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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)

**ANNOUNCEMENT**

Reference is made to the Company's announcement of Final Results for the Year ended 31 March 2011 dated 18 September 2011 (the "Final Results") and the Company's announcement of Interim Results for the Six Months ended 30 September 2010 dated 30 November 2010 (the "Interim Results"). Capitalized terms used herein shall have the same meaning as defined in the previous announcements unless otherwise stated or where the context otherwise requires.

During the 2011 annual auditing, the Company's auditors, Zenith CPA Limited, advised that the Company should record Shanghai Harvest's revenue based on commission income due to the new consignment agreements with effect from April 2010 between Shanghai Harvest and telecommunication operators, instead of recording gross sales amounts as revenue as before. Following the advice, the Company made the adjustments of revenue for the whole year ended 31 March 2011 in its accounts as reflected in the Final Results.

The change of revenue recording principle does decrease the Company's revenue substantially, but it does not materially affect the Company's financial position and ongoing operation such as gross profit and settlement mechanism etc.

As a result of changing revenue recording principle, the Company's audited turnover for the year ended 31 March 2011 as disclosed in the Final Results was HK\$78.4 million, which was significant lower than that in previous year. Should the new principle be adopted in the Interim Results, the revenue from the B-to-C consumer services would be restated from HK\$1,429 million to HK\$23.9 million

\* For identification purpose only

while the cost of sales from the B-to-C consumer services would be restated from HK\$1,420.5 million to HK\$15.4 million as published in the Interim Results and the gross profit remained unchanged at HK\$8.5 million.

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

Hong Kong, 1 December 2011

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