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## **TOWN HEALTH INTERNATIONAL HOLDINGS COMPANY LIMITED**

**康健國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(STOCK CODE: 8138)

### **PLACING OF NEW SHARES AND RESUMPTION OF TRADING**

On 8 May 2007 the Company entered into the conditional Placing Agreement with the Placing Agent for the placing of up to an aggregate of 320,000,000 new Shares to the Placees at the Placing Price of HK\$0.61 per Placing Share.

The Placing Shares will be allotted and issued to the Placees and represent, in aggregate, (i) approximately 6.31% of the existing issued share capital of the Company, (ii) approximately 6.08% of the issued share capital of the Company as enlarged by the First Placing; and (iii) approximately 5.73% of the issued share capital of the Company as enlarged by the First Placing and the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.61 per Placing Share represents (i) a discount of approximately 15.98% to the average closing price of approximately HK\$0.726 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 7 May 2007, being the last trading day immediately before the date of the Placing Agreement; and (ii) a discount of approximately 28.24% to the closing price of HK\$0.85 per Share as quoted on the Stock Exchange on 7 May 2007, being the last trading day immediately before the date of the Placing Agreement.

The gross proceeds of the Placing will amount to approximately HK\$195.2 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$191 million after deducting the placing commission and all costs, fees and expenses to be borne by the Company. It is presently expected that the net proceeds will be applied towards the subscription for the convertible bonds to be issued by Hong Kong Health Check and Laboratory Holdings Company Limited upon exercise of the option granted under the option agreement dated 29 March 2007.

At the request of the Company, trading of the Shares has been suspended on the Stock Exchange from 9:30 a.m. on 8 May 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 May 2007.

## **THE PLACING AGREEMENT**

**Date** : 8 May 2007

**Issuer** : The Company

**Placing Agent** : ABN AMRO Bank N.V., Hong Kong Branch, an Independent Third Party

### **Placees**

Pursuant to the terms and conditions of the Placing Agreement, the Placing Shares will be placed to the following Placees which are Independent Third Parties:

1. Fair Investment Management Limited as to 51,200,000 Placing Shares; and
2. Invesco Hong Kong Limited as to 268,800,000 Placing Shares.

### **Placing Shares**

The Placing Shares will be allotted and issued to the Placees and represent, in aggregate, (i) approximately 6.31% of the existing issued share capital of the Company, (ii) approximately 6.08% of the issued share capital of the Company as enlarged by the First Placing; and (iii) approximately 5.73% of the issued share capital of the Company as enlarged by the First Placing and the allotment and issue of the Placing Shares.

The Placing Shares will rank *pari passu* in all respects with the Shares in issue at the date of allotment and in particular will rank in full for all dividends and other distributions declared made or paid at any time after the date of the Placing Agreement.

### **Placing Price**

The Placing Price of HK\$0.61 per Placing Share represents (i) a discount of approximately 15.98% to the average closing price of approximately HK\$0.726 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 7 May 2007, being the last trading day immediately before the date of the Placing Agreement; and (ii) a discount of approximately 28.24% to the closing price of HK\$0.85 per Share as quoted on the Stock Exchange on 7 May 2007, being the last trading day immediately before the date of the Placing Agreement.

The net Placing Price is approximately HK\$0.597 per Placing Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the closing prices as shown above. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Placing expenses**

The Company will pay the Placing Agent a placing commission of 1.75% of the aggregate Placing Price of the Placing Shares. The Company will also pay all brokerage, transaction levy imposed by the Securities and Futures Commission and the Stock Exchange trading fee as may be payable by the Placees and the Placing Agent in respect of the subscription of the Placing Shares.

### **Specific mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the specific mandate sought to be granted to the Directors at the EGM.

