



**Town Health International Holdings Company Limited**

**康健國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**QUARTERLY REPORT**

**For the nine months ended 31st December 2000**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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*The Stock Exchange takes no responsibility for the contents of this quarterly result, makes no representation as to its accuracy or completeness and expressly disclaims any liabilities whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this quarterly results.*

*This quarterly results, for which the directors (the “Directors”) of Town Health International Holdings Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:— (1) the information contained in this quarterly results is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this quarterly results misleading; and (3) all opinions expressed in this quarterly results have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## HIGHLIGHTS

- For the nine months ended 31st December 2000, the Group recorded a turnover of approximately HK\$67,358,000, representing an increase of approximately HK\$19,455,000 or 40.6% as compared to the same period of the previous financial year.
- The gross profit margin for the nine months ended 31st December 2000 was approximately 58.4% which is higher than the gross profit margin of approximately 55.6% as recorded in the same period of the previous financial year.
- The profit attributable to shareholders for the nine months ended 31st December 2000 was approximately HK\$21,108,000, representing an increase of approximately 36.5% from the amount recorded in the same period of the previous financial year. Net profit margins for the two nine-month periods ended 31st December 2000 and 1999 were approximately 31.3% and 32.3% respectively.

## RESULTS (UNAUDITED)

The Directors are pleased to announce the unaudited consolidated results of Town Health International Holdings Company Limited and its subsidiaries (together the "Group") and an associate for the three months and nine months ended 31st December 2000, together with the comparative unaudited figures for the corresponding periods in 1999, as follows:

	Notes	For the three months ended 31st December		For the nine months ended 31st December	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Turnover	b	23,601	18,146	67,358	47,903
Cost of pharmaceutical supplies		(811)	(1,601)	(3,522)	(4,047)
Medical salaries		(8,804)	(6,249)	(24,488)	(17,230)
Gross profit		13,986	10,296	39,348	26,626
Other operating income		510	—	598	—
Interest income		2,267	43	2,417	56
Operating expenses		(6,969)	(2,990)	(16,697)	(7,812)
Profit from operations		9,794	7,349	25,666	18,870
Finance costs		(33)	(11)	(109)	(22)
Share of loss of an associate		(237)	(350)	(508)	(350)
Profit before taxation		9,524	6,988	25,049	18,498
Taxation	c	(1,484)	(1,150)	(3,941)	(3,038)
Profit attributable to shareholders		8,040	5,838	21,108	15,460
Earnings per share					
— basic	d	2.11 cents	2.08 cents	6.72 cents	5.51 cents
— diluted	d	1.90 cents	N/A	6.43 cents	N/A

Notes:

a. **Group reorganization and basis of preparation**

The Company was incorporated in the Cayman Islands under the Companies Law (1998 Revision) of the Cayman Islands as an exempted company with limited liability on 24th August 1999 and remained inactive until 6th April 2000 when the group reorganization (the "Group Reorganization") of the Group was completed and the Company became the holding company of the Group.

The Group Reorganization has been accounted for by the Company using the merger accounting method in accordance with Statement of Standard Accounting Practice No. 27 "Accounting for group reconstructions".

On 6th April 2000, the Group entered into an agreement for the transfer of business (the "Transfer Agreement") with certain medical doctors and dental practitioners. Under the Transfer Agreement, with effect from 1st August 1999, the Group acquired the right to operate the dental practices and para-medical business.

With effect from 1st August, 1999, the Group provided management and administrative services to medical and dental practices. The entire consultation income of the medical practices after deduction of the expenses not covered in the licence and management services agreement ("Licence and Management Services Agreement") entered into between the Group and the medical and dental practices, is charged by the Group as licence fees and management and administrative service fees.

The comparative figures for the three months and nine months ended 31st December 1999 have been prepared as if the Group Reorganization had been completed on 1st April 1999, the Transfer Agreement had taken place as at 1st April 1999 and the Licence and Management Services Agreement had been in effect throughout the three months and nine months ended 31st December 1999.

b. **Turnover**

Turnover represents management and administrative service fee income, licence fee income, dental consultation income and corporate contract income.

