

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Town Health International Holdings Company Limited.*



## **TOWN HEALTH INTERNATIONAL HOLDINGS COMPANY LIMITED**

**康健國際控股有限公司\***

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 3886)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF A MINORITY INTEREST IN A SUBSIDIARY**

**Financial adviser to the Company**



**FIRST SHANGHAI CAPITAL LIMITED**

The Board is pleased to announce that on 1 June 2009, the Group, through Health Walk, entered into the Agreement to acquire the 27% interest in the issued share capital of FOMT Group from the Vendor at a consideration of HK\$32 million.

As the applicable percentage ratios exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the announcement and circular requirements under Chapter 14 of the Listing Rules. As (i) the Vendor is a substantial shareholder of a non-wholly owned subsidiary of the Company and (ii) the ultimate beneficial owner of the Vendor, Ms. Leung Yuet Kwan, Belinda, is the wife of Mr. Ng Yau Sing who was one of the founders and has been a director of each of the member companies of the Target Group, the Vendor is a connected person of the Company under the Listing Rules. The Acquisition therefore also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Completion is subject to, among other things, the approval by the Independent Shareholders at the SGM. The Vendor together with its associates, shall abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the SGM. The voting will be taken by way of poll in accordance with the requirements of the Listing Rules. As at the date of this announcement, the Vendor has no shareholdings in the Company; while its sole shareholder, Ms. Leung Yuet Kwan, Belinda, is currently holding 100,000 Shares and therefore will abstain from voting at the SGM.

\* For identification purpose only

A circular containing, among other things, (i) further information on the Acquisition and the Target Group; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iii) the letter from the Independent Board Committee, (iv) a notice of the SGM; and (v) other information as required by the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 1 June 2009, the Group, through Health Walk, entered into the Agreement to acquire the 27% interest in the issued share capital of FOMT Group from the Vendor at a consideration of HK\$32 million.

## **THE AGREEMENT**

Date of the Agreement: 1 June 2009

Vendor of the Agreement: Helix Overseas, being a company wholly-owned by Ms. Leung Yuet Kwan, Belinda and a substantial shareholder of FOMT Group. In addition, Ms. Leung Yuet Kwan, Belinda is the wife of Mr. Ng Yau Sing who was one of the founders and has been a director of each of the member companies of the Target Group. Accordingly, the Vendor is a connected person of the Company under the Listing Rules.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, there is no prior business or other relationship between the Vendor and its ultimate beneficial owner with the Company and its connected persons.

Purchaser of the Agreement: Health Walk, an indirect wholly-owned subsidiary of the Company

## **Assets to be acquired**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, being the 297 ordinary shares in FOMT Group of US\$1 each which represent 27% of the entire issued share capital therein.

The original purchase cost paid by the Vendor for the acquisition of the 27% interest in the share capital of FOMT Group was approximately HK\$11.4 million.

FOMT Group is the ultimate holding company of the Target Group which is principally engaged in the production of radioactive isotopes used for medical diagnostic purposes. For further details of the Target Group, please refer to the section headed "Information on the Target Group" below. The Company, through Health Walk, is currently holding 51% interest in the issued share capital of FOMT Group. Upon Completion, the Group's interest in FOMT Group will increase to 78% and therefore FOMT Group will continue to be a non wholly-owned subsidiary of the Company.

## Consideration

The Consideration for the Acquisition of HK\$32 million is determined after arm's length negotiations between the Purchaser and the Vendor with reference to the profitability and future business prospect of FOMT Group, which will be settled by issue and allotment of the Consideration Shares (i.e. 21,361,815 new Shares) by the Company to the Vendor or its nominee based on the Issue Price of HK\$1.498 per Consideration Share by taking the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 1 June 2009, being the date of the Agreement.

The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the Shares in issue on the date of issue and allotment of the Consideration Shares including the right to receive all dividends, distributions and other payments made or to be made, the record dates for which fall on or after the date of such issue and allotment.

