
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Town Health International Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;**
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT; AND
(4) NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of the Company to be held at Shop 1A-1C, Level 1, Hilton Plaza Commercial Centre, 3-9 Shatin Centre Street, Shatin, New Territories, Hong Kong at 9:00 a.m. on Friday, 27 July 2007 is set out on pages 17 to 21 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the office of 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 as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for seven days from the date of its publication and on the website of Town Health International Holdings Company Limited at <http://www.townhealth.com>.

29 June 2007

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate, the re-election of Directors and the proposed Refreshment of Scheme Mandate Limit
“Articles of Association”	the articles of association of the Company, and “ Article ” shall mean an Article of the Articles of Association
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“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
“Eligible Participant(s)”	any full-time or part-time employees of the Company or its subsidiaries (including any executive, non-executive and independent non-executive directors of the Company or its subsidiaries) and any suppliers, consultants and distributors of the Group who, in the sole discretion of the Board, have contributed or may contribute to the Group, eligible for Options under the Share Option Scheme
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company at the date of the passing of such resolution
“Group”	the Company and all of its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 June 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Options”	the options granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme
“Refreshment of Scheme Mandate Limit”	the proposed refreshment of the Scheme Mandate Limit under the Share Option Scheme
“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to repurchase up to 10% of the issued share capital of the Company at the date of the passing of such resolution
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon the exercise of all Options which initially shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit by the Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to the written resolution of the Company on 24 April 2002
“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Miss Choi Ka Yee, Crystal

Dr. Cho Kwai Chee

Mr. Cho Kwai Yee, Kevin

Dr. Fung Yiu Tong, Bennet

Non-executive Director:

Dr. Francis Choi Chee Ming JP

Independent non-executive Directors:

Mr. Chan Kam Chiu

Mr. Wai Kwok Hung JP

Mr. Ho Kwok Wah, George

Registered office:

Ugland House

P.O. Box 309

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head office and principal place
of business in Hong Kong:*

Shop No. 37, Level 3

Hilton Plaza Commercial Centre

3-9 Shatin Centre Street

Shatin

New Territories

Hong Kong

29 June 2007

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE NEW SHARES
AND REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) PROPOSED REFRESHMENT OF SCHEME MANDATE LIMIT; AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the AGM to be held at Shop No. 1A-1C, Level 1, Hilton Plaza Commercial Centre, No. 3-9 Shatin Centre Street, Shatin, New Territories, Hong Kong on Friday, 27 July 2007 at 9:00 a.m., resolutions will be proposed, among other matters:

- (a) to re-elect the Directors;

LETTER FROM THE BOARD

- (b) to grant the General Mandate to the Directors;
- (c) to grant the Repurchase Mandate to the Directors;
- (d) to increase the number of Shares to be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate; and
- (e) to refresh the Scheme Mandate Limit.

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for the grant of the General Mandate and the Repurchase Mandate, the re-election of Directors, the Refreshment of Scheme Mandate Limit and to give you the notice of the AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable law of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

Under the GEM Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in Appendix I.

General Mandate

The Company has in issue an aggregate of 5,266,981,908 Shares as at the Latest Practicable Date. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot and issue up to a maximum of 1,053,396,381 Shares, representing 20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the General Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

LETTER FROM THE BOARD

The Directors have no immediate plans to issue any new Shares which may fall to be issued under the share option scheme or any scrip dividend scheme which may be approved by the Shareholders.

Repurchase Mandate

On pages 17 to 21 of this circular is the notice of the AGM. At the AGM, and as part of the special business of the AGM, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors.

RE-ELECTION OF DIRECTORS

According to Article 116, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company. A retiring Director shall be eligible for re-election.

In accordance with Article 116, Dr. Cho Kwai Chee, Mr. Cho Kwai Yee, Kevin and Mr. Chan Kam Chiu shall retire from office at the AGM and, being eligible, offer themselves for re-election.

At the AGM, an ordinary resolution will be proposed to re-elect each of Dr. Cho Kwai Chee and Mr. Cho Kwai Yee, Kevin as executive Director, and Mr. Chan Kam Chiu as independent non-executive Director.

Particulars relating to Dr. Cho Kwai Chee, Mr. Cho Kwai Yee, Kevin and Mr. Chan Kam Chiu are set out in Appendix III to this circular.

REFRESHMENT OF SCHEME MANDATE LIMIT

The Share Option Scheme was adopted by the Company pursuant to the written resolution of the Company on 24 April 2002. The Scheme Mandate Limit was set at 10% of the Shares in issue as at the date of adoption of the Share Option Scheme in compliance with the GEM Listing Rules. Subject to prior Shareholders' approval, the Company may, at any time thereafter, refresh the Scheme Mandate Limit to the extent not exceeding 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval.

There were no outstanding Options carrying rights to subscribe for shares.

As at the Latest Practicable Date, the Company has issued 5,266,981,908 Shares. Pursuant to the terms of the Share Option Scheme and in compliance with the GEM Listing Rules, the maximum number of Shares, which may be issued upon the exercise of all the Options to be granted under the Share Option Scheme under the Scheme Mandate Limit as refreshed should be 526,698,190 Shares (assuming no further issue of Shares).

LETTER FROM THE BOARD

It is proposed that subject to the Listing Committee granting the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of the Options granted under the refreshed Scheme Mandate Limit and the passing of the relevant resolution at the AGM by the Shareholders, the Scheme Mandate Limit be refreshed so that the total number of securities, which may be issued upon exercise of all Options to be granted under the Share Option Scheme under the refreshed Scheme Mandate Limit as refreshed, shall not exceed 10% of the Shares in issue as at the date of approval of the proposed Refreshment of Scheme Mandate Limit by the Shareholders at the AGM. Options previously granted under the Share Option Scheme (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Based on 5,266,981,908 Shares in issue as at the Latest Practicable Date and assuming no further issue or repurchase of Shares prior to the AGM, the refreshed Scheme Mandate Limit will be 526,698,190 Shares.

Pursuant to the GEM Listing Rules, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme at any time should not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

Conditions of the Refreshment of Scheme Mandate Limit

The proposed Refreshment of Scheme Mandate Limit is conditional upon:

1. the passing of the necessary ordinary resolution by the Shareholders at the AGM to approve the proposed Refreshment of Scheme Mandate Limit; and
2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options to be granted under the refreshed Scheme Mandate Limit.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options to be granted under the refreshed Scheme Mandate Limit.

Reasons for the Refreshment of Scheme Mandate Limit

The proposed Refreshment of Scheme Mandate Limit will enable the Company to grant further Options to Eligible Participants so as to provide opportunities and incentives to them to work towards enhancing the values of the Company and Shares for the benefit of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This document, 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: (i) the information contained in this document is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this document misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable

ACTION TO BE TAKEN

Whether or not you intend to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

RECOMMENDATION

The Directors believe that the proposed grant of the General Mandate and the Repurchase Mandate, the proposed re-election of Directors and the proposed Refreshment of Scheme Mandate Limit are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the above resolutions to be proposed at the AGM.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders as a whole.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 March 2007, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors believe that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for and/or as a means of payment by the Company.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
Town Health International Holdings Company Limited
Choi Ka Yee, Crystal
Chairman

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide the requisite information to you for your consideration of the Repurchase Mandate.

1. REPURCHASE OF SECURITIES FROM CONNECTED PARTIES

The GEM Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive, management shareholder or substantial shareholder of the Company or any of its subsidiaries or their respective associates and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,266,981,908 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 526,698,190 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum and articles of association of the Company for such purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 March 2007, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
June	0.3150	0.2700
July	0.3000	0.2650
August	0.3050	0.2100
September	0.2550	0.2150
October	0.2650	0.2220
November	0.2350	0.2000
December	0.2380	0.1980
2007		
January	0.2480	0.1980
February	0.3550	0.2470
March	0.8100	0.3200
April	0.8000	0.6200
May	1.0100	0.7700
June (up to the Latest Practicable Date)	0.8300	0.5300

6. DISCLOSURE OF INTERESTS AND MINIMUM PUBLIC HOLDING

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and applicable laws of the Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name	Number of Shares	Percentage holding
Dr. Cho Kwai Chee (<i>Note</i>)	2,615,027,451	49.65%
Dr. Francis Choi Chee Ming <i>JP</i> (<i>Note</i>)	2,615,027,451	49.65%
Broad Idea International Limited (<i>Note</i>)	2,615,027,451	49.65%

Note: These 2,615,027,451 Shares are owned by Broad Idea International Limited, the issued share capital of which is beneficially owned by Dr. Cho Kwai Chee and Dr. Francis Choi Chee Ming *JP*, both Directors, as to 50.1% and 49.9% respectively. Each of Dr. Cho Kwai Chee and Dr. Francis Choi Chee Ming are deemed to be interested in the 2,615,027,451 Shares under Part XV of the SFO.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name	Percentage holding
Dr. Cho Kwai Chee	55.17%
Dr. Francis Choi Chee Ming <i>JP</i>	55.17%
Broad Idea International Limited	55.17%

On the basis of the current shareholding of Dr. Cho Kwai Chee, Dr. Francis Choi Chee Ming, Broad Idea International Limited and parties acting in concert with them, an exercise of the Repurchase Mandate in full will result in them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise any of the Repurchase Mandate to such an extent that will result in a requirement of Dr. Cho Kwai Chee, Dr. Francis Choi Chee Ming, Broad Idea International Limited and parties acting in concert with them to make a mandatory offer under the Takeovers Code.

Accordingly, save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code as consequences of any purchase made under the Repurchase Mandate. In addition, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

7. SHARES REPURCHASE MADE BY THE COMPANY

Details of share repurchases made by the Company in the previous six months are as follows:

Date of repurchase	Number of Shares repurchased	Price per share	
		Highest HK\$	Lowest HK\$
4 January 2007	11,000,000	0.2100	0.2090
5 January 2007	15,000,000	0.2020	0.2020
8 January 2007	15,000,000	0.2020	0.2020
9 January 2007	19,920,000	0.2010	0.1990
10 January 2007	20,000,000	0.1990	0.1990
11 January 2007	20,000,000	0.2010	0.2000
12 January 2007	30,000,000	0.2000	0.1980
	<hr/>		
	Total:	<u>130,920,000</u>	

The procedures by which the Shareholders may demand a poll at general meeting of the Company are set out in this Appendix.

According to Article 80, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote or who represent in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (c) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (d) if required by the rules of the designated stock exchange, the chairman of the meeting and/or any director holding the proxies shall demand a poll, if such aggregate proxies held individually or collectively by (i) the chairman of the particular meeting, and/or (ii) the directors, account for five (5) per cent or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies.

Unless a poll is so demanded and not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The details of the Directors who will retire from office by rotation at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

Dr. Cho Kwai Chee

Dr. Cho Kwai Chee, aged 43, is the Chief Executive Officer of the Company and the founder of the Group. Dr. Cho graduated from the University of Hong Kong and holds the qualifications of MBBS (HK), FHKCFP, FRACGP, DCH (London), DCH (RCP&SI) and DCH (Glasgow).

He is also the Permanent President of Hong Kong Shatin Industries and Commerce Association Limited and the District President of Yau Tsim District of Scout Association of Hong Kong. Dr. Cho founded the Group in December 1989 and now is responsible for directing the Group's overall business and development strategies.

Dr. Cho is also the compliance officer of the Company and director of certain subsidiaries of the Group. He is also a medical practitioner of the Group delivering medical consultation services to the patients of the Group. Save as the above, Dr. Cho does not hold any other positions with the Company or other members of the Group. In the past three years, Dr. Cho does not hold any directorship in other public listed companies.

Dr. Cho is the brother of Mr. Cho Kwai Yee, Kevin, an executive Director.

Dr. Cho and Dr. Francis Choi Chee Ming *JP*, the non-executive Director, own 50.1% and 49.9% beneficial interests in Broad Idea International Limited respectively. Broad Idea International Limited is a controlling Shareholder which interested in 2,615,027,451 Shares (or approximately 49.65% shareholding in the Company). Dr. Cho is also a director of Broad Idea International Limited. Save as disclosed, Dr. Cho does not have any relationships with other Directors, senior management of the Company, management Shareholders, substantial Shareholders or controlling Shareholders, nor any interests in the Shares within the meaning of Part XV of the SFO.

Dr. Cho does not receive any director's fee. Dr. Cho has entered into a two years service agreement with the Company in the capacity as a medical practitioner delivering medical consultation services to the patients of the Group. Dr. Cho is entitled to a monthly basic salary of HK\$120,000. Dr. Cho is also entitled to a performance bonus which is determined with reference to the net profit in respect of the medical centres in where Dr. Cho is in-charge. The emoluments is determined by the Board with reference to his duties and responsibility.

There is no information relating to Dr. Cho that is required to be disclosed pursuant to Rules 17.50(2) (h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Cho Kwai Yee, Kevin

Mr. Cho Kwai Yee, Kevin, aged 45, graduated from Newcastle Upon Tyne University in UK with a bachelor degree in 1990. He also holds a Diploma in Management Studies from The Hong Kong Polytechnic University. He has been holding various senior executive positions in a number of corporations. Mr. Cho was appointed as an executive director of the Company on 24 July 2001. He is responsible for the overall development and operations of the healthcare services of the Group.

Mr. Cho is also the director of certain subsidiaries of the Group. Save as the above, Mr. Cho does not hold any other positions with the Company or other members of the Group.

Mr. Cho is an executive director of Hong Kong Health Check and Laboratory Holdings Company Limited, a company listed on the main board of the Stock Exchange. Save as the above, Mr. Cho does not hold any directorship in other public listed companies in the past three years.

