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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)

**ANNOUNCEMENT REGARDING
THE MOU IN RELATION TO
THE PROPOSED TRANSACTION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

THE MOU

The Board wishes to announce that on 26 May 2014, the Company entered into the MOU with the Proposed Vendor in relation to the Proposed Transaction. It is expected that the Consideration will be settled by cash by the Group's internal resources and/or other borrowings. The Proposed Transaction, if materialized, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

The Board would like to emphasise that no legally binding agreement in relation to the Proposed Transaction has been entered into by the Company with any party as at the date of this announcement (save for the provisions relating to the exclusive right on the negotiation for the Proposed Transaction during the Exclusivity Period, confidentiality, governing law and jurisdiction under the MOU). As the Proposed Transaction may or may not materialize, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Town Health International Medical Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (“**SFO**”).

THE MOU

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to announce that on 26 May 2014, the Company entered into a memorandum of understanding (“**MOU**”) with Computech Holdings Limited, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8081) (“**Proposed Vendor**”) in relation to the proposed investment (“**Proposed Transaction**”) in shares of US\$1.00 each (“**Luck Key Shares**”) of Luck Key Investment Limited (“**Luck Key**”, together with its subsidiaries, “**Luck Key Group**”).

Subject to fulfillment or waiver of all the conditions precedent set out in the definitive agreement (“**Definitive Agreement**”) to be entered into by the Company and the Proposed Vendor, (i) the Proposed Vendor, as ultimate beneficial owner, will procure the sale of, and the Company as the purchaser, will purchase, certain issued Luck Key Shares; or (ii) the Proposed Vendor will procure Luck Key to allot and issue, and the Company will subscribe for, certain new Luck Key Shares, at the purchase price per Luck Key Share (“**Purchase Price**”) calculated as follows:

$$\text{Purchase Price} = \frac{5 \times \text{Earnings before interest, taxes, depreciation and amortization of the Luck Key Group as reflected in the latest unaudited consolidated financial statements of Luck Key for the twelve months (ending on the last day of a calendar month) prior to the signing of the Definitive Agreement}}{\text{Total number of issued Luck Key Shares}}$$

The total number of Luck Key Shares to be sold by the Proposed Vendor or to be allotted and issued by Luck Key (as the case may be) to the Company will be equal to the quotient obtained by dividing the aggregate consideration payable by the Company for the Proposed Transaction (“**Consideration**”) by the Purchase Price (or the nearest whole number as rounded up if such quotient is not a whole number).

Subject to agreement by the parties and to be set out in the Definitive Agreement, the Consideration shall not be less than HK\$50,000,000. It is expected that the Consideration will be settled by cash by the Group's internal resources and/or other borrowings.

The MOU, save for the provisions relating to the exclusive right on the negotiation for the Proposed Transaction during the Exclusivity Period (as defined below), confidentiality, governing law and jurisdiction under the MOU, is non-legally binding in nature.

Under the MOU, the Company, its agents and/or advisers are entitled to assess and review the records and affairs of Luck Key Group and the Proposed Vendor shall, and shall procure its officers, employees and advisers to, provide reasonable assistance in this respect.

In addition, under the MOU, during an exclusivity period ("**Exclusivity Period**") of twelve months from the date of the signing of the MOU (or such longer period as agreed by the parties in writing), (i) the Proposed Vendor shall not, among other things, discuss or negotiate or enter into any contract or agreement with or give any undertaking in favour of any third party for the purpose of frustrating or impeding the furtherance of the transactions contemplated under the MOU; and (ii) the parties to the MOU shall, in good faith, negotiate for the Definitive Agreement for the Proposed Transaction.

The MOU will automatically terminate upon the earlier of the expiry of the Exclusivity Period or the Definitive Agreement having been entered into between the Company and the Proposed Vendor.

It is expected that the Proposed Transaction, if materialized, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) in relation to the Proposed Transaction will be made by the Company as and when appropriate in compliance with the Listing Rules.

INFORMATION ON LUCK KEY GROUP

Luck Key is a company incorporated in the British Virgin Islands with limited liability. Luck Key Group is principally engaged in the provision of medical diagnostic and health check services. Currently, Luck Key Group is operating an aggregate of 9 health check centres and 2 laboratories in Hong Kong providing one-stop comprehensive and quality medical diagnostic services with advanced imaging technology and full-range laboratory services.

REASONS FOR ENTERING INTO THE MOU

The Group is principally engaged in (i) healthcare business investments; (ii) provision and management of healthcare and related services; and (iii) properties and securities investments and trading.

With the emphasis of the business focus of the Group in the provision of healthcare and related services, the Board expects that the Proposed Transaction, if materialized, will provide synergetic effects to the Group by leveraging the expertise of the Luck Key Group in respect of comprehensive and quality medical diagnostic services which will benefit and complement the business development of the Group in Hong Kong and the People's Republic of China as and when opportunities arise.

The Board would like to emphasise that no legally binding agreement in relation to the Proposed Transaction has been entered into by the Company with any party as at the date of this announcement (save for the provisions relating to the exclusive right on the negotiation for the Proposed Transaction during the Exclusivity Period, confidentiality, governing law and jurisdiction under the MOU). As the Proposed Transaction may or may not materialize, shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 May 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), 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.