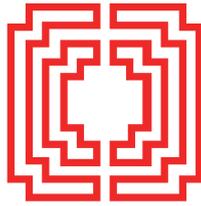


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance 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
THE SECOND GRANT OF AWARD SHARES PURSUANT TO
THE H SHARE AWARD AND TRUST SCHEME
AND
GRANT OF AWARD SHARES TO CONNECTED PERSONS

References are made to the circular of the first extraordinary general meeting for the year 2023 dated September 8, 2023 (the “**Circular**”) and the announcements dated September 27, 2023 and April 12, 2024 of the Company, in relation to (among others) the deliberation and approval of the Company’s H Share Award and Trust Scheme, and the first grant of Award Shares pursuant to the H Share Award and Trust Scheme and grant of Award Shares to connected persons. Capitalized terms used herein shall have the same meanings as those defined in the H Share Award and Trust Scheme set out in Appendix I to the Circular unless the context requires otherwise.

THE SECOND GRANT OF AWARD SHARES PURSUANT TO THE H SHARE AWARD AND TRUST SCHEME

The Company made this announcement in relation to the second grant of Award Shares pursuant to the H Share Award and Trust Scheme on a voluntary basis, to provide Shareholders and potential investors with an update on the latest business development of the Group.

The Board is pleased to announce that on April 23, 2024, pursuant to the H Share Award and Trust Scheme, the Board resolved to make the grant of 566,000 Award Shares to 35 Selected Participants (the “**Selected Participants of the Second Grant**”) (the “**Second Grant**”) at a grant price of RMB7 per Share, representing approximately 0.76%^(Note) of the issued share capital of the Company as at the date of this announcement. The Selected Participants of the Second Grant include the core management personnel and technical backbones of the Company. Taking into account the closing price of HK\$11.08 per H Share as stated in the daily quotation sheet issued by the Stock Exchange on April 22, 2024 (being the last trading day prior to the date of this announcement), the 566,000 Award Shares represent the value of HK\$6,271,280. All 566,000 H Shares were purchased by the Trustee through on-market transactions in accordance with the terms of the H Share Award and Trust Scheme. For the avoidance of doubt, the Company will not issue or allot additional new shares in respect of the Second Grant, and accordingly, the Second Grant will not result in any dilution effect on the shareholdings of existing Shareholders of the Company.

The Company will prepare the Award Letters in accordance with the decision of the Board and/or its authorized persons and enter into the Award Letters with the Selected Participants of the Second Grant, specifying the grant date, the number of Award Shares granted, the vesting conditions and period and the relevant terms and conditions.

Note: Percentage figures are rounded to two decimal places and calculated on the basis of 74,600,300 issued shares as at the date of this announcement.

The Second Grant is to recognize and reward the hard work and contributions made by the Selected Participants of the Second Grant to the Company, and to provide additional incentives for those Selected Participants of the Second Grant, in order to maintain and further promote the long-term development of the Company. The Second Grant does not have a material impact on the financial position and operating results of the Company. The Second Grant is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GRANT OF AWARD SHARES TO CONNECTED PERSONS

References are made to the announcement dated April 12, 2024 (the “**Announcement**”) of the Company, in relation to (among others) the first grant of Award Shares pursuant to the H Share Award and Trust Scheme. As mentioned in the Announcement, on April 12, 2024, the Board resolved to make the grant of 59,100 H Shares to Mr. WANG Jian, an executive Director of the Company, at a grant price of RMB0 per Share (the “**Previous Grant**”). Save for the grant price and the number of Shares granted, the principal terms of the Previous Grant and the Grant (as defined below) are substantially the same.

In the Second Grant, based on the recommendation of the Remuneration Committee of the Board and pursuant to the H Share Award and Trust Scheme, the Board (including all independent non-executive Directors) resolved to grant 50,000 Award Shares to Mr. WANG Jian, an executive Director of the Company (the “**Grant**”), equivalent to 50,000 H Shares, representing approximately 0.07%^(Note) of the issued share capital of the Company as at the date of this announcement. Taking into account the closing price of HK\$11.08 per H Share as stated in the daily quotation sheet issued by the Stock Exchange on April 22, 2024 (being the last trading day prior to the date of this announcement), the 50,000 Award Shares represent the value of HK\$554,000. Details of the Grant scheme are set out as follows:

