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If you are in doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Town Health International Holdings Company Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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 with limited liability)

DISCLOSEABLE TRANSACTION

ACQUISITION OF A 24% SHAREHOLDING INTEREST IN WAI YUEN TONG MEDICINE COMPANY LIMITED

This circular will remain on the GEM website at http://www.hkgem.com on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of Town Health International Holdings Company Limited at http://www.townhealth.com.

18 April 2001
GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition” the purchase of the Sale Shares by Plenty Time from Royal Focus pursuant to the Sale and Purchase Agreement;

“Bio-Project” Bio-Project Limited, a company incorporated in the British Virgin Islands with limited liability. Immediately prior to the Acquisition, both Bio-Project and its sole shareholder were independent third parties not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules);

“Board” board of Directors;

“Company” Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on GEM;

“Directors” the directors, including the non-executive and independent non-executive directors, of the Company;

“GEM” The Growth Enterprise Market of the Stock Exchange;

“GEM Listing Rules” The Rules Governing the Listing of Securities on GEM;

“Group” the Company and its subsidiaries;

“HK$” Hong Kong dollars, the lawful currency of Hong Kong;

“Latest Practicable Date” 17 April 2001, being the latest practicable date prior to printing of this circular for ascertaining certain information in this circular;

“Plenty Time” Plenty Time Investments Limited, a company incorporated on 20 December 2000 in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. Immediately after the Acquisition, the sole asset of Plenty Time is its interests in the Sale Shares;

“Prospectus” a prospectus issued by the Company on 9 October 2000;

“Royal Focus” Royal Focus Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Wang On Group;

“Sale and Purchase Agreement” a sale and purchase agreement dated 26 March 2001 entered into between, among others, Royal Focus and Plenty Time in respect of the sale and purchase of the Sale Shares;
“Sale Shares” 5,216,970 ordinary shares of HK$0.01 each and 416,970 non-voting 5% deferred shares of HK$10 each in the capital of WYT Medicine;

“SDI Ordinance” Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong);

“Share(s)” share(s) of $0.10 each in the capital of the Company;

“Shareholders Agreement” a shareholders agreement entered into between Plenty Time and Royal Focus in respect of certain aspects of the management of WYT Medicine;

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“Wang On Group” Wang On Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange; and

“WYT Medicine” Wai Yuen Tong Medicine Company Limited, a company incorporated in Hong Kong with limited liability. Immediately prior to the Acquisition, it was owned as to 99.79% by Royal Focus and as to approximately 0.21% by three other individuals. Immediately prior to the Acquisition, both WYT Medicine and its shareholders are independent third parties not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules).
To the shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF A 24% SHAREHOLDING INTEREST IN WAI YUEN TONG MEDICINE COMPANY LIMITED

INTRODUCTION

The Board announced on 28 March 2001 that the Company had entered into the Sale and Purchase Agreement on 26 March 2001 pursuant to which Plenty Time purchased from Royal Focus the Sale Shares, representing a 24% shareholding interest in WYT Medicine for a cash consideration of HK$30,063,132. WYT Medicine is a company principally engaged in the business of manufacture and sale of Chinese medicine including products under its own brandname “Wai Yuen Tong”, herbs and other medicinal products.

18 April 2001
The Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules.

The purpose of this circular is to provide the shareholders of the Company with further information in relation to the Sale and Purchase Agreement and the Acquisition.

THE SALE AND PURCHASE AGREEMENT

Date: 26 March 2001
Vendor: Royal Focus
Purchaser: Plenty Time
Warrantor: Mr. Chan Ken

Royal Focus, an investment holding company, is an independent third party not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules).

Mr. Chan Ken is the sole shareholder of Bio-Project and an independent third party not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) and Royal Focus.

Bio-Project and WYT Medicine entered into a management agreement on 29 November 2000 based on which Bio-Project was appointed as an independent contractor for the provision of certain management services to WYT Medicine. Mr. Chan Ken, in his capacity as the guarantor to the transaction regarding the acquisition by Royal Focus of a 99.79% shareholding interest in WYT Medicine from Bio-Project, has undertaken to give certain representations, warranties and undertakings under the Sale and Purchase Agreement. Such representations, warranties and undertakings are in relation to, among others, the Sale Shares, the accounts, financial situations, taxation, corporate matters, compliance of law, trading and general commercial matters, the properties, confidential information, intellectual property rights, business names, insurance matters, litigation matters and employment matters of WYT Medicine and its subsidiary and all information, statements and matters contained in the Sale and Purchase Agreement.

The Acquisition

Pursuant to the Sale and Purchase Agreement, Plenty Time purchased from Royal Focus the Sale Shares. The entire issued share capital of WYT Medicine comprises 21,737,375 ordinary shares of HK$0.01 each and 1,737,375 non-voting 5% deferred shares of HK$10 each. The Sale Shares account for 24% of the total voting power of WYT Medicine.

Royal Focus, a wholly-owned subsidiary of Wang On Group, purchased from Bio-Project a 99.79% shareholding interest in WYT medicine for a cash consideration of HK$126,831,680 on 28 February 2001. The particulars of such transaction were disclosed in Wang On Group’s announcement dated 22 December 2000. According to an option deed entered into between Royal Focus and Bio-Project, Royal Focus granted a call option (the “Call Option”) to Bio-Project which will entitle
Bio-Project or such other party as may be nominated by Bio-Project to purchase a 24% shareholding interest in WYT Medicine from Royal Focus for a consideration of HK$30,063,132. Bio-Project nominated Plenty Time to exercise the Call Option and the Sale Shares represent the 24% shareholding interest in WYT Medicine as referred to in the Call Option.

Wang On Group is principally engaged in the activities of commercial management of wet markets, shopping centres and car parks, and construction, renovation and decoration services.

Plenty Time entered into the Shareholders Agreement with Royal Focus on completion of the Acquisition on 26 March 2001. Pursuant to the Shareholders Agreement:

(i) Plenty Time is entitled to appoint 2 out of 5 directors to the board of WYT Medicine; and

(ii) Plenty Time and Royal Focus shall procure that the directors of WYT Medicine shall declare and pay dividends in respect of the financial period of WYT Medicine from 1 January 2001 to 31 March 2001 by a single payment and any subsequent financial year of WYT Medicine by not more than two payments in an aggregate amount which is not more than 70% or less than 50% of WYT Medicine’s profit attributable to shareholders as stated in WYT Medicine’s audited profit and loss account or income statement for that financial period or (as the case may be) financial year to the extent it is legally distributable.

There is no pre-emptive rights under the Shareholders Agreement.

As at the Latest Practicable Date, Plenty Time has not yet nominated any person to the board of WYT Medicine.

Consideration

The consideration paid by Plenty Time in respect of the Acquisition was HK$30,063,132. This was determined on arms length basis having regard to (i) the net profits of WYT Medicine in previous years; (ii) the future growth potential in business and profitability of WYT Medicine; and (iii) the cost of acquisition for the 99.79% shareholding interest in WYT Medicine by Royal Focus from Bio-Project on 28 February 2001. The consideration in the amount of HK$30,063,132 was paid in cash on 26 March 2001 and was funded as to HK$25,063,132 from the Group’s internal resources and as to HK$5,000,000 from part of the proceeds received from the initial public offering by the Company in October 2000. The Directors believe that the Acquisition will not have a material adverse impact on the Group’s financial position.

Completion

The Acquisition was completed on 26 March 2001 following the execution of the Sale and Purchase Agreement.
INFORMATION ON WYT MEDICINE

WYT Medicine was incorporated in 1980 in Hong Kong. According to its marketing materials, the brandname “Wai Yuen Tong” was established in 1897 in Guangzhou, China. The principal business of WYT Medicine is the manufacture, process and retail of traditional Chinese medicine sold under its own brandname “Wai Yuen Tong” which includes a range of products manufactured by selected medicinal materials with traditional prescription. WYT Medicine also retails other herbs and medicinal products and operates a number of traditional Chinese medicine consultation centres.

The audited turnover of WYT Medicine for each of the two years ended 31 December 1998 and 1999 was approximately HK$31,252,000 and HK$33,909,000 respectively and for the eleven months ended 30 November 2000 was approximately HK$28,708,000.

The audited net profit before and after taxation and extraordinary items of WYT Medicine for the financial year ended 31 December 1998 was approximately HK$11,015,000 and HK$9,452,000 respectively, for the financial year ended 31 December 1999 was approximately HK$10,947,000 and HK$9,136,000 respectively and for the eleven months ended 30 November 2000 was approximately HK$13,273,000 and HK$11,555,000 respectively.

The audited net tangible assets of WYT Medicine as at each of 31 December 1998 and 1999 was approximately HK$47,057,000 and HK$34,493,000 respectively and as at 30 November 2000 was approximately HK$30,610,000.

Immediately prior to the Acquisition, WYT Medicine was owned as to approximately 99.79% by Royal Focus and as to approximately 0.21% by 3 other individuals, each of whom is independent from and not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules). After the Acquisition, WYT Medicine is owned as to approximately 24.00% by Plenty Time, as to approximately 75.79% by Royal Focus and as to approximately 0.21% by the said 3 other individuals.

REASONS FOR THE ACQUISITION

The 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. It is also directly engaged in various healthcare-related businesses.

Given that “Wai Yuen Tong” is a well-known and long established brandname of Chinese medicinal products in Hong Kong, the Directors are of the view that the future growth prospect of WYT Medicine is promising.

The principal activity of the Group is the provision of management services to a number of medical centres providing western medical treatments. The Directors believe that certain patients having minor or prolonged illness are reluctant to receive western medical treatments and most of them prefer treatments through traditional Chinese medicine as such treatments are thought to be more suitable for the orientals and prolonged illnesses. By entering into the Acquisition, the Group is able to capture this market segment. The Directors are of the view that the enlarged customer bases will in turn brings benefit to the Group’s existing principal business. The Directors also believe that the Acquisition will bring in stable profit contribution to the Group.
The Directors believe that the Acquisition will provide the Group a good opportunity to expand into areas of traditional Chinese medicine and further enhance the image of the “Town Health Centre” brand as a comprehensive medical services provider. This is in line with the Group’s plan, as set out in the Prospectus, to promote the concept of “holistic” healthcare services by diversifying into the traditional Chinese medicine business through the marketing of traditional Chinese medicine-based products in both raw and proprietary presentations. Given also that WYT Medicine is currently operating a number of traditional Chinese medicine consultation centres, the Acquisition is also in line with the Company’s business plan to utilize HK$5,000,000 from the proceeds received from the initial public offering by the Company in October 2000 to partially fund the establishment and/or acquisition of not less than three traditional Chinese medicine consultation centers as mentioned in the Prospectus under the heading “Use of Proceeds” of the section headed “Business Objectives”.

As at the Latest Practicable Date, the Group has no plan to further increase its shareholding interest in WYT Medicine in the near future.

GENERAL

The Directors, including the independent non-executive directors, believe that the terms of the Acquisition are fair and reasonable and that the Acquisition is in the best interests of the Company and its shareholders as a whole.

By order of the Board

Town Health International Holdings Company Limited

Cho Kwai Chee

Chairman
1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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:

(a) the information contained in this circular is accurate and complete in all material respect and not misleading;

(b) there are no other matters the omission of which would make any statement in this circular misleading; and

(c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the directors and the chief executive of the Company in the share capital of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which were notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests in which they were taken or deemed to have under Section 31 of, or Part I of the Schedule to, the SDI Ordinance), or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

1. The registered holder of these shares is Origin Limited which is one of the shareholders of the Company. 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 from 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) save by virtue of his interest in Jacobson Medical Corporation, 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.

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 shareholder of these shares. 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.

So far as known to any director or chief executive of the Company, as at the Latest Practicable Date, the following persons were interested in 10% or more of the equity interest of Health Matrix International Limited (“Health Matrix”), an associated corporation (within the meaning of the SDI Ordinance) of the Company:

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

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.

Save as disclosed herein, as at the Latest Practicable Date, none of the directors or chief executive of the Company had any interest in any shares in or debentures of, the Company or any associated corporations (within the meaning of the SDI Ordinance) which would have to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which he or she was taken or deemed to have under Section 31 of, or Part I of the Schedule to, the SDI Ordinance) or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.
3. **SUBSTANTIAL SHAREHOLDERS**

So far as it is known to any director or chief executive of the Company, as at the Latest Practicable Date, according to the register of substantial shareholders maintained under 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:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Shares of the Company</th>
<th>Nature of interests</th>
<th>Percentage of interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Origin Limited</td>
<td>196,475,846</td>
<td>Corporate interests (Note)</td>
<td>49.12%</td>
</tr>
</tbody>
</table>

*Note:* 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.

4. **SPONSORS’ INTERESTS**

As updated and notified by one of the Company’s sponsors, First Shanghai Capital Limited (“First Shanghai”), as at the Latest Practicable Date, an employee of First Shanghai has 10,000 shares in the capital of the Company.

Save as disclosed herein, as at the Latest Practicable Date, neither First Shanghai nor CEF Capital Limited (“CEF”, together with First Shanghai, 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) has any interests in the shares of the Company, including options or rights to subscribe for any such shares.

Pursuant to the agreement dated 5 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 18 October 2000 and ending on 31 March 2003.

CEF is an associate of Cheung Kong (Holdings) Limited (“Cheung Kong”) and Topson Profits Limited (formerly known as Topson Limited) (“Topson”), an indirect wholly-owned subsidiary of Cheung Kong. 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. The Company has also issued to Topson a convertible note for a principal amount of HK$31,562,500 which upon full conversion, assuming that Topson does not dispose of any of its initial holdings and no additional share is issued or repurchased by the Company, will result in Topson being 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 said convertible note.

As at the Latest Practicable Date, Mr. Ip Tak Chuen, Edmond, a non-executive Director, is an executive director of Cheung Kong, and a non-executive director of CEF.

5. **LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.
6. SERVICE CONTRACTS

(a) Three executive Directors have entered into service contracts with the Company in relation to the provision of their services as directors of the Company and at the same time as registered medical practitioners or registered dental practitioners in the conduct of medical or dental practices, as the case may be. Particulars of the relevant service contracts, except as indicated, are in all material respects identical and are set out as follows:

(i) Each service contract is for a term of two years commencing on 28 September 2000;

(ii) The monthly salary and allowances (if any) for the aforesaid Directors during their terms of appointment are set out below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Monthly salary</th>
<th>Monthly expenses</th>
<th>Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr. Cho Kwai Chee</td>
<td>HK$120,000</td>
<td>HK$30,000</td>
<td></td>
</tr>
<tr>
<td>Dr. Fung Yiu Tong, Bennet</td>
<td>HK$68,500</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Dr. Leung Chi Sang</td>
<td>Nil</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>

(iii) Each of the aforesaid Directors is entitled to the net profit in the relevant practice to which he provides his medical or dental services, that is, out of the net profit attributable to the relevant practice to which he provides his medical or dental services, each of the aforesaid Directors is entitled to receive a bonus calculated on the following basis:

- Dr. Cho Kwai Chee: 25% of the net amount of the annual net profit in respect of the medical centre in Shatin after deducting relevant expenses of such medical centre and a notional profit of HK$10,000,000;
- Dr. Fung Yiu Tong, Bennet: 50% of the first HK$60,000 of the monthly net profit (being the total gross profit less the relevant expenses and a notional profit of HK$20,400), 55% of the second HK$60,000 of the monthly net profit and 60% of the remainder of the monthly net profit in respect of the medical centre in Shatin; and
- Dr. Leung Chi Sang: 55% of the net amount of the monthly gross consultation fee income from his own patients in respect of a dental practice in Shatin after deducting relevant laboratory fees and a notional profit of HK$18,000.

(iv) Each of the aforesaid Directors will abstain from voting on any resolution to approve the amount of monthly salary, expenses allowance and bonus payable to him.
(b) Each of the other eight executive Directors has entered into a service agreement with the Company for a term of two years commencing on 28 September 2000. Each of these executive Directors is entitled to an annual salary of HK$3,000. Save as disclosed herein, none of these executive Directors is entitled to any other bonus or allowances.

(c) Save as aforesaid, none of the Directors has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

7. GENERAL

(a) The head office and principal place of business of the Company is at Nos. 616 & 617, Level 6, Tower II, Grand Central Plaza, Shatin, New Territories, Hong Kong. The share registrar and transfer office of the Company is Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.

(b) The qualified accountant and the company secretary of the Company is Mr. Mak Yau Hing. Mr. Mak graduated from The Hong Kong Polytechnic University with a bachelor of arts degree in accountancy and is an associate member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants, the United Kingdom.

(c) The compliance officer of the Company is Dr. Cho Kwai Chee. Dr. Cho is the chairman and the founder of the Group. Dr. Cho graduated from the University of Hong Kong and holds the qualifications of MBBS (HK), FHKCFP, FRACGP, DCH (London), DCH (Glasgow) and DCH (RCP&SI).

(d) The Company has established an audit committee with written terms of reference in compliance with Rules 5.23 to 5.24 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company’s annual reports and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Directors. 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.

Dr. Lui Chi Keung, Charles, M.B.E., J.P., holds a doctor of business management degree from Honoris Causa of La Salle University. He was Chairman of Tung Wah Group of Hospitals and La Salle Primary School Development Board. Dr. Lui is currently Chairman of the Tung Wah Group of Hospitals (Kwai Chou), adviser of Tang Shiu Kin and Ho Tim Charitable Fund, member of promoting the work of office of the Ombudsman, voting member of the Hong Kong Jockey Club, Honorary Racing Steward of Macau Jockey Club, special voting member of Kowloon Tong Club, Governor of the Hong Kong Institute Promotion of Chinese Culture and life member of the Chinese General Chamber of Commerce, Hong Kong. He was appointed as an independent non-executive Director in November 1999.

Mr. Chan Kin Fung, Phil, a solicitor and professional accountant, read law in England at Lancaster University and College of Law, and holds a bachelor of laws degree, a master degree in professional accounting, master degree in applied finance and master degree of science in financial engineering. He is a solicitor of the Supreme Court of England and Wales, Hong Kong and Brunei. He is a legal practitioner in the Supreme Court of Tasmania, Australia, a certified practising accountant of the Australian Society of Certified Practising Accountants and an associate member of the Hong Kong Society of Accountants. He was a member of the board of directors of Tung Wah Group of Hospitals (2000-2001). He was appointed as a non-executive Director in November 1999.

(e) Save as disclosed in this circular, the Directors are not aware of any person who was, as at the Latest Practicable Date, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including options in respect of such capital) carrying rights to vote in all circumstances at general meeting of the Company or any of its subsidiaries.