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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)

**VOLUNTARY ANNOUNCEMENT –
COOPERATION AGREEMENT IN RELATION TO
THE PROPOSED ACQUISITION AND
PROPOSED ESTABLISHMENT OF THE FUND**

THE COOPERATION AGREEMENT

The Board is pleased to announce that on 7 July 2014, the Company entered into the Cooperation Agreement with Guizhou Investment Group Co. in relation to the proposed acquisition of 31% equity interests in Fund Management Co. and the proposed establishment of the Fund.

This is a voluntary announcement made by Town Health International Medical Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”).

THE COOPERATION AGREEMENT

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to announce that on 7 July 2014, the Company entered into a cooperation agreement (“**Cooperation Agreement**”) with 貴州產業投資（集團）有限責任公司 (English translation for identification purpose, Guizhou Industry Investment (Group) Co., Ltd.) (“**Guizhou Investment Group Co.**”).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Guizhou Investment Group Co. and its ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**")).

The Proposed Acquisition

Pursuant to the Cooperation Agreement, the Company proposes to acquire, by itself or by a company designated by it ("**Proposed Purchaser**"), 31% equity interests in 貴州產業投資基金管理有限公司 (English translation for identification purpose, Guizhou Industry Investment Fund Management Co., Ltd.) ("**Fund Management Co.**") by making capital contribution of RMB15.5 million ("**Proposed Acquisition**"). Fund Management Co. is a limited liability company established in the People's Republic of China ("**PRC**"). Guizhou Investment Group Co. is interested in 49% of the equity interests of Fund Management Co. The business scope of Fund Management Co. comprises entrusted management of equity investment funds, engaging in investment and financing management, corporate finance advisory and related information, engaging in investment in unlisted enterprises, and investment in non-public offering of shares of listed companies and related advisory services (subject to obtaining of permits for such business scope involving administrative approvals or consents).

Completion of the Proposed Acquisition is subject to the Proposed Purchaser, as a foreign enterprise becoming a shareholder of Fund Management Co., having obtained all necessary approval and consent from the relevant regulatory authorities and having completed all certification or registration procedures in accordance with the applicable laws and regulations. Guizhou Investment Group Co. shall procure Fund Management Co. to undertake such approval and procedures. If such approval and procedures are not completed by 31 December 2014, the Proposed Purchaser's obligation to proceed with the Proposed Acquisition will cease.

Establishment of the Fund

Pursuant to the Cooperation Agreement, the Company and Guizhou Investment Group Co. agree to jointly assist Fund Management Co. to establish an investment fund ("**Fund**"), which would mainly focus on medical and healthcare projects, and corporate reform, restructuring and merger and acquisition projects, in Guizhou Province of the PRC.

It is proposed that (a) Guizhou Investment Group Co. will be responsible for coordinating relationships with different parties, consolidating the resources and identifying appropriate investment projects for the Fund whilst the Company will be responsible for coordinating the raising of funds for investment projects of the Fund as approved by the Company; and (b) the target scale of the Fund will be RMB5 billion, with its initial scale of RMB100 million, provided that the exact amount and timetable of injection of funds into the Fund being determined in accordance with the funding requirement and timetable of the investment projects as approved by the Company.

The obligation of the Company in coordinating the raising of funds for and injection of funds raised into the Fund is conditional upon:

- (1) the Company and Guizhou Investment Group Co. having agreed on the projects to be invested in by the Fund (including the nature, investment amount and timetable of the projects);
- (2) all the necessary approvals, permits and consents in relation to the projects having been obtained and all the necessary registration in relation to the projects having been completed, and the projects being in compliance with the applicable laws and regulations; and
- (3) the Company having obtained all the necessary approvals, permits and consents and having completed all the necessary registration, in relation to injection of funds into the Fund, and such injection of funds being in compliance with the applicable laws and regulations.

Amendment and termination of the Cooperation Agreement

The Company and Guizhou Investment Group Co. may amend or terminate the Cooperation Agreement upon the occurrence of either of the following events provided that the parties thereto shall enter into an amendment agreement or a termination agreement accordingly:

- (a) the Cooperation Agreement becomes unenforceable due to force majeure; or
- (b) the Company and Guizhou Investment Group Co. having agreed to amend or terminate the Cooperation Agreement due to change of circumstances.

INFORMATION ABOUT GUIZHOU INVESTMENT GROUP CO.

Guizhou Investment Group Co. is a limited liability company established by State-owned Assets Supervision and Administration Commission of the State Council and approved by the Guizhou Provincial Government. Guizhou Investment Group Co. is principally engaged in (i) participation in the restructuring of state-owned enterprises in Guizhou Province; (ii) direct equity investment in projects in Guizhou Province through mergers and acquisitions; and (iii) promotion of healthy equity investment environment in Guizhou Province.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The Group has been actively seeking investment opportunities in the PRC healthcare market, as it believes that the PRC healthcare market is in the process of opening up, which offers numerous investment opportunities with good potential. The transactions contemplated under the Cooperation Agreement will allow the Group to co-invest with the Guizhou Provincial Government and to participate in the medical related businesses in Guizhou Province, and hence create higher returns for the Group.

The transactions contemplated under the Cooperation Agreement do not constitute notifiable transactions of the Company for the purpose of Chapter 14 of the Listing Rules.

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

Hong Kong, 7 July 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.