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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)**

**CONNECTED TRANSACTION**  
**TENANCY AGREEMENT**

On 10 June 2019, Jinan Likang, an indirect wholly-owned subsidiary of the Company as tenant, entered into the Tenancy Agreement with China Life Shandong as landlord, in respect of the leasing of the Premises for a term of three years from 10 June 2019 to 9 June 2022.

As at the date of this announcement, (i) China Life Shandong is a branch office of China Life Insurance Company and China Life Insurance is a controlling shareholder of China Life Insurance Company; and (ii) China Life Insurance holds approximately 23.72% of the Shares and is a substantial shareholder and thus connected person of the Company. As such, China Life Shandong (being a branch office of China Life Insurance Company) is also a connected person of the Company and the transaction contemplated under the Tenancy Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the consideration payable by Jinan Likang to China Life Shandong under the Tenancy Agreement is more than HK\$3,000,000 and the applicable percentage ratios are more than 0.1% but less than 5%, the Tenancy Agreement is only subject to the reporting and announcement requirements under the Listing Rules but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

On 10 June 2019, Jinan Likang, an indirect wholly-owned subsidiary of the Company as tenant, entered into the Tenancy Agreement with China Life Shandong as landlord, in respect of the leasing of the Premises for a term of three years from 10 June 2019 to 9 June 2022.

Major terms of the Tenancy Agreement are set out below.

## **THE TENANCY AGREEMENT**

Date	:	10 June 2019
Parties	:	(1) China Life Shandong (being a branch office of China Life Insurance Company) (as landlord) (2) Jinan Likang (as tenant)
Leased premises	:	Units 01-06, 5/F, South Block, China Life Building, No. 11001, Jingshi Road, Lixia District, Jinan City, Shandong Province, PRC (total gross area of 2870.52 sq.m.)
Term	:	A term of three years, commencing from 10 June 2019 to 9 June 2022 (both days inclusive)
Rental	:	RMB284,635.98 per month payable to China Life Shandong (exclusive of premises service fee, utility fees including but not limited to water, electricity and telephone fees, and additional charges from the Building)
Premises service fee	:	RMB34,446.24 per month (subject to annual review by China Life Shandong) payable to the property service company designated by China Life Shandong
Deposit	:	RMB957,246.66, being three months' rental and premises service fee

Payment method : The rental and the premises service fee for every 6 months shall be prepaid 30 days in advance at the beginning of the relevant 6-month period. The rental and the premises service fee of the first 6 months shall be prepaid upon signing of the Tenancy Agreement.

## **INFORMATION ON CHINA LIFE SHANDONG**

China Life Shandong is a branch office of China Life Insurance Company, a life insurance company established in the PRC whose shares are listed on the Stock Exchange (stock code: 2628), New York Stock Exchange (stock code: LFC) and Shanghai Stock Exchange (stock code: 601628) respectively. China Life Insurance Company is a provider of individual and group life insurance, annuity products and accident and health insurance in the PRC.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT**

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 in the PRC, provision of hospital management and related services in the PRC; (iv) trading of listed securities and leasing of properties; and (v) provision of miscellaneous healthcare related services.

The Premises being rented under the Tenancy Agreement will be used by Jinan Likang for the operation of a health management centre (“Centre”) in Jinan City, Shandong Province in the PRC. The Group can develop a good starting point of setting up a chain health management centre in the PRC. The Tenancy Agreement allows a close collaboration between the Group and China Life Group in that China Life Group could channel their customers to the Centre for health management and related medical services. As the Centre is situated in China Life Group’s headquarters in Jinan City, Shandong Province, the Group could jointly organize promotional events and activities with China Life Group directly, and get into contact with China Life Group’s agents and clients. As such, the Group could attract good number of clientele from China Life Group to the Centre which is important in developing the Group’s health services business in the PRC. On the other hand, by offering various health management services to China Life Group’s clients, the Group could offer added benefits to China Life Group’s clients which would help enhance their loyalty to China Life Group and also improve the claim ratio of China Life Group’s clients.

