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溫州康寧醫院股

Ltd. which was reviewed and approved by the Company at the 2017 annual general meeting (the "AGM"). The preliminary proposal is as follows:

I. General Planning of the Issuance

1. Type and nominal value of shares of the Issuance

The share type of the Issuance is domestic shares with a nominal value of RMB1 each.

2. Issuance method

The Company will issue domestic shares to the Employees' Shareholding Platform Wenzhou Zhenyan Kangning Investment Management L.P.(溫州箴言康寧投資管理合夥企業(有限合夥)), Wenzhou Jiamei Kangning Investment Management L.P.(溫州迦美康寧投資管理合夥企業(有限合夥)), Wenzhou Enquan Kangning Investment Management L.P.(溫州恩泉康寧投資管理合夥企業(有限合夥)), Wenzhou Jiate Kangning Investment Management L.P.(溫州迦特康寧投資管理合夥企業(有限合夥)) and Wenzhou Shouwang Kangning Investment Management L.P.(溫州守

5. Number of shares to be issued

According to the authorization of the Company's 2017 AGM, the total number of domestic shares to be issued under the Issuance is 2,460,000. Among them, Wenzhou Zhenyan Kangning Investment Management L.P.（溫州箴言康寧投資管理合夥企業（有限合夥）） will subscribe for 804,794 domestic shares, Wenzhou Jiamei Kangning Investment Management L.P.（溫州迦美康寧投資管理合夥企業（有限合夥）） will subscribe for 788,921 domestic shares, Wenzhou Enquan Kangning Investment Management L.P.（溫州恩泉康寧投資管理合夥企業（有限合夥）） will subscribe for 407,832 domestic shares, Wenzhou Jiate Kangning Investment Management L.P.（溫州迦特康寧投資管理合夥企業（有限合夥）） will subscribe for 267,431 domestic shares and Wenzhou Shouwang Kangning Investment Management L.P.（溫州守望康寧投資管理合夥企業（有限合夥）） subscribe for of 191,022 domestic shares to be issued by the Company under the Issuance.

6. Amount and use of proceeds raised

The amount of proceeds raised in the Issuance will be RMB25,756,200, which will be mainly used to replenish the daily working capital of the Company.

7. Arrangement of accumulated and undistributed profit

The owner's equity (including but not limited to surplus reserve, capital reserve and undistributed profit) formed before the Issuance of the Company shall be jointly owned by the then shareholders of the Company after the completion of the Issuance according to their then respective shareholding proportions.

8. Status of the shares in the Issuance

The domestic shares in the Issuance shall rank *pari passu* in all aspects with the existing domestic shares issued by the Company before completion of the Issuance.

II. Relevant agreement of the Issuance

The Company will sign the *Agreement on the Subscription of Domestic Shares of Wenzhou Kangning Hospital Co., Ltd and Wenzhou Zhenyan Kangning Investment Management L.P.(溫州箴言康寧投資管理合夥企業(有限合夥)), Wenzhou Jiamei Kangning Investment Management L.P.(溫州迦美康寧投資管理合夥企業(有限合夥)), Wenzhou Enquan Kangning Investment Management*

*L.P.(溫州恩泉康寧投資管理合夥企業(有限合夥)), Wenzhou Jiate Kangning Investment Management L.P.(溫州迦特康寧投資管理合夥企業(有限合夥)) and Wenzhou Shouwang Kangning Investment Management L.P.(溫州守望康寧投資管理合夥企業(有限合夥))*with the Employees' Shareholding Platform Wenzhou Zhenyan Kangning Investment Management L.P.(溫州箴言康寧投資管理合夥企業(有限合夥)), Wenzhou Jiamei Kangning Investment Management L.P.(溫州迦美康寧投資管理合夥企業(有限合夥)), Wenzhou Enquan Kangning Investment Management L.P.(溫州恩泉康寧投資管理合夥企業(有限合夥)), Wenzhou Jiate Kangning Investment Management L.P.(溫州迦特康寧投資管理合夥企業(有限合夥)) and Wenzhou Shouwang Kangning Investment Management L.P.(溫州守望康寧投資管理合夥企業(有限合夥))in respect of this Issuance.

The above agreement shall take effect upon meeting the following conditions:

1. It shall be signed by the legal representative/executive partner or authorized representative of each party and stamped with the official seal of each party;

2. The Issuance shall have been considered and approved by the Board of the Company.

III. Relevant authorization matters

In order to ensure the successful completion of the Issuance, the Board of the Company further authorizes the Chairman of the Board of the Company to be responsible for the relevant matters related to the Issuance according to the authorization of the Company's 2017 AGM, including:

1. Revising, supplementing, signing, submitting, reporting, executing all agreements, contracts and documents related to the Issuance, and handling of the reporting matters related to the Issuance;

2. Approving the registration of newly issued domestic shares in China Securities Depository and Clearing Company Limited and all matters related to the registration of newly issued domestic shares;

3. Signing the legal documents submitted to the relevant regulators on behalf of the Company and making appropriate amendments to the aforesaid documents in accordance with the opinions of the regulators;

4. Executing, modifying and adjusting the specific implementation plans according to the implementation requirements of this issuance scheme, and handling the matters related to examination, approval, filing, industrial and commercial registration of changes procedures and handover;

5. Handling other matters related to the Issuance within the scope permitted by laws, regulations, normative documents and *Articles of Association*;

6. The above authorization shall start from the date when the relevant proposals of the Issuance are reviewed and approved at the board meeting to the earliest date of the following:

   (a) At the end of the Company's 2018 AGM;

II. **Proposal on Granting Incentive Shares to Participants**

In order to further perfect that corporate governance structure of the Company, establish and perfect the long-term incentive and constraint mechanism of the Company, attract and motivate professional and key management personnel, fully mobilize their initiative and creativity, effectively promote the cohesion of the core team and the core competitiveness of the Company, effectively combine the interests of shareholders, the Company and the core team so as to make all parties pay close attention to the long-term development of the Company and ensure the realization of the Company's development strategy and operation objectives, the Company intends to grant 1,934,097 incentive shares to 178 participants on June 29, 2018 according to *2018 Equity Incentive Scheme* and authorization at the 2017 AGM. At the same time, it is confirmed that Wenzhou Zhenyan Kangning Investment Management L.P.(溫州箴言康寧投資管理合夥企業(有限合夥)), Wenzhou Jiamei Kangning Investment Management L.P.(溫州迦美康寧投資管理合夥企業(有限合夥)), Wenzhou Enquan Kangning Investment Management L.P.(溫州恩泉康寧投資管理合夥企業(有限合夥)), Wenzhou Jiate Kangning Investment Management L.P.(溫州迦特康寧投資管理合夥企業(有限合夥)) and Wenzhou Shouwang Kangning Investment Management L.P.(溫州守望康寧投資管理合夥企業(有限合夥)) become the Employees' Shareholding Platform of the Company's "2018 Equity Incentive Scheme", and Mr. XU Ning, the Participant, is appointed to be the general partner of the Wenzhou Zhenyan Kangning Investment Management L.P.(溫州箴言康寧投資管理合夥企業(有限合夥)), Wenzhou Jiamei Kangning Investment Management L.P.(溫州迦美康寧投資管理合夥企業(有限合夥)), and the executive partner of the these partnership; and Mr. HUANG Wenhua, the Participant, is appointed to be the general partner of Wenzhou Enquan Kangning Investment Management L.P.(溫州恩泉康寧投資管理合夥企業(有限合夥)), Wenzhou Jiate Kangning Investment Management L.P.(溫州迦特康寧投資管理合夥企業(有限合夥)) and Wenzhou Shouwang Kangning Investment Management L.P.(溫州守望康寧投資管理合夥企業(有限合夥)), and the executive partner of these partnership.

I. Introduction of "2018 Equity Incentive Scheme" of the Company

2018 Equity Incentive Scheme of the Company (the "**Scheme**") was reviewed and approved at the 2017 AGM. Its main contents are as follows:

1. Source and type of underlying stocks

The incentive share of the Scheme comes from the non-listed domestic shares issued by the Company to the Employees' Shareholding Platform.

2. Scope of participants

The participants of the Scheme are the senior management personnel, core technology (business) backbone and other personnel of the Company and its subsidiaries that the Board thinks need to be encouraged. The total number of participants among the first grant of the Scheme is 178.

3. Grant price

The price of incentive share granted by the Scheme is RMB10.47 per share.

4. Arrangement of unlocking period

All incentive shares granted for the first time shall be unlocked at one time after 48 months from the grant date. The incentive shares of the reserved part shall be unlocked at the same time as the incentive shares granted for the first time.

5. Unlocking conditions of incentive shares

When the incentive shares need to be unlocked, the performance assessment objectives at the Company level and the assessment requirements at the individual level shall be met at the same time, and the participants can unlock based on the assessment results according to the specified proportion.

(1) Performance assessment requirements at the Company level

The Scheme takes the financial index of the Company in 2021 as the performance assessment target, and the achievement of the performance assessment target as one of the unlocking conditions of the participants. The corresponding unlocking ratio is determined. At the Company level, two performance assessment objectives are set: ① The main business income (RMB546.56 million) in the audited consolidated financial statements of the Company in 2017 is taken as the base, and the growth rate of the main business income in the audited consolidated financial statements in 2021 is no less than 150% compared with that of 2017. ② The net profit attributable to the shareholders of the parent company (RMB58 million after excluding the influence of

non-recurrent factors such as exchange loss, government subsidies and listed expense) in the audited consolidated financial statements of the Company in 2017 is taken as the base, and the net profit attributable to the shareholders of the parent company (excluding the influence of non-recurrent factors) in the audited consolidated financial statements of 2021 has a growth rate of no less than 120% compared with that of 2017.

After the audited consolidated financial statements of the Company for year of 2021 are published, the total amount of the unlocking incentive shares shall be determined according to the following proportion based on the achievement of the performance indexes and the post and subscription of the participants:

		Core technology (business) backbone and other participants of the Company	
Achievement of the performance indexes	**Senior management personnel**	**Subscribers of more than RMB200,000 (inclusive)**	**Subscribers of less than RMB200,000**
Achievement of two performance indexes	100%	100%	100%
Achievement of one performance index	50%	75%	85%
Neither of the two performance indexes has been achieved	20%	50%	70%

(2) Performance assessment requirements at the individual level

During the four years from 2018 to 2021, the Company shall carry out annual personal performance assessment for all participants according to the five grades of excellent, A, B, C and D. If the annual individual performance assessment result of the participants is excellent/A/B, then the individual performance of the participants in that year **reaches the standard**; If the annual personal performance assessment result of the participants is C/D, the annual personal performance of the participants **doesn't reach the standard**.

If the participants **reach the standard** during the four-year assessment period from 2018 to 2021, the participants can unlock all the incentive shares held by the participants according to the unlocking total amount specified in this incentive scheme. If the participants **fail to reach the standard** during the four-year assessment period from 2018 to 2021, the participants shall unlock the incentive shares held by the participants according to the following conditions on the basis of the unlocking total amount:

The times of annual performance assessment that doesn't reach the standard	**The ratio of unlocking in the cardinal number of the total amount of unlocking incentive shares**
Once	75%
Twice	50%
Three times	25%
Four times	0%

II. Description of grant conditions for "2018 Equity Incentive Scheme" of the Company

As specified in the Scheme, only when the participants satisfy the following conditions at the same time will the Company grant incentive shares to them; otherwise, if any of the following conditions are not satisifed, incentive shares shall not be granted to the participants.

1. When the incentive shares are granted, the labor contract or employment contract of the participants is in a normal performance state;

2. The participants meet the office-holding conditions confirmed by the Board;

3. The participants have signed the equity incentive agreement.

After verification, the Board considers that the conditions for granting the incentive scheme have been fulfilled, and agrees to grant 1,934,097 incentive shares to 178 participants who meet the grant conditions for the first time.

III. First grant of incentive shares

1. Grant date: June 29, 2018

2. Grant price: RMB10.47 per share

3. Grant number: 1,934,097 shares

4. Number of granted people: 178

5. The source of granted shares: the non-listed domestic shares of the Company issued by the Company to the Employees' Shareholding Platform

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

Zhejiang, the PRC
June 29, 2018

As of the date of this announcement, the Company's executive directors are Mr. GUAN Weili, Ms. WANG Lianyue and Ms. WANG Hongyue; the non-executive directors are Mr. YANG Yang and Mr. LIN Lijun; and the independent non-executive directors are Mr. CHONG Yat Keung, Mr. HUANG Zhi and Mr. GOT Chong Key Clevin.