Based on the Issue Price, an aggregate of 21,361,815 new Shares would fall to be issued upon Completion, representing:

- (i) approximately 7.4% of the existing issued share capital of the Company; and
- (ii) approximately 6.9% of the total issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Issue Price of HK\$1.498 per Consideration Share represents:

- (i) a premium of approximately 2.6% over the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on 1 June 2009, being the date of the Agreement;
- (ii) the equivalent to the average closing price of approximately HK\$1.498 per Share for the five consecutive trading days up to and including 1 June 2009;
- (iii) a discount of approximately 4.5% to the average closing price of approximately HK\$1.569 per Share for the ten consecutive trading days up to and including 1 June 2009;
- (iv) a discount of approximately 76.4% to the audited net asset value (including minority interests) per Share of approximately HK\$6.36 based on the audited consolidated net asset value of the Group of HK\$1,079,255,586 as at 31 March 2008 and a total of 169,679,157 Shares as at that date; and
- (v) a discount of approximately 75.2% to the unaudited net asset value (including minority interests) per Share of approximately HK\$6.03 based on the unaudited consolidated net asset value of the Group of approximately HK\$1,067,507,000 as at 30 September 2008 and a total of 176,955,157 Shares as at that date.

The Issue Price was determined after arm's length negotiation between the Purchaser and the Vendor after taking into account the recent trading prices of the Shares, the unaudited consolidated net asset value of the Target Group as at 31 January 2009, and future business potential and profitability of FOMT Group. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable.

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Board will seek approval from the Independent Shareholders at the SGM for the grant of a specific mandate for the issue of the Consideration Shares.

## **Conditions precedent to Completion**

Completion of the Agreement is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Agreement and the transactions contemplated in or incidental to the Agreement and the implementation thereof (including but not limited to the issue and allotment of the Consideration Shares in accordance with the terms thereof) having been approved by the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules, the bye-laws of the Company and the applicable laws and regulations;
- (ii) such other matters as required by the Listing Rules for consummation of the transactions contemplated in the Agreement having been approved by the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules, the bye-laws of the Company and the applicable laws and regulations;
- (iii) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Consideration Shares on the Stock Exchange; and
- (iv) the warranties given by the Vendor as detailed in the Agreement remaining true and not misleading in all respects as at the Completion Date.

The Purchaser shall be entitled at any time by a notice in writing to the Vendor to waive condition (iv) above. If any condition is not fulfilled or waived on or before 31 July 2009 (or such other date as the parties to the Agreement may agree in writing), the rights and obligations of the parties under the Agreement shall lapse and be of no further force and effect, in which event the parties shall be released from all further obligations thereunder without any liability save to any antecedent breach.

## **Completion**

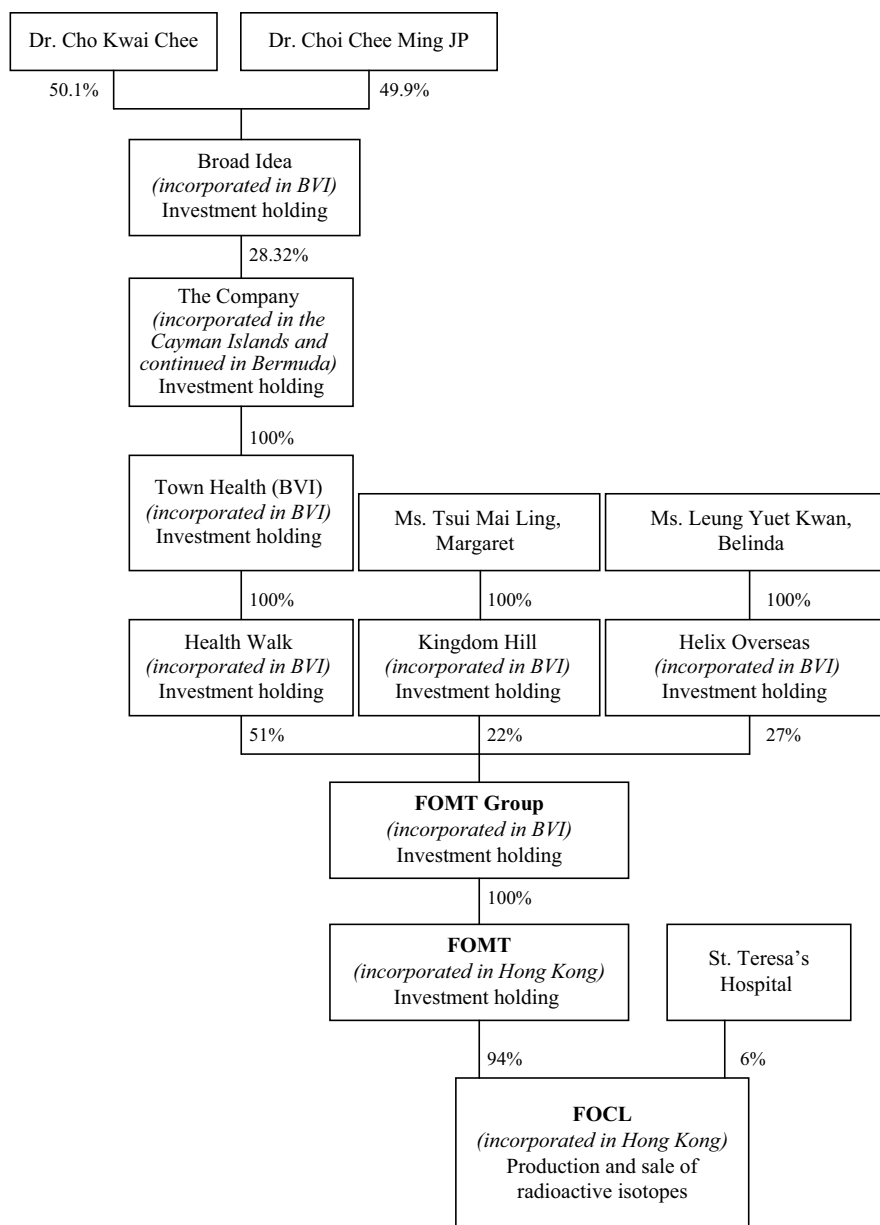
Subject to fulfillment or waiver (as the case may be) of the conditions in full, Completion shall take place on the third business day thereafter or on such other date as the parties to the Agreement may mutually agree in writing.

At Completion, the Group will issue and allot the Consideration Shares to the Vendor or its nominee for settlement of the Consideration.

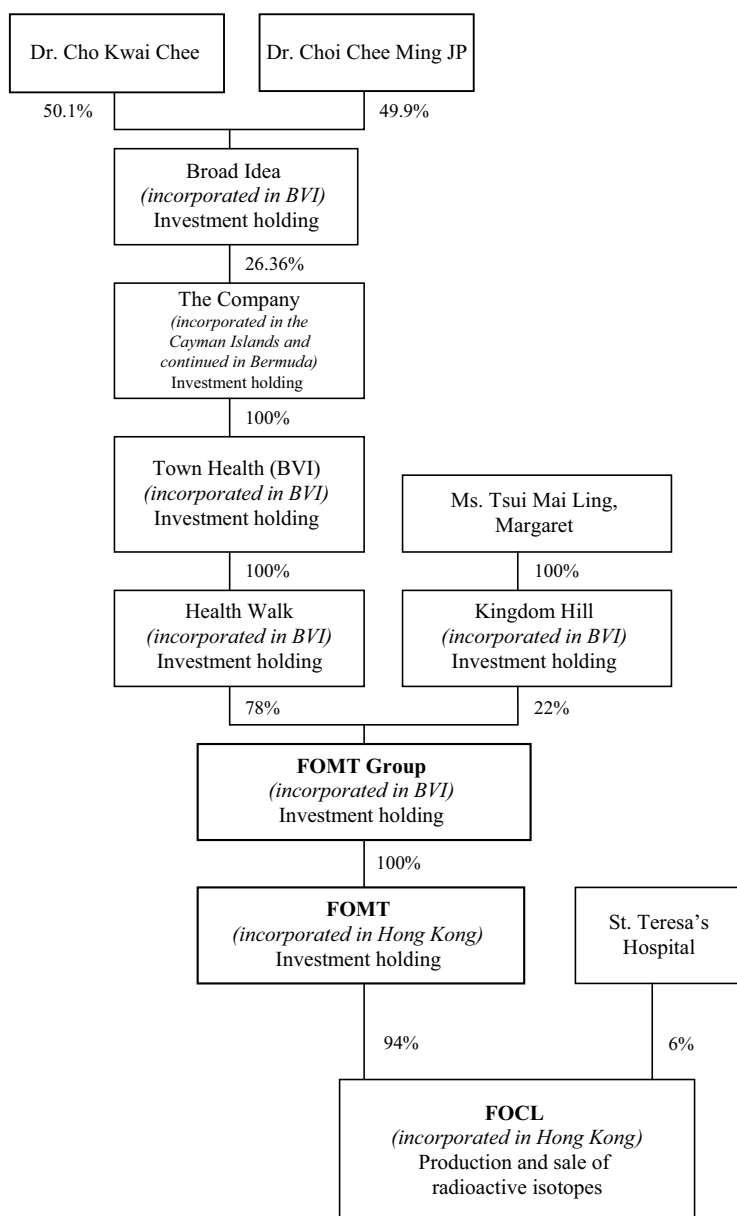
No change will be made to the composition of the Board as a result of the Acquisition.

