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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 THE COMPLETION OF 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, 13 May 2011 and 17 May 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.

In spite of the efforts made by the Company to procure the Procurer, the Vendor and Management Guarantors to complete the Acquisition, the Procurer wrote to the Company on 24 May 2011 and gave the Company formal notice to terminate the Agreement on the ground that the conditions precedent in respect of certain unspecified PRC approvals in relation to the Reorganisation and the formation of the JV, the WOFE and the Target had not been fulfilled by the extended Long Stop Date of 30 April 2011 (such term as defined in the Agreement as supplemented).

The Company strongly disagrees with position of the Procurer and maintains the position that all conditions precedent had been fulfilled or waived to the extent waivable by 28 April 2011. Despite the lapse of the extended Long Stop Date, the Procurer, the Vendor or the Management Guarantors do not have the right to terminate under the Agreement and their obligations to complete the Acquisition have become absolute and unconditional. The Company is seeking professional advice in order to evaluate its options and to protect its interests.

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

Hong Kong, 24 May 2011

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

\* *For identification purposes only*