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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)**

**CONTINUING CONNECTED TRANSACTIONS:  
FRAMEWORK AGREEMENTS**

**FRAMEWORK AGREEMENTS**

The Board announces that on 11 November 2022, Town Health (BVI), a wholly-owned subsidiary of the Company entered into (i) the ERG Framework Agreement with Easy Result, a company owned as to 51% indirectly by the Company and 49% by a company wholly-owned by Dr. Law (an executive Director), in respect of the ERG CCTs between the Relevant Group (ex ERG) and the ER Group; and (ii) the BTG Framework Agreement with Best Tree, a company owned as to 51% indirectly by the Company and 49% by Dr. Wong (an executive Director), in respect of the BTG CCTs between the Relevant Group (ex BTG) and the BT Group.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, as (i) each of Easy Result and Best Tree is a non wholly-owned subsidiary of the Company; and (ii) each of Dr. Law and Dr. Wong is an executive Director who holds more than 10% interest in Easy Result and Best Tree respectively, each member of the ER Group and the BT Group is a connected subsidiary of the Company and thus a connected person of the Company pursuant to the Listing Rules. Accordingly, the ERG CCTs and the BTG CCTs constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Taking into consideration that the applicable percentage ratios relating to each of (1) the ERG DS Annual Caps; (2) the ERG SMS Annual Caps; (3) the BTG SMS Annual Caps; and (4) the BTG L&L Annual Caps exceed 0.1% but are less than 5%, the continuing connected transactions with respect to (a) the ERG Diagnostic Services and the ERG Specialist Medical Services under the ERG Framework Agreement; and (b) the BTG Specialist Medical Services, the BTG Licences and the BTG Leases under the BTG Framework Agreement, are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios relating to the continuing connected transactions with respect to each of (i) the ERG BO Support Services under the ERG Framework Agreement; (ii) the ERG Medical and Diagnostic Services under the ERG Framework Agreement; (iii) the BTG Clinical Support Services under the BTG Framework Agreement; (iv) the BTG BO Support Services under the BTG Framework Agreement; and (v) the BTG Medical and Diagnostic Services under the BTG Framework Agreement on annual basis are less than 5%, and the estimated transaction amounts of each of such services for each of Year 2022, Year 2023 and Year 2024 are less than HK\$3,000,000, the continuing connected transactions with respect to (a) the ERG BO Support Services and the ERG Medical and Diagnostic Services under the ERG Framework Agreement; and (b) the BTG Clinical Support Services, the BTG BO Support Services and the BTG Medical and Diagnostic Services under the BTG Framework Agreement, are exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **FRAMEWORK AGREEMENTS**

The Board announces that on 11 November 2022, Town Health (BVI), a wholly-owned subsidiary of the Company entered into (i) the ERG Framework Agreement with Easy Result, a company owned as to 51% indirectly by the Company and 49% by a company wholly-owned by Dr. Law (an executive Director), in respect of the ERG CCTs between the Relevant Group (ex ERG) and the ER Group; and (ii) the BTG Framework Agreement with Best Tree, a company owned as to 51% indirectly by the Company and 49% by Dr. Wong (an executive Director), in respect of the BTG CCTs between the Relevant Group (ex BTG) and the BT Group.

# **ERG FRAMEWORK AGREEMENT**

Major terms of the ERG Framework Agreement are as follows:

## **Date**

11 November 2022

## **Parties**

- (1) Town Health (BVI) (for itself and as trustee for the benefit of other members of the Relevant Group (ex ERG) from time to time); and
- (2) Easy Result (for itself and as trustee for the benefit of its subsidiaries from time to time).

## **Duration**

The ERG Framework Agreement is for a term from 11 November 2022 to 31 December 2024 (both days inclusive), provided that either party may early terminate the ERG Framework Agreement by giving the other party not less than three months' prior written notice.

## **Subject matter**

Pursuant to the ERG Framework Agreement:

- (1) the ER Group shall provide (i) the ERG Diagnostic Services; and (ii) the ERG Specialist Medical Services, to the Relevant Group (ex ERG); and
- (2) the Relevant Group (ex ERG) shall provide (i) the ERG BO Support Services; and (ii) the ERG Medical and Diagnostic Services, to the ER Group.

