

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)

**CHANGES IN USE OF PROCEEDS FROM
SUBSCRIPTIONS OF SHARES UNDER SPECIFIC MANDATES**

Reference is made to (i) the circular of Town Health International Medical Group Limited (“**Company**”) dated 28 November 2014 in relation to, among others, the Ordinary Shares Subscription and the CPS Subscription (“**Ordinary Shares and CPS Subscriptions Circular**”); (ii) the circular of the Company dated 3 February 2015 in relation to, among others, the CLG Subscription (“**CLG Subscription Circular**”); (iii) the interim report of the Company for the six months ended 30 June 2023 (“**2023 Interim Report**”); and (iv) the announcement of the Company dated 1 January 2024 in relation to the extension of the expected timeline of the use of proceeds from the Ordinary Shares Subscription, the CPS Subscription and the CLG Subscription (“**2024 Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the 2023 Interim Report and the 2024 Announcement.

(1) Ordinary Shares Subscription and the CPS Subscription

As disclosed in the Ordinary Shares and CPS Subscriptions Circular, the aggregate net proceeds from the Ordinary Shares Subscription and the CPS Subscription (“**First Net Proceeds**”) were approximately HK\$880 million. The planned use of the First Net Proceeds as set out in the Ordinary Shares and CPS Subscriptions Circular, the actual use of the First Net Proceeds up to the date of this announcement, the unutilised balance of the First Net Proceeds as at the date of this announcement and the expected timeline for the utilisation of the unutilised balance of the First Net Proceeds as set out in the 2024 Announcement are set out below:

Use of the First Net Proceeds	Planned use of the First Net Proceeds as set out in the Ordinary Shares and CPS Subscriptions Circular <i>(HK\$ million)</i>	Actual use of the First Net Proceeds up to the date of this announcement <i>(HK\$ million)</i>	Unutilised balance of the First Net Proceeds as at the date of this announcement <i>(HK\$ million)</i>	Expected timeline for the utilisation of the unutilised balance of the First Net Proceeds as set out in the 2024 Announcement
Acquisition, investment and development of hospitals and medical institutions in the PRC, and medical or healthcare related business in Hong Kong	650	602	48	End of 2026
Investment and development of several medical specialty centres in Hong Kong and one dental chain in the PRC	150	13	137	End of 2026
Developing a “one-stop, IT O2O platform” (“ Platform ”) to integrate the Group’s growing variety of healthcare and well-being business segments	80	18	62	End of 2026
Total	880	633	247	

In view of the reasons set out in the paragraph headed “Reasons for the Changes in Use of Net Proceeds” below, the Board has resolved to change the intended use of the unutilised balance of the First Net Proceeds as at the date of this announcement of HK\$247 million (“**First Net Proceeds Use Change**”) as follows:

Use of the unutilised balance of the First Net Proceeds	Amount <i>(HK\$ million)</i>	Timeline for utilisation
Acquisition, investment and development of hospitals and medical institutions, and medical or healthcare related business	110	End of 2026
Investment and development of medical specialty centres and dental chains	<u>137</u>	End of 2026
Total	<u><u>247</u></u>	

Upon implementing the First Net Proceeds Use Change, the details of the revised planned use of the First Net Proceeds, the actual use of the First Net Proceeds up to the date of this announcement, the revised unutilised balance of the First Net Proceeds as at the date of this announcement and the expected timeline for the utilisation of the revised unutilised balance of the First Net Proceeds as at the date of this announcement are as follows:

Use of the First Net Proceeds	Revised planned use of the First Net Proceeds <i>(HK\$ million)</i>	Actual use of the First Net Proceeds up to the date of this announcement <i>(HK\$ million)</i>	Revised unutilised balance of the First Net Proceeds as at the date of this announcement <i>(HK\$ million)</i>	Expected timeline for the utilisation of the revised unutilised balance of the First Net Proceeds as at the date of this announcement
Acquisition, investment and development of hospitals and medical institutions in the PRC, and medical or healthcare related business in Hong Kong	602	602	Not applicable	Not applicable
Investment and development of several medical specialty centres in Hong Kong and one dental chain in the PRC	13	13	Not applicable	Not applicable
Developing the Platform to integrate the Group's growing variety of healthcare and well-being business segments	18	18	Not applicable	Not applicable
Acquisition, investment and development of hospitals and medical institutions, and medical or healthcare related business	110	Not applicable	110	End of 2026
Investment and development of medical specialty centres and dental chains	137	Not applicable	137	End of 2026
Total	880	633	247	

(2) CLG Subscription

As disclosed in the CLG Subscription Circular, the net proceeds from the CLG Subscription (“**Second Net Proceeds**”) were approximately HK\$1,746 million. The planned use of the Second Net Proceeds as set out in the CLG Subscription Circular, the actual use of the Second Net Proceeds up to the date of this announcement, the unutilised balance of the Second Net Proceeds as at the date of this announcement and the expected timeline for the utilisation of the unutilised balance of the Second Net Proceeds as set out in the 2024 Announcement are set out below:

Use of the Second Net Proceeds	Planned use of the Second Net Proceeds as set out in the CLG Subscription Circular <i>(HK\$ million)</i>	Actual use of the Second Net Proceeds up to the date of this announcement <i>(HK\$ million)</i>	Unutilised balance of the Second Net Proceeds as at the date of this announcement <i>(HK\$ million)</i>	Expected timeline for the utilisation of the unutilised balance of the Second Net Proceeds as set out in the 2024 Announcement
Developing a dental chain in the PRC and investing in or acquiring dental clinics and/or hospitals in the PRC; developing or acquiring medical clinics in the PRC; developing hospitals, investing in or acquiring public or private hospitals in the PRC; and developing or acquiring rehabilitation hospitals and where appropriate in conjunction with nursing and/or aged care homes in the PRC	1,500	646	854	End of 2026
Developing or acquiring business in provision of health check, laboratory testing and medical diagnostic services in the PRC	150	104	46	End of 2026
Developing managed care business in the PRC and cross-border healthcare platform for medical tourism business	96	0	96	End of 2026
Total	<u>1,746</u>	<u>750</u>	<u>996</u>	

In view of the reasons set out in the paragraph headed “Reasons for the Changes in Use of Net Proceeds” below, the Board has also resolved to change the intended use of the unutilised balance of the Second Net Proceeds as at the date of this announcement of HK\$996 million (“**Second Net Proceeds Use Change**”, together with the First Net Proceeds Use Change, the “**Changes in Use of Net Proceeds**”) as follows:

Use of the unutilised balance of the Second Net Proceeds	Amount <i>(HK\$ million)</i>	Timeline for utilisation
Acquisition, investment and development of medical and healthcare related business in the provision of medical, dental, rehabilitation, nursing, aged care, health check, laboratory testing, medical diagnostic, managed care and medical tourism services	996	End of 2026
Total	996	

Upon implementing the Second Net Proceeds Use Change, the details of the revised planned use of the Second Net Proceeds, the actual use of the Second Net Proceeds up to the date of this announcement, the revised unutilised balance of the Second Net Proceeds as at the date of this announcement and the expected timeline for the utilisation of the revised unutilised balance of the Second Net Proceeds as at the date of this announcement are as follows:

Use of the Second Net Proceeds	Revised planned use of the Second Net Proceeds <i>(HK\$ million)</i>	Actual use of the Second Net Proceeds up to the date of this announcement <i>(HK\$ million)</i>	Revised unutilised balance of the Second Net Proceeds as at the date of this announcement <i>(HK\$ million)</i>	Expected timeline for the utilisation of the revised unutilised balance of the Second Net Proceeds as at the date of this announcement
Developing a dental chain in the PRC and investing in or acquiring dental clinics and/or hospitals in the PRC; developing or acquiring medical clinics in the PRC; developing hospitals, investing in or acquiring public or private hospitals in the PRC; and developing or acquiring rehabilitation hospitals and where appropriate in conjunction with nursing and/or aged care homes in the PRC	646	646	Not applicable	Not applicable
Developing or acquiring business in provision of health check, laboratory testing and medical diagnostic services in the PRC	104	104	Not applicable	Not applicable
Developing managed care business in the PRC and cross-border healthcare platform for medical tourism business	–	–	Not applicable	Not applicable
Acquisition, investment and development of medical and healthcare related business in the provision of medical, dental, rehabilitation, nursing, aged care, health check, laboratory testing, medical diagnostic, managed care and medical tourism services	996	Not applicable	996	End of 2026
Total	<u>1,746</u>	<u>750</u>	<u>996</u>	

REASONS FOR THE CHANGES IN USE OF NET PROCEEDS

Following its decision to extend the timeline for the utilisation of the unutilised balances of the First Net Proceeds and the Second Net Proceeds in view of the adverse impacts of COVID-19 and the post-pandemic slow-down in the global economic growth on the medical and healthcare industry as set out in the 2024 Announcement, the Board has made a reassessment of the Group's existing utilisation plan of the net proceeds and has resolved to revise the intended use of the unutilised balances of such net proceeds for more efficient utilisation of the Group's financial resources.

Under the Group's existing utilisation plan, geographical restrictions to the PRC and Hong Kong have been imposed on the utilisation of the First Net Proceeds and the Second Net Proceeds. The Board has resolved to remove such geographical restrictions to provide the Group with a greater degree of flexibility when it uses the net proceeds, enabling the Group to seize any global opportunities for the acquisition, investment or development of businesses in the medical and healthcare industry that may arise as long as they are aligned with the goals and needs of the Group. Further, the Board is of the opinion that the original objectives of developing the Platform cannot be achieved within the original budget and has therefore decided that the Group should not inject any further funds into such investment. As such, the remaining unused balance of the First Net Proceeds of HK\$62 million originally allocated to the development of the Platform will be reallocated to the acquisition, investment and development of hospitals and medical institutions and medical or healthcare related business which will generate a reasonable return to the Group. To enable the Group to better cope with the current business environment, the Board has also resolved to change the original allocation of the unutilised balance of the Second Net Proceeds as set out in the paragraph headed "(2) CLG Subscription" above, to allow the unutilised balance of such net proceeds in the amount of HK\$996 million in aggregate to be used in the acquisition, investment and development of medical and healthcare related business in the provision of medical, dental, rehabilitation, nursing, aged care, health check, laboratory testing, medical diagnostic, managed care and medical tourism services, so that the Group may deploy the funds in a more efficient and flexible manner.

Having considered the impact of the Changes in Use of Net Proceeds on the Group's businesses, the Board is of the view that the Changes in Use of Net Proceeds will meet the Group's business and operational needs more effectively and will be more in line with the Group's latest business development and future planning. The Board believes that the Changes in Use of Net Proceeds will not have any material adverse effect on the existing business and operation of the Group and they are in the interests of the Company and its shareholders as a whole.

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

Hong Kong, 12 January 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.