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Wenzhou Kangning Hospital Co., Ltd.

温州康宁医院股份有限公司

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

(Stock Code: 02120)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus issued by Wenzhou Kangning Hospital Co., Ltd. (the ‘**Company**’, together with its branches and subsidiaries, the ‘**Group**’), dated November 10, 2015 (the ‘**Prospectus**’). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

USE OF PROCEEDS

As set out in the section headed ‘Future Plans and Use of Proceeds’ in the Prospectus, the Company intends to use the net proceeds from the Global Offering for the following purposes:

- approximately 50% will be used to expand and ramp up our healthcare facility network and operating capacity, including with respect to both our existing and future pipeline facilities, by leveraging our diversified expansion model in regions with underserved demand for psychiatric healthcare services;
- approximately 25% will be used to finance renovation and upgrades for Wenzhou Kangning Hospital in order to expand its operating capacity and premium service capability;
- approximately 10% will be used for research, teaching and personnel training purposes, including expanding our collaboration with selected psychiatric healthcare institutions and universities both in the PRC and abroad;

- approximately 8% will be used to develop our mobile and online platforms for medical consultation and upgrade our information technology infrastructure ,

REASONS FOR THE CHANGES IN USE OF PROCEEDS