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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 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 unless otherwise stated or where the context otherwise requires.

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 26 September 2011, the parties to the legal proceedings – being the Purchaser and the Company as the 1st and 2nd Plaintiffs respectively (collectively the "**Plaintiffs**"), and the Procurer, China Zhongfu, Shanghai Zhongfu, Anhui Anhe and the two Management Guarantors being the 1st, 2nd, 3rd, 4th, 5th and 6th Defendants respectively (collectively the "**Defendants**") – came before the Court of First Instance and the Court made the following orders –

- 1 The Plaintiffs were given leave to file an Amended Statement of Claim seeking damages arising from the Defendants' failure to complete the Acquisition and the resulting termination or rescission of the Agreement and ordered to pay the costs of the Defendants occasioned by the amendments; and
- 2 The Plaintiffs agreed to provide security for costs and orders were made requiring the Plaintiffs to provide security the amount of HK\$5.6mn.

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 Court and as a result there are a number of potential outcomes.

\* For identification purposes only

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, 26 September 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.*