Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Town Health International Medical Group Limited
康健國際醫療集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 3886)

PROFIT WARNING
SUPPLEMENTAL ANNOUNCEMENT

This announcement is made by Town Health International Medical Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of the Company dated 11 February 2021 (the "**Announcement**") in relation to the profit warning of the annual results of the Company for the year ended 31 December 2020. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to supplement that, based on information currently available, it is expected that for the year ended 31 December 2020, the Group will record an impairment loss on promissory notes of approximately HK$208 million in relation to the promissory note with a principal amount of HK$330 million (the "**Promissory Note**") issued by Profit Castle Holdings Limited (a company incorporated in the British Virgin Islands with limited liability and owned as to 50% by Dr. Ip Chun Heng Wilson ("**Dr. Ip**") and 50% by his spouse) ("**Profit Castle**") as consideration for the acquisition of the Group's interests in Bonjour Beauty International Limited and its subsidiaries, details of which are set out in the announcements of the Company dated 30 December 2016 and 17 March 2017 respectively and the circular of the Company dated 23 February 2017. The Group is therefore currently expected to record a consolidated loss for the year ended 31 December 2020 of approximately HK$255 million, as compared with the consolidated profit of the Group for the year ended 31 December 2019 of approximately HK$10.5 million, attributable to the above impairment loss and the factors set out in the Announcement.

The Group is still performing assessment and valuation against its relevant assets and it may record additional impairment losses for the year ended 31 December 2020, subject to final results of such assessment and valuation being made available to the Group.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2020. The information contained in this announcement is only a preliminary assessment by the management of the Company and the Board based on figures and information available as at the date hereof and is not based on any figures or information which has been reviewed by the Company's auditors. Finalised annual results of the Group and other details will be disclosed in the 2020 annual results announcement to be published by the Company.

The Board would also like to inform the shareholders and potential investors of the Company that:

(a) as at the date of this announcement, the outstanding principal amount of the Promissory Note is HK$330 million. Since the maturity date of the Promissory Note (i.e. 9 April 2020) (the "**Maturity Date**"), Profit Castle has paid interest accrued on the outstanding principal amount of the Promissory Note of approximately HK$10.4 million and the outstanding interest accrued thereon up to the date of this announcement amounts to approximately HK$8.2 million;

(b) since the Maturity Date, the Group, Dr. Ip and Profit Castle had been in negotiation (the "**Negotiation**") on the extension of the maturity date of the Promissory Note and the repayment schedule of the principal amount of the Promissory Note and the interest accrued thereon;

(c) the Negotiation recently fell through in the absence of any repayment proposal from Dr. Ip and Profit Castle that is acceptable to the Group;

(d) having considered the facts and circumstances, the Group has instructed its legal advisers to issue a final demand letter to each of Profit Castle and Dr. Ip; and

(e) meanwhile, the Group is preparing to take legal actions against Profit Castle and/or Dr. Ip in respect of, among other things, their default in repaying the outstanding principal amount of the Promissory Note and all outstanding interest accrued thereon.

The Company will keep its shareholders and potential investors informed of any material developments in connection with the Promissory Note and will make further announcement(s) as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Town Health International Medical Group Limited
Chen Jinhao
Executive Director and Chief Executive Officer

19 March 2021

As at the date of this announcement, the executive Director is Mr. Chen Jinhao (Chief Executive Officer); the non-executive Directors are Mr. Zhao Hui (Chairman) and Mr. Hou Jun; and the independent non-executive Directors are Mr. Ho Kwok Wah, George, MH, Mr. Yu Xuezhong and Ms. Li Mingqin.