### **Conditions of the Placing**

The Placing is conditional upon, among others, the following conditions:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in all of the Placing Shares;
- (b) the Company obtaining the consent of the Shareholders at the EGM for the allotment and issue of the Placing Shares at the Placing Price in accordance with all legal and regulatory requirements;
- (c) dealings in the Shares on the Stock Exchange resuming no later than Thursday, 10 May 2007 and, subsequent thereto, listing of or dealings in any of the Shares on the Stock Exchange not having been suspended at any time prior to completion of the Placing;
- (d) no restrictions being imposed by any relevant regulatory body on the Placing Agent subscribing for any Placing Shares as contemplated in the Placing Agreement;
- (e) there not having come to the attention of the Placing Agent at any time prior to completion of the Placing (i) any breach of, or any event rendering untrue or incorrect in any respect, any of the representations, warranties or undertakings referred to the Placing Agreement or (ii) any breach of, or failure to perform, any of the other obligations of the Company which are required to be performed at or before completion of the Placing;

- (f) there not having occurred and come to the attention of the Placing Agent at any time prior to completion of the Placing (i) any suspension or limitation of trading in securities generally on the Stock Exchange, the London Stock Exchange or the New York Stock Exchange or the establishment of minimum prices on the Stock Exchange, the London Stock Exchange or the New York Stock Exchange or (ii) the declaration of a banking moratorium in Hong Kong, the United Kingdom or by Federal or New York State authorities in the United States or (iii) any change in local or international financial, political, military, economic or market (including stock market) conditions or currency exchange rates or exchange controls including, without limitation, any outbreak or escalation of hostilities, declaration by the United Kingdom or United States of a national emergency or war or other calamity or crisis or (iv) any adverse announcement, determination or ruling of any governmental or other regulatory body (including delay in approval of this announcement or any other relevant announcement by any relevant stock exchange), which (or the effect of which) would (in any case mentioned in (ii), (iii) or (iv) above), in the sole judgment of the Placing Agent, make it impracticable or inadvisable to proceed with the Placing; and
- (g) there not having occurred (i) any event, or series of events, beyond the reasonable control of the Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, terrorism and acts of God) or (ii) any material adverse change, or development (including, without limitation, the introduction of any new law or regulation or change in existing laws or regulations (or the judicial interpretation thereof) or any other similar event) (whether or not permanent) involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company or the Group as a whole, whether or not arising in the ordinary course of business, which, in the sole judgment of the Placing Agent, make it impracticable or inadvisable to proceed with the Placing.

In the event that the conditions of the Placing shall have not been fulfilled or waived by the Placing Agent within 39 days of the date of the Placing Agreement (or such other period as the Placing Agent may agree), the Placing Agreement and the obligations of the Placing Agent thereunder shall cease and terminate and no party shall be under any liability to any other for costs, damages, charges, compensations or otherwise under the Placing Agreement save for (i) in relation to obligations, agreements and liabilities arising prior to such termination; (ii) the Company shall remain liable for all costs and expenses already incurred or to be incurred in consequence of such termination; and (iii) indemnities granted by the Company shall remain in full force and effect.

### **Completion of the Placing**

Completion of the Placing will take place at 10:00 a.m. on the day which is two business days after the satisfaction of the conditions set out above (or such other time or date as the Company and the Placing Agent shall agree).

## **Moratorium**

The Company undertakes to the Placing Agent that (except for (a) the Placing Shares to be allotted and issued under the Placing Agreement and (b) the Shares to be allotted and issued under the First Placing and (c) any Shares or other securities or rights issued or granted to Shareholders by way of bonus or under any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company or the exercise of all existing and future employee share options granted by the Company from time to time and Shares issued under any employee share award scheme of the Company from time to time or on the exercise of any other rights existing at the date of the Placing Agreement and (d) further options granted under existing share schemes) from the date of the Placing Agreement and on and prior to the date being three months after the date of the Placing Agreement, it will not (without the prior written consent of the Placing Agent) (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

## **Application for listing**

Application will be made by the Company to the Listing Committee of GEM for the listing of, and permission to deal in, all the Placing Shares.

## **Reasons for the Placing**

The Group is principally engaged in (1) the provision of healthcare and dental services; (2) sale of healthcare and pharmaceutical products; and (3) investment in a number of companies in the healthcare industry.

The Board considers that the Placing represents an opportunity to raise capital for the Group while broadening its shareholder and capital base.

## **Use of proceeds**

The gross proceeds of the Placing will amount to approximately HK\$195.2 million. The net proceeds receivable by the Company, after deducting the placing commission and all costs, fees and expenses to be borne by the Company, are estimated to be approximately HK\$191 million. It is expected that the net proceeds will be applied towards the subscription for the convertible bonds to be issued by Hong Kong Health Check and Laboratory Holdings Company Limited upon exercise of the Option.

