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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)

(I) DISCLOSEABLE TRANSACTION – INVESTMENT IN A JOINT VENTURE TRUST IN THE PRC; (II) GRANT OF CALL OPTION FOR ISSUE OF SHARES; (III) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND (IV) RESUMPTION OF TRADING

The Board announces that on 29 March 2008, (i) the Company, Guangdong Town Health (as the agent of the Company) and Ping An Trust Co. entered into the Framework Agreement; and (ii) the Company entered into the Call Option Agreement with Ping An Trust Co.

THE FRAMEWORK AGREEMENT

The Company, Guangdong Town Health (as the agent of the Company) and Ping An Trust Co. entered into the conditional Framework Agreement on 29 March 2008 for an exclusive cooperation to develop and manage chain clinics in Guangdong Province, in particular in Pearl River Delta areas. Pursuant to the Framework Agreement, each of the Company (through Guangdong Town Health) and the Qualified Ping An Subsidiary shall participate and contribute equally (50:50) to the Ping An Trust which will be invested by Ping An Trust Co. in its capacity as the trustee of Ping An Trust for the implementation of the Clinic Project by acquiring of 80% equity interest in the Joint Venture Company, a joint venture to be established by Zhong Da Holdings in the PRC. The Joint Venture Company will principally be engaged in operation and management of medical institutes, including but not limited to development of medical institutes, community clinics and chain clinic in Guangdong Province of PRC.

CALL OPTION AGREEMENT

The Company has conditionally agreed to grant the Call Option to Ping An Trust Co. entitling it to subscribe for up to 3,393,583,143 Shares, representing approximately 19.99% of the existing issued share capital of the Company, at the Exercise Price exercisable during the Call Option Period. The Option Shares will be issued pursuant to a specific mandate to be sought at the EGM.

GENERAL

The Framework Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. A circular containing, among other things, further details of the Framework Agreement, the Call Option Agreement and all the transactions contemplated thereunder will be despatched as soon as practicable to the Shareholders in compliance with the GEM Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 31 March 2008 at the request of the Company pending release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 April 2008.

INTRODUCTION

The Board announces that on 29 March 2008, (i) the Company, Guangdong Town Health (as the agent of the Company) and Ping An Trust Co. entered into the Framework Agreement; and (ii) the Company entered into the Call Option Agreement with Ping An Trust Co.

THE FRAMEWORK AGREEMENT

Date:

29 March 2008

Parties:

- (1) Ping An Trust Co.;
- (2) The Company; and
- (3) Guangdong Town Health

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ping An Trust Co. and its ultimate beneficial owners are Independent Third Parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save and except that (i) the Company is interested in 487,804,878 shares and HK\$340,000,000 convertible bonds convertible into 2,175,609,756 shares of Hong Kong Health Check, and (ii) Miss Choi Ka Yee, Crystal, an executive Director, is interested in 100,000,000 shares of Hong Kong Health Check, Guangdong Town Health, which is a wholly owned subsidiary of Hong Kong Health Check and its ultimate beneficial owners are Independent Third Parties. Guangdong Town Health entered into the Framework Agreement in the capacity of the agent of the Company.

Purposes of the Framework Agreement

The Framework Agreement was entered into among the Company, Guangdong Town Health (as the agent of the Company) and Ping An Trust Co. for the purpose of entering into an exclusive cooperating agreement to develop and manage chain clinics in Guangdong, in particular, in Pearl River Delta areas. Pursuant to the Framework Agreement, each of the Company (through Guangdong Town Health) and the Qualified Ping An Subsidiary shall participate and contribute equally (50:50) to the Ping An Trust which will be invested by Ping An Trust Co. in its capacity as the trustee of Ping An Trust for the implementation of the Clinic Project by acquiring of 80% equity interest in the Joint Venture Company, a joint venture to be established by Zhong Da Holdings in Guangzhou, the PRC. The Joint Venture Company will principally be engaged in operation and management of medical institutes, including but not limited to development of medical institutes, community clinics and chain clinic in Guangdong Province of PRC. In accordance with the Framework Agreement, Ping An Trust Co. will procure Zhong Da Holdings to enter into other agreements with Ping An Trust Co. to (1) govern the establishment, operation and management of the Joint Venture Company; and (2) reflect the major terms of the Framework Agreement in respect of operation and management of the Joint Venture Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhong Da Holdings and its ultimate beneficial owners are Independent Third Parties.

Under the Framework Agreement, Guangdong Town Health (being an agent of the Company), the Qualified Ping An Subsidiary and Ping An Trust Co. will enter into the Trust Scheme Agreement for a term of ten years. Pursuant to the Trust Scheme Agreement Guangdong Town Health and the Qualified Ping An Subsidiary both as settlors shall establish a trust with an initial fund of RMB300 million (equivalent to approximately HK\$330 million) which will be contributed by the Qualified Ping An Subsidiary and Guangdong Town Health in equal shares in cash in two tranches. Ping An Trust Co. as the trustee will hold the Ping An Trust on trust for Guangdong Town Health (as the agent of the Company) and the Qualified Ping An Subsidiary as the only two beneficiaries, in equal shares. The role and responsibility of the Company is to duly make its contribution of RMB150 million (equivalent to approximately HK\$165 million) to the Ping An Trust via its agent Guangdong Town Health. The first tranche contribution of RMB200 million to the Ping An Trust shall be made by the Qualified Ping An Subsidiary and Guangdong Town Health (each contributing RMB100 million (equivalent to approximately HK\$110 million)) upon the satisfaction of the conditions precedents of the Framework Agreement as mentioned below. The second tranche contribution of RMB100 million to the Ping An Trust shall be made by the Qualified Ping An Subsidiary and Guangdong Town Health (each contributing RMB50 million (equivalent to approximately HK\$55 million)) within six months upon signing of the Framework Agreement. Ping An Trust Co. in its capacity as the trustee shall invest all the trust fund of RMB300 million in the Joint Venture Company. The initial injection to the trust fund is based on the projected funding need of the Joint Venture Company. The Company intends to finance its total committed contribution of RMB150 million (equivalent to HK\$165 million) in cash by internal resources and/or by bank borrowing.

Currently the parties to the Trust Scheme Agreement intend to share any profit generated under the Ping An Trust in equal shares. Upon the expiry of the Trust Scheme Agreement in ten years, it is at the Company's discretion (via Guangdong Town Health) to further extend the Trust Scheme Agreement for five years. The Ping An Trust will be dissolved after the expiry of the Trust Scheme Agreement. All the assets under the Ping An Trust after paying the necessary costs, expenses, taxes and fees shall be distributed to the two beneficiaries in equal shares. Guangdong Town Health shall hold any profit sharing or distribution of assets from the Ping An Trust on trust for the Company and return

the same to the Company at the direction of the Company. As at the date of this announcement, the terms under the Trust Scheme Agreement have not yet been finally concluded. The profit sharing arrangement and the arrangement upon the expiry of the Trust Scheme Agreement may be subject to further negotiation of the parties thereto. Further announcement will be made by the Company in accordance with requirement under the GEM Listing Rules if the profit sharing arrangement or the assets distribution upon expiry of the Ping An Trust are substantially different from the disclosure above.

Depending on the funding requirements of the Joint Venture Company in future, the total fund of the Ping An Trust may be increased to RMB500 million subject to approval by the parties to the Framework Agreement and board of directors of the Joint Venture Company. There does not exist any capital commitment of the Company to contribute any fund in excess of RMB150 million (equivalent to HK\$165 million) under the Framework Agreement as at the date of this announcement.

