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.

all your shares in ., 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.

Hong Kong Exchanges and Clearing Limited and The Stock [redacted]hange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its a[redacted]y or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in relia[redacted] the whole or any part of the contents of this circular.

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spital Co., Ltd.

t stock limited liability company incorporated in the People's Republic of China)

Stock code: 2120

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The AGM 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 Thursday, May 30, 2024, and the H Shareholders' Class Meeting will be held immediately after the conclusion of the AGM or any adjourned meeting thereof (whichever the later), and the Domestic Shareholders' Class Meeting will be held immediately after the conclusion of the H Shareholders' Class Meeting or any adjourned meeting thereof (whichever the later).

A letter from the Board is set out on pages 4 to 14 of this circular.

The notices for convening the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting are set out on pages 15 to 21 of this circular.

Whether or not you are able to attend the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting, you are required to complete the accompanying form of proxy 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 AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting (i.e. before 9:00 a.m. on Wednesday, May 29, 2024) or any adjourned meeting thereof. Completion and delivery of the form of proxy shall not preclude you from attending and voting in person at the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting or any adjournment thereof should you so wish.

April 26, 2024

Page

"Domestic Shareholders' Class Meeting"	the 2024 First Domestic Shareholders' Class Meeting of the Company to be convened as on-site meeting and held at Conference Room, 12/F, Building 1, Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang Province, the PRC on Thursday, May 30, 2024 immediately after the conclusion of the AGM and the H Shareholders' Class Meeting (or any adjournment thereof)
"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)
"H Shareholders' Class Meeting"	the 2024 First H Shareholders' Class Meeting of the Company to be convened as on-site meeting and held at Conference Room, 12/F, Building 1, Shengjin Road, Huanglong Residential District, Wenzhou, Zhejiang Province, the PRC on Thursday, May 30, 2024 immediately after the conclusion of the AGM (or any adjournment thereof)
"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"	The Stock Exchange of Hong Kong Limited
"Latest Practicable Date"	April 23, 2024, being the latest practicable date for ascertaining certain information contained herein before the printing of this circular
"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
"RMB"	the lawful currency of the PRC
"Share(s)"	share(s) of the Company

"Shareholder(s)"	holder(s) of the Share(s)
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the Company's supervisory committee
"%"	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.

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[illegible]

The purpose of this circular is to provide you with further information in relation to the following resolutions to be proposed at the AGM and/or the Class Meetings (as the case may be):

1. To consider and approve the final financial report of the Company for the year 2023;

2. To consider and approve the audited report and financial statements of the Company for the year 2023;

3. To consider and approve the proposed profit distribution plan of the Company for the year 2023;

4. To consider and approve the proposed financial budget of the Company for the year 2024;

5. To consider and approve the proposed appointment of the independent auditor of the Company for the year 2024;

6. To consider and approve the report of the Board of the Company for the year 2023;

7. To consider and approve the report of the Supervisory Committee of the Company for the year 2023;

8. To consider and approve the report of the independent non-executive Directors of the Company on their performance for the year 2023; and

9. To consider and approve the proposed grant of a general mandate to the Board to partially repurchase H Shares.

Items 1 to 9 above shall be submitted to the AGM for Shareholders' consideration. Item 9 above shall be submitted to the Class Meetings for Shareholders' consideration.

Items 1 to 8 above are to be approved as ordinary resolutions by the Shareholders at the AGM. Item 9 above is to be approved as a special resolution by the Shareholders at the AGM and/or the Class Meetings (as the case may be).

[illegible] 2023

An ordinary resolution will be proposed at the AGM to consider and approve the Company's final financial report for the year 2023. In 2023, the administrative expenses of the Company amounted to RMB213.0 million, representing a decrease of RMB10.0 million as compared with the budget; the selling and marketing expenses amounted to RMB17.1 million, representing an increase of RMB0.2 million as compared with the budget; the capital expenditure amounted to RMB255.1 million, representing a decrease of RMB11.1 million as compared with the budget.

. 2023

An ordinary resolution will be proposed at the AGM to consider and approve the Company's audited report and financial statements for the year 2023. For the full text of the Company's audited report and financial statements for the year 2023, please refer to the Company's annual report for the year 2023 published on April 26, 2024.

V. 2023

The Company has formulated the profit distribution plan for the year 2023 in accordance with the prevailing operating conditions, market environment and future sustainable development objective, taking into account the interests of the Shareholders, and in accordance with the Articles and relevant laws and regulations as follows:

1. 2023

On March 28, 2024, the Board approved the proposed profit distribution plan for the year 2023. The proposed final dividend of the Company is to be distributed to the Shareholders in

2. C R a

The proposed final dividend will be paid on or before Friday, June 28, 2024 to all Shareholders whose names appear on the register of members of the Company on the record date (Friday, June 7, 2024). In order to qualify for the proposed final dividend, the H Shareholders 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 Tuesday,

V. [illegible] 2024

An ordinary resolution will be proposed at the AGM to consider and approve the Company's proposed financial budget for the year 2024. For the year 2024, the Company targets to limit the administrative expenses, the selling and marketing expenses and the capital expenditure to RMB218.8 million, RMB16.9 million and RMB308.4 million, respectively.

V . [illegible] 2024

As approved by the Audit Committee of the Board, an ordinary resolution will be proposed at the AGM to consider and approve the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor for the 2024 annual auditing of H Shares of the Company and the 2024 annual legal auditing of the Company, to audit the annual financial statements for 2024 to be prepared by the Company under PRC Accounting Standards for Business Enterprises, and to perform other duties as required under the Hong Kong Listing Rules from the date of approval at the AGM to the conclusion of the AGM for the year 2024 of the Company in accordance with the Company Law of the People's Republic of China, the Hong Kong Listing Rules and other relevant provisions of laws, regulations and the Articles. At the same time, it is proposed that at the AGM authorize the Board (or its authorized persons) to determine the remuneration of the auditor and sign relevant contracts based on the market situation.

V . [illegible] 2023

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board for the year 2023, the full text of which is set out in the Company's annual report for the year 2023 published on April 26, 2024.

V . [illegible] 2023

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Supervisory Committee for the year 2023, the full text of which is set out in the Company's annual report for the year 2023 published on April 26, 2024.

2023

In accordance with the relevant provisions of laws and regulations, such as the Company Law of the People's Republic of China, as well as other normative documents, the Articles, and the Working Policies of Independent Directors of Wenzhou Kangning Hospital Co., Ltd. (《溫州康寧醫院股份有限公司獨立董事工作制度》), the independent non-executive Directors of the Company shall submit an annual report to the AGM of the Company to explain the performance of their duties. An ordinary resolution will be proposed at the AGM to consider

1. [illegible]

In order to further promote the healthy and stable long-term development of the Company and to protect the interests of general investors effectively, the Company intends to repurchase Shares in accordance with the requirements of the relevant laws, regulatory requirements and Articles of Association, taking into account the current operating conditions, financial position and future development prospects.

2. [illegible]

The Shares proposed to be repurchased are the H Shares in issue of the Company. The actual proportion and ratio to be repurchased will be determined by the Board of the Company as authorized by the AGM and the Class Meetings and the authorized persons of the Board during the implementation period of the repurchase, taking into account the prices of the H Shares of the Company in the secondary market, but the total number shall not exceed 10% of the total number of H Shares in issue of the Company on the date of passing such special resolution.

3. [illegible]

The method adopted to repurchase H Shares is carrying out the repurchase on the market at the Hong Kong Stock Exchange.

4. [illegible]

The term of repurchase of H Shares by the Company shall commence from the date of consideration and approval of the repurchase proposal by the AGM and the Class Meetings, until the following dates or conditions being triggered (whichever is earlier):

(1) if the amount of funds used in repurchase has reached the maximum amount during the term of repurchase, the implementation of the repurchase proposal will be completed immediately, that means, the term of repurchase expires in advance with effect from that day;

(2) the conclusion of the next AGM of the Company; or

(3) the date when the general mandate to repurchase H Shares has been withdrawn or amended by a special resolution approved by the shareholders' general meeting and the Class Meetings.

The Company will make and implement repurchase decisions at opportune timing according to market conditions during the above term of repurchase pursuant to the authorization from the AGM, the Class Meetings and the Board, and in accordance with the requirements of the relevant laws, regulations, China Securities

(2) notifying creditors and making announcements in accordance with the requirements of the Company Law of the People's Republic of China, other laws and regulations and the Articles of Association;

(3) opening overseas stock accounts, capital accounts and handling corresponding procedures of change in foreign exchange registration;

(4) performing relevant approval or filing procedures (if any) in accordance with applicable laws, regulations and regulatory provisions;

(5) handling the cancellation of repurchased Shares, reducing the registered capital of the Company, revising the total share capital, share capital structure and other relevant contents in the Articles of Association and handling the procedures for modification of registration and filing;

(6) signing and handling all other documents and matters in relation to repurchase of Shares; and

(7) agreeing that the Board authorizes the Chairman of the Company and his authorized persons to handle the above specific matters within the scope of the above authorization.

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The valid period of the resolution related to the repurchase shall be in line with the implementation period of the Share repurchase.

10. a a

The counterparty to this transaction does not include the Company's Directors, Supervisors, senior management, controlling Shareholders as well as their parties acting in concert, actual controlling persons and their connected persons, who have no conflict of interest with this repurchase proposal and do not constitute connected transactions of the Company.

The Hong Kong Listing Rules prescribe that the requisite information of the proposed repurchase of Shares shall be provided for shareholder consideration, to enable the Shareholders to make informed decisions on the relevant resolution on the repurchase of Shares at the AGM and the Class Meetings. The explanatory statement containing such information is set out in Appendix I to this circular.

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The Directors (including all independent non-executive Directors) consider that all resolutions set out in the notices of the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of such resolutions to be proposed at the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting as set out in the notices of the AGM, the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting.

By order of the Board
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Chairman

Zhejiang, the PRC
April 26, 2024

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(9) To consider and approve the proposed grant of a general mandate to the Board to partially repurchase H Shares.

Details of the above resolutions proposed at the AGM are contained in the Circular, 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

Chairman

Zhejiang, the PRC
April 26, 2024

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. CHAN Sai Keung Hugo.

Notes:

1.

(a) Closure of Register of Members. For the purpose of ascertaining Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company is closed from Monday, May 27, 2024 to Thursday, May 30, 2024 (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 Friday, May 24, 2024 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM.

(c) H Shareholders who wish to attend the AGM 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 Friday, May 24, 2024 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 AGM 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.

(a) A Shareholder eligible to attend and vote at the AGM 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 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 AGM (i.e. before 9:00 a.m. on Wednesday, May 29, 2024) or any adjournment thereof.

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

3.

The proposed final dividend will be paid on or before Friday, June 28, 2024 to all Shareholders whose names appear on the register of members of the Company on the Record Date (Friday, June 7, 2024). In order to qualify for the proposed final dividend, the H Shareholders 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 Tuesday, June 4, 2024 for registration. For the purpose of ascertaining Shareholders who qualify for the proposed final dividend, the register of members for H Shares will be closed from Wednesday, June 5, 2024 to Friday, June 7, 2024 (both days inclusive).

4.

(a) The AGM will not last for more than one working day. Shareholders who attend the AGM 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 AGM is Mr. WANG Jian and his telephone number is (86) 577 8877 1689.

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Notes:

1.

