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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)**

### **DISCLOSEABLE TRANSACTION:**

## **ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN CENTRAL MEDICAL HOLDINGS LIMITED INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER THE GENERAL MANDATE**

### **INTRODUCTION**

The Board is pleased to announce that on 11 July 2022 (after trading hours), the Buyer (an indirect wholly-owned subsidiary of the Company) and the Seller Parties entered into the Share Purchase Agreement, pursuant to which the Buyer has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the Sale Shares (representing 100% of the issued share capital of the Target Company) at the Total Consideration of HK\$476,000,000. The Total Consideration shall be satisfied by the Group in the following manner: (i) HK\$356,000,000, which shall be satisfied by the issue of the Convertible Bonds by the Company to the Seller Nominees on the Completion Date; and (ii) HK\$120,000,000, which shall be payable by the Buyer to the Seller in cash on the Completion Date.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Target Group's financial results will be consolidated into the financial results of the Group.

The Convertible Bonds will be issued in three tranches and carry the Conversion Rights to convert the outstanding principal amount into the Conversion Shares at the Conversion Price of HK\$0.76 per Conversion Share. Assuming the Convertible Bonds are converted in full at the initial Conversion Price, a maximum of 468,421,053 Conversion Shares will be issued representing (i) approximately 6.22% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.86% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the full conversion of the Conversion Shares).

The Conversion Shares will be allotted and issued under the General Mandate. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

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## **PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT**

### **Date**

11 July 2022

### **Parties**

- (1) the Buyer;
- (2) the Seller;
- (3) the Seller Guarantors; and
- (4) the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Seller, the Seller Guarantors and the Seller Nominees is an Independent Third Party.

### **Assets to be acquired**

Subject to the terms and conditions in the Share Purchase Agreement, the Seller shall sell, and the Buyer shall purchase, all of the issued shares of the Target Company.

### **Total Consideration**

The Total Consideration of HK\$476,000,000 was agreed to be the sum of:

- (i) HK\$356,000,000, which shall be satisfied by the issue of the Convertible Bonds by the Company to the Seller Nominees on the Completion Date; and
- (ii) HK\$120,000,000, which shall be payable by the Buyer to the Seller in cash on the Completion Date.

## **Basis for determining the Total Consideration**

The Total Consideration was determined after arm's length negotiations between the Company and the Seller Parties with reference to the following principal factors: (i) the latest business development trends and the future prospects of the Target Group; (ii) the reasons for and benefits of the Acquisition as stated under the section headed "*REASONS FOR AND BENEFITS OF THE ACQUISITION*" below; (iii) the historical financial track records of the Target Group for the four years ended 31 March 2019, 2020, 2021 and 2022; and (iv) a valuation of the Target Company of HK\$510,000,000 based on the market approach as at 31 March 2022 prepared by an independent valuer.

The Directors consider the Total Consideration and its settlement terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions Precedent to Completion**

Completion of the Acquisition will be subject to the satisfaction or waiver of the Conditions Precedent as follows:

- (a) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in, the Conversion Shares (subject to the issue of the Conversion Shares);
- (b) the Shares remaining listed and traded on the Stock Exchange and not having been withdrawn or suspended from trading on the Stock Exchange for more than ten (10) consecutive trading days prior to Completion; no written notification having been received from the Stock Exchange or the SFC prior to Completion in respect of any failure by the Company to carry on a business as required under Rule 13.24 of the Listing Rules;
- (c) the relevant Target Group company having received the written consent from the lender of such Target Group company approving the change of the ultimate beneficial owners of the Target Company contemplated under the Share Purchase Agreement on terms that are reasonably satisfactory to the Buyer, and such consent not having been revoked or modified prior to Completion;
- (d) the relevant Target Group companies (i) having notified the relevant landlords under the relevant leases of the Target Group companies in writing of the change of the ultimate beneficial owners of the relevant Target Group companies contemplated under the Share Purchase Agreement; and (ii) not having been notified by the relevant landlords of their intention to terminate or not to renew the relevant leases;
- (e) the Settlement Agreements having been duly executed by the parties thereto;
- (f) any and all consents, approvals and clearances required of the Seller Parties, the Seller Affiliates and the Target Group companies in connection with the execution, delivery and performance of the Share Purchase Agreement and the consummation of the transactions contemplated under the Share Purchase Agreement having been obtained and remaining in full force and effect as at Completion, and no such consent, approval or clearance having been revoked or modified prior to Completion;