Turnover comprises:

	For the three months ended 31st December		For the nine months ended 31st December	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Management and administrative service fee income				
— From the medical practices	16,613	13,514	49,016	35,002
— From an associate	210	210	630	280
	16,823	13,724	49,646	35,282
Licence fee income				
— From the medical practices	2,460	1,980	6,990	5,610
— From licenced medical and dental practices	980	780	3,260	2,340
	3,440	2,760	10,250	7,950
Dental consultation income	2,784	1,662	6,526	4,671
Corporate contract income	554	—	936	—
Total turnover	<u>23,601</u>	<u>18,146</u>	<u>67,358</u>	<u>47,903</u>

c. **Taxation**

Taxation comprises:

	For the three months ended 31st December		For the nine months ended 31st December	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax				
— Current taxation	1,484	1,150	3,941	3,038
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Hong Kong profits tax has been provided at the rate of 16% (1999 - 16%) of the estimated assessable profits arising in or derived from Hong Kong during the periods.

The associate of the Company was trading at loss since its commencement of operations and upto 31st December 2000, therefore no tax liability was shared by the Company.

d. **Earnings per share**

The calculation of basic earnings per share for the three months ended 31st December 2000 was based on the unaudited profit attributable to shareholders of approximately HK\$8,040,000 (1999 - approximately HK\$5,838,000) and the weighted average number of 380,500,000 shares (1999 - 280,400,000 shares) in issue during the period.

The calculation of basic earnings per share for the nine months ended 31st December 2000 was based on the unaudited profit attributable to shareholders of approximately HK\$21,108,000 (1999 - approximately HK\$15,460,000) and the weighted average number of 313,888,000 shares (1999 - 280,400,000 shares) in issue during the period.

In determining the weighted average number of shares, 276,900,000 shares issued by way of a capitalization of the share premium account of the Company at the close of business on 3rd October 2000 were deemed to have been issued since 1st April 1999.

The calculation of diluted earnings per share is based on profit attributable to shareholders of approximately HK\$8,040,000 for the three months ended 31st December 2000 and approximately HK\$21,108,000 for the nine months ended 31st December 2000 and on 422,766,304 shares and 328,028,000 shares respectively, being the weighted average number of shares outstanding during the periods, adjusted for the effects of capitalization issue as mentioned in the above paragraph and all potential dilutive shares.

There were no potential dilutive shares outstanding during the three and nine months ended 31st December 1999, no diluted earnings per share is presented.

e. **Movements in reserves**

The movements in reserves for the three and nine months ended 31st December 1999 are as follows:

	Share Premium	Retained Profits	Total
	HK\$'000	HK\$'000	HK\$'000
Balance, 1st April 1999	—	—	—
Profits for the six months ended 30th September 1999	—	9,622	9,622
	<u>          </u>	<u>          </u>	<u>          </u>
Balance, 30th September 1999	—	9,622	9,622
Profits for the three months ended 31st December 1999	—	5,838	5,838
	<u>          </u>	<u>          </u>	<u>          </u>
Balance, 31st December 1999	—	15,460	15,460
	<u>          </u>	<u>          </u>	<u>          </u>

The movements in reserves for the three and nine months ended 31st December 2000 are as follows:

	<b>Share Premium</b> <i>HK\$'000</i>	<b>Retained Profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Balance, 1st April 2000	—	18,116	18,116
Profits for the six months ended 30th September 2000	—	13,068	13,068
Special dividends	—	(18,116)	(18,116)
Balance, 30th September 2000	—	13,068	13,068
Premium on issuance of ordinary shares	86,635	—	86,635
Capitalization of share premium	(31,601)	—	(31,601)
Share issuance expenses	(22,156)	—	(22,156)
Profits for the three months ended 31st December 2000	—	8,040	8,040
Balance, 31st December 2000	<u>32,878</u>	<u>21,108</u>	<u>53,986</u>

## INTERIM DIVIDEND

On 30th April 2000, the Directors declared a special dividend of approximately HK\$18,116,000 to its shareholders whose names appeared on the register of members as at 1st April 2000. The special dividend had been fully paid up by 31st August 2000. Save for the said special dividend, the Directors do not recommend the payment of any interim dividend for the nine months ended 31st December 2000 (1999 - HK\$Nil).

