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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)**

# UPDATES ON THE PROFIT GUARANTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024 IN RELATION TO THE ACQUISITION OF THE TARGET GROUP

References are made to the announcements of Town Health International Medical Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 11 July 2022, 15 August 2022, 26 August 2022, 19 April 2024, 23 July 2024 and 18 August 2025 (collectively, the "**Announcements**") in relation to the Group's acquisition of the entire interests in Central Medical Holdings Limited (the "**Target Company**") and its subsidiaries (the "**Target Group**") and the related Profit Guarantee. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as ascribed to them in the Announcements.

The Company would like to update the Shareholders on the Profit Guarantee for the financial year ended 31 March 2024 as follows:

Under the Share Purchase Agreement, each of the Seller Parties 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 the financial year ended 31 March 2024 (the "**2024 Adjusted Net Profit**") shall be no less than the Performance Target of HK$30,000,000.

In the event the 2024 Adjusted Net Profit 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 same formula as disclosed in the previous announcements, which is set out below again for ease of reference:

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

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 of 15

Based on the consolidated accounts of the Target Group as audited by the Target Company's auditors with respect to the financial year ended 31 March 2024, which were issued on 28 August 2025, the 2024 Adjusted Net Profit of the Target Group is HK$28,255,287.

However, the Company has identified certain transactions of the Target Group in the total sum of HK$13,860,000 that may not be directly attributable to the Target Group's operational activities for the financial year ended 31 March 2024. As advised by the Company's legal advisers, for the purposes of the Performance Target and the Profit Guarantee pursuant to the Share Purchase Agreement, such amount of HK$13,860,000 should be excluded in the determination of the 2024 Adjusted Net Profit (the "**2024 Excluded Amount**"). Therefore, the actual 2024 Adjusted Net Profit should be HK$14,395,287 (being the 2024 Adjusted Net Profit of the Target Group of HK$28,255,287 minus the 2024 Excluded Amount of HK$13,860,000), which falls below the Performance Target of HK$30,000,000.

The Seller Parties have failed to meet the Profit Guarantee for the financial year ended 31 March 2024. After taking legal advice, on 29 August 2025, the Buyer served notices in accordance with the Share Purchase Agreement to Hong Kong Medical Consultants Holdings Limited, Central Healthcare Group Limited, Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming (being the Seller and some of the Seller Guarantors) (the "**Respondents**") to demand them, along with the other Seller Parties, to pay to the Buyer on or before 5 September 2025 an amount in the sum of HK$234,070,695 (i.e. (HK$30,000,000 – HK$14,395,287) x 15) (the "**FY2024 Claim Amount**"), being the Buyer's legal entitlement under the Share Purchase Agreement pursuant to the legal advice. Should the Respondents fail to pay the FY2024 Claim Amount by the said deadline, the Buyer is currently minded to commence proceedings against the Respondents claiming, among others, the FY2024 Claim Amount, the related interest, the legal fees and costs.

The Company will issue further announcement(s) to update the development of the above matter, as and when appropriate, in accordance with Rule 14.36B of the Listing Rules.

By Order of the Board
**Town Health International Medical Group Limited**
**Lo Wai Keung Eric**
*Company Secretary*

Hong Kong, 29 August 2025

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