Members of each of the Relevant Group (ex ERG) and the ER Group may, from time to time during the term of the ERG Framework Agreement, enter into individual agreement(s) in respect of any of the ERG CCTs, provided that such separate operational agreement(s) shall always be subject to, and entered into in accordance with the terms of the ERG Framework Agreement, and shall expire on or before the expiration or earlier termination of its own term, or 31 December 2024, whichever is earlier.

The estimated transaction amounts of each of (i) the ERG BO Support Services; and (ii) the ERG Medical and Diagnostic Services for each of Year 2022, Year 2023 and Year 2024 are less than HK\$3,000,000.

## **Pricing**

In consideration of the ERG Diagnostic Services and the ERG Specialist Medical Services provided by the ER Group, the Relevant Group (ex ERG) shall pay the following fees to the ER Group:

### **A. *ERG DS Fees***

The ERG DS Fees charged by the ER Group to the Relevant Group (ex ERG) for the ERG Diagnostic Services shall be (1) on normal commercial terms and negotiated on arm's length basis between the parties; and (2) determined with reference to (i) the type of diagnostic investigation involved; and (ii) the rates charged by independent third parties for providing the same or substantially similar services to the Relevant Group (ex ERG), provided that the terms shall be no less favourable to the Relevant Group (ex ERG) than the terms offered by independent third parties to the Relevant Group (ex ERG) for providing the same or substantially similar services in the same period.

### **B. *ERG SMS Fees***

The ERG SMS Fees charged by the ER Group to the Relevant Group (ex ERG) for the provision of the ERG Specialist Medical Services shall be (1) on normal commercial terms and negotiated on arm's length basis between the parties; and (2) determined with reference to (i) the nature, scale, category, complexity and required expertise of the ERG Specialist Medical Services; and (ii) the rates charged by independent third parties for providing the same or substantially similar services to the Relevant Group (ex ERG), provided that the terms shall be no less favourable to the Relevant Group (ex ERG) than the terms offered by independent third parties to the Relevant Group (ex ERG) for providing the same or substantially similar services in the same period.

## Payment terms

The payment terms of the ERG DS Fees and the ERG SMS Fees are as follows:

### A. *ERG Diagnostic Services*

The payment terms of the ERG DS Fees charged by the ER Group to the Relevant Group (ex ERG) for the provision of the ERG Diagnostic Services shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the payment terms shall be no less favourable to the Relevant Group (ex ERG) than those offered by independent third parties to the Relevant Group (ex ERG) for providing the same or substantially similar services in the same period.

### B. *ERG Specialist Medical Services*

The payment terms of the ERG SMS Fees charged by the ER Group to the Relevant Group (ex ERG) for the provision of the ERG Specialist Medical Services shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the payment terms shall be no less favourable to the Relevant Group (ex ERG) than those offered by independent third parties to the Relevant Group (ex ERG) for providing the same or substantially similar services in the same period.

## Historical figures

In prior years, the ER Group has provided (i) the ERG Diagnostic Services; and (ii) the ERG Specialist Medical Services, to the Relevant Group (ex ERG).

For the years ended 31 December 2019, 2020 and 2021, the approximate amounts of the ERG DS Fees and the ERG SMS Fees paid by the Relevant Group (ex ERG) to the ER Group were as follows:

	For the year ended 31 December		
	2019	2020	2021
	HK\$	HK\$	HK\$
ERG DS Fees	2,671,000	2,170,000	3,496,000
ERG SMS Fees	4,864,000	3,914,000	4,636,000

## **Annual caps**

The ERG DS Annual Caps and the ERG SMS Annual Caps and the basis of the estimation are as follows:

### **A. ERG DS Annual Caps**

The ERG DS Annual Caps for Year 2022, Year 2023 and Year 2024 will be HK\$5,100,000, HK\$7,000,000 and HK\$7,300,000, respectively.

The ERG DS Annual Caps are estimated primarily with reference to:

- (1) the historical values of the ERG Diagnostic Services provided by the ER Group in the three years ended 31 December 2019, 2020 and 2021; and
- (2) the estimated ERG DS Fees based on the future demand for the ERG Diagnostic Services in Year 2022, Year 2023 and Year 2024, which is expected to increase due to an increase in the capacity of the ER Group to provide the ERG Diagnostic Services after its acquisition of a diagnostic centre in June 2022.

