

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Town Health International Holdings Company Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) PROPOSED GRANT OF
GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Shop 1A-1C, Level 1, Hilton Plaza Commercial Centre, 3-9 Shatin Centre Street, Shatin, New Territories, Hong Kong at 9:00 a.m. on Tuesday, 29 July 2008 is set out on pages 14 to 18 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page for seven days from the date of its publication and on the website of Town Health International Holdings Company Limited at <http://www.townhealth.com>.

27 June 2008

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	<i>Page</i>
Characteristics of GEM	i
Definitions	1
Letter from the Board	3
Introduction	3
General Mandate and Repurchase Mandate	4
Re-election of Directors	5
Responsibility Statement	5
Action to be taken	5
Recommendation	6
General	6
Appendix I – Explanatory Statement	7
Appendix II – Procedures by which Shareholders may demand a poll at general meeting pursuant to the Articles of Association	11
Appendix III – Details of Directors proposed to be re-elected at the AGM	12
Notice of the AGM	14

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the proposed grant of the General Mandate and the Repurchase Mandate and the re-election of Directors
“Articles of Association”	the articles of association of the Company, and “Article” shall mean an Article of the Articles of Association
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“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 GEM
“Directors”	the directors of the Company
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to issue further new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant resolution granting such mandate
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 June 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Repurchase Mandate”	the repurchase mandate proposed to be granted to the Directors at the AGM to exercise the powers of the Company to repurchase up to a maximum of 10% of the issued share capital of the Company as at the date of passing the relevant resolution granting such mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Cho Kwai Chee
Miss Choi Ka Yee, Crystal
Mr. Cho Kwai Yee, Kevin
Dr. Fung Yiu Tong, Bennet
Dr. Hui Ka Wah, Ronnie JP

Registered office:

Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Non-executive Director:

Dr. Francis Choi Chee Ming JP

*Head office and principal place
of business in Hong Kong:*

Independent non-executive Directors:

Mr. Chan Kam Chiu
Mr. Wai Kwok Hung JP
Mr. Ho Kwok Wah, George

Shop No. 37, Level 3
Hilton Plaza Commercial Centre
3-9 Shatin Centre Street, Shatin
New Territories
Hong Kong

27 June 2008

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANT OF
GENERAL MANDATES TO ISSUE NEW SHARES AND
REPURCHASE BY THE COMPANY OF ITS OWN SHARES;
(2) PROPOSED RE-ELECTION OF DIRECTORS; AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the AGM to be held at Shop No. 1A-1C, Level 1, Hilton Plaza Commercial Centre, No. 3-9 Shatin Centre Street, Shatin, New Territories, Hong Kong on Tuesday, 29 July 2008 at 9:00 a.m., resolutions will be proposed, among other matters:

- (a) to re-elect the Directors;

LETTER FROM THE BOARD

- (b) to grant the General Mandate to the Directors;
- (c) to grant the Repurchase Mandate to the Directors; and
- (d) to increase the number of Shares to be allotted and issued under the General Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for the grant of the General Mandate and the Repurchase Mandate, the re-election of Directors and to give you the notice of the AGM.

GENERAL MANDATE AND REPURCHASE MANDATE

The General Mandate and the Repurchase Mandate shall be effective until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable law of the Cayman Islands to be held; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors.

Under the GEM Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable Shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this circular is set out in Appendix I.

General Mandate

The Company has in issue an aggregate of 17,244,415,724 Shares as at the Latest Practicable Date. Subject to the passing of the proposed resolution for the approval of the General Mandate and in accordance with the terms therein, the Company would be allowed to allot and issue up to a maximum of 3,448,883,144 Shares, representing 20% of the aggregate nominal amount of the issued Shares at the time of the passing of the resolution approving the General Mandate on the basis that no further Shares will be issued or repurchased by the Company prior to the AGM.

The Directors have no immediate plans to issue any new Shares which may fall to be issued under the share option scheme or any scrip dividend scheme which may be approved by the Shareholders.

LETTER FROM THE BOARD

Repurchase Mandate

On pages 14 to 18 of this circular is the notice of the AGM. At the AGM, and as part of the special business of the AGM, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors.

RE-ELECTION OF DIRECTORS

According to Article 116, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation at every annual general meeting of the Company. A retiring Director shall be eligible for re-election.

In accordance with Article 116, Miss Choi Ka Yee, Crystal, Dr. Fung Yiu Tong, Bennet and Mr. Ho Kwok Wah, George shall retire from office at the AGM and, being eligible, offer themselves for re-election.

At the AGM, an ordinary resolution will be proposed to re-elect each of Miss Choi Ka Yee, Crystal, Dr. Fung Yiu Tong, Bennet and Mr. Ho Kwok Wah, George as executive/independent non-executive Directors (as the case may be).

Particulars relating to Miss Choi Ka Yee, Crystal, Dr. Fung Yiu Tong, Bennet and Mr. Ho Kwok Wah, George are set out in Appendix III to this circular.

RESPONSIBILITY STATEMENT

This document, 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: (i) the information contained in this document is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this document misleading; and (iii) 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.

ACTION TO BE TAKEN

Whether or not you intend to attend the AGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof in person if you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposed grant of the General Mandate and the Repurchase Mandate and the proposed re-election of Directors are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the above resolutions to be proposed at the AGM.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and its net assets and/or earnings per Share and will only be made when the Directors believe that a repurchase of Shares will benefit the Company and the Shareholders as a whole.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 March 2008, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors believe that an exercise of the General Mandate to allot and issue new Shares will enable the Company to take advantage of market conditions to raise additional capital for and/or as a means of payment by the Company.

GENERAL

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board of
Town Health International Holdings Company Limited
Choi Ka Yee, Crystal
Chairman

This Appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide the requisite information to you for your consideration of the Repurchase Mandate.

1. Repurchase of securities from connected parties

The GEM Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a “connected person”, that is, a director, chief executive, management shareholder or substantial shareholder of the Company or any of its subsidiaries or their respective associates and a connected person is prohibited from knowingly selling his/her/its securities to the Company.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is passed.

2. Share capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 17,244,415,724 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 1,724,441,572 Shares, representing 10% of the issued share capital of the Company as at the Latest Practicable Date.

3. Reasons for the repurchase

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

4. Funding of repurchases

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available under the Cayman Islands law and the memorandum and articles of association of the Company for such purpose.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 March 2008, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

5. Share prices

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve calendar months were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
June	0.277	0.177
July	0.300	0.220
August	0.260	0.111
September	0.207	0.112
October	0.153	0.099
November	0.157	0.118
December	0.146	0.118
2008		
January	0.124	0.090
February	0.141	0.094
March	0.184	0.127
April	0.179	0.131
May	0.154	0.139
June (up to the Latest Practicable Date)	0.142	0.112

6. Disclosure of interests and minimum public holding

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Repurchase Mandate is approved at the AGM and exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and applicable laws of the Cayman Islands.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Shares then in issue:

Name	Number of Shares	Percentage holding
Dr. Cho Kwai Chee (<i>Note</i>)	7,908,122,353	45.86%
Dr. Francis Choi Chee Ming J.P. (<i>Note</i>)	7,908,122,353	45.86%
Broad Idea International Limited (<i>Note</i>)	7,908,122,353	45.86%

Note: These 7,908,122,353 Shares are owned by Broad Idea International Limited, which is owned as to 50.1% by Dr. Cho Kwai Chee and as to 49.9% by Dr. Francis Choi Chee Ming J.P. Each of Dr. Cho Kwai Chee and Dr. Francis Choi Chee Ming J.P. are deemed to be interested in the 7,908,122,353 Shares under Part XV of the SFO.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the total interests of the above Shareholders in the Shares would be increased to:

Name	Percentage holding
Dr. Cho Kwai Chee	50.95%
Dr. Francis Choi Chee Ming J.P.	50.95%
Broad Idea International Limited	50.95%

On the basis of the current shareholding of Dr. Cho Kwai Chee, Dr. Francis Choi Chee Ming J.P., Broad Idea International Limited and parties acting in concert with them, an exercise of the Repurchase Mandate in full will result in them becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise any of the Repurchase Mandate to such an extent that will result in a requirement of Dr. Cho Kwai Chee, Dr. Francis Choi Chee Ming J.P., Broad Idea International Limited and parties acting in concert with them to make a mandatory offer under the Takeovers Code.