Information on the Joint Venture Company

To the best knowledge of the Directors, the Joint Venture Company will be initially set up by Zhong Da Holdings with the registered capital of RMB1 million (equivalent to approximately HK\$1.1 million). The registered capital of the Joint Venture Company shall then be increased and Ping An Trust Co. intends to invest approximately RMB 300 million (equivalent to approximately HK\$330 million) of the Ping An Trust to acquire 80% of the equity interest of the Joint Venture Company. It is the Director's understanding that apart from the initial capital commitment of RMB1 million, Zhong Da Holdings will procure the Clinic Project to utilise the venue, goodwill of the Sun Yat-sen University and the manpower from the affiliated hospitals of the Sun Yat-sen University. Upon completion of the acquisition, Ping An Trust Co. will hold 80% equity interest in the Joint Venture Company whilst Zhong Da Holdings will hold the remaining 20% equity interest in the Joint Venture Company.

The board of directors of the Joint Venture Company will comprise six directors, of which two will be nominated by Zhong Da Holdings, two will be nominated by Ping An Trust Co. and two will be nominated by the Company. The chairman of the Joint Venture Company will be nominated by Ping An Trust Co. and the general manager of the Joint Venture Company will be nominated by the Company.

After the Joint Venture Company having been established, Ping An Trust Co. shall procure the Joint Venture Company to enter into the exclusive Consultancy Agreement with the Company or its nominee for a term of 5 years which is subject to review by the board of directors of the Joint Venture Company after 3 years. Under the Consultancy Agreement, the Company or its nominee shall provide consultancy and management services to all the chain clinics operated by the Joint Venture Company. The services to be provided by the Company or its nominee including among other things, strategy and marketing, planning, advices on clinic operation and management, treatment protocol and audit, recruitment, staff training, chain clinic information technology system and drugs and medicine supply system etc. The Company or its nominee will only be entitled to consultancy fee if the Joint Venture

Company has distributable profit for a fiscal year during the term of the Consultancy Agreement in the manner below:

Distributable profit of the Joint Venture

Company for any fiscal year

Consultancy fee receivable by the Company

For the first HK\$50 million	5% of the actual distributable profit
For the second HK\$50 million	4.5% of such increment
For the third HK\$50 million	4.0% of such increment
For the fourth HK\$50 million	3.5% of such increment
For the fifth HK\$50 million	3.0% of such increment
For the sixth HK\$50 million and above	2.5% of such increment

The aggregate consultancy fee receivable by the Company or its nominee in five fiscal years time of the Joint Venture Company during the term of the Consultancy Agreement shall be capped at RMB22.5 million (equivalent to approximately HK\$24.75 million)

Conditions precedent of the Framework Agreement

The Framework Agreement shall be conditional upon the fulfilling of the following conditions precedent:

- (a) the obtaining of all necessary consents and approvals by Ping An Trust Co. as required under the articles of association of Ping An Trust Co. and from its supervisory corporate authority (including but not limited to its investment management committee) and all relevant laws, rules and regulations in respect of the Framework Agreement and the transactions contemplated thereunder having been obtained;
- (b) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Company) in relation to the Framework Agreement and the transactions (save except the Call Option Agreement) contemplated thereunder; and
- (c) all necessary consents and approvals required to be obtained from the governmental authority in the PRC in respect of the Framework Agreement and the transactions contemplated thereunder having been obtained (if so advised by the PRC legal opinion aforesaid).

If any of the above conditions is not satisfied (or waived as the case may be) at or before 12:00 noon on 16 June 2008, or such later date as parties thereto may agree in writing, the Framework Agreement shall terminate and neither party shall have any liability to the other except for antecedent breaches of the Framework Agreement.

THE CALL OPTION AGREEMENT

Date:

29 March 2008

Parties:

- (1) Ping An Trust Co.
- (2) The Company

In consideration of payment of the Call Option Fee by Ping An Trust Co., the Company conditionally agreed to grant the Call Option to Ping An Trust Co. pursuant to which Ping An Trust Co. shall have the right to subscribe for up to 3,393,583,143 Shares, representing approximately 19.99% of the existing issued share capital of the Company, at the Exercise Price exercisable during the Call Option Period. Save and except that Ping An Trust Co. may transfer the Call Option to any subsidiary of Ping An Group, the Call Option is not transferable in nature.