(a) Closure of Register of Members. For the purpose of ascertaining H Shareholders who are entitled to attend and vote at the H Shareholders' Class Meeting, the register of members of the Company will be closed from Monday, May 27, 2024 to Thursday, May 30, 2024 (both days inclusive).

(b) H Shareholders whose names appear on the register of members of the Company after the close of business on Friday, May 24, 2024 are entitled to attend and vote in respect of all resolutions to be proposed at the H Shareholders' Class Meeting.

(c) H Shareholders who wish to attend the H Shareholders' Class Meeting shall lodge their share certificates accompanied by the transfer documents with the Company's share registrar of H Shares at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, May 24, 2024 for registration.

(d) An H Shareholder or his/her/its proxy shall produce proof of identity when attending the meeting. If an H 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 H Shareholders' Class Meeting 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.

(a) An H Shareholder eligible to attend and vote at the H Shareholders' Class Meeting 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 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 H Shareholders to the Company's share registrar of H Shares, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time designated for holding of the H Shareholders' Class Meeting (i.e. before 9:00 a.m. on Wednesday, May 29, 2024) or any adjournment thereof.

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

3.

(a) The H Shareholders' Class Meeting is expected to take place immediately after the AGM. H Shareholders attending the H Shareholders' Class Meeting shall be responsible for 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, Wan Chai, Hong Kong.

(c) The contact person for the H Shareholders' Class Meeting is Mr. WANG Jian and his telephone number is (86) 577 8877 1689.

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Notes:

1.

(a) Closure of Register of Members. For the purpose of ascertaining Domestic Shareholders who are entitled to attend and vote at the Domestic Shareholders' Class Meeting, the register of members of the Company will be closed from Monday, May 27, 2024 to Thursday, May 30, 2024 (both days inclusive).

(b) Domestic Shareholders whose names appear on the register of members of the Company after the close of business on Friday, May 24, 2024 are entitled to attend and vote in respect of all resolutions to be proposed at the Domestic Shareholders' Class Meeting.

(c) A Domestic Shareholder or his/her/its proxy shall produce proof of identity when attending the meeting. If a Domestic 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 Domestic Shareholders' Class Meeting 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.

(a) A Domestic Shareholder eligible to attend and vote at the Domestic Shareholders' Class Meeting 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.

(b) 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 not less than 24 hours before the time designated for holding of the Domestic Shareholders' Class Meeting (i.e. before 9:00 a.m. on Wednesday, May 29, 2024).

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

3.

(a) The Domestic Shareholders' Class Meeting is expected to take place immediately after the AGM and the H Shareholders' Class Meeting. Domestic Shareholders who attend the Domestic Shareholders' Class Meeting shall bear their own travelling and accommodation expenses.

(b) 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

(c) The contact person for the Domestic Shareholders' Class Meeting is Mr. WANG Jian and his telephone number is (86) 577 8877 1689.

This explanatory statement contains all the information required to be given to the Shareholders pursuant to Rule 10.06 of the Hong Kong Listing Rules in connection with the Repurchase Mandate, which is set out as follows:

As at the Latest Practicable Date, the total share capital of the Company was 74,600,300 Shares, including 55,260,000 Domestic Shares and 19,340,300 H Shares. If the special resolution on the proposed grant of Repurchase Mandate is approved, and the Company will not allot, issue or repurchase H Shares on or before the date of the AGM and the Class Meetings, the Company will be entitled to repurchase not more than 1,934,030 H Shares pursuant to the Repurchase Mandate, representing 10% of the total number of H Shares in issue of the Company as of the date of passing the relevant resolution.

The Directors believe that the Repurchase Mandate is conducive to promoting the healthy and stable long-term development of the Company, and protecting the interests of general investors effectively, and is in the interest of the Company and the Shareholders. Based on the prevailing market conditions and funding arrangement, the exercise of the Repurchase Mandate may increase the net asset value per share and/or earnings per share and optimize the Company’s equity structure. The Repurchase Mandate will be exercised only when the Directors consider that repurchase is beneficial to the Company and its Shareholders.

