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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)**

**CONTINUING CONNECTED TRANSACTIONS**  
**2024 FRAMEWORK AGREEMENTS**

**2024 FRAMEWORK AGREEMENTS**

The Board announces that on 27 September 2024, the Company entered into (1) the 2024 CLIO Framework Agreement with CLIO in respect of the provision of the CLIO Medical Related Services by the Group to CLIO Group; and (2) the 2024 CLIS Framework Agreement with CLIS in respect of (i) the provision of the CLIS Medical Related Services by the Group to CLIS Group; and (ii) the procurement of the CLIS Products by the Group from CLIS Group.

**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.

As the applicable percentage ratios relating to the 2024-2026 Medical Related Services Annual Caps (upon aggregation with the Existing CGB Medical & Healthcare Services Annual Cap) exceed 0.1% but are less than 5%, the continuing connected transactions in relation to the provision of the Medical Related Services by the Group under the 2024 Framework Agreements are subject to the reporting, announcement and annual review requirements only but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios relating to the continuing connected transactions in respect of the procurement of the CLIS Products by the Group from CLIS Group under the 2024 CLIS Framework Agreement are less than 5% and the estimated total sales of the CLIS Products from CLIS Group to the Group for each of the Year 2024, Year 2025 and Year 2026 are less than HK\$3,000,000, the continuing connected transactions in relation to the procurement of the CLIS Products by the Group from CLIS Group under the 2024 CLIS Framework Agreement are exempt from the reporting, announcement, annual review, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board announces that on 27 September 2024, the Company entered into (1) the 2024 CLIO Framework Agreement with CLIO in respect of the provision of the CLIO Medical Related Services by the Group to CLIO Group; and (2) the 2024 CLIS Framework Agreement with CLIS in respect of (i) the provision of the CLIS Medical Related Services by the Group to CLIS Group; and (ii) the procurement of the CLIS Products by the Group from CLIS Group.

Major terms of the 2024 Framework Agreements are as follows:

### **Date of the 2024 Framework Agreements**

27 September 2024

## **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 matters**

### **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, including but not limited to (1) health check services (including but not limited to general health checks, medical insurance underwriting health checks and VIP customer health checks) ; and (2) medical services (including but not limited to general practice and specialist medical services, oral health care and treatments, medical beauty and anti-ageing services, Hong Kong medical consultation, vaccination and auxiliary medical services).

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 in respect of the CLIO Medical Related Services to be provided by the Group, 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 in respect of the CLIS Medical Related Services to be provided by the Group, 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**

Pursuant to the 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 on the following principles:

- (i) 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
- (ii) in any event the service fees and terms to be provided by the Group to 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**

Pursuant to the 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 on the following principles:

- (i) 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
- (ii) in any event the service fees and terms to be provided by the Group to 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***

Pursuant to the 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***

Pursuant to the 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.

## **Other terms of the 2024 CLIS Framework Agreement**

In addition to the CLIS Medical Related Services, the 2024 CLIS Framework Agreement also governs the terms on which members of CLIS Group sell the CLIS Products to members of the Group.

However, it is estimated that the total sales of the CLIS Products from CLIS Group to the Group under the 2024 CLIS Framework Agreement for each of the Year 2024, Year 2025 and Year 2026 are less than HK\$1,000,000.

## **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 2024-2026 Medical Related Services Annual Caps 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.

## HISTORICAL FIGURES

Set out below is the historical transaction amount for providing Medical Related Services by the Group to CL Clients in the Year 2021, Year 2022 and Year 2023 and for the seven months ended 31 July 2024:-

	<b>In the Year 2021</b>	<b>In the Year 2022</b>	<b>In the Year 2023</b>	<b>For the seven months ended 31 July 2024</b>
Historical Transaction Amount	Approximately HK\$2,442,000	Approximately HK\$1,829,000	Approximately HK\$2,327,000	Approximately HK\$2,105,000

### *Notes:*

- (1) For the Year 2021, Year 2022 and Year 2023, the Medical Related Services were provided under the 2021 CLIO Framework Agreement and the 2021 CLIS Framework Agreement.
- (2) The transaction amount for providing Medical Related Services by the Group to CL Clients from 1 January 2024 up to the date of this announcement does not exceed HK\$3,000,000.

## ANNUAL CAPS

The 2024-2026 Medical Related Services Annual Caps for the Year 2024, Year 2025 and Year 2026 will be HK\$13,000,000, HK\$13,000,000 and HK\$13,000,000 respectively.

The 2024-2026 Medical Related Services Annual Caps were 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 2021, Year 2022 and Year 2023;
- (2) the historical transaction amount of the Medical Related Services provided by the Group to CL Clients in the first seven months of 2024;
- (3) an indication from CL Clients on a possible significant demand for the Medical Related Services in the remaining period of the Year 2024;
- (4) the projected future demand for the Medical Related Services by CL Clients in the Year 2025 and Year 2026;



and on the principal assumptions that for the duration of the projected period, 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 in the Year 2024, Year 2025 and Year 2026 will remain stable.

In view of the above, the Board (including the independent non-executive Directors but excluding the Interested Directors) is of the view that the 2024-2026 Medical Related Services Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON CLIO AND CLIS**

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), 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.

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

The provision of the Medical Related Services by the Group to CL Clients pursuant to the 2024 Framework Agreements are in the ordinary course of business of the Group. The 2024 Framework Agreements allow continuation of a smooth collaboration between the Group and CL Clients in that CL Clients could channel their staff and customers to the Group for medical and related services.

Accordingly, the Board (including the independent non-executive Directors but excluding the Interested Directors) is of the view that the terms of the 2024 Framework Agreements are fair and reasonable, and the entering into of and the transactions contemplated under the 2024 Framework Agreements (together with the 2024-2026 Medical Related Services Annual Caps) are on normal commercial terms, 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 for the Interested Directors, who have abstained from voting on the Board resolutions in relation to the 2024 Framework Agreements, 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 thereto.

## **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 the nature of medical related services to be provided by members of the Group as contemplated under the 2024 Framework Agreements is similar to that contemplated under the CGB Framework Agreement (which has a term up to 31 December 2024), the annual cap under the 2024 Framework Agreements for the Year 2024 should be aggregated with the Existing CGB Medical & Healthcare Services Annual Cap pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios relating to the 2024-2026 Medical Related Services Annual Caps (upon aggregation with the Existing CGB Medical & Healthcare Services Annual Cap) exceed 0.1% but are less than 5%, the continuing connected transactions in relation to the provision of the Medical Related Services by the Group under the 2024 Framework Agreements are subject to the reporting, announcement and annual review requirements only but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios relating to the continuing connected transactions in respect of the procurement of the CLIS Products by the Group from CLIS Group under the 2024 CLIS Framework Agreement are less than 5% and the estimated total sales of the CLIS Products from CLIS Group to the Group for each of the Year 2024, Year 2025 and Year 2026 are less than HK\$3,000,000, the continuing connected transactions in relation to the procurement of the CLIS Products by the Group from CLIS Group under the 2024 CLIS Framework Agreement are exempt from the reporting, announcement, annual review, 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:

“2021 CLIO Framework Agreement”	the framework agreement dated 19 February 2021 and entered into between the Company and CLIO, further details of which are set out in the 2021 Framework Agreements Announcement
“2021 CLIS Framework Agreement”	the framework agreement dated 19 February 2021 and entered into between the Company and CLIS, further details of which are set out in the 2021 Framework Agreements Announcement
“2021 Framework Agreements Announcement”	the announcement of the Company dated 19 February 2021 in relation to, among others, the 2021 CLIO Framework Agreement, the 2021 CLIS Framework Agreement 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 things, 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, Year 2025 and Year 2026
“associates”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Board”	the board of Directors
“CGB Framework Agreement Announcement”	the announcement dated 14 November 2022 in relation to the CGB Framework Agreement and the continuing connected transaction contemplated thereunder
“CGB Framework Agreement”	the framework agreement dated 14 November 2022 and entered into between the Company and China Guangfa Bank Co., Ltd., Hong Kong Branch, an associate of China Life Insurance, with respect to (among other things) the provision of medical and healthcare services by the Group for a term expiring on 31 December 2024, further details of which are set out in the CGB Framework Agreement Announcement
“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), New York Stock Exchange (stock code: LFC) and Shanghai Stock Exchange (stock code: 601628) respectively

“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)
“CLIS Products”	insurance products including but not limited to staff medical insurance
“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
“Existing CGB Medical & Healthcare Services Annual Cap”	the maximum aggregate annual transaction value in respect of the continuing connected transaction in relation to the provision of the medical and healthcare services by the Group under the CGB Framework Agreement for the Year 2024 as disclosed in the CGB Framework Agreement Announcement
“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. 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 Framework Agreements
“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
“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 2021”	the financial year ended 31 December 2021
“Year 2022”	the financial year ended 31 December 2022
“Year 2023”	the financial year ended 31 December 2023
“Year 2024”	the financial year ending 31 December 2024
“Year 2025”	the financial year ending 31 December 2025
“Year 2026”	the financial year ending 31 December 2026
“%”	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.*