

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 **China HealthCare Holdings Limited** (the “Company”), you should at once hand this circular and the accompanying form of proxy 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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China HealthCare Holdings Limited
中國衛生控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 673)

**PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

A notice convening the annual general meeting of the Company to be held on Monday, 14 August 2006 at 10:00 a.m. at Room 1001-2, 10/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong is set out on pages 11 to 15 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting thereof should you so wish.

21 July 2006

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on Monday, 14 August 2006 at 10:00 a.m. at Room 1001-2, 10/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong or any adjournment thereof
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Company”	China HealthCare Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	18 July 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



China HealthCare Holdings Limited

中國衛生控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 673)

Executive Directors:

Dr. Li Zhong Yuan
Mr. Lee Jong Dae
Dr. Ni Aimin
Mr. Deng Ku Hon

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. Robin Willi
Mr. Martin Treffer

*Head office and principal place
of business in Hong Kong:*

Room 1001-2
10th Floor
Man Yee Building
68 Des Voeux Road Central
Hong Kong

Independent Non-executive Directors:

Mr. Li Xiao Ru
Dr. Ma Yin Ming
Mr. Mu Xiangming

21 July 2006

To the Shareholders and,

for information only, the holders of the convertible bonds

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purposes of this circular are to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the grant of general mandates to issue and repurchase Shares; (ii) the re-election of retiring Directors; and (iii) the proposed amendments to the Bye-laws and to provide Shareholders with a notice of such Annual General Meeting at which the resolutions will be proposed to consider and, if thought fit, approve such matters.

* For identification purpose only

LETTER FROM THE BOARD

2. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of general mandates to the Directors:

- (a) to allot, issue or otherwise deal with Shares of an aggregate amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue (i.e. 46,873,515 Shares) as at the date of the passing of the resolution (the “Issue Mandate”);
- (b) to purchase Shares on the Stock Exchange of an aggregate amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company (i.e. 23,436,757 Shares) as at the date of passing of the resolution (the “Repurchase Mandate”); and
- (c) extend the Issue Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the Repurchase Mandate.

The Issue Mandate and the Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in Resolutions No. 4A and 4B as set out in the notice of Annual General Meeting. With reference to these resolutions, the Directors wish to state that they have no immediate plans to issue any new Shares or to repurchase any Shares pursuant thereto.

An explanatory statement required under the Listing Rules in relation to the Repurchase Mandate is set out in the Appendix I hereto.

3. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 87, Dr. Li Zhong Yuan, Mr. Deng Ku Hon and Mr. Martin Treffer shall retire from office as Directors and, being eligible, offer themselves for re-election at the Annual General Meeting. Brief biographical details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II hereto.

4. AMENDMENTS TO THE BYE-LAWS

To align the Bye-laws with certain provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (“CG Code”) and to reflect the recent amendments to the Listing Rules that came into effect on 1 March 2006, the Directors propose to amend the existing Bye-laws in the following aspects:

- (a) in compliance with E.2 of the CG Code, the Company should ensure compliance with the requirements about voting by poll contained in the Listing Rules and the Bye-laws; and
- (b) in compliance with paragraph 4(3) of Appendix 3 to the Listing Rules, the Company in general meeting shall have power by ordinary resolution to remove any Director (but without prejudice to any claim for damages under any contract) before the expiration of his term of office.

LETTER FROM THE BOARD

A special resolution will be proposed at the Annual General Meeting to seek the Shareholders' approval of the above amendments to the Bye-laws.

5. NOTICE OF ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice convening the Annual General Meeting is set out on pages 11 to 15 of this circular.

A proxy form for use at the Annual General Meeting is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Annual General Meeting or any adjourned meeting thereof should you so wish.

6. PROCEDURE FOR DEMANDING A POLL

Pursuant to Bye-law 66, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is required under the Listing Rules or is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on the shares conferring that right.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Directors consider the Repurchase Mandate, the Issue Mandate (together with its extension) and the proposed amendments to the Bye-laws are all in the best interests of the Company and its shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the forthcoming Annual General Meeting.

By Order of the Board
Dr. Li Zhong Yuan
Chairman

This is the explanatory statement required to be sent to Shareholders under the Listing Rules to provide the requisite information to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Repurchase Mandate to be proposed at the Annual General Meeting.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 234,367,577 Shares. Subject to the passing of the proposed ordinary resolution in respect of the granting of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 23,436,757 Shares (being 10% of the Shares in issue as at the date of granting of the Repurchase Mandate).

2. REASONS FOR REPURCHASE

Repurchases of Shares pursuant to the mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Company's net assets value and/or earnings per Share and will only be made when the Directors consider that such a repurchase will benefit the Company and the Shareholders. The Directors are seeking a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-laws, the Listing Rules and the applicable laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on a repurchase may only be paid out of either funds of the Company that would otherwise available for dividend or distribution or out of the share premium account of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated accounts contained in the Company's annual report for the year ended 31 March 2006 in the event that repurchase of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
July	2.30	1.70
August	2.05	1.75
September	1.99	1.69
October	1.72	1.31
November	1.42	1.20
December	1.37	1.06
2006		
January	1.75	1.25
February	1.50	1.00
March	1.75	1.15
April	1.70	1.70
May	2.10	1.23
June	1.41	1.16
July (up to and including the Latest Practicable Date)	1.42	1.30

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the proposed resolution and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the proposed resolution if such resolution is approved by the Shareholders. No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the proposed resolution is approved by the Shareholders.

6. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the proposed resolution, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the Company had no substantial Shareholders (as defined in the Listing Rules). On the basis of the current shareholding of the Company, an exercise of the repurchase mandate in full will not result in any Shareholder and parties in concert with it becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised in full. However, the Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

7. REPURCHASE MADE BY THE COMPANY

No repurchases of Shares have been made by the Company (whether on the Stock Exchange or otherwise) during the six months prior to the Latest Practicable Date.

The details of the retiring Directors proposed for re-election at the Annual General Meeting are set out as follows:

Dr. Li Zhong Yuan, aged 45, is the Chairman and Executive Director of the Company and is responsible for the overall strategic planning of the Group. Dr. Li received his PhD. in Mathematics from the University of Michigan at Ann Arbor, the USA and subsequently worked as an Assistant Professor of Mathematics at the Massachusetts Institute of Technology, the USA (“MIT”), where he was consecutively awarded research grants from the National Science Foundation. After MIT, he held senior positions with a number of major international investment banks, including Bankers Trust Company, Salomon Brothers and IBJ Asia Limited and has extensive experience in capital raising and risk management. In late 1996, he was in charge of building up capital markets and derivative businesses in multi-asset classes in Northern Asia and was a director of Rabobank International before setting up a financial and technology investment firm.

Dr. Li has a service contract with the Company for a term of three years commencing from 28 August 2004 being terminable by not less than a six-month’s notice in writing served by either party. Dr. Li is a substantial shareholder of the Company and is the brother-in-law of a Director. As at the Latest Practicable Date, Dr. Li is interested in 24,443,000 Shares and 3,625,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, there is no other information relating to Dr. Li to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and he is not aware of any other matters which need to be brought to the attention of the Shareholders.

Mr. Deng Ku Hon, aged 40, is an executive Director and was appointed on 8 July 2004. Mr. Deng is an experienced business operation and corporate/financial management executive. Mr. Deng holds an economics degree from the Capital University of Economics and Business in Beijing, China. Mr. Deng held a number of high level financial positions with Great Wall Industry Corporation and China Aerospace International Holdings Group Limited before beginning his entrepreneurial pursuits, which have involved founding an internet security business and building it to more than US\$10 million in revenues.

Mr. Deng has a service contract with the Company for a term of two years commencing from 8 July 2004 being terminable by not less than a six-month’s notice in writing served by either party. Mr. Deng has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Deng is interested in 432,000 shares and 2,400,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, there is no other information relating to Mr. Deng to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and he is not aware of any other matters which need to be brought to the attention of the Shareholders.

Mr. Martin Treffer, aged 41, is a Non-executive Director of the Company. He has extensive experience in investment and financial areas. Mr. Treffer holds a Master Degree in Banking and Economics from the KV Zurich Business School, Switzerland. He has worked for several major international investment management and financial organizations. He is a founding member and principal partner of 2trade Group Ltd., an independent money management company in Switzerland.

There is no service contract entered into between the Company and Mr. Martin Treffer. Mr. Treffer has not been appointed for any specified term and will not be entitled to a director's fee but may be granted share options which are determined by the Board with reference to his performance and the prevailing market conditions. Mr. Treffer has no relationship with any Directors, senior management or substantial and controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Treffer holds 1,545,000 shares and 900,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, there is no other information relating to Mr. Treffer to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and he is not aware of any other matters which need to be brought to the attention of the Shareholders.



China HealthCare Holdings Limited

中國衛生控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 673)

NOTICE IS HEREBY GIVEN THAT the annual general meeting of **China HealthCare Holdings Limited** (the “Company”) will be held on Monday, 14 August 2006 at 10:00 a.m. at Room 1001-2, 10/F, Man Yee Building, 68 Des Voeux Road Central, Hong Kong for the following purposes:

1. To receive and adopt the audited financial statements of the Company and the reports of the directors and auditors of the Company for the year ended 31 March 2006.
2. To re-elect the retiring Directors and to authorise the board of directors of the Company to fix their remuneration.
3. To re-appoint Messrs. RSM Nelson Wheeler as the auditors of the Company and authorise the board of directors of the Company to fix their remuneration.
4. As special business, to consider and if thought fit, pass with or without amendments, the following resolutions as an ordinary resolutions:

ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements and options, including warrants to subscribe for shares of the Company, which might require the exercise of such powers after the end of the Relevant Period;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to a Rights Issue (as defined in paragraph (d) below); any issue of shares of the Company on the exercise of the subscription rights or conversion attaching to any warrants which may be issued by the Company from time to time or any securities which are convertible into shares of the Company from time to time outstanding; on the exercise of any options granted under the share option scheme of the Company or any similar arrangement providing an allotment and issue of shares of the Company in lieu of the whole or part of a dividend on shares in accordance with the bye-laws of the Company in force from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given under this resolution; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

B. “THAT:

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on

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which the securities may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of securities of the Company authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above of this resolution during the Relevant Period (as defined in paragraph (c) below) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given under this resolution.

- C. **“THAT** conditional on the passing of the resolutions set out in items 4A and 4B of the notice convening this meeting, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares of the Company pursuant to the resolution set out in items 4A of the said notice be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution set out in item 4B of the said notice, provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTION

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as a Special Resolution:

“**THAT** the bye-laws of the Company be and are hereby amended as follows:

(a) Bye-law 66

- (i) by deleting the full stop at the end of paragraph (d) of the existing Bye-law 66 and replacing it with a semicolon and the word “or”;

- (ii) by adding the following new paragraph after paragraph (d) of the existing Bye-law 66:

“(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five (5) per cent. or more of the total voting rights at such meeting, and if on a show of hands a meeting votes in the opposite manner to that instructed in those proxies, provided that if it is apparent from the total proxies held that a vote taken on a poll shall not reverse the vote taken on a show of hands, then the Director or Directors shall not be required to demand a poll.”;

(b) Bye-law 67

by inserting the words “, in the former case,” before the words “the demand is not withdrawn”;

(c) Bye-law 68

by deleting the last sentence of the existing Bye-law 68 and replacing it with the following:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”; and

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(d) Bye-law 86

by deleting the words “special resolution” and replacing them with the words “ordinary resolution” in the existing Bye-law 86(4).”

By Order of the Board
China HealthCare Holdings Limited
Dr. Li Zhong Yuan
Chairman

Hong Kong, 21 July 2006

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the annual general meeting is enclosed herewith. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting if he so wishes. In the event of a member who has lodged a form of proxy attending the meeting, his form of proxy will be deemed to have been revoked.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be lodged with the Company’s branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
5. Where there are joint holders of any shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if they are solely entitled thereto, provided that if more than one of such joint holders be present at the meeting personally or by proxy, the person whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.
6. The retiring Directors standing for re-election under item 2 are Dr. Li Zhong Yuan, Mr. Deng Ku Hon and Mr. Martin Treffer.
7. The Company’s principal place of business in Hong Kong is at Room 1001-2, 10th Floor, Man Yee Building, 68 Des Voeux Road Central, Hong Kong.

As at the date hereof, the Board comprises Dr. Li Zhong Yuan, Mr. Lee Jong Dae, Dr. Ni Aimin, and Mr. Deng Ku Hon as executive directors, Mr. Robin Willi and Mr. Martin Treffer as non-executive directors, Mr. Li Xiao Ru, Dr. Ma Yin Ming and Mr. Mu Xiangming as independent non-executive directors.