- (g) there being no litigation, regulatory action or other legal, regulatory, or other administrative proceedings that may prohibit, enjoin, challenge, interfere or delay the consummation of any of the transactions contemplated under the Share Purchase Agreement;
- (h) the Seller being, and remaining as, the sole shareholder of the Target Company at all times between the date of the Share Purchase Agreement and Completion;
- (i) no material adverse effect having occurred between the date of the Share Purchase Agreement and Completion;
- (j) there having been no material breach by any Seller Party of its obligations under the transaction documents (as set out in the Share Purchase Agreement) between the date of the Share Purchase Agreement and Completion;
- (k) each of the warranties given by the Seller Parties remaining true, accurate and not misleading in all material respects as at Completion;
- (l) each of the warranties given by the Buyer remaining true, accurate and not misleading in all material respects as at Completion; and
- (m) the New Service Agreements having been duly executed by the parties thereto.

If any of the Conditions Precedent has not been satisfied or waived (other than (a) above which is not waivable) on or before the Longstop Date, the Share Purchase Agreement shall be automatically terminated with immediate effect.

## **Completion**

The Buyer shall (i) provide Notice to the Seller to confirm that Condition Precedent (a) is satisfied; and (ii) deliver or cause to be delivered to the Seller a copy of the letter from the Stock Exchange obtained pursuant to Condition Precedent (a) confirming that it has granted the listing of and permission to deal in the Conversion Shares, within two (2) Business Days after the satisfaction of Condition Precedent (a).

The Seller shall provide Notice (the “**CP Satisfaction Notice**”) to the Buyer to confirm that (i) Conditions Precedent (c), (d), (e), (f) and (m) have been satisfied; and (ii) there is no fact or circumstance that might prevent Conditions Precedent (g) (to the extent applicable to the Seller or the Target Group companies), (h), (i), (j) or (k) from being satisfied, within two (2) Business Days after (A) the satisfaction of Conditions Precedent (c), (d), (e), (f) and (m) or (B) the Buyer serving a Notice confirming that Condition Precedent (a) has been satisfied, whichever is later.

Completion shall take place on the fifth (5th) Business Day after the receipt by the Buyer of the CP Satisfaction Notice (not being later than the Longstop Date), or such other date as the Buyer and Seller may agree in writing (the “**Completion Date**”).

On the Completion Date, the Company and the Buyer shall pay or cause to be paid to the Seller the Total Consideration as follows:

- (a) the Company shall issue the Convertible Bonds to the Seller Nominees by issuing the Bond Instruments to the Seller Nominees in accordance with the Share Purchase Agreement, and shall register the Seller Nominees as the registered owners of the Convertible Bonds; and
- (b) the Buyer shall pay the Cash Consideration to the Seller in full and in cleared funds by wire transfer in HK\$ for same day value to the Seller's nominated account.

### **Profit guarantee**

Each Seller Party guarantees to the Buyer that the Adjusted Net Profit for each of the Relevant Financial Years shall be no less than HK\$30,000,000, being the Performance Target.

In the event that the Adjusted Net Profit for any of the Relevant Financial Years falls below the amount stated above, the Seller Parties shall jointly and severally pay to the Buyer in cash an amount calculated in accordance with the formula below:

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

where

- A = the amount payable by the Seller Parties
- B = the Performance Target, which was determined after arm's length negotiation between the Company and the Seller Parties with reference to, among other things, (i) the historical financial performance of the Target Group for the recent financial years after taking into account the estimated remunerations in respect of the Target Group's founding doctors and equity partner doctors who will become employees/consultants of the Group upon Completion; (ii) the latest business development and the future prospects of the Target Group; and (iii) the expected continued impact of the COVID-19 pandemic on the Target Group's financial performance in the near future
- C = the Adjusted Net Profit of the Target Group for the Relevant Financial Year (which, for the avoidance of doubt, will be a negative number in the event of a net loss)
- D = the agreed price earnings multiple, being 15 times, 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

The Seller Parties shall settle the payment by transfer of funds in HK\$ for same day value to the Buyer within five Business Days after the date of receiving a notice from the Buyer demanding payment as a result of the Performance Target not being met.