Accordingly, save as disclosed above, the Directors are not aware of any consequences which may arise under the Takeovers Code as consequences of any purchase made under the Repurchase Mandate. In addition, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

7. Shares repurchase made by the Company

Details of share repurchases made by the Company in the previous six months are as follows:

Date of repurchase	Number of Shares repurchased	Price per share	
		Highest HK\$	Lowest HK\$
22 January 2008	5,000,000	0.097	0.093
23 January 2008	350,000	0.092	–
Total:	<u>5,350,000</u>		

The procedures by which the Shareholders may demand a poll at general meeting of the Company are set out in this Appendix.

According to Article 80, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote or who represent in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (c) any member or members present in person or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (d) if required by the rules of the designated stock exchange, the chairman of the meeting and/or any director holding the proxies shall demand a poll, if such aggregate proxies held individually or collectively by (i) the chairman of the particular meeting, and/or (ii) the directors, account for five (5) per cent. or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposition manner to that instructed in those proxies.

Unless a poll is so demanded and not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The details of the Directors who will retire from office by rotation at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

(1) Miss Choi Ka Yee, Crystal (“Miss Choi”)

Miss Choi Ka Yee, Crystal, aged 27, is the executive Director and the chairman of the Company. Miss Choi graduated from Boston College, the United States of America, with a bachelor degree of science in accountancy. She also holds a master’s degree in corporate finance from The Hong Kong Polytechnic University. Miss Choi has extensive knowledge in accounting and corporate finance. Miss Choi is a member of the Chinese People’s Political Consultative Conference Jieyang, general committee member of the Chamber of Hong Kong Listed Companies, the vice chairman of Youth Professionals Committee of the Association of Hong Kong Professionals and the chairman of United We Stand Foundation Limited. She joined the Company in April 2005 as the director of the corporate finance department. Miss Choi is also an executive director of Hong Kong Health Check and Laboratory Holdings Company Limited (“**HK Health Check**”), a company whose shares are listed on the Main Board of the Stock Exchange. Save for the above, Miss Choi does not hold any directorship in other public listed company or any other position with the Company and other members of the Group in the past three years. Miss Choi was appointed as an executive Director and the chairman of the Company on 12 May 2006 and 26 October 2006 respectively. Miss Choi is also the director of Early Light International (Holdings) Limited and E.Lite (Choi’s) Holdings Limited.

Miss Choi is a daughter of Dr. Francis Choi Chee Ming JP who is the non-executive Director and vice Chairman of the company. Save as disclosed, Miss Choi does not have any relationships with other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders, nor any interests in the Shares within the meaning of Part XV of the SFO.

Miss Choi has not entered into any service contract with the Company nor will she receive any remuneration from the Company in her capacity as an executive Director and chairman of the Company. She will have no fixed term of service with the Company. Her appointment will be subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association.

(2) Dr. Fung Yiu Tong, Bennet (“Dr. Fung”)

Dr. Fung Yiu Tong, Bennet, aged 41, an executive Director who is also the Director of Medical Services of the Group. He graduated from the University of Hong Kong and holds the qualifications of MBBS (HK), MRCP, DCH (London), DFM (CUHK) and Dip Med (CUHK). He joined the Group in 1994 and is responsible for the strategic development of the Group’s medical services and provides training to the medical practitioners of the Group. Dr. Fung is also an executive director and chairman of HK Health Check, a company whose shares are listed on the Main Board of the Stock Exchange. Save for the above, Dr. Fung does not hold any directorship in other public listed company or any other position with the Company and other members of the Group in the past three years.

As at the Latest Practicable Date, Dr. Fung personally hold 8,067,270 Shares in the Company, representing approximately 0.047% of the issued share capital of the Company. Save as disclosed above, Dr. Fung does not have any other interests in the Shares within the meaning of Part XV of the SFO nor any relationships with other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders.

Dr. Fung has entered into a two-year service agreement with the Company in the capacity as a medical practitioner delivering medical consultation services to the patients of the Group. Based on Dr. Fung's contract, he is entitled to a basic salary of HK\$90,000 per month plus monthly performance bonus. The performance bonus is determined with reference to the net profit in respect of the medical centres in where Dr. Fung is in-charge. The emolument is determined by the Board with reference to his duties and responsibility. Dr. Fung's appointment will be subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association.

(3) Mr. Ho Kwok Wah, George ("Mr. Ho")

Mr. Ho Kwok Wah, George, aged 50, is an independent non-executive Director who is a practicing certified public accountant in Hong Kong. He is the proprietor of George K. W. Ho & Co., Certified Public Accountants and possesses over 21 years' professional experience in accounting, auditing, tax planning and business advisory. Mr. Ho is a director of The Taxation Institute of Hong Kong and the Hong Kong Commerce and Industry Associations Limited. He is also an independent non-executive director of Belle International Holdings Company Limited, whose shares are listed on the main board of the Stock Exchange. Mr. Ho was appointed as an independent non-executive Director and a member of the audit committee both on 28 September 2004. He was also appointed as a member of the remuneration committee of the Company on 14 February 2006.

Mr. Ho does not have any interests in the Shares within the meaning of Part XV of the SFO nor any relationships with other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders.

Mr. Ho has entered into a service contract with the Company for a term of two years expiring on 27 September 2008. His appointment will be subject to normal retirement and re-election by the Shareholders pursuant to the Articles of Association. Mr. Ho is entitled to a director's fee of HK\$36,000 per annum, which is determined by the Board with reference to his duties and responsibility.

There is no information relating to Miss Choi, Dr. Fung and Mr. Ho that is required to be disclosed pursuant to Rules 17.50(2) (h) to (v) of the GEM Listing Rules.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders.

NOTICE OF THE AGM



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Town Health International Holdings Company Limited (the “**Company**”) will be held at Shop 1A-1C, Level 1, Hilton Plaza Commercial Centre, 3-9 Shatin Centre Street, Shatin, New Territories, Hong Kong on Tuesday, 29 July 2008 at 9:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the directors (the “**Directors**”) and auditors of the Company for the year ended 31 March 2008;
2.
 - (a) To re-elect Miss Choi Ka Yee, Crystal as executive Director;
 - (b) To re-elect Dr. Fung Yiu Tong, Bennet as executive Director;
 - (c) To re-elect Mr. Ho Kwok Wah, George as independent non-executive Director;
 - (d) To authorise the board of Directors to fix the Directors’ remuneration;
3. To re-appoint Deloitte Touche Tohmatsu as the auditors of the Company and to authorise the board of Directors to fix their remuneration;
4. To, as special business, consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF THE AGM

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the existing share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of resolution no. 5),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated or revised) of the Cayman Islands (the “**Companies Law**”) or any other applicable law of the Cayman Islands to be held; and

NOTICE OF THE AGM

- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

- 5. To, as special business, consider and, if thought fit, passing the following resolution as an ordinary resolution:

“**THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Law and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF THE AGM

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Law or any other applicable law of the Cayman Islands to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. To, as special business, consider and, if thought fit, passing the following resolution as an ordinary resolution:

“**THAT** the Directors be and they are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

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

Hong Kong, 27 June 2008

Registered office:
Ugland House
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

*Head office and principal place of
business in Hong Kong:*
Shop No. 37, Level 3
Hilton Plaza Commercial Centre
3-9 Shatin Centre Street, Shatin
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company’s branch registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26th, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish.

NOTICE OF THE AGM

3. In relation to proposed resolutions nos. 4 and 6 above, approval is being sought from the shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of shares of the Company under the GEM Listing Rules. The Directors have no immediate plans to issue any new shares of the Company other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
4. In relation to proposed resolution no. 5 above, the directors wish to state that they will exercise the powers conferred thereby to repurchase Shares in circumstances which they deem appropriate for the benefit of the shareholders of the Company. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the GEM Listing Rules is set out in Appendix I to this circular.