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康 TOWN
健 HEALTH

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 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, 18 August 2025 and 29 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 Proceedings and the Profit Guarantee as follows:

PROFIT GUARANTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

During the course of the Proceedings, the Company has identified certain transactions of the Target Group in the total sum of HK$5,000,000 that may not be directly attributable to the Target Group's operational activities for the financial year ended 31 March 2023. As advised by the Company's legal adviser, for the purposes of the Performance Target and the Profit Guarantee pursuant to the Share Purchase Agreement, such amount (which would overstate the Target Group's profit from operation for the financial year ended 31 March 2023 by HK$5,000,000) should be excluded in the determination of the Adjusted Net Profit for the financial year ended 31 March 2023 (the "**2023 Excluded Amount**").

According to the legal advice, the Buyer (being an indirect wholly-owned subsidiary of the Company and the claimant in the Proceedings) is therefore legally entitled to claim a further sum of HK$75,000,000 (being the 2023 Excluded Amount of HK$5,000,000 x 15 (the agreed price earnings multiple which was determined after arm's length negotiation between the Company and the Seller Parties with reference to the price earnings multiple as implied by the Total Consideration)) for the Seller Parties' non-satisfaction of the Performance Target for the financial year ended 31 March 2023.

Consequently, on 8 September 2025, the Buyer took steps in the Proceedings to amend the original Claim Amount of HK$97,956,690 to HK$172,956,690 (the "**Revised FY2023 Claim Amount**"). The Proceedings for the Revised FY2023 Claim Amount are still ongoing and no award has been handed down as at the date hereof.

Due to the confidential nature of the Proceedings, the Company is not able to disclose further information at this time. The Company will issue further announcement(s) to update the development of the matter, as and when appropriate, in accordance with the Listing Rules.

PROFIT GUARANTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

In respect of the non-satisfaction of the Profit Guarantee for the financial year ended 31 March 2024 by the Seller Parties, the Company would like to update that the Respondents have failed to pay to the Buyer the FY2024 Claim Amount by the deadline of 5 September 2025 in accordance with the Buyer's written notices dated 29 August 2025. Therefore, on 8 September 2025, the Buyer initiated proceedings against the Respondents claiming, among others, the FY2024 Claim Amount, the related interest, the legal fees and costs.

However, due to the confidential nature of those proceedings, the Company is not able to disclose further information at this time. The Company will issue further announcement(s) to update the development of the above matter, as and when appropriate, in accordance with the Listing Rules.

The Board is of the view that (1) the Profit Guarantee has not been satisfied and the Respondents have not fulfilled their obligations under the Profit Guarantee for the financial year ended 31 March 2024 under the Share Purchase Agreement; and (2) commencing proceedings against the Respondents claiming the FY2024 Claim Amount as mentioned above is appropriate and in the interests of the Shareholders as a whole.

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

Hong Kong, 8 September 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.