
Town Health International Medical Group Limited
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

INSIDE INFORMATION POLICY
(Effective Date: 27 November 2020)

1. PURPOSE

This policy aims to set out guidelines to the directors, officers and all relevant employees of Town Health International Medical Group Limited (“**Company**”) and its subsidiaries (collectively, the “**Group**”) to ensure Inside Information (as defined below) of the Company is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The term “**relevant employee**” refers to employee of the Group, because of his/her office or employment, who is likely to be in possession of the unpublished Inside Information and the term “**officer**” refers to a director, manager or company secretary of, or any other persons involved in the management of, the Company.

2. DEFINITION OF INSIDE INFORMATION

Under Part XIVA (“**Part XIVA**”) of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (“**SFO**”) which has become effective from 1 January 2013, inside information (“**Inside Information**”) is the specific information about the Company, its shareholder or officer or its listed securities or derivatives, which is not generally known to the persons who are accustomed, or would be likely, to deal in the Company’s listed securities but would, if generally known to them, be likely to materially affect the price of the Company’s listed securities.

Certain common examples of Inside Information as shown in the guidelines of Part XIVA are set out in the attached Appendix 1 but they are not exhaustive.

In the ordinary course of running the business, directors and officers of the Company are likely to possess information concerning the Company not generally known to the market. It is therefore necessary to distinguish between information about day-to-day activities, and on the other hand, significant events and matters which are likely to change the Company’s course or indicate that there has been a change in its course. Generally, the bulk of the information that officers have in the daily operations of the Company would not be Inside Information and officers are not expected to come into knowledge of significant or dramatic events on a day-to-day basis. However, officers should recognise that ordinary day-to-day activities might transform into irregular or unforeseen events due to the changes in the elements comprising these activities or the occurrence of matters impacting upon these activities. What begins as a normal day-to-day activity may turn into a non-routine or irregular event that changes the course of the Company’s business. If an officer reasonably expects that the event, once stripped of its confidentiality, would be likely to materially affect the price of the Company’s listed securities, the disclosure duty arises.

Set out below is a non-exhaustive list of factors for the board of directors of the Company (“**Board**”) and the management team (“**Management Team**”) comprising the chief executive officer, chief operating officer, chief financial officer and the group head of legal and company secretary, of the Company to consider in identifying significant events and determining whether a significant impact on the price of the Company’s listed securities is likely to occur when the event/circumstances is/are disclosed:

- (i) the anticipated magnitude (e.g. financially and reputation) of the event or the set of circumstances in question in the context of the totality of the Group’s activity;
- (ii) the reliability of the sources;
- (iii) the relevance of the information as regards to the main determinants of the price of the Company’s listed securities; and
- (iv) the market variables that affect the price of the Company’s listed securities in question, including prices, returns, volatilities, liquidity, price relationships among securities, volume, supply, demand, etc.

Set out in the attached Appendix 2 are examples of information on day-to-day activities of the Company, the occurrence of which shall be forthwith reported by head of each department/business unit of the Group to the Management Team, but they are not exhaustive. The Management Team will report the activities to the Board as and when necessary or appropriate.

Head of each department/business unit of the Group shall closely monitor the information of day-to-day activities as set out in Appendix 2, and shall forthwith report to the Management Team upon occurrence of the activities.

3. ANNOUNCEMENT OF INSIDE INFORMATION

- (i) The Company must disclose Inside Information to the public as soon as reasonably practicable.
- (ii) The Management Team and the Board shall take reasonable precautions for preserving the confidentiality of Inside Information and the relevant announcement (if applicable) before publication. The company secretary of the Company shall keep all records of meetings and discussions concerning the assessment of Inside Information which shall include the following:
 - a. relevant background information in relation to the potential Inside Information; and
 - b. whether disclosure of such information is required with justification (including whether such information constitutes Inside Information or if so, whether any

exception (e.g. Safe Harbour (as defined below)) is applicable).

A summary of potential Inside Information (which shall include the details set out in sub-paragraphs (a) to (b) above) shall be prepared and kept by the company secretary of the Company and circulated to the Board for review on a regular basis.

- (iii) All Inside Information must be treated strictly confidential.
- (iv) Disclosure must be made in a manner that provides the public with an equal, timely and effective access to the information, such as through the electronic publication system operated by The Stock Exchange of Hong Kong Limited.
- (v) The disclosure policies and procedures of the Company will be published on the Company's website so that the media and other stakeholders understand the Company's statutory disclosure obligations.

