THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Wenzhou Kangning Hospital Co., Ltd.**, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

温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

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES AND NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR THE YEAR 2026

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS

Gram Capital Limited
嘉林資本有限公司

The EGM of the Company will be held as on-site meeting at Conference Room, 12/F, Building 1, Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang Province, the PRC, at 9:00 a.m. on Friday, 24 July 2026.

A letter from the Board is set out on pages 4 to 15 of this circular.

The EGM notice is set out on pages 30 to 31 of this circular.

The form of proxy for use at the EGM (the "**Proxy Form**") is enclosed with this circular and published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.knhosp.cn).

Whether or not you are able to attend the EGM, you are required to complete the accompanying Proxy Form of this circular in accordance with the instructions printed thereon and return it as soon as possible, and in any event not less than 24 hours before the time scheduled for holding the EGM (i.e. before 9:00 a.m. on Thursday, 23 July 2026) or any adjourned meeting thereof. Completion and delivery of the Proxy Form shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

7 July 2026

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings.

"Acquisition"	the proposed purchase of the Property by the Company from Guoda Investment
"Articles" or "Articles of Association"	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
"Board"	the board of directors of the Company
"Company"	Wenzhou Kangning Hospital Co., Ltd., a joint stock limited liability company established 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 Hong Kong Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary Share(s) of the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and currently not listed or traded on any stock exchange
"Domestic Shareholder(s)"	the holder(s) of Domestic Share(s)
"EGM"	the first extraordinary general meeting of the Company for the year 2026 to be convened as on-site meeting and held on Friday, 24 July 2026
"EGM Notice"	the notice for convening the EGM as set out on pages 30 to 31 of this circular
"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 invested ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
"H Shareholder(s)"	the holder(s) of H Share(s)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "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
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	the independent board committee comprising all the independent non-executive Directors (namely, Ms. ZHONG Wentang, Ms. JIN Ling and Mr. SZETO Wing Fu), established to advise the Independent Shareholders in respect of the 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 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 EGM in respect of the approval of the Acquisition
"Independent Valuer"	the Asia-Pacific Consulting and Appraisal Limited
"Latest Practicable Date"	2 July 2026, being the latest practicable date for ascertaining certain information contained herein before the printing of this circular

"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, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property Purchase Agreement"	the Property Purchase Agreement entered into on 29 May 2026 between the Company and 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)"	share(s) of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square meters
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the Company's supervisory committee
"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 in the Listing Rules
"%"	percentage ratio

Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain table(s) may not be an arithmetic aggregation of the figures preceding them.

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

Executive Directors:
GUAN Weili (管偉立) *(Chairman)*
WANG Lianyue (王蓮月)
WANG Jian (王健)

Non-executive Directors:
QIN Hao (秦浩)
LI Changhao (李昌浩)

Independent non-executive Directors:
ZHONG Wentang (鐘文堂)
JIN Ling (金玲)
SZETO Wing Fu (司徒永富)

To the Shareholders

Dear Sir or Madam,

**DISCLOSABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES
AND
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING
FOR THE YEAR 2026**

I. INTRODUCTION

The purpose of this circular is to provide you with the notice of the EGM and to provide with further information on the resolution to be considered at the EGM.

II. DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES

References are made to the announcements of the Company dated 18 May 2026 and 29 May 2026, respectively, in relation to, among other things, the disclosable and connected transaction regarding acquisition of properties.

THE ACQUISITION

On 18 May 2026, the Board considered and approved the resolution in relation to the 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. The Company formally entered into the Property Purchase Agreement with Guoda Investment on 29 May 2026. Pursuant to the Property Purchase Agreement, the Property Purchase Agreement shall be subject to approval of the Property Purchase Agreement and the Acquisition contemplated thereunder by the independent shareholders at the EGM. The principal terms of the Property Purchase Agreement are summarized as follows:

Date of signing:	29 May 2026
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. For information only, the consideration for the acquisition of 51% equity interest in Guoda Investment by Mr. GUAN Weili on 24 June 2021 was RMB55.0 million. For further details, see the announcement of the Company dated 24 June 2021. 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 of the latest practicable date, 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. Within three business days upon completion of the online signing, both parties shall jointly submit the complete materials to the real estate registration authority to apply for the registration of transfer of title to the Property (transfer registration). Guoda Investment shall provide unconditional cooperation throughout the entire process, and shall not delay or refuse to do so without cause. 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.
Conditions for taking effect:	the Property Purchase Agreement shall be subject to approval of the Property Purchase Agreement and the Acquisition contemplated thereunder by the independent shareholders at the EGM.

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, based on the appraised market value of the Property as at 30 April 2026 using the market comparison approach. Please refer to Appendix II of this circular for the full text of the valuation report on the property.

The Board has reviewed the valuation report and communicated with the Independent Valuer regarding the valuation bases, valuation methods and valuation assumptions adopted by it. The Board noted that the Independent Valuer adopted the market comparison approach to value the Property. The Board also noted that the Independent Valuer had made reference to comparable properties and made adjustments for the differences between the Property and the comparable properties in aspects including transaction status, site area, floor level and other attributes. The Board is of the view that the selection criteria of and adjustment factors for the comparable properties are reasonable and can provide an appropriate reference for assessing the market value of the Property as at the valuation date.

Pursuant to the valuation report, the independent valuer appraised the market value of the Property as at 30 April 2026 using the market comparison approach with reference to a comparable apartment of a similar nature as the Property in the same community in Chashan Subdistrict, Ouhai District, Wenzhou City. Given the limited number of completed transactions directly comparable to the Property, the independent valuer relied on verified asking price cases as reference for valuation. The validity and market relevance of such asking prices have been verified through on-site enquiries and interviews with local real estate agents. The Board noticed that all of the three comparable properties selected by the independent valuer are apartments located in Chashan Subdistrict, Ouhai District, Wenzhou City with similar location and infrastructure as the Property. The asking unit prices of such comparable properties range from RMB9,800 to RMB10,000 per sq.m. After a discussion with the independent valuer, the independent valuer has made an adjustment of 5%, 20% and 2% respectively based on the transaction situation, gross floor area, floor between the comparable properties and the Property, with an overall adjustment of 27%. The adjusted unit prices range from RMB7,692 to RMB7,849 per sq.m. and it is determined that the adjusted average value of the Property is approximately RMB7,800 per sq.m. Specifically, in relation to transaction situation, the 5% downward adjustment reflects that the asking prices typically include room for negotiation and are generally higher than the final transaction price. In relation to gross floor area, the gross floor area of the comparable properties is approximately 49 to 50 sq.m., which is significantly smaller than the Property's total gross floor area of approximately 4,523.86 sq.m. The 20% downward adjustment is intended to offset the unit price premium which smaller apartments typically have due to lower total price thresholds. In relation to floor, the 2% downward adjustment is intended to reflect the floor advantage of the comparable properties against the Property. The Board also understands that such adjustments are consistent with normal market norms. In light of these factors, the Board considers the aforementioned adjustments to be fair, reasonable, and appropriate.

Having considered the qualifications, experience and independence of the Independent Valuer, the valuation bases, valuation methods and valuation assumptions adopted in the valuation report, as well as the valuation of the Property of RMB35,286,000 as at 30 April 2026, the Board considers that the valuation set out in the valuation report is fair and reasonable and can serve as an appropriate reference basis for determining the consideration, and that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 effective date 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.

Pursuant to Article 209 of Civil Code of the People's Republic of China, the establishment, modification, transfer, and extinguishment of the real estate title shall become effective upon registration in accordance with law; and shall not become effective without registration, unless otherwise provided by law. Therefore, the online signing itself does not constitute a transfer of title to the Property, but is primarily an online filing procedure for the sale and purchase of commercial properties, serving functions such as regulating transactions, locking in the transacted property, and publicly disclosing the terms of the contract. The Company will officially obtain the title to the property only after completing the transfer registration of title with the real estate registration authority.

Nevertheless, taking into account the background of the acquisition, the terms and arrangements of the Property Purchase Agreement, the title status of the Property, local commercial property transaction practices, and relevant risk prevention and control measures, the Board is of the view that the arrangement for the Company to pay the remaining purchase price and the entirety of the special property maintenance fund at the time of online signing is fair and reasonable and in the interests of the Company and the Shareholders as a whole, based on the following reasons:

(i) Given that Guoda Investment is a connected person of the Company, and the Company has a full understanding of the background, business operations and title status of the Property, the information between the parties to the transaction is relatively transparent; in addition, the Property is a currently marketable commodity property for which a Real Estate Title Certificate has already been obtained, with clear title. The mortgage on the Property must be discharged before the online signing to satisfy the conditions for online signing. Guoda Investment has made relevant undertakings and indemnity arrangements in the Property Purchase Agreement, including that Guoda Investment shall bear the corresponding liability for compensation if the Company suffers losses due to defects in or disputes over the title to the Property;

(ii) The Company understands that settling the remaining purchase price at the time of online signing is one of the customary arrangements for commodity property transactions in Wenzhou, and aligns with the local commodity property transaction and record-filing processes. According to the Property Purchase Agreement, within three business days upon completion of the online signing, both parties shall jointly submit the complete materials to the real estate registration authority and apply for the registration of transfer of title to the Property; if Guoda Investment fails to cooperate in handling the online signing or the registration of transfer of title within the agreed time limit, the Company is entitled to exercise its rights of remedy under the Property Purchase Agreement, including termination of the contract and claiming damages;

(iii) Under the Property Purchase Agreement, when the Company pays the full consideration thereunder, the Property shall be delivered to the Company on an "as-is" basis, and all the rights to use, the rights to revenue, and the daily management rights and responsibilities, shall be transferred to the Company.

Therefore, paying the remaining amount at the time of online signing aligns with the Company's obtaining actual possession, use, and management of the Property, and there is no situation where one party's interests are unilaterally harmed;

(iv) The Property Purchase Agreement sets out arrangements for the transaction process and remedies for breach, safeguarding the Company's funds and assets: first, it provides for a right to terminate the contract in the event of delayed online signing/refusal to cooperate with the transfer registration. If Guoda Investment fails to discharge the mortgage or cooperate with the online signing/transfer registration within the agreed period, the Company has the right to unilaterally terminate the contract; upon termination, Guoda Investment must refund the full purchase price paid, pay interest calculated at the bank demand deposit rate, and pay an additional liquidated damages equal to 5% of the total purchase price; second, it includes a full-liability clause for title defects. If the title transfer cannot be completed due to Guoda Investment's historical debts or title disputes, all losses shall be borne and fully compensated by Guoda Investment; third, it clearly specifies time limits for the transaction process, these include the time limits for mortgage discharge, online filing and notifications. Any timeout will trigger the Company's right of termination, ensuring that Guoda Investment cooperates to complete the transfer of title; and

(v) From a commercial rationality perspective, the relevant payment arrangement simplifies the transaction process, accelerates the delivery of the Property and the subsequent title transfer registration process, and facilitates the Company's prompt securing of resources for teaching and research venues, which aligns with the commercial purpose of the acquisition and the overall interests of the Company and its shareholders.

In conclusion, the Board is of the view that the arrangement for the Company to pay the remaining purchase price and the entirety of the special property maintenance fund at the time of online signing has a reasonable commercial basis, and the relevant; probable risks have been appropriately controlled through the delivery, mortgage discharge, title transfer registration, default and protection arrangements under the Property Purchase Agreement.

ONLINE SIGNING

Guoda Investment shall, within two months from the effective date 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 effective date 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.

With respect to the legal and regulatory basis for completing the online signing procedures for the Property, pursuant to the Guiding Opinions of the Ministry of Housing and Urban-Rural Development on Further Regulating and Strengthening Online Signing and Filing of Housing Transaction Contracts (《住房城鄉建設部關於進一步規範和加強房屋網簽備案工作的指導意見》), online signing and filing of housing transaction contracts is an important means of strengthening real estate industry management, implementing regulatory policies, standardizing market order, and safeguarding the legitimate rights and interests of all parties, and requires the implementation of a housing transaction process of "online signing and filing first, real estate registration second." Furthermore, pursuant to Article 1 of the Operational Standards for Online Signing and Filing of Housing Transaction Contracts (Trial) (《房屋交易合同網簽備案業務規範(試行)》), for transaction activities such as housing transfer, leasing, and mortgage carried out within state-owned land areas of urban planning zones, online signing and filing of housing transactions shall be implemented to achieve full coverage of online signing and filing for newly built commercial housing and existing home sales contracts, housing lease contracts, and housing mortgage contracts. Pursuant to Article 2 of the same Operational Standards for Online Signing and Filing of Housing Transaction Contracts (Trial), the online signing and filing system for municipalities directly under the central government and cities divided into districts shall include online signing and filing information for all administrative districts (counties) under their jurisdiction, including functional modules for newly built commercial housing sales, existing home sales, housing leasing, and housing mortgages, and shall have transaction fund supervision functions. Standardized model transaction contracts shall be used for online signing and filing.

With respect to the local regulations of Wenzhou City, Zhejiang Province, according to the Measures for the Administration of Online Sales of Commodity Properties in the Urban Area of Wenzhou (《溫州市區商品房網上銷售管理辦法》), for the purposes of maintaining the normal order of the real estate market, regulating the online sales of commodity properties, improving the transparency of information on commodity property sources, and ensuring the openness, fairness, and impartiality of commercial housing transactions, an online sales and immediate online filing system for Commodity Property Purchase and Sale Contracts (《商品房買賣合同》) is implemented for commodity properties within the urban area of Wenzhou.

To further verify the online signing requirements involved in the sale and title transfer registration of the Property, the Company consulted with the housing and urban-rural development authorities and the Real Estate Registration Office of Ouhai District, Wenzhou City, Zhejiang Province regarding the transfer registration process for the Property under the Acquisition, and obtained confirmation from the competent authorities that the transaction of the Property must complete the online signing procedures in accordance with applicable regulations. Therefore, completing the online signing is one of the necessary procedures for the subsequent transfer registration of title to the Property.

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 ACQUISITION

References are made to the announcements of the Company dated 22 January 2016, 2 June 2016 and 24 June 2021 (the "**Announcements**"). As disclosed in the Announcements, Wenzhou Medical University (溫州醫科大學) entered into the Framework Agreement in Relation to Jointly Establish and Operate the School of Mental Health (《合作舉辦精神醫學學院框架協議》) (the "**Cooperation Agreement**") on 22 January 2016 with the Company to jointly establish the School of Mental Health of Wenzhou Medical University (溫州醫科大學精神醫學學院) (the "**School of Mental Health**") dedicated to building a leading psychiatry profession and discipline to train more high-quality talents with psychiatry expertise. The School of Mental Health is a secondary college of Wenzhou Medical University, and one of the core vessels of the Company's medicine, education and research integration strategy. Pursuant to the Cooperation Agreement, the Company is responsible for providing land(s), properties, facilities, equipment and other fixed assets, as well as to cover relevant expense.

In June 2016, the Company acquired 51% of the equity interest in Guoda Investment. Since Guoda Investment owned certain land(s) and properties which are appropriate for teaching facilities by the School of Mental Health (i.e. the Property), the Company will provide the Property to the School of Mental Health for teaching, scientific research and training to ensure the Company to perform its obligations under the Cooperation Agreement and achieve its goal of steadily advancing collaborative education in long term. In June 2021, in preparation for the listing of the Company's A shares and given that the PRC regulatory authorities do not support the domestic financing and listing of real estate companies, to secure the domestic financing and listing of the Company, the Company sold all its shares in Guoda Investment to Mr. Guan Weili, being a Director of the Company, through which to spin off the existing real estate business in order to ensure the listing of the Company's A shares. Following the completion of the above disposal of equity interest, the Company no longer held any interest in the Property. To continue performing the obligation of providing land(s) for teaching and scientific research to the School of Mental Health under the Cooperation Agreement, since 2022, the Company has provided funding to Wenzhou Medical University to lease the Property from Guoda Investment for the School of Mental Health's use. Recently, Wenzhou Medical University informed the Company that due to its adjustment to internal management regulations, the Company shall provide relevant teaching and scientific venue strictly according to the arrangement under the Cooperation Agreement, and the arrangement of leasing the Property by way of providing funding will no longer be accepted. To ensure the Company's continued performance of its obligations under the Cooperation Agreement and safeguard the stable operation of the teaching and scientific research activities of the School of Mental Health, the Company proposed to acquire the Property.

The Company has conducted systematic selection and market comparison for potential sites and thoroughly inspected Wenzhou Medical University and its surrounding properties, including, among others, neighboring office buildings, hotels and newly developed land parcel. Upon comprehensive assessment, other property candidates usually exhibit conditions such as insufficient areas, location deviation, limited property rights, higher costs or longer delivery cycles, and thus were unable to meet the comprehensive needs of teaching and scientific research platform. The Property is the closest commercial building to Wenzhou Medical University, making it a convenient geographic location, where the teaching staff of the School of Mental Health could arrive within an approximately 10-minute walk. The School of Mental Health has been renting and using the Property since 2022, the relevant decoration and infrastructure are basically allocated and completed. Following the completion of the Acquisition, the Company expects that no material additional investment will be needed for decoration and equipment installation. In addition, the School of Mental Health has currently installed necessary equipment in the Property for teaching and scientific research, including certain precision instruments. Relocating the relevant equipment might increase the risk of damage and adversely affect teaching and scientific research activities.

The Property was valued at RMB35,286,000 by an independent property valuer based on the appraised market value as at 30 April 2026 using the market comparison approach. The acquisition consideration was RMB31,450,000, representing a discount to the aforesaid valuation. The Company is of the view that the transaction price is fair and reasonable, and attractive. In 2025, the School of Mental Health leased the Property from Guoda Investment at a rental amount of RMB1,901,057. Given that the Cooperation Agreement between the Company and Wenzhou Medical University is for a term of 20 years and can be automatically extended upon expiry of the term, the Board is of the view that the acquisition of the Property is more conducive to ensuring the long-term stable use of the teaching and scientific research venues than a continuous leasing arrangement, and is more cost-effective in the long run.

Furthermore, from a long-term development perspective, the Board also believes that the Acquisition will bring the following benefits to the Company: (1) Supporting talent introduction and cultivation: the continuous collaboration with the School of Mental Health of Wenzhou Medical University is conducive to supplying medical and scientific research professionals to the Company, strengthening the human resources reserve, and establishing a stable talent cultivation mechanism; (2) Enhancing scientific research capabilities and brand influence, and optimizing the cost structure: scientific research capabilities are an important consideration for hospital ratings and brand recognition. Through conducting collaborative research with the School of Mental Health, the Company can improve the standard and comprehensive influence of scientific research, while reducing the expenses incurred for the large-scale expansion of the scientific research personnel team, thereby achieving a balance between costs and benefits; (3) Achieving synergies and strengthening scientific research and clinical capabilities: the Company can leverage the professional capabilities and resource advantages of Wenzhou Medical University in the field of medical scientific research to improve scientific research and clinical standards, and further enhance the synergies of the collaboration between both parties; (4) Promoting resource sharing and synergistic business development: through relevant collaborative arrangements, the scientific research and teaching resources of the university can achieve synergies with the medical resources of the Company, which is conducive to enhancing service capabilities and the standard of business development, and supporting the integrated development of teaching, research and medical care.

Having considered the above factors, the Company considers that the acquisition of the Property and the utilization thereof to support the teaching and scientific research activities of the School of Mental Health are in line with the overall development strategy of the Company, and will help enhance the professional capabilities, service standards and long-term competitiveness of the Company.

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 Acquisition. Therefore, Mr. GUAN Weili and Ms. WANG Lianyue had abstained from voting on the resolution passed by the Board in relation to the Acquisition. Save as disclosed above, none of the other Directors have any material interest in the Acquisition, and no other Directors are required to abstain from voting on the Board resolution considering and approving the Acquisition.

The Directors (including independent non-executive Directors) are of the view that, while the Property Purchase Agreement and the Acquisition contemplated thereunder have not been entered into in the ordinary and usual course of business of the Company, 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 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 Property Purchase Agreement and the Acquisition contemplated thereunder exceeds 5% but is less than 25%, the 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 Latest Practicable Date, 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 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 Property Purchase Agreement and the Acquisition contemplated thereunder exceeds 5%, the 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 Property Purchase Agreement and the Acquisition contemplated thereunder 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 EGM. 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 Property Purchase Agreement and the Acquisition contemplated thereunder.

A special resolution will be proposed at the EGM to consider and approve the disclosable and connected transaction in relation to acquisition of properties.

III. THE EGM AND PROXY ARRANGEMENT

The Company will convene the EGM as an on-site meeting at 9:00 a.m. on Friday, 24 July 2026 at the Conference Room, 12/F, Building 1, Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang Province, the PRC. The EGM Notice was published by the Company on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.knhosp.cn) and is set out in this circular to notify the Shareholders of the resolutions detailed in this circular.

In accordance with Rule 13.39(4) of the Hong Kong Listing Rules and Article 101 of the Articles, any vote of Shareholders at the shareholders' general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 21 July 2026 to Friday, 24 July 2026 (both days inclusive), during which period no registration of transfer of shares will be processed. Shareholders of Domestic Shares and H Shares whose names appear on the register of members of the Company after the close of business on Monday, 20 July 2026 are entitled to attend the EGM and vote on all resolutions submitted to the meeting. In order to be eligible to attend the EGM, Shareholders of H Shares must lodge all share certificates accompanied by the relevant transfer documents with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration of transfer no later than 4:30 p.m. on Monday, 20 July 2026.

The Proxy Form for use at the EGM is sent to the Shareholders together with this circular. Such Proxy Form are also published on the websites of the Hong Kong Stock Exchange HKEXnews (www.hkexnews.hk) and the Company (www.knhosp.cn). Whether or not you intend to attend the EGM, you are requested to complete the accompanying Proxy Form in accordance with the instructions printed thereon as soon as possible, and return the same to the registered office of the Company (for Domestic Shareholders) or Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders) but in any event not less than 24 hours before the time appointed for the holding of the EGM (i.e. before 9:00 a.m. on Thursday, 23 July 2026) or any adjournment thereof. Completion and return of the Proxy Form shall not preclude you from attending and voting in person at the EGM if you so desire. The Proxy Form is intended for use in respect of the resolutions specified in the EGM notice.

As at the Latest Practicable Date, 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 Property Purchase Agreement and the Acquisition contemplated thereunder proposed at the EGM. Save as disclosed above, as at the Latest Practicable Date, to the best of the knowledge and belief of the Directors after having made all reasonable enquiries, no Shareholder shall be required to abstain from voting on any resolution to be proposed at the EGM.

IV. RECOMMENDATION

The Directors (including all independent non-executive Directors) consider that all resolution set out in the EGM Notice for consideration and approval by Shareholders is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of such resolution to be proposed at the EGM as set out in the EGM notice.

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

Zhejiang, the PRC
7 July 2026

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

To Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
PROPERTY PURCHASE AGREEMENT AND
THE ACQUISITION CONTEMPLATED THEREUNDER

We have been appointed as the Independent Board Committee of Wenzhou Kangning Hospital Co., Ltd. (the "**Company**") to advise the independent Shareholders as to the fairness and reasonableness of the potential connected transaction in relation to the Property Purchase Agreement and the Acquisition contemplated thereunder, the details of which are set out in the letter from the Board of the circular of the Company dated 7 July 2026 to Shareholders (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, the terms used in this letter shall have the same meanings as those defined in the Circular.

The Property Purchase Agreement and the Acquisition contemplated thereunder constitute a connected transaction of the Company under the Hong Kong Listing Rules. Accordingly, the Property Purchase Agreement and the Acquisition contemplated thereunder are subject to the approval of independent Shareholders at the EGM. Your attention is drawn to the letter from Gram Capital on pages 17 to 29 of the Circular, which contains its advice and recommendations on the Property Purchase Agreement and the Acquisition contemplated thereunder.

Having considered, among others, the terms of the Property Purchase Agreement and the Acquisition contemplated thereunder and the reasons considered and recommendations stated in the aforesaid letter from Gram Capital, we are of the view that, while the Property Purchase Agreement and the Acquisition contemplated thereunder have not been entered into in the ordinary and usual course of business of the Company, the terms of the Property Purchase Agreement are entered on normal commercial terms, which are fair and reasonable to the independent shareholders, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the independent Shareholders to vote in favour of the resolutions proposed at the EGM to approve the potential connected transaction in relation to the Property Purchase Agreement and the Acquisition contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*
ZHONG Wentang	**JIN Ling**	**SZETO Wing Fu**

7 July 2026

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in the Circular.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

7 July 2026

To: The independent board committee and the independent shareholders of Wenzhou Kangning Hospital Co., Ltd.

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 7 July 2026 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 18 May 2026, the Board considered and approved the resolution in relation to the 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. The Company formally entered into the Property Purchase Agreement with Guoda Investment on 29 May 2026. Pursuant to the Property Purchase Agreement, the Property Purchase Agreement shall be subject to approval of the Property Purchase Agreement and the Acquisition contemplated thereunder by the Independent Shareholders at the EGM.

With reference to the Board Letter, the Acquisition constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee comprising Ms. ZHONG Wentang, Ms. JIN Ling and Mr. SZETO Wing Fu (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Acquisition are on normal commercial terms and are fair and reasonable; (ii) whether the Acquisition is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Acquisition at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, we were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Acquisition. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the Property, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report for the Property prepared by the Independent Valuer (the "**Valuation Report**"), as set out in Appendix II to the Circular. Since we are not experts in the valuation of assets or business, we have relied solely upon the Valuation Report for the market value of Property as at 30 April 2026.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Guoda Investment or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Acquisition, we have taken into consideration the following principal factors and reasons:

Background of and reasons for the Acquisition

Information on the Group

With reference to the Board Letter, 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.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2025 as extracted from the Company's annual report for the year ended 31 December 2025 (the "**2025 Annual Report**"):

	For the year ended 31 December 2025	For the year ended 31 December 2024	Year-on-year change
	RMB'000	*RMB'000*	*%*
Revenue	1,619,784	1,654,289	(2.09)
– Psychiatric healthcare business	*1,019,941*	*1,055,907*	*(3.41)*
– Elderly healthcare business	*428,765*	*461,866*	*(7.17)*
– Others	*171,078*	*136,516*	*25.32*
Gross profit	419,069	438,404	(4.41)
Net profit	36,604	50,398	(27.37)

The Group's revenue slightly decreased by approximately 2.09% from approximately RMB1,654 million for the year ended 31 December 2024 ("**FY2024**") to approximately RMB1,620 million for the year ended 31 December 2025 ("**FY2025**"). Majority of the Group's revenue for FY2024 and FY2025 were derived from its psychiatric healthcare business through the operation of its owned hospitals. With reference to the 2025 Annual Report, such decrease was mainly due to decrease in revenue from owned hospitals driven by decrease in average outpatient spending per visit and average inpatient spending per day per bed. Along with decrease in the Group's revenue for FY2025, the Group's gross profit for FY2025 decreased by approximately 4.41% as compared to that for FY2024.

The Group's net profit for FY2025 decreased by approximately 27.37% as compared to that for FY2024. With reference to the 2025 Annual Report, such decrease was primarily attributable to (i) the decrease in gross profit as aforementioned; and (ii) the increase in administrative expenses and asset impairment losses, partially offset by the decrease in credit impairment losses.

With reference to the 2025 Annual Report, as at 31 December 2025, the Group has 34 owned hospitals, including an independently established internet hospital, and 11,508 operating beds.

Information on Guoda Investment

With reference to the Board Letter, 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.

Information on the Property

With reference to the Board Letter, 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. The Property is proposed to be used as a venue for teaching and scientific research.

Reasons for and benefits of the Acquisition

We understood from the Directors that the Company entered into a cooperation agreement with Wenzhou Medical University in January 2016, pursuant to which the Company and Wenzhou Medical University shall jointly establish a psychiatry college (the "**Cooperation Agreement**"). The psychiatry college, namely, the School of Mental Health of Wenzhou Medical University (i.e. the School of Mental Health), was established in March 2016. Upon our request, the Company provided the Cooperation Agreement and we noted that during the term of the Cooperation Agreement (being 20 years from the date of the Cooperation Agreement), the Company shall provide the required fixed assets such as campus, housing, facility and equipment to be used by the psychiatry college; while Wenzhou Medical University shall cover the basic teaching expenses of the psychiatry college.

As advised by the Directors, the Company performed its obligations as mentioned above as the Company had owned 51% equity interest in Guoda Investment (i.e. the vendor to the Property Purchase Agreement) and the Property had been provided for teaching, scientific research and training. However, to facilitate the proposed listing of the Company's A shares in June 2021, the Company disposed of all its equity interest in Guoda Investment. To continuously perform its abovementioned obligation, the Company has provided funding to Wenzhou Medical University to lease the Property from Guoda Investment for the School of Mental Health's use since 2022. Recently, Wenzhou Medical University informed the Company that due to its adjustment to internal management regulations, the Company shall provide relevant teaching and scientific venue strictly according to the arrangement under the Cooperation Agreement, and the arrangement of leasing the Property by way of providing funding will no longer be accepted. To ensure the Company's continued performance of its obligations under the Cooperation Agreement and safeguard the stable operation of the teaching and scientific research activities of the School of Mental Health, the Company proposed to acquire the Property.

The School of Mental Health has been renting and using the Property since 2022, and the relevant decoration and infrastructure are basically allocated and completed. Following the completion of the Acquisition, the Company expects that no material additional investment will be needed for decoration and equipment installation. In addition, the School of Mental Health has currently installed necessary equipment in the Property for teaching and scientific research, including certain precision instruments. Relocating the relevant equipment might increase the risk of damage and adversely affect teaching and scientific research activities.

As mentioned in the section headed "Information on the Group" above, majority of the Group's revenue for FY2024 and FY2025 were derived from the Group's psychiatric healthcare business through the operation of its owned hospitals. We understood from the Directors that the Group's success and competitive advantage relies, in part, on the number and quality of the psychiatric doctors and other medical staff of the Group's healthcare facilities. The Group's future success will depend significantly on its ability to identify, hire and retain highly qualified professionals of all areas of its healthcare facilities. The Acquisition was intended to improve the research and teaching capabilities and expand the facilities of the School of Mental Health and to stabilise the long-term cooperation relation with Wenzhou Medical University.

Having considered the above factors, in particular, (i) the Company's obligation to provide required fixed assets under the Cooperation Agreement pursuant to which the Company is required to provide properties in any event; and (ii) as compared to relocation, there will be no material additional investment for decoration and equipment installation upon the completion of the Acquisition and risk of damage of relevant equipment during relocation can be avoided, we are of the view that although the Acquisition will not be conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and Shareholders as a whole.

Principal terms of the Acquisition

Set out below are the principal terms of the Acquisition:

Date

29 May 2026

Parties

(i) the Company, as the purchaser; and

(ii) Guoda Investment, as the vendor.

Nature of the transaction and subject asset

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 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.

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.

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. Within three business days upon completion of the online signing, both parties shall jointly submit the complete materials to the real estate registration authority to apply for the registration of transfer of title to the Property (transfer registration). Guoda Investment shall provide unconditional cooperation throughout the entire process, and shall not delay or refuse to do so without cause.

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.

Consideration and basis

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 as at 30 April 2026 conducted by the Independent Valuer.

For our due diligence purpose, we obtained the Valuation Report and noted that the Property was RMB35,286,000 as at 30 April 2026.

We (i) reviewed and enquired into the terms of engagement of the Independent Valuer with the Company; (ii) interviewed the Independent Valuer as to their qualification in relation to the preparation of the Valuation Report and their track records in valuation of properties; and (iii) reviewed the steps and due diligence measures taken by the Independent Valuer for assessing the market value of the Property. From the mandate letter, other relevant information provided by the Independent Valuer and based on our interview with them, we noted that:

(i) there are no relationships or interests between the Independent Valuer and the Company or any services provided by the Independent Valuer to the Company or Guoda Investment that could be reasonably regarded as hindrance to the independence of the Independent Valuer to act as the Independent Valuer;

(ii) the scope of the valuation includes the preparation and issuance of the Valuation Report on the Property and there is no limitation to which would adversely impact the degree of assurance of the Valuation Report; and

(iii) there are no formal or informal representations made by the Company and/or Guoda Investment to the Independent Valuer.

As such, we are satisfied with the terms of engagement and scope of work of the Independent Valuer as well as their qualification, competence and experience for the preparation of the Valuation Report. The Independent Valuer also confirmed their independence with the Company, Guoda Investment and their respective subsidiaries or associates.

In preparing the Valuation Report, the Independent Valuer concluded the market value of the Property using market approach. With reference to the Valuation Report and as confirmed by the Independent Valuer, the Independent Valuer considered each of the fundamental valuation approaches. Upon our further enquiry with the Independent Valuer, we understood that (i) under cost approach, the market value of a property is determined with reference to the costs of acquiring or reconstructing the property under its current condition; (ii) under income approach, the market value of a property is determined with reference to rental income to be generated through the ownership; and (iii) under market approach, the market value of a property is determined with reference to transactions of similar properties located in the same areas.

Based on our understanding on the valuation approaches as set out above, we considered that:

(i) it is impracticable for the Independent Valuer to adopt cost approach to calculate the market value of the Property given that the Property represents four storeys of units within a building, it is impracticable to formulate the costs to replace or reconstruct the Property without taking into account the fixed costs associated with constructing the whole building;

(ii) income approach is not applicable to assess the market value of the Property as the Property is not intended to generate future economic benefits; and

(iii) market approach is applicable for assessing the market value of the Property as there are ample transactions of similar properties in the same area with sufficient transaction information for the Independent Valuer to assess the market value of the Property.

Given that the Independent Valuer had considered the applicability of each of the three commonly adopted valuation approaches before adopting market approach; and having considered the aforesaid reasons for not adopting cost approach and income approach, we concur with the Independent Valuer on the adoption of market approach for the purpose of assessing the market value of the Property. As the other fundamental valuation approaches were not applicable for assessing the market value of the Property, we did not cross-check the market value of the Property using other valuation methodologies.

Under market approach, the Independent Valuer had (i) adopted the certified gross floor area of the Property of 4,523.86 sq.m.; (ii) identified listing of properties located in the same building as the Property (the "**Comparable Properties**") and obtained their unit price (i.e. the price for each sq.m.); (iii) assess the comparability of the Comparable Properties and adjust their unit prices based on factors such as accessibility, size, age and maintenance status of building, and time of transactions; and (iv) calculated the market value of the Property based on factors (i), (ii) and (iii) as aforementioned.

We understood from the Independent Valuer that the Comparable Properties were selected based on, among others, (i) the timing of the relevant listing on the relevant public source (the "**Cited Source**") (within one year from the valuation date (i.e. 30 April 2026)); (ii) the location of the Comparable Properties (all located in the same building as the Property); and (iii) the usage of the Comparable Properties (being the same as the Property). For our due diligence purpose, we searched for listing of units within the same building as the Property on the Cited Source and we are able to identify the Comparable Properties based on the aforesaid selection criteria adopted by the Independent Valuer. Although the unit price of the Comparable Properties represented listings of asking price, we consider they are nevertheless fair and representative for the purpose of deriving the market price of the Property on the basis that (i) the Comparable Properties are listed within one year from the valuation date on the open market, which are believed to have a genuine intention to complete the sale and purchase of the Comparable Properties at fair market prices; and (ii) the unit prices of the Comparable Properties as listed approximate to one another.

Based on the above, we consider the aforesaid criteria are suitable to identify properties comparable to the Property and thus the Comparable Properties are fair and representative samples for the purpose of assessing the market value of the Property.

We also noted adjustment factors such as transaction date, usage, location and accessibility, transaction status, size, decoration, floor storey were considered by the Independent Valuer to cater for potential differences in the unit price of the Comparable Properties as compared to that of the Property. We noted from the Valuation Report that the Independent Valuer had adopted discounts of 5%, 20% and 2% respectively on the difference in transaction status, gross floor area and floor storey to that of the Property, to arrive at the adjusted unit price of the Comparable Properties; while no adjustments were adopted in respect of the other four factors. Given that the Property and the Comparable Properties are located in the same building with proximate transaction/listing dates, we concur with the Independent Valuer that no adjustments shall be adopted in respect of transaction date, usage, location and accessibility, and decoration in arriving the adjusted unit price of the Comparable Properties.

Having also considered that (i) the Comparable Properties are still in listing stage while the Property Purchase Agreement had already been entered into in respect of the Property; (ii) the size of the Property is significantly larger than the Comparable Properties, which would typically transact at a lower unit price; and (iii) the Comparable Properties are all located at storeys higher than those of the Property, which typically command higher unit prices than those property units located at lower storeys, we consider that it is appropriate to adopt the aforesaid adjustment factors to address the differences among the Comparable Properties and the Property.

To assess the fairness and reasonableness of the aforesaid discounts adopted in arriving the adjusted unit price of the Comparable Properties, we searched for similar housing estates (in terms of building type) that are located in the same district as the Property with sufficient listing information on the Cited Source and noted that:

- for property units that are located on the higher floors, their average asking unit price represented premium of approximately 2% as compared to those that are located on the lower floors with the same floor area (excluding bare shell property units).

- for property units with smaller size, their average asking unit price represented premium of approximately 11% as compared to those with bigger size (excluding bare shell property units).

We consider the discount of 2% adopted for difference in floor storey is consistent with market practice; while the discount of 20% adopted for difference in unit size reflects the significant difference in the gross floor area of the Property (consist of four storeys of units with gross floor area of 4,523.86 sq.m.) and the Comparable Properties (all being a single unit with gross floor area of 50 sq.m.).

Although the actual transaction prices of property units are not available on the Cited Source for us to assess the pricing difference under different transaction stage, we noted from the Valuation Report that the 5% discount adopted to cater for the difference in asking price and transaction price was primarily derived from interviews with local real estate agents conducted by the Independent Valuer. We also noted from the Valuation Report that these adjustments were determined with reference to the Code for Real Estate Appraisal issued by the Ministry of Housing and Urban-Rural Development of the PRC and the practical guidance from authoritative valuation textbooks published by China Appraisal Society.

Given the aforesaid, we consider the discounts adopted to derive the adjusted unit price of the Comparable Properties to be justifiable.

During our discussion with the Independent Valuer, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the Valuation Report.

Having also considered our due diligence work on the Valuation Report as mentioned above, we consider that the principal bases, assumptions and parameters adopted in the Valuation Report are reasonable.

Having considered that the consideration for the Property represented discounts of approximately 10.87% to the market value of the Property as at 30 April 2026, we are of the view that the consideration for the Property is fair and reasonable.

Payment

In addition to the consideration, 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 effective date of signing of the Property Purchase Agreement; and the Company shall pay the remaining balance of the property purchase price and the full amount of the special property maintenance fund upon the online signing, amounting to RMB16,132,147.4.

Pursuant to the Zhejiang Province Property Special Maintenance Fund Management Measures* (《浙江省物業專項維修資金管理辦法》) promulgated by the Zhejiang Provincial People's Government on 20 April 2007, the special maintenance fund for newly-built properties shall first be paid by the property developer and shall be collected by the property developer from the property buyer upon delivery. Furthermore, according to Measures for the Administration of Special Property Maintenance Funds of Wenzhou City* (《溫州市物業專項維修資金管理辦法》), the initial special maintenance funds for residential and non-residential buildings equipped with shared elevators, owners shall be deposited at the rate of RMB90 per sq.m. based on the construction area of their owned properties.

According to the floor plan, the Property equipped with elevators. Based on the government-prescribed price of RMB90 per sq.m. of initial special maintenance fund and the Property's gross floor area of 4,523.86 sq.m, the special maintenance fund for the Property should be RMB407,147.4. We consider payment of the special maintenance fund by the Company to Guoda Investment is in compliance with the aforesaid special maintenance fund measures.

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.

Pursuant to the Property Purchase Agreement, upon full payment of the consideration of the Acquisition, the Property shall be delivered to the Company on an "as-is" basis, and all the rights to use, the rights to revenue, and the daily management rights and responsibilities, shall be transferred to the Company. Furthermore, within three business days upon completion of the online signing, the Company and Guoda Investment shall jointly submit the relevant materials to the real estate registration authority to facilitate the registration of transfer of title to the Property; and Guoda Investment must cooperate unconditionally throughout the entire process and shall not delay or refuse without justifiable cause. If Guoda Investment fails to cooperate in handling the online signing or the registration of transfer of title within the agreed time limit, the Company is entitled to exercise its rights of remedy under the Property Purchase Agreement, including termination of the contract and claiming damages.

