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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 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 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. A reference to the Plaintiffs or the Defendants may mean one or more of the Plaintiffs or Defendants.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 3 October 2011, the Plaintiffs and the Defendants came before the Court of First Instance and the Court directed that –

- 1 The Defendants return the HK\$44,000,000 (the "**HK Deposit**") previously advanced by the Plaintiffs to the Defendants; and
- 2 The Plaintiffs return the RMB37,928,000 (the "**RMB Deposit**") previously advanced by the Defendants to the Plaintiffs.

It is the Company's position that, upon the Defendants' request, the HK deposit was advanced by the Plaintiffs as the cash consideration for the Acquisition. Reciprocally, the RMB Deposit (being at the relevant time roughly equivalent in value to the HK Deposit) was intended to secure the performance of the Agreement by the Defendants. Following the Plaintiff's Amended Statement of Claim seeking damages arising from the Defendant's failure to complete the Acquisition and the resulting termination or rescission of the Agreement, the Court directed that these sums be returned.

* *For identification purposes only*

The RMB Deposit is held in an escrow account and its return will have no effect on the Company's current financial position.

In addition, the Court has released the parties from all undertakings previously given to the Court.

A third Plaintiff, CHC Investment Holdings Limited, was added to the proceedings.

Further announcements will be made if or when there are material developments regarding the legal proceedings. These proceedings are still in the initial stages; litigation involves risk and uncertainty as there are a number of variables outside the control of the Company, including actions taken by the other parties and decisions made by the courts and as a result there are a number of potential outcomes.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 4 October 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.