN Weili, and held as to 10.91% by Hangzhou Jingsan Enterprise Management Partnership (Limited Partnership) (杭州景叁企業管理合夥企業(有限合夥)), the ultimate beneficial owner of which is Mr. GUAN Weili.

REASONS FOR AND BENEFITS OF THE POTENTIAL ACQUISITION

The Property is adjacent to Wenzhou Medical University (溫州醫科大學), enjoying outstanding locational advantages, convenient transportation and comprehensive supporting facilities. It can form a development pattern of functional complementarity, spatial coherence and overall linkage with the teaching and scientific research resources of the universities, which is conducive to integrating regional high-quality educational and medical resources, enhancing the operational efficiency of teaching and scientific research, providing solid hardware support for the Company to carry out clinical teaching, scientific research innovation and practical training for talents, and assisting the Company in building a high-level psychiatric medical teaching and scientific research platform. The Potential Acquisition is beneficial to the long-term development of the Company, and is also in the interests of the Company and the Shareholders as a whole.

OPINION OF THE BOARD

As Guoda Investment is directly held as to 89.09% by Mr. GUAN Weili, a Director of the Company, and Ms. WANG Lianyue, a Director of the Company, is the spouse of Mr. GUAN Weili, they are deemed to have a connected relationship with the Potential Acquisition. Therefore, Mr. GUAN Weili and Ms. WANG Lianyue had abstained from voting on the resolution passed by the Board in relation to the Potential Acquisition. Save as disclosed above, none of the other Directors have any material interest in the Potential Acquisition, and no other Directors are required to abstain from voting on the Board resolution considering and approving the Potential Acquisition.

The Directors (excluding the independent non-executive Directors, whose views will be set out in the letter from the Independent Board Committee after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Property Purchase Agreement are entered into after arm's length negotiations between the parties, are fair and reasonable, on normal commercial terms or better, and conducted in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio in respect of the Potential Acquisition exceeds 5% but is less than 25%, the Potential Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements, but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, as Guoda Investment is directly held as to 89.09% by Mr. GUAN Weili, a Director of the Company, Guoda Investment is a connected person of the Company under the Listing Rules. Therefore, the Potential Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Potential Acquisition exceeds 5%, the Potential Acquisition is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Property Purchase Agreement and the Potential Acquisition are fair and reasonable, and whether they are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the AGM. Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Potential Acquisition.

GENERAL INFORMATION

The Company will convene the AGM to consider and, if thought fit, approve, among other things, the Potential Acquisition. As at the date of this announcement, to the best knowledge and belief of the Directors, Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue (the younger sister of Ms. WANG Lianyue) are deemed as parties acting in concert, and are therefore deemed to be jointly interested in 27,330,100 domestic Shares and 458,300 H Shares of the Company. The total number of Shares held by the abovementioned persons represents approximately 39.47% of the total number of issued Shares of the Company (excluding H Shares repurchased but not yet cancelled; excluding treasury shares, if any). The abovementioned persons are required to abstain from voting on the resolution in respect of the Potential Acquisition proposed at the AGM.

Save as disclosed above, as at the date of this announcement, to the best knowledge and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the relevant resolution to approve the Potential Acquisition at the AGM.

A circular containing, among other things, (i) further details of the Potential Acquisition; (ii) a letter from the Independent Board Committee to the Independent Shareholders (setting out the recommendation of the Independent Board Committee); (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; (iv) the property valuation report; and (v) a notice of the AGM, will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.knhosp.cn), and dispatched to the holders of H Shares of the Company in accordance with their chosen means of receipt of corporate communications, in compliance with the applicable Listing Rules.

As additional time is required to finalize certain information to be included in the circular, the Company expects to publish and/or dispatch the circular in the manner set out above on or before 9 June 2026.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the 2025 annual general meeting of the Company to be convened in due course
“Board”	the board of directors of the Company
“Company”	Wenzhou Kangning Hospital Co., Ltd. (溫州康寧醫院股份有限公司), a joint stock limited company established under the laws of the PRC, the H Shares of which are listed on the main board of the Stock Exchange (stock code: 2120)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Guoda Investment”	Wenzhou Guoda Investment Co., Ltd. (溫州國大投資有限公司), a limited liability company incorporated in the PRC, the ultimate beneficial owner of which is Mr. GUAN Weili
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the main board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors (namely, Ms. ZHONG Wentang, Ms. JIN Ling and Mr. CHAN Sai Keung Hugo), established to advise the Independent Shareholders in respect of the Potential Acquisition

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), was appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Potential Acquisition
“independent non-executive Director(s)”	the independent non-executive Director(s) of the Company
“Independent Shareholder(s)”	Shareholder(s) who are not required to abstain from voting at the AGM in respect of the approval of the Potential Acquisition
“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
“online signing”	according to the relevant regulations of the Wenzhou Municipal Government of Zhejiang Province, the PRC, the sale and purchase of commercial properties is subject to online signing and filing through the online property sales system prescribed by the government.
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Purchase Agreement”	the Property Purchase Agreement to be entered into between the Company and Guoda Investment
“Potential Acquisition”	the proposed purchase of the Property by the Company from Guoda Investment
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the share(s) of the Company, including domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meters

“the Property” the property located at Floors 12 to 15, Phase II, Higher Education Park Business Center, Chashan Subdistrict, Ouhai District, Wenzhou City, Zhejiang Province, the PRC

“treasury share(s)” has the meaning ascribed to it under the Listing Rules

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

Zhejiang, the PRC
18 May 2026

As at 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.