## **Buyer Guarantor**

Under the Share Purchase Agreement, the Company has agreed to guarantee the full and punctual performance by the Buyer of all its obligations under the Share Purchase Agreement.

## **Undertakings by Seller Guarantors**

Under the Share Purchase Agreement, each of the Seller Guarantors has agreed to guarantee the full and punctual performance by the Seller of all its obligations under the Share Purchase Agreement.

## **Undertakings by Seller Parties**

Each of the Seller Parties has given certain customary undertakings in favour of the Buyer, including, among other things, undertakings not to be engaged in competing businesses, not to solicit any customer or supplier of the Target Group and not to solicit the employment of any Director, director or employee of the Target Group, in each case for a period of three (3) years starting on the date of the Share Purchase Agreement.

## **ISSUE OF THE CONVERTIBLE BONDS**

The Convertible Bonds shall be issued in three tranches according to the terms and conditions set out below.

### **Issuer**

The Company

### **Bondholders**

The Seller Nominees

### **Principal amount**

Tranche A Convertible Bonds: HK\$120,000,000.00

Tranche B Convertible Bonds: HK\$120,000,000.00

Tranche C Convertible Bonds: HK\$116,000,000.00

### **Maturity date**

Tranche A Convertible Bonds: 12 months from the date of issue of the Convertible Bonds

Tranche B Convertible Bonds: 24 months from the date of issue of the Convertible Bonds

Tranche C Convertible Bonds: 36 months from the date of issue of the Convertible Bonds

### **Interest**

The Convertible Bonds do not bear any interest.

## **Conversion Rights**

Each Bondholder shall have the right to convert the whole or any part of the outstanding principal amount of the Convertible Bonds held by it into Conversion Shares (in integral multiples of 1,000,000 Shares) at any time from (and excluding) the date of issue of the Convertible Bonds to, in the case of the Tranche A Convertible Bonds and Tranche B Convertible Bonds, each of their Maturity Dates, or in the case of the Tranche C Convertible Bonds, the date falling 12 months after its Maturity Date (the “**Conversion Period**”) at the Conversion Price (which shall initially be HK\$0.76 but may be adjusted from time to time as further described below and shall in no event be less than the par value of a Share). No fraction of a Share shall be issued on conversion.

No Conversion Rights may be exercised to the extent that (i) as a result of such exercise, the Bondholders and/or their respective parties acting in concert (as defined under the Takeovers Code) are required by any regulatory authority to make a mandatory general offer to other Shareholders in accordance with the Takeovers Code; or (ii) as a result of such exercise, the public float of the Company as prescribed under the Listing Rules cannot be maintained.

## **Conversion Price**

The Conversion Price shall be HK\$0.76 per Conversion Share, subject to adjustments as further described below.

The Conversion Price of HK\$0.76 represents:

1. a premium of approximately 53.54% over the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the date of the Share Purchase Agreement;
2. a premium of approximately 63.09% over the average closing price of approximately HK\$0.466 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of the Share Purchase Agreement; and
3. a premium of approximately 64.86% over the average closing price of approximately HK\$0.461 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the date of the Share Purchase Agreement.

The Conversion Price was determined after arm’s length negotiation between the Company and the Seller Parties after taking into consideration the historical market price of the Shares as quoted on the Stock Exchange and future prospects of the Group. Accordingly, the Directors consider that the Conversion Price is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **Conversion Shares**

Based on the Conversion Price of HK\$0.76 per Conversion Share, a maximum of 468,421,053 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights attached to the Convertible Bonds in full.



The 468,421,053 Conversion Shares represent (i) approximately 6.22% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.86% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no other change to the issued share capital of the Company from the date of this announcement to the date of issue of the Conversion Shares).

