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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)

MAJOR AND CONNECTED TRANSACTION AND RESUMPTION OF TRADING

Financial Adviser to China HealthCare Holdings Limited

Hercules

Hercules Capital Limited

On 28 February 2008, the Purchaser entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire from the Vendor the remaining 30% equity interest in the Target for a consideration of HK\$41.5 million. The consideration shall be satisfied as to (i) HK\$21.5 million in cash; and (ii) HK\$20 million by procuring the Company to issue the Convertible Notes to the Vendor upon Completion. Following the Completion, the Target would become a wholly-owned subsidiary of the Company.

The Acquisition constitutes a major transaction of the Company under the Listing Rules and is subject to the approval of the Shareholders at the SGM. The Vendor is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being a substantial shareholder of the Target, which is a subsidiary of the Company. Accordingly, the Acquisition also constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders, by way of poll, at the SGM. Since none of the Vendor, parties acting in concert with it and their respective associates holds any Share as at the date of this announcement and to the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder currently has any interest in the Acquisition, it is expected that no Shareholder is required to abstain from voting at the SGM.

* *for identification purpose only*

The Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of the Acquisition are fair and reasonable and in the interest of the Company and its shareholders as a whole. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Acquisition.

A circular containing, inter alia, further details of the Acquisition, the letters from the Independent Board Committee and the independent financial adviser of the Company together with a notice convening the SGM for approval of the Agreement will be despatched to the Shareholders in compliance with the Listing Rules.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 29 February 2008, pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 5 March 2008.

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor to acquire the remaining 30% equity interest in the Target. Details of the Acquisition are set out as follows:

THE AGREEMENT

Date

28 February 2008

Parties to the Agreement

Vendor: Panjinfenyuan Technology Investment Limited (盤錦鋒源科技投資有限公司), an investment holding company incorporated under the laws of the PRC, which is beneficially-owned as to 50% by Mr. Tian Chengwang and 50% by Mr. Li Guoming.

Purchaser: Success Gateway Investments Limited (勝基投資有限公司), a wholly-owned subsidiary of the Company.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing 30% of the issued share capital of the Target.

Consideration

The total consideration for the Acquisition is HK\$41,500,000 and shall be satisfied as follows:

- (i) HK\$21.5 million in cash, where HK\$8.5 million shall be paid at the date of Completion and the remaining balance shall be settled within three months after Completion; and
- (ii) the balance of HK\$20 million shall be satisfied by the Purchaser by procuring the Company to issue the Convertible Notes to the Vendor upon Completion.

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Agreement, having regard to (i) the growth potential and prospects of the Target Group; (ii) the Target Group's expanding consumer access network of over 5,700 retail outlets connected with its e-commerce platform for e-distribution and settlement of various B-to-C businesses in the PRC; and (iii) the unaudited consolidated net profit of the Target Group of approximately RMB6.88 million for the nine months ended 30 September 2007.

The consideration of the Acquisition represents a premium of approximately 254.70% over the 30% interest of the unaudited consolidated net assets of the Target Group as at 30 September 2007 of approximately RMB10.7 million (equivalent to HK\$11.7 million). Based on the consideration of the Acquisition of approximately HK\$41.5 million, the implied market value of the Target Group is approximately HK\$138.3 million, which represents a premium of approximately 165.96% over the implied market value of the Target Group of approximately HK\$52.0 million calculated based on the consideration of approximately RMB36.4 million for the Previous Acquisition.

Having considered that: (i) the unaudited consolidated net profit of the Target Group for the nine months ended 30 September 2007 has increased by approximately 34.1% as compared to the net profit for the previous corresponding period of approximately RMB5.13 million; (ii) the number of retail outlets connected to the e-platform of the Target Group has increased by more than 42% from 4,000 in February 2006 to 5,700 in February 2008; (iii) according to the Ministry of Information Industry of the PRC, the number of mobile phone users increased from 367.4 million as at 31 January 2007 to 555.8 million as at 31 January 2008, representing an increase of 18.9%; (iv) the demand of B-to-C e-payment services for the telecommunication sector is expected to continue to grow in line with the increase in mobile phone users in the foreseeable future; and (v) the demand of e-payment services for other sectors is also expected to increase in the coming years, the Directors (excluding the independent non-executive Directors who will opine on the terms of the Acquisition after obtaining advices from the independent financial adviser) are optimistic about the future potential of the Target Group and consider that the premium of the consideration over the consolidated net asset value of the Target Group and cost of the Previous Acquisition is commercially justifiable.

Principal terms of the Convertible Notes

The terms of the Convertible Notes have been negotiated on an arm's length basis and the principal terms of which are summarized below:

Issuer	:	the Company
Principal amount	:	HK\$20,000,000
Issue price	:	100% of principal amount
Interest	:	2% per annum on the aggregate principal amount outstanding from time to time, grossed up for any tax and fee/cost, payable semi-annually in arrears in equal installments starting from the 180th day of date of issuance.
Default interest	:	Without prejudice to the rights of the holders of the Convertible Notes, to the extent that the interest is not paid by the Company on any Convertible Notes on the interest payment day, the interest shall accrue thereon from that interest payment day at a default rate of 5% per annum until date of payment.
Maturity date	:	Three years after the issue of the Convertible Notes (or, if that is not a business day, the first business day thereafter). The Company shall repay the principal amount outstanding under the Convertible Notes to the holder(s) of the Convertible Notes together with all interest accrued thereon up to and including the date of actual repayment on the maturity date.
Extension option	:	The maturity date may be extended at the same terms by one year at the option of the Company by way of a notice of 20 business days in advance of the maturity date.
Conversion price	:	As of any Conversion Date, the lower of (a) the initial conversion price, as adjusted from time to time in accordance with the terms of instruments of the Convertible Notes, including share split, consolidation or sub-division of the Shares, bonus issue, rights issue, capitalisation of profits or reserves, capital distribution or a full ratchet adjustment in the event of issuance of shares or securities convertible or exchangeable into the Shares, which represented all adjustment clauses as specified in the terms of instruments of the Convertible Notes; and (b) the volume-weighted average price of the Shares for the twenty trading days ending on the day immediately preceding the date of a relevant conversion notice multiplied by a factor of 0.90x, but in any case not lower than HK\$0.30.

The conversion price, which was arrived at after arm's length negotiations between the Vendor and the Purchaser, is the same as that for the convertible notes issued by the Company to the vendors as part of the consideration for the Previous Acquisition. The Directors considered that the formula for calculating the conversion price is fair and reasonable and in the interest of the Company and its Shareholders as a whole as it has taken into account the market value of the Shares at the time of conversion and has set a floor for the conversion price.

The initial conversion price of HK\$1.16 represents

- (i) a premium of approximately 110.9% over the closing price of HK\$0.550 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 127.5% over the average of the closing prices of approximately HK\$0.510 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 132.5% over the average of the closing prices of approximately HK\$0.499 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Day.

Conversion rights	:	The Convertible Notes carry the rights to convert either in whole or in part of the principal amount into Conversion Shares at the conversion price in amounts of the denomination or its integral multiple during the conversion period at the discretion of the holders of the Convertible Notes.
Conversion period	:	The period commencing on 6 months from the issue date of the Convertible Notes up to the maturity date.
Conversion Shares	:	The Conversion Shares will rank pari passu in all respects with the existing Shares in issue and be issued free and clear from all liens, charges, encumbrances, claims, options and third party rights and with all rights attaching thereto as at the date of conversion, including the right to receive all dividends and other distributions thereafter declared, paid or made on the Conversion Shares.

Assuming that the Convertible Notes are fully converted into Conversion Shares at the initial conversion price of HK\$1.16, a total of 17,241,379 Conversion Shares will be issued which represent approximately 7.36% of the existing share capital of the Company and approximately 6.85% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Assuming that the Convertible Notes are fully converted into Conversion Shares at the minimum conversion price of HK\$0.30, a total of 66,666,667 Conversion Shares will be issued which represent approximately 28.45% of the existing share capital of the Company and approximately 22.15% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be issued under a specific mandate, which would be sought at the SGM. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

- Application of listing : No application will be made by the Company to the Stock Exchange for the listing of the Convertible Notes.
- Redemption : The Company may redeem the Convertible Notes in whole at 100% at any time after the 2nd anniversary of issuance and prior to the maturity date by way of a notice in advance of 30 business days. The holders of the Convertible Notes retain the right of conversion prior to the completion of such redemption.
- Transferability : The Convertible Notes may be assigned or transferred to any third party or parties other than a party connected with the Company or any of its subsidiaries, the directors, chief executive and substantial shareholders of the Company and its subsidiaries, and their respective associates unless necessary approvals and consents by Independent Shareholders have been obtained with respect to any assignment or transfer to a connected person.
- Voting right : Holders of the Convertible Notes (or any part thereof) will not be entitled to attend or vote at any shareholders' meetings of the Company by reason only of it being a holder of the Convertible Notes (or any part thereof).
- Status : The Convertible Notes will be direct, unsubordinated, unconditional and unsecured obligations of the Company and will at all time rank pari passu in rights of payment with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company.

Conditions precedent

Completion is conditional upon, inter alia:

- (a) the passing by the Independent Shareholders of a resolution approving the Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules, the memorandum and bye-laws of the Company and as may be required by any applicable law, rules or regulations;
- (b) no statute, regulation or decision which would prohibit, restrict or materially delay the Acquisition having been proposed, enacted or taken by any governmental or official authority; and
- (c) the granting of the listing of, and permission to deal in, the Conversion Shares by the Listing Committee of the Stock Exchange.

Completion shall take place on the third business day after the date on which all of the conditions under the Agreement are satisfied, or such later date as the parties may agree in writing.

In the event that any of the conditions shall not have been satisfied prior to 30 June 2008 (or any other date as the Purchaser and the Vendor may agree in writing), then the Purchaser shall have the right to elect not to proceed with the Acquisition and the Agreement shall lapse save in respect of claims arising out of any antecedent breach.

INFORMATION OF THE TARGET

The Target was incorporated in November 2000 under the PRC laws. It has a registered and issued share capital of RMB40 million. The Target is principally engaged in B-to-C e-payment services and distributions. In terms of e-commerce technology of payment solutions, the Target has developed and been continuously improving its proprietary platform of comprehensive e-commerce services with multi-functional POS systems and other e-commerce terminals; and in terms of consumer distribution network, the Target has been strategically building up its access channels to end consumers in Shanghai and has its e-commerce terminals placed at or its platform connected with almost 5,700 retail outlets throughout Shanghai, including almost all convenience stores in Shanghai under leading retail groups in the PRC.

The Purchaser acquired a total of 70% equity interest in the Target in August 2006 from Mr. Hou Shu Ming and the Vendor at a total consideration of HK\$36.4 million, details of which are contained in the Company's announcement and circular dated 28 April 2006 and 16 June 2006 respectively.

Of particular significance and relevance to the Group, the Target not only serves as a well-versed settlement and service system but much more importantly also as an expanding marketing network and distribution channel to access consumers in Shanghai and other parts of the PRC applicable to e-cash of various B-to-C businesses.

As its initial focus, the Target has established and been expanding its consumer access channels by successfully conducting its B-to-C business in e-distribution of mobile phone pre-payment, where two exclusive wireless operators in the PRC, namely China Mobile and China Unicom, are its strategic partners and vendors, and it has achieved the status of number one distributor for China Mobile in Shanghai with a dominant market share of over 24% in the Shanghai mobile prepayment market. In addition to the Shanghai market, the Target has expanded its business into Guangdong, the largest provincial mobile prepayment market in the PRC. Furthermore, the Group has been, in general, elevating and extending the Target's consumer access channels and payment solutions platform into e-commerce of consumer financial services in the PRC, and in particular, integrating the Target as its consumer channel and its unique access to health resources to develop an operation of e-payment service for B-to-C consumer oriented healthcare ("Health Debit Cards"), which are electronically enabled stored value payment cards for procurement of consumption in an array of health and wellness related and consumer oriented services and products, with its geographical focus in Shanghai initially.

The purchase cost for the Vendor in respect of its 30% equity interest in the Target was approximately RMB15.6 million.

The consolidated financial results of the Target, which have been prepared in accordance with accounting principles generally accepted in Hong Kong, for the nine months ended 30 September 2007 and the two years ended 31 December 2006 are summarised as follows:

	For the nine months ended 30 September 2007 RMB'000 (unaudited)	For the year ended 31 December 2006 RMB'000 (unaudited)	2005 RMB'000 (audited)
Profit before taxation and extraordinary items	7,982	8,833	8,558
Profit after taxation and extraordinary items	6,880	7,373	6,781

As at 30 September 2007, the unaudited consolidated net assets of the Target Group was approximately RMB35.6 million.

REASONS FOR THE ACQUISITION

The Group is principally engaged in investment holding, e-commerce and healthcare services. It currently holds 70% equity interest in the Target. Upon Completion, the Target will become a wholly-owned subsidiary of the Company. The Directors consider that the acquisition of the remaining 30% equity interest in the Target shall enable the Group to maximise its flexibility and discretion in (i) expanding the Target to extend its geographical reach beyond Shanghai and elevating and extending consumer access channels and payment solutions platform into e-commerce business of synergetic consumer financial services, in particular, into the Health Debit Card as described earlier; and (ii) implementing and integrating its business strategies of enabling and procuring better access, better communication and better connectivity in healthcare and consumer services in the PRC on an overall basis.

The Directors (excluding the independent non-executive Directors) believe that the terms of the Agreement, including the consideration of the Acquisition, are fair and reasonable and in the interest of the Company and its Shareholders as a whole. The advice and recommendation from the Independent Board Committee of the Company will be set out in the circular to the Shareholders in accordance with the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding in the Company (i) as at the date of this announcement; (ii) upon full conversion of the Convertible Notes; and (iii) upon full conversion of the Convertible Notes and the existing convertible securities of the Company, each prepared on the basis that there would be no changes in the issued share capital of the Company after the date of this announcement other than as stated in each scenario.

	As at the date of this announcement		Upon full conversion of the Convertible Notes		Upon full conversion of the Convertible Notes and the existing convertible securities of the Company (<i>Note 1</i>)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
China Healthcare Services Limited	17,541,000	7.48	17,541,000	6.97	17,541,000	4.37
Orient Access International Inc.	17,300,000	7.38	17,300,000	6.88	17,300,000	4.31
Guo Kang Pharmaceutical & Medical Supplies Limited (<i>Note 2</i>)	17,000,000	7.25	17,000,000	6.76	17,000,000	4.24
Pacific Annex Capital Limited (<i>Note 3</i>)	11,147,000	4.76	11,147,000	4.43	11,147,000	2.78
Timenew Limited (<i>Note 3</i>)	8,661,000	3.70	8,661,000	3.44	8,661,000	2.16
Dr. Li Zhong Yuan	4,635,000	1.98	4,635,000	1.84	8,260,000	2.06
Mr. Lee Jong Dae	3,026,500	1.29	3,026,500	1.20	6,626,500	1.65
2Trade Group Limited (<i>Note 4</i>)	1,295,000	0.55	1,295,000	0.51	1,295,000	0.32
Mr. Martin Treffer	250,000	0.11	250,000	0.10	1,150,000	0.29
Mr. Mu Xiangming	–	–	–	–	210,000	0.05
Dr. Ni Aimin (<i>Note 5</i>)	750,000	0.32	750,000	0.30	3,150,000	0.78
Mr. Deng Ku Hon (<i>Note 5</i>)	432,000	0.18	432,000	0.17	432,000	0.11
Subscribers	–	–	–	–	100,344,827	25.00
Mr. Hou Shu Ming	–	–	–	–	15,862,068	3.95
Vendor	–	–	17,241,379	6.85	17,241,379	4.30
Other public Shareholders	152,330,077	65.00	152,330,077	60.55	175,089,077	43.63
Total	<u>234,367,577</u>	<u>100.00</u>	<u>251,608,956</u>	<u>100.00</u>	<u>401,309,851</u>	<u>100.00</u>

Notes:

- (1) The existing convertible securities of the Company include the Preference Shares, the Existing Convertible Notes and an aggregate of 33,494,000 outstanding share options with exercise prices in the range of HK\$2.325 to HK\$8.6 each. Save as aforementioned, the Company has no other convertible securities outstanding as at the date of this announcement.
- (2) Guo Kang Pharmaceutical & Medical Supplies Limited is beneficially owned by International Health Cooperation and Exchange Centre of the Ministry of Health, the PRC, who are not connected persons of the Company or its associates.
- (3) Pacific Annex Capital Limited and Timenew Limited are wholly-owned by Dr. Li Zhong Yuan and thus Dr. Li Zhong Yuan is deemed to be interested in the Shares held by Pacific Annex Capital Limited and Timenew Limited.
- (4) 2Trade Group Limited is beneficially owned as to 35% by Mr. Martin Treffer and thus Mr. Martin Treffer is deemed to be interested in the Shares held by 2Trade Group Limited.
- (5) Being Directors within the preceding 12 months from the date of this announcement.
- (6) To the best knowledge of the Directors and information available to date, none of China Healthcare Services Limited, Orient Access International Inc., and their respective beneficial owners is connected person of the Company and China Healthcare Services Limited, Orient Access International Inc., Guo Kang Pharmaceutical & Medical Supplies Limited, Pacific Annex Capital Limited and 2Trade Group Limited are independent of each other.
- (7) In accordance with the Listing Rules, Pacific Annex Capital Limited, Timenew Limited, Dr. Li Zhong Yuan, Mr. Lee Jong Dae, 2Trade Group Limited, Mr. Martin Treffer, Dr. Ni Aimin and Mr. Deng Ku Hon are connected persons of the Company.
- (8) The Vendor is a third party independent of the Subscribers, Mr. Hou Shu Ming and any other Shareholder.

GENERAL

The Acquisition constitutes a major transaction of the Company under the Listing Rules and is subject to the approval of the Shareholders at the SGM. The Vendor is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being a substantial shareholder of the Target, which is a subsidiary of the Company. Accordingly, the Acquisition also constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders, by way of poll, at the SGM. Since none of the Vendor, parties acting in concert with it and their respective associates holds any Share as at the date of this announcement and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, no shareholder currently has any interest in the Acquisition, it is expected that no Shareholder is required to abstain from voting at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders on whether the terms of the Acquisition are fair and reasonable and in the interest of the Company and its Shareholders as a whole. An independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Acquisition.

A circular containing, among others, further details of the Acquisition, the letters from the Independent Board Committee and the independent financial adviser of the Company, together with a notice convening the SGM for approval of the Agreement will be despatched to the Shareholders in compliance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 29 February 2008, pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 5 March 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisition”	the acquisition of 30% equity interest in the Target by the Purchaser from the Vendor in accordance with the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 28 February 2008 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China HealthCare Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules

“Convertible Notes”	the convertible notes of a principal amount of HK\$20 million to be issued by the Company, as part of the consideration for the Acquisition, to the Vendor in accordance with the terms and conditions of the Agreement
“Conversion Date”	the business day immediately following the date of delivery of an effective conversion notice
“Conversion Share(s)”	the Shares to be issued by the Company pursuant to the exercise by the holder of the Convertible Notes
“Director(s)”	the director(s) of the Company
“Existing Convertible Notes”	the convertible notes of a principal amount of HK\$18.4 million issued by the Company to Mr. Hou Shu Ming as part of the consideration for the Previous Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	The independent board committee of the Company, comprising Mr. Mu Xiangming, Mr. Jiang Bo and Dr. Yan Shi Yun, established to advise the Independent Shareholders on whether the terms of the Acquisition are fair and reasonable and in the interest of the Company and its Shareholders as a whole
“Independent Shareholders”	Shareholders who are not interested or involved in the Acquisition
“Last Trading Day”	28 February 2008, being the last trading day on which the Shares were traded on the Stock Exchange before the publication of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Preference Shares”	15,000 convertible preference shares issued by the Company to the Subscribers in accordance with the terms and conditions of the subscription agreement dated 5 April 2006 entered into between the Company and the Subscribers

“Previous Acquisition”	the acquisition of 70% equity interest in the Target by the Purchaser from Mr. Hou Shu Ming and the Vendor in accordance with the terms and conditions of the sale and purchase agreement dated 6 April 2006, details of which are contained in the Company’s announcement and circular dated 28 April 2006 and 16 June 2006 respectively
“Purchaser”	Success Gateway Investments Limited (勝基投資有限公司), a wholly-owned subsidiary of the Company
“Sale Shares”	30% of the issued share capital of the Target
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Subscribers”	OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Global Special Investments Master Fund, L.P. and Fleet Maritime, Inc.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Shanghai Harvest Network Technology Co. Limited (上海德豐信息網絡技術有限公司), which is owned as to 70% by the Group as at the date of this announcement
“Target Group”	Target and its subsidiaries
“Vendor”	Panjinfenyuan Technology Investment Limited (盤錦鋒源科技投資有限公司), a company incorporated under the laws of the PRC, which is beneficially-owned as to 50% by Mr. Tian Chengwang and 50% by Mr. Li Guoming
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

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

Hong Kong, 4 March 2008

The exchange rate adopted in this announcement, for illustration purposes only, is HK\$1.00 = RMB0.917.

As at the date of this announcement, the Board comprises three executive Directors, namely, Dr. Li Zhong Yuan, Mr. Lee Jong Dae and Mr. Zhou 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.