The rental payable under the Tenancy Agreement is determined after arm's length negotiations with reference to the valuation of independent valuers of the market rental chargeable in respect of the Premises. The payment of the rental and the premises service fee under the Tenancy Agreement will be funded by internal resources of the Group.

The Directors (including the independent non-executive Directors but excluding the Interested Directors) are of the view that as far as the shareholders of the Company are concerned, the Tenancy Agreement is entered into in the ordinary course of the Group's business, on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Save that the Interested Directors have abstained from voting on the Board resolutions in relation to the Tenancy Agreement, none of the other Directors have a material interest in the Tenancy Agreement which required any of the Directors to abstain from voting on the Board resolutions in relation to the Tenancy Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, (i) China Life Shandong is a branch office of China Life Insurance Company and China Life Insurance is a controlling shareholder of China Life Insurance Company; and (ii) China Life Insurance holds approximately 23.72% of the Shares and is a substantial shareholder and thus a connected person of the Company. As such, China Life Shandong (being a branch office of China Life Insurance Company) is also a connected person of the Company and the transaction contemplated under the Tenancy Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the rental under the Tenancy Agreement would be accounted for as right-of-use asset in the Group's financial statements in accordance with HKFRS 16, the transaction contemplated under the Tenancy Agreement would be regarded as an acquisition of asset and constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the consideration payable by Jinan Likang to China Life Shandong under the Tenancy Agreement is more than HK\$3,000,000 and the applicable percentage ratios are more than 0.1% but less than 5%, the Tenancy Agreement is only subject to the reporting and announcement requirements under the Listing Rules but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the Shares has been suspended with effect from 9:00 a.m. on 27 November 2017 and will continue to be suspended until further notice.

**Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Building”	China Life Building, No. 11001, Jingshi Road, Lixia District, Jinan City, Shandong Province, PRC
“China Life Group”	China Life Insurance and its subsidiaries
“China Life Insurance”	中國人壽保險(集團)公司 (China Life Insurance (Group) Company*)
“China Life Insurance Company”	China Life Insurance Company Limited, a life insurance company established in the PRC whose shares are listed on the Stock Exchange (stock code: 2628), New York Stock Exchange (stock code: LFC) and Shanghai Stock Exchange (stock code: 601628) respectively
“China Life Shandong”	中國人壽保險股份有限公司山東省分公司 (China Life Insurance Company Limited, Shandong Branch*)

“Company”	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Interested Directors”	Ms. Fang Haiyan and Mr. Chen Jinhao, Directors who considered themselves having potential conflict of interests in voting on the Board resolutions in relation to the Tenancy Agreement
“Jinan Likang”	濟南歷康門診部有限公司 (Jinan Likang Outpatient Department Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Premises”	Units 01-06, 5/F, South Block of the Building
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tenancy Agreement”	the tenancy agreement dated 10 June 2019 and entered into between Jinan Likang and China Life Shandong in respect of the leasing of the Premises
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meter
“%”	per cent

*In this announcement, English translation of names in Chinese which are marked with “\*” are for identification purpose only.*

By order of the Board  
**Town Health International Medical Group Limited**  
**Lee Chik Yuet**  
*Executive Director*

Hong Kong, 10 June 2019

*As at the date of this announcement, the executive Directors are Miss Choi Ka Yee, Crystal (Chairperson), Dr. Hui Ka Wah, Ronnie, JP (Chief Executive Officer), Mr. Lee Chik Yuet, Mr. Wong Seung Ming (Chief Financial Officer) and Dr. Chan Wing Lok, Brian; the non-executive Directors are Dr. Choi Chee Ming, GBS, JP (Deputy Chairman), Ms. Fang Haiyan (Deputy Chairperson) and Mr. Chen Jinhao; and the independent non-executive Directors are Mr. Ho Kwok Wah, George, MH, Mr. Yu Xuezhong, Ms. Li Mingqin, Mr. Wang John Hong-chiun, Mr. Yu Kai Fung Jackie and Mr. Wong Sai Kit.*