The Conversion Shares will be issued by the Company under the General Mandate. Under the General Mandate, the Directors are allowed to approve the allotment and issuance of up to 1,505,226,890 Shares as at the date of this announcement. As of the date of this announcement, no Shares have been allotted and issued under the General Mandate. The allotment and issuance of the Conversion Shares is within the limit of the General Mandate and is not subject to the further approval by the Shareholders.

The Conversion Shares, when issued, will rank *pari passu* in all respects with the existing Shares in issue.

### **Adjustments to Conversion Price**

The Conversion Price shall be subject to adjustments upon occurrence of any of the following events: (i) consolidation or subdivision of Shares; (ii) issue of Shares by way of capitalisation of profits or reserves; (iii) capital or reserve distribution; (iv) rights issue of or options over Shares; (v) rights issue of other securities; (vi) issue of Shares at less than Conversion Price; (vii) other issue of securities at less than Conversion Price; and (viii) modification of conversion rights.

### **Redemption**

A Bondholder shall have the right to request the Company to repay 100% of the outstanding principal amount of the Convertible Bonds, unless previously converted into Shares or repaid (“**Outstanding Principal**”) in accordance with the terms and conditions of the Convertible Bonds by providing written notice to the Company in the following periods for each tranche:

- Tranche A Convertible Bonds: from and including the date falling 3 months from the issue date of the Convertible Bonds to and including the date falling 12 months from the issue date of the Convertible Bonds
- Tranche B Convertible Bonds: from and including the date falling 18 months from the issue date of the Convertible Bonds to and including the date falling 24 months from the issue date of the Tranche B Convertible Bonds
- Tranche C Convertible Bonds: from and including the date falling 36 months from the issue date of the Convertible Bonds to and including the date falling 12 months after such date.



The Convertible Bonds cannot be redeemed at the option of the Company before the Maturity Date. Unless previously redeemed, converted or repaid as provided in the terms and conditions of the Convertible Bonds, the Company may, at its election by providing written notice to a Bondholder, redeem all the outstanding Convertible Bonds held by such Bondholder by repaying the Outstanding Principal of such Convertible Bonds within 15 Business Days after (in the case of the Tranche A Convertible Bonds and Tranche B Convertible Bonds) the relevant Maturity Date or (in the case of the Tranche C Convertible Bonds) the date falling 12 months after the relevant Maturity Date, without the need for such Bondholder to serve any Redemption Notice, either by transferring funds to the bank account of such Bondholder (to the extent that the bank account details of such Bondholder have previously been provided to the Company) or by cheque.

### **Transferability**

None of the Convertible Bonds may be transferred or assigned to any person by any Bondholder without the prior written consent of the Company.

### **Voting rights**

The Bondholders will be entitled to receive notices of but will not be entitled to attend or vote at any meetings of the Company by reason only of being Bondholders.

### **Events of Default**

If any of the events specified below occurs and the occurrence of such event materially affects the Company's ability to perform its obligations under the terms and conditions of the Convertible Bonds, Bondholder(s) holding at least 51% of the then outstanding principal amount of the Convertible Bonds may give notice to the Company that the Convertible Bonds are due and payable within 15 Business Days from the date of such notice:

- (a) a default by the Company in the payment of the outstanding principal of the Convertible Bonds for more than 15 Business Days after the same ought to be paid in accordance with the terms and conditions of the Convertible Bonds;
- (b) a default by the Company in the performance or observance of any covenant, condition or provision of the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal of the Convertible Bonds) and such default continues for a period of 14 days following the service by Bondholder(s) together holding at least 51% of the then outstanding principal amounts of Convertible Bonds on the Company of notice requiring such default to be remedied;
- (c) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction the terms of which shall have previously been approved in writing by Bondholder(s) together holding at least 51% of the then outstanding principal amounts of Convertible Bonds;
- (d) an encumbrancer takes possession or a receiver is appointed over the whole or a material part of the assets or undertaking of the Company;

- (e) a distress, execution or seizure order before judgment is levied or enforced upon or sued out against the whole or a material part of the property of the Company and is not discharged within 40 days thereof;
- (f) the Company is unable to pay its debts as and when they fall due or the Company initiates or consents to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors;
- (g) any proceeding is initiated against the Company under any applicable bankruptcy, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of 60 days;
- (h) any governmental or other authority expropriates, or threatens to expropriate, all or any substantial part of its business or assets;
- (i) it is or will become unlawful for the Company to perform obligations under the terms and conditions of the Convertible Bonds in all material respects;
- (j) the listing of the Shares is withdrawn from the Stock Exchange;
- (k) trading of the Shares is suspended for a consecutive period of more than 50 Business Days;
- (l) any event occurs which has an analogous effect to any of the events referred to in paragraphs (a) to (j) above; and
- (m) any event occurs which materially impacts the ability of the Company to perform its obligations under the terms and conditions of the Convertible Bonds.

### **Listing**

No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bonds.

### **Ranking**

The Convertible Bonds constitute general, unsecured obligations of the Company and rank, and will rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Target Group is a well-known integrated private medical services provider in Hong Kong which commenced its business operations in January 2014 through the establishment of its medical management service business. In 2017, the business was developed to primarily focus on the provision of medical services and in November 2017, a one-stop medical business platform was established. The Target Group offered medical and clinical services in 14 medical specialties including respiratory medicine, cardiology, neurology, geriatric medicine and psychiatry. As of the date of this announcement, the Target Group operates three medical centres, two imaging and diagnoses centres and one laboratory.

The Acquisition will allow the Group to increase its market share, expand its medical team and further solidify the position of the Group in the private medical services sector in Hong Kong. The Acquisition is well-aligned with the Group's growth and consolidation strategy in the private medical services sector in Hong Kong. The Group aims to continue to optimise the medical centre network of general practice services, specialist services and dental services according to the actual operating conditions and community needs. In respect of general practice services, medical centres are the first point of contact for individuals and families in the medical treatment process. The Group aims to continue to optimise the network layout of medical centres in Hong Kong to provide citizens with convenient comprehensive medical services in the communities where they live and work, and also continue to recruit medical talents and improve service quality, to consolidate its position in the primary medical service market. For specialist services, the Group aims to accelerate the development of popular specialties depending on market demand, to meet the increasing demand of citizens for private specialist medical services under the increasing medical affordability and pave the way for future medical tourism after the pandemic.

The Group is determined to discover and cultivate outstanding medical talents and to grasp the trend of integration of small to medium medical clinics in Hong Kong to recruit experienced doctors, dentists and auxiliary service staff to join the team, and to gather elites and leverage their expertise in various fields to provide patients with reliable, flexible and comprehensive medical services. The Directors believe that the Group's leading market position in Hong Kong will not only drive the development of the overall private medical services sector in Hong Kong in terms of medical service quality and medical management services, but also elevate the status of Hong Kong as a hub for providing top quality specialist medical services and allied health services in Asia and as a developer and early adopter of leading treatments and technologies.

In addition, as the Target Group has strong track record for the past years and the Seller Parties have undertaken a profit guarantee, the Group expects the potential returns from the investment in the Target Company will contribute positively to the financial results of the Group.

Having considered the above, the Directors believe that the Acquisition is in line with the overall business direction of the Group, and the terms of the Share Purchase Agreement are on normal commercial terms and fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## INFORMATION ON THE PARTIES

### The Target Group

The Target Group is an integrated private medical services provider in Hong Kong with specialist doctors renowned in their respective fields of expertise, providing specialist medical services and complemented by medical management services and various allied health services such as clinical psychology, speech therapy, nutritional therapy, psychological counselling, and imaging and diagnostic services.

The consolidated financial information of the Target Group is set out below:

	<b>For the financial year ended 31 March 2021 (unaudited) (HK\$'000)</b>	<b>For the financial year ended 31 March 2022 (unaudited) (HK\$'000)</b>
Revenue	251,430	311,251
Net profit before taxation	26,824	24,654
Net profit after taxation	20,428	17,631

The unaudited consolidated net asset value of the Target Group as at 31 March 2021 and 31 March 2022 was approximately HK\$236,064,000 and HK\$234,885,000 respectively.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Target Group's financial results will be consolidated into the financial results of the Group.

### The Seller Parties

The Seller is the holding company of the Target Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (i) the Seller was held as to approximately 67.66% by CHG, while the remaining shares of the Seller were held by certain financial investors and Doctors of the Target Group (including the Seller Nominees (other than the CHG Founding Shareholders)), each of whom holding less than 5% of the shares of the Seller; and (ii) CHG was wholly owned by the CHG Founding Shareholders.

The Seller Guarantors are CHG, Dr. Tsang Wah Tak, Kenneth, Dr. Leung Wing Hung, Dr. Fong Ka Yeung, Mr. Shiu Shu Ming and Dr. Chu Leung Wing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Seller, the Seller Guarantors and the Seller Nominees is an Independent Third Party.

## The Group

The Group is principally engaged in (i) provision of medical and dental services in Hong Kong; (ii) managing healthcare networks and provision of third party medical network administrator services in Hong Kong; (iii) provision of medical and dental services, as well as hospital management and related services in the PRC; and (iv) others including leasing of properties.

## FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Directors confirm that the Company has not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

## EFFECT ON SHAREHOLDING STRUCTURE

The shareholding in the Company (i) as at the date of this announcement; and (ii) after full conversion of the Convertible Bonds (assuming no further Shares will be issued or repurchased from the date of this announcement to the date upon which the Convertible Bonds are fully converted) are as follows:

Shareholder	As of the date of this announcement		After full conversion of the Convertible Bonds	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
CLIG	1,785,098,644	23.72	1,785,098,644	22.33
Broad Idea International Limited <sup>(1)</sup>	1,418,576,764	18.85	1,418,576,764	17.74
Classictime Investments Limited <sup>(2)</sup>	790,442,000	10.50	790,442,000	9.89
Dr. Choi Chee Ming	2,200,000	0.03	2,200,000	0.03
Seller Nominees <sup>(3)</sup>	–	–	468,421,053	5.86
Other public Shareholders	3,529,817,044	46.90	3,529,817,044	44.15
<b>Total</b>	<b>7,526,134,452</b>	<b>100.00</b>	<b>7,994,555,505</b>	<b>100.00</b>

### Notes:

- (1) Broad Idea International Limited is beneficially owned by Dr. Cho Kwai Chee as to 50.1% and Dr. Choi Chee Ming as to 49.9%. As such, Dr. Cho Kwai Chee and Dr. Choi Chee Ming were deemed to be interested in the 1,418,576,764 Shares held by Broad Idea International Limited under Part XV of the SFO.
- (2) Classictime Investments Limited is a wholly owned subsidiary of Power Financial Group Limited. Accordingly, Power Financial Group Limited is deemed to be interested in the 790,442,000 Shares held by Classictime Investments Limited under Part XV of the SFO.
- (3) The Seller Nominees are: Dr. Fong Ka Yeung; Dr. Chu Leung Wing; Dr. Lee Pui Yin; Dr. Cheng Cheung Wah Boron; Dr. Ng Ma Tai Matthew; Dr. Lo Wai Kei; Dr. Chau Kwok On, Gordon; Dr. Ng Wing Ho, Kenneth; Dr. Tam Sau Man, Barbara; Peak Summit Development Limited, a company controlled by Dr. Tsang Wah Tak, Kenneth; Heroic Wealth Capital Investments Limited, a company controlled by Dr. Leung Wing Hung; Wealth Basic Limited, a company wholly owned by Mr. Shiu Shu Ming; Les Trois Bonheurs (2018) Limited, a company wholly owned by Mrs. Chen Chou Mei Mei Vivien; CEKA Limited, a company wholly owned by Dr. Cheung Wai Yin Eddie; Hong Kong Clinical Oncology Limited, a company wholly owned by Dr. Yu Ka Tung Stanley; Centre for Obesity, Diabetes and Endocrinology (CODE) Limited, a company wholly owned by Dr. Yuen Mae Ann Michele; Cheung Hing Holdings Limited, a company wholly owned by Mr. Wang Lishan; Star

List Limited, a company wholly owned by Mr. Luk Ka Luen, Tony; Clear Trillion Limited, a company wholly owned by Mr. Mok Man Fung, Carter; and Unicorn Link Group Limited, a wholly-owned subsidiary of Xi Yue Cultural Industry Investment Fund L.P. (“**Xi Yue Fund L.P.**”), an exempted limited partnership incorporated in the Cayman Islands which is engaged in various investments. The limited partner of Xi Yue Fund L.P. is United Wealth Ventures Limited (a company incorporated in the BVI with limited liability), which is in turn owned as to 51% and 49% by Mr. Li Kai Sing (“**Mr. Li**”) and Glorious Maple Limited (“**Glorious Maple**”), respectively. Glorious Maple is owned as to 30% by Mr. Hong Ching Wei and 70% by Rainbow Lead Ventures Limited, which is wholly owned by Mr. Yeung Wan Yiu. The general partner of Xi Yue Fund L.P. is Vital Vision Limited (a company incorporated in the Cayman Islands with limited liability) (“**Vital Vision**”), which is responsible for the day to day management of Xi Yue Fund L.P. and its investment activities. Vital Vision is owned as to 55% and 45% by Red Carpet Investments Limited, a company wholly owned by Mr. Li, and Glorious Maple, respectively.

- (4) The percentage figures included in the shareholding structures have been subject to rounding adjustment.

## LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## WARNING

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment (or waiver, if applicable) of certain Conditions Precedent under the Share Purchase Agreement, and Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

“Acquisition”	the acquisition of the shares of the Target Company from the Seller pursuant to the Share Purchase Agreement
“Adjusted Net Profit”	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 in respect of each Relevant Financial Year
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Bond Instruments”	the instruments constituting the Convertible Bonds to be executed by the Company in favour of the Seller Nominees upon Completion
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business

“Buyer”	Speedy Light International Limited, a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Cash Consideration”	HK\$120,000,000
“CHG”	Central Healthcare Group Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Seller
“CHG Founding Shareholders”	Dr. Tsang Wah Tak, Kenneth, Dr. Leung Wing Hung, Dr. Fong Ka Yeung, Mr. Shiu Shu Ming, Dr. Chu Leung Wing, Dr. Tsang Suk Kwan Jenny and Mrs. Chen Chou Mei Mei Vivien
“Claim”	any claim made by the Buyer under or in connection with the Share Purchase Agreement
“CLIG”	中國人壽保險(集團)公司 (in English, for identification purpose only, China Life Insurance (Group) Company)
“Company”	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 3886)
“Completion”	completion of the Acquisition in accordance with the terms of the Share Purchase Agreement
“Completion Date”	has the meaning ascribed in the section headed “Completion”
“Conditions Precedent”	the conditions precedent to Completion as set out in the section headed “Conditions Precedent to Completion”
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Convertible Bonds”	collectively, the Tranche A Convertible Bonds, Tranche B Convertible Bonds and Tranche C Convertible Bonds
“Conversion Period”	has the meaning ascribed in the section headed “Conversion Rights”
“Conversion Price”	HK\$0.76 per Conversion Share
“Conversion Rights”	the conversion rights attaching to the Convertible Bonds to convert the principal amount or a part thereof into Conversion Shares



“Conversion Shares”	new Shares which may fall to be allotted and issued by the Company to the Seller Nominees at the Conversion Price, credited as fully paid, upon exercise of the Conversion Rights by the Seller Nominees
“CP Satisfaction Notice”	has the meaning ascribed in the section headed “Completion”
“Directors”	directors of the Company
“Doctors”	Dr. Tsang Wah Tak, Kenneth, Dr. Leung Wing Hung, Dr. Fong Ka Yueng, Dr. Chu Leung Wing, Dr. Lee Pui Yin Clement, Dr. Cheng Cheung Wah Boron, Dr. Ng Ma Tai Matthew, Dr. Lo Wai Kei, Dr. Cheung Wai Yin Eddie, Dr. Yuen Mae Ann Michele, Dr. Yu Ka Tung Stanley, Dr. Chau Kwok On, Gordon, Dr. Ng Wing Ho, Kenneth and Dr. Tam Sau Man, Barbara, Dr. Yuen Ka Yan Catherine, Dr. Lee Kim Bing, Dr. Brigitte Elisabeth Schlaikier, Dr. Wang Kin Fong Teresa, Dr. Choi Wai Lok, Dr. Ng Kei Yan Andrew and Dr. Lo Wing Sim Anita
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with not more than 1,505,226,890 new Shares (prior to the next annual general meeting of the Company) at the annual general meeting of the Company held on 28 June 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 August 2022 or such later date as may be agreed in writing by the Buyer and the Seller
“Maturity Date”	has the meaning ascribed to each of the Convertible Bonds in the section headed “Maturity date”
“New Service Agreements”	the service agreements between certain Doctors or their controlled companies as employees or contractors and a Target Group company as employer or service recipient duly executed by the parties thereto

