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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)

TERMINATION OF DISCLOSEABLE AND CONNECTED TRANSACTION

The Board announces that the Acquisition Agreement dated 24 September 2007 entered into between the Vendors and Asiatop, an indirect wholly-owned subsidiary of the Company, in relation to the proposed acquisition by Asiatop of certain interests in Nu/Hart Hair Clinics located in Atlanta, Chicago, New York, Philadelphia and Pittsburg in the USA and in Dubai, Manila, Puerto Rico and Hong Kong has been terminated.

Reference is made to the announcement of the Company dated 9 October 2007 (the “**Announcement**”) and the circular of the Company dated 15 November 2007 (the “**Circular**”) regarding the proposed acquisition by Asiatop of certain interests in Nu/Hart Hair Clinics located in Atlanta, Chicago, New York, Philadelphia and Pittsburg in the USA and in Dubai, Manila, Puerto Rico and Hong Kong. Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as defined in the Circular.

The Board announces that the Acquisition Agreement dated 24 September 2007 entered into between the Vendors and Asiatop, an indirect wholly-owned subsidiary of the Company, in relation to the proposed acquisition by Asiatop of certain interests in Nu/Hart Hair Clinics located in Atlanta, Chicago, New York, Philadelphia and Pittsburg in the USA and in Dubai, Manila, Puerto Rico and Hong Kong has been terminated. Pursuant to the terms of the Acquisition Agreement, completion of the Acquisition is conditional upon various conditions precedent being satisfied. As some of the conditions precedent have not been satisfied nor waived by Asiatop on 23 December 2007 (being 90 days from the date of the Acquisition Agreement), the Acquisition Agreement has been terminated except for certain provisions relating to confidentiality, announcement, cost and expenses and antecedent breaches. The conditions precedent which have not been satisfied or waived include the results of the due diligence review on the Target Companies being satisfactory to Asiatop. To the best knowledge and belief of the Board, the Company is not aware of any antecedent breach of the Acquisition Agreement by the relevant parties to the Acquisition Agreement. In the circumstances, no party is bound to proceed with the Acquisition and the Acquisition Agreement.

The Group intends to continue its involvement in the development of Nu/Hart Hair Clinics through Nu/Hart HK, which is beneficially owned as to 51% by Town Health BVI, a direct wholly-owned subsidiary of the Company; and to use Nu/Hart HK as the platform for expansion to Nu/Hart Hair Clinics in other regions of the world.

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

Hong Kong, 5 February 2008

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, Dr. Fung Yiu Tong, Bennet and Dr. Hui Ka Wah, Ronnie JP; 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 the Company at <http://www.townhealth.com>.