### **B. ERG SMS Annual Caps**

The ERG SMS Annual Caps for Year 2022, Year 2023 and Year 2024 will be HK\$4,900,000, HK\$5,200,000 and HK\$5,400,000, respectively.

The ERG SMS Annual Caps are estimated primarily with reference to:

- (1) the historical values of the ERG Specialist Medical Services provided by the ER Group in the three years ended 31 December 2019, 2020 and 2021; and
- (2) the estimated ERG SMS Fees based on the future demand for the ERG Specialist Medical Services in Year 2022, Year 2023 and Year 2024.

The ERG DS Annual Caps and the ERG SMS Annual Caps are estimated on the principal assumptions that, during each projected period, there will not be any significant change in the market conditions, operation and business environment or government policies which may materially affect the businesses of the Relevant Group (ex ERG).

In view of the above, the Directors (including the independent non-executive Directors but excluding Dr. Law, and Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming who were appointed as Directors at the meeting of the Board approving the Framework Agreements) are of the view that the ERG DS Annual Caps and the ERG SMS Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **BTG FRAMEWORK AGREEMENT**

Major terms of the BTG Framework Agreement are as follows:

### **Date**

11 November 2022

### **Parties**

- (1) Town Health (BVI) (for itself and as trustee for the benefit of other members of the Relevant Group (ex BTG) from time to time); and
- (2) Best Tree (for itself and as trustee for the benefit of its subsidiaries from time to time).

### **Duration**

The BTG Framework Agreement is for a term from 11 November 2022 to 31 December 2024 (both days inclusive), provided that either party may early terminate the BTG Framework Agreement by giving the other party not less than three months' prior written notice.

### **Subject matter**

Pursuant to the BTG Framework Agreement:

- (1) the BT Group shall provide (i) the BTG Clinical Support Services; and (ii) the BTG Specialist Medical Services, to the Relevant Group (ex BTG); and
- (2) the Relevant Group (ex BTG) shall provide or grant (as the case may be) (i) the BTG BO Support Services; (ii) the BTG Medical and Diagnostic Services; (iii) the BTG Licences; and (iv) the BTG Leases, to the BT Group.

Members of each of the Relevant Group (ex BTG) and the BT Group may, from time to time during the term of the BTG Framework Agreement, enter into individual agreement(s) in respect of any of the BTG CCTs, provided that such separate operational agreement(s) shall always be subject to, and entered into in accordance with the terms of the BTG Framework Agreement, and shall expire on or before the expiration or earlier termination of its own term, or 31 December 2024, whichever is earlier.

The estimated transaction amounts of each of (i) the BTG Clinical Support Services; (ii) the BTG BO Support Services; and (iii) the BTG Medical and Diagnostic Services, for each of Year 2022, Year 2023 and Year 2024 are less than HK\$3,000,000.

### **Pricing**

In consideration of the BTG Specialist Medical Services provided by the BT Group, the Relevant Group (ex BTG) shall pay the BTG SMS Fees to the BT Group:

#### ***BTG SMS Fees***

The BTG SMS Fees charged by the BT Group to the Relevant Group (ex BTG) for the provision of the BTG Specialist Medical Services, shall be (1) on normal commercial terms and negotiated on arm's length basis between the parties; and (2) determined with reference to (i) the nature, scale, category, complexity and required expertise of the BTG Specialist Medical Services; and (ii) the rates charged by independent third parties for providing the same or substantially similar services to the Relevant Group (ex BTG), provided that the terms shall be no less favourable to the Relevant Group (ex BTG) than the terms offered by independent third parties to the Relevant Group (ex BTG) for providing the same or substantially similar services in the same period.



