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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)

PROPOSAL FOR BONUS ISSUE OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposed the Bonus Issue to Qualifying Shareholders (other than Excepted Shareholders). The Bonus Issue is proposed to be made on the basis of two Bonus Shares for every existing Share held by the Qualifying Shareholders (other than Excepted Shareholders) whose names appear on the register of members of the Company on the Record Date. **The register of members of the Company will be closed from Monday, 23 July 2007 to Friday, 27 July 2007, both days inclusive, to ascertain the entitlement of the Shareholders under the Bonus Issue.**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Bonus Shares.

A circular, containing further details on the Bonus Issue and the Notice of EGM, will be despatched to the Shareholders as soon as possible.

The Board is also pleased to announce that the board lot size of the Shares for trading on GEM will be changed from 2,000 Shares to 10,000 Shares with effect from 13 August 2007.

Shareholders may submit their existing share certificates in board lots of 2,000 Shares to the Registrar in exchange for new share certificates in board lots of 10,000 Shares free of charge during business hours from Monday, 13 August 2007 to Monday, 10 September 2007 (both dates inclusive).

PROPOSED BONUS ISSUE

Reference is made to the Annual Result Announcement. The Board hereby announces that it has resolved to propose a Bonus Issue to the Shareholders in recognition of the continual support of the Shareholders.

The Bonus Issue are proposed to be made to the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date. The terms of the Bonus Issue are set out below.

Basis of Bonus Issue

Subject to the conditions as set out under the heading “Conditions of Bonus Issue” below, the Bonus Issue is proposed to be made on the basis of two Bonus Shares for every existing one Share held on the Record Date by the Qualifying Shareholders. The Bonus Shares will be issued and credited as fully paid at par. On the basis of 5,266,981,908 existing Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or purchase before the Record Date, 10,533,963,816 Bonus Shares will be issued under the Bonus Issue, representing approximately 200% of the issued share capital as at the date of this announcement and the Record Date.

Record Date and closure of register of members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Excepted Shareholders are further elaborated below under the heading “Overseas Shareholders”.

The register of members of the Company will be closed from Monday, 23 July 2007 to Friday, 27 July 2007, both dates inclusive, in order to determine the entitlement of the Shareholders under the Bonus Issue.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 20 July 2007.

Reasons for the proposed Bonus Issue

In recognition of the continual support of the Shareholders, the Board decided to propose the Bonus Issue. In addition to that, the Directors believe that the Bonus Issue will enhance the liquidity of the Shares in the market and thereby enlarging the Company’s shareholder and capital bases.

Overseas Shareholders

For the Overseas Shareholders, enquiry will be made by the Board pursuant Rule 17.41 of the GEM Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be granted to the Excepted Shareholders. In such circumstances, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Excepted Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excepted Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

Status of Bonus Shares

The Bonus Shares, upon issued, will rank pari passu with the Shares then existing in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares.

Conditions of Bonus Issue

The Bonus Issue is conditional upon:

- (i) the approval of the Bonus Issue by the Shareholders at the EGM of the Company to be held; and
- (ii) the Listing Committee of the Stock Exchange granting the listings of, and permission to deal in, the Bonus Shares.

The Directors confirm that none of the Shareholders will be required to abstain from voting at the EGM.

Application will be made to the Listing Committee of the Stock Exchange in respect of such listings of, and permission to deal in, the Bonus Shares. Apart from making listing application to the Listing Committee of the Stock Exchange, the Board does not propose to make application to any other stock exchanges for the listing of and permission to deal in, the Bonus Shares.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or before 9 August 2007 at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on 13 August 2007.

Expected timetable

2007

Last day of dealings in the Shares on a cum-Entitlement basis	Wednesday, 18 July 2007
Commencement of dealings in the Shares on an ex-Entitlement basis	Thursday, 19 July 2007
Latest time for lodging transfer of the Shares in order to be entitled to the Bonus Shares	4:00 p.m. on Friday, 20 July 2007
Register of members of the Company closes for the Bonus Issue	Monday, 23 July 2007 to Friday, 27 July 2007, (both dates inclusive)
Certificates for the Bonus Shares expected to be despatched	on or before Thursday, 9 August 2007
Commencement of dealing of Bonus Shares	9:30 p.m. on Monday, 13 August 2007

CHANGE IN BOARD LOT SIZE

In order to raise the board lot value, the Board is pleased to announce that the board lot size of the Shares for trading on GEM will be changed from 2,000 Shares to 10,000 Shares with effect from 13 August 2007.

