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**China HealthCare Holdings Limited**  
**中國衛生控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock code: 673)

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

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

On 29 February and 14 February 2012, Dr. Li Zhongyuan (Chairman of the Board of the Company) and Shanghai Weichang Investment and Management Consulting Co., Ltd (a subsidiary of the Company) were respectively served with a statement of claim by China Zhongfu, Shanghai Zhongfu, Anhui Anhe and Shanghai FSY against Mr. Li Zhong Yuan, Shanghai Weichang Investment and Management Consulting Co., Ltd, the Company and other 5 Defendants, in the Shanghai No. 1 Intermediate People's Court of the People's Republic of China seeking compensation for civil rights infringement allegedly based on a series of events arising from the Acquisition. The Company has received legal advice that it has not been properly served with a statement of claim at its registered address.

The claimants are seeking damages of RMB 45 Million and all the costs for this litigation collectively from the Defendants.

The Company is seeking legal advice and its intention at this time is to mount a full defence to these claims.

\* For identification purposes only

The Company shall make further announcements to keep the Shareholders informed of the progress in due course.

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

Hong Kong, 1 March 2012

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