4. DUTY OF OFFICERS

Every officer must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Company. Head of each department/business unit of the Group shall assist in maintaining and regularly reviewing the lists in Appendix 1 and Appendix 2.

5. RESTRICTION ON SHARING NON-PUBLIC INFORMATION

Generally, no employee or director may disclose, discuss or share with outside companies (except for communication with the Group's advisers who owe a duty of confidentiality, e.g. lawyers and other categories of persons as allowed under Part XIVA) the information of price-sensitive nature about the Company that has not been released to the public. Possible measures to be adopted by the Company include signing of confidentiality agreement before significant negotiations, and restricting employee access to Inside Information on a need-to-know basis and those who need to know understand the confidentiality obligation, etc. Please refer to the Information Classification Policy of the Company for details of categories of information of the Company and list of personnel who should have access to the information.

A confidentiality agreement shall be signed between the Company and the counterparty before they enter into any business negotiation when the price of the Company's listed securities is likely to be materially affected if such negotiation is known by the public. Examples include potential takeovers and mergers, material transactions and issue of securities etc.

Departments/business units of the Group shall be alerted as to the importance of keeping information on potential acquisition or disposal of assets or investments confidential, and that whenever there is a leakage of information during the course of development, the

relevant employees or officers inform head of the departments/business unit of the Group immediately who will then report to the Management Team so that remedial actions, including making an Inside Information announcement, can be taken at the earliest opportunity.

Finance department of the Group will keep track of the Group's threshold levels for disclosure pursuant to the size tests under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, so that an announcement can be made as soon as practicable should a notifiable and/or connected transaction arise.

6. COMMUNICATION WITH EXTERNAL PARTIES

The chief executive officer of the Company or such other person as designated by the Management Team shall be the authorized person to speak on behalf of the Group when communicating with external parties (such as press and investors but excluding (i) regulators, communication with whom shall be governed by the Communication Policy with Regulators of the Company and (ii) shareholders, communication with whom shall be governed by the Shareholders' Communication Policy of the Company).

The company secretary of the Company or head of the Legal & Company Secretarial Department or officer designated by the chief executive officer of the Company shall review presentation materials in advance and the chief executive officer of the Company shall approve the presentation materials before they are released at analysts' or media briefings. Briefings and discussions with analysts or the media shall be recorded and be checked by the company secretary of the Company or head of the Legal & Company Secretarial Department or officer designated by the chief executive officer of the Company afterwards to confirm whether any Inside Information has been inadvertently disclosed.

7. HANDLING OF RUMOURS

Where media speculation or market rumours are largely accurate and underlying information constitutes Inside Information, it is likely that matters intended to be kept confidential have been leaked, resulting in the applicable Safe Harbour(s) falling away, and public disclosure is required as soon as reasonably practicable.

In assessing whether there is potential leakage of Inside Information, the Company shall constantly evaluate information from media monitoring service provider. Once potential leakage of Inside Information is discovered, it should be brought to the attention of the Management Team immediately without delay. The Management Team shall assess the nature, circumstances and the degree of the potential leakage of Inside Information to determine whether there is real leakage of Inside Information (as compared to mere media speculation or market rumours). If the Management Team determines that Inside Information has been leaked, public disclosure of such Inside Information shall be made as soon as reasonably practicable.

In relation to incorrect analysts' reports, the Company is not obliged to make comments or provide clarification under the SFO, unless it knows Inside Information which has not been disclosed but requires disclosure.

If there are rumours in the public, such rumours should be brought to the attention of the Management Team for determination as to whether the nature of such rumours falls into the category mentioned above.

In general and subject to the aforesaid, there is no obligation to respond to media speculation, market rumours or analysts' reports.

8. UNINTENTIONAL SELECTIVE DISCLOSURE

Generally, there should not be selective dissemination of information (in particular, Inside Information) concerning the Group.

Director(s), officer(s) or employee(s) who become aware of any non-public price-sensitive information having been divulged, that may fall into the category of Inside Information, should immediately inform the company secretary of the Company and/or the relevant head of department/business unit of the Group, who shall notify the Management Team accordingly. If it is determined that unintentional selective disclosure has occurred, the Company shall promptly make an announcement to provide full disclosure to the public.