“Notice”	a notice or other communication under or in connection with the Share Purchase Agreement
“percentage ratios”	has the same meaning as ascribed to it under the Listing Rules
“Performance Target”	the Target Group’s target Adjusted Net Profit for each of the Relevant Financial Years, being no less than HK\$30,000,000
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Relevant Financial Year(s)”	each of the three financial years ending on 31 March 2022, 31 March 2023 and 31 March 2024
“Sale Shares”	1,073,307 fully paid ordinary shares in the capital of the Target Company having a par value of HK\$1.00 each, comprising the entire allotted and issued share capital of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Seller”	Hong Kong Medical Consultants Holdings Limited, a company incorporated under the laws of the Cayman Islands, and as at the date of this announcement, the sole shareholder of the Target Company
“Seller Affiliates”	(a) affiliates of the Seller Parties and (b) the shareholders of the Seller and of CHG and any of their respective affiliates
“Seller Guarantor(s)”	has the meaning ascribed in the section headed “Seller Guarantors”
“Seller Nominees”	the nominees of the Seller to whom the Convertible Bonds will be issued, as listed in the section headed “Effect on Shareholding Structure”
“Seller Party(ies)”	the Seller and the Seller Guarantors
“Settlement Agreements”	the settlement agreements to be entered into by the Seller, the Target Company, the Seller Guarantors (except CHG) and certain pre-IPO investors in respect of their pre-IPO investments in the Seller pursuant to which the Seller has agreed to pay the pre-IPO investors a settlement amount in cash and procure that the Company issue Convertible Bonds to pre-IPO investors who are Seller Nominees

“Share(s)”	ordinary share(s) of the Company
“Share Purchase Agreement”	the Share Purchase agreement dated 11 July 2022 entered into between the Company, the Buyer, the Seller and the Seller Guarantors in relation to the Acquisition
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Central Medical Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Target Group”	the Target Company and its subsidiaries
“Total Consideration”	the sum of (a) the Cash Consideration and (b) the aggregate principal amount of the Convertible Bonds
“Tranche A Convertible Bonds”	the convertible bonds in the aggregate amount of HK\$120,000,000 to be issued by the Company pursuant to the Bond Instruments
“Tranche B Convertible Bonds”	the convertible bonds in the aggregate amount of HK\$120,000,000 to be issued by the Company pursuant to the Bond Instruments
“Tranche C Convertible Bonds”	the convertible bonds in the aggregate amount of HK\$116,000,000 to be issued by the Company pursuant to the Bond Instruments
“%”	per cent.

By Order of the Board  
**Town Health International Medical Group Limited**  
**Jin Zhaogen**  
*Executive Director and Chief Executive Officer*

Hong Kong, 11 July 2022

*As at the date of this announcement, the executive Directors are Mr. Jin Zhaogen (Chief Executive Officer), Ms. Zhao Xiangke (Chief Financial Officer), Dr. Wong Chi Kit Nelson, Dr. Law Kwan Kin, Dr. Wong Chun Wa, Mr. Ng Ting Chi, Ms. Yao Yuan and Ms. Lau Wai Yee, Susanna; the non-executive Directors are Mr. Kong Dechang (Chairman) and Mr. Hou Jun; and the independent non-executive Directors are Mr. Ho Kwok Wah, George, MH, Mr. Yu Xuezhong, Dr. Xu Weiguo and Mr. Chui Tsan Kit.*