Based on the above, we consider the payment terms are fair and reasonable and the Company's interest will be safeguarded even in the case where the registration of transfer of title fails to complete within the agreed time limit.

Having considered the principal terms of the Acquisition as set out above, we are of the view that the terms of the Acquisition are on normal commercial terms and are fair and reasonable.

Possible financial effects of the Acquisition

As confirmed by the Directors, following the completion of the Acquisition, the Property shall be wholly-owned by the Company. With reference to the 2025 Annual Report, the Group's audited consolidated net asset value was approximately RMB1,312 million as at 31 December 2025. The Acquisition would have no material effect on the net asset value of the Group.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Acquisition.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Acquisition are on normal commercial terms and are fair and reasonable; and (ii) although the Acquisition is not conducted in the ordinary and usual course of business of the Group, the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

* *for identification purpose only*

温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

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR THE YEAR 2026

NOTICE IS HEREBY GIVEN that the first EGM for the year 2026 (the "**EGM**") of Wenzhou Kangning Hospital Co., Ltd. (the "**Company**") will be held as on-site meeting at Conference Room, 12/F, Building 1, Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang Province, the People's Republic of China (the "**PRC**") at 9:00 a.m. on Friday, 24 July 2026 for the purposes of considering and, if thought fit, passing the following resolution.

RESOLUTION TO BE CONSIDERED AND APPROVED AT THE EGM

By way of special resolution:

(1) To consider and approve the disclosable and connected transaction in relation to acquisition of properties.

Details of the above resolution proposed at the EGM are contained in the circular dated 7 July 2026 of the Company, which is available on the HKEXnews' website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.knhosp.cn).

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

Zhejiang, the PRC
7 July 2026

As of the date of this notice, 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. SZETO Wing Fu.

Notes:

ATTENDEES OF THE EGM

1. Eligibility and Registration Procedures for Attending the EGM

(a) Closure of Register of Members. For the purpose of ascertaining Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company is closed from Tuesday, 21 July 2026 to Friday, 24 July 2026 (both days inclusive).

(b) Domestic Shareholders and H Shareholders whose names appear on the register of members of the Company after the close of business on Monday, 20 July 2026 are entitled to attend and vote in respect of all resolutions to be proposed at the EGM.

(c) H Shareholders who wish to attend the EGM shall lodge their share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 20 July 2026 for registration.

(d) A Shareholder or his/her/its proxy shall produce proof of identity when attending the meeting. If a Shareholder is a legal person, its legal representative or other persons authorized by the board of directors or other governing bodies of such Shareholder may attend the EGM by producing a copy of the resolution of the board of directors or other governing bodies of such Shareholder appointing such persons to attend the meeting.

2. Proxy

(a) A Shareholder eligible to attend and vote at the EGM is entitled to appoint, in written form, one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a Shareholder of the Company.

(b) A Shareholder must appoint a proxy in writing. A proxy should be appointed by a written instrument signed by the appointer or his/her/its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorizing that attorney to sign or other authorization document(s) must be notarized.

(c) To be valid, the power of attorney or other authorization document(s) which have been notarized together with the completed form of proxy must be delivered by Domestic Shareholders to the place of business of the Company and Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for H Shareholders not less than 24 hours before the time designated for holding of the EGM (i.e. before 9:00 a.m. on Thursday, 23 July 2026) or any adjournment thereof.

(d) A Shareholder or his/her/its proxy may exercise the right to vote by poll.

3. Miscellaneous

(a) The EGM will not last for more than one working day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.

(b) The address of the Company's share registrar of H Shares, Computershare Hong Kong Investor Services Limited, is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The contact details of the place of business of the Company are as follows:

No. 1 Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang Province, the PRC
Postal Code: 325000
Telephone No.: (86) 577 8877 1689
Facsimile No.: (86) 577 8878 9117

(d) The contact person for the EGM is Mr. WANG Jian and his telephone number is (86) 577 8877 1689.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors, the Supervisors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept under Section 352 of the SFO; or (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Class of Shares	Nature of Interest	Number of Shares	Total Number of Shares	Approximate Percentage in Shares of the Same Class[1]	Approximate Percentage of the Company's Total Issued Share Capital[1]
Mr. GUAN Weili[2]	Domestic Shares	Beneficial owner	18,350,250(L)	27,330,100(L)	51.80%	37.77%
		Interest of spouse	3,194,500(L)			
		Interest held jointly with another person	5,785,350(L)			
	H Shares	Interest of spouse	149,300(L)	458,300(L)	2.34%	0.63%
		Interest held jointly with another person	309,000(L)			
Ms. WANG Lianyue[2]	Domestic Shares	Beneficial owner	3,194,500(L)	27,330,100(L)	51.80%	37.77%
		Interest of spouse	18,350,250(L)			
		Interest held jointly with another person	5,785,350(L)			
	H Shares	Beneficial owner	149,300(L)	458,300(L)	2.34%	0.63%
		Interest held jointly with another person	309,000(L)			

Name of Directors	Class of Shares	Nature of Interest	Number of Shares	Total Number of Shares	Approximate Percentage in Shares of the Same Class(1)	Approximate Percentage of the Company's Total Issued Share Capital(1)
Mr. WANG Jian	Domestic Shares	Beneficial owner	100,000(L)	100,000(L)	0.19%	0.14%
	H Shares	Beneficial owner	209,100(L)	209,100(L)	1.07%	0.29%
Mr. XU Yongjiu(3)	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	4,540,000(L)	8.61%	6.27%

Notes:

(L) : Long position

(1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,598,900 H Shares (an aggregate of 72,358,900 Shares) issued by the Company as at the Latest Practicable Date.

(2) Mr. GUAN Weili is the spouse of Ms. WANG Lianyue and therefore, Mr. GUAN Weili is deemed to be interested in the Domestic Shares held by Ms. WANG Lianyue, and Ms. WANG Lianyue is deemed to be interested in the Domestic Shares held by Mr. GUAN Weili by virtue of Part XV of the SFO. Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue (the younger sister of Ms. WANG Lianyue) are deemed to be 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.

(3) Mr. XU Yongjiu holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心 (有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, Mr. XU Yongjiu is deemed to be interested in all the Domestic Shares held by the above partnerships in the Company.

Save as disclosed above, so far as any Directors, Supervisors or chief executives of the Company are aware, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept under Section 352 of the SFO; or (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware of, none of the Directors and their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

4. INTERESTS OF DIRECTORS

(i) As of the Latest Practicable Date, none of the Directors held directorship or were employees of another company which had interests or short positions in the Shares and underlying Shares of the Company which fell to be disclosable in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) As of the Latest Practicable Date, none of the Directors held material interests in any contracts or arrangements entered into with the Group that were still in existence and material to the Group.

(iii) Save as disclosed above, as of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. DIRECTORS' AND SUPERVISORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested, either directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date and was significant to the business of the Group.

6. MATERIAL LITIGATIONS

As of the Latest Practicable Date, the Company and any member of the Group were not involved in any material litigations or claims. To the knowledge of the Directors, no member of the Group had any pending or threatened material litigations or claims.

7. MATERIAL CONTRACTS

During the two years prior to the date of this circular, none of the Group's members had entered into any material contracts (except those entered into in the Group's daily business).

8. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or ascertained by the Directors after reasonable enquiry, the following individuals/entities (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 5% or more of the nominal value of any class of Share capital carrying rights to vote in all circumstances at the general meetings of the Company:

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class[(1)]	Approximate Percentage of the Company's Total Issued Share Capital[(1)]
Central Enterprises Rural Industry Investment Fund Co., Ltd. (中央企業鄉村產業投資基金股份有限公司)	Domestic Shares	Beneficial owner	7,466,666(L)	14.15%	10.32%
Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金淅企業管理中心(有限合夥))[(2)]	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%
FAN Yin[(2)]	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%
SUN Jian[(2)]	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%
Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司)[(2)]	Domestic Shares	Interest in a controlled corporation	4,540,000(L)	8.61%	6.27%
Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	4,540,000(L)	8.61%	6.27%
XU Yi[(6)]	Domestic Shares	Interest of spouse	27,330,100(L)	51.80%	37.77%
	H Shares	Interest of spouse	458,300(L)	2.34%	0.63%
Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥))	Domestic Shares	Beneficial owner	4,519,003(L)	8.57%	6.25%
Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥))[(3)]	Domestic Shares	Interest in a controlled corporation	4,519,003(L)	8.57%	6.25%
LIN Lijun	Domestic Shares	Interest in a controlled corporation	5,846,364(L)	11.08%	8.08%

Name	Class of Shares	Nature of Interest	Number of Shares	Approximate Percentage in Shares of the Same Class(1)	Approximate Percentage of the Company's Total Issued Share Capital(1)
Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formerly known as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司))(4)	Domestic Shares	Interest in a controlled corporation	5,846,364(L)	11.08%	8.08%
Wind Information Co., Ltd. (萬得信息技術股份有限公司)	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.32%	4.61%
Shanghai Hehuayuan Enterprise Management Center (Limited Partnership) (上海荷花緣企業管理中心(有限合夥))	Domestic Shares	Interest in a controlled corporation	3,333,000(L)	6.32%	4.61%
Wind Impact Equity Investment (Jiaxing) Partnership (Limited Partnership) (萬得影響力股權投資(嘉興)合夥企業 (有限合夥)) ("Wind Investment")	Domestic Shares	Beneficial owner	3,333,000(L)	6.32%	4.61%
CITIC Securities Investment Co., Ltd. (中信証券投資有限公司)	Domestic Shares	Beneficial owner	2,780,000(L)	5.27%	3.84%
CITIC Securities Company Limited (中信証券股份有限公司)(5)	Domestic Shares	Interest in a controlled corporation	2,780,000(L)	5.27%	3.84%
OrbiMed Advisors LLC	H Shares	Investment manager	1,454,000(L)	7.42%	2.01%
OrbiMed Capital LLC	H Shares	Investment manager	2,150,900(L)	10.97%	2.97%
OrbiMed Partners Master Fund Limited	H Shares	Beneficial owner	1,279,900(L)	6.53%	1.77%
OrbiMed Partners II, L.P.	H Shares	Beneficial owner	1,052,000(L)	5.37%	1.45%
UBS Group AG	H Shares	Interest in a controlled corporation	1,029,400(L)	5.25%	1.42%
ZOU Haili (鄒海麗)	H Shares	Beneficial owner	1,680,000(L)	8.57%	2.32%
WANG Hongyue(6)	Domestic Shares	Beneficial owner	5,785,350(L)	10.97%	8.00%
		Interest held jointly with another person	21,544,750(L)	40.84%	29.77%
	H Shares	Beneficial owner	309,000(L)	1.58%	0.43%
		Interest held jointly with another person	149,300(L)	0.76%	0.21%
Kangning Success Holding Limited	H Shares	Beneficial owner	3,347,975(L)	17.08%	4.63%
Trident Trust Company (HK) Limited	H Shares	Trustee	3,347,975(L)	17.08%	4.63%

Notes:

(L): Long position

(1) The shareholding percentages are calculated on the basis of 52,760,000 Domestic Shares and 19,598,900 H Shares (an aggregate of 72,358,900 Shares) issued by the Company as at the Latest Practicable Date.

(2) FAN Yin holds 50% equity interest in Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) and Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). SUN Jian holds 33.94% equity interest in Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)). Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) is a general partner of Wenzhou Jinning Equity Investment Partnership (Limited Partnership). Therefore, by virtue of Part XV of the SFO, FAN Yin, Shanghai Jinxi Enterprise Management Center (Limited Partnership) (上海金浙企業管理中心(有限合夥)), SUN Jian and Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd. (上海金浦健服股權投資管理有限公司) are deemed to be interested in all the Domestic Shares held by Wenzhou Jinning Equity Investment Partnership (Limited Partnership) (溫州金寧股權投資合夥企業(有限合夥)) in the Company.

(3) Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) holds 99.99% equity interest in Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Lejin Investment L.P. (上海樂進投資合夥企業(有限合夥)) is deemed to be interested in all the Domestic Shares held by Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.

(4) Shanghai Loyal Valley Investment Management Co., Limited (上海正心谷投資管理有限公司) (formerly known as Shanghai Shengge Investment Management Co., Ltd. (上海盛歌投資管理有限公司)) is a general partner of Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)). Therefore, by virtue of Part XV of the SFO, Shanghai Loyal Valley Investment Management Co., Limited is deemed to be interested in all the Domestic Shares held by Shanghai Qiangang Investment Management Partnership (L.P.) (上海乾剛投資管理合夥企業(有限合夥)) (which directly holds 1,987,356 Domestic Shares of the Company) and Shanghai Tanying Investment L.P. (上海檀英投資合夥企業(有限合夥)) in the Company.

(5) CITIC Securities Investment Co., Ltd. (中信証券投資有限公司) is a wholly-owned subsidiary of CITIC Securities Company Limited (中信証券股份有限公司). Therefore, CITIC Securities Company Limited (中信証券股份有限公司) is deemed to be interested in all the Domestic Shares held by CITIC Securities Investment Co., Ltd. (中信証券投資有限公司) in the Company by virtue of Part XV of the SFO.

(6) Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue (the younger sister of Ms. WANG Lianyue) are deemed to be acting in concert and are therefore deemed to be interested in 27,330,100 Domestic Shares and 458,300 H Shares of the Company. Mr. XU Yi is the spouse of Ms. WANG Hongyue and is therefore deemed, under Part XV of the SFO, to be interested in the shares of the Company held by Ms. WANG Hongyue.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of each of the Directors, there was no other person (other than the Directors, Supervisors or chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register kept by the Company pursuant to section 336 of the SFO.

9. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or was proposing to enter into any service contracts with the Company or any of its subsidiaries, excluding contracts expiring or terminable within one year without payment of compensation other than statutory compensation.

10. EXPERTS' DISCLOSURE OF INTEREST AND CONSENTS

The following are the qualifications of the experts (the "**Experts**") who have given opinion or advice which is contained in this circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Asia-Pacific Consulting and Appraisal Limited	Independent Property Valuer

(1) As at the Latest Practicable Date, the aforesaid Experts did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(2) As at the Latest Practicable Date, the aforesaid Experts did not have any direct or indirect interests in any assets which have been acquired or disposed of or leased to or which were proposed to be acquired or disposed of by or leased to by any member of the Group since 31 December 2025, being the date to which the latest published audited consolidated accounts of the Company were made up.

(3) Gram Capital issued a letter dated 7 July, 2026 for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the independent Shareholders.

(4) The letter dated 7 July 2026 issued by Asia-Pacific Consulting and Appraisal Limited, for the purpose of incorporation in this circular.

(5) Each of the aforesaid Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its opinions and reference to its name in the form and context in which they appear.

11. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.knhosp.cn) from the date of this circular up to and including the date of the EGM:

(1) the Property Purchase Agreement;

(2) the letter from the Independent Board Committee to the Independent Shareholders as set out on page 16 of this circular;

(3) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders as set out on pages 17 to 29 of this circular; and

(4) the written consents referred to in paragraph 10 of this Appendix.

12. GENERAL

(1) As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the Group's financial or trading position since 31 December 2025, being the date on which the latest published audited consolidated accounts of the Company were made up.

(2) The registered office of the Company is No. 1 Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang, PRC and the postal code is 325000.

(3) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(4) The joint company secretaries of the Company are Mr. WANG Jian and Mr. WONG Wai Chiu. Mr. WONG Wai Chiu is an employee of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider.

(5) If there is any discrepancy between the English text and Chinese text of this circular, the English text shall prevail.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 30 April 2026 of the property interests of the Group.

CONSULTING & APPRAISAL
亜太評估

Asia-Pacific Consulting and Appraisal Limited
Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

7 July 2026

The Board of Directors

Wenzhou Kangning Hospital Co., Ltd.
40/F, Dah Sing Financial Centre,
248 Queen's Road East,
Wanchai,
Hong Kong,
The PRC

Dear Sirs,

INSTRUCTIONS, PURPOSE AND DATE OF VALUATION

Asia-Pacific Consulting and Appraisal Limited ("APA" or "we") is instructed by Wenzhou Kangning Hospital Co., Ltd. (the "**Company**") to provide valuation service on the property which was intended to be acquired for disclosure purpose. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 30 April 2026 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation was 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

We have valued the property by the comparison approach 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. This 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

Our 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.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

VALUATION STANDARDS

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional 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.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

DOCUMENT AND TITLE INVESTIGATION

We have been shown copies of Real Estate Title Certificates relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment.

AREA MEASUREMENT AND INSPECTION

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in May 2026 by Jane Ji who holds a bachelor's degree in Financial Engineering and has over 4 years' experience in property valuation.

CURRENCY

All monetary figures stated in this report are in Renminbi ("RMB").

Our valuation certificate is attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
David G. D. Cheng
MRICS
Partner

Note: David G. D. Cheng is a Chartered Surveyor who has over 20 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date *RMB*
Floors 12 to 15, Phase II, Business Center, Higher Education Park, Chashan Subdistrict, Ouhai District, Wenzhou City, Zhejiang Province, The PRC	Phase II, Business Center is a mixed-use complex located at Higher Education Park, Chashan Subdistrict, Ouhai District, Wenzhou City. The project was completed in 2017. The property comprises 4 floors of a 28-storey building with a total gross floor area of approximately 4,523.86 sq.m. The land use rights of the property have been granted for a term expiring on 29 January 2043 for accommodation and catering use.	The major part of the property with a gross floor area of approximately 4,281.66 sq.m. was rented to an independent third party for teaching and experimental purposes, while the remaining part of the property with a gross floor area of approximately 242.20 sq.m. was occupied by Guoda Investment as at the valuation date.	35,286,000

Note:

1. Pursuant to a Real Estate Title Certificate – Zhe (2025) Wen Zhou Shi Bu Dong Chan Quan Di No. 0131226, the property with a total gross floor area of approximately 4,523.86 sq.m. is owned by Wenzhou Guoda Investment Co., Ltd. ("Guoda Investment"). The relevant land use rights have been granted to Guoda Investment for a term expiring on 29 January 2043 for accommodation and catering use.

2. Pursuant to a Tenancy Agreement, the property with a gross floor area of approximately 4,281.66 sq.m. was rented to Wenzhou Medical University for a term of 1 year from 1 January 2025 to 31 December 2025. The annual rent including VAT was RMB1,901,057, covering property management fees. Expenses such as water fees, electricity fees, gas fees, cable TV fees, sanitation fees, greening fees and telephone charges shall be borne solely by the lessee. As of the report issuance date, the tenancy agreement had expired. As advised by the Company, both parties have agreed to renew the lease, but the renewed contract has not yet been executed.

3. In undertaking the valuation of the property, we have identified and analysed various relevant sales evidences in the locality which have the similar characteristics as the property, and selected three comparable properties based on the following selection criteria:

   a. the transaction date of the comparable property should be within one year;

   b. the location should be the same community in Wenzhou;

   c. the usage of the comparable property should be apartment.

   Owing to the limited number of completed transactions directly comparable to the subject property, the valuation relied on verified asking price cases. We have performed the following verifications on those asking price cases:

   a. Confirmed the asking prices were valid within six months of the valuation date;

   b. Verified through on-site enquiries that the asking prices remained current and had not been revised downward;

c. Conducted interviews with local real estate agents and confirmed that the asking prices fell within the typical range of market asking prices for similar properties in the same district.

All of the three selected comparable properties are apartments within the locality which have the similar location and infrastructure as the subject property. The unit price of these comparable apartments ranges from RMB9,800 to RMB10,000 per sq.m. Appropriate adjustments and analysis are considered to the differences in several aspects including transaction situation, site area, floor and other characters between the comparable properties and the subject property to arrive at our assumed unit price value. The general basis of adjustment is that if the comparable property is superior to the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made.

Details of the subject property, three comparable properties and adjustments are set out below, the list of the comparable properties is exhaustive based on the above selection criteria as at the time we performed the valuation of the property.

Comparable:	**Subject Property**	**A**	**B**	**C**
Location	Chashan Subdistrict, Ouhai District, Wenzhou City	Chashan Subdistrict, Ouhai District, Wenzhou City	Chashan Subdistrict, Ouhai District, Wenzhou City	Chashan Subdistrict, Ouhai District, Wenzhou City
Usage	Apartment	Apartment	Apartment	Apartment
Transaction situation		Asking Price	Asking Price	Asking Price
Transaction date	April 2026	April 2026	April 2026	April 2026
Location and accessibility	Well-connected by public transport with abundant bus lines and nearby metro stations.	Well-connected by public transport with abundant bus lines and nearby metro stations.	Well-connected by public transport with abundant bus lines and nearby metro stations.	Well-connected by public transport with abundant bus lines and nearby metro stations.
Gross floor area (sq.m.)	4,523.86	50	50	49
Decoration	Well-finished	Well-finished	Well-finished	Well-finished
Floor	Middle Floor	High Floor	High Floor	High Floor
Land use rights term	50	50	50	50
Transaction unit price (RMB/sq.m.)		10,000.00	9,800.00	9,951.00
Adjustment factors:				
Usage		Similar with the property	Similar with the property	Similar with the property
Adjustment		0%	0%	0%
Transaction situation		Superior to the property	Superior to the property	Superior to the property
Adjustment		5%	5%	5%
Transaction date		Similar with the property	Similar with the property	Similar with the property
Adjustment		0%	0%	0%

Comparable:	**Subject Property**	**A**	**B**	**C**
Location and accessibility		Similar with the property	Similar with the property	Similar with the property
Adjustment		0%	0%	0%
Gross floor area (sq.m.)		Superior to the property	Superior to the property	Superior to the property
Adjustment		20%	20%	20%
Decoration		Similar with the property	Similar with the property	Similar with the property
Adjustment		0%	0%	0%
Floor No.		Superior to the property	Superior to the property	Superior to the property
Adjustment		2%	2%	2%
Total adjustment		27%	27%	27%
Adjusted unit price (RMB/sq.m.)		7,849	7,692	7,811

The adjustment coefficients applied in this valuation are primarily derived from on-site inspections and interviews with local real estate agents conducted during the survey, which provided practical market insights into typical pricing gaps, floor premiums, and size premiums specific to the subject locality. In accordance with Section 6.2 of the RICS professional standards, Comparable evidence in real estate valuation (1st edition, October 2019), valuers are required to make adjustments for various factors affecting property value. The Standard explicitly recognises that certain adjustments may necessitate a qualitative judgement based on the valuer's experience and knowledge of the local market. The following adjustments are therefore determined based on the above guidance, combined with the valuer's professional expertise and market investigations specific to this region.

To bridge the discrepancy between quoted asking prices and actual concluded transaction prices, a negative 5% adjustment is uniformly applied to the unit prices of the comparable properties. This accounts for the typical negotiation margin embedded in initial listings, which generally exceed final settlement prices.

Upper-floor premises generally command a discernible premium over lower-floor units, due to superior natural lighting, broader views, and better ventilation. However, the subject property is located on a low floor, whereas the selected comparables are on high floors. To neutralise the high-floor premium embedded in the comparables and ensure alignment with the subject's value level, a negative 2% downward adjustment is applied to the unit prices of these high-floor comparable cases.

In the local market, smaller individual units typically exhibit higher unit prices due to lower total investment threshold (a "size premium"). Conversely, the subject property comprises an entire floor with a substantial gross floor area, which inherently carries a lower unit price. Therefore, a negative 20% downward adjustment is applied to the selected small-size comparables to neutralize this size premium and ensure comparability.

Furthermore, reference is made to the Code for Real Estate Appraisal (GB/T 50291-2015) issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China, as well as practical guidance from authoritative valuation textbooks published by China Appraisal Society. These sources stipulate that any single adjustment factor should not exceed 20%, the aggregate net adjustment should not exceed 30%, and the ratio between the highest and lowest adjusted unit prices of the comparable properties should not exceed 1.2. All adjustments applied in this valuation are strictly within these prescribed limits, demonstrating methodological compliance and reasonableness.

Based on the analysis of the three comparable properties, the adjusted average value of the property is approximately RMB7,800 per sq.m.