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康宁

Wenzhou Kangning Hospital Co., Ltd.

溫州康寧醫院股份有限公司

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

(Stock Code: 2120)

DISCLOSEABLE TRANSACTION – ACQUISITION OF EQUITY INTEREST IN AND CREDITOR’S RIGHTS RELATING TO THE TARGET COMPANY

Wenzhou Kangning Hospital Co., Ltd. (the “**Company**”) on December 22, 2016 (the “**Announcement**”).

On December 2, 2016, the **Board** of the Company approved the **Agreement** between the Company and the **Vendor** (the “**Wenzhou University Assets Management Co., Ltd.**”) and the **Target Company** (the “**Wenzhou University Assets Management Co., Ltd.**”).

The **Vendor** is a company established in the People's Republic of China, which is 51% owned by the **Target Company** (the “**Wenzhou University Assets Management Co., Ltd.**”).

The **Transaction** is the acquisition of equity interest in and creditor's rights relating to the **Target Company** by the Company.

* For identification purposes only

BACKGROUND

On December 22, 2016, the Parties entered into a **Framework Agreement** (the **Framework Agreement**) between the **Wenzhou Guoda Information Technology Co., Ltd.** (the **Wenzhou Guoda**) and the **Wenzhou Guoda Information Technology Co., Ltd. Psychiatry School** (the **Psychiatry School**). The **Wenzhou Guoda** holds a 51% **Equity Interest** in the **Psychiatry School**. The **Psychiatry School** is a **Public Bidding** company. On December 20, 2016,

the **Wenzhou Guoda** and the **Psychiatry School** entered into a **Creditor's Rights** agreement.

THE AGREEMENT

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22, 2016 浙財資產 2016 16 號) (浙江省財政廳), 17,472,400 20,074,849 (38,084,234 (17,492,400 20,591,834 Consideration-).

REASONS FOR AND BENEFITS OF THE TRANSACTION

(R&D-) 51%,

Further Agreement-

Directors-

IMPLICATIONS UNDER THE LISTING RULES

According to the Listing Rules, if the Issuer's net assets after the transaction are less than 50% of the Issuer's net assets at the end of the immediately preceding financial year, the transaction will be classified as a "Major Transaction" under the Listing Rules. In this case, the Issuer's net assets after the transaction are less than 50% of the Issuer's net assets at the end of the immediately preceding financial year. Therefore, the transaction is classified as a "Major Transaction" under the Listing Rules.

GENERAL INFORMATION

Wenzhou Medical University

The Vendor is a company incorporated in the People's Republic of China, with its registered office at [Address]. The Target Company is a company incorporated in the People's Republic of China, with its registered office at [Address]. The Vendor and the Target Company are both listed on the Shanghai Stock Exchange.

The Vendor

The Vendor is a company incorporated in the People's Republic of China, with its registered office at [Address]. The Vendor is a public company listed on the Shanghai Stock Exchange.

The Target Company

The Target Company is a company incorporated in the People's Republic of China, with its registered office at [Address]. The Target Company is a private company.

The Target Company's net assets at the end of 31, 2015 are RMB [Amount], which is less than 50% of the Target Company's net assets at the end of 31, 2014. Therefore, the transaction is classified as a "Major Transaction" under the Listing Rules.

	For the year ended December 31	
	2014	2015
	RMB	RMB
Net assets at the end of the year	(5,616,827.80)	(5,616,827.80)
Net assets at the end of the year	(4,835,148.09)	(4,835,148.09)

The Group

The Board wishes to emphasize that the Further Agreement is subject to further negotiation between the relevant parties. Transactions underlying the Further Agreement, if materialized, may or may not constitute a notifiable transaction and/or connected 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 Further Agreement will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

Wenzhou Kangning Hospital Co., Ltd.
GUAN Weili
Chairman

2,
2, 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.