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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)

DISCLOSEABLE TRANSACTION REGARDING ASSIGNMENT OF LOAN

On 17 December 2009, the Assignor and the Assignee entered into the Agreement, pursuant to which the Assignor has agreed to assign the Loan of RMB17.5 million to the Assignee for a total cash consideration of RMB17.5 million.

The Assignment constitutes a discloseable transaction of the Company under the Listing Rules.

THE AGREEMENT

Date

17 December 2009

Parties to the Agreement

Assignor: China Healthcare Services Investment Limited, an investment holding company incorporated in the British Virgin Islands, which is indirectly owned as to 89% by the Company.

Assignee: Newrank Limited, an investment company incorporated in the British Virgin Islands with limited liability.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, the Assignee and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

* for identification purpose only

Subject Matter

Pursuant to the Agreement, the Assignor has agreed to assign the Loan of RMB17.5 million due from BUMA, being a non wholly-owned subsidiary of the Company, to the Assignee. The Loan was advanced by the Assignor to BUMA as a shareholder's loan.

Consideration

The total consideration for the Assignment is RMB17.5 million, which shall be satisfied by payment of cash by the Assignee upon Completion.

The consideration for the Assignment was determined after arm's length negotiations between the parties to the Agreement, having regard to the carrying value of the Loan. The Directors (including the independent non-executive Directors) consider that the consideration of the Assignment is fair and reasonable and on normal commercial terms.

Completion of the Agreement

Subject to the Assignee having been satisfied with the results of the due diligence on BUMA's business operation and the Company's insolvency impact, Completion shall take place on or before 1 March 2010 or such other date as mutually agreed by the Assignor and the Assignee in writing.

REASONS FOR THE ASSIGNMENT

The Group is principally engaged in investment holding, e-commerce and healthcare services. As disclosed in the Company's announcement dated 20 May 2009, the Company has been in default to repay two convertible bonds of outstanding principals of about US\$5.5 million and HK\$20 million respectively. Given its liquidity position, the Company endeavored to implement all necessary measures to cut costs and raise additional funding for financing the operation of the Group.

BUMA is principally engaged in the provision of nationwide medical assistance services in the PRC and is owned as to 70% by the Assignor. The Loan was advanced by the Group to finance the daily operation of BUMA. BUMA's business operation in a competitive market place has been constrained by financial resources, and as such the Directors expect that the Loan will not be recovered from BUMA in the near future and consider that it is in the interest of the Company and its Shareholders to assign the Loan at its carrying value to a third party so as to provide additional funding for BUMA's business operation and the Group's general working capital.

The Directors (including the independent non-executive Directors) consider that the terms of the Assignment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ASSIGNMENT

Upon Completion, the Assignor shall receive cash of RMB17.5 million, which will immediately improve the cash position of the Group. On the other hand, the Assignment shall increase the Group's liabilities but at the level of a subsidiary (i.e. the Assignor only). No gains or losses are expected to be accrued to the Company as the consideration is equal to the carrying value of the Loan. Save for the aforementioned, the Assignment shall not have any significant financial impact on the Group. The net proceeds of RMB17.5 million shall be used for BUMA's business operation and general working capital of the Group.

GENERAL

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Assignment constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 17 December 2009 entered into between the Assignor and the Assignee in relation to the Assignment
“Assignee”	Newrank Limited
“Assignment”	the assignment of the Loan by the Assignor to the Assignee in accordance with the terms and conditions of the Agreement
“Assignor”	China Healthcare Services Investment Limited, a company incorporated in the British Virgin Islands, which is beneficially-owned as to 89% by the Company
“Board”	the board of Directors
“BUMA”	Beijing Universal Medical Assistance Co. Ltd., a company incorporated under the laws of the PRC, which is owned as to 70% by the Assignor
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the amount of RMB17.5 million owed by BUMA to the Assignor
“PRC”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 17 December 2009

As at the date of this announcement, 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 Dr. Mu Xiangming, Mr. Jiang Bo and Dr. Yan Shi Yun.