In consideration of the BTG Licences and the BTG Leases granted by the Relevant Group (ex BTG), the BT Group shall pay the following fees to the Relevant Group (ex BTG):

**A. *BTG Licence Fees***

The BTG Licence Fees (consisting of licence fees and other charges including management fees, air conditioning charges, government rent, rates, utilities charges and other outgoings, where applicable) charged by the Relevant Group (ex BTG) to the BT Group for granting the use of part of certain Premises to the BT Group, shall be (1) on normal commercial terms and negotiated on arm's length basis between the parties; and (2) determined based on (i) the costs incurred by the Relevant Group (ex BTG) for occupying the Premises, including but not limited to the rents, management fees, air conditioning charges, utilities charges and cleaning service fees, where applicable; and (ii) the respective areas of the Premises used by the BT Group, provided that the BTG Licence Fees charged by Relevant Group (ex BTG) shall be no less favourable to Relevant Group (ex BTG) than the licence fees charged by Relevant Group (ex BTG) to independent third parties for licensing similar properties.

**B. *BTG Rental Fees***

The BTG Rental Fees (consisting of rent and other charges, including management fees, air conditioning charges, government rent, rates, utilities charges and other outgoings, where applicable) charged by the Relevant Group (ex BTG) to the BT Group for the leases of certain Premises by the BT Group, shall be (1) on normal commercial terms and negotiated on arm's length basis between the parties; and (2) determined based on the prevailing market rates of the rental fees of neighbouring properties of the same or similar size, provided that the BTG Rental Fees charged by the Relevant Group (ex BTG) shall be no less favourable to the Relevant Group (ex BTG) than the rental fees charged by the Relevant Group (ex BTG) to independent third parties for leasing similar properties.

## **Payment terms**

The payment terms of the BTG SMS Fees, the BTG Licence Fees and the BTG Rental Fees are as follows:

### ***A BTG Specialist Medical Services***

The payment terms of the BTG SMS Fees charged by the BT Group to the Relevant Group (ex BTG) for the provision of the BTG Specialist Medical Services shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the payment terms shall be no less favourable to the Relevant Group (ex BTG) than those offered by independent third parties to the Relevant Group (ex BTG) for providing the same or substantially similar services in the same period.

### ***B. BTG Licences***

The payment terms of the BTG Licence Fees charged by the Relevant Group (ex BTG) to the BT Group for the BTG Licences shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the payment terms shall be no less favourable to the Relevant Group (ex BTG) than the terms offered by the Relevant Group (ex BTG) to independent third parties for licensing similar properties.

### ***C. BTG Leases***

The payment terms of the BTG Rental Fees charged by the Relevant Group (ex BTG) to the BT Group for the BTG Leases shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the payment terms shall be no less favourable to the Relevant Group (ex BTG) than the terms offered by the Relevant Group (ex BTG) to independent third parties for leasing similar properties.

## Historical figures

In prior years:

- (1) the BT Group has provided the BTG Specialist Medical Services to the Relevant Group (ex BTG); and
- (2) the Relevant Group (ex BTG) granted (i) the BTG Licences; and (ii) the BTG Leases, to the BT Group.

For the years ended 31 December 2019, 2020 and 2021, the approximate amounts of the BTG SMS Fees paid by the Relevant Group (ex BTG) to the BT Group were as follows:

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
BTG SMS Fees	5,915,000	5,711,000	6,071,000

For the years ended 31 December 2019, 2020 and 2021, the approximate amounts of the BTG Licence Fees and the BTG Rental Fees paid by the BT Group to the Relevant Group (ex BTG) were as follows:

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
BTG Licence Fees	3,496,000	2,970,000	3,251,000
BTG Rental Fees	486,000	445,000	866,000

## **Annual Caps**

The BTG SMS Annual Caps and the BTG L&L Annual Caps and the basis of the estimation are as follows:

### **A. BTG SMS Annual Caps**

The BTG SMS Annual Caps for Year 2022, Year 2023 and Year 2024 will be HK\$6,100,000, HK\$6,400,000 and HK\$6,700,000, respectively.

The BTG SMS Annual Caps are estimated primarily with reference to:

- (1) the historical values of the BTG Specialist Medical Services provided by the BT Group in the three years ended 31 December 2019, 2020 and 2021; and
- (2) the estimated BTG SMS Fees based on the future demand for the BTG Specialist Medical Services in Year 2022, Year 2023 and Year 2024.

The BTG SMS Annual Caps are estimated on the principal assumptions that, during each projected period, there will not be any significant change in the market conditions, operation and business environment or government policies which may materially affect the businesses of the Relevant Group (ex BTG).

### **B. BTG L&L Annual Caps**

The BTG L&L Annual Caps for Year 2022, Year 2023 and Year 2024 will be HK\$4,900,000, HK\$5,100,000 and HK\$5,300,000, respectively.

The BTG L&L Annual Caps are estimated primarily with reference to:

- (1) the historical values of the BTG Licences and the BTG Leases in aggregate granted by the Relevant Group (ex BTG) in the three years ended 31 December 2019, 2020 and 2021; and
- (2) the estimated BTG Licence Fees and BTG Rental Fees in aggregate based on the future demand for the BTG Licences and the BTG Leases in Year 2022, Year 2023 and Year 2024.

The BTG L&L Annual Caps are estimated on the principal assumptions that, during each projected period, there will not be any significant change in the market conditions, operation and business environment or government policies which may materially affect the businesses of the BT Group and the areas required to operate its medical centres.

In view of the above, the Directors (including the independent non-executive Directors but excluding Dr. Wong, and Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming who were appointed as Directors at the meeting of the Board approving the Framework Agreements) are of the view that the BTG SMS Annual Caps and the BTG L&L Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Internal controls**

The Group will undertake the following internal control measures to monitor the terms and conditions of the ERG CCTs and the BTG CCTs contemplated under the Framework Agreements and ensure that (i) the respective prices and terms of the ERG CCTs and the BTG CCTs will be determined in accordance with the terms and conditions of the relevant Framework Agreements; (ii) the ERG CCTs and the BTG CCTS (where applicable) will be conducted at prices and terms no less favourable to the Relevant Group (ex ERG) and the Relevant Group (ex BTG) than the prices and terms offered by independent third parties to the Relevant Group (ex ERG) and the Relevant Group (ex BTG) or (as the case may be) offered by the Relevant Group (ex ERG) and the Relevant Group (ex BTG) to independent third parties; and (iii) the relevant annual caps of the ERG CCTs and the BTG CCTs will not be exceeded:

- (1) comparing the respective prices and terms of the services offered by the ER Group and the BT Group respectively with the prices and terms of the same or substantially similar services offered by independent third parties to the Relevant Group (ex ERG) and the Relevant Group (ex BTG) respectively on a regular basis;

- (2) comparing the respective prices and terms of the services offered to the ER Group and the BT Group respectively with the prices and terms of the same or substantially similar services offered by the Relevant Group (ex ERG) and the Relevant Group (ex BTG) respectively to independent third parties on a regular basis;
- (3) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the respective prices and terms of the services provided by the ER Group and the BT Group respectively to ensure that they shall be no less favourable to the Relevant Group (ex ERG) and the Relevant Group (ex BTG) respectively than those offered to the Relevant Group (ex ERG) and the Relevant Group (ex BTG) by independent third parties;
- (4) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the respective prices and terms of the services provided to the ER Group and the BT Group respectively to ensure that they shall be no less favourable to the Relevant Group (ex ERG) and the Relevant Group (ex BTG) respectively than those offered to independent third parties by the Relevant Group (ex ERG) and the Relevant Group (ex BTG);
- (5) information on all continuing connected transactions carried out by the Relevant Group (ex ERG) and the Relevant Group (ex BTG) under the relevant Framework Agreements will be reported to the management of the Company on a quarterly basis;
- (6) the independent non-executive Directors will review and confirm on an annual basis whether the ERG CCTs and the BTG CCTs are (a) in the Group's ordinary and usual course of business; (b) on normal commercial terms or better; and (c) on terms that are fair and reasonable to the Group and in the interests of the Group and the Shareholders as a whole; and
- (7) the auditors of the Company will review the pricing and terms of the ERG CCTs and the BTG CCTs and the relevant annual caps of the ERG CCTs and the BTG CCTs in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

## **INFORMATION ON THE COUNTERPARTIES**

Easy Result is a company incorporated in Hong Kong with limited liability, which is owned as to 51% indirectly by the Company and 49% by Hong Kong Cardiac Center Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Dr. Law, an executive Director and a director of Easy Result, who holds interests in 4,000 Shares, representing approximately 0.00006% of the issued share capital of the Company as at the date of this announcement. The ER Group is principally engaged in the provision of medical consultation services.

Best Tree is a company incorporated in the British Virgin Islands with limited liability, which is owned as to 51% indirectly by the Company and 49% by Dr. Wong, an executive Director and a director of Best Tree, who holds interests in 20,000 Shares, representing approximately 0.0003% of the issued share capital of the Company as at the date of this announcement. The BT Group is principally engaged in the provision of medical consultation services.

## **REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENTS**

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.

As each of Easy Result and Best Tree is a subsidiary of the Company engaged in the provision of medical consultation services under the Group's provision of medical and dental services in Hong Kong business segment, the continuing connected transactions contemplated under the Framework Agreements, which consist of (i) the engagement of the ER Group by the Relevant Group (ex ERG) to provide the Diagnostic Services and the Specialist Medical Services; (ii) the engagement of the BT Group by the Relevant Group (ex BTG) to provide the Clinical Support Services and the Specialist Medical Services; and (iii) the engagement of the Relevant Group (ex ERG) and the Relevant Group (ex BTG) by the ER Group and the BT Group respectively to provide the BO Support Services and the Medical and Diagnostic Services, will allow the Group to enjoy the benefits from collaboration among members of the Group and the economies of scale, which will reduce the costs for the Group to operate its medical centres and improve the business efficacy of the Group as a whole. In addition, the grant of the Licences and the Leases by the Relevant Group (ex BTG) to the BT Group under the BTG Framework Agreement will enhance the business continuity and cost effectiveness of the BT Group by ensuring that the Premises occupied by the BT Group to operate its medical centres will continue to be available to it at cost under the BTG Licences or the prevailing market rental rates under the BTG Leases.

The continuing connected transactions pursuant to the Framework Agreements (i.e. the ERG CCTs and the BTG CCTs) are in the ordinary and usual course of business of the Group. The Group, the ER Group and the BT Group have carried on such continuing connected transactions before the date of the Framework Agreements. The Board is of the view that it is in the interests of the Group to (i) engage the ER Group and the BT Group, which have already been providing the Diagnostic Services, the Clinical Support Services and the Specialist Medical Services (as the case may be) to the Group in prior years to continue providing such services to the Relevant Group (ex ERG) and the Relevant Group (ex BTG); and (ii) continue to (1) provide the BO Support Services and the Medical and Diagnostic Services to the ER Group and the BT Group; and (2) grant the Licenses and the Leases to the BT Group, taking into consideration that such continuing connected transactions will benefit the business operations of the Group as a whole.

The Directors (including the independent non-executive Directors but excluding Dr. Law and Dr. Wong in respect of the respective Framework Agreements in which they are interested, and Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming who were appointed as Directors at the meeting of the Board approving the Framework Agreements) are of the view that the terms of the Framework Agreements are fair and reasonable and the ERG CCTs and the BTG CCTs are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Save that Dr. Law and Dr. Wong have abstained from voting on the Board resolutions in relation to the ERG Framework Agreement and the BTG Framework Agreement, respectively, none of the other Directors has a material interest in any of the Framework Agreements which required any of such Directors to abstain from voting on the Board resolutions in relation to any of the Framework Agreements.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, as (i) each of Easy Result and Best Tree is a non wholly-owned subsidiary of the Company; and (ii) each of Dr. Law and Dr. Wong is an executive Director who holds more than 10% interest in Easy Result and Best Tree respectively, each member of the ER Group and the BT Group is a connected subsidiary of the Company and thus a connected person of the Company pursuant to the Listing Rules. Accordingly, the ERG CCTs and the BTG CCTs constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.



Taking into consideration that the applicable percentage ratios relating to each of (1) the ERG DS Annual Caps; (2) the ERG SMS Annual Caps; (3) the BTG SMS Annual Caps; and (4) the BTG L&L Annual Caps exceed 0.1% but are less than 5%, the continuing connected transactions with respect to (a) the ERG Diagnostic Services and the ERG Specialist Medical Services under the ERG Framework Agreement; and (b) the BTG Specialist Medical Services, the BTG Licences and the BTG Leases under the BTG Framework Agreement, are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios relating to the continuing connected transactions with respect to each of (i) the ERG BO Support Services under the ERG Framework Agreement; (ii) the ERG Medical and Diagnostic Services under the ERG Framework Agreement; (iii) the BTG Clinical Support Services under the BTG Framework Agreement; (iv) the BTG BO Support Services under the BTG Framework Agreement; and (v) the BTG Medical and Diagnostic Services under the BTG Framework Agreement on annual basis are less than 5%, and the estimated transaction amounts of each of such services for each of Year 2022, Year 2023 and Year 2024 are less than HK\$3,000,000, the continuing connected transactions with respect to (a) the ERG BO Support Services and the ERG Medical and Diagnostic Services under the ERG Framework Agreement; and (b) the BTG Clinical Support Services, the BTG BO Support Services and the BTG Medical and Diagnostic Services under the BTG Framework Agreement, are exempt from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Best Tree”	Best Tree International Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 51% indirectly by the Company and 49% directly by Dr. Wong
“BO Support Services”	back-office support services, consisting of procurement, marketing, finance and administrative services
“Board”	the board of Directors

“BT Group”	Best Tree and its subsidiaries
“BTG BO Support Services”	the BO Support Services to be provided by the Relevant Group (ex BTG) to the BT Group for certain medical centres operated by the BT Group as requested by the BT Group from time to time under the BTG Framework Agreement
“BTG BOSS Fees”	the fees payable by the BT Group to the Relevant Group (ex BTG) for the BTG BO Support Services
“BTG CCTs”	the continuing connected transactions between the Relevant Group (ex BTG) and the BT Group contemplated under the BTG Framework Agreement
“BTG Clinical Support Services”	the Clinical Support Services to be provided by the BT Group to the Relevant Group (ex BTG) at certain medical centres operated by the Relevant Group (ex BTG) as requested by the Relevant Group (ex BTG) from time to time under the BTG Framework Agreement
“BTG CSS Fees”	the fees payable by the Relevant Group (ex BTG) to the BT Group for the BTG Clinical Support Services
“BTG Framework Agreement”	the framework agreement dated 11 November 2022 and entered into between Town Health (BVI) and Best Tree, in relation to the BTG CCTs
“BTG Leases”	the Leases to be granted by the Relevant Group (ex BTG) to the BT Group from time to time under the BTG Framework Agreement
“BTG Licence Fees”	the fees payable by the BT Group to the Relevant Group (ex BTG) for the BTG Licences
“BTG Licences”	the Licences to be granted by the Relevant Group (ex BTG) to the BT Group under the BTG Framework Agreement, with such areas as mutually agreed between the parties from time to time

“BTG L&L Annual Caps”	the maximum aggregate annual transaction values in respect of the BTG Licences and the BTG Leases for each of Year 2022, Year 2023 and Year 2024
“BTG MDS Fees”	the fees payable by the BT Group to the Relevant Group (ex BTG) for the BTG Medical and Diagnostic Services
“BTG Medical and Diagnostic Services”	the Medical and Diagnostic Services to be provided by the Relevant Group (ex BTG) to the BT Group as requested by the BT Group from time to time under the BTG Framework Agreement
“BTG Rental Fees”	the fees payable by the BT Group to the Relevant Group (ex BTG) for the BTG Leases
“BTG SMS Annual Caps”	the maximum aggregate annual transaction values in respect of the BTG Specialist Medical Services for each of Year 2022, Year 2023 and Year 2024
“BTG SMS Fees”	the fees payable by the Relevant Group (ex BTG) to the BT Group for the BTG Specialist Medical Services
“BTG Specialist Medical Services”	the Specialist Medical Services to be provided by the BT Group to the Relevant Group (ex BTG) at certain medical centres operated by the Relevant Group (ex BTG) as requested by the Relevant Group (ex BTG) from time to time under the BTG Framework Agreement
“Clinical Support Services”	clinical and administrative support provided by health care assistants
“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 Stock Exchange
“connected person”	has the meaning as ascribed to it under the Listing Rules
“connected subsidiary”	has the meaning as ascribed to it under the Listing Rules

“Diagnostic Services”	diagnostic investigation services
“Director(s)”	the director(s) of the Company
“Dr. Law”	Dr. Law Kwan Kin, an executive Director and a director of Easy Result (a non wholly-owned subsidiary of the Company), who has interests in 4,000 Shares, representing approximately 0.00006% of the issued share capital of the Company as at the date of this announcement
“Dr. Wong”	Dr. Wong Chun Wa, an executive Director and a director of Best Tree (a non wholly-owned subsidiary of the Company), who has interests in 20,000 Shares, representing approximately 0.0003% of the issued share capital of the Company as at the date of this announcement
“Easy Result”	Easy Result Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 51% indirectly by the Company and 49% by Hong Kong Cardiac Center Limited, a company incorporated in Hong Kong with limited liability which is wholly-owned by Dr. Law
“ER Group”	Easy Result and its subsidiaries
“ERG BO Support Services”	the BO Support Services to be provided by the Relevant Group (ex ERG) to the ER Group for certain medical centres operated by the ER Group as requested by the ER Group from time to time under the ERG Framework Agreement
“ERG BOSS Fees”	the fees payable by the ER Group to the Relevant Group (ex ERG) for the ERG BO Support Services
“ERG CCTs”	the continuing connected transactions between the Relevant Group (ex ERG) and the ER Group contemplated under the ERG Framework Agreement

“ERG Diagnostic Services”	the Diagnostic Services to be provided by the ER Group to the Relevant Group (ex ERG) as requested by the Relevant Group (ex ERG) from time to time under the ERG Framework Agreement
“ERG DS Annual Caps”	the maximum aggregate annual transaction values in respect of the ERG Diagnostic Services for each of Year 2022, Year 2023 and Year 2024
“ERG DS Fees”	the fees payable by the Relevant Group (ex ERG) to the ER Group for the ERG Diagnostic Services
“ERG Framework Agreement”	the framework agreement dated 11 November 2022 and entered into between Town Health (BVI) and Easy Result, in relation to the ERG CCTs
“ERG MDS Fees”	the fees payable by the ER Group to the Relevant Group (ex ERG) for the ERG Medical and Diagnostic Services
“ERG Medical and Diagnostic Services”	the Medical and Diagnostic Services to be provided by the Relevant Group (ex ERG) to the ER Group as requested by the ER Group from time to time under the ERG Framework Agreement
“ERG SMS Annual Caps”	the maximum aggregate annual transaction values in respect of the ERG Specialist Medical Services for each of Year 2022, Year 2023 and Year 2024
“ERG SMS Fees”	the fees payable by the Relevant Group (ex ERG) to the ER Group for the ERG Specialist Medical Services
“ERG Specialist Medical Services”	the Specialist Medical Services to be provided by the ER Group to the Relevant Group (ex ERG) at certain medical centres operated by the Relevant Group (ex ERG) as requested by the Relevant Group (ex ERG) from time to time under the ERG Framework Agreement

“Framework Agreements”	collectively, the ERG Framework Agreement and the BTG Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party”	third party independent of the Company and its connected persons
“Leases”	the leases of certain Premises for the purpose of medical centre operation
“Licences”	the non-exclusive right to use part of certain Premises for the purpose of medical centre operation
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medical and Diagnostic Services”	medical and diagnostic services, including general consultation, specialist consultation, dental treatment, physiotherapy treatment, traditional Chinese medicine, diagnostic and laboratory tests
“PRC”	the People’s Republic of China
“Premises”	premises owned or leased by the Relevant Group (ex BTG), the whole or part of which are leased or licenced to the BT Group for the purpose of medical centre operation
“Registered Specialist(s)”	duly qualified specialist(s) registered in accordance with the provisions of the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong) for the conduct of medical practices in Hong Kong
“Relevant Group (ex BTG)”	Town Health (BVI) and its subsidiaries, excluding members of the BT Group

“Relevant Group (ex ERG)”	Town Health (BVI) and its subsidiaries, excluding members of the ER Group
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specialist Medical Services”	medical consultation services and other related services rendered by the Registered Specialists
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Town Health (BVI)”	Town Health (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, which is directly owned by the Company
“Year 2022”	the year ending 31 December 2022
“Year 2023”	the year ending 31 December 2023
“Year 2024”	the year ending 31 December 2024
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

11 November 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, Ms. Lau Wai Yee, Susanna, Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming; 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, Mr. Chui Tsan Kit and Mr. Han Wenxin.*