# SHAREHOLDING STRUCTURE OF THE TARGET GROUP

## Before Completion



## After Completion



## INFORMATION ON 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 predominantly under its widely known brandname “Town Health Centre 康健醫務中心”. The Group’s business activities can be broadly categorised into the (i) provision of healthcare and dental services; and (ii) sale of healthcare and pharmaceutical products.

## INFORMATION ON THE TARGET GROUP

### Business of the Target Group

The subject of the Acquisition is the 27% interest in the issued share capital of FOMT Group. FOMT Group is currently owned as to 51%, 27% and 22% by Health Walk, Helix Overseas and Kingdom Hill, respectively.

The Target Group is principally engaged in the production of radioactive isotopes used for medical diagnostic purposes, which had been sold to the major hospitals and healthcare institutions in Hong Kong. Radioactive isotopes are used as tracers to identify abnormal bodily processes, because some natural elements tend to concentrate in certain parts of the body: iodine in the thyroid, phosphorus in the bones, potassium in the muscles. When a patient is injected with a radioactive element, a special camera (i.e. PET scan) can take pictures of the internal workings of the organ. With the availability of these radioactive isotopes, doctors will be able to diagnose cancer, heart diseases and neurological disorders.

### **Financial information on the Target Group**

Set out below is a summary of the key financial data of the Target Group based on the unaudited consolidated accounts of the FOMT Group for the two years ended 31 March 2008 and the ten months ended 31 January 2009 which have been prepared in accordance with the generally accepted accounting principles in Hong Kong:

	<b>For the year ended 31 March</b>		<b>For the ten months ended</b>
	<b>2007</b>	<b>2008</b>	<b>31 January</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2009</i>
			<i>HK\$'000</i>
Revenue	15,885	21,001	20,303
Profit before tax	10,245	17,864	14,885
Profit after tax	8,441	15,332	12,401
Net asset value (including minority interest)	22,117	21,183	8,121

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

Upon Completion, the Group's controlling stake in FOMT Group will increase from 51% to 78%, the companies within the Target Group will continue to be subsidiaries of the Company and their financial results will continue to be consolidated, but to a greater extent from 51% to 78%, with those of the Group.

The Directors consider that by increasing the Group's controlling stake in FOMT Group, it will be able to exercise almost absolute (i.e. over 75%) control over the management, operating and financial policies of, and enjoy greater financial benefits from, the Target Group. As disclosed above, the Target Group has been operating profitably over the past two financial years ended 31 March 2008 and the ten months ended 31 January 2009. On this basis, the Directors (including the independent non-executive Directors) believe that the Acquisition provides the Group with a good opportunity to further enhance its earning capability and income stream in the foreseeable future and would have positive impact on the operating and financial performance of the Group.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (1) as at the date of this announcement; and (2) immediately after issue and allotment of the Consideration Shares:

	As at the date of this announcement		Immediately after issue and allotment of the Consideration Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Broad Idea ( <i>Note 1</i> )	81,488,523	28.32	81,488,523	26.36
The Vendor and its associates	100,000	0.03	21,461,815 ( <i>Note 2</i> )	6.94
Public Shareholders	<u>206,196,134</u>	<u>71.65</u>	<u>206,196,134</u>	<u>66.70</u>
Total	<u>287,784,657</u>	<u>100.00</u>	<u>309,146,472</u>	<u>100.00</u>

*Notes:*

1. Broad Idea, a company incorporated in the BVI with limited liability and the immediate holding company holding approximately 28.32% of the entire issued share capital of the Company as at the date of this announcement and is beneficially owned as to (i) 50.1% by Dr. Cho Kwai Chee, an executive Director and (ii) 49.9% by Dr. Choi Chee Ming JP, a non-executive Director.
2. These comprise the Consideration Shares to be issued and allotted to the Vendor or its nominee upon Completion plus, the 100,000 Shares currently held by Ms. Leung Yuet Kwan, Belinda, the sole shareholder of the Vendor.

## IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the announcement and circular requirements under Chapter 14 of the Listing Rules. As (i) the Vendor is a substantial shareholder of a non-wholly owned subsidiary of the Company and (ii) the ultimate beneficial owner of the Vendor, Ms. Leung Yuet Kwan, Belinda, is the wife of Mr. Ng Yau Sing who was one of the founders and has been a director of each of the member companies of the Target Group, the Vendor is a connected person of the Company under the Listing Rules. The Acquisition therefore also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Completion is subject to, among other things, the approval by the Independent Shareholders at the SGM. The Vendor together with its associates, shall abstain from voting on the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the SGM. The voting will be taken by way of poll in accordance with the requirements of the Listing Rules. As at the date of this announcement, the Vendor has no shareholdings in the Company; while its sole shareholder, Ms. Leung Yuet Kwan, Belinda, is currently holding 100,000 Shares and therefore will abstain from voting at the SGM.



