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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 15 May 2013, after trading hours, the Vendor, a non-wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares, representing 100% of the issued share capital of the Target, free from all encumbrances, and together with all rights and benefits attaching thereto, at a consideration of HK\$42,000,000.

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

15 May 2013

Parties

- (a) Vendor: Town Health Asset Management Limited, a non-wholly-owned subsidiary of the Company
- (b) Purchaser: Lucky Famous 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 M Dream Inworld Limited (stock code: 8100), a company whose shares are listed on GEM.

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

Assets to be disposed of

The Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares, representing 100% of the issued share capital of the Target, free from all encumbrances, and together with all rights and benefits attaching thereto.

Consideration

The Consideration is HK\$42,000,000 and has been paid in cash by the Purchaser on Completion.

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 the valuation of the Property, being the principal asset of the Target, of approximately HK\$42 million as at 15 May 2013 conducted by an independent professional valuer.

Completion

Completion of the SP Agreement has taken place immediately after the signing of the SP Agreement.

Immediately after Completion, the Target has ceased to be an indirect non-wholly-owned subsidiary of the Company and the Company has ceased to have any interest in the Target.

Undertakings by the Vendor

The Property is currently subject to the Existing Security.

Under the SP Agreement, the Vendor has undertaken with the Purchaser that (i) the Existing Security shall be released in full on or before 30 June 2013; (ii) the banking facility to which the Existing Security relates, which has not been utilized as at the date of the SP Agreement, will not be utilized from the date of the SP Agreement and up to and including the date of the release of the Existing Security; and (iii) all the Title Documents (including but not limited to the document(s) evidencing the release referred to in item (i) above) shall be delivered to the Purchaser on or before 30 June 2013.

Steps have been taken to arrange for the Existing Security to be released prior to the signing of the SP Agreement.

Put Option

As a term of the SP Agreement, the Vendor has granted to the Purchaser an option (“**Put Option**”), which may be exercised by the Purchaser during the period from 1 July 2013 to 31 July 2013, to require the Vendor to purchase from the Purchaser the Sale Shares at a purchase price equal to the Consideration together with the expenses incurred by the Purchaser in connection with the Disposal (provided that the reimbursement of expenses shall be capped at HK\$100,000), in the event that:

- (i) by 30 June 2013, the Vendor fails to perform any of its undertakings as mentioned under “Undertakings by the Vendor” above; and/or
- (ii) by 30 June 2013, it has come to the knowledge of the Purchaser that the Vendor’s warranty as set out in the SP Agreement relating to the Target’s title to the Property has been breached.

INFORMATION ABOUT THE TARGET

The Target is a company incorporated in the BVI with limited liability and is principally engaged in the business of investment holding. The principal asset of the Target is the Property, which is currently leased to, and occupied as a clinic by, a member of the Group at a monthly rental (exclusive of rates, management fees, air-conditioning charges and other outgoings and expenses) of HK\$75,000.

Set out below is a summary of certain financial information of the Target for the two years ended 31 December 2011 and 2012:

	Year ended 31 December 2011 <i>HK\$'000</i> <i>(Audited)</i>	Year ended 31 December 2012 <i>HK\$'000</i> <i>(Unaudited)</i>
Net profit before taxation and extraordinary items	2,606	6,237
Net profit after taxation and extraordinary items	2,572	6,271

The unaudited total assets value and the net assets value of the Target as at 30 April 2013 were approximately HK\$42,250,000 and HK\$42,070,000 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; and (ii) securities and property investment and 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 Property is currently occupied by the Group for its business operation. Taking into account the measures implemented by the Hong Kong Government to address the overheated property market in Hong Kong since late February 2013, the Group considers that it may be in the interest of the Group to realise its property investment and strengthen its financial resources to capture future investment opportunities.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately HK\$41,900,000 which will be used for general working capital of the Group.

The Group expects that the Group will record a loss of approximately HK\$1,043,000 as a result of the Disposal, being the difference between the Consideration and the estimated unaudited net assets value of the Target 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 (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.

For the purpose of Rule 14.74 of the Listing Rules, the Put Option, the exercise of which is at the discretion of the Purchaser, is classified as if the Put Option had been exercised upon its grant. No premium has been or required to be paid in connection with the grant of the Put Option. As such, the grant of the Put Option constitutes a discloseable transaction of the Company for the purpose of Chapter 14 of the Listing Rules. The Company will make further announcement in compliance with the Listing Rules as and when appropriate should the Purchaser exercise the Put Option.

DEFINITIONS

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

“Board”	the board of Directors
“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”	15 May 2013, being the date on which Completion took place
“Consideration”	HK\$42,000,000, being the total consideration for the Disposal payable by the Purchaser
“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 by the Vendor
“Existing Security”	(i) the mortgage dated 16 November 2010 over the Property and (ii) the rental assignment dated 16 November 2010 in respect of rental income, licence fees, management fees payable by any lessees to the Target and all other income receivable by the Target under the terms of any lease of the Property, both executed by the Target in favour of Dah Sing Bank Limited as collateral security for certain banking facilities
“GEM”	the Growth Enterprise Market of the Stock Exchange

“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
“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
“Property”	the property located at Shop F, Ground Floor, Yenfu Mansion, Nos. 121-125, 129-135, 139 and 141, Hip Wo Street and 92-112 Shui Wo Street, Kowloon, Hong Kong
“Purchaser”	Lucky Famous Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	two ordinary shares of the Target of US\$1.00 each, representing the entire issued share capital of the Target
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the agreement dated 15 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”	Dragon Oriental Investment Limited, a company incorporated in the BVI with limited liability
“Title Documents”	the relevant title deeds and documents in respect of the Property or any part thereof

“Vendor”

Town Health Asset Management Limited, a company incorporated in the BVI with limited liability and a 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, 15 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.