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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)

**(i) SHARE AND CONNECTED
TRANSACTION IN RELATION
TO THE FOMT ACQUISITION**

MAJOR TRANSACTION

(ii) DISCLOSEABLE TRANSACTION

THE FOMT ACQUISITION

The directors of Town Health are pleased to announce that on 15 October 2009, Health Walk (a wholly-owned subsidiary of Town Health) entered into the FOMT Agreement to acquire the FOMT Sale Shares from Kingdom Hill at a consideration of HK\$19 million which shall be satisfied by the allotment and issue, credited as fully paid, of the TH Consideration Shares. Upon the FOMT Acquisition Completion, FOMT will become a wholly-owned subsidiary of Town Health.

All applicable percentage ratios for the FOMT Acquisition do not exceed 5%. However, as the consideration for the FOMT Acquisition includes securities for which listing will be sought, the FOMT Acquisition constitutes a share transaction for Town Health under the Listing Rules.

As (i) Kingdom Hill is a substantial shareholder of a non wholly-owned subsidiary of Town Health and (ii) the ultimate beneficial owner of Kingdom Hill, Ms. Tsui Mai Ling, Margaret, is the wife of Dr. Yeung Wah Hin, Alex, who is a director of each of the members of the FOMT Group as at the date of the FOMT Agreement, Kingdom Hill is a connected person of Town Health under the Listing Rules. The FOMT Acquisition therefore also constitutes a connected transaction for Town Health under Chapter 14A of the Listing Rules.

Accordingly, the FOMT Acquisition Completion is subject to, among other things, the approval by the Independent Town Health Shareholders at the Town Health SGM.

Kingdom Hill and its associates have no shareholding in Town Health and are therefore not entitled to vote at the Town Health SGM. The voting on the resolution to approve the FOMT Agreement and the transactions contemplated thereunder at the Town Health SGM will be taken by way of poll in accordance with the requirements of the Listing Rules.

A circular containing, among other things, (i) details of the FOMT Acquisition and the FOMT Group; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Town Health Shareholders in relation to the FOMT Acquisition; (iii) the letter from the Independent Board Committee; (iv) a notice of the Town Health SGM; and (v) other information as required by the Listing Rules, will be despatched to the shareholders of Town Health as soon as practicable in accordance with the Listing Rules.

THE TRANSACTION

The directors of Town Health and the directors of HK Health Check are pleased to announce that on 15 October 2009, the Purchaser (a wholly-owned subsidiary of HK Health Check as at the date of the Agreement), Town Health BVI (a wholly-owned subsidiary of Town Health) and HK Health Check entered into the Agreement pursuant to which the Purchaser has agreed to purchase and Town Health BVI has agreed to sell the Health Walk Sale Shares. The consideration for the sale and purchase of the Health Walk Sale Shares will be satisfied by the allotment and issue, credited as fully paid, of subject as mentioned below, the Purchaser Consideration Shares to Town Health BVI.

If the Consideration Adjustment Event occurs (i.e. if the FOMT Acquisition Completion takes place prior to the Completion), (i) the amount of the consideration for the Health Walk Sale Shares shall be adjusted upwards by an amount of HK\$19,800,000 which shall be satisfied by the allotment and issue, credited as fully paid, of the Additional Purchaser Consideration Shares to Town Health BVI; and (ii) the Purchaser will also purchase and HK Health Check will also sell the Health Check BVI Capitalisation Shares for a consideration of HK\$20,615,000 which will be satisfied by the allotment and issue, credited as fully paid, of 1,122 new Purchaser Shares to HK Health Check on Completion.

Upon Completion, the Purchaser (which will then own 100% interest of each of Health Walk and Health Check BVI) will be owned as to 49% by Town Health BVI and as to 51% by HK Health Check.

The Transaction (comprising the disposal of the Health Walk Sale Shares by Town Health BVI and, in return, the allotment and issue to Town Health BVI of 49% of the enlarged issued share capital of the Purchaser at Completion) constitutes a discloseable transaction for Town Health under Chapter 14 of the Listing Rules.

The Transaction constitutes a major transaction for HK Health Check under Chapter 14 of the Listing Rules and will be subject to approval of the Independent HK Health Check Shareholders at the HK Health Check SGM.

As at the date of this joint announcement, the Town Health Group holds an aggregate of 97 shares of HK Health Check, representing a negligible percentage of the total issued share capital of HK Health Check. As Town Health is interested in the Transaction, it and its associates (as defined in the Listing Rules) will be required to abstain from voting in respect of the resolution(s) to approve the Transaction at the HK Health Check SGM. The voting will be taken by way of poll in accordance with the requirements of the Listing Rules.

A circular containing, among other matters, (i) details of the Transaction; (ii) information of the Health Walk Group and the HK Health Check Group; (iii) a notice of the HK Health Check SGM; and (iv) other information as required by the Listing Rules will be despatched to the shareholders of HK Health Check as soon as practicable in accordance with the Listing Rules.

(1) THE FOMT ACQUISITION

The directors of Town Health are pleased to announce that Health Walk (a wholly-owned subsidiary of Town Health) entered into the FOMT Agreement to acquire the FOMT Sale Shares from Kingdom Hill. The principal terms of the FOMT Agreement are set out below:

Date of the FOMT Agreement: 15 October 2009

Vendor of the FOMT Agreement: Kingdom Hill, a company wholly and beneficially owned by Ms. Tsui Mai Ling, Margaret and a substantial shareholder of FOMT (which was a non wholly-owned subsidiary of Town Health). In addition, Ms. Tsui Mai Ling, Margaret is the wife of Dr. Yeung Wah Hin, Alex, who is a director of each of the members of the FOMT Group as at the date of the FOMT Agreement. Accordingly, Kingdom Hill is a connected person of Town Health under the Listing Rules.

To the best of the knowledge, information and belief of the directors of Town Health having made all reasonable enquires, the principal activity of Kingdom Hill is investment holding.

Purchaser of the FOMT Agreement: Health Walk, an indirect wholly-owned subsidiary of Town Health as at the date of the FOMT Agreement.

Vendor Guarantor of the FOMT Agreement:

Ms. Tsui Mai Ling, Margaret, the sole beneficial owner of Kingdom Hill. Ms. Tsui is joined as a party to the FOMT Agreement to guarantee the performance of the obligations of Kingdom Hill under the FOMT Agreement

Subject matter

Pursuant to the FOMT Agreement, Health Walk has conditionally agreed to acquire, and Kingdom Hill has conditionally agreed to sell the FOMT Sale Shares free from all encumbrances, and together with all rights and benefits attaching thereto including but not limited to the right to dividends or distributions made or declared on or after the date of the FOMT Acquisition Completion.

The FOMT Sale Shares represent 22% of the issued share capital of FOMT and are beneficially owned by Kingdom Hill as at the date of the FOMT Agreement.

The original purchase cost paid by Kingdom Hill for the acquisition of the 22% interest in the share capital of FOMT was approximately HK\$7.5 million.

The FOMT Group is principally engaged in the production of radioactive isotopes used for medical diagnostic purposes. For further details of the FOMT Group, please refer to the sections headed “Financial information on the FOMT Group” and “Information on the Health Walk Group” below. As at the date of the FOMT Agreement, Town Health, through Health Walk, is holding 78% interest in the issued share capital of FOMT. Immediately upon the FOMT Acquisition Completion, the Town Health Group’s interest in FOMT will increase to 100%.

Consideration

The consideration for the FOMT Acquisition of HK\$19 million is determined after arm’s length negotiations between Health Walk and Kingdom Hill with reference to the profitability and future business prospect of the FOMT Group, which will be satisfied by the allotment and issue of the TH Consideration Shares by Town Health to Kingdom Hill (and/or its nominee) based on the TH Issue Price of HK\$1.306 per TH Consideration Share by taking the average closing price of the Town Health Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 15 October 2009, being the date of the FOMT Agreement.

The TH Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Town Health Shares in issue on the date of allotment and issue of the TH Consideration Shares including the right to receive all dividends, distributions and other payments made or to be made, the record dates for which fall on or after the date of such allotment and issue. There will not be

any transfer restriction under the FOMT Agreement on the TH Consideration Shares subsequent to the allotment and issue. Based on the TH Issue Price, an aggregate of 14,548,238 new Town Health Shares would fall to be issued upon the FOMT Acquisition Completion, representing:

- (i) approximately 4.71% of the existing issued share capital of Town Health as at the date of the FOMT Agreement; and
- (ii) approximately 4.49% of the total issued share capital of Town Health as enlarged by the issue of the TH Consideration Shares.

The TH Issue Price of HK\$1.306 per TH Consideration Share:

- (i) represents a premium of approximately 1.24% over the closing price of HK\$1.29 per Town Health Share as quoted on the Stock Exchange on 15 October 2009, being the date of the FOMT Agreement;
- (ii) is equal to the average closing price of HK\$1.306 per Town Health Share for the five consecutive trading days up to and including 15 October 2009, being the date of the FOMT Agreement; and
- (iii) represents a premium of approximately 2.35% over the average closing price of HK\$1.276 per Town Health Share for the ten consecutive trading days up to and including 15 October 2009, being the date of the FOMT Agreement.

The TH Issue Price was determined after arm's length negotiations between Health Walk and Kingdom Hill after taking into account the recent trading prices of the Town Health Shares. The directors of Town Health (excluding the independent non-executive directors of Town Health whose view will be made after taking into account the advice of the independent financial adviser to be appointed in this regard) consider that the TH Issue Price is fair and reasonable.

Application for listing

Application will be made by Town Health to the Stock Exchange for the listing of, and permission to deal in, the TH Consideration Shares. The directors of Town Health will seek approval from the Independent Town Health Shareholders at the Town Health SGM for the grant of a specific mandate for the issue of the TH Consideration Shares.

Conditions precedent to the FOMT Acquisition Completion

The FOMT Acquisition Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (i) the passing of the necessary resolution(s) by the Independent Town Health Shareholders at the Town Health SGM by way of a poll to approve:
 - (a) the FOMT Agreement and the transactions contemplated in or incidental to the FOMT Agreement and the implementation thereof, including, but not limited to, the allotment and issue of the TH Consideration Shares in accordance with the terms thereof; and
 - (b) such other matters as required by the Listing Rules for consummation of the transactions contemplated therein;

in accordance with the requirements of the Listing Rules, the bye-laws of Town Health and the applicable laws, rules and regulations;
- (ii) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the TH Consideration Shares on the Stock Exchange;
- (iii) the warranties given by Kingdom Hill as detailed in the FOMT Agreement remaining true and accurate in all respects and not misleading in any respect as at the date of the FOMT Acquisition Completion; and
- (iv) the board of directors of FOMT to declare the FOMT Dividend payable to the shareholders of FOMT whose names appear on the register of members of FOMT as at the date of the declaration.

Health Walk shall be entitled at any time before the FOMT Long Stop Date by a notice in writing to Kingdom Hill to waive condition (iii) above. If any condition is not fulfilled or waived on or before the FOMT Long Stop Date, all rights and obligations of the parties under the FOMT Agreement shall lapse and be of no further force and effect (save and except for certain provisions in the FOMT Agreement which shall remain in full force and effect) and the parties shall be released from all further obligations thereunder without any liability save and except for any antecedent breach.

The FOMT Acquisition Completion

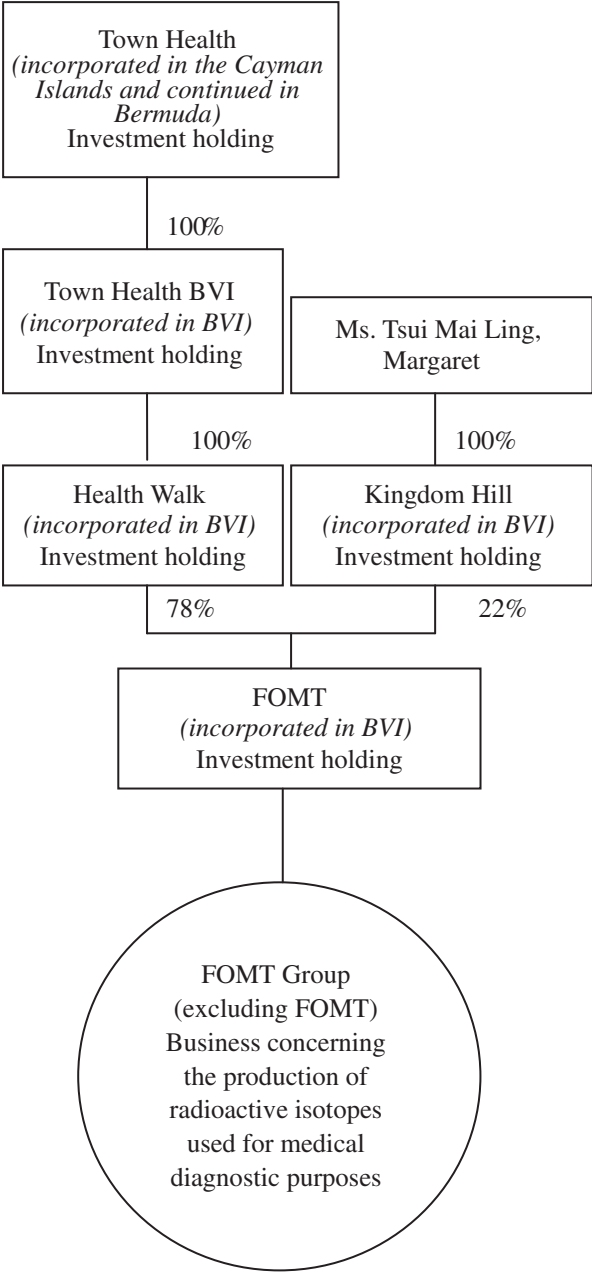
Subject to fulfillment or waiver (as the case may be) of the conditions in full, the FOMT Acquisition Completion shall take place within three business days or on such other date as the parties to the FOMT Agreement may mutually agree in writing.

