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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 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.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Defendants have filed a Defence and Counterclaim against the Plaintiffs; in the Counterclaim they are claiming unspecified damages in relation to the undertakings and order more particularly described in the Company's announcements of 3 June 2011, 17 June 2011 and 15 July 2011. The Company is considering its position; at this time it has no reason to doubt that it has a strong defence in relation to the Counterclaim.

Further announcements will be made if or when there are material developments regarding the legal proceedings. These proceedings are still in the initial stages; litigation involves risk and uncertainty as there are a number of variables outside the control of the Company, including actions taken by the other parties and decisions made by the courts and as a result there are a number of potential outcomes.

* For identification purposes only

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, 16 November 2011

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