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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
AND
UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS**

The Company is resolving the disagreement with the Procurer on the fulfillment of the conditions precedent for the Acquisition and shall make further announcements to keep the Shareholders informed of the progress of the Completion if necessary.

The Board has noted the increase in trading volume and the price fluctuation of the Shares today. Save as disclosed herein, the Board is not aware of any reasons for such increase and fluctuation.

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 and 2 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.

As disclosed in the Company's announcement dated 2 May 2011, all the conditions precedent for the Completion have been satisfied or waived to the extent waivable. However, the Procurer is of the view that the condition regarding the due approval and completion of the Reorganization and the condition regarding the approval from government authorities for the JV and the WFOE have not been satisfied. The Board disagrees with the Procurer's view and is of the view that the requisite approvals for completion of the Reorganization and the formation of the JV and the WFOE have in fact been granted.

The Company is resolving the disagreement with the Procurer on the aforesaid matter and shall make further announcements to keep the Shareholders informed of the progress of the Completion if necessary.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

This statement is made at the request of the Stock Exchange.

The Board has noted the increase in the trading volume and the price fluctuation of the Shares today and wish to state that, save as disclosed above, the Board is not aware of any reasons for such increase and fluctuation.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this statement.

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

Hong Kong, 13 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*