## BUSINESS REVIEW

During the periods under review, the Group is principally engaged in the provision of management and administrative services to private medical and dental practitioners, licencing of the name "Town Health Centre" and operations of its own dental practices. As at 31st December 2000, the Group licences, manages and / or operates a total of 21 medical centres, 2 integrated medical centres and 10 dental practices. In addition, the Group operates a health portal [www.health-easy.com](http://www.health-easy.com) which is organized as an electronic health magazine providing healthcare-related information to the general public.

The Group is also engaged in the distribution of health food and skin-care products through its 20% interests in Health Matrix International Limited ("Health Matrix").

For the nine months ended 31st December 2000, the Group recorded a turnover of approximately HK\$67,358,000, representing an increase of approximately HK\$19,455,000 or 40.6% as compared to the same period of the previous financial year. The increase in turnover is largely attributable to the increase in management and administrative service fee income from the medical centres and integrated medical centers (collectively the "Town Health Centres") managed by the Group from approximately HK\$35,002,000 for the nine months ended 31st December 1999 to approximately HK\$49,016,000 for the nine months ended 31st December 2000. Such an increase is in turn attributable mainly to the following reasons:

- (1) in October 1999, overnight general medical services were introduced at an integrated medical centre managed by the Group. Since then, three additional Town Health Centres have begun to offer such overnight services. For the

nine months ended 31st December 2000, revenue generated from overnight services amounted to approximately HK\$5,237,000 (1999 - approximately HK\$1,720,000), representing an increase of approximately 204.5% from the same period of the previous financial year;

- (2) starting from the second half of the financial year ended 31st March 2000, additional practitioners were employed and stationed in certain medical centres to tap the growing demand for medical services. For the nine months ended 31st December 2000, revenue attributable to these additional practitioners amounted to approximately HK\$7,286,000 (1999 - approximately HK\$5,031,000), representing an increase of approximately 44.8% from the same period of the previous financial year; and
- (3) growth in revenue of those existing and newly established medical centres.

The gross profit margins for the two nine-month periods ended 31st December 2000 and 1999 were approximately 58.4% and 55.6% respectively. The increase was mainly due to an effective control on the use of pharmaceutical supplies during the current period. Operating expenses, for the nine months ended 31st December 2000, accounted for approximately 24.8% of the turnover, which is higher than the approximately 16.3% as recorded in the same period of the previous financial year. The increase was mainly due to the increase in administrative staff costs, rental expenses and legal and professional fees incurred to meet the Group's business expansion.

The profit attributable to shareholders for the nine months ended 31st December 2000 was approximately HK\$21,108,000, representing an increase of approximately 36.5% from the same period of the previous financial year. Net profit margins for the two nine-month periods ended 31st December 2000 and 1999 were approximately 31.3% and 32.3% respectively.

## FUTURE PLAN AND PROSPECT

It is the Group's strategy to expand both its scale and scope of operations to achieve rapid growth. The Group aims to become a leading healthcare service provider in the Asian region through itself and the network of Town Health Centres (the "Town Health Centre Network"). In order to realize this objective, the following plans will be undertaken:

### (1) **Current businesses**

In respect of its existing core businesses (i.e. the provision of management and administrative services to private medical and dental practitioners, licencing of the name "Town Health Centre" and operations of its own dental practices), the Group will continue to expand the number of medical and dental centres of the Town Health Centre Network to meet the growing demand from the public for comprehensive, high quality and generally affordable healthcare services.

## **(2) Marketing and distribution of healthcare and pharmaceutical products**

On 8th February 2001, the Group entered into a sale and purchase agreement with an independent third party not connected with the directors, chief executive, substantial shareholder or management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) for the acquisition of a 46.43% shareholding (the "Acquisition") in Luxembourg Medicine Company Limited ("LMCL"). LMCL is principally engaged in the manufacture and sale of cough syrup under the brandname "Madame Pearl's". Given the general public in Hong Kong has become more aware of the importance of maintaining good health and are more receptive to buying healthcare products over the counter for minor ailments, the Directors believe that there is a potentially profitable market in Hong Kong for over-the-counter ("OTC") healthcare products. The Directors also believe that, with the open up of the Chinese market as a result of China's accession to World Trade Organization in the foreseeable future, the market for OTC healthcare products in China will grow tremendously. Given that "Madame Pearl's" is a well-known and long established brandname of OTC healthcare products in Hong Kong and the mainland China, the Directors are of the view that the future growth prospect of LMCL is promising and that the business of LMCL will complement the existing businesses of the Group.

The Directors believe that it is beneficial to the Group, through the Acquisition, to explore the markets for OTC healthcare products in Hong Kong and the mainland China. This is in line with the Group's direction of strengthening and broadening its business of sales and distribution of healthcare and pharmaceutical (both OTC and ethical) products, as stated in the section headed "Future plan and prospect" of the Company's interim results announcement for the six months ended 30th September 2000 issued on 13th November 2000. This is also in line with the Company's corporate strategies, namely that the Company would review and expand its product portfolio to broaden its customer base as set out in the Company's prospectus issued on 9th October 2000 (the "Prospectus") under paragraph (e) headed "Development of preventive healthcare business" in the section "Business objectives". The Directors believe that the Acquisition is a move to achieve the Company's business objectives, as set out in the Prospectus, to become a provider of high quality, generally affordable and comprehensive private healthcare services for preventive healthcare and maintenance of health.

In addition to the Acquisition, the Group is also exploring other opportunities to develop its health portal into an electronic trading platform for healthcare and pharmaceutical (both OTC and ethical) products.

## **(3) Traditional Chinese medicine**

The Group plans to promote the concept of "holistic" healthcare services by diversifying into the traditional Chinese medicine through the provision of front-end consultation services as well as the marketing of traditional Chinese medicine-based products in both raw and proprietary presentations. In moving towards this, the Directors are open to any form of cooperation including formation of joint venture, acquisition in majority or minority interests and / or set up of new subsidiaries.

#### (4) Other developments

The Group also plans to develop its business in elderly care and child care services. In respect of these new developments, the Directors are in the process of formulating the detailed implementation strategies and operation plans. As at the date of this announcement, no concrete plan is devised to acquire or commence any business in these areas of services.

#### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

The interests of the Directors and their respective associates in the share capital of the Company and associated corporation (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance, were as follows:

As at 31st December 2000:

Name	Number of shares of the Company	Nature of interests	Percentage of interests
Dr. Chan Wing Lok, Brian	—	Other interests ( <i>Note 1</i> )	—
Dr. Cheng Chor Ho	—	Other interests ( <i>Note 1</i> )	—
Dr. Chik Fu Fai	—	Other interests ( <i>Note 1</i> )	—
Mr. Cho Kam Luk	—	Other interests ( <i>Note 1</i> )	—
Dr. Cho Kwai Chee	196,475,846	Corporate interests ( <i>Note 1</i> )	49.12%
Mr. Choy Kan Pui	126,720	Personal interests	0.03%
Dr. Fung Yiu Tong	—	Other interests ( <i>Note 1</i> )	—
Dr. Ho Chung Yin	1,110,080	Personal interests	0.28%
Dr. Leung Chi Sang	—	Other interests ( <i>Note 1</i> )	—
Dr. Lui Chi Keung, Charles	304,638	Personal interests	0.08%
Mr. Sum Kwong Yip, Derek	—	Other interests ( <i>Note 2</i> )	—
Mr. Chun Hu Hing	—	Corporate interests ( <i>Note 3</i> )	0.89%
Mr. Chow Kai Wah, Gary	—	Corporate interests ( <i>Note 3</i> )	0.89%

#### Notes:

1. The registered holder of these shares is Origin Limited which is one of the shareholders of the Company. These 196,475,846 shares as at 31st December 2000 represent an aggregate of approximately 49.12% of the shares of the Company in issue as at 31st December 2000. The entire issued share capital of Origin Limited is owned as to approximately 90.50% by Dr. Cho Kwai Chee, 3.59% by Dr. Chan Wing Lok, Brian, 0.96% by Dr. Cheng Chor Ho, 1.56% by Dr. Chik Fu Fai, 0.71% by Mr. Cho Kam Luk, 1.49% by Dr. Fung Yiu Tong, Bennet and 1.19% by Dr. Leung Chi Sang.
2. Jacobson Medical Corporation, which is owned as to 15% by Mr. Sum Kwong Yip, Derek and as to 85% by a shareholder independent and not connected with any of the directors, chief executive, substantial shareholder or management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules), is the registered holder of the Company's shares which represent an aggregate of approximately 8.72% of the shares of the Company in issue as at 31st December 2000.
3. Man Cheong International Limited, which is owned as to 65% by Martnell Limited and as to 35% by Cindex Management Services Limited, is the registered holder of the Company's shares which represent an aggregate of approximately 0.89% of the shares of the Company in issue as at 31st December 2000. Martnell Limited is wholly owned by Mr. Chow Kai Wah, Gary. Cindex Management Services Limited is owned as to 99% by Mr. Chun Hu Hing and as to 1% by his spouse.

As at 31st December 2000, as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance, the following persons are interested in the shares of Health Matrix, an associated corporation (within the meaning of the SDI Ordinance) in the manner described below:

<b>Name</b>	<b>Number of shares of Health Matrix</b>	<b>Nature of interests</b>	<b>Percentage of interests</b>
Mr. Cho Kam Luk	509,044	Corporate interests ( <i>Note</i> )	70.36%
Dr. Chik Fu Fai	—	Other interests ( <i>Note</i> )	—
Dr. Chan Wing Lok, Brian	—	Other interests ( <i>Note</i> )	—
Dr. Leung Chi Sang	—	Other interests ( <i>Note</i> )	—

*Note:*

The registered holder of these shares is True Destination Incorporated, which is owned as to approximately 70.36% by Mr. Cho Kam Luk, 6.25% by Dr. Chik Fu Fai, 1.79% by Dr. Chan Wing Lok, Brian and 2.50% by Dr. Leung Chi Sang.

Saved as disclosed above, the Company had no notice of any interests required to be recorded under Section 29 of the SDI Ordinance as at 31st December 2000.

## DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES

The Company has adopted a share option scheme conditionally approved at an extraordinary general meeting of the Company held on 20th September 2000, under which the directors of the Company may invite any full-time Director (other than non-executive directors of the Company appointed from time to time) to take up options to subscribe for shares of the Company. No option had been granted to the Directors during the period from 1st April 2000 to 31st December 2000.

## SUBSTANTIAL SHAREHOLDER

According to the register maintained pursuant to Section 16(1) of the SDI Ordinance, the following person (other than those interests of Directors disclosed above) has an interest of 10% or more of the issued share capital of the Company:

As at 31st December 2000:

<b>Name</b>	<b>Number of shares of the Company</b>	<b>Nature of interests</b>	<b>Percentage of interests</b>
Origin Limited	196,475,846	Corporate interests ( <i>Note</i> )	49.12%

*Note:*

The registered holder of these shares is Origin Limited which is one of the shareholders of the Company. These 196,475,846 shares as at 31st December 2000 represent an aggregate of approximately 49.12% of the shares of the Company in issue as at 31st December 2000. The entire issued share capital of Origin Limited is owned as to approximately 90.50% by Dr. Cho Kwai Chee, 3.59% by Dr. Chan Wing Lok, Brian, 0.96% by Dr. Cheng Chor Ho, 1.56% by Dr. Chik Fu Fai, 0.71% by Mr. Cho Kam Luk, 1.49% by Dr. Fung Yiu Tong, Bennet and 1.19% by Dr. Leung Chi Sang.

Saved as disclosed above, the Company had no notice of any interests required to be recorded under Section 16(1) of the SDI Ordinance as at 31st December 2000.

## BUSINESS OBJECTIVES

The Directors are pleased to confirm that there is no material adverse change in the Group's financial position which may affect the Group's ability to implement its business plans as set out in the section "Business objectives" of the Prospectus.

## COMPETING INTERESTS

None of the Directors, initial management shareholders, substantial shareholder and significant shareholder of the Company and their respective associates had any interest in any business that directly or indirectly compete with the businesses of the Group as at 31st December 2000.

## YEAR 2000 COMPLIANCE

The Directors are pleased to announce that all the accounting and financial applications of the Group were fully year 2000 compliant and therefore the year 2000 compliance issue had no adverse impact on the business operations of the Group.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines published by the Hong Kong Society of Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, interim reports and quarterly reports and to provide advice and comments thereon to the board of Directors (the "Board"). The audit committee will also be responsible for reviewing and supervising the Group's financial reporting and internal control procedures. The audit committee comprises two independent non-executive Directors, namely Dr. Lui Chi Keung, Charles and Mr. Choy Kan Pui, and a non-executive Director, namely Mr. Chan Kin Fung, Phil. Mr. Choy Kan Pui is the chairman of the audit committee.

## SPONSORS' INTERESTS

On 6th July 2000, the Company and Topson Profits Limited (formerly known as Topson Limited) ("Topson"), an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited ("Cheung Kong"), entered into a subscription agreement pursuant to which Topson has agreed to subscribe and the Company has agreed to allot and issue 494,294 shares of the Company for a consideration of not more than HK\$9,900,000. The subscription was completed on 3rd October 2000. Cheung Kong, through Topson, is interested in 39,600,000 shares of the Company, representing approximately 9.9% of the issued share capital of the Company immediately after completion of the share offer and capitalization issue of the Company upon listing on GEM. Pursuant to the subscription agreement, Topson has the rights to appoint a maximum of three persons as Director(s). Accordingly, Topson and Cheung Kong are initial management shareholders of the Company. On 20th September 2000, the Company and Topson entered into a subscription agreement pursuant to which the Company agreed to issue to Topson a convertible note for a principal amount of HK\$31,562,500 for cash. Details of the terms of this convertible note has been set out in Appendix VI of the Prospectus. Upon full conversion of this convertible note and assuming that it does not dispose of any of its initial holdings and no additional share is issued by the Company, Topson will be interested in an aggregate of approximately 20.0% of the issued share capital of the Company as enlarged by the allotment and issue of the shares of the Company pursuant to the conversion of the convertible note.

Mr. Ip Tak Chuen, Edmond, a non-executive Director, is an executive director of Cheung Kong, and a non-executive director of CEF Capital Limited (“CEF”). Mr. Chan Kin Fung, Phil, a non-executive Director, is a director of CEF. CEF is an associate of Cheung Kong and Topson.

As at 13th February 2001, an employee of First Shanghai Capital Limited (“First Shanghai”) had 10,000 shares in the capital of the Company.

Save for the above, as at 31st December 2000 and 13th February 2001, neither First Shanghai nor CEF (together the “Sponsors”) nor their respective directors or employees or associates (as referred to in note 3 to rule 6.35 of the GEM Listing Rules) had any interests in the shares of the Company, including options or rights to subscribe for any such shares.

Pursuant to an agreement dated 5th October 2000 entered into between the Company and the Sponsors, the Sponsors have received and will receive a fee for acting as the sponsors of the Company for the period commenced from 18th October 2000 and ending on 31st March 2003.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

For the three and nine months ended 31st December 2000, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares.

## **APPOINTMENT OF SENIOR OFFICIERS**

In order to further consolidate the management structure for the provision of management services to medical centres and the operations of dental practices, the Directors are pleased to announce the following appointments. The appointees will be responsible for the overall strategic development, operational planning, staff training and quality assurance for their respective areas of specialization.

<b>Position</b>	<b>Name of appointee</b>
Vice-chairman	Dr. Chan Wing Lok, Brian, Executive Director
Director of Medical Services	Dr. Fung Yiu Tong, Bennet, Executive Director Dr. Cheng Chor Ho, Executive Director
Director of Dental Services	Dr. So Chi Kin Dr. Chik Fu Fai, Executive Director

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

Hong Kong, 13th February 2001