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院股份有限公司
Wenzhou Kangning Hospital Co., Ltd.
(A joint stock limited liability company incorporated in the People's Republic of China)
Stock code: 2120

ANNOUNCEMENT
THE FIRST GRANT OF AWARD SHARES PURSUANT TO THE H SHARE AWARD AND TRUST SCHEME
AND
GRANT OF AWARD SHARES TO CONNECTED PERSONS

References are made to the circular of the first extraordinar general meeting for the ear 2023 dated September 8, 2023 (the **Circular**) and the poll results announcement dated September 27, 2023 of the Compan , in relation to (among others) the deliberation and approval of the Compan 's H Share Award and Trust Scheme. Capitalized terms used herein shall have the same meanings as those defined in the H Share Award and Trust Scheme set out in Appendix I to the Circular unless the context requires otherwise.

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

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

The Board is pleased to announce that on April 12, 2024, pursuant to the H Share Award and Trust Scheme, the Board resolved to make the first grant of 207,300 Award Shares to 34 Selected Participants (the **Selected Participants of the First Grant**) (the **First Grant**), representing approximatel 0.28%*(Note)* of the issued share capital of the Compan as at the date of this announcement. Taking into account the closing price of HK$11.42 per H Share as stated in the dail quotation sheet issued b the Stock Exchange on April 11, 2024 (being the last trading da prior to the date of this announcement), the 207,300 Award Shares represent the value of HK$2,367,366. All 207,300 H Shares were purchased b the Trustee through on-market transactions in accordance with the terms of the H Share Award and Trust Scheme. For the avoidance of doubt, the Compan will not issue or allot additional new shares in respect of the First Grant, and accordingl , the First Grant will not result in an dilution effect on the shareholdings of existing Shareholders of the Compan .

Details of the First Grant scheme are set out as follows:

1. Grant date: as stated in the Award Letter.

2. Maturit date: consistent with the validit period stipulated in the H Share Award and Trust Scheme, i.e. from September 27, 2023 to September 26, 2033.

3. The Selected Participants of the First Grant and the number of shares granted: 34 Selected Participants were granted firstl , including the core management personnel and technical backbones of the Compan ; the First Grant of Award Shares was an aggregate of 207,300 H Shares, representing approximatel 0.28%[(Note)] of the total number of issued shares of the Compan as at the date of this announcement.

   The Selected Participants of the First Grant comprised Mr. WANG Jian, the Compan 's executive Director, who was granted 59,100 H Shares b the Compan according to the First Grant scheme. Given that Mr. WANG Jian serves as the Compan 's executive Director currentl , the grant of the Award Shares to Mr. WANG Jian constitutes a connected transaction of the Compan under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios in respect of the grant of the Award Shares to Mr. WANG Jian is less than 0.1%, the grant of the Award Shares to Mr. WANG Jian is full exempted from compl ing with the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

   Save and except for Mr. WANG Jian, to the best of knowledge, information and belief of the Directors, none of other Selected Participants of the First Grant is the connected person of the Compan as at the date of this announcement.

4. Grant price: HK$0 per Share.

5. Vesting time: pursuant to the provisions of the H Share Award and Trust Scheme, the vesting time and percentage of the Award Shares under the First Grant are set out in the table below:

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

The Award Shares under the First Grant that failed to vest within their respective vesting periods due to failure to satisf the vesting period requirements shall not be vested or deferred to the vesting Award Shares within the next vesting period.

6. Award Letter: the Compan will prepare the Award Letters in accordance with the decision of the Board and/or its authori ed persons and enter into the Award Letters with the Selected Participants of the First Grant, specif ing the grant date, the number of Award Shares granted, the vesting conditions and period and the relevant terms and conditions.

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

Reasons for and Benefits of the First Grant

The First Grant is to recogni e and reward the hard work and contributions made b the Selected Participants of the First Grant to the Compan , and to provide additional incentives for those Selected Participants of the First Grant, in order to maintain and further promote the long-term development of the Compan .

