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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 TRANSACTION

The Board announced that on 10 March 2008, Health Walk, a wholly-owned subsidiary of the Company entered into the S&P Agreement with the Purchaser pursuant to which the Health Walk agreed to sell and the Purchaser agreed to buy the Sale Shares and the Sale Loan for cash consideration in the aggregate amount of HK\$8,000,000. The Board considers that the consideration was determined after arm's length negotiation between the relevant parties to the S&P Agreement. Completion has taken place on the date of signing the S&P Agreement.

The S&P Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. A circular containing further details of the S&P Agreement will be sent to the Shareholders as soon as practicable within 21 days after publication of this announcement and in accordance with the GEM Listing Rules.

The Board announced that on 10 March 2008, Health Walk entered into the S&P Agreement with the Purchaser pursuant to which Health Walk agreed to sell and the Purchaser agreed to buy the Sale Shares and the Sale Loan for cash consideration in the aggregate amount of HK\$8,000,000. Completion has taken place on the date of signing the S&P Agreement.

S&P AGREEMENT

Date : 10 March 2008

Parties: (1) Health Walk, as vendor
(2) the Purchaser, an Independent Third Party, as purchaser

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Purchaser is an Independent Third Party.

Pursuant to the S&P Agreement, Health Walk agreed to sell and the Purchaser agreed to purchase (i) the Sale Shares, representing 56.13% of the issued share capital of Pacific Medical and (ii) the Sale Loan.

Consideration

The consideration for the Sale Shares and the Sale Loan is HK\$8,000,000 in aggregate, which shall be satisfied by the Purchaser in cash in the following manner: (i) as to HK\$4,000,000 upon signing of the S&P Agreement; and (ii) as to HK\$4,000,000 within one month after the date of the S&P Agreement.

The Board considers that the consideration was determined after arm's length negotiation between the relevant parties to the S&P Agreement and was determined with reference to the (i) the unaudited consolidated net liabilities of Pacific Medical Group of approximately HK\$5,045,000 as at 31 December 2007 and (ii) the outstanding balance of the Sale Loan of approximately HK\$3,433,000 as at the date of the S&P Agreement.

The Board considers the consideration to be fair and reasonable and in the interest to the Company and the Shareholders as a whole.

Conditions and Completion

There is no condition precedent for the Completion of S&P Agreement. Completion took place on the date of signing of the S&P Agreement.

Upon Completion, the business operation and the composition of the management of the Company will remain unchanged. Each of the companies in the Pacific Medical Group will cease to be subsidiaries of the Group.

INFORMATION OF THE GROUP

The Group is a management service provider for private medical and dental practices and an integrated healthcare service provider for the general public in Hong Kong. The corporate objective of the Group is to become a provider of high quality, generally affordable and comprehensive private healthcare service, including physical, social and psychological care in primary, secondary and tertiary levels for preventive healthcare and maintenance of health to citizens of all ages in Hong Kong and eventually to people in other Asian countries.

Being an integrated healthcare service provider in Hong Kong, the Group has been actively participating in the provision of para-medical services and other healthcare related businesses, such as the operation of laboratory and the sale of healthcare and pharmaceutical products. The Group would continue to look for business opportunities to enhance the Group's profile and create synergy for its existing operations, with an aim of providing "one stop shop" services to the public.

INFORMATION ON PACIFIC MEDICAL GROUP

Pacific Medical is an investment holding company incorporated in the British Virgin Islands and its subsidiaries are principally engaged in the provision of cardiology and peripheral vascular related surgical solutions, to medical institutions and medical practitioners in the PRC and Hong Kong. Since its establishment, Pacific Medical Group has been focusing on interventional cardiology.

Based on the unaudited consolidated financial statements of Pacific Medical Group and prepared in accordance with accounting principles generally accepted in Hong Kong, Pacific Medical Group recorded a net profit before tax and after tax of approximately HK\$2,240,000 and HK\$208,000 respectively for the year ended 31 March 2006, and a net loss before tax and after tax of approximately HK\$10,294,000 and HK\$10,538,000 respectively for the year ended 31 March 2007.

Immediately prior to the Completion, the issued share capital of Pacific Medical is owned as follows:

Shareholders of Pacific Medical	% shareholding in Pacific Medical
Health Walk	56.13%
Cheng Ping Fai, Daniel	9.90%
Chan Kin Ho	9.90%
Chin Chi Tang	5.25%
Martnell Limited	3.87%
Ng Kai Hung	7.475%
Liu Kam Yin, Kenneth	7.475%

To the best knowledge and information of the Directors, save for Martnell Limited, all the shareholders of Pacific Medical as shown in the table above are not connected persons of the Company, and are independent of and not connected with any of the directors, chief executive, substantial shareholders of management shareholders of the Company or any of its subsidiaries or any of their respective associates.

Martnell Limited is interested in 14% shareholding of a non-wholly owned subsidiary of the Company, and therefore is regarded as a connected person of the Company as defined under the GEM Listing Rules. However, Martnell Limited does not participate in the negotiation process of and is not a party to the transaction contemplated under the S&P Agreement, this transaction is not a connected transaction.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group is expected to record a gain of about HK\$7,730,000. Such gain was calculated with reference to the unaudited consolidated net liabilities of Pacific Medical Group of approximately HK\$5,045,000 as at 31 December 2007 and the outstanding balance of the Sale Loan of approximately HK\$3,433,000 as at the date of the S&P Agreement.

The Directors intend to apply the entire sale proceeds from the disposal of Pacific Medical Group for the Group's general working capitals.

REASONS FOR THE DISPOSAL

In order to enhance the reputation of the Group, the Group would like to concentrate on the core business of provision of healthcare service to the general public. The principal business of Pacific Medical Group is distribution of medical equipment, which is not in line with the Group's development plan. Moreover, the business of Pacific Medical Group is facing a lot of challenges in these few years and the sales performance is not satisfactory recently.

In view of the above, the Directors, including the independent non-executive Directors, considered that the terms of the S&P Agreement were entered into upon normal commercial terms following arm's length negotiations among the parties, and that the terms of the S&P Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

The S&P Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. A circular containing further details of the S&P Agreement will be sent to the Shareholders as soon as practicable within 21 days after publication of this announcement and in accordance with the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Town Health International Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the S&P Agreement
“Directors”	directors (including independent non-executive directors) of the Company
“GEM”	The Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Health Walk”	Health Walk Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons (as defined under the GEM Listing Rules) of the Company and are not connected persons (as defined under the GEM Listing Rules) of the Company
“Pacific Medical”	Pacific Medical (Holding) Company Limited, a company incorporated in the British Virgin Islands with limited liability and a non-wholly-owned subsidiary of the Company
“Pacific Medical Group”	Pacific Medical and its subsidiaries

“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	周楚廷, an Independent Third Party
“S&P Agreement”	the sale and purchase agreement dated 10 March 2008 and entered into between Health Walk as vendor and the Purchaser as purchaser in relation to the sale and purchase of the Sale Shares and the Sale Loan
“Sale Loan”	approximately HK\$3,433,000 owed by Pacific Medical to Health Walk
“Sale Shares”	44,904 shares of US\$0.01 each in the issued share capital of Pacific Medical, being 56.13% of the entire issued capital of Pacific Medical
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

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

Hong Kong, 12 March 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 Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at <http://www.townhealth.com>.