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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF NU/HART HAIR CLINICS**

The Board announces that the Company wishes to expand its joint venture in relation to the Nu/Hart Hair Clinic in Hong Kong to other regions in the world and that on 24 September, 2007, Town Health BVI and Asiatop, its wholly-owned subsidiaries, have accordingly entered into a master acquisition agreement with the Vendors in relation to the acquisition by Asiatop of the entire shareholdings in a number of companies which operate, or the entire interest in, the nine existing Nu/Hart Hair Clinics located in Atlanta, Chicago, New York, Philadelphia and Pittsburgh in the USA and in Dubai, Manila, Puerto Rico and Hong Kong. Following completion of the Transaction, Asiatop will be owned as to 53% by Town Health BVI and as to 47% by the Original Vendors.

The total consideration for the Acquisition is US\$7,158,827 which will be satisfied by Asiatop issuing and allotting the Subsidiary Shares and paying a total of US\$3,793,523 in cash to the Vendors (comprising US\$806,794 to Town Health BVI, US\$2,371,070 to Kathy and US\$615,659 to Mac) upon completion of the Agreement.

The Transaction constitutes a discloseable and connected transaction of the Company under Chapters 19 and 20 of the GEM Listing Rules, which is subject to reporting and announcement requirements and the approval of the Independent Shareholders at the EGM.

A circular, containing, among other things, details of the Transaction, a notice of the EGM, a letter from the independent board committee of the Company giving its recommendation to the Independent Shareholders as to the fairness and reasonableness of the Transaction and a letter of advice from an independent financial adviser to the independent board committee of the Company in respect of the Transaction will be dispatched to the Shareholders as soon as possible.

## **AGREEMENT DATED 24 SEPTEMBER, 2007**

The Board announces that the Company wishes to expand its joint venture in relation to the Nu/Hart Hair Clinic in Hong Kong to other regions in the world and Town Health BVI and Asiatop, its wholly-owned subsidiaries, have accordingly entered into a master acquisition agreement with the Vendors in relation to the acquisition by Asiatop of the entire shareholdings in a number of companies which operate, or the entire interest in, the nine existing Nu/Hart Hair Clinics located in Atlanta, Chicago, New York, Philadelphia and Pittsburgh in the USA and in Dubai, Manila, Puerto Rico and Hong Kong.

### **Parties:**

#### *Purchaser*

Asiatop, a company incorporated in the British Virgin Islands with limited liability, is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity of Asiatop is investment holding. As at the date of this announcement, Asiatop does not have any operation or hold any asset. Upon completion of the Acquisition, Asiatop will cease to be wholly-owned by the Company and will only be a subsidiary owned as to approximately 53% by the Company.

#### *Vendors*

- (1) Kathy, an existing 17.5% shareholder of Nu/Hart HK and a connected person of the Company;
- (2) Mac, an existing 17.5% shareholder of Nu/Hart HK and a connected person of the Company;
- (3) Gary, an existing 14% shareholder of Nu/Hart HK and a connected person of the Company; and
- (4) Town Health BVI, a company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company.

### **Asset to be acquired**

Pursuant to the Agreement, Asiatop agreed to acquire and the Vendors (which includes Town Health BVI) agreed to sell the 100% interest held by Kathy and Mac in the Nu/Hart Hair Clinic in Dubai (“**Nu/Hart Dubai**”) and the 100% shareholdings or the entire interest held by the Vendors in the following companies (“**Target Companies**”), which operate the Nu/Hart Hair Clinics in Atlanta, New York, Chicago, Philadelphia and Pittsburgh in the USA and in Manila, Puerto Rico and Hong Kong, respectively:

- (1) Nu/Hart Hair Solutions, Inc., incorporated in the State of New York, USA (“**Nu/Hart New York**”)
- (2) Nu/Hart Advantages, Inc., incorporated in the State of Illinois, USA (“**Nu/Hart Illinois**”)
- (3) Nu Hart Advantages, Inc., incorporated in the State of Georgia, USA (“**Nu/Hart Georgia**”)

- (4) Nu Hart Hair Solutions, Inc., incorporated in the State of Pennsylvania, USA (“**Nu/Hart Pennsylvania**”)
- (5) Nu/Hart Hair Laboratories, Inc., incorporated in the State of Pennsylvania, USA (“**Nu/Hart Laboratories**”)
- (6) Nu/Hart Manila, Inc., incorporated in the State of Delaware, USA (“**Nu/Hart Manila**”)
- (7) Nu/Hart Clinic P.R., Inc., incorporated in Puerto Rico (“**Nu/Hart Puerto Rico**”)
- (8) Nu/Hart Hair Solutions Limited, incorporated in Hong Kong (“**Nu/Hart HK**”),

and all assets, clients, intellectual property rights and goodwill relating to the nine Nu/Hart Hair Clinics. Immediately prior to the completion of the Agreement, each of Nu/Hart New York, Nu/Hart Illinois, Nu/Hart Georgia, Nu/Hart Pennsylvania and Nu/Hart Laboratories is beneficially owned as to 100% by Kathy, Nu/Hart Manila is beneficially owned as to 50% by Kathy and as to 50% by Mac, Nu/Hart Puerto Rico is beneficially owned as to 72.2% by Kathy and 27.8% by Mac, Nu/Hart Dubai is beneficially owned as to 60% by Kathy and as to 40% by Mac and Nu/Hart HK is beneficially owned as to as to 51% by Town Healthy BVI, 17.5% by Kathy, 17.5% by Mac and 14% by Gary. As at 31 December, 2006, the unaudited consolidated total asset value of the nine Nu/Hart Hair Clinics was approximately US\$830,000 (approximately HK\$6,471,000) and the unaudited total asset value of Nu/Hart HK was approximately US\$435,000 (approximately HK\$3,396,000).

The Nu/Hart Hair Clinics are one of the world leaders in the field of micro-grafting and follicular unit extraction hair transplants and are instrumental in developing some of the highest standards in the field of hair transplantation and laser re-growth. The Nu/Hart Hair Clinics have been dedicated exclusively to hair transplantation since 1984 and have coordinated over 25,000 hair transplantation procedures on men and women from over 40 countries around the world since establishment. Subject to the Acquisition being completed, it is contemplated that Asiatop and its subsidiaries will also expand into men’s sexual health and related services.

The unaudited consolidated total asset value and net liability value of the nine Nu/Hart Hair Clinics as at 31 December, 2006 were approximately US\$830,000 (approximately HK\$6,471,000) and US\$523,000 (approximately HK\$4,080,000), respectively. As at 31 December, 2006, Nu/Hart HK had an unaudited net asset value of approximately US\$172,000 (approximately HK\$1,342,000). Based on the management accounts of the Target Companies and the Nu/Hart Dubai, the unaudited consolidated net profits before tax and net profits after tax of the nine Nu/Hart Hair Clinics for the year ended 31 December, 2006 were approximately US\$433,000 (approximately HK\$3,377,000) and US\$393,000 (approximately HK\$3,064,000), respectively, and the unaudited consolidated net losses before tax and net losses after tax of the nine Nu/Hart Hair Clinics for the year ended 31 December, 2005 were approximately US\$187,000 (approximately HK\$1,461,000) and US\$190,000 (approximately HK\$1,478,000), respectively. The unaudited net profits before tax and net profits after tax of Nu/Hart HK for the year ended 31 December,

2006 were approximately US\$260,000 (approximately HK\$2,030,000) and US\$221,000 (approximately HK\$1,725,000), respectively and the unaudited net losses before and after tax of Nu/Hart HK for the year ended 31 December, 2005 were approximately US\$62,000 (approximately HK\$484,000).

## **Consideration**

The total consideration for the Acquisition is US\$7,158,827. Upon completion of the Agreement, the Purchaser will satisfy the consideration for the Acquisition as follows:

- (1) US\$3,793,523 in cash which will be funded from the subscription monies to be received from Town Health BVI and paid as follows:
  - a. US\$2,371,070 to Kathy;
  - b. US\$615,659 to Mac; and
  - c. US\$806,794 to Town Health BVI; and
- (2) US\$3,365,304 by issuing and allotting 470 Subsidiary Shares to the Original Vendors as follows:
  - a. 372 Subsidiary Shares to Kathy;
  - b. 67 Subsidiary Shares to Mac; and
  - c. 31 Subsidiary Shares to Gary.

The consideration has been determined after arm's length negotiations having regard to the average result per annum of the existing nine Nu/Hart Hair Clinics over the three financial years ended 31 December, 2006 and the future earnings potential of the clinics.

Pursuant to the Agreement, Town Health BVI will subscribe for 530 Subsidiary Shares in Asiatop prior to completion of the Agreement for a total subscription price of US\$3,793,523 to fund the Acquisition.

The aggregate original purchase cost of Kathy, Mac and Gary for the establishment of the Target Companies and the Nu/Hart Dubai is approximately US\$50,000.

## **Profit Guarantee**

The Agreement contains a profit guarantee (the "**Profit Guarantee**") given by Kathy and Mac to Town Health BVI pursuant to which Kathy and Mac agreed that if Asiatop does not record an aggregate net profit after tax ("**NPAT**") of US\$5 million (the "**Guaranteed Cumulative Profit**") for the period commencing from 1 January, 2008 and ending on 31 December, 2012 ("**Guaranteed Period**"), Kathy and Mac would be required to compensate Town Health BVI or its nominee, based on their shareholding in Asiatop inter se, 53% of the difference between the Guaranteed Cumulative Profit and the actual cumulative net profit after

tax of Asiatop during the Guaranteed Period (“**Shortfall Profit**”) either, at their option, (i) by cash to Town Health BVI or its nominee, or (ii) by transfer to Town Health BVI or its nominee such number of shares in Asiatop equivalent to the percentage of his/her shareholding in Asiatop multiplied by the Shortfall Profit, and divided by the Future Valuation, which is calculated in accordance with the following formula:

$$\text{“Future Valuation”} = \text{Actual Average NPAT (per year)} \times 5.5$$

If the Actual Average NPAT is zero or negative, Kathy and Mac would need to pay for the Shortfall Profit by cash. If the actual cumulative NPAT of Asiatop during the Guaranteed Period is less than the Guaranteed Cumulative Profit, an announcement will be published by the Company pursuant to Rule 20.57 of the GEM Listing Rules which will include the opinion of the independent non-executive Directors in accordance with Rule 20.57(4)(a) and (b).

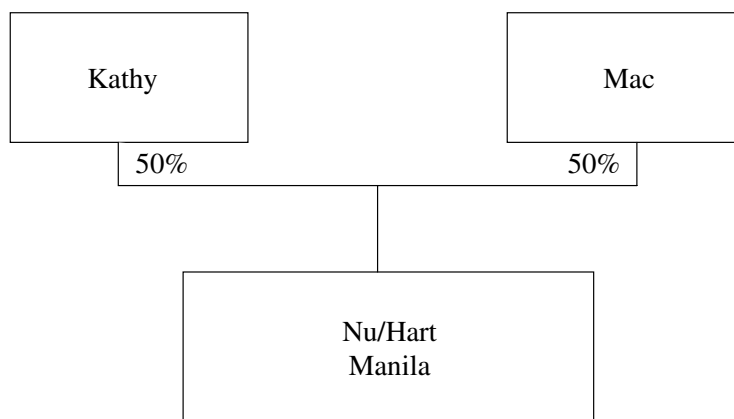
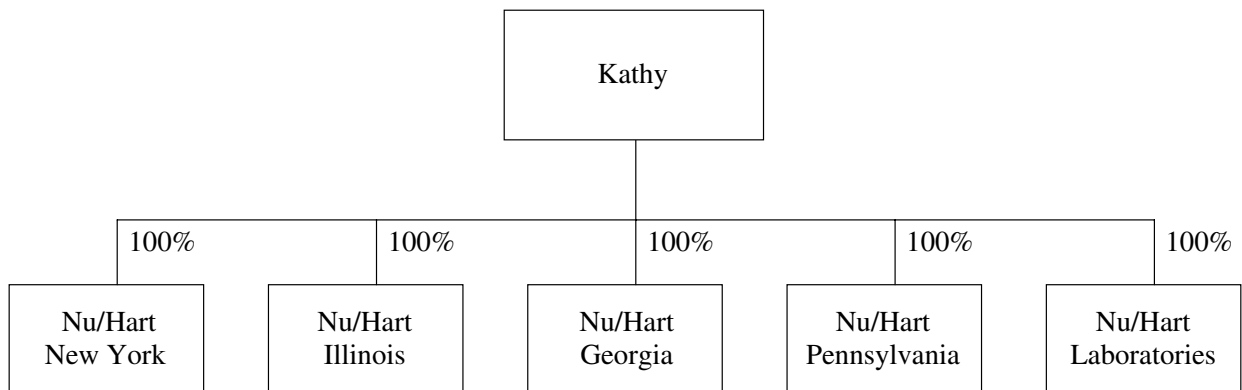
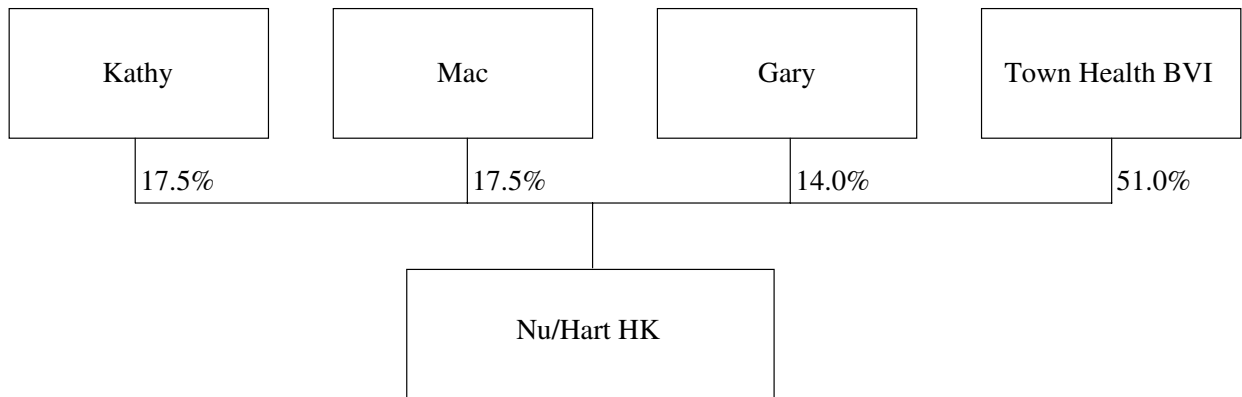
### **Completion and conditions precedent**

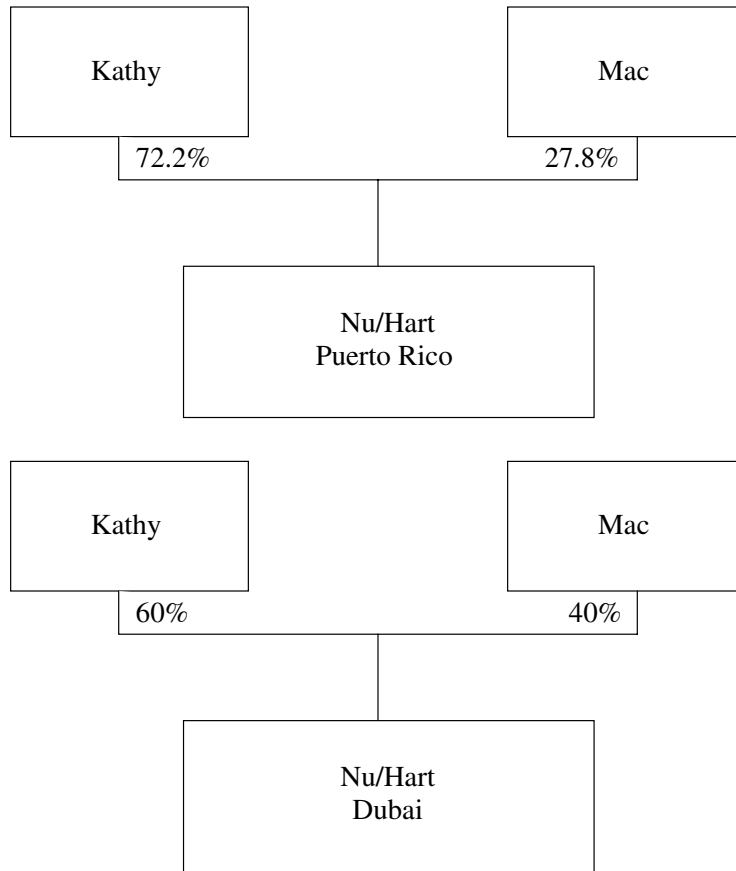
Completion of the Agreement is conditional upon, among other things, and shall take place on the fifth business day after the relevant conditions of the Agreement have been satisfied or waived by the relevant parties to the Agreement:

- the approval of the Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM;
- the completion of the transfer of the shareholding in Nu/Hart Puerto Rico from Dr. Boles to Kathy and the completion of the transfer of the shareholding in Nu/Hart Manila from Joseph Bistricher and Jeff Paccione to Kathy and/or Mac, so that the Original Vendors and in the case of Nu/Hart HK, and the Vendors, become the beneficial owners of the Nu/Hart Hair Clinics;
- Asiatop receiving legal opinions in respect of all the Target Companies (except for Nu/Hart HK) on terms satisfactory to Asiatop, terms of which must include, without limitation, the beneficial ownership of the Target Companies;
- Asiatop having completed its due diligence review on the Target Companies and the Nu/Hart Dubai and the results of such review being satisfactory to it;
- the execution of the other Transaction Agreements by the parties thereto;
- Asiatop having received a non-competition undertaking in an agreed form duly signed by each of the Original Vendors; and
- Asiatop receiving evidence satisfactory to it as to the manner of control and ownership of Nu/Hart Dubai and Nu/Hart Manila.

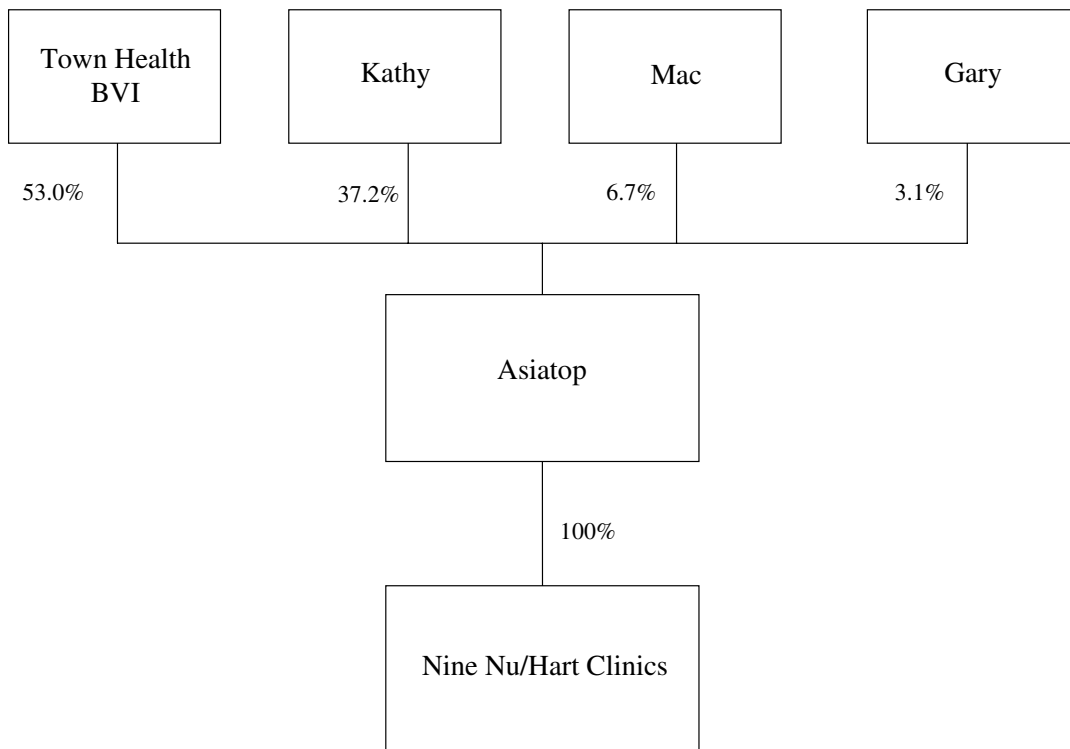
If the conditions of the Agreement are not fulfilled or waived (where applicable) on or before 90 days from the date of the Agreement, the parties to the Agreement shall be entitled to postpone the completion of the Agreement or terminate the Agreement.

Immediately upon completion, it is expected that Asiatop will hold all the interests in the nine Nu/Hart Hair Clinics and will be owned as to 53% by Town Health BVI, as to 37.2% by Kathy, as to 6.7% by Mac and as to 3.1% by Gary. The charts below set out the beneficial ownership structure of the nine Nu/Hart Hair Clinics immediately prior to the completion of the Agreement:





The chart below sets out the shareholding structure of Asiatop, which holds the entire interests in the nine Nu/Hart Hair Clinics, immediately after the completion of the Agreement:



The Agreement was entered into on normal commercial terms after arm's length negotiation. The Directors believe that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors also consider that the completion of the Acquisition will not bring any adverse effect on the Group.

## **LOAN**

Under the Agreement, the Company has agreed to enter into the Loan Agreement on completion of the Agreement, pursuant to which the Company will lend US\$1.5 million to Asiatop at the prime lending rate for Hong Kong dollars quoted by The Hongkong and Shanghai Banking Corporation Limited for the establishment and operation of men's sexual health centers. The term of the Loan will be from the date of drawdown to 31 December, 2012 and the Loan will be repaid at the end of the term in one bullet payment comprising the principal and accrued interest. During the term of the Loan, Asiatop shall not incur debt in excess of US\$250,000.

The Agreement further provides that Kathy, Mac and Gary will guarantee the repayment of the Loan and will charge their respective shareholdings in Asiatop in favour of the Company as security for the Loan.

## **SHAREHOLDERS' AGREEMENT**

Under the Agreement, the parties agreed to enter into the Shareholders' Agreement on completion of the Acquisition:

### **Parties**

Russell Investment Company, LLC, Elective Health Care, LLC, Martnell Limited, Kathy, Mac, Gary, Town Health BVI and Asiatop.

### **Board of Directors**

The Shareholders' Agreement provides that the board of Asiatop should consist of five members and Town Health BVI shall be entitled to nominate three members of the board. The initial board of Asiatop shall consist of the following persons/entities or their nominees:

- (1) Yau Chun Tak;
- (2) Gary;
- (3) Kathy;
- (4) Mac; and
- (5) Lee Chik Yuet.

### **Pre-emption Rights**

If a shareholder of Asiatop wishes to sell shares, the other shareholders will have a pro rata right of first refusal to buy those shares.



## **Change of control**

Russell Investment Company, LLC (an investment holding company owned as to 100% by Kathy), Elective Health Care, LLC (an investment holding company owned as to 100% by Mac), Martnell Limited (an investment holding company owned as to 100% by Gary), Kathy, Mac and Gary undertake to Town Health BVI that change in control of Russell Investment Company, LLC, Elective Health Care, LLC or Martnell Limited shall not occur without the prior written consent of Town Health BVI.

## **Unanimous approval**

The following matters require unanimous approval by members of the board of directors of Asiatop:

1. increase the number of members of the board;
2. engage in any transaction with an affiliate;
3. make any amendment to incorporation or registration documents or name, articles or by-laws;
4. wind up or dissolve Asiatop, or sell, lease or otherwise dispose of all or substantially all of the assets of Asiatop;
5. merge, acquire, sell or otherwise dispose of a simple majority of shares;
6. incur debt or expenses in excess of US \$250,000;
7. issue additional shares, grant any right convertible into shares;
8. raise working capital or borrow funds in excess of US\$250,000 in addition to the US\$1,500,000 pursuant to the Loan;
9. set up subsidiary or invest in any shareholdings or equity interest in any company; and
10. appointment of the chief executive officer (or equivalent post) of Asiatop.

## **Non-competition**

Each shareholder of Asiatop agrees not to be interested in, or otherwise participate in the management or operation of, any business which may directly or indirectly compete with the business of Asiatop in markets where Asiatop operates.

## **Termination**

The Shareholders' Agreement shall be terminated:

1. when Asiatop only has one shareholder; or
2. upon dissolution of Asiatop.

## **SHARE OPTION**

Under the Agreement, the parties also agreed to enter into the Share Option Agreement on completion of the Agreement whereby Kathy, Mac, Gary and Town Health BVI's nominee have the right (“**Options**”) to subscribe for such aggregate number of shares representing 15% of all the outstanding issued shares of Asiatop (without taking into account any shares to be issued pursuant to the Options). Options will be allocated equally between Kathy, Mac, Gary and a nominee to be designated by Town Health BVI at any time or changed from time to time. The subscription price will be at US\$1,073,831.55 (based on the consideration to be paid by the Vendors for the nine Nu/Hart Hair Clinics under the Agreement). The Options are only exercisable upon an exit transaction (such as a public offering of shares in Asiatop or sale of all or substantially all the assets of, or more than 50% of the entire issued share capital of Asiatop). The Options will vest at 0.75% per year of service under the Management Services Agreement completed by each of Kathy, Mac and Gary and at 0.75% per year for Town Health BVI's nominee commencing from the date of the Stock Option Agreement. In the event of an exit transaction, the vesting of the Options would accelerate to the full allocation of 3.75% for each of Kathy, Mac, Gary and Town Health BVI's nominee. If Kathy, Mac, Gary or the Town Health BVI's nominee voluntarily or involuntarily terminates his/her/its involvement with Asiatop, as outlined in the Management Services Agreement, then such person shall only be entitled to retain their vested portion of the Options as at the termination date. Town Health BVI has a right to purchase from each of Kathy, Mac and Gary up to 50% of the Options held by them at a 20% discount to (i) the valuation for the shares in Asiatop used in the exit transaction or (ii) the valuation at 5.5 times the net profit after tax based on the latest audited consolidated financial statements of Asiatop, whichever is higher (the “Valuation”), and the remaining 50% of the Options held by Kathy, Mac and Gary at the Valuation. Based on the applicable percentage ratios, the Options if exercised by Kathy, Mac and Gary would constitute a disclosable transaction under the GEM Listing Rules. An announcement will be made in accordance with the GEM Listing Rules on the exercise of such Options by Kathy, Mac or Gary. The Company will comply with the applicable provisions of the GEM Listing Rules relating to the exercise of such right of purchase by Town Health BVI, if required.

## **MANAGEMENT SERVICES AGREEMENT**

Under the Agreement, the parties also agreed to enter into the Management Services Agreement for a term of three years on completion under the Agreement, which will set out the management members' (Kathy, Mac, Gary and nominee of Town Health BVI) responsibilities and remuneration.

Under the terms of the Management Services Agreement, Kathy is entitled to receive a fee of US\$175,000 per annum and required to work full time. Each of Mac and Gary is entitled to receive a fee of US\$150,000 per annum and required to work at least 50% of the hours equivalent to full time. The responsibilities of the management include, among others:

1. market analysis, centre development, planning;
2. financial oversight of Asiatop, including establishment of financial controls and cash management procedures, preparation of budget, financial forecasting and tax returns and submission of financial reports (including profit and loss statement, balance sheet and statement of cash flows) to Asiatop on a monthly basis;
3. oversee medical office infrastructure, including design of clinic, surgical suite layout, leasehold improvements;
4. purchase of all office and medical supplies necessary for daily operations;
5. procurement and maintenance of all equipment;
6. recruitment of staff and physicians.

The Management Services Agreement may be terminated by Asiatop:

1. if a member of the management commits fraud or theft and such member is not removed from the management within 30 days of such fraud or theft;
2. upon death or permanent disability of two-thirds or more of the members of the management; or
3. if three quarters of the board of Asiatop vote in favour of such termination.

The management may terminate the Management Services Agreement by 90 day written notice with written consent of at least two-thirds of the members of the management. No compensation is required to be paid if the Management Services Agreement is terminated during the three years term.

## **CONNECTED RELATIONSHIP**

The Company currently holds, through Town Health BVI, a 51% shareholding in Nu/Hart HK, which operates the Nu/Hart Hair Clinic in Hong Kong. Kathy, Mac and Gary serve as directors of Nu/Hart HK and therefore, are connected persons of the Company pursuant to Rule 20.11(1) of the GEM Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company and is subject to reporting, announcement requirements and the Independent Shareholders' approval at the EGM. Accordingly, Kathy, Mac and Gary and their respective associates will abstain from voting at the EGM.

Upon completion under the Agreement, it is expected that Asiatop will be owned as to 53% by Town Health BVI, as to 37.2% by Kathy, as to 6.7% by Mac and as to 3.1% by Gary and will be a non-wholly owned subsidiary of the Company. None of the Original Vendors holds any shares in the Company.

## **REASONS FOR AND BENEFIT OF THE TRANSACTION**

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.

The Nu/Hart Hair Clinics are one of world leaders in the field of micro-grafting and follicular unit extraction hair transplants.

The Directors are of the view that the Transaction will enable the Company to acquire “Nu/Hart”, a well established brand name for hair transplant procedures in the USA and other parts of the world. The Directors believe that the Nu/Hart Hair Clinics constitute a good platform to develop the hair transplant business internationally, and to explore into men’s sexual health and related services in the future.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice of an independent financial adviser) consider that the Transaction was entered into in the ordinary and usual course of business of the Company and that the terms of the Transaction are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **GENERAL**

A circular containing information relating to the Transaction, a letter setting out the advice of the independent financial adviser to the independent board committee and the Independent Shareholders with respect to the Transaction together with a notice convening the EGM to approve the Transaction, will be dispatched to Shareholders as soon as possible.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the nine Nu/Hart Hair Clinics by Asiatop pursuant to the Agreement
“Agreement”	a master acquisition agreement entered into between Asiatop and the Vendors, who are the existing ultimate beneficial owners of the entire equity interests in the companies which operate the eight existing Nu/Hart Hair Clinics in Atlanta, Chicago, New York, Philadelphia and Pittsburgh in the USA and in Manila, and Puerto Rico and Hong Kong and the Nu/Hart Hair Clinic in Dubai

“Asiatop”	Asiatop Group Limited, a limited liability company incorporated in the British Virgin Islands, to be renamed as “Nu/Hart Medical International Limited”
“Board”	the board of Directors
“Company”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and its shares are listed on GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held to approve the Acquisition under the Agreement
“Gary”	Chow Kai Wah Gary
“Group”	the Company and its subsidiaries
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	the Shareholders who are independent of and not connected with the Vendors
“Kathy”	Kathleen Smith Russell
“Loan”	the US\$1.5 million to be lent by the Company to Asiatop
“Loan Agreement”	the loan agreement to be entered into by Asiatop and the Company in respect of the Loan upon completion under the Agreement
“Mac”	Mac Mushtaq G Fadra

“Management Services Agreement”	a management services agreement to be entered into by the Original Vendors, a nominee of Town Health BVI and Asiatop upon completion under the Agreement
“Original Vendors”	Kathy, Mac and Gary
“Shareholders”	the shareholders of the Company
“Shareholders’ Agreement”	a shareholders’ agreement to be entered into by the Vendors and Asiatop upon completion under the Agreement
“Share Charge”	a share charge to be given by Kathy, Mac and Gary in favour of the Company as security for the Loan
“Share Option Agreement	a share option agreement to be entered into by the Original Vendors, a nominee of Town Health BVI and Asiatop upon completion under the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Shares”	a total of 470 shares of US\$1.00 each in the share capital of Asiatop
“Transaction”	collectively, the Acquisition under the Agreement and the related transactions contemplated in connection therewith, including the Shareholders’ Agreement, the Share Option Agreement, the Loan Agreement, the Share Charge and the Management Services Agreement
“Transaction Agreements”	the Agreement, the Shareholders’ Agreement, the Share Option Agreement, the Loan Agreement, the Share Charge, Management Services Agreement and any other related agreements
“Town Health BVI”	Town Health (BVI) Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, a direct wholly-owned subsidiary of the Company
“US\$”	United States dollars, the lawful currency of USA
“USA”	the United States of America
“Vendors”	Kathy, Mac, Gary and Town Health BVI
“%”	per cent

Made by the order of the Board, the Directors of which collectively and individually accept responsibility for the accuracy of this announcement.

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

Hong Kong, 9 October 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 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 document misleading; and*
- 3. 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.*

*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 posting and on the website of Town Health International Holdings Company Limited at <http://www.townhealth.com>.*