As the grant of the Option under the Option Agreement is subject to the fulfillment of several conditions, the Option Agreement may or may not be completed. As at the date of this announcement, the Option Agreement has not been completed yet. In the event that the Option Agreement would not be completed or the Option is not exercised by the Group, the Company will make further announcement(s) and the proceeds will be applied towards the general working capital of the Group.

The Directors consider that the Placing Agreement is entered into under normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

#### **FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS**

The following fund raising activity has been carried out by the Company in the twelve months immediately prior to the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
3 May 2007	First Placing	About HK\$102 million	Subscription for the convertible bonds to be issued by Hong Kong Health Check and Laboratory Holdings Company Limited upon exercise of the Option	Not applicable as the First Placing is yet to be completed.

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The changes in the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	Issued share capital as at the date of this announcement		Issued share capital immediately after completion of the First Placing but before completion of the Placing		Issued share capital immediately after completion of the First Placing the Placing	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		Percentage		Percentage		Percentage
Broad Idea International Limited ( <i>Note</i> )	2,615,027,451	51.56%	2,615,027,451	49.65%	2,615,027,451	46.81%
Public Shareholders						
Fair Investment Management Limited	–	–	–	–	51,200,000	0.92%
Invesco Hong Kong Limited	–	–	–	–	268,800,000	4.81%
ABN AMRO Bank N.V., London Branch	–	–	185,000,000	3.51%	185,000,000	3.31%
Atlantis Investment Management Limited	260,000,000	5.13%	270,000,000	5.13%	270,000,000	4.83%
Other public Shareholders	<u>2,196,954,457</u>	<u>43.31%</u>	<u>2,196,954,457</u>	<u>41.71%</u>	<u>2,196,954,457</u>	<u>39.32%</u>
Total	<u>5,071,981,908</u>	<u>100.00%</u>	<u>5,266,981,908</u>	<u>100.00%</u>	<u>5,586,981,908</u>	<u>100.00%</u>

*Note:*

Broad Idea International Limited is beneficially owned as to 50.1% by Dr. Cho Kwai Chee and as to 49.9% by Dr. Francis Choi Chee Ming *J.P.*

## SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares has been suspended on the Stock Exchange from 9:30 a.m. on 8 May 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 May 2007.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (not being Saturdays, Sunday or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to approve, among other matters, the grant of the specific mandate to the Directors for the issue of the Placing Shares
“First Placing”	the conditional placing of up to 195,000,000 new Shares at a placing price of HK\$0.5412 pursuant to the placing agreement entered into between the Company and the Placing Agent dated 2 May 2007, details of which are contained in the announcement of the Company dated 3 May 2007
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules
“Listing Committee”	the listing sub-committee appointed by GEM for considering applications for listing and the granting of listing

“Option”	the option granted to the Company under the Option Agreement
“Option Agreement”	the conditional option agreement dated 29 March 2007 entered into between Hong Kong Health Check and Laboratory Holdings Company Limited and Top Act Group Limited, a wholly-owned subsidiary of the Company for the grant of the Option, further details of which are contained in the joint announcement of the Company and Hong Kong Health Check and Laboratory Holdings Company Limited dated 11 April 2007, and the circular of the Company dated 2 May 2007
“Placees”	Fair Investment Management Limited and Invesco Hong Kong Limited, both of them are Independent Third Parties
“Placing”	the placing of the Placing Shares by or on behalf of the Placing Agent to the Placees pursuant to the Placing Agreement
“Placing Agent”	ABN AMRO Bank N.V., Hong Kong Branch, the placing agent under the Placing and an international bank offering a wide range of banking products and financial services on a global basis
“Placing Agreement”	the agreement dated 8 May 2007 and entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.61 per Placing Share
“Placing Shares”	up to an aggregate of 320,000,000 new Shares to be allotted and issued under the Placing
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Town Health International Holdings Company Limited**  
**Choi Ka Yee, Crystal**  
*Chairman*

Hong Kong, 8 May 2007

*As at the date of this announcement, the executive Directors are: Miss Choi Ka Yee, Crystal, Dr. Cho Kwai Chee, Mr. Cho Kwai Yee, Kevin and Dr. Fung Yiu Tong, Bennet; the non-executive Director is Dr. Francis Choi Chee Ming JP; and the independent non-executive Directors are Mr. Chan Kam Chiu, Mr. Wai Kwok Hung JP and Mr. Ho Kwok Wah, George.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Town Health International Holdings Company Limited. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at <http://www.townhealth.com>*