Conditions precedent of the Call Option Agreement

The grant of the Call Option shall be conditional upon the fulfilling of the following conditions precedent:

- (a) (if necessary) the passing by Shareholders at the EGM of an ordinary resolution to approve the Call Option Agreement and the transactions contemplated thereunder;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Option Shares;
- (c) the Framework Agreement becoming unconditional; and
- (d) the obtaining of all necessary approvals, consents and permission in relation to the Call Option and the allotment and issue of Option Shares.

If any of the above conditions is not satisfied (or waived as the case may be) at or before 12:00 noon on 16 June 2008, or such later date as parties thereto may agree in writing, the Call Option Agreement shall terminate and neither party shall have any liability to the other except for antecedent breaches of the Call Option Agreement.

The Option Shares will be issued at the Exercise Price which is HK\$0.12 per Option Share or the average closing price of the five consecutive trading days immediately preceding to the exercise of the Call Option, whichever is the lower. The fixed exercise price of HK\$0.12 per Option Share represents:

- (i) a discount of 20% to the closing price of HK\$0.15 per Share as quoted on the Stock Exchange on 28 March 2008, being the last trading day prior to the date of the Call Option Agreement; and
- (ii) a discount of approximately 16.67% to the average closing price of HK\$0.144 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 28 March 2008.

The Exercise Price is determined after arm's length negotiation with reference to recent closing prices of Shares. The 3,393,583,143 Option Shares represent approximately 19.99% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue and allotment of the Option Shares. The Option Shares shall be issued pursuant to a specific mandate to be sought at the EGM.

The Option Shares, when issued, will rank pari passu in all respects among themselves and with the then issued Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the respective dates of allotment and issue of the Option Shares.

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in the Option Shares.

Adjustments and anti-dilution mechanism

The number of the Option Shares and the Exercised Price shall be subject to adjustment in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital. In addition, during the Call Option Period, if the Company issues any new Shares, or any convertible bonds, warrants entitling the holders to convert into new Shares (the “**Dilution Events**”), the Company shall grant further option(s) to Ping An Trust Co., exercisable up to the expiry of the Call Option Period, entitling it to subscribe for additional Shares equal to 20% less one Share of the new Shares issued or issuable under the Dilution Events, at an exercise price equal to the relevant issue price/conversion price under the Dilution Events. The Company shall grant further option(s) to Ping An Trust Co. subject to the compliance with the GEM Listing Rules. Separate mandates would be sought in relation to the future grant of further option(s) and issue of new Shares thereunder. If Ping An Trust Co. becomes a connected person of the Company upon the future grant and exercise of the Call Option, the Company shall comply with Chapter 20 of the GEM Listing Rules upon the grant of further option(s) to Ping An Trust Co.. As at the date of this announcement, other than the Call Option and options granted under the share option scheme of the Company, the Company has no outstanding warrants, options and convertible bonds which are convertible into new Shares.

CHANGES ON SHAREHOLDINGS STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately upon the full exercise of the Call Option is set out as follows:

	Existing shareholding structure		Shareholding structure immediately upon full exercise of the Call Option	
	Number of Shares held	% of total issued Shares	Number of Shares held	% of total issued Shares
Broad Idea International Limited (note 1)	7,890,742,353	46.50%	7,890,742,353	38.75%
Ping An Group (note 2)			3,393,583,143	16.67%
Public	<u>9,077,173,371</u>	<u>53.50%</u>	<u>9,077,173,371</u>	<u>44.58%</u>
Total	<u>16,967,915,724</u>	<u>100.00%</u>	<u>20,361,498,867</u>	<u>100.00%</u>

Notes:

- (1) 50.1% of the issued share capital of Broad Idea International Limited is owned by Dr. Cho Kwai Chee, an executive Director, whilst 49.9% of the issued share capital of Broad Idea International Limited is owned by Dr. Francis Choi Chee Ming, JP, a non-executive Director.
- (2) Pursuant to the Call Option Agreement, Ping An Trust Co. shall not be interested in 20% or more of the issued Shares from time to time.

