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Town Health International Medical Group Limited
康健國際醫療集團有限公司

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

(Stock Code: 3886)

**DEEMED DISPOSAL OF APPROXIMATELY 13.61%
INTEREST IN TOWN HEALTH ASSET MANAGEMENT
LIMITED BY ISSUE OF FIRST RIGHT SHARES**

On 30 June 2014, the Vendor subscribed for the Second Tranche First Right Shares at the total consideration of HK\$83,000,000 and immediately following completion of such subscription, the Purchaser is indirectly owned as to 60% by the Company and as to 40% by the Vendor. Such deemed disposal of approximately 13.61% interest in the Purchaser has been approved by the Shareholders at the SGM held on 26 November 2012.

This announcement is made by Town Health International Medical Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 14A.69(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

Reference is made to (1) the announcement of the Company dated 7 September 2012 and the circular of the Company dated 28 September 2012 (“**Circular**”) regarding the entering into of the SP Agreement between the Purchaser, Town Health Asset Management Limited, a then wholly-owned subsidiary of the Company prior to Completion, and the Vendor pursuant to which the Purchaser had acquired 100% of the issued share capital of Target from the Vendor at the Consideration which was satisfied by the allotment and issue of the new shares of the Purchaser, representing 25% of the enlarged issued share capital of the Purchaser as at Completion, to the Vendor; and (2) the announcement of the Company dated 16 May 2013 in relation to the deemed disposal of approximately 1.39% interest in the Purchaser by issue of First Right Shares.

Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

Immediately following the Completion on 10 December 2012, the Purchaser was indirectly owned as to 75% by the Company and as to 25% by the Vendor. The Enlarged TH Group which consists of the Purchaser and its subsidiaries, including the Target Group, are principally engaged in properties investment business and owns a number of properties in Hong Kong for investment purpose.

Pursuant to the SP Agreement, the Purchaser had granted the First Right in favour of the Vendor to subscribe for new shares of the Purchaser if the Purchaser proposed to raise fund by issue of new shares of the Purchaser during the First Right Period at the aggregate consideration of a maximum of HK\$100 million, which shall be effected by the giving of a Funding Notice by the Purchaser to the Vendor. The number of First Right Shares to be allotted and issued to the Vendor under subscription for the First Right Shares effected by the Funding Notice shall be determined by the following formula pursuant to the SP Agreement:

$$N = (S + N) \times \frac{C}{\text{Adjusted NAV} + C}$$

“N” = number of First Right Shares to be allotted and issued to the Vendor (rounded down to the nearest whole number), provided that the total number of First Right Shares to be subscribed by the Vendor during the First Right Period (whether pursuant to one or more than one Funding Notice) shall not be more than 25% of the total number of issued shares of the Purchaser immediately after Completion

“S” = total number of issued shares of the Purchaser as at the date of the Funding Notice

“C” = Subscription Consideration specified in the Funding Notice

“Adjusted NAV” = The net asset value of the Enlarged TH Group as shown in the Proforma Management Accounts

As set out in the Company's announcement dated 16 May 2013, on 15 May 2013, the Purchaser issued a Funding Notice to the Vendor to notify the Vendor of the Purchaser's intention to raise fund in the amount of HK\$17,000,000 by way of issue of 17 ordinary shares of HK\$1.00 each ("**First Tranche First Right Shares**"), which was determined by reference to the Adjusted NAV in the sum of approximately HK\$870 million as shown in the Proforma Management Account of the Enlarged TH Group ended on 30 April 2013, in accordance with the terms of the SP Agreement. On 16 May 2013, the Purchaser received the Exercise Notice of the Vendor indicating that it would exercise the First Right to subscribe for the First Tranche First Right Shares. Completion of the subscription for the First Tranche First Right Shares has taken place on 16 May 2013 and immediately following such completion, the Purchaser is indirectly owned as to approximately 73.61% by the Company and as to approximately 26.39% by the Vendor.

On 27 June 2014, the Purchaser issued a Funding Notice to the Vendor to notify the Vendor of the Purchaser's intention to raise fund in the amount of HK\$83,000,000 by way of issue of 208 ordinary shares of HK\$1.00 each ("**Second Tranche First Right Shares**"), representing 18.49% of the issued share capital of the Purchaser (as enlarged by the allotment and issue of the Second Tranche First Right Shares), which is determined by reference to the Adjusted NAV as shown in the Proforma Management Accounts of the Enlarged TH Group ended on 31 May 2014, in accordance with the terms of the SP Agreement. On 30 June 2014, the Purchaser received the Exercise Notice of the Vendor indicating that it would exercise the First Right to subscribe for the Second Tranche First Right Shares at the Subscription Consideration stated in the Funding Notice (i.e. HK\$83,000,000) ("**Second Tranche First Right Subscription**"). As agreed between the Vendor and the Purchaser, completion of the Second Tranche First Right Subscription has taken place on 30 June 2014. Immediately following the completion of the Second Tranche First Right Subscription, the Purchaser is indirectly owned as to 60% by the Company and as to 40% by the Vendor. Such deemed disposal of approximately 13.61% interest in the Purchaser has been approved by the Shareholders at the SGM held on 26 November 2012. As at the date of this announcement, the First Right has been fully exercised by the Vendor.

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

Hong Kong, 30 June 2014

As at the date of this announcement, the executive Directors are Miss Choi Ka Yee, Crystal (Chairperson), Dr. Cho Kwai Chee (Chief Executive Officer), Dr. Hui Ka Wah, Ronnie, JP (Co-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.