9. EXEMPTION AND WAIVER TO THE DISCLOSURE OF INSIDE INFORMATION

Disclosure of Inside Information is not required if and so long as the circumstances of the case fall within one of the following safe harbours under Part XIVA ("**Safe Harbours**"):

- (A) the disclosure is prohibited or restricted by an enactment or a court order;
- (B) the information concerns an incomplete proposal or negotiation (e.g. in the brainstorming stage);
- (C) the information concerned is a trade secret;
- (D) when the Government's Exchange Fund or an institution which performs the functions of a central bank provides liquidity support; or
- (E) the disclosure is waived by the Securities and Futures Commission.

With the exception of Safe Harbour (A), all other Safe Harbours will be applicable only if the Company has taken reasonable precautions for preserving the confidentiality of the Inside Information and the confidentiality of the Inside Information is actually preserved.

10. COMPLIANCE AND REPORTING

Each of the directors, officers and relevant employees of the Group must promptly bring any Inside Information and/or any potential or suspected Inside Information events to the attention of the company secretary of the Company and/or the relevant head of department/business unit of the Group, who shall notify the Management Team accordingly for taking the appropriate prompt action.

Based on the information obtained from internal reporting, the Management Team shall assess whether any of the information constitutes Inside Information which needs to be released to the public with the advice of internal legal team. The Management Team will notify the Board accordingly if and when necessary or appropriate. Should public disclosure be required, the Board shall determine the scope and the timing of disclosure. If and when appropriate, the Management Team and/or the Board may seek independent professional advice to ensure that the Company complies with the disclosure requirements.

In the event that there is evidence of any material violation of this policy regarding Inside Information, the Board shall decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding the likelihood of its recurrence.

Appendix 1

The following events or circumstances, if being likely to materially affect the price of the Company's listed securities, may be classified as Inside Information:

- Changes in performance, or the expectation of the performance, of the business;
- Changes in financial conditions (e.g. cashflow crisis, credit crunch);
- Changes in control and control agreements;
- Changes in directors and (if applicable) supervisors;
- Changes in directors' service contracts;
- Changes in auditors or any other information related to the auditors' activities;
- Changes in the share capital (e.g. new share placing, bonus issue, rights issue, share split, share consolidation and capital reduction);
- Issue of debt securities, convertible instruments, options or warrants to acquire or subscribe for securities;
- Takeovers and mergers;
- Purchase or disposal of equity interests or other major assets or business operations;
- Formation of a joint venture;
- Restructurings, reorganizations and spin-offs that have an effect on the Company's assets, liabilities, financial position or profits and losses;
- Decisions concerning buy-back programs or transactions in other listed financial instruments;
- Changes to the memorandum of continuance and bye-laws (or equivalent constitutional documents);
- Filing of winding up petitions, the issuing of winding up orders or the appointment of provisional receivers or liquidators;
- Legal disputes and proceedings;
- Revocation or cancellation of credit lines by one or more banks;

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- Changes in value of assets (including advances, loans, debts or other forms of financial assistance);
 - Insolvency of relevant debtors;
 - Reduction of real properties' values;
 - Physical destruction of uninsured goods;
 - New licenses, patents, registered trademarks;
 - Decrease or increase in value of financial instruments in portfolio which include financial assets or liabilities arising from futures contracts, derivatives, warrants, swaps protective hedges, credit default swaps;
 - Decrease in value of patents or rights or intangible assets due to market innovation;
 - Receiving acquisition bids for relevant assets;
 - Innovative products or processes;
 - Changes in expected earnings or losses;
 - Orders received from customers, their cancellation or important changes;
 - Withdrawal from or entry into new core business areas;
 - Changes in the investment policy;
 - Changes in the accounting policy;
 - Ex-dividend date, changes in dividend payment date and amount of dividend, changes in dividend policy;
 - Pledge of the Company's shares by controlling shareholders; or
 - Changes in a matter which was the subject of a previous announcement.

Appendix 2

The following events or circumstances are examples of information on day-to-day activities of the Company:

- Entering into or the cancellation or termination of a single contract which is less than HK\$1,000,000 in value;
- Development of a new technology or operating system of the Group;
- Change in head of department/business unit which involves change in management level of the Group;
- Suspension of operation of the Group to a material extent;
- Involvement by the Group in any legal claim or proceedings;
- Being served with, any statutory demand;
- Insolvency of any major customer or any major customer failing to pay for more than two months;
- Revocation or cancellation of credit lines by banks or financial institutions;
- Material change in value of assets (including advances, loans, debts or other forms of financial assistance).