INFORMATION ON PING AN TRUST CO. AND ZHONG DA HOLDINGS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ping An Trust Co. is a subsidiary of Ping An Trust Insurance (Group) Company of China, Ltd. whose issued shares are listed on the Stock Exchange and the Shanghai Stock Exchange. Ping An Group is an insurance and financial services group in the PRC with the ability to provide multiple insurance and financial services and products to corporate and retail customers. Ping An Trust Co. is principally engaged in provision of trust fund and investment services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhong Da Holdings is a wholly owned limited company incorporated by the Sun Yat-sen University, Guangdong City in PRC. Zhong Da Holdings is a company responsible for the operation and management of all the assets, investments, joint ventures and projects on behalf of the Sun Yat-sen University.

REASON FOR ENTERING THE FRAMEWORK AGREEMENT AND CALL OPTION AGREEMENT

The 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, in particular, through chain clinic. 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 business, such as the investment in laboratory, healthcheck centres and the sale of healthcare and pharmaceutical products etc. The Directors also proactively look for business opportunities to enhance the Group's profile and to create synergy for its existing operations.

The Pearl River Delta areas in Guangdong Province have recorded fast economic growth in recent decades and more people are becoming aware of the importance of healthcare. The Directors believe that the healthcare market in the PRC provides abundant business opportunities for Group in the future.

The entering into of the Framework Agreement will provide a good investment channel for the Company to participate in the chain clinic business in the PRC. Further, the Directors believe that with the goodwill of the Ping An Group in insurance industry and the Sun Yat-sen University in medical and healthcare research and development, participation in the investment in the Joint Venture Company by the Company will bring synergy effect enabling the Group and the Ping An Group to jointly own branding in chain clinic in the PRC.

The Directors consider that the Framework Agreement will enhance the Group's overall business performance and strengthen its revenue bases. The Directors are of the view that the terms of the Framework Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and Shareholders as a whole.

Upon the indirect acquisition of 40% equity interest in the Joint Venture Company, it is the intention of the Company to treat such acquisition as an investment in an associated company. Although such accounting treatment is reviewed by the auditors preliminary, it is subject to the final determination by the auditors of the Company.

The Directors further believe that the grant of Call Options to Ping An Trust Co. can broaden the Shareholder base of the Company and introduce a renowned strategic Shareholder to the Company. The Directors consider that the Call Option Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and Ping An Trust Co. and that the terms of the Call Option Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming the Option Shares are issued at the Exercise Price of HK\$0.12, the net proceeds of allotment and issue of Option Shares, after deduction of the placing commission and other related expenses, will be approximately HK\$407 million. The Directors intend to apply the net proceeds for general working capital of the Group.

Guangdong Town Health is appointed by the Company as agent to enter into the Framework Agreement because the Company does not have any suitable subsidiary established in the PRC to enter into the Trust Scheme Agreement. In return, a fixed agency fee at HK\$50,000 per month shall be payable by the Company at the end of each month to Hong Kong Health Check in addition to reimbursement of all out of pocket expenses and financial costs arising from the provision of any of the services until cessation of all of the such services.

Pursuant to the Framework Agreement and the agency agreement with Hong Kong Health Check, the Company shall be responsible for, among others, (i) negotiating, executing and performing the terms of all agreements to be entered into between the Company, Guangdong Town Health (as the agent of the Company) and Ping An Trust Co.; (ii) financing Guangdong Town Health's contribution to the Ping An Trust; and (iii) paying the fixed agency fee to Guangdong Town Health. The Company is the ultimate beneficial owner of all its interests in the Ping An Trust and in the Joint Venture Company. As agreed between the Company and Hong Kong Health Check, Guangdong Town Health will only enter into the Trust Scheme Agreement when the Company has provided sufficient funding to Hong Kong Health Check to contribute RMB150 million and perform its obligations under the Trust Scheme Agreement.

GENERAL

The Framework Agreement constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. A circular containing details of, among other things, the Framework Agreement, the Call Option Agreement and all the transactions contemplated thereunder will be despatched as soon as practicable to the Shareholders in compliance with the GEM Listing Rules.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek the approval by way of ordinary resolution at the EGM for an increase in the authorised share capital of the Company from HK\$200,000,000 divided into 20,000,000,000 Shares to HK\$300,000,000 divided into 30,000,000,000 Shares by creating an additional 10,000,000,000 unissued Shares.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 31 March 2008 at the request of the Company pending release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 7 April 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of directors of the Company
“Call Option”	the right to be granted by the Company to Ping An Trust Co. to subscribe for up to 3,393,583,143 Options Shares at the Exercise Price during the Call Option Period pursuant to the Call Option Agreement
“Call Option Agreement”	a conditional agreement dated 29 March 2008 entered into between Ping An Trust Co. and the Company for the grant of the Call Option
“Call Option Fee”	RMB100 (equivalent to HK\$110)
“Call Option Period”	twenty months commencing from the date when Call Option Agreement becomes unconditional
“Clinic Project”	an exclusive cooperation between the Company and Ping An Trust Co. to develop and manage chain clinics in Guangdong Province in particular in Pearl River Delta areas
“Company”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Consultancy Agreement”	an exclusive consultancy agreement proposed to be entered into between the Joint Venture Company and the Company or its nominee
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving, among others, the Call Option Agreement and the increase in authorised share capital of the Company
“Exercise Price”	at the fixed price of HK\$0.12 per Option Share or the average closing price of the five consecutive trading days immediately preceding to the exercise of the Call Option, whichever is the lower
“Framework Agreement”	a conditional agreement dated 29 March 2008 entered into among Ping An Trust Co., the Company and Guangdong Town Health

“GEM”	the Growth Enterprise Market on 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 the GEM
“Group”	the Company and its subsidiaries
“Guangdong Town Health”	廣東康健醫院管理有限公司# (Guangdong Town Health Hospital Management Limited), a limited liability company established in Guangdong, PRC, a wholly-owned subsidiary of Hong Kong Health Check
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong 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
“Independent Third Parties”	third parties independent of the Company and its connected persons and are not connected persons of the Company
“Joint Venture Company”	a joint venture company with limited liability to be established in Guangdong, PRC by Zhong Da Holdings in accordance with the terms of an agreement to be entered into between Ping An Trust Co. and Zhong Da Holdings to implement and operate the Clinic Project
“Option Share(s)”	the new Share(s) to be allotted and issued upon the exercise of the Call Option
“Ping An Group”	Ping An Trust Insurance (Group) Company of China, Ltd. and its subsidiaries
“Ping An Trust”	a special trust set up and managed by Ping An Trust Co. for the Clinic Project
“Ping An Trust Co.”	平安信托投資有限責任公司# (Ping An Trust & Investment Co. Ltd.), a limited liability company established in the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Qualified Ping An Subsidiary”	any subsidiary of the Ping An Group which is qualified to participate and contribute to the Ping An Trust in accordance with laws and regulations of PRC
“Shareholders”	holders of Shares

“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Yat-sen University”	中山大學 in Guangdong province, PRC
“Trust Scheme Agreement”	an agreement to be entered into between among the Qualified Ping An Subsidiary, Ping An Trust Co. and Guangdong Town Health (as agent of the Company)
“Zhong Da Holdings”	廣州中大控股有限公司# (Guangzhou Zhong Da Holdings Company Limited), a limited liability company established by the Sun Yat-sen University in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1 to HK\$1.10

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

Hong Kong, 3 April 2008

* *For identification purposes only*

the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

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 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 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 the Company at <http://www.townhealth.com>.