The Independent Board Committee will be established to advise the Independent Shareholders regarding the Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transaction contemplated thereunder. A circular containing, among other things, (i) further information on the Acquisition and the Target Group; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iii) the letter from the Independent Board Committee, (iv) a notice of the SGM; and (v) other information as required by the Listing Rules, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meanings:

“Acquisition”	the acquisition by the Purchaser of the Sale Shares beneficially and directly owned by the Vendor
“Agreement”	the conditional sale and purchase agreement dated 1 June 2009 entered into between, inter alia, the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Broad Idea”	Broad Idea International Limited, a company incorporated in the BVI with limited liability and the immediate holding company holding approximately 28.32% of the entire issued share capital of the Company as at the date of this announcement and is beneficially owned as to (i) 50.1% by Dr. Cho Kwai Chee, an executive Director and (ii) 49.9% by Dr. Choi Chee Ming JP, a non-executive Director
“business day(s)”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Company”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 3886) and owned as to approximately 28.32% by Broad Idea as at the date of this announcement
“Completion”	completion of the Acquisition pursuant to the terms of the Agreement

“Completion Date”	the third business day after all the conditions have been fulfilled or waived (as the case may be) or such other date as the parties to the Agreement may mutually agree in writing on which Completion is to take place
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition in the amount of HK\$32 million
“Consideration Shares”	21,361,815 new Shares as may be issued by the Company to the Vendor for settlement of the Consideration in the amount of HK\$32 million
“Director(s)”	the director(s) of the Company
“FOCL”	First Oriental Cyclotron Limited, a company incorporated in Hong Kong with limited liability on 10 December 1999 and is a non-wholly owned subsidiary of FOMT
“FOMT”	First Oriental Medical Technology Limited (名華醫療科技有限公司), a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of FOMT Group and the immediate holding company of FOCL
“FOMT Group”	First Oriental Medical Technology Group Limited (名華醫療科技集團有限公司*), a company incorporated in the BVI with limited liability and is the immediate holding company of FOMT and owned as to 51%, 22% and 27% by Health Walk, Kingdom Hill and Helix Overseas respectively
“Group”	the Company and its subsidiaries
“Health Walk” or “Purchaser”	Health Walk Limited, a company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company and the immediate holding company of FOMT Group as at the date of this announcement
“Helix Overseas” or “Vendor”	Helix Overseas Holdings Limited (being the vendor of the Sale Shares), a company incorporated in the BVI with limited liability and is holding 27% interest in the issued share capital of the FOMT Group and beneficially and wholly-owned by Ms. Leung Yuet Kwan, Belinda
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent Board committee which will be established and will comprise all the independent non-executive Directors for the purpose of advising the Independent Shareholder regarding the Agreement and the transactions contemplated thereunder, including the Acquisition
“Independent Shareholders”	Shareholders who have no interest in the Agreement and the transactions contemplated thereunder, including the Acquisition
“Issue Price”	the issue price of HK\$1.498 per Consideration Share fixed with reference to the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 1 June 2009, being the date of the Agreement
“Kingdom Hill”	Kingdom Hill Limited, a company incorporated in the BVI with limited liability and is holding 22% interest in the issued share capital of the FOMT Group as at the date of this announcement and beneficially and wholly-owned by Ms. Tsui Mai Ling, Margaret, the wife of a director (namely Dr. Yeung Wah Hin, Alex) of several member companies of the Target Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PET scan”	positron emission tomography scan, a highly specialized imaging technique that is sensitive in picking up active tumour tissue in cancer patients
“Sale Shares”	297 shares of US\$1.00 each in the share capital of FOMT Group, representing 27% of the entire issued share capital of FOMT Group, beneficially held by the Vendor
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder
“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
“Target Group”	FOMT Group and its subsidiaries
“Town Health (BVI)”	Town Health (BVI) Limited, a company incorporated in the BVI with limited liability and is the immediate holding company of Health Walk and a wholly-owned subsidiary of the Company

“HK\$” and “cents”	Hong Kong dollar(s) and cents, respectively, the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 1 June 2009

*As at the date of this announcement, the executive Directors are Miss Choi Ka Yee, Crystal, Dr. Cho Kwai Chee and Dr. Hui Ka Wah, Ronnie JP; the non-executive Director is Dr. 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.*

\* *For identification purpose only*