Impact of the First Grant on the Financial Position of the Company

The First Grant does not have a material impact on the financial position and operating results of the Compan . The First Grant is fair and reasonable, and in the interests of the Compan and the Shareholders as a whole.

Implementation of the H Share Award and Trust Scheme

Pursuant to the terms of the H Share Award and Trust Scheme, the Compan will entrust the Trustee to purchase 3,730,015 H Shares through on-market transactions as a long-term equit incentive for emplo ees in the future. As of the date of this announcement, the Trustee has acquired 1,492,300 H Shares through on-market transactions at prices in the range of HK$11.86 to HK$14.50 in accordance with the terms of the H Share Award and Trust Scheme.

In the future, the Compan will instruct the Trustee to make further purchases pursuant to the H Share Award and Trust Scheme and make further announcements on the status of the H Share Award and Trust Scheme, including the number and price of the shares purchased, from time to time.

GRANT OF AWARD SHARES TO CONNECTED PERSONS

On April 12, 2024, based on the recommendation of the Remuneration Committee of the Board and pursuant to the H Share Award and Trust Scheme, the Board (including all independent non-executive Directors) resolved to grant 99,300 and 57,500 Award Shares to Ms. WANG Lian ue, an executive Director and the general manager of the Compan , and Mr. XU Yi, the vice general manager of the Compan , respectivel (the **Grant**), totaling 156,800 H Shares, representing approximatel 0.21%*(Note)* of the issued share capital of the Compan as at the date of this announcement. Taking into account the closing price of HK$11.42 per H Share as stated in the dail quotation sheet issued b the Stock Exchange on April 11, 2024 (being the last trading da prior to the date of this announcement), the 99,300 Award Shares represent the value of HK$1,134,006, and the 57,500 Award Shares represent the value of HK$656,650, totaling HK$1,790,656. All 156,800 H Shares were purchased b the Trustee through on-market transactions in accordance with the terms of the H Share Award and Trust scheme. For the avoidance of doubt, the Compan will not issue or allot additional new shares in respect of the Grant, and accordingl , the Grant will not result in an dilution effect on the shareholdings of existing Shareholders of the Compan . Details of the Grant scheme are set out as follows:

1. Grant date: as stated in the Award Letter.

2. Maturit date: consistent with the validit period stipulated in the H Share Award and Trust Scheme, i.e. from September 27, 2023 to September 26, 2033.

3. The Selected Participants of the Grant and the number of shares granted: an aggregate of 99,300 H Shares were granted to Ms. WANG Lian ue during the Grant, representing approximatel 0.13%*(Note)* of the total number of issued shares of the Compan as at the date of this announcement; an aggregate of 57,500 H Shares were granted to Mr. XU Yi during the Grant, representing approximatel 0.08%*(Note)* of the total number of issued shares of the Compan as at the date of this announcement.

4. Grant price: HK$0 per Share.

5. Vesting time: pursuant to the provisions of the H Share Award and Trust Scheme, the vesting time and percentage of the Award Shares under the Grant are set out in the table below:

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

The Award Shares granted to Ms. WANG Lian ue or Mr. XU Yi that failed to vest within their respective vesting periods due to failure to satisf the vesting period requirements shall not be vested or deferred to the vesting Award Shares within the next vesting period.

6. Award Letter: the Compan will prepare the Award Letters in accordance with the decision of the Board and/or its authori ed persons and enter into the Award Letters with Ms. WANG Lian ue and Mr. XU Yi, specif ing the grant date, the number of Award Shares granted, the vesting conditions and period and the relevant terms and conditions.

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

Reasons for and Benefits of the Grant

The H Share Award and Trust Scheme is to recogni e and reward the hard work and contributions made b the Selected Participants (including Ms. WANG Lian ue and Mr. XU Yi) to the Compan , and to provide additional incentives for those Selected Participants, in order to maintain and further promote the long-term development of the Compan . When assessing whether the grant of the Award Shares to Ms. WANG Lian ue and Mr. XU Yi is fair and reasonable, the Board (including independent non-executive Directors) has taken into account the positions, historical performance and length of service of Ms. WANG Lian ue and Mr. XU Yi in the Compan . The grant of the Award Shares to Ms. WANG Lian ue and Mr. XU Yi can be for the purpose of recogni ing their previous contributions to the business performance of the Compan , ensuring that the will continuall support and devote their efforts to the Compan , and motivating them to perform their duties diligentl and conscientiousl in the future, which is essential to the future development and business expansion of the Compan . The Board is of the view that the grant of the Award Shares to Ms. WANG Lian ue and Mr. XU Yi is in line with the purpose of the H Share Award and Trust Scheme.

