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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**  
**RENEWAL OF TENANCY AGREEMENT**

On 28 December 2022, Jinan Likang, an indirect non wholly-owned subsidiary of the Company as tenant, entered into the 2023 Tenancy Agreement with China Life Shandong as landlord, to renew the tenancy in respect of the Premises for a term of one year from 1 January 2023 to 31 December 2023.

As at the date of this announcement, (i) China Life Shandong is a branch 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 26.11% of the issued shares of the Company and is a substantial shareholder and thus a connected person of the Company. As such, China Life Shandong (being a branch of China Life Insurance Company) is also a connected person of the Company and the transaction contemplated under the 2023 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 2023 Tenancy Agreement is more than HK\$3,000,000 and one of the applicable percentage ratios is more than 0.1% but all of the applicable percentage ratios are less than 5%, the 2023 Tenancy Agreement is 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.

Reference is made to the announcement of the Company dated 10 June 2019 in relation to the 2019 Tenancy Agreement.

On 28 December 2022, Jinan Likang, an indirect non wholly-owned subsidiary of the Company as tenant, entered into the 2023 Tenancy Agreement with China Life Shandong as landlord, to renew the tenancy in respect of the Premises for a term of one year from 1 January 2023 to 31 December 2023.

Major terms of the 2023 Tenancy Agreement are set out below.

## **THE 2023 TENANCY AGREEMENT**

Date:	: 28 December 2022
Parties	: (1) China Life Shandong (being a branch 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 2,944.83 sq.m.)
Term	: A term of one year, commencing from 1 January 2023 to 31 December 2023 (both days inclusive)
Rental	: RMB292,004.43 per month payable to China Life Shandong (inclusive of tax but 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	: RMB35,337.96 per month payable to the property service company designated by China Life Shandong

Deposit : RMB957,246.66, being the deposit paid by Jinan Likang under the 2019 Tenancy Agreement

Payment method : The rentals and the premises service fee for every 6 months shall be prepaid 5 days in advance at the beginning of the relevant 6-month period. The rentals and the premises service fee of the first 6 months shall be paid within 5 days after the signing of the 2023 Tenancy Agreement.

## **INFORMATION ON CHINA LIFE SHANDONG**

China Life Shandong is a branch of China Life Insurance Company, a joint stock company established in the PRC with limited liability 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 2023 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, as well as hospital management and related services in the PRC; and (iv) others including leasing of properties.

The Premises are currently used by Jinan Likang for the operation of a health management centre (“Centre”) in Jinan City, Shandong Province in the PRC. The tenancy of the Premises allows 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 organise 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 a good number of clientele from China Life Group to the Centre, which is important in developing the Group’s provision of medical 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 value-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. As the 2019 Tenancy Agreement will expire on 31 December 2022, it is considered beneficial to Jinan Likang to renew the tenancy in respect of the Premises to the effect that Jinan Likang could continue to use the Premises for the operation of the Centre and capture the business opportunities mentioned above, and save any relocation and associated costs which Jinan Likang may incur if Jinan Likang were to move out of the Premises.

The terms of the 2023 Tenancy Agreement, including the rental payable, are 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 2023 Tenancy Agreement will be funded by internal resources of the Group.

The Directors (including the independent non-executive Directors but excluding the Interested Directors, and Mr. Liu Gefeng (an executive Director and a Deputy Chairman) who was only appointed as a Director at the meeting of the Board approving the 2023 Tenancy Agreement) are of the view that as far as the shareholders of the Company are concerned, the 2023 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 2023 Tenancy Agreement, none of the other Directors has a material interest in the 2023 Tenancy Agreement, which required any of the Directors to abstain from voting on the Board resolutions in relation to the 2023 Tenancy Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, (i) China Life Shandong is a branch 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 26.11% of the issued shares of the Company and is a substantial shareholder and thus a connected person of the Company. As such, China Life Shandong (being a branch of China Life Insurance Company) is also a connected person of the Company and the transaction contemplated under the 2023 Tenancy Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the rental under the 2023 Tenancy Agreement would be accounted for as a right-of-use asset of the total value of approximately HK\$3.6 million in the Group's financial statements in accordance with HKFRS 16, the transaction contemplated under the 2023 Tenancy Agreement would be regarded as an acquisition of asset, constituting 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 2023 Tenancy Agreement is more than HK\$3,000,000 and one of the applicable percentage ratios is more than 0.1% but all of the applicable percentage ratios are less than 5%, the 2023 Tenancy Agreement is 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.

## **DEFINITIONS**

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

“2019 Tenancy Agreement”	the tenancy agreement dated 10 June 2019 and entered into between Jinan Likang and China Life Shandong (as amended and supplemented by the supplemental agreements dated 9 June 2022 and 12 October 2022) in respect of the leasing of the Premises for the period from 10 June 2019 to 31 December 2022, details of which are set out in the Company's announcement dated 10 June 2019
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“2023 Tenancy Agreement”	the tenancy agreement dated 28 December 2022 and entered into between Jinan Likang and China Life Shandong in respect of the leasing of the Premises for the period from 1 January 2023 to 31 December 2023
“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 (in English, for identification purpose only, China Life Insurance (Group) Company)
“China Life Insurance Company”	China Life Insurance Company Limited, a joint stock company established in the PRC with limited liability 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 (in English, for identification purpose only, 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
“controlling shareholder”	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”	the 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”	Mr. Jin Zhaogen, Mr. Kong Dechang, Ms. Zhao Xiangke and Mr. Hou Jun, Directors who considered themselves having potential conflict of interests in voting on the Board resolutions in relation to the 2023 Tenancy Agreement
“Jinan Likang”	濟南歷康門診部有限公司 (in English, for identification purpose only, Jinan Likang Outpatient Department Co., Ltd.), a company established in the PRC with limited liability and an indirect non 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“sq.m.” square metre

“%” per cent

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

28 December 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 (Deputy Chairman), Mr. Shiu Shu Ming and Mr. Liu Gefeng (Deputy Chairman); 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.*