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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 GUARANTEE IN RELATION TO
THE ACQUISITION OF THE TARGET GROUP**

This announcement is made by Town Health International Medical Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 14.36B(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

References are made to the Company’s announcements dated 11 July 2022, 15 August 2022 and 26 August 2022 (collectively, the “**Announcements**”) in relation to the Group’s acquisition of the entire interests in Central Medical Group Limited and its subsidiaries (the “**Target Group**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as ascribed to them in the Announcements.

Under the Share Purchase Agreement, each of the Seller Parties, namely:–

- (i) Hong Kong Medical Consultants Holdings Limited;
- (ii) Central Healthcare Group Limited;
- (iii) Dr. Tsang Wah Tak, Kenneth;
- (iv) Dr. Leung Wing Hung;
- (v) Dr. Fong Ka Yeung;
- (vi) Mr. Shiu Shu Ming; and
- (vii) Dr. Chu Leung Wing,

has guaranteed to the Buyer that the Adjusted Net Profit, being the Target Group's audited consolidated net profit or loss after tax attributable to shareholders (excluding all listing expenses and share-based payments) as set out in the consolidated accounts of the Target Group audited by the Target Company's auditors, for each of the three financial years ended 31 March 2022, 2023 and 2024 shall be no less than the Performance Target of HK\$30,000,000 (the "**Profit Guarantee**").

In the event the Adjusted Net Profit of the Target Group for any of these financial years falls below the amount of the Performance Target, the Seller Parties shall jointly and severally pay to the Buyer in cash an amount calculated in accordance with the formula below (the "**Adjustment Mechanism**"):

$$A = (B - C) \times D$$

where

A = the amount payable by the Seller Parties

B = the Performance Target of HK\$30,000,000

C = the Adjusted Net Profit of the Target Group for the Relevant Financial Year

D = the agreed price earnings multiple, being 15 times

Based on the consolidated accounts of the Target Group as audited by the Target Company's auditors with respect to the year ended 31 March 2023 (the "**FY2023 Accounts**"), which were issued on 19 April 2024, the Adjusted Net Profit of the Target Group for the year ended 31 March 2023 amounted to approximately HK\$23.5 million, which is below the Performance Target. According to the Adjustment Mechanism, the Seller Parties are liable jointly and severally to pay to the Buyer an amount equal to approximately HK\$98.0 million. As at the date of this announcement, the Seller Parties have yet to fulfill their obligations in respect of the Profit Guarantee under the Share Purchase Agreement.

The Board is considering such courses of action available to the Company and will take such recovery action (including but not limited to those that may be available pursuant to the Share Purchase Agreement) as are fair and reasonable and in the interest of the Shareholders as a whole.

Further announcement(s) will be made by the Company as and when necessary.

By order of the Board
Town Health International Medical Group Limited
Kwok Chung On
Company Secretary

Hong Kong, 19 April 2024

As at the date of this announcement, the executive Directors are Mr. Choi Ka Tsan Karson (Chairman and Chief Executive Officer), Dr. Fok Siu Wing Dominic, Ms. Zhang Xiaoxue and Mr. Liu Shiyin; the non-executive Directors are Ms. Lee Wai Ling Linda, Ms. Lau Suk Hing Clara, Mr. Liu Yang and Ms. Zhang Leidi; and the independent non-executive Directors are Mr. Yu Xuezhong, Dr. Xu Weiguo, Mr. Han Wenxin, Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy.