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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)

REVISION OF THE 2026 ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024 FRAMEWORK AGREEMENTS

THE 2024 FRAMEWORK AGREEMENTS

On 27 September 2024, the Company entered into the 2024 Framework Agreements with CLIO and CLIS respectively, in respect of, among other things, the provision of Medical Related Services by the Group to CLIO Group and CLIS Group respectively.

REVISION OF THE 2026 ANNUAL CAP

In view of the strong growth in the Medical Related Services provided by the Group to CL Clients as explained below, the Company anticipates that the existing 2026 Annual Cap may not be sufficient to meet the expected increase in services to be provided by the Group to CL Clients.

Accordingly, the Company proposes to revise the existing 2026 Annual Cap. Save for the revision of the 2026 Annual Cap, all terms and conditions of the 2024 Framework Agreements shall remain unchanged.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, (i) CLIO is a wholly-owned subsidiary of China Life Insurance; (ii) CLIS is a branch of CLIC and China Life Insurance is a controlling shareholder of CLIC; and (iii) China Life Insurance holds approximately 26.35% of the issued Shares and is a substantial shareholder and hence a connected person of the Company. As such, each of CLIO (being a subsidiary of China Life Insurance) and CLIS (being a branch of CLIC and hence an associate of China Life Insurance) is also a connected person of the Company and the transactions contemplated under the 2024 Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (i) the 2024 Framework Agreements and the 2025-2027 CGB Framework Agreement were all entered into between the Group and associates of China Life Insurance; and (ii) the nature of medical related services provided by members of the Group as contemplated under the 2024 Framework Agreements is similar to that contemplated under the 2025-2027 CGB Framework Agreement, the revised 2026 Annual Cap should be aggregated with the 2025-2027 CGB Medical Related Services Annual Caps for the Year 2026 pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios relating to the revised 2026 Annual Cap (upon aggregation with the 2025-2027 CGB Medical Related Services Annual Caps for the Year 2026) exceed 0.1% but are less than 5%, the revision of the 2026 Annual Cap is subject to the reporting, announcement and annual review requirements only but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the 2024 Announcement in relation to the 2024 Framework Agreements and the continuing connected transactions contemplated thereunder.

On 27 September 2024, the Company entered into the 2024 Framework Agreements with CLIO and CLIS respectively, in respect of, among other things, the provision of Medical Related Services by the Group to CLIO Group and CLIS Group respectively.

2024 FRAMEWORK AGREEMENTS

Major terms of the 2024 Framework Agreements are as follows:

Parties

A. 2024 CLIO Framework Agreement

(1) The Company; and

(2) CLIO

B. 2024 CLIS Framework Agreement

(1) The Company; and

(2) CLIS

Duration

A. 2024 CLIO Framework Agreement

The 2024 CLIO Framework Agreement is for a term from 1 January 2024 to 31 December 2026 (both dates inclusive) subject to any early termination in accordance with the agreement.

B. 2024 CLIS Framework Agreement

The 2024 CLIS Framework Agreement is for a term from 1 January 2024 to 31 December 2026 (both dates inclusive) subject to any early termination in accordance with the agreement.

Subject matter

A. 2024 CLIO Framework Agreement

The 2024 CLIO Framework Agreement governs the terms on which members of the Group provide the CLIO Medical Related Services to members of CLIO Group.

Members of the Group and members of CLIO Group shall, during the term of the 2024 CLIO Framework Agreement, enter into separate written confirmation(s) or procurement agreement(s) to set out the specific arrangement and terms, provided that the pricing term and other terms therein shall comply with the principles laid down in the 2024 CLIO Framework Agreement.

B. 2024 CLIS Framework Agreement

The 2024 CLIS Framework Agreement governs the terms on which members of the Group provide the CLIS Medical Related Services to employees and clients of members of CLIS Group.

Members of the Group and members of CLIS Group shall, during the term of the 2024 CLIS Framework Agreement, enter into separate written confirmation(s) or procurement agreement(s) to set out the specific arrangement and terms, provided that the pricing term and other terms therein shall comply with the principles laid down in the 2024 CLIS Framework Agreement.

Pricing

A. 2024 CLIO Framework Agreement

The Group shall provide the CLIO Medical Related Services on terms and conditions (including the service fees) to be determined in the ordinary course of business and on normal commercial terms after arm's length negotiations between the parties. Such terms and conditions shall be determined by reference to the nature, scale, content, complexity and required expertise of the relevant CLIO Medical Related Services, and prevailing market prices of comparable services, and the rates charged by the Group for providing the same or substantially similar services to independent third parties, and in any event the service fees and terms provided by the Group to the CLIO Group shall not be less favourable to the Group than those (including payment terms) offered by the Group to independent third parties for providing the same or substantially similar services in the same period.

B. 2024 CLIS Framework Agreement

The Group shall provide the CLIS Medical Related Services on terms and conditions (including the service fees) to be determined in the ordinary course of business and on normal commercial terms after arm's length negotiations between the parties. Such terms and conditions shall be determined by reference to the nature, scale, content, complexity and required expertise of the relevant CLIS Medical Related Services, and prevailing market prices of comparable services, and the rates charged by the Group for providing the same or substantially similar services to independent third parties, and in any event the service fees and terms provided by the Group to the CLIS Group shall not be less favourable to the Group than those (including payment terms) offered by the Group to independent third parties for providing the same or substantially similar services in the same period.

Payment and other terms

A. 2024 CLIO Framework Agreement

All other terms and conditions for the CLIO Medical Related Services to be provided (including but not limited to the terms relating to ways to deliver such services, payment, settlement method, credit period, service quality assurance and the parties' respective requirements, rights, obligations and liabilities for breach of the 2024 CLIO Framework Agreement) shall be determined by reference to the terms and conditions offered by the Group for providing the same or substantially similar services to independent third parties, or if no such reference can be made, shall be determined on normal commercial terms and in any event no less favourable to the Group than those offered by the Group to independent third parties for providing the same or substantially similar services in the same period.

B. 2024 CLIS Framework Agreement

All other terms and conditions for the CLIS Medical Related Services to be provided (including but not limited to the terms relating to ways to deliver such services, payment, settlement method, credit period, service quality assurance and the parties' respective requirements, rights, obligations and liabilities for breach of the 2024 CLIS Framework Agreement) shall be determined by reference to the terms and conditions offered by the Group for providing the same or substantially similar services to independent third parties, or if no such reference can be made, shall be determined on normal commercial terms and in any event no less favourable to the Group than those offered by the Group to independent third parties for providing the same or substantially similar services in the same period.

Please refer to the 2024 Announcement for further details and terms of the 2024 Framework Agreements.

REVISION OF THE 2026 ANNUAL CAP

As set out in the 2024 Announcement, the 2024-2026 Medical Related Services Annual Caps for the Year 2024, the Year 2025 and the Year 2026 are HK$13,000,000, HK$13,000,000 and HK$13,000,000, respectively.

In view of the strong growth in the Medical Related Services provided by the Group to CL Clients as illustrated in the section headed "Historical Transaction Amounts" below and as explained in the section headed "Revised 2026 Annual Cap And The Reasons For And Benefits Of The Revision" below, the Company anticipates that the existing 2026 Annual Cap may not be sufficient to meet the expected increase in services to be provided by the Group to CL Clients.

Accordingly, the Company proposes to revise the existing 2026 Annual Cap. Save for the revision of the 2026 Annual Cap, all terms and conditions of the 2024 Framework Agreements shall remain unchanged.

HISTORICAL TRANSACTION AMOUNTS

During the Year 2024, the Year 2025 and the nine months ended 30 September 2026, the transaction amounts for the Medical Related Services provided by the Group to CL Clients under the 2024 Framework Agreements were approximately HK$9.6 million, HK$12.9 million and HK$11.4 million, respectively.

As at the date of this announcement, the existing 2026 Annual Cap has not been exceeded.

REVISED 2026 ANNUAL CAP AND THE REASONS FOR AND BENEFITS OF THE REVISION

It is proposed that the 2026 Annual Cap be revised to HK$16,000,000, which was determined primarily with reference to:

(1) the historical transaction amount of the Medical Related Services provided by the Group to CL Clients in the Year 2024 and the Year 2025;

(2) the historical transaction amount of the Medical Related Services provided by the Group to CL Clients in the first nine months of the Year 2026;

(3) the projected future demand for the Medical Related Services by CL Clients in the remaining months of the Year 2026;

and on the principal assumptions that for the duration of the remaining months of the Year 2026, there will not be any significant change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group, and that the projected fees of the Medical Related Services to be provided by the Group to CL Clients will remain stable.

The main reasons for the revision of the 2026 Annual Cap are set out below:

(1) Stronger than expected business growth and demand from CL Clients

Since the entering into of the 2024 Framework Agreements, the Group has experienced a stronger-than-anticipated growth in the transaction amount of the Medical Related Services. An indication from CL Clients has pointed to a significant and sustained demand for the Group's medical and healthcare services. This growing demand is expected to continue and accelerate towards the end of the Year 2026.

(2) Deepening collaboration with CL Clients

The Group and CL Clients have been continuously deepening their collaboration. The 2024 Framework Agreements allow CL Clients to continue to channel their staff and customers to the Group for medical and related services. As this partnership matures, more business lines and a larger number of the CL Clients' staff and customers are utilising the Group's comprehensive medical network and services, leading to a higher volume of transactions than initially projected.

(3) Service expansion

The Group is continuously expanding the scope and scale of its Medical Related Services to meet the evolving needs of CL Clients, which involve higher-value and more complex service offerings, thereby contributing to a higher aggregate transaction amount.

(4) Seasonal pattern in historical transactions

It is observed in the Year 2024 and the Year 2025 that the transaction amount of the Medical Related Services was consistently higher in the fourth quarter of each year. The Company considers it reasonable to expect a similar seasonal peak in the fourth quarter of the Year 2026. In view of this seasonal pattern and the transaction amount in the first nine months of the Year 2026, there may not be sufficient headroom in the existing 2026 Annual Cap to accommodate for the anticipated increased transaction volume of the Medical Related Services in the remaining months of the Year 2026.

(5) Appreciation of the exchange rate

A substantial portion of the transactions relating to the provision of Medical Related Services contemplated under the 2024 Framework Agreements is settled in Renminbi, particularly those involving CLIS Group. Since the entering into of the 2024 Framework Agreements on 27 September 2024, the Renminbi has appreciated against the Hong Kong dollar. According to the exchange rates released by The People's Bank of China, the exchange rate of Hong Kong dollar against Renminbi was approximately HK$1:RMB0.90 on 27 September 2024, compared to approximately HK$1:RMB0.86 on 30 September 2026. Accordingly, the appreciation of the Renminbi has contributed to the increase in utilisation of the 2026 Annual Cap, which is denominated in Hong Kong dollars.

In view of the above, the Company anticipates that the existing 2026 Annual Cap may not be sufficient to meet the expected demand from CL Clients in the remaining period of the Year 2026. The revised 2026 Annual Cap will provide the necessary flexibility for the Group to capture the anticipated growth in business from its collaboration with CL Clients.

Accordingly, the Board (including the independent non-executive Directors but excluding the Interested Directors) is of the view that the revision of the 2026 Annual Cap is made on normal commercial terms and in the ordinary and usual course of business of the Group, and that the revised 2026 Annual Cap is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Save for the Interested Directors, who have abstained from voting on the Board resolutions in relation to the revision of the 2026 Annual Cap, none of the other Directors has a material interest in the 2024 Framework Agreements which required them to abstain from voting on the Board resolutions in relation to the revision of the 2026 Annual Cap.

INTERNAL CONTROLS

The Group will undertake the following internal control measures to monitor the terms and conditions of the transactions contemplated under the 2024 Framework Agreements and ensure that the prices and terms under the 2024 Framework Agreements will be no less favourable to the Group than the prices and terms offered by the Group to independent third parties and that the revised 2026 Annual Cap will not be exceeded:

(1) comparing the prices and terms for provision of the Medical Related Services to CL Clients with the prices and terms of the same or substantially similar services provided by the Group as agreed with independent third parties on a regular basis;

(2) information on all continuing connected transactions carried out by the Group under the 2024 Framework Agreements will be reported to the management of the Company on a quarterly basis;

(3) the independent non-executive Directors will review and confirm on an annual basis whether the transactions contemplated under the 2024 Framework Agreements are (i) in the Group's ordinary and usual course of business; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable to the Group and in the interests of the Group and the Shareholders as a whole; and

(4) the auditors of the Company will review the transactions entered into under the 2024 Framework Agreements and report in the Company's annual report pursuant to the requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

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.

CLIO is a company established in the PRC with limited liability and offers, among other things, insurance services and products in Hong Kong and other overseas markets.

CLIS is branch of CLIC, which is a joint stock company established in the PRC with limited liability whose shares are listed on the Stock Exchange (stock code: 2628). 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) CLIO is a wholly-owned subsidiary of China Life Insurance; (ii) CLIS is a branch of CLIC and China Life Insurance is a controlling shareholder of CLIC; and (iii) China Life Insurance holds approximately 26.35% of the issued Shares and is a substantial shareholder and hence a connected person of the Company. As such, each of CLIO (being a subsidiary of China Life Insurance) and CLIS (being a branch of CLIC and hence an associate of China Life Insurance) is also a connected person of the Company and the transactions contemplated under the 2024 Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since (i) the 2024 Framework Agreements and the 2025-2027 CGB Framework Agreement were all entered into between the Group and associates of China Life Insurance; and (ii) the nature of medical related services provided by members of the Group as contemplated under the 2024 Framework Agreements is similar to that contemplated under the 2025-2027 CGB Framework Agreement, the revised 2026 Annual Cap should be aggregated with the 2025-2027 CGB Medical Related Services Annual Caps for the Year 2026 pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios relating to the revised 2026 Annual Cap (upon aggregation with the 2025-2027 CGB Medical Related Services Annual Caps for the Year 2026) exceed 0.1% but are less than 5%, the revision of the 2026 Annual Cap is subject to the reporting, announcement and annual review requirements only but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"2024 Announcement"	the announcement of the Company dated 27 September 2024 in relation to the 2024 Framework Agreements and the continuing connected transactions contemplated thereunder
"2024 CLIO Framework Agreement"	the framework agreement dated 27 September 2024 and entered into between the Company and CLIO in respect of the provision of the CLIO Medical Related Services by the Group to CLIO Group

"2024 CLIS Framework Agreement"	the framework agreement dated 27 September 2024 and entered into between the Company and CLIS in respect of, among other thing, the provision of the CLIS Medical Related Services by the Group to CLIS Group
"2024 Framework Agreements"	the 2024 CLIO Framework Agreement and the 2024 CLIS Framework Agreement
"2024-2026 Medical Related Services Annual Caps"	the maximum aggregate annual transaction values in respect of the continuing connected transactions in relation to the provision of the Medical Related Services by the Group under the 2024 Framework Agreements for the Year 2024, the Year 2025 and the Year 2026
"2025-2027 CGB Framework Agreement"	the framework agreement dated 19 December 2024 and entered into between the Company and CGB (HK) in respect of (i) the provision of certain medical related services by the Group to CGB (HK); and (ii) the provision of certain banking services by CGB (HK) to the Group, details of which were set out in the 2025-2027 CGB Framework Agreement Announcement
"2025-2027 CGB Framework Agreement Announcement"	the announcement of the Company dated 19 December 2024 in relation to the 2025-2027 CGB Framework Agreement and the continuing connected transactions contemplated thereunder
"2025-2027 CGB Medical Related Services Annual Caps"	the maximum aggregate annual transaction values in respect of the continuing connected transactions in relation to the provision of the medical related services by the Group under the 2025-2027 CGB Framework Agreement for the Year 2025, the Year 2026 and the Year 2027, details of which were set out in the 2025-2027 CGB Framework Agreement Announcement

"2026 Annual Cap"	the maximum aggregate annual transaction value in respect of the continuing connected transactions in relation to the provision of the Medical Related Services by the Group under the 2024 Framework Agreements for the Year 2026
"associates"	has the meaning ascribed to it under Chapter 14A of the Listing Rules
"Board"	the board of Directors
"CGB (HK)"	China Guangfa Bank Co., Ltd., Hong Kong Branch
"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
"CL Clients"	CLIO Group and CLIS Group
"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)
"CLIO"	China Life Insurance (Overseas) Company Limited, a company established in the PRC with limited liability and a wholly-owned subsidiary of China Life Insurance
"CLIO Group"	CLIO and its subsidiaries and associates
"CLIO Medical Related Services"	medical services, health check services, dental services and other health and medical related services as specified under the 2024 CLIO Framework Agreement

"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)
"CLIS Group"	CLIS and all branches and sub-branches of CLIC in Shandong Province of the PRC under the management of CLIS
"CLIS Medical Related Services"	health management services as specified under the 2024 CLIS Framework Agreement including but not limited to those medical consultation services, health check and consultation services, and other health and medical related services as specified under the "Notice of the General Office of the China Banking and Insurance Regulatory Commission on Standardizing the Health Management Services of Insurance Companies" (Yinbaojian Issues [2020] No. 83)
"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
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"independent third party"	third party independent of the Company and connected persons of the Company
"Interested Directors"	Ms. Zhang Xiaoxue, Mr. Huang Yu, 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 revision of the 2026 Annual Cap
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Medical Related Services"	the CLIO Medical Related Services and the CLIS Medical Related Services as specified under the respective 2024 Framework Agreements
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"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)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Year 2024"	the financial year ended 31 December 2024
"Year 2025"	the financial year ended 31 December 2025
"Year 2026"	the financial year ending 31 December 2026

"Year 2027"	the financial year ending 31 December 2027
"%"	per cent.

By Order of the Board
Town Health International Medical Group Limited
Choi Ka Tsan Karson, *GBS, JP*
Chairman and Chief Executive Officer

Hong Kong, 6 November 2026

As at the date of this announcement, the executive Directors are Mr. Choi Ka Tsan Karson, GBS, JP (Chairman and Chief Executive Officer), Dr. Fok Siu Wing Dominic, Ms. Zhang Xiaoxue and Mr. Huang Yu; the non-executive Directors are Ms. Lee Wai Ling Linda, Ms. Lau Suk Hing Clara, Mr. Liu Yang and Ms. Zhang Leidi; and the independent non-executive Directors are Mr. Yu Xuezhong, Dr. Xu Weiguo, Mr. Han Wenxin, Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy.