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**HONG KONG HEALTH
CHECK AND LABORATORY
HOLDINGS COMPANY LIMITED**
香港體檢及醫學診斷控股有限公司*
(Incorporated in Bermuda
with limited liability)
(Stock Code: 397)

**(I) Discloseable and connected
transaction relating to advance of
shareholders' loan to a joint venture
and**

**(II) Discloseable and connected
transaction relating to provision
of financial assistance to
a subsidiary of Town Health**



**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 transaction
relating to advance of
shareholders' loan to
a joint venture**



**CORE HEALTHCARE
INVESTMENT
HOLDINGS LIMITED**
確思醫藥投資控股有限公司*
(Incorporated in the Cayman
Islands with limited liability)
(Stock Code: 8250)

**(I) Placing of new shares
(II) Issue of convertible bonds
and Whitewash Waiver
(III) Possible issue of new shares
under the Referral Agreement
(IV) Increase in authorised
share capital
and
(V) Resumption of trading**

Financial Adviser



CIMB-GK Securities (HK) Limited

**Independent Financial Adviser to
Core Healthcare Investment Holdings Limited**



TAIFOOK CAPITAL LIMITED

PLACING OF NEW SHARES

On 6 November 2007, Core Healthcare and the Placee entered into the Placing Agreement pursuant to which Core Healthcare has conditionally agreed to issue and the Placee has conditionally agreed to subscribe for the Placing Shares (being 30,000,000 new Core Healthcare Shares) at the Placing Price of HK\$0.17 per Placing Share.

* For identification purpose only

The Placing Shares represent approximately 4.3% of the existing issued share capital of Core Healthcare and approximately 4.1% of the issued share capital of Core Healthcare as enlarged by the issue of the Placing Shares.

The net proceeds from the Placing are estimated to be approximately HK\$4 million. The Core Healthcare Directors intend to use the net proceeds for the Core Healthcare Group's acquisition of the Class 1 New Drugs in the PRC and/or investment in PRC Drugs Distribution Network.

The Placing is conditional upon (i) the passing of a resolution by the Core Healthcare Shareholders to approve the Placing Agreement and the issue of the Placing Shares thereunder at the Core Healthcare EGM; (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (iii) the passing of a resolution by the Core Healthcare Shareholders to approve an increase in the authorized share capital of Core Healthcare at the Core Healthcare EGM.

THE JV AGREEMENT

On 6 November 2007, Classictime Investments, a wholly owned subsidiary of HK Health Check, and Spring Biotech, a wholly owned subsidiary of Town Health, entered into the JV Agreement in respect of Precious Success, a joint venture company owned as to 50% by HK Health Check and as to 50% by Town Health.

The JV Loan

Pursuant to the JV Agreement, for the sole purpose of financing the commitment of Precious Success under the CB Subscription, Classictime Investments and Spring Biotech will contribute, in proportion to their respective interest in Precious Success, an aggregate amount of HK\$150 million in the form of shareholders' loan to Precious Success. Accordingly, Town Health and HK Health Check will each contribute HK\$75 million to Precious Success.

The advance of the JV Loan is subject to, among other matters, the HK Health Check Loan Agreement being approved by the HK Health Check Independent Shareholders at the HK Health Check SGM and the HK Health Check Loan being made available by Classictime Investments to Spring Biotech and the CB Subscription Agreement becoming unconditional pursuant to its terms.

The HK Health Check Loan Agreement

Pursuant to the terms of the JV Agreement, Spring Biotech and Classictime Investments will, upon the JV Loan become unconditional, enter into the HK Health Check Loan Agreement pursuant to which Classictime Investments will provide the HK Health Check Loan to Spring Biotech solely to finance Spring Biotech's contribution towards the JV Loan to be advanced to Precious Success pursuant to the JV Agreement.

Pursuant to the HK Health Check Loan Agreement, Classictime Investments has an option to purchase up to Spring Biotech's 50% interest in Precious Success within two years from the date of the HK Health Check Loan Agreement, at a consideration calculated based on the product of (i) up to 50% of the aggregate number of Conversion Shares issuable upon the full exercise of the Convertible Bonds,

and (ii) 50% of the five-day average closing price of the Core Healthcare Shares immediately before the exercise of the Call Option, subject to a floor price of HK\$0.25 per Core Healthcare Share. The extent to which ClassicTime Investments may require Spring Biotech to sell its interest in Precious Success upon each exercise of the Option shall be limited to comply with the caps determined in accordance with the formulae set out in the HK Health Check Loan Agreement. Further announcement will be made by HK Health Check upon exercise of the Option in compliance with the Listing Rules.

The advance of the HK Health Check Loan is subject to, among other matters, the Independent HK Health Check Shareholders approving the HK Health Check Loan Agreement at the HK Health Check SGM and the CB Subscription Agreement becoming unconditional pursuant to its terms.

THE CB SUBSCRIPTION AGREEMENT AND WHITEWASH WAIVER

On 6 November 2007, Precious Success and Core Healthcare entered into the CB Subscription Agreement pursuant to which Precious Success has conditionally agreed to subscribe for, and Core Healthcare has conditionally agreed to issue, the Convertible Bonds with an aggregate principal amount of HK\$150 million which can be exercised and converted into 789,473,684 Conversion Shares at an initial conversion price (subject to adjustment) of HK\$0.19 per Conversion Share.

The net proceeds from the CB Subscription will be approximately HK\$148 million and are intended to be used for the Core Healthcare Group's acquisition of the Class 1 New Drugs in the PRC and/or investment in PRC Drugs Distribution Network.

As at the date of this joint announcement, Town Health, HK Health Check, Precious Success and parties acting in concert with them own approximately 4.7% in aggregate of the existing issued share capital of Core Healthcare. Upon full conversion of the Convertible Bonds but before taking into account the issue of the Placing Shares and the Consideration Shares, Town Health, HK Health Check, Precious Success and parties acting in concert with them will, in aggregate, hold approximately 55.1% of the issued share capital of Core Healthcare as enlarged by the full conversion of the Convertible Bonds. Accordingly, upon full conversion of the Convertible Bonds, Town Health, HK Health Check, Precious Success and parties acting in concert with them will be obliged to make an unconditional mandatory general offer for all the issued shares of Core Healthcare not already owned or agreed to be acquired by Town Health, HK Health Check, Precious Success and parties acting in concert with them under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive. Town Health, HK Health Check and Precious Success will apply to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval by the Independent Core Healthcare Shareholders by way of poll at the Core Healthcare EGM. **If the Whitewash Waiver is not granted or if the approval of the Independent Core Healthcare Shareholders is not obtained, the CB Subscription Agreement will lapse and the CB Subscription will not proceed.**

Completion of the CB Subscription Agreement is subject to, among other matters, (i) the Independent Core Healthcare Shareholders approving the CB Subscription Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds and the issue of Conversion Shares upon the exercise of any Convertible Bonds) and the Whitewash Waiver at the Core Healthcare EGM; (ii) the passing of a resolution by the Core Healthcare Shareholders to increase the authorized share capital of Core Healthcare; and (iii) the listing of, and permission to deal in, all the Conversion Shares being granted by the GEM Listing Committee of the Stock Exchange.

This joint announcement is made by Town Health, HK Health Check and Precious Success pursuant to the requirements under the Takeovers Code.

THE REFERRAL AGREEMENT

On 6 November 2007, Core Healthcare entered into the Referral Agreement with the Referral Agent, pursuant to which the Referral Agent has agreed to identify (i) potential Class 1 New Drugs acquisition targets in the PRC for Core Healthcare; and (ii) potential PRC Drugs Distribution Network acquisition targets for Core Healthcare. As at the date of this joint announcement, the Referral Agent does not have any shareholding interest in Core Healthcare.

In consideration of the referral services to be provided by the Referral Agent, Core Healthcare has agreed to pay (i) a fee equal to HK\$34,000,000, which shall be satisfied by way of the issue and allotment of 200,000,000 Consideration Shares, representing approximately 28.4% of the existing issue share capital of Core Healthcare and 19.9% of the share capital of Core Healthcare as enlarged by the issue of Consideration Shares, to the Referral Agent which shall be issued and credited as fully paid up at HK\$0.17 per Consideration Share, upon completion of the acquisition by the Core Healthcare Group of any Class 1 New Drug which shall have been identified by the Referral Agent; and (ii) a fee equal to HK\$17,000,000, which shall be satisfied by way of the issue and allotment of 100,000,000 Consideration Shares, representing approximately 14.2% of the existing issue share capital of Core Healthcare and 10.0% of the share capital of Core Healthcare as enlarged by the issue of Consideration Shares, to the Referral Agent which shall be issued and credited as fully paid up at HK\$0.17 per Consideration Share, upon completion of the acquisition by the Core Healthcare Group of any PRC Drugs Distribution Network which shall have been identified by the Referral Agent. The Referral Agent has in the Referral Agreement undertaken not to dispose of or otherwise deal with any of the Consideration Shares within a period of six months from the date of their issue and allotment.

Completion of the Referral Agreement is subject to (i) the Core Healthcare Shareholders approving the Referral Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares) at the Core Healthcare EGM; (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares; (iii) completion of the CB Subscription, and (iv) the Core Healthcare Shareholders approving an increase in the authorized share capital of Core Healthcare at the Core Healthcare EGM.

THE SERVICE AGREEMENTS

On 6 November 2007, Core Healthcare entered into the Town Health Service Agreement and HK Health Check Service Agreement with Town Health and HK Health Check, respectively.

Pursuant to the Town Health Service Agreement, for the purpose of assisting Core Healthcare in its assessment of the feasibility of the acquisition of any Class 1 New Drug which the Referral Agent has identified as a potential acquisition target, Town Health shall, upon the CB Subscription Agreement being unconditional pursuant to its terms, provide interpretation of and other consultancy services in relation to the results of the clinical tests and trials and imaging diagnosis performed on such Class 1 New Drug within such time as agreed by the parties, participate in consultation sessions with patients engaged in clinical studies, and any other services as reasonably requested by Core Healthcare in relation to such Class 1 New Drug.

Pursuant to the HK Health Check Service Agreement, for the purpose of assisting Core Healthcare in its assessment of the feasibility of the acquisition of any Class 1 New Drug which the Referral Agent has identified as a potential acquisition target, HK Health Check shall, upon the CB Subscription Agreement being unconditional pursuant to its terms, provide consultancy services in relation to the design and implementation of medical testing procedures and imaging services to be adopted for testing the effectiveness of any such Class 1 New Drug within such time as agreed by the parties, conduct such clinical tests which are necessary to verify the accuracy of such Class 1 New Drugs, and any other services as reasonably requested by Core Healthcare in relation to such Class 1 Drug. The Service Agreements are conditional upon completion of the CB Subscription Agreement.

Each of Town Health and HK Health Check will provide the aforesaid services to Core Healthcare for no consideration.

Completion of the JV Agreement (in so far as it relates to the advance of the JV Loan and the HK Health Check Loan), the Referral Agreement, and the Service Agreements is conditional upon, among other things, the completion of the CB Subscription Agreement pursuant to its terms.

Completion of the CB Subscription Agreement is inter-conditional on the completion of the JV Agreement (in so far as it relates to the advance of the JV Loan and the HK Health Check Loan).

Completion of the Placing Agreement is not conditional on the completion of any of the agreements mentioned above.

INCREASE IN AUTHORIZED SHARE CAPITAL

Core Healthcare proposes to seek the approval from the Core Healthcare Shareholders at the Core Healthcare EGM of an increase of its authorized share capital from HK\$10,000,000 to HK\$50,000,000 by the addition thereto of 4,000,000,000 new shares of Core Healthcare of HK\$0.01 each.

TAKEOVERS CODE AND LISTING RULES IMPLICATIONS FOR CORE HEALTHCARE

Upon full conversion of the Convertible Bonds, but before taking into account the issue of the Placing Shares and the Consideration Shares, Town Health, HK Health Check, Precious Success and parties acting in concert with them will, in aggregate, hold approximately 55.1% of the issued share capital of Core Healthcare as enlarged by the full conversion of the Convertible Bonds. Accordingly, upon full conversion of the Convertible Bonds, Town Health, HK Health Check, Precious Success and parties acting in concert with them will be obliged to make an unconditional mandatory general offer for all the issued shares of Core Healthcare not already owned or agreed to be acquired by Town Health, HK Health Check, Precious Success and parties acting in concert with them under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive. Town Health, HK Health Check and Precious Success will apply to the Executive for the Whitewash Waiver.

The Whitewash Waiver, if granted, will be subject to the approval of the Independent Core Healthcare Shareholders by way of poll at the Core Healthcare EGM. An independent board committee comprising the non-executive Core Healthcare Director and the independent non-executive Core Healthcare Directors has been formed to advise the Independent Core Healthcare Shareholders on the Whitewash

Waiver. With the approval of the independent board committee of Core Healthcare, Taifook Capital Limited has been appointed by Core Healthcare as the independent financial adviser to advise the independent board committee and the Independent Core Healthcare Shareholders. Town Health, HK Health Check, Precious Success, and party acting in concert with any of them in regard to Core Healthcare, and any parties involved in or interested in the Whitewash Waiver will abstain from voting at the Core Healthcare EGM in respect of the resolution to approve the Whitewash Waiver.

The issue of the Conversion Shares is conditional upon, among other things, the passing of the relevant resolutions in respect of the CB Subscription Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds and the issue of the Conversion Shares upon the exercise of any Convertible Bonds), and the Whitewash Waiver by the Independent Core Healthcare Shareholders at the Core Healthcare EGM.

The issue of the Placing Shares and the Consideration Shares are conditional upon, among other things, the passing of the relevant resolutions by the Core Healthcare Shareholders at the Core Healthcare EGM.

A circular containing details of, among other things, details of the Placing Agreement, the CB Subscription Agreement, the Whitewash Waiver, the Referral Agreement, the advice and recommendation from the independent board committee and the letter from the independent financial adviser, together with a notice of the Core Healthcare EGM, will be dispatched to the Core Healthcare Shareholders as soon as practicable.

LISTING RULES IMPLICATIONS FOR TOWN HEALTH

The JV Loan constitutes a discloseable transaction of Town Health under the GEM Listing Rules.

A circular containing details of, among other things, details of the JV Agreement will be dispatched to the Town Health Shareholders as soon as practicable.

LISTING RULES IMPLICATIONS FOR HK HEALTH CHECK

The JV Loan and the HK Health Check Loan Agreement constitute discloseable and connected transactions of HK Health Check under the Listing Rules and are subject to the approval of the Independent HK Health Check Shareholders at the HK Health Check SGM.

A circular containing details of, among other things, details of the JV Agreement, the HK Health Check Loan Agreement, the advice and recommendation from the independent board committee and the letter of advice from the independent financial adviser, together with a notice of the HK Health Check SGM, will be dispatched to the HK Health Check Shareholders as soon as practicable.

GENERAL

Application will be made by Core Healthcare to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares, the Conversion Shares and the Consideration Shares.

As each of the Placing and the CB Subscription is subject to a number of conditions precedent, it may or may not be completed. Core Healthcare Shareholders and potential investors in Core Healthcare are advised to exercise caution when dealing in Core Healthcare Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of Core Healthcare, trading in Core Healthcare Shares on the Stock Exchange has been suspended from 9:30 a.m. on 6 November 2007 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in Core Healthcare Shares on the Stock Exchange from 9:30 a.m. on 16 November 2007.

THE PLACING AGREEMENT

Date

6 November 2007

Issuer

Core Healthcare

Placee

Atlantis Investment Management Limited, a company incorporated in England with limited liability, and is beneficially owned by Atlantis International Umbrella fund. Atlantis International Umbrella fund is an open-ended umbrella unit trust listed in the stock exchange of Dublin. To the best knowledge of the Core Healthcare Directors after making all reasonable enquiries, the Placee and its ultimate beneficial owners are third parties independent of and not connected with Core Healthcare and its connected persons and are not acting in concert with nor presumed to be acting in concert with Town Health, HK Health Check, Precious Success and parties acting in concert with any of them. As at the date of this joint announcement, the Placee is interested in 840,000,000 Town Health Shares, representing approximately 5.0% of the issued share capital of Town Health, 335,000,000 HK Health Check Shares, representing approximately 7.3% of the issued share capital of HK Health Check, and it does not have any shareholding interest in Core Healthcare.

Placing

Pursuant to the Placing Agreement, Core Healthcare has conditionally agreed to issue and the Placee has conditionally agreed to subscribe for the Placing Shares (being 30,000,000 new Core Healthcare Shares) at the Placing Price of HK\$0.17 per Placing Share.

The Placing Shares represents approximately 4.3% of the existing issued share capital of Core Healthcare and approximately 4.1% of the issued share capital of Core Healthcare as enlarged by the issue of the Placing Shares.

The net proceeds from the Placing are estimated to be approximately HK\$4 million. The Core Healthcare Directors intend to use the net proceeds for the Core Healthcare Group's acquisition of the Class 1 New Drugs in the PRC and/or investment in PRC Drugs Distribution Network.

The Placing Price of HK\$0.17 per Core Healthcare Share is determined with reference to the issue price of HK\$0.17 per Core Healthcare Share of the Previous Placing, and represents (i) a discount of approximately 70.7% to the closing price of HK\$0.58 on the Last Trading Day; (ii) a discount of approximately 71.0% to the average closing price of HK\$0.586 in the last 5 trading days prior to the Last Trading Day; (iii) a discount of approximately 69.9% to the average closing price of HK\$0.564 in the last 10 trading days prior to the Last Trading Day; and (iv) a premium of approximately 30.8% to the net asset value per Core Healthcare Share (as at 30 June 2007, after taking into account the subsequent fund raising activities of Core Healthcare up to the date of this joint announcement) of approximately HK\$0.13 per Core Healthcare Share. Taking into consideration the issue price of HK\$0.17 per Core Healthcare Share of the Previous Placing, the financial results in the past few financial years and the current financial position of Core Healthcare, and the audited net asset value per Core Healthcare Share as at 30 June 2007, the Core Healthcare Directors are of the view that the terms of the Placing Agreement is fair and reasonable.

The Placing is conditional upon (i) the passing of a resolution by the Core Healthcare Shareholders to approve the Placing Agreement and the issue of the Placing Shares pursuant to the terms thereunder at the Core Healthcare EGM; (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (iii) the passing of a resolution by the Core Healthcare Shareholders to approve an increase in the authorized share capital of Core Healthcare at the Core Healthcare EGM.

THE JV AGREEMENT

Date

6 November 2007

Parties

- (1) Classictime Investments, a wholly-owned subsidiary of HK Health Check
- (2) Spring Biotech, a wholly-owned subsidiary of Town Health. Town Health is a substantial shareholder of HK Health Check which owns approximately 10.7% interest in the issued share capital of HK Health Check as at the date of this joint announcement
- (3) Precious Success, a joint venture company owned as to 50% by HK Health Check (through its wholly-owned subsidiary, Classictime Investments) and as to 50% by Town Health (through its wholly-owned subsidiary, Spring Biotech). Precious Success was established for purpose of the CB Subscription. Precious Success has an issued share capital of US\$2.00 which is owned as to 50% by HK Health Check (through Classictime Investments) and as to 50% by Town Health (through Spring Biotech) respectively, and it will be accounted for as an associated company of each of HK Health Check and Town Health. Precious Success is not a “subsidiary undertaking” of HK Health Check or Town Health as defined in the twenty-third schedule to the Companies Ordinance (Cap. 23 Laws of Hong Kong).

JV Loan

Pursuant to the JV Agreement, for the sole purpose of the CB Subscription, Town Health, through Spring Biotech, and HK Health Check, through Classictime Investments, will contribute an aggregate amount of HK\$150 million in the form of shareholders' loan to Precious Success, which will be contributed as to 50% by Classictime Investments and as to 50% by Spring Biotech in the following manners:

- (i) Classictime Investments will contribute HK\$75,000,000 in the form of shareholders' loan and payable in cash, which will be financed by the internal resources of the HK Health Check Group; and
- (ii) Spring Biotech will contribute HK\$75,000,000 in the form of shareholders' loan and payable in cash, which will be financed by the Classictime Investments pursuant to the terms of the HK Health Check Loan Agreement, details of which is set out in the section headed "The HK Health Check Loan Agreement" in this joint announcement.

Precious Success shall pay interest on the JV Loan to the extent and in the same aggregate amount of the interest and/or dividends (if any) actually received by Precious Success from Core Healthcare arising from Precious Success's holding of the Convertible Bonds and/or Conversion Shares, and shall be paid to Classictime Investments and Spring Biotech respectively and pro rata to the principal amount of the respective loans due to them, upon receipt by Precious Success of such interest and/or dividends.

Precious Success shall repay the JV Loan to Classictime Investments and Spring Biotech respectively and at the same time pro rata to the principal amounts outstanding for the time being if and when Precious Success receives a written demand for repayment given jointly by Classictime Investments and Spring Biotech.

The JV Loan, which is unsecured, is conditional upon (i) the CB Subscription Agreement becoming unconditional; (ii) the JV Loan being approved by the HK Health Check Independent Shareholders at the HK Health Check SGM; and (iii) the HK Health Check Loan Agreement being approved by the HK Health Check Independent Shareholders at the HK Health Check SGM and the HK Health Check Loan being made available by Classictime Investments to Spring Biotech.

If the above conditions have not been fulfilled on or before 5:00 p.m. on the Long Stop Date, the JV Loan shall not become effective, and the provisions in the JV Agreement in relation to the JV Loan shall lapse and determine.

The HK Health Check Directors and the Town Health Directors consider the terms of JV Loan are on normal and commercial terms.

HK Health Check Loan

Pursuant to the terms of the JV Agreement, upon the JV Loan become unconditional, Classictime Investments and Spring Biotech will enter into the HK Health Check Loan Agreement pursuant to which Classictime Investments will provide the HK Health Check Loan to Spring Biotech solely for Town Health's contribution towards the JV Loan to be advanced to Precious Success pursuant to the JV Agreement.

Pursuant to the terms of the HK Health Check Loan Agreement, Spring Biotech shall pay interest to Classictime Investments calculated at an annual interest rate of 1%, which is determined with reference to the coupon rate of 1% per annum of the Convertible Bonds.

Spring Biotech may repay all or any part of the outstanding amount of the HK Health Check Loan, together with any accrued interest thereon, at any time it deems fit or as and when requested to do so by Classictime Investments on not less than three months' prior notice in writing.

The advance of the HK Health Check Loan is conditional upon, among other matters, the Independent HK Health Check Shareholders approving the HK Health Check Loan Agreement and the CB Subscription Agreement becoming unconditional pursuant to its terms.

The Option

Pursuant to the HK Health Check Loan Agreement, Spring Biotech has granted Classictime Investments an option (the “Option”) to purchase Spring Biotech’s shareholding interest in Precious Success and its corresponding interest in the JV Loan (the “Sale Interests”), within two years from the date of the HK Health Check Loan Agreement (the “Option Exercise Period”), at the Consideration (as defined below) provided that the extent to which Classictime Investments may require Spring Biotech to sell its interest in Precious Success upon each exercise of the Option (“Relevant Exercise”) shall be limited so as to comply with each of the caps determined in accordance with the formulae set out in the HK Health Check Loan Agreement (the “Caps”), the details of which are listed out below. The percentage of the Sale Interests which shall be sold by Spring Biotech upon a Relevant Exercise (the “Relevant Percentage”) shall be the maximum permissible without breaching any of the Caps. Pursuant to Rule 19.22 of the GEM Listing Rules, all Options exercised during the Option Exercise Period will be aggregated in calculating of the percentage ratios in relation to each Relevant Exercise. The Caps were designed to ensure each Relevant Exercise of the Option, taking into account Rule 19.22 of the GEM Listing Rules, will not constitute a major transaction of Town Health.

The consideration (the “Consideration”) payable by Classictime Investments upon each Relevant Exercise shall be the product of (i) the Relevant Percentage of 50% of the aggregate number of Conversion Shares issuable upon the full exercise of the Convertible Bonds, and (ii) 50% of the five-day average closing price of the Core Healthcare Shares immediately before the exercise of the Option, subject to a floor price of HK\$0.25. Further announcement will be made by HK Health Check upon exercise of the Option in compliance with the Listing Rules.

The extent of the Sale Interests in Precious Success that Classictime Investments may require Spring Biotech to sell upon a Relevant Exercise shall be limited so as to comply with each of the caps as illustrated below:

(a) Consideration Cap

The Consideration shall not exceed the lower of (i) and (ii) below:

- (i) an amount calculated in accordance with the following formula:

$$(\text{THMC} \times 24.99\%) - X$$

- (ii) HK\$554,565,389, being 24.99% of the market capitalization of Town Health based on the average closing price of the shares of Town Health for the five trading days up to and including 5 November 2007 (being the trading date immediately preceding the date of the JV Agreement).

Where:–

THMC = the market capitalization (determined in accordance with the GEM Listing Rules) as at the date on which the Option is exercised by Classictime Investments by giving a written notice to that effect to Spring Biotech (the “Option Exercise Date”); and

X = the aggregate consideration paid by Classictime Investments on all acquisitions of any parts of the Sale Interests made upon any prior exercise of the Option within the 12 months immediately preceding the Option Exercise Date and on other acquisitions, if any, whenever completed which are required pursuant to the GEM Listing Rules to be aggregated with the acquisition of the Relevant Percentage of the Sale Interests pursuant to the Relevant Exercise.

(b) *Asset, Profit and Revenue Caps*

The amounts set out in Column 1 below in respect of the Relevant Exercise cannot exceed the corresponding amounts set out in Column 2 below:

<u>Column 1</u>	<u>Column 2</u>
(JVTA x 50% x Relevant Percentage) + PJVTA	THTA x 24.99%
(JVNP x 50% x Relevant Percentage) + PJVNP	THNP x 24.99%
(JVR x 50% x Relevant Percentage) + PJVR	THR x 24.99%

Where:–

JVTA = the total assets of Precious Success as at the end of the latest financial year for which audited accounts are available at the Option Exercise Date;

PJVTA = if the Option was previously exercised in the 12 months immediately preceding the Option Exercise Date, the aggregate of each sum calculated in respect of each such prior exercise of the Option as JVTA x 50% x the Relevant Percentage for that exercise and, if there are, on any other acquisitions whenever completed which are required pursuant to the GEM Listing Rules to be aggregated with the acquisition of the Relevant Percentage of the Sale Interests pursuant to the Relevant Exercise, the relevant share of assets which is required to be aggregated as aforesaid;

THTA = the consolidated total assets of Town Health shown in its latest audited accounts or latest published half-year, quarterly or other interim report (whichever is more recent) that are available at the Option Exercise Date and adjusted in accordance with Rule 19.16 of the GEM Listing Rules;

JVNP = the net profit before tax, minority interests and extraordinary items of Precious Success for the latest financial year for which audited accounts are available at the Option Exercise Date;

PJVNP = if the Option was previously exercised in the 12 months immediately preceding the Option Exercise Date, the aggregate of each sum calculated in respect of each such prior exercise of the Option as JVNP x 50% x the Relevant Percentage for that exercise and, if there are, on any other acquisitions whenever completed which are required pursuant to the GEM Listing Rules to be aggregated with the acquisition of the Relevant Percentage of the Sale Interests pursuant to the Relevant Exercise, the relevant share of profit which is required to be aggregated as aforesaid;

THNP = the consolidated net profit before tax, minority interests and extraordinary items of Town Health for the latest financial year for which audited accounts are available as at the Option Exercise Date;

- JVR = the revenue of Precious Success arising from its principal activities for the latest financial year for which audited accounts are available at the Option Exercise Date;
- PJVR = if the Option was previously exercised in the 12 months immediately preceding the Option Exercise Date, the aggregate of each sum calculated in respect of each such prior exercise of the Option as $JVR \times 50\% \times$ the Relevant Percentage for that exercise and, if there are, on any other acquisitions whenever completed which are required pursuant to the GEM Listing Rules to be aggregated with the acquisition of the Relevant Percentage of the Sale Interests pursuant to the Relevant Exercise, the relevant share of revenue which is required to be aggregated as aforesaid; and
- THR = the consolidated revenue of Town Health arising from the principal activities of Town Health and its subsidiaries for the latest financial year for which audited accounts are available as at the Option Exercise Date.

THE CB SUBSCRIPTION AGREEMENT

Date

6 November 2007

Issuer

Core Healthcare

Subscriber

Precious Success, a joint venture company owned as to 50% by Classictime Investments (a wholly owned subsidiary of HK Health Check) and as to 50% by Spring Biotech (a wholly-owned subsidiary of Town Health).

CB Subscription and Whitewash Waiver

Pursuant to the CB Subscription Agreement, Precious Success has conditionally agreed to subscribe for the Convertible Bonds with a principal amount of HK\$150 million which can be exercised and converted into 789,473,684 Conversion Shares at an initial conversion price (subject to adjustment) of HK\$0.19 per Conversion Share.

As at the date of this joint announcement, Town Health owns approximately 4.7% of the existing issued share capital of Core Healthcare; whereas none of HK Health Check, Precious Success and parties acting in concert with them own any Core Healthcare Shares. Save for the disposal of 1,800,000 Core Healthcare Shares by a HK Health Check Director in May 2007, none of Town Health, HK Health Check, Precious Success and any party acting in concert with any of them has dealt in the securities of Core Healthcare in the six months period immediately preceding the date of the CB Subscription Agreement. Upon full conversion of the Convertible Bonds, but before taking into account the issue of the Placing Shares and the Consideration Shares, Town Health, HK Health Check, Precious Success and parties acting in concert with them will, in aggregate, hold approximately 55.1% of the enlarged issued share capital of Core Healthcare. Accordingly, upon full conversion of the Convertible Bonds, Town Health, HK Health Check, Precious Success and parties acting in concert with them will be obliged to make an unconditional

mandatory general offer for all the issued shares of Core Healthcare not already owned or agreed to be acquired by Town Health, HK Health Check, Precious Success and parties acting in concert with them under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive. Town Health, HK Health Check and Precious Success will apply to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval by the Independent Core Healthcare Shareholders by way of a poll at the Core Healthcare EGM. **If the Whitewash Waiver is not granted by the Executive or is not approved by the Independent Core Healthcare Shareholders, the CB Subscription Agreement will lapse and the CB Subscription will not proceed.**

Assuming the completion of the CB Subscription, the HK Health Check Directors and the Town Health Directors currently have no immediate intention to exercise the Convertible Bonds.

Principal Terms of the Convertible Bonds

Principal amount HK\$150 million

Coupon rate 1% per annum

Maturity On the fourth anniversary of the issue of the Convertible Bonds upon completion of the CB Subscription, unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds outstanding as at maturity shall be redeemed by Core Healthcare at 100% of their then outstanding principal amount.

Conversion The holder of the Convertible Bonds will have the right to convert the Convertible Bonds into Core Healthcare Shares at the Conversion Price at any time from the day immediately following the date of the issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) on the Maturity Date subject to, and upon compliance with, the provisions of this terms and conditions of the Convertible Bonds. Any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bonds is less than HK\$500,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted.

Conversion Price HK\$0.19 per Conversion Share, representing:

- (i) a discount of approximately 67.2% to the closing price of HK\$0.58 on the Last Trading Day;
- (ii) a discount of approximately 67.6% to the average closing price of HK\$0.586 in the last 5 trading days prior to the Last Trading Day;
- (iii) a discount of approximately 66.3% to the average closing price of HK\$0.564 in the last 10 trading days prior to the Last Trading Day;
- (iv) a premium of approximately 11.8% over the Placing Price; and
- (v) a premium of approximately 46.2% over the net asset value per Core Healthcare Share (as at 30 June 2007, after taking into account the subsequent fund raising activities of Core Healthcare up to the date of joint this announcement).

The initial conversion price of HK\$0.19 per Conversion Share was negotiated on an arm's length basis between Core Healthcare and Precious Success and was determined with reference to (a) the Placing Price; (b) the bond element and the interest rate of the Convertible Bonds; (c) the financial results in the past few financial years and the current financial position of Core Healthcare; (d) the audited net asset value per Core Healthcare Share as at 30 June 2007; and (e) the free consultancy services to be provided by Town Health and HK Health Check pursuant to the Service Agreements. The initial conversion price is subject to standard anti-dilution adjustment provisions applicable in the event of share consolidation, share subdivision, capitalization issue, capital distribution, rights issue (of shares, options or warrants) or issue of convertible securities or new shares in certain circumstances.

Voting A holder of Convertible Bonds will not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of it being a holder of Convertible Bonds.

Listing No application will be made for the listing of the Convertible Bonds on GEM or any other stock exchange. An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares (if any) to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds.

Transferability Save with the consent of the Stock Exchange, none of the Convertible Bonds shall be transferable to any connected person of the Company. Core Healthcare shall notify the Stock Exchange immediately upon Core Healthcare becoming aware of any dealing in the Convertible Bonds by any connected person of Core Healthcare.

Subject to all applicable laws and regulations, the Convertible Bonds may be transferable to any person in whole multiples of HK\$500,000 (or such lesser amount as may represent the entire principal amount thereof).

Ranking of the Conversion Shares

The Conversion Shares will rank, upon issue, *pari passu* in all respects with the Core Healthcare Shares in issue on the date(s) of allotment and issue of the Conversion Shares.

Conditions of the CB Subscription

The CB Subscription is conditional upon:–

- (i) the JV Loan being advanced to Precious Success pursuant to the terms of the JV Agreement;
- (ii) the passing by the Independent Core Healthcare Shareholders by way of poll at the Core Healthcare EGM of an ordinary resolution to approve the CB Subscription Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds and the issue of the Conversion Shares upon the exercise of any Convertible Bonds), and the Whitewash Waiver;
- (iii) the passing of an ordinary resolution by Core Healthcare Shareholders at the Core Healthcare EGM to approve an increase in the authorized share capital of Core Healthcare; and

- (iv) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares.

If any of the conditions (none of which can be waived by the parties) shall not have been fulfilled by 5:00 p.m. on the Long Stop Date, the CB Subscription shall lapse automatically and neither party shall have any rights and obligations arising out of the agreement save for those arising out of or in connection with any antecedent breaches.

Use of Proceeds

The net proceeds from the CB Subscription will be approximately HK\$148 million and are intended to be used for the Core Healthcare Group's acquisition of Class 1 New Drugs in the PRC and/or investment in PRC Drugs Distribution Network business.

Dilution Effect on Core Healthcare Shareholders

As Core Healthcare foresees the future dilution effect on Core Healthcare Shareholders resulting from the exercise of the Convertible Bonds, Core Healthcare will keep the Core Healthcare Shareholders informed of the level of dilution effect and all relevant details of any conversion in the following manner:

- (a) Core Healthcare will make a monthly announcement (the "Monthly Announcement") on the website of the Stock Exchange in relation to GEM. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (i) whether there is any conversion of the Convertible Bonds during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Conversion Shares issued, conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (ii) the number of outstanding Convertible Bonds after the conversion, if any;
 - (iii) the total number of Core Healthcare Shares issued and/or cancelled pursuant to other transactions, including shares issued pursuant to exercise of options under any share option scheme(s) of Core Healthcare and/or shares cancelled pursuant to repurchase of shares by Core Healthcare, with a breakdown of the Core Healthcare Shares concerned by the relevant transactions; and
 - (iv) the total issued share capital of Core Healthcare announced in the previous Monthly Announcement and the total issued share capital of Core Healthcare as at the commencement and the last day of the relevant month; and
- (b) in addition to the Monthly Announcement, if the cumulative amount of new Conversion Shares issued pursuant to the conversion of the Convertible Bonds reaches 5% of the issued share capital of Core Healthcare as disclosed in the last Monthly Announcement or any subsequent announcement made by Core Healthcare in respect of the Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), Core Healthcare will make an announcement on the website of the Stock Exchange in relation to GEM including details as stated in (a) above for the period

commencing from the date of the last Monthly Announcement or any subsequent announcement made by Core Healthcare in respect of the Convertible Bonds (as the case may be) up to the date on which the total amount of Conversion Shares issued amounted to 5% of the issued share capital of Core Healthcare as disclosed in the last Monthly Announcement or any subsequent announcement made by Core Healthcare in respect of the Convertible Bonds (as the case may be).

In addition to (a) and (b) above, further announcement(s) in respect of the issue the Conversion Shares will be issued by Core Healthcare in accordance with the disclosure requirements under Rule 17.10(3) of the GEM Listing Rules.

FUND RAISING ACTIVITIES OF CORE HEALTHCARE IN THE PAST 12 MONTHS

As stated in the announcements of Core Healthcare dated 12 June 2007, 18 July 2007 and 7 September 2007, Core Healthcare has raised an aggregate net proceeds of approximately HK\$50.3 million by placing of an aggregate of 304,388,000 new Core Healthcare Shares at an issue price of HK\$0.17 per Core Healthcare Share. As disclosed in the announcements, the net proceeds were intended to be used for the development of medical related business and the opening of healthcare products retail chain stores with the remaining balance for general working capital. As at the date of this joint announcement, such net proceeds remain unutilized.

Save as disclosed above, Core Healthcare has not conducted any fund raising activities in the past twelve months before the date of this joint announcement.

THE REFERRAL AGREEMENT

Date

6 November 2007

Parties

1. Core Healthcare; and
2. Referral Agent

To the best knowledge of the Town Health Directors, the HK Health Check Directors and the Core Healthcare Directors after making all reasonable enquiries, the Referral Agent is a third party independent of and not connected with Core Healthcare and its connected persons and is not acting in concert with nor presumed to be acting in concert with Town Health, HK Health Check, Precious Success and parties acting in concert with any of them. The Referral Agent has been principally engaged in pharmaceutical business for over ten years including new drugs development, trading of pharmaceutical products and management consultancy in pharmaceutical distribution channels in the PRC. The Referral Agent has no previous transaction with Core Healthcare.

To the best knowledge of the Core Healthcare Directors after making all reasonable enquiries, as at the date of this joint announcement, the Referral Agent holds 19,800,000 Town Health Shares, representing approximately 0.1% of the issued share capital of Town Health, and has no shareholding interest in each of HK Health Check and Core Healthcare.

Referral Services

PRC Class I New Drugs referral service

Pursuant to the Referral Agreement, the Referral Agent has agreed to search for potential Class 1 New Drugs acquisition targets in the PRC for Core Healthcare. The Referral Agent will also assist Core Healthcare in negotiation with the potential vendors of the Class 1 New Drugs acquisition targets and the compliance of relevant procedures and regulations in the PRC. Based on the preliminary estimation of Core Healthcare, the expected consideration for acquiring a Class 1 New Drugs is likely to be approximately RMB200 million.

PRC Drugs Distribution Network referral service

Pursuant to the Referral Agreement, the Referral Agent has agreed to search for potential PRC Drugs Distribution Network acquisition targets in the PRC for Core Healthcare. The Referral Agent will also assist Core Healthcare in negotiation with the potential vendors of the PRC Drugs Distribution Network. Based on the preliminary estimation of Core Healthcare, the expected consideration for acquiring a PRC Drugs Distribution Network is likely to be approximately RMB50 million.

Consideration

In consideration of the above referral services, Core Healthcare has agreed to (i) pay a fee equal to HK\$34,000,000, which shall be satisfied by way of the issue and allotment of 200,000,000 Consideration Shares, representing approximately 28.4% of the existing issue share capital of Core Healthcare and approximately 19.9% of the share capital of Core Healthcare as enlarged by the issue of Consideration Shares, to the Referral Agent which shall be issued and credited as fully paid up at HK\$0.17 per Consideration Share, upon completion of the acquisition of the Class 1 New Drugs as identified by the Referral Agent, which the Core Healthcare Directors currently expect to be approximately one year from the date of the Referral Agreement becoming unconditional; and (ii) a fee equal to HK\$17,000,000, which shall be satisfied by way of the issue and allotment of 100,000,000 Consideration Shares, representing approximately 14.2% of the existing issue share capital of Core Healthcare and approximately 10.0% of the share capital of Core Healthcare as enlarged by the issue of Consideration Shares, to the Referral Agent which shall be issued and credited as fully paid up at HK\$0.17 per Consideration Share, upon completion of the acquisition of the PRC Drugs Distribution Network as identified by the Referral Agent, of which the Core Healthcare Directors currently expect to be approximately one year from the date of the Referral Agreement becoming unconditional. The Consideration Shares, which are issued solely as the consideration of the above referral services, are subject to a lock-up period of six months.

The issue price of the Consideration Share of HK\$0.17 per Core Healthcare Share is determined with reference to the Placing Price and represents (i) a discount of approximately 70.7% to the closing price of HK\$0.58 on the Last Trading Day; (ii) a discount of approximately 32.0% to the average closing price of HK\$0.25 for the last calendar year immediately prior to the Last Trading Day; and (iii) a premium of approximately 30.8% to the net asset value per Core Healthcare Share (as at 30 June 2007, after taking into account the subsequent fund raising activities of Core Healthcare up to the date of this announcement) of approximately HK\$0.13 per Core Healthcare Share. Taking into account the above, the Core Healthcare Directors are of the view that the issue price of the Consideration Share is fair and reasonable.

Conditions of the Referral Agreement

The Referral Agreement is conditional upon:–

- (i) completion of the CB Subscription;
- (ii) the passing by the Core Healthcare Shareholders at the Core Healthcare EGM of an ordinary resolution to approve the Referral Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares);
- (iii) the passing of an ordinary resolution by the Core Healthcare Shareholders at the Core Healthcare EGM to approve an increase in the authorized share capital of Core Healthcare; and
- (iv) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares.

THE SERVICE AGREEMENTS

(A) The Town Health Service Agreement

Date

6 November 2007

Parties

- 1. Core Healthcare; and
- 2. Town Health

Consultancy Services

For the purpose of assisting Core Healthcare in its assessment of the feasibility of the acquisition of any Class 1 New Drugs it may have identified as a possible acquisition target (“Targeted Drugs”), Town Health, shall, subject to fulfillment of all conditions of the Town Health Service Agreement, provide, among other things, the following services to Core Healthcare at nil consideration:

- (i) provide interpretation of and other consultancy services in relation to the results of the clinical tests and trials and imaging diagnosis performed on the Targeted Drugs within such time as agreed by the parties;
- (ii) participate in consultation sessions with patients engaged in clinical studies; and
- (iii) any other services as reasonably requested by Core Healthcare in relation to any Targeted Drugs.

Conditions of the Town Health Service Agreement

The Town Health Service Agreement is conditional upon the CB Subscription Agreement becoming unconditional pursuant to its own terms.

(B) The HK Health Check Service Agreement

Date

6 November 2007

Parties

1. Core Healthcare; and
2. HK Health Check

Consultancy Services

For the purpose of assisting Core Healthcare in its assessment of the feasibility of the acquisition of the Targeted Drugs, HK Health Check, shall, subject to fulfillment of all conditions of the HK Health Check Service Agreement, provide, among other things, the following services to Core Healthcare at nil consideration:

- (i) provide consultancy services in relation to the design and implementation of medical testing procedures to be adopted for testing the effectiveness of any the Targeted Drugs within such time as agreed by the parties;
- (ii) conduct such clinical tests which are necessary to verify the accuracy of the Targeted Drugs; and
- (iii) any other services as reasonably requested by Core Healthcare in relation to any Targeted Drugs.

Conditions of the HK Health Check Service Agreement

The HK Health Check Service Agreement is conditional upon the CB Subscription Agreement becoming unconditional pursuant to its own terms.

If any of the conditions shall not have been fulfilled by 5:00 p.m. on the Long Stop Date, the Service Agreements shall lapse automatically and the parties shall not have any rights and obligations arising out of the agreements save for any rights or liabilities in connection with any antecedent breaches.

INCREASE IN AUTHORIZED SHARE CAPITAL

Core Healthcare proposes to seek the approval at the Core Healthcare EGM from Core Healthcare Shareholders of an increase of its authorized share capital from HK\$10,000,000 to HK\$50,000,000 by the addition thereto of 4,000,000,000 new shares of Core Healthcare of HK\$0.01 each.

SHAREHOLDING STRUCTURE OF CORE HEALTHCARE

The tables below set out the changes to the shareholding structure of Core Healthcare as a result of the issue and allotment of the Placing Shares, the Consideration Shares and the Conversion Shares upon conversion of the Convertible Bonds in full under different scenarios:

	As at the date of this announcement		Immediately after the issue of the Placing Shares but before issue of the Consideration Shares and the conversion of the Convertible Bonds		Immediately after the issue of the Placing Shares and the Consideration Shares but before the conversion of the Convertible Bonds	
	No. of Core Healthcare Shares	%	No. of Core Healthcare Shares	%	No. of Core Healthcare Shares	%
HK Health Check, Town Health, Precious Success and their respective concert parties (note)	32,895,524	4.67%	32,895,524	4.48%	32,895,524	3.18%
Core Healthcare Directors:						
Mr. Lui Chi Wah	18,716,000	2.66%	18,716,000	2.55%	18,716,000	1.81%
Mr. Lau Kam Shan	1,111,111	0.16%	1,111,111	0.15%	1,111,111	0.11%
Mr. Chan Po Kwong	948,493	0.13%	948,493	0.13%	948,493	0.09%
	20,775,604	2.95%	20,775,604	2.83%	20,775,604	2.01%
Referral Agent	–	–	–	–	300,000,000	29.01%
Public Shareholders:						
Placee	–	–	30,000,000	4.09%	30,000,000	2.90%
Other public Shareholders	650,435,539	92.38%	650,435,539	88.60%	650,435,539	62.90%
Total public Shareholders	650,435,539	92.38%	680,435,539	92.69%	680,435,539	65.80%
Total	704,106,667	100.00%	734,106,667	100.00%	1,034,106,667	100.00%

	Immediately after the conversion of the Convertible Bonds but before the issue of the Placing Shares and Consideration Shares		Immediately after the conversion of the Convertible Bonds, the issue of the Placing Shares and Consideration Shares	
	<i>No. of Core Healthcare Shares</i>	<i>%</i>	<i>No. of Core Healthcare Shares</i>	<i>%</i>
HK Health Check, Town Health, Precious Success and their respective concert parties (<i>note</i>)	822,369,208	55.06%	822,369,208	45.10%
Core Healthcare Directors:				
Mr. Lui Chi Wah	18,716,000	1.25%	18,716,000	1.03%
Mr. Lau Kam Shan	1,111,111	0.07%	1,111,111	0.06%
Mr. Chan Po Kwong	948,493	0.06%	948,493	0.05%
	20,775,604	1.38%	20,775,604	1.14%
Referral Agent	–	–	300,000,000	16.45%
Public Shareholders:				
Placee	–	–	30,000,000	1.65%
Other public Shareholders	650,435,539	43.56%	650,435,539	35.66%
Total public Shareholders	650,435,539	43.56%	680,435,539	37.31%
Total	1,493,580,351	100.00%	1,823,580,351	100.00%

Note: As at the date of this joint announcement, 32,895,524 Core Healthcare Shares are held by Spring Biotech Limited, a wholly-owned subsidiary of Town Health.

INFORMATION ON CORE HEALTHCARE

Core Healthcare is principally engaged in the provision of diagnostic testing services and products and related research and development, investment holding, and sales of health food and pharmaceutical products.

Set out below is the audited consolidated financial information of Core Healthcare as extracted from the annual report of Core Healthcare for the year ended 30 June 2007:

	For the year ended 30 June 2007 <i>HK\$</i>	For the year ended 30 June 2006 <i>HK\$</i>
Revenue	1,297,939	1,368,404
Net profit/(loss) before taxation	9,787,386	(9,570,460)
Net profit/(loss) after taxation	8,396,386	(9,570,460)
Total assets	40,793,543	28,516,731

REASONS FOR THE PLACING, THE CB SUBSCRIPTION, THE REFERRAL AGREEMENT AND THE SERVICE AGREEMENTS FOR CORE HEALTHCARE

The Core Healthcare Group is principally engaged in the provision of diagnostic testing services and products and related research and development, investment holding, and sales of health food and pharmaceutical products. As stated in the annual report of Core Healthcare for the year ended 30 June 2007, the Core Healthcare Directors expect fierce competitions in its cancer diagnosis and health products sale businesses. Accordingly, the Core Healthcare Directors have been conducting regular evaluation on the Core Healthcare Group's current business and actively looking for new business opportunities that have promising future prospects.

The economic growth of the PRC remains strong in 2007. According to the National Bureau of Statistics of China, the gross domestic products of the PRC grew at a year-on-year rate of approximately 11.5% in the second quarter of 2007. With the continuous improvement in the living standard of the PRC population, the Core Healthcare Directors are of the view that spending on medical products will grow dramatically in the near future. Accordingly, the Core Healthcare Directors consider investing in drugs that are safe and with proven track records, through establishing drugs distribution networks, in the PRC will offer good financial return. To capture such business opportunities, Core Healthcare has entered into the Referral Agreement with the Referral Agent to identify potential Class 1 New Drugs acquisition targets and potential PRC Drugs Distribution Network acquisition targets in the PRC.

The Core Healthcare Directors are of the view that the proceeds from the Placing and the CB Subscription, which will be utilized principally for the acquisition of the Class 1 New Drugs and PRC Drugs Distribution Network, will enhance Core Healthcare Group's business development in the PRC health care market. While the shareholding interest of the existing Core Healthcare Shareholders will be substantially diluted upon conversion of the Convertible Bonds, (i) the CB Subscription will provide Core Healthcare with the capital needed for the potential investments, including the acquisition of Class 1 New Drugs in the PRC and the investment in PRC Drugs Distribution Network, which the Core Healthcare Directors believe will offer good financial return to the Core Healthcare Shareholders; and (ii) in view of the interest in the Convertible Bonds, each of Town Health and HK Health Check agrees to provide the consultancy services, as stipulated under the Service Agreements, for free.

Given that the Core Healthcare Group does not have the expertise in the design and implementation of medical testing procedures in ascertaining the effectiveness of the potential Class 1 New Drugs acquisition targets nor the expertise in the review and analysis of the related medical findings and medical test results, the Core Healthcare Group has entered into the Service Agreements to secure the relevant free consultancy services from Town Health and HK Health Check to facilitate Core Healthcare to access and evaluate suitable Class 1 New Drugs acquisition targets.

The respective terms of the Placing Agreement, the CB Subscription Agreement, the Referral Agreement and the Service Agreements have been arrived at after arm's length negotiations. The Core Healthcare Directors (excluding the independent non-executive Core Healthcare Directors whose view will be given in the circular to be dispatched to the Core Healthcare Shareholders after taking into account the advice from the independent financial adviser) are of the view that terms of the Placing Agreement, the CB Subscription Agreement, the Referral Agreement and the Service Agreements are fair and reasonable and are in the interest of Core Healthcare and the Core Healthcare Shareholders as a whole.

INFORMATION ON TOWN HEALTH AND HK HEALTH CHECK AND THEIR REASONS FOR ENTERING INTO THE JV AGREEMENT, THE HK HEALTH CHECK LOAN AGREEMENT AND THE SERVICE AGREEMENTS

The Town Health Group is principally engaged in the provision of management service for private medical and dental practices and integrated healthcare service for the general public in Hong Kong. Being an integrated healthcare service provider in Hong Kong, the Town Health Group has been actively participating in the provision of para-medical services and other health care related business, such as the operation of laboratory and the sale of healthcare and pharmaceutical products. The Town Health Directors also proactively look for business opportunities to enhance the Town Health Group profile and to create synergy for its existing operations.

The HK Health Check Group has previously been principally engaged in the manufacturing and sales of garment in the PRC. As stated in the circular of HK Health Check dated 25 July 2007, the HK Health Check Group has now diversified into the healthcare business by (i) commencing establishment of its own new health centres in Hong Kong; and (ii) acquiring established health check centres in Hong Kong for the provision of health check, advanced diagnostic imaging services, day care observation service and medical laboratory related services to the public.

One of the principal purposes of Town Health and HK Health Check (through their respective wholly-owned subsidiaries) in entering into the JV Agreement (through their respective wholly-owned subsidiaries) is to provide the funding required by Precious Success to complete the CB Subscription so as to allow Town Health and HK Health Check, through Precious Success, to tap into the PRC drugs and drug distribution business through the investment in Core Healthcare. Upon full conversion of the Convertible Bonds and assuming the issue of the Placing Shares and Consideration Shares, Core Healthcare will be own as to approximately 43.3% by Precious Success.

To assist Core Healthcare to identify the suitable Class 1 New Drugs acquisition targets, Town Health and HK Health Check entered into the Service Agreements with Core Healthcare to provide relevant consultancy services to Core Healthcare. While the consultancy services are to be provided to Core Healthcare for free, both the Town Health Directors and the HK Health Check Directors are of the view that Town Health and HK Health Check, through Precious Success' holding of the Convertible Bonds, Town Health and HK Health Check will benefit from any successful acquisition of Class 1 New Drugs by Core Healthcare.

To facilitate Town Health's participation (through Spring Biotech) in the JV Agreement and to facilitate Core Healthcare tapping into Town Health's expertise in providing the consultancy services to Core Healthcare pursuant to the Town Health Service Agreement, HK Health Check (through Classictime Investments) provide the HK Health Check Loan to Spring Biotech under the HK Health Check Loan Agreement.

The terms of the JV Agreement, the CB Subscription Agreement, the HK Health Check Loan Agreement and the Service Agreements have been arrived at after arm's length negotiations. Both the Town Health Directors and the HK Health Check Directors consider that terms of the JV Agreement, the CB Subscription Agreement, the HK Health Check Loan Agreement and the Service Agreements are fair and reasonable and are in the interest of Town Health and HK Health Check as well as the Town Health Shareholders and HK Health Check Shareholders as a whole.

TAKEOVERS CODE AND LISTING RULES IMPLICATIONS ON CORE HEALTHCARE

Upon full conversion of the Convertible Bonds, but before taking into account the issue of the Placing Shares and the Consideration Shares, Town Health, HK Health Check, Precious Success and parties acting in concert with them will, in aggregate, hold approximately 55.1% of the issued share capital of Core Healthcare as enlarged by the full conversion of the Convertible Bonds. Accordingly, upon full conversion of the Convertible Bonds, Town Health, HK Health Check, Precious Success and parties acting in concert with them will be obliged to make an unconditional mandatory general offer for all the issued shares of Core Healthcare not already owned or agreed to be acquired by Town Health, HK Health Check, Precious Success and parties acting in concert with them under Rule 26.1 of the Takeovers Code, unless a waiver from strict compliance with Rule 26.1 of the Takeovers Code has been obtained from the Executive. Town Health, HK Health Check and Precious Success will apply to the Executive for the Whitewash Waiver.

The Whitewash Waiver, if granted, will be subject to the approval of the Independent Core Healthcare Shareholders by way of poll at the Core Healthcare EGM. An independent board committee comprising the non-executive Core Healthcare Director and the independent non-executive Core Healthcare Directors has been formed to advise the Independent Core Healthcare Shareholders on the Whitewash Waiver. With the approval of the independent board committee of Core Healthcare, Taifook Capital Limited has been appointed by Core Healthcare as the independent financial adviser to advise the independent board committee and the Independent Core Healthcare Shareholders. Town Health, HK Health Check, Precious Success, their respective concert parties and any parties involved in or interested in the Whitewash Waiver will abstain from voting in respect of the resolution to approve the Whitewash Waiver.

The issue of the Conversion Shares is conditional upon, among other things, the passing of the relevant resolutions in respect of the CB Subscription Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds and the issue of the Conversion Shares upon the exercise of any Convertible Bonds), and the Whitewash Waiver by the Independent Core Healthcare Shareholders at the Core Healthcare EGM.

The issue of the Placing Shares and the Consideration Shares are conditional upon, among other things, the passing of the relevant resolutions by the Core Healthcare Shareholders at the Core Healthcare EGM.

A circular containing details of, among other things, details of the Placing Agreement, the CB Subscription Agreement, the Whitewash Waiver, the Referral Agreement, the advise and recommendation from the independent board committee and the letter from the independent financial adviser, together with a notice of the Core Healthcare, will be dispatched to the Core Healthcare Shareholders as soon as practicable.

LISTING RULES IMPLICATIONS ON TOWN HEALTH

The JV Loan constitutes a discloseable transaction of Town Health.

A circular containing details of, among other things, details of the JV Agreement will be dispatched to the Town Health Shareholders as soon as practicable.

LISTING RULES IMPLICATIONS ON HK HEALTH CHECK

The JV Loan and the HK Health Check Loan Agreement constitute discloseable and connected transactions of HK Health Check under the Listing Rules and are subject to the approval of the Independent HK Health Check Shareholders at the HK Health Check SGM.

A circular containing details of, among other things, details of the JV Loan and the HK Health Check Loan Agreement, the advise and recommendation from the independent board committee and the letter from the independent financial adviser, together with a notice of HK Health Check, will be dispatched to the HK Health Check Shareholders as soon as practicable.

GENERAL

Application will be made by Core Healthcare to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares, the Conversion Shares and the Consideration Shares.

As each of the Placing and the CB Subscription is subject to a number of conditions precedent, it may or may not be completed. Core Healthcare Shareholders and potential investors in Core Healthcare are advised to exercise caution when dealing in Core Healthcare Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of Core Healthcare, trading in Core Healthcare Shares on the Stock Exchange has been suspended from 9:30 a.m. on 6 November 2007 pending the release of this joint announcement. Application has been made to the Stock Exchange for the resumption of trading in Core Healthcare Shares on the Stock Exchange from 9:30 a.m. on 16 November 2007.