In repurchasing H Shares of the Company, the Company plans to use its own internal funds to finance such purpose legally in accordance with the Articles of Association and the applicable PRC laws, statutes and regulations.

Considering the current working capital conditions of the Company, the Directors believe that an exercise of Repurchase Mandate in full will not cause material adverse impact on the working capital and/or gearing position of the Company (as compared to the financial position as at December 31, 2023 as disclosed in the Company’s published audited financial statements in the annual report for the year ended December 31, 2023). However, if the Board believes that the exercise of Repurchase Mandate will have material adverse impact on the working capital requirements or gearing ratio of the Company, the Board tends not to repurchase Shares by exercising the power conferred under the Repurchase Mandate. The Board will consider the prevailing market conditions at an appropriate time to make decisions on the number of H Shares to be repurchased, the price and other terms to repurchase H Shares, in the best interest of the Company.

To the best knowledge of the Directors, having made all reasonable enquiries, none of the Directors or their close associates (as defined in the Hong Kong Listing Rules), have any present intention to sell to the Company any H Shares of the Company if the Repurchase Mandate is approved by the AGM and the Class Meetings.

The Directors undertake that, in appropriate circumstances, they will exercise the powers of the Company to repurchase Shares pursuant to the Repurchase Mandate in compliance with the Hong Kong Listing Rules, Articles of Association, applicable laws, rules and regulations of the PRC, and in accordance with the special resolution set out in the notices of the AGM and Class Meetings. Neither the Explanatory Statement nor the proposed Share Repurchase Mandate has any unusual features.

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the power of the Company to repurchase Shares pursuant to the Repurchase Mandate, such an increase will be treated as an acquisition of the voting rights pursuant to Rule 32 of the Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**") issued by the Securities and Futures Commission of Hong Kong. If such an increase results in a change in control, it could, under certain circumstances, result in the recommendation for a mandatory acquisition offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Mr. GUAN Weili and Ms. WANG Lianyue, the Directors of the Company, together held approximately 29.55% of the Shares of the Company (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). Following the exercise of the share repurchase by the Company and the completion of the share cancellation, the shareholdings of our Directors, Mr. GUAN Weili and Ms. WANG Lianyue, may exceed 30% (assuming that there is no other change in the issued share capital of the Company other than the share repurchase). Under Rule 26.1 of the Takeovers Code, the Directors, Mr. GUAN Weili and Ms. WANG Lianyue, would be obliged to make a general mandatory offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by them or parties acting in concert with them. The Board presently has no intention to exercise the General Repurchase Mandate to such an extent of triggering an obligation under the Takeovers Code.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge and belief of the Directors, the Directors are not aware of any consequence which may arise under the Takeovers Code and any similarly applicable laws as a consequence of any repurchase of Shares under the general mandate.

The Hong Kong Listing Rules prohibit a company from making repurchase on the Hong Kong Stock Exchange if the result of the repurchase would result in less than 25% (or such other prescribed minimum percentage as determined by the Hong Kong Stock Exchange) of the issued share capital being held by the public. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands of the Company.

No repurchase of any H Shares has been made by the Company during the six months immediately before the Latest Practicable Date.

No core connected person (as defined in the Hong Kong Listing Rules) has notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that share repurchase is approved by the Shareholders.

The highest and lowest prices at which the H Shares have been traded on the Hong Kong Stock Exchange in each month over the last 12 months prior to the Latest Practicable Date are as follows:

	(HK$)	*(HK$)*
2023		
April	12.10	12.10
May	12.10	12.10
June	14.00	9.05
July	10.86	9.30
August	14.34	9.80
September	14.10	11.86
October	12.76	10.98
November	13.56	10.88
December	14.50	12.94
2024		
January	14.00	11.00
February	12.16	9.99
March	12.44	10.30
April (as of the Latest Practicable Date)	12.48	10.80