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Town Health International Investments Limited
康健國際投資有限公司

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

(Stock Code: 3886)

**DISCLOSEABLE TRANSACTION:
DISPOSAL OF 100% INTEREST IN TARGET**

The Board is pleased to announce that on 14 May 2013, after trading hours, the Vendor and the Purchaser entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (a) the Sale Shares, representing 100% of the issued share capital of the Target, free from all Encumbrances together with all rights of any nature attaching thereto; and (b) the Sale Loan, at an aggregate consideration of HK\$35,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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THE SP AGREEMENT

Major terms of the SP Agreement are set out below.

Date

14 May 2013

Parties

- (a) Vendor: Million Worldwide Investment Limited, an indirect non-wholly-owned subsidiary of the Company
- (b) Purchaser: Rosy Lane Investments Limited, a company incorporated in BVI with limited liability, the principal business of which is investment holding. The Purchaser is a wholly-owned subsidiary of Modern Education Group Limited (stock code: 1082), a company whose shares of which are listed on the Main Board of the Stock Exchange.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed of

- (1) the Sale Shares, representing 100% of the issued share capital of the Target; and
- (2) the Sale Loan, being the entire sum owing by the Target to the Vendor as at Completion. For information purpose only, such sum amounted to approximately HK\$28.1 million as at the date of the SP Agreement.

Consideration

The Consideration is HK\$35,000,000 and shall be payable by the Purchaser to the Vendor in the following manner:

- (1) as to HK\$24,500,000 ("**Deposit**") upon signing of the SP Agreement as refundable deposit; and
- (2) as to the remaining balance of HK\$10,500,000 upon Completion.

The Consideration shall be paid by transfer of clear and immediately available funds by the Purchaser to a bank account designated by the Vendor (or in such any other manner as agreed between the Vendor and the Purchaser) without any deduction or withholding.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among others, the valuation of the Properties of approximately HK\$34 million as at 30 April 2013 conducted by an independent professional valuer, the net assets value of the Target Group as at 31 March 2013 and the amount of the Sale Loan.

Conditions Precedent

Completion shall be conditional upon:

- (1) the Purchaser being reasonably satisfied with the results of the due diligence exercise (on legal, accounting, financial, operational and properties) on the Target Group and its assets, properties, liabilities, activities and operations, which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (2) the representations, warranties and undertakings given by the Vendor in the SP Agreement remaining true and accurate in all material respects and not misleading in any material respect;
- (3) (if applicable) all such waivers, consents or other documents as the Purchaser may require in relation to the completion of the transactions contemplated under the SP Agreement; and
- (4) (if applicable) all such waivers, consents or other documents as the Vendor may require in relation to the completion of the transactions contemplated under the SP Agreement.

The Purchaser may waive the Conditions Precedent referred to in paragraph (2) above by written notice to the Vendor. The Conditions Precedent referred to in paragraphs (1), (3) and (4) above are not capable of being waived by the parties to the SP Agreement.

If any of the Conditions Precedent has not been fulfilled or waived (as the case may be) on or before 5:00 p.m. Hong Kong time on the Long Stop Date (or such later date as may be agreed by the Vendor and the Purchaser in writing), the Deposit, without interest, shall be refunded by the Vendor to the Purchaser forthwith and the SP Agreement (save and except for provisions governing assignment, notices and certain miscellaneous matters) shall lapse immediately thereafter and be of no further effect and neither party to the SP Agreement shall have any claim against or liability or obligation to other party under the SP Agreement save for any antecedent breaches.

Completion

Completion of the SP Agreement shall take place on the Completion Date. Immediately after Completion, each member of the Target Group will cease to be an indirect non-wholly-owned subsidiary of the Company and the Company will cease to have any interest in the Target Group.

Undertaking by Vendor

Under the SP Agreement, the Vendor undertakes with the Purchaser that (i) the Existing Security shall be released in full on or before 30 June 2013 (or such later date as agreed by the Purchaser); (ii) the Facility which has not been utilised as at the date of the SP Agreement shall not be utilised from the date of the SP Agreement and up to and including the date of the release of the Existing Security; and (iii) it will deliver all original title documents relating to the Properties (including but not limited to the document(s) evidencing the release referred to in item (i) above) to the Purchaser on or before 30 June 2013 (or such later date as agreed by the Purchaser).

INFORMATION ABOUT TARGET GROUP

The Target is a company incorporated in BVI with limited liability and is principally engaged in investment holding.

The Target owns the entire issued share capital of Platinum Success Limited, a company incorporated in Hong Kong with limited liability and is principally engaged in property investment. The principal assets of Platinum Success Limited are two properties situated at Flat A on 12th Floor, Champion Building, Nos. 301-309 Nathan Road, Kowloon and Flat K on 9th Floor, Champion Building, Nos. 301-309 Nathan Road, Kowloon. The Properties are currently leased to and occupied as offices for medical healthcare services or medical clinic by two Independent Third Parties and two subsidiaries of the Group at an aggregate monthly rental of HK\$99,800 (exclusive of management fee, government rates and other outgoings).

Set out below is a summary of certain unaudited consolidated financial information of Target Group for the two years ended 30 June 2011 and 2012:

	Year ended 30 June 2012	Year ended 30 June 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,589	2,869
Net loss (before taxation)	8,663	6,117
Net loss (after taxation)	8,724	6,095

Note: During the two years ended 30 June 2012, the Target held 100% interest in Core Medical Technology Limited (“Core Medical”) which held the Properties. In July 2012, the Properties were transferred to Platinum Success Limited by Core Medical and the Target disposed of 100% interest in Core Medical to an independent third party thereafter. Core Medical was principally engaged in investment holding and provision of diagnostic testing and healthcare services. During the year ended 30 June 2011 and the year ended 30 June 2012, the revenue attributable to the Properties (which were rental income) amounted to approximately HK\$241,000 and HK\$876,000 respectively.

The unaudited consolidated total assets value and the net asset value of the Target Group as at 31 March 2013 were approximately HK\$32.4 million and HK\$3.9 million respectively.

INFORMATION ABOUT THE GROUP

The Company is an investment company with the core businesses of its subsidiaries in both the medical and non-medical sectors. The Group’s business activities can be broadly categorised into the (i) provision of medical and dental services; (ii) securities and property investment business; and (iii) securities trading business. The Group also holds investment in companies which are principally engaged in health check business in Hong Kong and pharmaceutical business and sale of healthcare and pharmaceutical products in the PRC.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group expects to recognise an unaudited accounting gain of approximately HK\$3 million from the Disposal, being the difference between the Consideration and the estimated unaudited consolidated net asset value of the Target Group recorded in the Group’s accounts at Completion. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company’s auditors.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately HK\$34.9 million which will be used as general working capital of the Group.

The Directors consider that the Disposal represents an opportunity for the Group to realise its investment in the Target Group, which hold the Properties. The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	any day(s) (except any Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	Town Health International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal

“Completion Date”	a day within five Business Days following the date of fulfilment of all the Conditions Precedent (or such other date as the Vendor and the Purchaser may agree in writing) on which Completion is to take place
“Consideration”	HK\$35,000,000, being the total consideration for the Disposal payable by the Purchaser
“Conditions Precedent”	the conditions precedent to which the Completion is subject as set out in the paragraph headed “Conditions Precedent” under the section headed “The SP Agreement” above
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor
“Encumbrances”	any mortgage, charge (whether fixed or floating), pledge, lien (otherwise than arising by statute or operation of law), hypothecation, equities, and adverse claims, or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same or any third party right
“Existing Security”	all charges and mortgages over the Properties
“Facility”	all the general banking facilities granted by Dah Sing Bank Limited to Town Health Asset Management Limited (康健資產管理有限公司), a non-wholly-owned subsidiary of the Company, and which is secured by the Existing Security
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Parties”	third parties independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2013 (or such later date as the Vendor and the Purchaser may agree in writing)
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Properties”	the properties situated at Flat A on 12th Floor, Champion Building, Nos. 301-309 Nathan Road, Kowloon and Flat K on 9th Floor, Champion Building, Nos. 301-309 Nathan Road, Kowloon
“Purchaser”	Rosy Lane Investments Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of Modern Education Group Limited (stock code: 1082), a company whose shares of which are listed on the Main Board of the Stock Exchange
“Sale Shares”	the 1 ordinary share of par value US\$1.00 in the share capital of the Target, representing the entire issued share capital of the Target
“Sale Loan”	the entire sum owing by the Target to the Vendor as at Completion. For information purpose only, such sum amounted to approximately HK\$28.1 million as at the date of the SP Agreement
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the agreement dated 14 May 2013 entered into between the Purchaser and the Vendor in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	Achieved Success Company Limited, a company incorporated in BVI with limited liability
“Target Group”	the Target together with its subsidiary, namely Platinum Success Limited
“Vendor”	Million Worldwide Investment Limited, a company incorporated in BVI with limited liability and an indirect non-wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Town Health International Investments Limited
Lee Chik Yuet
Executive Director

Hong Kong, 14 May 2013

As at the date of this announcement, the executive Directors are Miss Choi Ka Yee, Crystal (Chairperson), Dr. Cho Kwai Chee (Chief Executive Officer), Mr. Lee Chik Yuet and Dr. Chan Wing Lok, Brian; the non-executive Director is Dr. Choi Chee Ming, GBS, JP (Vice-Chairman); and the independent non-executive Directors are Mr. Chan Kam Chiu, Mr. Ho Kwok Wah, George and Mr. Wai Kwok Hung, SBS, JP.