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康 TOWN
健 HEALTH

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
2024-2027 TENANCY AGREEMENT

On 27 September 2024, Jinan Likang, an indirect non wholly-owned subsidiary of the Company as tenant, entered into the 2024-2027 Tenancy Agreement with CLIS as landlord, to lease the Premises for a term of thirty months from 1 October 2024 to 31 March 2027.

As at the date of this announcement, (i) China Life Insurance is a controlling shareholder of CLIC and CLIS is a branch of CLIC; and (ii) China Life Insurance holds approximately 26.35% of the issued shares of the Company and is a substantial shareholder and hence a connected person of the Company. As such, CLIS (being a branch of CLIC) is an associate of China Life Insurance and is therefore a connected person of the Company, and the transaction contemplated under the 2024-2027 Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group is required to recognize the value of the right-of-use asset in connection with the 2024-2027 Tenancy Agreement and the transaction contemplated thereunder will be regarded as acquisition of an asset by the Group pursuant to the Listing Rules. The estimated value of the right-of-use asset recognized under the 2024-2027 Tenancy Agreement amounted to approximately HK\$6.3 million, subject to audit.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the total value of the right-of-use asset recognized by the Company under the 2024-2027 Tenancy Agreement (on a standalone basis or upon aggregation with the Previous Tenancy Arrangement which was on its own fully exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules) is more than 0.1% but less than 5%, the entering into of the 2024-2027 Tenancy Agreement (together with the Previous Tenancy Arrangement upon aggregation) is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE 2024-2027 TENANCY AGREEMENT

The Board is pleased to announce that on 27 September 2024, Jinan Likang, an indirect non wholly-owned subsidiary of the Company as tenant, entered into the 2024-2027 Tenancy Agreement with CLIS as landlord, to lease the Premises for a term of thirty months from 1 October 2024 to 31 March 2027. The major terms of the 2024-2027 Tenancy Agreement are set out below:

Date:	27 September 2024
Parties:	(1) CLIS (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 (with a total gross floor area of 2,944.83 sq.m.)
Term:	Thirty months from 1 October 2024 to 31 March 2027 (both days inclusive)
Rental:	RMB201,536.80 per month payable to CLIS (inclusive of tax but exclusive of premises service fee and other public utility charges)

Premises service fee:	RMB35,337.96 per month payable to the property service company designated by CLIS
Deposit:	RMB710,624.28 payable by Jinan Likang to CLIS
Payment method:	The rentals and premises service fee for each 6-month period throughout the term of the 2024-2027 Tenancy Agreement are payable in advance every six months during the term of the 2024-2027 Tenancy Agreement and shall be prepaid 5 days prior to the commencement of each relevant 6-month period. The rentals and premises service fee for the first six months shall be paid upon the signing of the 2024-2027 Tenancy Agreement

THE PREVIOUS TENANCY ARRANGEMENT

Prior to the entering into of the 2024-2027 Tenancy Agreement, Jinan Likang and CLIS had entered into the Previous Tenancy Arrangement with respect to the leasing of the Premises by Jinan Likang from CLIS for a term of six months from 1 April 2024 to 30 September 2024. The Previous Tenancy Arrangement was fully exempt from independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024-2027 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) other businesses including leasing of properties and provision of other healthcare related services.

The Premises are being used by Jinan Likang for the operation of a health management centre (the “**Centre**”) in Jinan City, Shandong Province in the PRC. The Premises are located at China Life Building in Jinan City, where China Life Group’s Shandong headquarter is also located. The leasing 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. Further, 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, and thus 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.

The terms of the 2024-2027 Tenancy Agreement, including the rental payable, are determined after arm’s length negotiations with reference to, among others, (1) market comparison with properties of similar nature; (2) analysis in respect of, among others, property location, surrounding environment, building quality and supporting facilities; and (3) country policy and regulation, industry practice, pricing policy and analysis on pricing fairness. The payment of the rental and premises service fee under the 2024-2027 Tenancy Agreement will be funded by internal resources of the Group.

The Board (including the independent non-executive Directors but excluding the Interested Directors) is of the view that so far as the independent shareholders (i.e. those shareholders who are independent from the Company and its connected persons) of the Company are concerned, the 2024-2027 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 for the Interested Directors who have abstained from voting on the Board resolutions in relation to the 2024-2027 Tenancy Agreement, none of the Directors has a material interest in the 2024-2027 Tenancy Agreement which required them to abstain from voting on the Board resolutions in relation thereto.

INFORMATION ON CLIS

CLIS is a branch of CLIC, 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. CLIC is a provider of individual and group life insurance, annuity products and accident and health insurance in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, (i) China Life Insurance is a controlling shareholder of CLIC and CLIS is a branch of CLIC; and (ii) China Life Insurance holds approximately 26.35% of the issued shares of the Company and is a substantial shareholder and hence a connected person of the Company. As such, CLIS (being a branch of CLIC) is an associate of China Life Insurance and is therefore a connected person of the Company, and the transaction contemplated under the 2024-2027 Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group is required to recognize the value of the right-of-use asset in connection with the 2024-2027 Tenancy Agreement and the transaction contemplated thereunder will be regarded as acquisition of an asset by the Group pursuant to the Listing Rules. The estimated value of the right-of-use asset recognized under the 2024-2027 Tenancy Agreement amounted to approximately HK\$6.3 million, subject to audit.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the total value of the right-of-use asset recognized by the Company under the 2024-2027 Tenancy Agreement (on a standalone basis or upon aggregation with the Previous Tenancy Arrangement which was on its own fully exempt from the reporting, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.76 of the Listing Rules) is more than 0.1% but less than 5%, the entering into of the 2024-2027 Tenancy Agreement (together with the Previous Tenancy Arrangement upon aggregation) is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“2024-2027 Tenancy Agreement”	the tenancy agreement dated 27 September 2024 and entered into between Jinan Likang and CLIS in respect of the leasing of the Premises for the period from 1 October 2024 to 31 March 2027
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“associate(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Board”	the board of Directors
“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), a substantial shareholder of the Company, holding approximately 26.35% of the issued shares of the Company
“CLIC”	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
“CLIS”	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”	Ms. Zhang Xiaoxue, Mr. Liu Shiyin, Mr. Liu Yang and Ms. Zhang Leidi, Directors who considered themselves having potential conflict of interests in voting on the Board resolutions in relation to the 2024-2027 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, but for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Premises”	Units 01-06, 5/F, South Block, China Life Building, No. 11001, Jingshi Road, Lixia District, Jinan City, Shandong Province, PRC with a total gross floor area of 2,944 sq.m.
“Previous Tenancy Arrangement”	the arrangement between Jinan Likang and CLIS with respect to the leasing of the Premises by Jinan Likang from CLIS for a term of six months from 1 April 2024 to 30 September 2024, which was on its own fully exempt from independent shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules
“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
Choi Ka Tsan Karson
Chairman and Chief Executive Office

Hong Kong, 27 September 2024

As at the date of this announcement, the executive Directors of the Company 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 of the Company are Ms. Lee Wai Ling Linda, Ms. Lau Suk Hing Clara, Mr. Liu Yang and Ms. Zhang Leidi; and the independent non-executive Directors of the Company are Mr. Yu Xuezhong, Dr. Xu Weiguo, Mr. Han Wenxin, Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy.