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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 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, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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)

**(1) PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES OF THE COMPANY;
(2) PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS;
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of China HealthCare Holdings Limited to be held at Unit 801, 8/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Tuesday, 28 August 2012 at 10:30 a.m. is set out on pages 22 to 25 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.chinahealthcareltd.com).

Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F, 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 the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

31 July 2012

* for identification purposes only

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DEFINITIONS

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

“2002 Share Option Scheme”	the share option scheme adopted by the Company on 8 April 2002 and expired on 7 April 2012
“2012 AGM”	an annual general meeting of the Company to be held at Unit 801, 8/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Tuesday, 28 August 2012 at 10:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 22 to 25 of this circular, or any adjournment thereof
“2012 Share Option Scheme”	the new share option scheme proposed to be adopted at the 2012 AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Buyback Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the granting of the Buyback Mandate
“Bye-law(s)”	the bye-law(s) of the Company, as amended from time to time
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and deal with new Shares and other securities of the Company with an aggregate nominal amount not exceeding the sum of 20% of the total nominal amount of the issued share capital of the Company as at the date of granting of the Issuance Mandate and the aggregate nominal value of the issued Shares repurchased by the Company pursuant to the Buyback Mandate, if any
“Latest Practicable Date”	27 July 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the offer of the grant of an Option made in accordance with the 2012 Share Option Scheme
“Option(s)”	any option(s) to subscribe for Share(s) granted pursuant to the 2012 Share Option Scheme
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



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 (*Chairman*)
Mr. Zhou Bao Yi

Non-executive Director:

Mr. Martin Treffer

Independent Non-executive Directors:

Mr. Mu Xiang Ming
Mr. Jiang Bo
Dr. Yan Shi Yun

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

Unit 801, 8/F,
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

31 July 2012

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE NEW SHARES AND TO REPURCHASE SHARES OF THE COMPANY;
(2) PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS;
(3) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the 2012 AGM for (i) the granting of the Issuance Mandate to the Directors; (ii) the granting of the Buyback Mandate to the Directors; (iii) the extension of the Issuance Mandate by adding to it the nominal amount of issued Shares repurchased by the Company under the Buyback Mandate; (iv) the re-election of the retiring Directors; and (v) the adoption of the 2012 Share Option Scheme 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 purposes only

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF THE ISSUANCE MANDATE AND THE BUYBACK MANDATE

At the annual general meeting of the Company held on 13 October 2011, general mandates were granted to the Directors to exercise the power of the Company to issue new Shares not exceeding 100,651,933 Shares and to repurchase Shares not exceeding 50,325,966 Shares respectively. The said general mandates to repurchase Shares and issue new Shares have not been used since they were granted and they, to the extent not utilized by the date of the 2012 AGM, will lapse at the conclusion of the 2012 AGM. Ordinary resolutions will be proposed at the 2012 AGM to approve the granting of new general mandates to the Directors:

- (a) to allot, issue or deal with new Shares of an aggregate nominal amount not exceeding 20% of the total nominal amount of the issued ordinary share capital of the Company as at the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding HK\$10,065,193.3 (equivalent to 100,651,933 Shares) on the basis that the issued ordinary share capital of the Company remains unchanged as at the date of the 2012 AGM);
- (b) to purchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the total nominal amount of the issued ordinary share capital of the Company as at the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding HK\$5,032,596.6 (equivalent to 50,325,966 Shares) on the basis that the issued ordinary share capital of the Company remains unchanged as at the date of the 2012 AGM); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of issued Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Issuance Mandate and the Buyback Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the 2012 AGM or any earlier date as referred to in the proposed ordinary resolutions contained in items 8 and 9 of the notice of the 2012 AGM as set out on pages 22 to 25 of this circular. As at the Latest Practicable Date, the Directors have no immediate plan to repurchase any Share or issue any new Share pursuant to the Buyback Mandate and the Issuance Mandate.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix I to this circular.

3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to Bye-law 87 of the Bye-laws, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest but not less than one-third) shall retire from office by rotation provided that every Director (including Director(s) appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors

LETTER FROM THE BOARD

so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment. As between persons who became or were last re-elected Directors on the same day, the person(s) to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election by the Shareholders at the relevant annual general meeting.

According to the above Bye-law 87, Mr. Mu Xiang Ming and Dr. Yan Shi Yun shall retire by rotation at the 2012 AGM. Both retiring Directors, being eligible, will offer themselves for re-election at the 2012 AGM. Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of Mr. Mu Xiang Ming and Dr. Yan Shi Yun are set out in Appendix II to this circular.

4. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The 2002 Share Option Scheme was adopted by the Company on 8 April 2002 and expired on 7 April 2012. Pursuant to the terms and conditions of the 2002 Share Option Scheme, an option may be exercised at any time during the period notified by the Directors to the grantee as stated in the offer of the grant of options, but in any event not beyond the 10-year period after the date of adoption of the 2002 Share Option Scheme. Therefore, as at the Latest Practicable Date, all the rights to exercise the options granted under the 2002 Share Option Scheme were lapsed on 7 April 2012, being the last day of the 10-year period after the date on which the 2002 Share Option Scheme was adopted. The Company currently does not maintain any share option scheme.

In view of the expiration of the 2002 Share Option Scheme, an ordinary resolution will be proposed at the 2012 AGM for the Shareholders to approve the adoption of the 2012 Share Option Scheme. The purpose of the 2012 Share Option Scheme is to enable the Group to grant Options to subscribe for new Shares to the eligible participants as incentives or rewards for their contributions or potential contributions to the Group so as to attract and retain the best available employees and working partners whose contributions are or may be valuable to the long term growth and development of the Group. The 2012 Share Option Scheme also provides that the Board may, at its discretion, determine the subscription price, being not less than the minimum price specified in the Listing Rules, and specify any minimum holding period and/or performance target as conditions in any Option granted, on a case-by-case basis. The Directors believe that the above authorities given to the Board will provide flexibility to the Board in determining the applicable conditions to the Options, on a case-by-case basis, protect the value of the Company as well as achieve the purposes of the 2012 Share Option Scheme.

Pursuant to the 2002 Share Option Scheme, the exercise period of options shall not beyond the ten-year period after the date of adoption of the 2002 Share Option Scheme while the exercise period of Options to be granted under the 2012 Share Option Scheme shall not expire later than 10 years from the date on which the Board resolves to make an Offer. Save for the abovementioned difference in exercise period, certain conditions in respect of the lapse of options and other necessary modifications and/or amendments made pursuant to the Listing Rules, there are no material differences between the terms of the 2002 Share Option Scheme and the 2012 Share Option Scheme.

LETTER FROM THE BOARD

A summary of the principal terms of the 2012 Share Option Scheme is set out in Appendix III to this circular. This serves as a summary of the terms of the 2012 Share Option Scheme but does not constitute the full terms of the same. A copy of the rules of the 2012 Share Option Scheme is available for inspection during normal business hours on any business day at the principal place of business of the Company in Hong Kong at Unit 801, 8th Floor, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong from the date of this circular up to and including the date of the 2012 AGM. Such copy will also be available for inspection at the 2012 AGM.

As at the Latest Practicable Date, the Company had 503,259,665 Shares in issue. Assuming that there are no changes in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the 2012 Share Option Scheme, the scheme limit for the 2012 Share Option Scheme will be 50,325,966 Shares, representing 10% of the issued share capital of the Company as at the date of the adoption of the 2012 Share Option Scheme, under Rule 17.03(3) of the Listing Rules, should the 2012 Share Option Scheme be adopted. The 2012 Share Option Scheme will be subject to the administration of the Board and none of the Directors will be a trustee of the 2012 Share Option Scheme or has any direct or indirect interest in the trustees. None of the Shareholders is required to abstain from voting on the resolution for approving the adoption of the 2012 Share Option Scheme to be proposed at the 2012 AGM.

The 2012 Share Option Scheme is conditional upon:

- (a) the passing of a resolution by the Shareholders at the 2012 AGM approving the adoption of the 2012 Share Option Scheme and the authorization of the Board to grant Options under the 2012 Share Option Scheme and to allot and issue Shares upon the exercise of the subscription rights attaching to the Options; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the subscription rights attaching to the Options that may be granted under the 2012 Share Option Scheme.

If the condition (b) above is not satisfied on or before the date following 30 days after the date of adoption of the 2012 Share Option Scheme, the 2012 Share Option Scheme shall determine immediately, and any Option granted or agreed to be granted pursuant to the 2012 Share Option Scheme shall be of no effects and no persons shall be entitled to any right or benefit or be under any obligation under or in respect of the 2012 Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the subscription rights attaching to the Options that may be granted under the 2012 Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all Options that can be granted under the 2012 Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are critical for the calculation of the value of the Options are yet to be determined. Such variables include, but not limited to, the subscription price for the Shares, the time of grant of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription rights attaching to the Options may be exercised and any other conditions that the Board may impose with respect to the Options and whether or not

LETTER FROM THE BOARD

such Options, if granted, will be exercised. The subscription price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Options are granted. With a scheme life of ten years, it is difficult to ascertain with accuracy the subscription price of the Shares given the volatility to which the Share price may be subject during the ten-year life span of the 2012 Share Option Scheme. As the value of the Options depends on a number of variables which are either difficult to ascertain at the moment or can only be ascertained subject to a number of theoretical bases and speculative assumptions, the Directors are of the view that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions will not be meaningful and may be misleading to the Shareholders in the circumstances.

5. 2012 AGM AND PROXY ARRANGEMENT

The notice of the 2012 AGM is set out on pages 22 to 25 of this circular. At the 2012 AGM, resolutions will be proposed to approve, inter alia, the granting of the Issuance Mandate and the Buyback Mandate, the extension of the Issuance Mandate by the addition thereto of the nominal amount of Shares repurchased by the Company pursuant to the Buyback Mandate, the re-election of the retiring Directors and the adoption of the 2012 Share Option Scheme.

A form of proxy for use at the 2012 AGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinahealthcareltd.com). Whether or not you are able to attend the 2012 AGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the 2012 AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the 2012 AGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

6. VOTING BY WAY OF POLL

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the 2012 AGM. An announcement on the poll results of the 2012 AGM will be made by the Company after the 2012 AGM in accordance with the requirements under Rule 13.39(5) of the Listing Rules.

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

8. RECOMMENDATION

The Directors consider that the granting of the Issuance Mandate and the Buyback Mandate, the extension of the Issuance Mandate, the re-election of the retiring Directors and the adoption of the 2012 Share Option Scheme are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the 2012 AGM.

9. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Explanatory statement on the Buyback Mandate), Appendix II (Details of the retiring Directors proposed to be re-elected at the 2012 AGM) and Appendix III (Summary of the principal terms of the 2012 Share Option Scheme) to this circular.

Yours faithfully,
By Order of the Board
Zhou Bao Yi
Executive Director

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the 2012 AGM in relation to the granting of the Buyback Mandate.

1. REASONS FOR BUYBACK OF SHARES

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders. Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 503,259,665 Shares.

Subject to the passing of the ordinary resolution set out in item 9 of the notice of the 2012 AGM in respect of the granting of the Buyback Mandate and on the basis that the issued ordinary share capital of the Company remains unchanged on the date of the 2012 AGM, i.e. being 503,259,665 Shares, the Directors would be authorized under the Buyback Mandate to repurchase, during the period in which the Buyback Mandate remains in force, an aggregate nominal amount of Shares up to HK\$5,032,596.6 (equivalent to 50,325,966 Shares), representing 10% of the aggregate nominal amount of the issued ordinary Shares as at the date of the 2012 AGM.

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 and Bye-laws, the laws of Bermuda and/or any other applicable laws, as the case may be.

The Company is empowered by its Memorandum of Association and the Bye-laws to repurchase Shares. The laws of Bermuda provide that the amount of capital paid in connection with a share repurchase by a company may only be paid out of the capital paid up on the relevant shares, or 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 the funds of the company which would otherwise be available for dividend or distribution or out of the share premium account of the company.

4. IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 March 2012) in the event that the Buyback Mandate was to be carried out in

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing levels of the Company.

5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, 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 the Takeovers Code. Accordingly, a Shareholder, or a 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 Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As far as the Directors are aware, as at the Latest Practicable Date, Ho Kin, together with Zhongxing Limited (which is wholly-owned by Ho Kin), held 79,736,474 Shares, representing 15.84% of the total issued Shares, and Dragonrise Capital Advisors Inc., which is wholly-owned by Yeung Ning, held 62,480,474 Shares, representing 12.42% of the total issued Shares. Save as disclosed above, there were no other Shareholders holding 10% or more in the issued Shares. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchase to be made under the Buyback Mandate.

6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates have any present intention to sell any Share to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Share to the Company, or that they have undertaken not to sell any Share held by them to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

APPENDIX I EXPLANATORY STATEMENT ON THE BUYBACK MANDATE

7. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have been traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

Month	Highest HK\$	Lowest HK\$
2011		
July	N/A ⁽¹⁾	N/A ⁽¹⁾
August	N/A ⁽¹⁾	N/A ⁽¹⁾
September	N/A ⁽¹⁾	N/A ⁽¹⁾
October	0.250	0.200
November	0.350	0.220
December	0.540	0.250
2012		
January	0.465	0.320
February	0.450	0.335
March	0.400	0.320
April	0.355	0.270
May	0.280	0.220
June	0.229	0.164
July (up to the Latest Practicable Date)	0.189	0.150

⁽¹⁾ Trading in the Shares on the Stock Exchange was suspended from 4 July 2011 to 7 October 2011.

8. REPURCHASES OF SHARES MADE BY THE COMPANY

No repurchases of Shares have been made by the Company during the previous six months (whether on the Stock Exchange or otherwise).

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the 2012 AGM according to the Bye-laws, are provided below:

1. MR. MU XIANG MING

Mr. Mu Xiang Ming, aged 56, has been an independent non-executive Director since 28 September 2004. He is an experienced international lawyer. He received his L.L.B. degree from Fudan University Law School in Shanghai, China and L.L.M. degree from University of Oregon Law School in the United States. Mr. Mu was a member of Shanghai Municipal Government Foreign Economic Trade Committee and a practising lawyer in a US solicitors firm for four years. He is currently a senior partner of Shanghai Ming & Yuan Law Firm, a law firm with principal office in Shanghai and affiliated offices in the United States and Japan. Mr. Mu is an independent non-executive director of North Mining Shares Company Limited and Mitsumaru East Kit (Holdings) Limited (both are listed on the main board of the Stock Exchange and with the stock code of 433 and 2358 respectively). Save as disclosed above, Mr. Mu has not held any other directorship in listed companies in the last three years.

Mr. Mu has not been appointed for any fixed term but is subject to retirement and re-election at the general meeting of the Company in accordance with the Bye-laws. The provisions of the Bye-laws in respect of directors' retirement and re-election are set out in paragraph 3 of the Letter from the Board in this circular.

Mr. Mu is entitled to a director's fee of HK\$100,000 per annum, which was determined by the Board with reference to his performance and the prevailing market conditions.

As far as the Directors are aware, (1) Mr. Mu does not have any relationship with any of the other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company; and (2) as at the Latest Practicable Date, Mr. Mu held 261,000 Shares. Save as disclosed above, Mr. Mu was not interested or deemed to be interested in any share or underlying share of the Company or its associated corporations pursuant to Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. Mu involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. Mu that need to be brought to the attention of the Shareholders.

2. DR. YAN SHI YUN

Dr. Yan Shi Yun, aged 72, was appointed as an independent non-executive Director on 29 August 2006. He was the former president of Shanghai University of TCM (上海中醫藥大學). Dr. Yan has been a professor at Shanghai University of TCM for over 20 years. He is the president of Shanghai Academy of Chinese Medicine Sciences (上海市中醫藥研究院). Dr. Yan has not held any other directorship in listed companies in the last three years.

Dr. Yan has not been appointed for any fixed term but is subject to retirement and re-election at the general meeting of the Company in accordance with the Bye-laws. The provisions of the Bye-laws in respect of directors' retirement and re-election are set out in paragraph 3 of the Letter from the Board in this circular.

Dr. Yan is entitled to a director's fee of HK\$100,000 per annum, which was determined by the Board with reference to his performance and the prevailing market conditions.

As far as the Directors are aware, (1) Dr. Yan does not have any relationship with any of the other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company; and (2) as at the Latest Practicable Date, Dr. Yan was not interested or deemed to be interested in any share or underlying share of the Company or its associated corporations pursuant to Part XV of the SFO.

There is no information which is discloseable nor is/was Dr. Yan involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Dr. Yan that need to be brought to the attention of the Shareholders.

Set out below is a summary of the principal terms of the 2012 Share Option Scheme to provide sufficient information to the Shareholders for their consideration.

1. PURPOSE OF THE 2012 SHARE OPTION SCHEME

The purpose of the 2012 Share Option Scheme is to reward the Participants (as described in paragraph 2 below) who have contributed or are expected to contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

2. ELIGIBLE PERSONS

The Board may, at its discretion, invite any person, including directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters and service providers of any member of the Group who, in the sole discretion of the Board, have contributed or will contribute to the Group (collectively, the “Participants”) to participate in the 2012 Share Option Scheme.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company shall not, in the absence of the Shareholders’ approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue as at the date of approval of the 2012 Share Option Scheme (the “Scheme Mandate Limit”). Options lapsed in accordance with the terms of the 2012 Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Scheme Mandate Limit may be renewed at any time subject to prior Shareholders’ approval but in any event the total number of Shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the 2012 Share Option Scheme or any other share option schemes of the Company, including those outstanding, cancelled, lapsed in accordance with the 2012 Share Option Scheme or exercised options, will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

The Company may grant Options beyond the Scheme Mandate Limit to the Participants if (i) separate Shareholders’ approval has been obtained for granting Options beyond the Scheme Mandate Limit to the Participants specifically identified by the Company before such Shareholders’ approval is sought; and (ii) the Company, in connection with the seeking of such separate Shareholders’ approval, has first sent a circular to the Shareholders containing such information as may be required by the Listing Rules then prevailing.

The maximum number of Shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the 2012 Share Option Scheme and other share option schemes of the Company shall not exceed 30% of the Shares in issue from time to time.

4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each grantee under the 2012 Share Option Scheme, including both exercised and outstanding Options, in any 12-month period shall not, when aggregated with any Shares subject to options granted during such period under any other share option schemes of the Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting, exceed 1% of the Shares in issue for the time being.

Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person, including exercised, cancelled and outstanding Options, in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in a general meeting with such Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted, the Options previously granted to such Participant and such other information required under the Listing Rules.

5. OPTION PERIOD

The exercise period of an Option will be determined and notified by the Board to the grantee at the time of making an Offer (the "Option Period") which shall not expire later than 10 years from the date of which the Board resolves to make an Offer to a Participant.

6. GRANT OF OPTIONS

Subject to the terms of the 2012 Share Option Scheme and the Listing Rules, the Board shall be entitled, at anytime within ten years from the date of adoption of the 2012 Share Option Scheme, to make an Offer to any Participant as the Board may, in its absolute discretion, select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the subscription price. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the minimum period for which an Option must be held before it can be exercised; and/or (ii) a performance target that must be reached before an Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed, or not imposed, either on a case-by-case basis or generally.

7. GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of Options to the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company, or any of their respective associates, under the 2012 Share Option Scheme or any other share option schemes of the Company or any of its subsidiaries shall be subject to the prior approval of the independent non-executive Directors, excluding the independent non-executive Directors who

are the proposed grantees of the Options. Where any grant of Options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted, including Options exercised, cancelled or outstanding, to such person in the 12-month period up to and including the date of grant (i) representing in aggregate over 0.1% of the Shares in issue on the date of grant; and (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million, such further grant of Options shall be subject to prior approval by resolution of the Shareholders, by way of poll, on which all connected persons of the Company shall abstain from voting in favour of the relevant resolution at such general meeting of the Shareholders, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

8. TIME OF ACCEPTANCE

An Offer shall remain open for acceptance by the Participant for a period of 28 days from the date of the Offer granted, provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the 2012 Share Option Scheme has been terminated in accordance with the terms of the 2012 Share Option Scheme or after the Participant to whom the Offer is made has ceased to be a Participant, whichever is earlier. To the extent that the Offer is not accepted within 28 days from the date on which the letter containing the Offer is delivered to the Participant, it shall be deemed to have been irrevocably declined.

An Offer is deemed to be accepted by the grantee when the Company receives from the grantee the Offer letter countersigned by the grantee specifying the number of Shares in respect of which the Offer is accepted, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof. Such remittance shall not be refundable in any circumstances.

9. EXERCISE OF OPTION

An Option may be exercised in whole or in part in accordance with the terms of the 2012 Share Option Scheme at any time during the Option Period by giving notice in writing to the Company. Each such notice must be accompanied by a remittance for the full amount of the subscription price multiplied by the number of Shares in respect of which the notice is given. The Company shall issue and allot the relevant Shares, credited as fully paid, to the holder of the Options within 28 days after receipt of the notice and the remittance of the full amount of the relevant aggregate subscription price.

10. SUBSCRIPTION PRICE

The subscription price for a Share under the 2012 Share Option Scheme shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date when an Offer is made to the Participant which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date when an Offer is made to the Participant; and (iii) the nominal value of the Shares.

In the event of an alteration in the capital structure of the Company whilst any Option remains exercisable by way of capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of Shares or reduction of share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments, if any, shall be made to (i) the number or nominal amount of Shares subject to the Option so far as unexercised; (ii) the subscription price; (iii) the method of exercise of the Option; or (iv) any combination thereof, provided that any such adjustment give a grantee the same proportion of the equity capital of the Company as that to which that grantee was previously entitled and any adjustment as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalization issue, shall be made in accordance with all relevant guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time. No such adjustments shall be made if and to the extent that as a result a Share would be issued at less than its nominal value. The Company shall engage the auditors of the Company or an independent financial adviser to certify in writing that the adjustments made by the Company under the foregoing provisions, other than any adjustment made on a capitalization issue, satisfy the requirements set out in the relevant provisions.

11. VOTING AND DIVIDEND RIGHTS

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Bye-laws for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option and accordingly shall entitle the holders voting rights, transfer rights and rights to participate in all dividends or other distributions paid or made after the date on which Shares are allotted other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date on which the Shares are allotted. The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

12. LIFE OF THE 2012 SHARE OPTION SCHEME

The 2012 Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the 2012 Share Option Scheme, after which period no further Options shall be offered or granted but the provisions of the 2012 Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provision of the 2012 Share Option Scheme. Options granted during the life of the 2012 Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period until the expiration of the Option Period.

13. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION

- (a) If a general offer by way of takeover or otherwise, other than by way of scheme of arrangement, is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert (for the purposes of the Takeovers Code) with the offeror, and such offer becomes or is declared unconditional prior to

the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the grantee and the grantee (or his legal personal representative) shall be entitled to exercise the Option in full, to the extent not already exercised, or to the extent as notified by the Company at any time within such period as shall be notified by the Company.

- (b) If a general offer for Shares by way of scheme of arrangement is made and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice thereof to the grantee and the grantee (or his legal personal representative) may at any time thereafter, but before such time as shall be notified by the Company, exercise the Option to its full extent or to the extent specified in such notice.
- (c) In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the grantee and the grantee (or his legal personal representative) may at any time thereafter, but before such time as shall be notified by the Company, exercise the Option to its full extent or to the extent specified in such notice. The Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (d) In the event of a compromise or arrangement, other than a scheme of arrangement, between the Company and its members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to its members or creditors to consider such compromise or arrangement and the grantee (or his legal personal representative) may at any time thereafter, but before such time as shall be notified by the Company, exercise the Option either to its full extent or to the extent specified in such notice. The Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

14. LAPSE OF THE OPTION

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the period in the event of the grantee ceasing to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as specified in paragraph 14(i) below having arisen, his legal personal representative may exercise the Option up to the grantee's entitlement as at the date of death, to the extent not already exercised, within the period of 12 months following his death provided that where any of the events set out in paragraphs 13(a), (b), (c) and (d) above occurs prior to his death or within such period of 6 months following his death, then his legal personal

representative may so exercise the Option only within such of the various periods respectively set out in such paragraphs provided further that if within a period of 3 years prior to the grantee's death, the grantee had committed any of the acts specified in paragraph 14(i) below which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate the Option, to the extent not already exercised, by written notice to the grantee's legal personal representative and/or to the extent the Option has been exercised in whole or in part by his legal personal representative, but Shares have not been allotted, he shall be deemed not to have so exercised such Option and the Company shall return to him the amount of the subscription price for the Shares received by the Company in respect of the purported exercise of such Option;

- (c) the expiry of the period in the event of a grantee who is an employee or a director of the Company or another member of the Group ceasing to be a Participant for any reason other than his death or the termination of his employment or directorship on one or more of the grounds specified in paragraph 14(i) below, the Option, to the extent not already exercised, shall lapse on the date of cessation or termination of such employment, which date shall be the grantee's last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not, and shall on that day cease to be exercisable;
- (d) the expiry of the period in the event of a grantee who is not an employee or a director of the Company or another member of the Group ceasing to be a Participant as and when determined by the Board by resolution for any reason other than his death the Board may by written notice to such Grantee within one month from the date of such cessation determine the period within which the Option, or such remaining part thereof, shall be exercisable following the date of such cessation;
- (e) the expiry of the period in the event of the grantee ceasing to be a Participant by reason of the termination of his employment or directorship on one or more of the grounds specified in paragraph 14(i) below, his Option shall lapse automatically, to the extent not already exercised, and shall not be exercisable on or after the date of termination of his employment and to the extent the grantee has exercised the Option in whole or in part, but the Shares have not been allotted to him, the grantee shall be deemed not to have so exercised such Option and the Company shall return to the grantee the amount of the subscription price for the Shares received by the Company in respect of the purported exercise of such Option;
- (f) the expiry of the period referred to in paragraph 13(a) above provided that if any court of competent jurisdiction makes an order the effect of which is to prohibit or prevent the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin to run until the discharge of the order in question or unless the Offer lapses or is withdrawn before that date;
- (g) subject to the scheme of arrangement becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 13(b) above;
- (h) the date of the commencement of the winding up of the Company;

- (i) the date on which the grantee, if an employee or director of the Company or another member of the Group, ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph 14(i) shall be conclusive and binding on the grantee, and where appropriate, his legal representative;
- (j) the date on which the grantee commits a breach of paragraph 17 below; and
- (k) subject to paragraph 14(c) above, the date the grantee ceases to be a Participant for any other reason.

15. CANCELLATION OF THE OPTION

Any Option granted but not exercised may be cancelled by the Company if the grantee so agrees with or without new Options being granted to the grantee provided that any new Option granted shall fall within the Scheme Mandate Limit, excluding the cancelled Options, and are granted in accordance with the terms of the 2012 Share Option Scheme.

16. TERMINATION OF THE 2012 SHARE OPTION SCHEME

The Company by ordinary resolution in general meeting, or the Board, may at any time resolve to terminate the operation of the 2012 Share Option Scheme and in such event no further Options shall be offered or granted but in all other respects the provisions of the 2012 Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the 2012 Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the 2012 Share Option Scheme.

17. TRANSFERABILITY OF THE OPTION

An Option shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option except for the transmission of an Option on the death of the grantee to his legal personal representatives in accordance with the terms of the 2012 Share Option Scheme. Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such grantee to the extent not already exercised without incurring any liability on the part of the Company.

18. ALTERATION OF THE 2012 SHARE OPTION SCHEME

Those specific provisions of the 2012 Share Option Scheme which relate to the matter set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants. Any change to the authority of the Board in relation to any alteration of the terms of the 2012 Share Option Scheme shall not be made, in either case, without the prior approval of the Shareholders in general meeting. Any alteration to the terms and conditions of the 2012 Share Option Scheme which is of a material nature, and any change to the terms of Options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the 2012 Share Option Scheme. The 2012 Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules and any guidance/interpretation of the Listing Rules issued and/or amended by the Stock Exchange from time to time.

NOTICE OF THE 2012 AGM



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 an annual general meeting of China HealthCare Holdings Limited (the “Company”) will be held at Unit 801, 8/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong on Tuesday, 28 August 2012 at 10:30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited consolidated financial statements of the Company and the reports of the directors and the auditors for the year ended 31 March 2012;
2. To re-elect Mr. Mu Xiang Ming as an independent non-executive director of the Company;
3. To re-elect Dr. Yan Shi Yun as an independent non-executive director of the Company;
4. To fix the maximum number of directors;
5. To authorize the board of directors to appoint additional directors, where necessary;
6. To authorize the board of directors to fix the respective directors’ remuneration;
7. To re-appoint Messrs. Zenith CPA Limited as auditors of the Company and to authorize the board of directors to fix the auditors’ remuneration;

SPECIAL BUSINESS

To consider as special business and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

8. **“THAT:**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued ordinary shares in the ordinary share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

* for identification purposes only

NOTICE OF THE 2012 AGM

- (b) the approval in paragraph (a) above shall authorize the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of ordinary share capital allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) any issue of ordinary shares of the Company on the exercise of the outstanding subscription rights or conversion rights attaching to the securities issued by the Company which are convertible into ordinary shares of the Company;
 - (iii) the exercise of options under a share option scheme of the Company; and
 - (iv) any scrip dividend scheme or similar arrangement providing for the allotment of ordinary shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution and the paid approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
- (iii) 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 laws to be held; and

“Rights Issue” means an offer of ordinary shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (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 any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”;

NOTICE OF THE 2012 AGM

9. **“THAT:**
- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to purchase its ordinary shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
 - (b) the total nominal amount of ordinary shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
 - (iii) 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 laws to be held.”;
10. **“THAT** conditional upon the passing of resolutions set out in items 8 and 9 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 8 of the Notice be and is hereby extended by the addition to the aggregate nominal amount of ordinary shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the ordinary shares purchased by the Company pursuant to the mandate referred to in the resolution set out in item 9 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued ordinary share capital of the Company as at the date of passing of this resolution.”; and
11. **“THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, the shares of the Company (the “Shares”) which may fall to be allotted and issued by the Company upon exercise of the subscription rights attaching to the options that may be granted under the proposed share option scheme of the Company (a copy of which has been produced to this meeting marked ‘A’ and initialed by the chairman of the meeting for the purpose of identification) (the “2012 Share Option Scheme”), the 2012 Share Option Scheme be and is hereby approved and adopted by the Company and the board of directors of the Company be and are hereby authorized to grant options under the 2012 Share Option Scheme and to allot and issue Shares pursuant to the exercise of any option which may be granted under the 2012 Share Option Scheme, and that to the extent permissible under the bye-laws of the Company,

NOTICE OF THE 2012 AGM

the Rules Governing the Listing of Securities on the Stock Exchange and the rules of the 2012 Share Option Scheme (including the granting of options thereunder or approving the allotment and issue of the Shares upon exercise of options thereunder) notwithstanding any interest of any Director.”.

By order of the Board
Zhou Bao Yi
Executive Director

Hong Kong, 31 July 2012

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In orders to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the form of proxy shall be deemed to be revoked.
3. In relation to the ordinary resolutions set out in items 8, 9 and 10 of the above notice, the directors of the Company wish to state that they have no immediate plan to issue any new Shares or repurchase any existing Shares.
4. As at the date hereof, the board of directors of the Company comprises two executive directors, namely Dr. Li Zhong Yuan and Mr. Zhou Bao Yi; one 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.