Based on the closing price of HK\$0.67 on 26 July 2007, being the last trading day before the date of this announcement, the value of each board lot of 2,000 Shares amounts to HK\$1,340.

The change in board lot size will not affect the rights of the Shareholders. The Directors are of the opinion that such change is in the interest of the Company and the Shareholders as a whole.

The expected timetable for such change in board lot size is set out below.

Expected timetable

2007

Effective date of the change in board lot size from 2,000 Shares to 10,000 Shares	Monday, 13 August 2007
First day for free exchange of existing share certificates in board lots of 2,000 Shares for new share certificates in board lots of 10,000 Shares	Monday, 13 August 2007
First day of odd lot facility	Monday, 13 August 2007
Last day of odd lot facility	Monday, 3 September 2007
Last day for free exchange of existing share certificates in board lots of 2,000 Shares for new share certificates in board lots of 10,000 Shares	4:00 p.m. on Monday, 10 September 2007

Shareholders may submit their existing share certificates in board lots of 2,000 Shares to the Registrar in exchange for new share certificates in board lots of 10,000 Shares free of charge during business hours from Monday, 13 August 2007 to Monday, 10 September 2007 (both dates inclusive) at the following address:

Registrar: Tengis Limited

Address: 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Such exchange of share certificates thereafter will be accepted only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate in board lots of 10,000 Shares issued or each existing share certificate submitted, whichever number of share certificate involved is higher. New share certificates are expected to be available for collection from Registrar at the aforesaid address by the Shareholders within 10 business days after delivery of the existing share certificates to the Registrar for exchange purpose.

As from 13 August 2007, any new share certificates will be issued in board lots of 10,000 Shares. All existing share certificates in board lots of 2,000 Shares will continue to be evidence of title to such Shares and be valid for delivery, transfer and settlement purposes. New share certificates in board lots of 10,000 Shares will be issued in the blue colour to distinguish from the existing share certificates in the colour of purple.

ODD LOT ARRANGEMENTS

In order to facilitate the change in board lot size and trading of odd lots of Shares after the Bonus Issue, the Company will procure an agent to arrange for matching services regarding the sale and purchase of odd lots of Shares from Monday, 13 August 2007 to Monday, 3 September 2007 (both days inclusive). Shareholders should note that matching of the sale and purchase of odd lots of Shares is not guaranteed. Further details including contact information of the agent providing the odd lots matching services and its arrangement will be set out in the circular containing the notice of EGM.

GENERAL

The Group is principally engaged in the provision of management services for private medical and dental practices and integrated healthcare service for the general public in Hong Kong.

A circular, containing further details on the Bonus Issue and the Notice of EGM, will be despatched to the Shareholders as soon as possible.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Annual Result Announcement”	announcement of the Company dated 27 June 2007 in relation to its annual results for the year ended 31 March 2007
“Board”	the board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares on the basis of two bonus Shares for every one existing Share
“Bonus Shares”	the new Shares to be issued under the Bonus Issue
“business days”	any day on which the Stock Exchange is open for the transaction of business
“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”	the directors of the Company from time to time
“Entitlement”	entitlement to the Bonus Issue
“Excepted Shareholders”	those Overseas Shareholders, the Board, after making enquiries pursuant to Rule 17.41 of the GEM Listing Rules, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant body or stock exchange in that place not to extend the Bonus Issue to them
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“GEM”	the Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Overseas Shareholders”	holders of Shares whose addresses as shown on the register of members on the Record Date are outside Hong Kong
“Qualifying Shareholders”	holders of Shares not being Excepted Shareholders who are entitled to the Bonus Issue
“Record Date”	27 July 2007, being the record date for determination of entitlements to the Bonus Issue

“Registrar”	Tengis Limited, Hong Kong branch share registrar and transfer office of the Company at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 27 June 2007

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

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 the Company. 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 “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication.