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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)

**UPDATE ON LITIGATION IN RELATION TO
A VERY SUBSTANTIAL ACQUISITION**

Reference is made to the Company's announcements dated 13 October 2010, 29 December 2010, 17 February 2011, 10 March 2011, 31 March 2011, 2 May 2011, 13 May 2011, 17 May 2011, 24 May 2011, 3 June 2011, 17 June 2011, 15 July 2011, 26 September 2011, 4 October 2011, 16 November 2011, 1 March 2012 and the Company's circular dated 23 February 2011 (the "**Circular**") in relation to, among other things, the Acquisition. Capitalized terms used herein shall have the same meaning as defined in the Circular or in previous announcements unless otherwise stated or where the context otherwise requires. A reference to the Plaintiffs or the Defendants may mean one or more of the Plaintiffs or Defendants.

The Company's announcement of 4 October 2011 referred to a direction ("**3 October Order**") made by the Court of First Instance that the Defendants return the HK Deposit to the Plaintiffs (a sum of HK\$44,000,000 as mentioned in the October announcement) and the Plaintiffs return the RMB Deposit to the Defendants (a sum of RMB37,928,000 as mentioned in the October announcement). The Defendants appealed the 3 October Order; on 24 January 2013, the Hong Kong Court of Appeal allowed the appeal and overturned the 3 October Order. The return of the deposits is still a matter to be determined in the Proceedings.

The Company's announcement of 16 November 2011 referred to the Defendants' Counterclaim. The Plaintiffs applied to the Court of First Instance to have the counterclaim struck out. The application was refused but on appeal to the Hong Kong Court of Appeal, the court ordered, on 24 January 2013, that the Defendants counterclaim be struck out.

The Proceedings are ongoing and no date has been set for a final hearing in the Proceedings. Further announcements will be made if or when there are material developments regarding the Proceedings. Litigation involves risk and uncertainty; there are a number of variables outside the control of the

* *for identification purpose only*

Company, including actions taken by other parties and decisions made by the courts. As a result there are a number of potential outcomes. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China HealthCare Holdings Limited
Zhou Bao Yi
Executive Director

Hong Kong, 1 February 2013

As at the date of this announcement, the Board comprises two executive directors, namely Dr. Li Zhong Yuan and Mr. Zhou Bao Yi, a non-executive director, namely Mr. Martin Treffer and three independent non-executive directors, namely Mr. Mu Xiang Ming, Mr. Jiang Bo and Dr. Yan Shi Yun.