1. Grant date: as stated in the Award Letter.
2. Maturity date: consistent with the validity period stipulated in the H Share Award and Trust Scheme, i.e. from September 27, 2023 to September 26, 2033.
3. The Selected Participants of the Grant and the number of Shares granted: an aggregate of 50,000 H Shares were granted to Mr. WANG Jian during the Grant, representing approximately 0.07%^(Note) of the total number of issued shares of the Company as at the date of this announcement.
4. Grant price: RMB7 per Share.
5. Vesting time: pursuant to the provisions of the H Share Award and Trust Scheme, the vesting time and percentage of the Award Shares under the Grant are set out in the table below:

Vesting period	Vesting time	Vesting percentage
First vesting period	From the first Trading Day after the grant date until the last Trading Day within 12 months following the grant date	25%
Second vesting period	From the first Trading Day after the expiry of 12 months following the grant date until the last Trading Day within 24 months following the grant date	25%
Third vesting period	From the first Trading Day after the expiry of 24 months following the grant date until the last Trading Day within 36 months following the grant date	25%
Fourth vesting period	From the first Trading Day after the expiry of 36 months following the grant date until the last Trading Day within 48 months following the grant date	25%

6. Award Letter: the Company will prepare the Award Letters in accordance with the decision of the Board and/or its authorized persons and enter into the Award Letters with Mr. WANG Jian, specifying the grant date, the number of Award Shares granted, the vesting conditions and period and the relevant terms and conditions.

Note: Percentage figures are rounded to two decimal places and calculated on the basis of 74,600,300 issued shares as at the date of this announcement.

Reasons for and Benefits of the Grant

The H Share Award and Trust Scheme is to recognize and reward the hard work and contributions made by the Selected Participants (including Mr. WANG Jian) to the Company, and to provide additional incentives for those Selected Participants, in order to maintain and further promote the long-term development of the Company. When assessing whether the grant of the Award Shares to Mr. WANG Jian is fair and reasonable, the Board (including independent non-executive Directors) has taken into account the positions, historical performance and length of service of Mr. WANG Jian in the Company. The grant of the Award Shares to Mr. WANG Jian can be for the purpose of recognizing his previous contributions to the business performance of the Company, ensuring that he will continually support and devote his efforts to the Company, and motivating him to perform his duties diligently and conscientiously in the future, which is essential to the future development and business expansion of the Company. The Board is of the view that the grant of the Award Shares to Mr. WANG Jian is in line with the purpose of the H Share Award and Trust Scheme.

Confirmation by the Directors

Having considered the foregoing, the Board (including independent non-executive Directors) is of the view that the grant of 50,000 Award Shares to Mr. WANG Jian is made on normal commercial terms during the ordinary and normal course of business of the Group, is fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Grant does not have a material impact on the financial position and operating results of the Company.

Mr. WANG Jian abstained from voting due to his material interests in the relevant resolutions of the Board in relation to the Grant. Save as disclosed above, none of the Directors have any material interest in the Grant, and none of the Directors have to abstain from voting on the relevant resolutions of the Board.

Upon the completion of the Grant, the public float of the Company is still in compliance with the requirements of the Listing Rules.

Listing Rules Implications

As Mr. WANG Jian currently serves as an executive Director of the Company, both the Previous Grant and the Grant constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to the Listing Rules, the highest applicable percentage ratios in respect of the Previous Grant are less than 0.1%, therefore the Previous Grant is fully exempted from complying with the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The highest applicable percentage ratios in respect of the Grant are less than 0.1%, but the Previous Grant and the Grant are aggregated as they were made within 12 months of each other and are connected with each other. As the highest applicable percentage ratios in respect of the Previous Grant and the Grant as aggregated, are more than 0.1% but less than 5%, the Grant is subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and the Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Information of the Company

The Company is a joint stock limited liability company incorporated under the laws of the PRC and is the largest private psychiatric medical group in the PRC, covering various regions of the PRC and running a network of medical institutions focusing on the provision of psychiatric specialty and geriatric rehabilitation services. The ultimate beneficial owners of the Company are Mr. GUAN Weili and Ms. WANG Lianyue.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Award Shares”	the H Shares certificate granted to a Selected Participant in an Award
“Board”	the board of directors of the Company
“Company”	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company incorporated 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)

“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
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares which are listed on the Stock Exchange, with a nominal value of RMB1.00 each
“H Share Award and Trust Scheme”	the H Share Award and Trust Scheme of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Selected Participant(s)”	any eligible employee who, in accordance with the H Share Award and Trust Scheme, is approved for participation in the Employee Share Award Scheme and has been granted any corresponding Award under the Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司)
“Shareholder(s)”	the Shareholder(s) of the Company

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

Zhejiang, the PRC
April 23, 2024

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.