Confirmation by the Directors

Having considered the foregoing, the Board (including independent non-executive Directors) is of the view that the grant of 99,300 and 57,500 Award Shares to Ms. WANG Lian ue and Mr. XU Yi, respectivel is made on normal commercial terms during the ordinar and normal course of business of the Group, is fair and reasonable, and in the interests of the Compan and the Shareholders as a whole. The Grant does not have a material impact on the financial position and operating results of the Compan .

Mr. GUAN Weili and Ms. WANG Lian ue abstained from voting due to their material interests in the relevant resolutions of the Board in relation to the Grant. Save as disclosed above, none of the Directors have an material interest in the Grant, and none of the Directors have to abstain from voting on the relevant resolutions of the Board.

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

Listing Rules Implications

As Ms. WANG Lian ue currentl serves as an executive Director and the general manager of the Compan , the grant of the Award Shares to Ms. WANG Lian ue constitutes a connected transaction of the Compan under Chapter 14A of the Listing Rules. As Mr. XU Yi is the spouse of Ms. WANG Hong ue and Ms. WANG Hong ue is the ounger sister of Ms. WANG Lian ue, Mr. XU Yi is a connected person of the Compan , the grant of the Award Shares to Mr. XU Yi also constitutes a connected transaction of the Compan under Chapter 14A of the Listing Rules. As Ms. WANG Lian ue and Mr. XU Yi are connected persons with each other, the grants of the Award Shares to Ms. WANG Lian ue and Mr. XU Yi should be aggregated. As the highest applicable percentage ratios in respect of the grants of the Award Shares (as aggregated) to Ms. WANG Lian ue and Mr. XU Yi are more than 0.1% but less than 5%, the grants of the Award Shares to them are subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and the Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Information of the Company

The Compan is a joint stock limited liabilit compan incorporated under the laws of the PRC and is the largest private ps chiatric medical group in the PRC, covering various regions of the PRC and running a network of medical institutions focusing on the provision of ps chiatric specialt and geriatric rehabilitation services. The ultimate beneficial owners of the Compan are Mr. GUAN Weili and Ms. WANG Lian ue.

DEFINITIONS

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

Award Shares	the H Shares certificate granted to a Selected Participant in an Award
Board	the board of directors of the Compan
Compan	Wen hou Kangning Hospital Co., Ltd., a joint stock limited liabilit compan incorporated under the laws of the PRC, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 2120)
connected person(s)	has the meaning ascribed to it under the Listing Rules
connected transaction(s)	has the meaning ascribed to it under the Listing Rules
Director(s)	the director(s) of the Compan
Group	the Compan and its subsidiaries
H Shares	overseas listed foreign shares which are listed on the Stock Exchange, with a nominal value of RMB1.00 each
H Share Award and Trust Scheme	the H Share Award and Trust Scheme of the Compan

HK$	Hong Kong dollars, the lawful currenc of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Selected Participant(s)	an eligible emplo ee who, in accordance with the H Share Award and Trust Scheme, is approved for participation in the Emplo ee Share Award Scheme and has been granted an corresponding Award under the Scheme
Stock Exchange	The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司)
Shareholder(s)	the Shareholder(s) of the Compan

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

Zhejiang, the PRC
April 12, 2024

As of the date of this announcement, the Compan 's executive Directors are Mr. GUAN Weili, Ms. WANG Lian ue and Mr. WANG Jian; the non-executive Directors are Mr. QIN Hao and Mr. LI Changhao; and the independent non-executive Directors are Ms. ZHONG Wentang, Ms. JIN Ling and Mr. CHAN Sai Keung Hugo.