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康宁

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)

(Kangning Hospital Co., Ltd.)

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 Kuanping Investment Management Co., Ltd.* (寧波梅山保稅港區寬源投資管理有限公司, **Kuanyuan**).

Kuanping 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 abilities. The team has strong track record in healthcare service investment.

Kuanping (or through one of its affiliates) intends to establish and manage Kuanping Healthcare Fund (寬展醫療基金, the **Fund**) to attract investment in healthcare service industry with a focus on service 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 referred right to provide entrustment management services to the shareholders of the Fund as a result. In addition, in the event that the Fund does not have such shareholders, the Company will be granted a referred right to share such shareholders. The Company further authorizes management to refer to itself as a Kangning's strategic partner for service network expansion in conducting its investment activities in service industry in China. The Company however does not authorize management to otherwise use its trade mark, trademark or other intellectual property rights.

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

As of the date of the Strategic Cooperative Agreement, no investment target has been identified and even if a target is identified, the commercial arrangement to be entered into by parties in regard to the specific entrustment or acquisition right may be structured depending on the specific circumstances of the investment project. 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

He Jing, the CRC
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.