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溫州康寧醫院股份有限公司

Wenzhou Kangning Hospital Co., Ltd.

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## BUSINESS OPERATION

The Company is principally engaged in the provision of a full range of specialized medical services for patients with psychiatric illness, and has expanded its business scope to cover professional healthcare services for the elderly.

Adhering to the core value of “Respecting Life and Serving Humbly”, the Company has established a medical service network that is “based in Wenzhou, intensively cultivated in Zhejiang and radiated across the country” through chain operation, and a combination of online and offline channels, to provide better medical services for patients with mental disorders and the elderly.

At present, the global novel coronavirus pneumonia pandemic (the “**Pandemic**”) remains severe. The Company has adopted multiple initiatives to control cost, enhance quality, strengthen management and deliver results while actively practising social responsibility in Pandemic prevention as a medical practitioner. Thanks to the concerted and dedicated efforts of all staff members, the Company’s principal business continues to grow in a healthy and steady manner.

In the first half of 2022, the Company’s owned hospital business maintained robust development with its medical network further expanded by increasing the number of owned hospitals to 30 (June 30, 2021: 25). In particular, the operating highlights include:

- (1) the Company newly acquired Jinyun Shuning Hospital (縉雲舒寧醫院) and Yueqing Yining Chinese & Western Medicine Hospital (樂清怡寧中西醫結合醫院) (formerly known as “Yueqing Bang-er Chinese & Western Medicine Hospital” (樂清邦爾中西醫結合醫院)) in the first quarter of 2022;
- (2) Wenzhou Ouhai Yining Elderly Hospital (溫州甌海怡寧老年醫院), which was built by the Company, commenced operation in May 2022;
- (3) Quzhou Yining Hospital (衢州怡寧醫院) acquired a parcel of land with an area of 16,532 square meters for the purposes of the relocation and expansion project through public auction at a consideration of RMB16 million;
- (4) Beijing Yining Hospital (北京怡寧醫院) achieved the turnaround from loss to profit by way of introducing a new management team; and
- (5) the number of the Group’s operating beds has increased to 9,558 as of the date of this announcement (June 30, 2021: 8,328).

China has experienced a continuously growing demand for mental healthcare services in recent years, and there has been a substantial increase in the social awareness of mental health since the outbreak of the Pandemic in particular. Meanwhile, with the acceleration of aging process of population, the demand of the general public for elderly care has become much stronger, which presents promising industry growth prospects for the principal business of the Company.

As of the date of this announcement, the Company maintains normal business operations in all material respects. The Board will continue to assess and monitor the impact of the suspension of trading on the operations and financial performance of the Company.

## PROGRESS OF THE RESUMPTION PLAN OF THE COMPANY

The Company wishes to give an update on the progress of the resumption plan of the Company as follows:

| Key matters                                                                                                                                                                              | Timeframe                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| To conduct an investigation, announce the findings, assess and announce the impact on the business operations and financial position of the Company (if any), and take remedial actions. | As disclosed in the announcements of the Company dated January 30, 2022 and March 15, 2022, the Company has |
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