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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 and
continued in Bermuda with limited liability)*

(Stock Code: 3886)



**HONG KONG HEALTH CHECK AND
LABORATORY HOLDINGS COMPANY LIMITED**

香港體檢及醫學診斷控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 397)

**DISCLOSEABLE TRANSACTION:
DISPOSAL OF PROPERTIES**

**DISCLOSEABLE TRANSACTION:
ACQUISITION OF PROPERTIES**

On 28 August 2009, the directors of Town Health and the directors of HK Health Check are pleased to announce that (i) the Hip Wo Purchaser (a wholly-owned subsidiary of HK Health Check) and the Vendor (a wholly-owned subsidiary of Town Health) entered into the Hip Wo Provisional Agreement pursuant to which the Hip Wo Purchaser has agreed to purchase, and the Vendor has agreed to sell, the Hip Wo Property at a consideration of HK\$24,000,000; and (ii) the Yenfu Purchaser (a wholly-owned subsidiary of HK Health Check) and the Vendor entered into the Yenfu Provisional Agreement pursuant to which the Yenfu Purchaser has agreed to purchase, and the Vendor has agreed to sell, the Yenfu Property at a consideration of HK\$14,500,000.

The Disposal constitutes a discloseable transaction for Town Health and the Acquisition constitutes a discloseable transaction for HK Health Check under Chapter 14 of the Listing Rules.

INTRODUCTION

On 28 August 2009, (i) the Hip Wo Purchaser (a wholly-owned subsidiary of HK Health Check) and the Vendor (a wholly-owned subsidiary of Town Health) entered into the Hip Wo Provisional Agreement pursuant to which the Hip Wo Purchaser has agreed to purchase, and the Vendor has agreed to sell the Hip Wo Property; and (ii) the Yenfu Purchaser (a wholly-owned subsidiary of HK Health Check) and the Vendor entered into the Yenfu Provisional Agreement pursuant to which the Yenfu Purchaser has agreed to purchase, and the Vendor has agreed to sell the Yenfu Property. Principal terms of the Hip Wo Provisional Agreement and the Yenfu Provisional Agreement are set out below:

THE HIP WO PROVISIONAL AGREEMENT

Date

28 August 2009

Parties

Hip Wo Purchaser: Funa Assets Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of HK Health Check.

To the best of the knowledge, information and belief of the directors of Town Health having made all reasonable enquiries, (i) the principal business of the Hip Wo Purchaser is property investment; and (ii) save for the Town Health Group's interest in HK Health Check as stated below, the Hip Wo Purchaser and its beneficial owner are third parties independent of and not connected with Town Health and its connected persons.

Vendor: Town Health Food and Beverage Culture Company Limited, which is selling the Hip Wo Property in the capacity of a confirmor, is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Town Health. As at the date of this joint announcement, the Town Health Group was interested in approximately 3.5% of the issued share capital of HK Health Check.

To the best of the knowledge, information and belief of the directors of HK Health Check having made all reasonable enquiries, (i) the Vendor is principally engaged in catering business and (ii) save for the Town Health Group's interest in HK Health Check as stated above, the Vendor and its beneficial owner are third parties independent of and not connected with HK Health Check and its connected persons.

Hip Wo Property

The Hip Wo Property is located at Shop Nos. 12A, 12B and 12C, Ground Floor, Hip Wo House, No. 167A – 167C Hip Wo Street, Kwun Tong, Kowloon, Hong Kong. The Hip Wo Property shall be sold on an “as is” basis free from encumbrances but subject to three existing tenancies. Details of these tenancies are as follows:

- the tenancy with respect to Shop No. 12A and a portion of Shop No. 12B is for a term of five years ending on 20 April 2010. The current monthly rental of this tenancy is HK\$50,000 (exclusive of management fees, government rates and government rent);

- the tenancy with respect to the remaining portion of Shop No. 12B is for a term of 34 months ending on 31 July 2011. The current monthly rental of this tenancy is HK\$14,000 (exclusive of management fees, government rates and government rent); and
- the tenancy with respect to Shop No. 12C is for a term of 34 months ending on 31 January 2011. The current monthly rental of this tenancy is HK\$14,000 (exclusive of government rates and government rent).

As stated in the paragraph headed “Reasons for and benefits of the Transactions” below, the Hip Wo Property is being sold by the Vendor in the capacity of a confirmor and the information of the net profits (both before and after taxation and extraordinary items) attributable to the Hip Wo Property for the past two years ended 31 March 2009 was not made available to the Town Health Group and/or the HK Health Check Group.

Purchase price of the Hip Wo Property

The purchase price for the Hip Wo Property is HK\$24,000,000 and the payment schedule is as follows:

- HK\$2,400,000, being the deposit, was paid by the Hip Wo Purchaser to the Vendor at the time of signing of the Hip Wo Provisional Agreement; and
- the balance of the purchase price of HK\$21,600,000 is payable to the Vendor at completion of the Hip Wo Transaction.

The purchase price was determined after arm’s length negotiations between the Town Health Group and the HK Health Check Group with reference to the prevailing market value of the Hip Wo Property taking account of the market value of properties of comparable size and quality in the nearby area where the Hip Wo Property is located. No independent valuation of the Hip Wo Property was carried out by the Town Health Group and/or the HK Health Check Group.

Completion of Hip Wo Transaction

Completion of the Hip Wo Transaction is scheduled to take place on or before 28 September 2009.

THE YENFU PROVISIONAL AGREEMENT

Date

28 August 2009

Parties

Yenfu Purchaser: Dragon Oriental Investment Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of HK Health Check.

To the best of the knowledge, information and belief of the directors of Town Health having made all reasonable enquiries, (i) the principal business of the Yenfu Purchaser is property investment; and (ii) save for the Town Health Group's interest in HK Health Check as stated below, the Yenfu Purchaser and its beneficial owner are third parties independent of and not connected with Town Health and its connected persons.

Vendor: Town Health Food and Beverage Culture Company Limited is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of Town Health. As at the date of this joint announcement, the Town Health Group was interested in approximately 3.5% of the issued share capital of HK Health Check.

To the best of the knowledge, information and belief of the directors of HK Health Check having made all reasonable enquiries, (i) the Vendor is principally engaged in catering business and (ii) save for the Town Health Group's interest in HK Health Check as stated above, the Vendor and its beneficial owner are third parties independent of and not connected with HK Health Check and its connected persons.

Yenfu Property

The Yenfu Property is located at Shop F, Ground Floor, Yenfu Mansion, Nos. 121-125, 129-135 and 141 Hip Wo Street, Nos. 92 and 112 Shui Wo Street, Kowloon, Hong Kong. The Yenfu Property shall be sold on an "as is" basis free from encumbrances. The Yenfu Property is not subject to any tenancy and vacant possession will be delivered by the Vendor to the Yenfu Purchaser.

As stated in the paragraph headed "Reasons for and benefits of the Transactions" below, the Yenfu Property was acquired by the Town Health Group in June 2009 from an independent third party and the information of the net profits (both before and after taxation and extraordinary items) attributable to the Yenfu Property for the past two years ended 31 March 2009 was not made available to the Town Health Group and/or the HK Health Check Group.

Purchase price of Yenfu Property

The purchase price for the Yenfu Property is HK\$14,500,000 and the payment schedule is as follows:

- HK\$1,450,000, being the deposit, was paid by the Yenfu Purchaser to the Vendor at the time of signing of the Yenfu Provisional Agreement; and
- the balance of the purchase price of HK\$13,050,000 is payable to the Vendor at completion of the Yenfu Transaction.

The purchase price was determined after arm's length negotiations between the Town Health Group and the HK Health Check Group with reference to the prevailing market value of the Yenfu Property taking account of the market value of properties of comparable size and quality in the nearby area where the Yenfu Property is located. No independent valuation of the Yenfu Property was carried out by the Town Health Group and/or the HK Health Check Group.

Completion of Yenfu Transaction

Completion of the Yenfu Transaction is scheduled to take place on or before 28 September 2009.

METHOD UPON WHICH THE CONSIDERATION OF THE TRANSACTIONS IS SATISFIED

The HK Health Check Group intends to finance the Transactions by its internal resources.

USE OF PROCEEDS

The Town Health Group will use the proceeds from the Transactions as its general working capital and for further business development.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The HK Health Check Group is principally engaged in the establishment of health check centres in Hong Kong and the acquisition of established health check centres in Hong Kong for the provision of health check, advanced diagnostic imaging services, day care observation services and medical laboratory related services to the public.

The Hip Wo Property is located at Hip Wo Street, which is near the redevelopment site of Kwun Tong. It is expected that the redevelopment will improve the urban image and living environment of Kwun Tong and thus, further enhancing the stream of people and, possibly, the value of the Hip Wo Property. In addition, the Hip Wo Property is currently subject to tenancies with a rental yield of approximately 3.9% per annum. The directors of HK Health Check consider that the Hip Wo Transaction represents a good investment opportunity for the HK Health Check Group. With its existing tenancies, the Hip

Wo Property can bring in a stable source of income to the HK Health Check Group while in the long run, the Hip Wo Property may be used by the HK Health Check Group for the establishment of health check centres.

Similarly, the Yenfu Property is located at Hip Wo Street of Kwun Tong. In view of Kwun Tong's pedestrian flow, the HK Health Check Group plans to use the Yenfu Property to set up a health check centre to further extend its customer base and its reach to public.

The directors of HK Health Check are of the view that the Acquisition is in the interests of the HK Health Check Group and the terms of the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of HK Health Check as a whole.

The Town Health 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 Town Health 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.

The Hip Wo Property is being sold by the Vendor in the capacity of a confirmor and the value of the Hip Wo Property has not yet been reflected in the financial statements of the Town Health Group. The acquisition cost of the Hip Wo Property to the Town Health Group is approximately HK\$22,000,000. The Yenfu Property was acquired by the Town Health Group in June 2009 from an independent third party and the book value of the Yenfu Property as shown in the latest management accounts of the Town Health Group is approximately HK\$12,414,000. It is estimated that the Town Health Group will record a book gain/profit of approximately HK\$4,086,000 as a result of the Disposal, representing the difference of (i) aggregate purchase price of the Hip Wo Property and the Yenfu Property and (ii) the aggregate of the acquisition cost of the Hip Wo Property and the book value of the Yenfu Property. The directors of Town Health consider that the Disposal represents a good opportunity for the Town Health Group to realise its investment in the Hip Wo Property and the Yenfu Property with a reasonable return to pursue its expansion strategy.

The directors of Town Health are of the view that the Disposal is in the interest of the Town Health Group and the terms of the Disposal are on normal commercial terms, which are fair and reasonable and in the interests of the shareholders of Town Health as a whole.

DISCLOSEABLE TRANSACTIONS

The Disposal constitutes a discloseable transaction for Town Health and the Acquisition constitutes a discloseable transaction for HK Health Check under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this joint announcement:

“Acquisition”	the acquisition of the Hip Wo Property and the Yenfu Property by the Hip Wo Purchaser and the Yenfu Purchaser respectively pursuant to the terms of the Hip Wo Provisional Agreement and the Yenfu Provisional Agreement respectively
“BVI”	British Virgin Islands
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Disposal”	the disposal of the Hip Wo Property and the Yenfu Property by the Vendor pursuant to the terms of the Hip Wo Provisional Agreement and the Yenfu Provisional Agreement respectively
“Hip Wo Property”	the property located at Shop Nos. 12A, 12B and 12C, Ground Floor, Hip Wo House, No.167A-167C Hip Wo Street, Kwun Tong, Kowloon, Hong Kong
“Hip Wo Provisional Agreement”	the provisional sale and purchase agreement dated 28 August 2009 entered into between the Vendor and the Hip Wo Purchaser for the Hip Wo Transaction
“Hip Wo Purchaser”	Funa Assets Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of HK Health Check
“Hip Wo Transaction”	the sale and purchase of the Hip Wo Property pursuant to the terms of the Hip Wo Provisional Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK 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 (Stock Code: 397)
“HK Health Check Group”	HK Health Check and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Town Health”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3886)
“Town Health Group”	Town Health and its subsidiaries
“Transactions”	the Hip Wo Transaction and the Yenfu Transaction
“Vendor”	Town Health Food and Beverage Culture Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Town Health
“Yenfu Property”	Shop F, Ground Floor, Yenfu Mansion, Nos. 121-125, 129-135 and 141 Hip Wo Street, Nos. 92 and 112 Shui Wo Street, Kowloon, Hong Kong
“Yenfu Provisional Agreement”	the provisional sale and purchase agreement dated 28 August 2009 entered into between the Vendor and the Yenfu Purchaser for the Yenfu Transaction
“Yenfu Purchaser”	Dragon Oriental Investment Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of HK Health Check
“Yenfu Transaction”	the sale and purchase of the Yenfu Property pursuant to the terms of the Yenfu Provisional Agreement
“%”	per cent.

By order of the board of directors of
**Town Health International Holdings
Company Limited**
Cho Kwai Chee
Executive director

By order of the board of directors of
**Hong Kong Health Check and Laboratory
Holdings Company Limited**
Fung Yiu Tong, Bennet
Chairman

Hong Kong, 28 August 2009

As at the date of this joint announcement, the board of directors of Town Health comprises three executive directors, namely Miss Choi Ka Yee, Crystal, Dr. Cho Kwai Chee and Dr. Hui Ka Wah, Ronnie JP, one non-executive director, namely Dr. Choi Chee Ming, GBS, JP, and three independent non-executive directors, namely Mr. Chan Kam Chiu, Mr. Wai Kwok Hung, SBS, JP and Mr. Ho Kwok Wah, George.

At the date of this joint announcement, the board of directors of HK Health Check comprises five executive directors, namely Dr. Fung Yiu Tong, Bennet, Mr. Lee Chik Yuet, Mr. Cho Kwai Yee, Kevin, Dr. Cho Kwai Chee and Miss Choi Ka Yee, Crystal, and three independent non-executive directors, namely Mr. Chan Chi Yuen, Mr. Lo Chun Nga and Mr. Chik Chi Man.

** For identification purpose only*