At the FOMT Acquisition Completion, Town Health will allot and issue, credited as fully paid, the TH Consideration Shares to Kingdom Hill (and/or its nominee) for the satisfaction of the consideration of the FOMT Acquisition. In consideration for Town Health allotting and issuing the TH Consideration Shares to Kingdom Hill (and/or its nominee), Health Walk will allot and issue 1 share to Town Health BVI (at the direction of Town Health) the at FOMT Acquisition Completion.

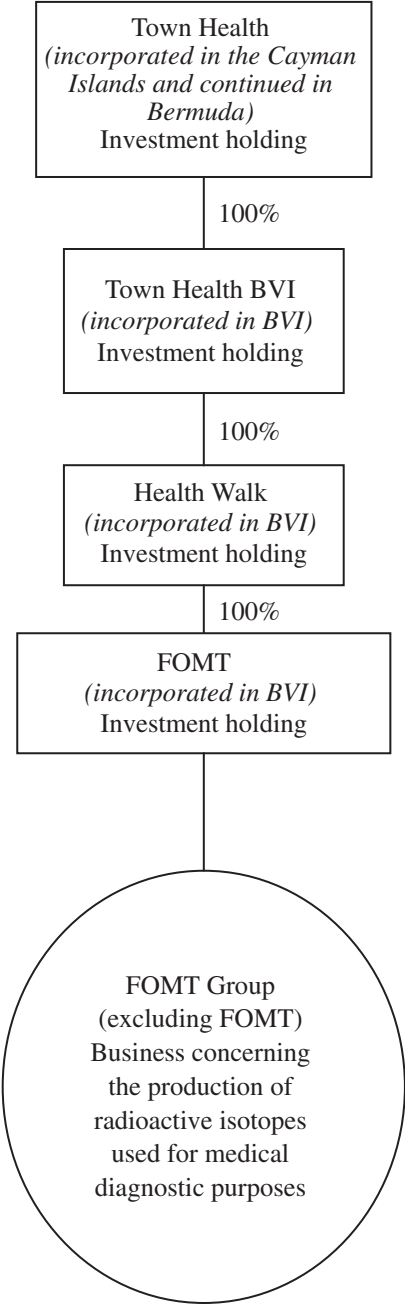
SHAREHOLDING STRUCTURE OF THE FOMT GROUP

Set out below is a simplified group structure of the FOMT Group.

Immediately before the FOMT Acquisition Completion



Upon the FOMT Acquisition Completion



FINANCIAL INFORMATION ON THE FOMT GROUP

Set out below is a summary of certain financial information of the FOMT Group based on the unaudited consolidated accounts of the FOMT Group for the two years ended 31 March 2009 which have been prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended	
	31 March	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue	21,001	24,590
Net profit before taxation	17,785	16,578
Net profit after taxation	15,253	13,644
	As at 31 March	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Total assets	22,914	8,301
Net assets	21,104	3,304

REASONS FOR AND BENEFITS OF THE FOMT ACQUISITION

Upon the FOMT Acquisition Completion, the shareholding of FOMT can then be consolidated in one single shareholder.

Completion of the FOMT Acquisition will trigger the occurrence of the Consideration Adjustment Event. If the Consideration Adjustment Event occurs, the consideration for the acquisition of the Health Walk Sale Shares by the Purchaser will be adjusted upwards by an amount of HK\$19,800,000. Comparing such additional consideration for the Health Walk Sale Shares (i.e. HK\$19,800,000) with the consideration for the FOMT Acquisition (i.e. HK\$19,000,000), 100% interest in FOMT can be disposed of through the Transaction as described below to the Purchaser in exchange for 49% of the enlarged issued share capital of the Purchaser at a higher value. As such, the directors of Town Health (excluding the independent non-executive directors of Town Health whose view will be made after taking into account the advice of the independent financial adviser to be appointed in this regard) consider that the FOMT Acquisition as contemplated by the FOMT Agreement is in the interest of Town Health, the terms of which are on normal commercial terms and are fair and reasonable and in the interests of Town Health and the shareholders of Town Health as a whole.

SHAREHOLDING STRUCTURE OF TOWN HEALTH

The following table sets out the shareholding structure of Town Health (1) as at the date of this joint announcement; and (2) immediately after the allotment and issue of the TH Consideration Shares:

	As at the date of this joint announcement		Immediately after allotment and issue of the TH Consideration Shares	
	<i>No. of Town Health Shares</i>	<i>%</i>	<i>No. of Town Health Shares</i>	<i>%</i>
Broad Idea (<i>Note 2</i>)	81,488,523	26.36	81,488,523	25.18
Kingdom Hill and its associates	–	–	14,548,238	4.49
Public shareholders of Town Health	<u>227,657,949</u>	<u>73.64</u>	<u>227,657,949</u>	<u>70.33</u>
Total:	<u><u>309,146,472</u></u>	<u><u>100.00</u></u>	<u><u>323,694,710</u></u>	<u><u>100.00</u></u>

Notes:

1. The above table assumes that there will not be any change in the issued share capital of Town Health from the date of this joint announcement up to (and including) the FOMT Acquisition Completion.
2. Broad Idea, a company incorporated in the BVI with limited liability, is beneficially owned as to (i) 50.1% by Dr. Cho Kwai Chee, an executive director of Town Health and (ii) 49.9% by Dr. Choi Chee Ming, GBS, JP, a non-executive director of Town Health.

IMPLICATIONS UNDER THE LISTING RULES

All applicable percentage ratios for the FOMT Acquisition do not exceed 5%. However, as the consideration for the FOMT Acquisition includes securities for which listing will be sought, the FOMT Acquisition constitutes a share transaction for Town Health under the Listing Rules.

As (i) Kingdom Hill is a substantial shareholder of a non wholly-owned subsidiary of Town Health and (ii) the ultimate beneficial owner of Kingdom Hill, Ms. Tsui Mai Ling, Margaret, is the wife of Dr. Yeung Wah Hin, Alex, who is a director of each of the members of the FOMT Group as at the date of the FOMT Agreement, Kingdom Hill is a connected person of Town Health under the Listing Rules. The FOMT Acquisition therefore also constitutes a connected transaction for Town Health under Chapter 14A of the Listing Rules.

Accordingly, the FOMT Acquisition Completion is subject to, among other things, the approval by the Independent Town Health Shareholders at the Town Health SGM. Kingdom Hill together with its associates, shall abstain from voting on the resolution(s) to approve the FOMT Agreement and the transactions contemplated thereunder at the Town Health SGM.

Kingdom Hill and its associates have no shareholding in Town Health and are therefore not entitled to vote at the Town Health SGM. The voting on the resolution(s) to approve the FOMT Agreement and the transactions contemplated thereunder at the Town Health SGM will be taken by way of poll in accordance with the requirements of the Listing Rules.

The Independent Board Committee will be established to advise the Independent Town Health Shareholders regarding the FOMT Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Town Health Shareholders in respect of the terms of the FOMT Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the FOMT Acquisition and the FOMT Group; (ii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Town Health Shareholders in relation to the FOMT Acquisition; (iii) the letter from the Independent Board Committee; (iv) a notice of the Town Health SGM; and (v) other information as required by the Listing Rules, will be despatched to the shareholders of Town Health as soon as practicable in accordance with the Listing Rules.

(2) THE TRANSACTION

The directors of Town Health and the directors of HK Health Check are pleased to announce that on 15 October 2009, the Purchaser (a wholly-owned subsidiary of HK Health Check as at the date of the Agreement), Town Health BVI (a wholly-owned subsidiary of Town Health) and HK Health Check entered into the Agreement pursuant to which the Purchaser has agreed to purchase, and Town Health BVI has agreed to sell, the Health Walk Sale Shares. Principal terms of the Agreement are set out below:

THE AGREEMENT

Date of the Agreement: 15 October 2009

- (i) Town Health BVI, a wholly-owned subsidiary of Town Health as vendor;
- (ii) HK Health Check; and
- (iii) the Purchaser, a wholly-owned subsidiary of HK Health Check at the date of the Agreement as purchaser.

As at the date of this joint announcement, the Town Health Group holds an aggregate of 97 shares of HK Health Check, representing a negligible percentage of the total issued share capital of HK Health Check.

The principal activity of Town Health BVI is investment holding and save for the Town Health Group's interest in HK Health Check as stated above, Town Health BVI and its beneficial owner are third parties independent of and not connected with HK Health Check and its connected persons.

The principal activity of HK Health Check is investment holding and save for the Town Health Group's interest in HK Health Check as stated above, HK Health Check is a third party independent of and not connected with Town Health and its connected persons.

The principal activity of the Purchaser is investment holding and save for the Town Health Group's interest in HK Health Check as stated above, the Purchaser and its beneficial owner are third parties independent of and not connected with Town Health and its connected persons.

Subject matter

Pursuant to the terms of the Agreement, the Purchaser has conditionally agreed to purchase, and Town Health BVI has conditionally agreed to sell, the Health Walk Sale Shares at a consideration of HK\$70,200,000, which is subject to adjustment as mentioned below in the event that the FOMT Acquisition Completion takes place prior to the Completion. Such consideration shall be satisfied by the allotment and issue, credited as fully paid, the Purchaser Consideration Shares.

Pursuant to the terms of the Agreement, if the Consideration Adjustment Event occurs (i.e. if the FOMT Acquisition Completion takes place prior to the Completion), HK Health Check and the Purchaser shall jointly take all necessary actions to effect the capitalisation of the Health Check BVI Loan and the allotment and issue of the Health Check BVI Capitalisation Shares to HK Health Check and thereafter, HK Health Check shall sell, and the Purchaser shall purchase the Health Check BVI Capitalisation Shares at a consideration of HK\$20,615,000.

Consideration

The consideration for the acquisition of the Health Walk Sale Shares (if the Consideration Adjustment Event does not occur) is HK\$70,200,000, which will be satisfied by the allotment and issue of the Purchaser Consideration Shares (i.e. 3,822 new Purchaser Shares) by the Purchaser to Town Health BVI (and/or its nominee as directed in writing) on Completion.

If the Consideration Adjustment Event occurs, Health Walk shall hold 100% interest (instead of 78% interest as at the date of the Agreement) in FOMT, the consideration for the acquisition of the Health Walk Sale Shares shall be adjusted upwards by an amount of HK\$19,800,000 in view of Health Walk's increased shareholding in FOMT. Such increased portion of the consideration will be satisfied by the allotment and issue of, credited as fully paid, the Additional Purchaser Consideration Shares (i.e. 1,078 new Purchaser Shares) to Town Health BVI (and/or its nominee) at Completion.

The number of new Purchaser Shares to be allotted and issued to Town Health BVI (and/or its nominee) is determined on the basis that at Completion, the Purchaser (and the Health Check BVI Group and the Health Walk Group) shall be owned as to 51% and 49% respectively by HK Health Check and Town Health BVI. The shareholding structure of 51% and 49% of the Purchaser is determined by the Town Health Group and the HK Health Check Group after arm's length negotiations taking into account the net asset value of the Enlarged Purchaser Group and the fact that the Enlarged Purchaser Group will be principally engaged in the health check business and the role of Health Walk Group within the Enlarged Purchaser Group is only the upstream supplier of radioactive isotopes for, and in support of, the health check business which has always been operated under the management of the HK Health Check Group. Therefore, the directors of Town Health consider that it is fair and reasonable for the Town Health Group to hold 49% of the Purchaser after the Completion while HK Health Check to hold the controlling stake of the Enlarged Purchaser Group after the Completion.

If the Consideration Adjustment Event occurs, HK Health Check shall sell, and the Purchaser shall purchase, the Health Check BVI Capitalisation Shares at a consideration of HK\$20,615,000 which will be satisfied by the allotment and issue, credited as fully paid, of 1,122 new Purchaser Shares to HK Health Check at Completion.

The consideration for the acquisition of the Health Walk Sale Shares of HK\$70,200,000 (if the Consideration Adjustment Event does not occur) or HK\$90,000,000 (if the Consideration Adjustment Event occurs) is determined after arm's length negotiations between the Purchaser and Town Health BVI taking into account of various factors, including the earnings potential, the profitability and future business prospects of the Health Walk Group and the synergic effect between the Health Walk Group and the HK Health Check Group.

The Purchaser Consideration Shares, the Additional Purchaser Consideration Shares and Health Check BVI Capitalisation Shares will not be subject to any transfer restrictions upon their allotment and issue.

Conditions precedent to the Completion

Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (i) the passing of the necessary resolution(s) by the Independent HK Health Check Shareholders at the HK Health Check SGM by way of a poll to approve:
 - (a) the Agreement and the transactions contemplated in or incidental to the Agreement and the implementation thereof; and
 - (b) such other matters as required by the Listing Rules for consummation of the transactions contemplated therein;

in accordance with the requirements of the Listing Rules, the bye-laws of HK Health Check and the applicable laws, rules and regulations;

- (ii) the warranties given by Town Health BVI as detailed in the Agreement remaining true and accurate in all respects and not misleading in any respect as at the date of the Completion; and
- (iii) the warranties given by the Purchaser as detailed in the Agreement remaining true and accurate in all respects and not misleading in any respect as at the date of the Completion.

The Purchaser shall be entitled at any time prior to the Long Stop Date by a notice in writing to Town Health BVI to waive condition (ii) above and Town Health BVI shall be entitled at any time prior to the Long Stop Date by a notice in writing to the Purchaser to waive condition (iii) above. If any condition is not fulfilled or waived on or before the Long Stop Date, the rights and obligations of the parties under the Agreement shall lapse and be of no further force and effect (save and except for certain provisions which shall remain in full force and effect) and the parties shall be released from all further obligations thereunder without any liability save for any antecedent breach.

Completion

Subject to fulfillment or waiver (as the case may be) of the conditions in full, Completion shall take place within four business days or on such other date as the parties to the Agreement may mutually agree in writing.

Upon the Completion, Health Walk will be wholly-owned by the Purchaser and Health Check BVI will remain as a wholly-owned subsidiary of the Purchaser.

As at the date of the Agreement, the Purchaser's entire issued share capital, comprising 3,978 Purchaser Shares, is wholly owned by HK Health Check. Upon Completion, assuming there is no Consideration Adjustment Event, HK Health Check will own 3,978 Purchaser Shares, representing 51% of the issued share capital of the Purchaser as enlarged by the Purchaser Consideration Shares and the Town Health Group will own 3,822 Purchaser Shares, representing 49% of the issued share capital of the Purchaser as enlarged by the Purchaser Consideration Shares. In the event that the Consideration Adjustment Event occurs, taking into account of the allotment and issue of the Additional Purchaser Consideration Shares to Town Health BVI and the allotment and issue of 1,122 Purchaser Shares to HK Health Check for the acquisition of the Health Check BVI Capitalisation Shares, HK Health Check will own 5,100 Purchaser Shares, representing 51% of the issued share capital of the Purchaser as enlarged by the Purchaser Consideration Shares and the Additional Purchaser Consideration Shares and the Town Health Group will own 4,900 Purchaser Shares, representing 49% of the issued share capital of the Purchaser as enlarged by the Purchaser Consideration Shares and the Additional Purchaser Consideration Shares. Upon Completion, such number of Purchaser Shares, representing 49% of the enlarged issued share capital of the Purchaser, which is a subsidiary of HK Health Check, will be allotted and issued to Town Health BVI, the Transaction constitutes (i) an acquisition by Town Health BVI in respect of such 49% of the enlarged issued share capital of the Purchaser and (ii) a deemed disposal of HK Health Check in respect of such 49% interest in the Purchaser.

Upon Completion, (i) the Purchaser, together with members of the Health Check BVI Group, will remain as subsidiaries of HK Health Check, (ii) each of Health Walk and its subsidiaries will also become subsidiaries of HK Health Check and their financial results will be consolidated with those of HK Health Check.

On the other hand, each of Health Walk and its subsidiaries will cease to be subsidiaries of Town Health and Town Health will, through its 49% interest in the Purchaser, be interested in each of the Health Check BVI Group and the Health Walk Group in a proportionate percentage.

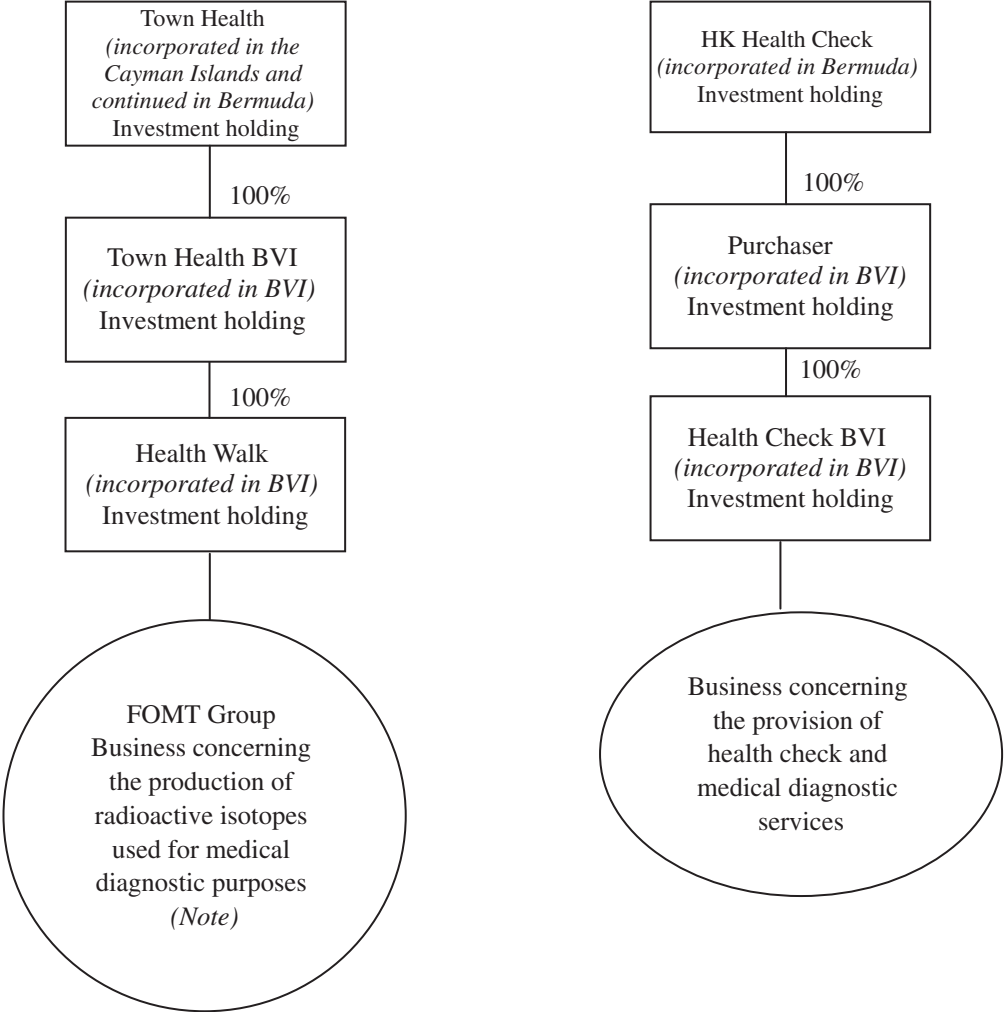
The FOMT Acquisition and the Transaction not inter-conditional

The FOMT Acquisition and the Transaction are not inter-conditional upon each other. For the avoidance of doubt, in the event the FOMT Acquisition Completion takes place prior to the Completion, it will only constitute a Consideration Adjustment Event.

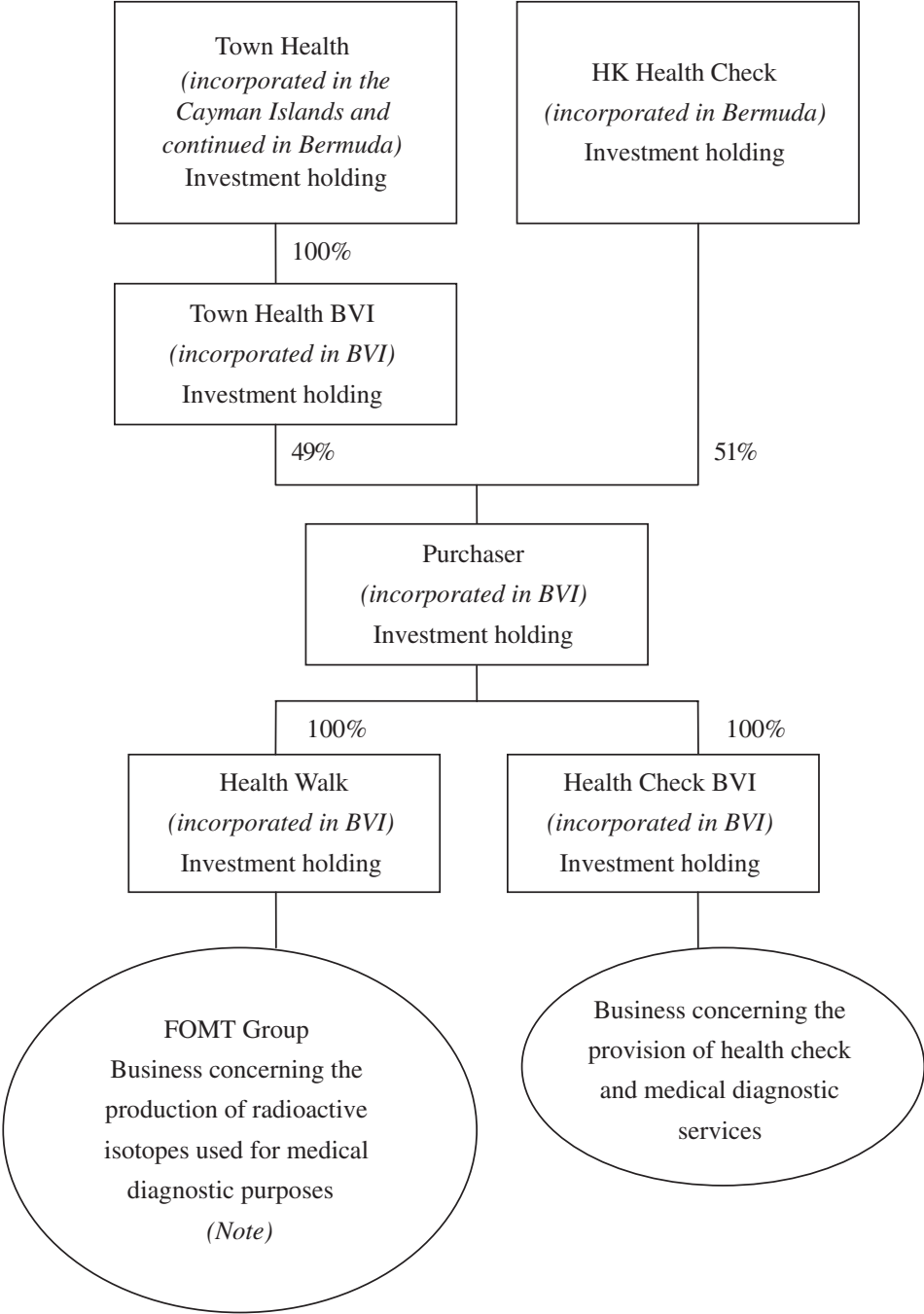
SHAREHOLDING STRUCTURES OF HEALTH WALK AND HEALTH CHECK BVI

Set out below are the simplified group structures of Health Walk and Health Check BVI:

Before Completion



Immediately after Completion



Note: As at the date of the Agreement, Health Walk is interested in 78% of FOMT, the holding company of the FOMT Group. If the FOMT Acquisition Completion take places prior to the Completion, Health Walk will be interested in 100% of FOMT at Completion.

INFORMATION ON THE HEALTH WALK GROUP

Health Walk is an investment holding company. As at the date of this joint announcement, Health Walk holds 78% interest in the issued share capital of FOMT. Upon the FOMT Acquisition Completion, Health Walk will hold 100% of the issued share capital of FOMT. The FOMT Group is principally engaged in the production of radioactive isotopes used for medical diagnostic purposes, which had been sold to the major hospitals and healthcare institutions in Hong Kong. Radioactive isotopes are used as tracers to identify abnormal bodily processes, because some natural elements tend to concentrate in certain parts of the body: iodine in the thyroid, phosphorus in the bones, potassium in the muscles. When a patient is injected with a radioactive element, a special camera (i.e. PET scan) can take pictures of the internal workings of the organ. With the availability of these radioactive isotopes, doctors will be able to diagnose cancer, heart diseases and neurological disorders.

INFORMATION ON THE PURCHASER AND THE HEALTH CHECK BVI GROUP

The Purchaser is a wholly-owned subsidiary of HK Health Check and is holding the entire issued share capital of Health Check BVI, which is an investment holding company, as at the date of the Agreement. The Health Check BVI Group is principally engaged in the provision of health check and health care related services.

FINANCIAL INFORMATION ON THE HEALTH WALK GROUP

Set out below is a summary of the key financial information of the Health Walk Group based on the unaudited consolidated accounts of the Health Walk Group for the two years ended 31 March 2009 which have been prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended	
	31 March	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue	21,001	24,590
Net (loss)/profit before taxation	(4,933)	16,574
Net (loss)/profit after taxation	(7,465)	13,639

	As at 31 March	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Total assets	29,516	16,668
Net assets	3,693	1,190
		<i>(Note)</i>

Note: As at 31 July 2009, the unaudited current liabilities of the Health Walk Group amounted to approximately HK\$43.8 million of which amount due to Town Health BVI amounted to approximately HK\$42.2 million. Subsequent to 31 July 2009, such amount owing by the Health Walk Group to Town Health BVI has been capitalized.

FINANCIAL INFORMATION ON THE PURCHASER AND THE HEALTH CHECK BVI GROUP

Since the Purchaser is a newly incorporated company, no financial statement has been prepared.

Set out below is a summary of the key financial information of the Health Check BVI Group based on the unaudited consolidated accounts of the Health Check BVI Group for the two years ended 31 March 2009 which have been prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended	
	31 March	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue	70,132	105,550
Net loss before taxation	42,356	39,019
Net loss after taxation	43,614	38,147

	As at 31 March	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Total assets	196,797	199,224
Net liabilities	100,006	138,430 <i>(Note)</i>

Note: As at 31 March 2009, the unaudited current liabilities of the Health Check BVI Group amounted to approximately HK\$328 million of which amount due to HK Health Check amounted to approximately HK\$320 million. Subsequent to 31 March 2009, an amount of approximately HK\$212 million owing by the Health Check BVI Group to HK Health Check has been capitalized.

FINANCIAL EFFECTS OF THE TRANSACTION

Upon Completion:

- (i) the Purchaser will be held as to 51% and 49% by HK Health Check and Town Health BVI respectively and will remain to be a subsidiary of HK Health Check;
- (ii) the Purchaser will be accounted for as an associated company of Town Health;
- (iii) each member of the Health Walk Group will cease to be a subsidiary of Town Health and will become a non wholly-owned subsidiary of HK Health Check; and
- (iv) each member of the Health Check BVI Group will remain to be a subsidiary of HK Health Check.

For illustrative purposes only and subject to audit, it is expected that the Town Health Group will record a gain of about HK\$37,810,000 as a result of the disposal of the Health Walk Sale Shares (assuming the Consideration Adjustment Event occurs), representing the difference between (i) the consideration of HK\$90,000,000 for the sale of the Health Walk Sale Shares and (ii) the aggregate of the net asset value of approximately HK\$1,190,000 of the Health Walk Group as at 31 March 2009 and the acquisition costs to the Town Health Group for the acquisition of 27% interests of the FOMT Group (as disclosed in Town Health's announcement dated 1 June 2009) and the FOMT Sale Shares pursuant to the FOMT Agreement. If there is no Consideration Adjustment Event, for illustrative purposes only and subject to audit, it is expected that the Town Health Group will record a gain of about HK\$37,010,000 as a result of the disposal of the Health Walk Sale Shares, representing the difference between (i) the consideration of HK\$70,200,000 for the sale of the Health Walk Sale Shares and (ii) the aggregate of the net asset value of approximately HK\$1,190,000 of the Health Walk Group as at 31 March 2009 and the acquisition costs to Town Health Group for the acquisition of 27% interests of the FOMT Group (as disclosed in Town Health's announcement dated 1 June 2009). Shareholders of Town Health should note that the actual gain (or loss) on the disposal of the Health Walk Sale Shares be recorded by the Town Health Group will depend on the net assets value of the Health Walk Group as at the date of Completion.

For illustrative purposes only and subject to audit, it is expected that the HK Health Check Group will not record any gain or loss as a result of the deemed disposal of the 49% of Luck Key as the directors of HK Health Check take the view that the value attributable to the 49% of the enlarged issued share capital of Luck Key, which is deemed to be disposed of by the HK Health Check Group upon Completion, is equal to the value of the Health Walk Group as will be recorded in the books of the HK Health Check Group.

As the consideration to Town Health BVI for its disposal of the Health Walk Sale Shares will be satisfied by the allotment and issue of the Purchaser Consideration Shares or, in the event of the occurrence of the Consideration Adjustment Event, by the allotment and issue of the Purchaser Consideration Shares and the Additional Purchaser Consideration Shares, there will be no sale proceeds for Town Health BVI in respect of the Transaction.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As a provider of health check and medical diagnostic services in Hong Kong, the Transaction enables the HK Health Check Group to engage in the production of radioactive isotopes which are to be consumed internally for the operation of PET scan. As a result, the HK Health Check Group will no longer be required to rely on external supply of radioactive isotopes and thereby, ensuring stable supplies of radioactive isotopes without being subject to price fluctuation and enhancing the HK Health Check Group's overall competitiveness in the market through vertical integration. The excess radioactive isotopes that cannot be consumed internally can also be sold externally which will generate additional income to the HK Health Check Group. Furthermore, following the synergy with the Town Health Group, it is expected that more referrals for health check and medical diagnostic services will be made by the medical practitioners and specialists of the Town Health Group and thus, enhancing the HK Health Check Group's competitiveness in the health check and medical diagnostic industry in Hong Kong. On this basis, the directors of HK Health Check are of the view that the terms of the Transaction are on normal commercial terms, fair and reasonable and the Transaction is in the interests of HK Health Check and the shareholders of HK Health Check as a whole.

Notwithstanding that Town Health BVI will not receive any sale proceeds for the disposal of the Health Walk Sale Shares pursuant to the Transaction, the Town Health Group will become a 49% shareholder of the Purchaser which will hold interest in both the Health Walk Group and the Health Check BVI Group. Although the Health Check BVI Group recorded a net liabilities of approximately HK\$138 million as at 31 March 2009, an amount of approximately HK\$212 million owing by the Health Check BVI Group to HK Health Check has been capitalized subsequent to 31 March 2009 which has improved the asset position of the Health Check BVI Group. As a provider of private medical and dental services in Hong Kong, the Transaction enables the Town Health Group to expand its business segment into areas of health check and medical diagnostic services, which can achieve a synergic effect and enhance the Town Health Group's overall competitiveness in the healthcare industry in Hong Kong. On this basis, the directors of Town Health are of the view that the terms of the Transaction are on normal commercial terms, fair and reasonable and the Transaction is in the interests of Town Health and the shareholders of Town Health as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Transaction (comprising the disposal of the Health Walk Sale Shares by Town Health BVI and, in return, the allotment and issue to Town Health BVI of 49% of the enlarged issued share capital of the Purchaser at Completion) constitutes a discloseable transaction for Town Health under Chapter 14 of the Listing Rules.

The Transaction constitutes a major transaction for HK Health Check under Chapter 14 of the Listing Rules and will be subject to approval of the Independent HK Health Check Shareholders at the HK Health Check SGM.

As at the date of this joint announcement, the Town Health Group holds an aggregate of 97 shares of HK Health Check, representing a negligible percentage of the total issued share capital of HK Health Check. As Town Health is interested in the Agreement, it and any of its associates (as defined in the Listing Rules) will be required to abstain from voting at the HK Health Check SGM. The voting will be taken by way of poll in accordance with the requirements of the Listing Rules.

A circular containing, among other matters, (i) details of the Transaction; (ii) information of the HK Health Check Group and the Health Check BVI Group; (iii) a notice of the HK Health Check SGM; and (iv) other information as required by the Listing Rules, will be despatched to the shareholders of HK Health Check as soon as practicable in accordance with the Listing Rules.

(3) OTHER INFORMATION

Information on the Town Health Group

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”. 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.

Information on the HK Health Check Group

The HK Health Check Group is principally engaged in the provision of health check and health care related services.

DEFINITIONS

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

“Additional Purchaser Consideration Shares”	1,078 additional new Purchaser Shares to be allotted and issued, credited as fully paid, by the Purchaser to Town Health BVI (and/or its nominees) on Completion upon the occurrence of the Consideration Adjustment Event
“Agreement”	the conditional sale and purchase agreement dated 15 October 2009 entered into between the Purchaser, Town Health BVI and HK Health Check in relation to the Transaction
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Broad Idea”	Broad Idea International Limited, a company incorporated in the BVI with limited liability and held approximately 26.36% of the entire issued share capital of Town Health as at the date of this joint announcement and is beneficially owned as to (i) 50.1% by Dr. Cho Kwai Chee, an executive director of Town Health and (ii) 49.9% by Dr. Choi Chee Ming, GBS, JP, a non-executive director of Town Health
“business day(s)”	any day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Completion”	completion of the sale and purchase of the Health Walk Sale Shares pursuant to the terms of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Adjustment Event”	the completion of the FOMT Acquisition at or prior to Completion

“Enlarged Purchaser Group”	the Purchaser and its subsidiaries as at the Completion
“FOMT”	First Oriental Medical Technology Group Limited (名華醫療科技集團有限公司*), a company incorporated in the BVI with limited liability and was owned as to 78% and 22% by Health Walk and Kingdom Hill respectively as at the date of this joint announcement and which will be owned as to 100% by Health Walk upon the FOMT Acquisition Completion
“FOMT Acquisition”	the acquisition by Health Walk of the FOMT Sale Shares beneficially and directly owned by Kingdom Hill
“FOMT Acquisition Completion”	completion of the FOMT Acquisition pursuant to the terms of the FOMT Agreement
“FOMT Agreement”	the conditional sale and purchase agreement dated 15 October 2009 entered into between Health Walk and Kingdom Hill in relation to the FOMT Acquisition
“FOMT Dividend”	a special dividend to be declared by the board of directors of FOMT, the amount of which is equal to the retained earnings of FOMT as at 31 October 2009 less HK\$2,000,000.00
“FOMT Group”	FOMT and its subsidiaries as at the date of the FOMT Agreement
“FOMT Long Stop Date”	5:00 p.m. on 31 March 2010 or such other date as Health Walk and Kingdom Hill shall agree in writing (in respect of the FOMT Acquisition)
“FOMT Sale Shares”	242 shares of US\$1.00 each in the share capital of FOMT, representing 22% of the entire issued share capital of FOMT, beneficially held by Kingdom Hill as at the date of the FOMT Agreement
“Health Check BVI”	Hong Kong Health Check and Laboratory Group Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of HK Health Check as at the date of this joint announcement
“Health Check BVI Capitalisation Shares”	such number of shares of US\$1.00 each in the issued share capital of Health Check BVI which fall to be allotted and issued to HK Health Check upon capitalisation of the Health Check BVI Loan upon occurrence of the Consideration Adjustment Event

“Health Check BVI Group”	Health Check BVI and its subsidiaries as at the date of the Agreement
“Health Check BVI Loan”	an amount of HK\$20,615,000, being a portion of the shareholder’s loan owing to HK Health Check by Health Check BVI
“Health Walk”	Health Walk Limited, a company incorporated in the BVI with limited liability, which is an indirect wholly-owned subsidiary of Town Health as at the date of this joint announcement and the immediate holding company of FOMT
“Health Walk Group”	Health Walk and the FOMT Group
“Health Walk Sale Shares”	such number of issued shares of Health Walk representing the entire issued share capital of Health Walk and held by Town Health BVI as at the date of the Completion
“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
“HK Health Check SGM”	a special general meeting of HK Health Check to be convened for the purpose of considering, and if thought fit, approving, among other things, the Agreement and the transactions contemplated thereunder
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of Town Health which will be established and will comprise all the independent non-executive directors of Town Health for the purpose of advising the Independent Town Health Shareholders regarding the FOMT Agreement and the transactions contemplated thereunder
“Independent HK Health Check Shareholders”	shareholders of HK Health Check who have no interest in the Agreement and the transactions contemplated thereunder

“Independent Town Health Shareholders”	shareholders of Town Health who have no interest in the FOMT Agreement and the transactions contemplated thereunder
“Kingdom Hill”	Kingdom Hill Limited, a company incorporated in the BVI with limited liability, holding 22% of the issued share capital of FOMT as at the date of the FOMT Agreement and beneficially and wholly owned by Ms. Tsui Mai Ling, Margaret, the wife of a director (namely Dr. Yeung Wah Hin, Alex) of each member of the FOMT Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on 31 March 2010 or such other date as Town Health BVI and the Purchaser shall agree in writing (in respect of the Transactions)
“PET scan”	positron emission tomography scan, a highly specialized imaging technique that is sensitive in picking up active tumour tissue in cancer patients
“Purchaser” or “Luck Key”	Luck Key Investment Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of HK Health Check as at the date of the Agreement
“Purchaser Consideration Shares”	3,822 new Purchaser Shares to be allotted and issued, credited as fully paid, by the Purchaser to Town Health BVI (and/or its nominee) on Completion
“Purchaser Share(s)”	ordinary share(s) of US\$1.00 each in the share capital of the Purchaser
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“TH Consideration Shares”	14,548,238 new Town Health Shares to be allotted and issued, credited as fully paid, by Town Health to Kingdom Hill (and/or its nominees) on the FOMT Acquisition Completion

“TH Issue Price”	the issue price of HK\$1.306 per TH Consideration Share fixed with reference to the average closing price of the Town Health Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 15 October 2009, being the date of the FOMT Agreement
“Town Health”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 3886)
“Town Health BVI”	Town Health (BVI) Limited, a company incorporated in the BVI with limited liability and is the immediate holding company of Health Walk as at the date of this joint announcement and a wholly-owned subsidiary of Town Health
“Town Health Group”	Town Health and its subsidiaries
“Town Health SGM”	a special general meeting of Town Health to be convened for the purpose of considering, and if thought fit, approving, among other things, the FOMT Agreement and the transactions contemplated thereunder
“Town Health Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Town Health
“Transaction”	the sale and purchase of the Health Walk Sale Shares and upon the occurrence of the Consideration Adjustment Event, the Health Check BVI Capitalisation Shares pursuant to the Agreement, and the allotment and issue of the various Purchaser Shares as a result thereof as described in this joint announcement
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

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

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

Hong Kong, 15 October 2009

As at the date of this joint announcement, the board of directors of Town Health comprises four executive directors, namely Miss Choi Ka Yee, Crystal, Dr. Cho Kwai Chee, Mr. Lee Chik Yuet 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 four executive directors, namely Dr. Fung Yiu Tong, Bennet, 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*