Terms and definitions

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules or the Listing Rules, as the case maybe
“CB Subscription”	the subscription of the Convertible Bonds by Precious Success pursuant to the CB Subscription Agreement
“CB Subscription Agreement”	a conditional subscription agreement dated 6 November 2007 entered into between Core Healthcare and Precious Success in respect of the CB Subscription
“Class 1 New Drugs”	drugs that fall within the category of “第一類” as defined in Article 7 of the 新生物製品審批辦法(局令第3號) (The Approval Method of New Biological Products (Ju Ling No.3)) Administration of Drug Registration (藥品註冊管理辦法) issued by 國家藥品監督管理局局務會 (The Executive Meeting of State Food and Drug Administration) or other drugs as agreed by the parties to the Referral Agreement from time to time

“Classictime Investments”	Classictime Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of HK Health Check
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules or the Listing Rules, as the case maybe
“Consideration Shares”	collectively 300,000,000 new Core Healthcare Shares to be issued by Core Healthcare to the Referral Agent pursuant to the Referral Agreement
“Conversion Shares”	up to 789,473,684 Core Healthcare Shares falling to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds at the initial conversion price (subject to adjustment) of HK\$0.19 per Core Healthcare Share
“Convertible Bonds”	the 1% convertible bonds with an aggregate principal amount of HK\$150 million to be issued by Core Healthcare to Precious Success pursuant to the CB Subscription Agreement
“Core Healthcare”	Core Healthcare Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Core Healthcare Board”	the board of directors of Core Healthcare
“Core Healthcare Director(s)”	the director(s) of Core Healthcare
“Core Healthcare EGM”	an extraordinary general meeting of Core Healthcare to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Placing Agreement, the CB Subscription Agreement, the Referral Agreement and the transactions contemplated under each of the above mentioned agreements and the Whitewash Waiver
“Core Healthcare Group”	Core Healthcare and its subsidiaries
“Core Healthcare Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of Core Healthcare
“Core Healthcare Shareholder(s)”	the holder(s) of the Core Healthcare Share(s)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of the board of directors of the Stock Exchange with responsibility for GEM

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK Health Check”	Hong Kong Health Check and Laboratory Holdings Company Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“HK Health Check Board”	the board of directors of HK Health Check
“HK Health Check Directors”	the directors of HK Health Check
“HK Health Check Group”	HK Health Check and its subsidiaries
“HK Health Check Loan”	an unsecured loan with a principal amount of HK\$75 million to be provided by Classictime Investments to Spring Biotech pursuant to the HK Health Check Loan Agreement
“HK Health Check Loan Agreement”	the loan agreement to be entered into between Spring Biotech and Classictime Investments in relation to the HK Health Check Loan
“HK Health Check Service Agreement”	a service agreement dated 6 November 2007 entered into between HK Health Check and Core Healthcare in relation to the provision of consultancy services to Core Healthcare
“HK Health Check SGM”	a special general meeting of HK Health Check to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the HK Health Check Loan Agreement
“HK Health Check Share(s)”	ordinary share(s) of HK0.01 each in the issued share capital of HK Health Check
“HK Health Check Shareholder(s)”	the holder(s) of the HK Health Check Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Core Healthcare Shareholders”	the shareholders of Core Healthcare, other than (i) HK Health Check, Town Health, Precious Success and parties acting in concert with them in regard to Core Healthcare (ii) those who are interested in or involved in the CB Subscription Agreement and/or the Whitewash Waiver; and (iii) those who are also required to abstain from voting at the Core Healthcare EGM in relation to the CB Subscription Agreement and/or the Whitewash Waiver under the Takeovers Code and the GEM Listing Rules

“Independent HK Health Check Shareholders”	the shareholders of HK Health Check, other than Town Health and its associates and those (if any) who are required to abstain from voting at the HK Health Check SGM in relation to the HK Health Check Loan Agreement under the Listing Rules
“JV Agreement”	the joint venture agreement dated 6 November 2007 entered into between Classictime Investments, Spring Biotech and Precious Success which sets out, among other matters, the principal terms of the JV Loan
“JV Loan”	the advance of an aggregate amount of HK\$150 million in the form of shareholders’ loan to Precious Success by Classictime Investments and Spring Biotech, based on their respective interest in Precious Success
“Last Trading Day”	5 November 2007, being the last trading day for the Core Healthcare Shares prior to the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2008 or such later date as the parties to the relevant agreements may agree
“Placee”	Atlantis Investment Management Limited, a company incorporated in England with limited liability
“Placing”	the placing of the Placing Shares to the Placee pursuant to the Placing Agreement
“Placing Agreement”	a conditional placing agreement dated 6 November 2007 entered into between Core Healthcare and the Placee in respect of the Placing
“Placing Price”	HK\$0.17 per Placing Share
“Placing Share(s)”	30,000,000 new Core Healthcare Shares to be issued to the Placee pursuant to the Placing
“PRC”	the Peoples’ Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Drugs Distribution Networks”	potential drugs distribution network acquisition targets in the PRC, each of which is required to have an annual turnover of not less than RMB500 million in the latest financial year
“Precious Success”	Precious Success Group Limited 珍成集團有限公司, a joint venture company established in the British Virgin Islands with limited liability which is owned as to 50% by Classictime Investments and as to 50% by Spring Biotech

“Previous Placing”	the placing of an aggregate of 304,388,000 new Core Healthcare Shares at an issue price of HK\$0.17 per Core Healthcare Share as stated in the announcements of Core Healthcare dated 12 June 2007 and 7 September 2007
“Referral Agent”	Mr. U Man Iong, a third party independent of and not connected with Core Healthcare and its connected persons and is not acting in concert with Town Health, HK Health Check, Precious Success and parties acting in concert with any of them in relation to Core Healthcare
“Referral Agreement”	the referral agreement dated 6 November 2007, entered into between the Referral Agent and Core Healthcare in relation to the search for potential Class 1 New Drugs acquisition targets and potential PRC Drugs Distribution Network acquisition targets in the PRC for Core Healthcare
“Service Agreements”	collectively, the Town Health Service Agreement and the HK Health Check Service Agreement
“SFC”	The Securities and Futures Commission of Hong Kong
“Spring Biotech”	Spring Biotech Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Town Health
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning as ascribed to it under the Listing Rules or the GEM Listing Rules, as the case maybe
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Town Health”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM
“Town Health Board”	the board of directors of Town Health
“Town Health Directors”	the directors of Town Health
“Town Health Group”	Town Health and its subsidiaries
“Town Health Service Agreement”	a service agreement dated 6 November 2007 entered into between Town Health and Core Healthcare in relation to the provision of consultancy services to Core Healthcare
“Town Health Share(s)”	ordinary share(s) of HK0.01 each in the issued share capital of Town Health

“Town Health Shareholder(s)”	the holder(s) of the Town Health Share(s)
“Whitewash Waiver”	the waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the
**HK Health Check Board of
 Hong Kong Health Check and
 Laboratory Holdings Company Limited**
Siu Kam Chau
Executive Director

By order of the
**Town Health Board of
 Town Health International
 Holdings Company Limited**
Cho Kwai Chee
Executive Director

By order of the
**Core Healthcare Board of
 Core Healthcare Investment
 Holdings Limited**
Lui Chi Wah Johnny
Chairman

Hong Kong, 15 November 2007

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

At the date of this joint announcement, the HK Health Check Board comprises seven executive HK Health Check Directors, namely Dr. Fung Yiu Tong, Bennet, Mr. Lee Chik Yuet, Dr. Cho Kwai Chee, Dr. Hui Ka Wah Ronnie, JP, Mr. Cho Kwai Yee, Kevin, Miss Choi Ka Yee, Crystal and Mr. Siu Kam Chau and three independent non-executive HK Health Check Directors namely Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man.

As at the date of this joint announcement, the executive Core Healthcare Directors are Mr. Lui Chi Wah, Johnny and Mr. Wu Kai, the non-executive Core Healthacre Director is Mr. Lau Kam Shan, and the independent non-executive Core Healthcare Directors are Mr. Kwok Shun Tim, Mr. Chan Po Kwong, and Mr. Lam Yan Wing.

This joint announcement, for which the Town Health Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information (other than those in relation to HK Health Check and Core Healthcare). The Town Health Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this joint 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 joint announcement misleading; and (3) all opinions expressed in this joint announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This joint announcement, for which the Core Healthcare Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information (other than those in relation to Town Health and HK Health Check). The Core Healthcare Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this joint 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 joint announcement misleading; and (3) all opinions expressed in this joint announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The HK Health Check jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to Town Health and Core Healthcare) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those in relation to Town Health and Core Healthcare) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

This joint 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 Town Health International Holdings Company Limited at <http://www.townhealth.com>.