Mr. Cho is the brother of Dr. Cho Kwai Chee, an executive Director. Mr. Cho is also a director of Broad Idea International Limited, the controlling shareholder of the Company. Save as disclosed above, Mr. Cho does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders, nor any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Cho has not entered into any service contract with the Company. He will have no fixed term of service with the Company. His appointment will be subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. Mr. Cho is entitled to a monthly director fee of HK\$38,000, which is determined by the Board with reference to his duties and responsibility.

There is no information relating to Mr. Cho that is required to be disclosed pursuant to Rules 17.50(2) (h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.

Mr. Chan Kam Chiu

Mr. Chan Kam Chiu, aged 54, is an independent non-executive director of the Company. Mr. Chan has engaged in the catering industry for almost 30 years. He has also involved in entertainment, property and investment project in the recent years. Mr. Chan is the President (founding chairman) of Hong Kong Shatin Industries & Commerce Association Limited and currently an executive member of the Committee of the Chinese People's Political Consultative Conference of Qingxin Country, Guangdong Province and member of the Committee of the Chinese People's Political Consultative Conference of Guangzhou Li Wan.

He is also an honorary president and director of Shatin Sports Association Limited since 1992 and the chairman of the Shatin District Junior Police Call since 1996. He was awarded the "Chief Executive's Commendation for Community Service" since July 2004. Mr. Chan was appointed as an independent non-executive Director and the chairman of the audit committee of the Company both on 30 July 2002.

Mr. Chan does not hold any other positions with the Company or other members of the Group. In the past three years, Mr. Chan does not hold any directorship in other public listed companies.

Mr. Chan has entered into a service agreement with the Company for a term of two years commencing on 28 July 2006 with an amount of emoluments of HK\$50,000 per annum, which is determined by the Board with reference to his duties and responsibility. Mr. Chan is not entitled to any bonus payments.

Mr. Chan does not have any relationship with any other Directors, senior management of the Company, substantial Shareholders or controlling Shareholders, nor any interests in the Shares within the meaning of Part XV of the SFO.

There is no information relating to Mr. Chan that is required to be disclosed pursuant to Rules 17.50(2) (h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Town Health International Holdings Company Limited (the “**Company**”) will be held at Shop 1A-1C, Level 1, Hilton Plaza Commercial Centre, 3-9 Shatin Centre Street, Shatin, New Territories, Hong Kong on 27 July 2007 at 9:00 a.m. to transact the following ordinary business:

1. to receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditors of Company for the year ended 31 March 2007;
2. to re-elect Directors and to authorise the board of Directors to fix the Directors’ remuneration;
3. to re-appoint auditors and to authorise the board of Directors to fix their remuneration; and
4. to consider, as special business and, if thought fit, pass the following resolutions as ordinary resolutions:
 - (a) subject to paragraph (c) below, pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as defined below) to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period (as defined below);
 - (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by

NOTICE OF THE AGM

the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution; and
- (bb) (provided that resolution no. 5 is passed) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised) of the Cayman Islands (the **“Companies Law”**) or any other applicable law of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this Resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard

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to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. “**THAT:**

- (a) the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined below) shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors of the Company by this resolution.”

6. “**THAT** subject to the ordinary resolutions nos. 4 and 5 above being duly passed, the unconditional general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to resolution no. 4 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of this resolution, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no. 5.”

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7. to consider, as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the granting by the Listing Committee of the Stock Exchange of Hong Kong Limited of, the listing of and permission to deal in, the Shares to be issued pursuant to the exercise of options granted under the refreshed scheme mandate limit (the “**Scheme Mandate Limit**”) under the share option scheme adopted by written resolution of the Company on 24 April 2002 in the manner as set out in paragraph (a) of this Resolution below,

- (a) the refreshment of the Scheme Mandate Limit of up to 10% of the Shares of the Company in issue as at the date of passing of this resolution be and is hereby approved; and
- (b) the Directors be and are hereby authorised do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangement.”

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

Hong Kong, 29 June 2007

Registered office:

Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

*Head office and principal place
of business in Hong Kong:*

Shop No. 37, Level 3
Hilton Plaza Commercial Centre
3-9 Shatin Centre Street
Shatin
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company’s branch registrar and transfer office in Hong Kong, Tengis Limited, at 26th, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.

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3. In relation to proposed resolution no. 2 above, Dr. Cho Kwai Chee, Mr. Cho Kwai Yee, Kevin and Mr. Chan Kam Chiu will retire from their offices of Directors at the above meeting pursuant to articles 116 of the articles of association of the Company and being eligible, will offer themselves for re-election at the annual general meeting.
4. In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares of the Company under the GEM Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
5. In relation to proposed resolution no. 5 above, the directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the GEM Listing Rules is set out in Appendix I to this circular.