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**HUA XIA HEALTHCARE HOLDINGS LIMITED**

**華夏醫療集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8143)**

**COMPLETION OF ACQUISITION OF  
EQUITY INTERESTS IN AND SHAREHOLDERS' LOAN OF  
DAY VIEW GROUP LIMITED  
AND  
LETTER OF INTENT IN RESPECT OF  
PROPOSED ACQUISITION**

**COMPLETION OF ACQUISITION**

Reference is made to the announcement of the Company dated 15 June 2006 where the Board announced the acquisition of the Sale Shares and the Sale Loan from Mr. Wu Wendong by Grand Brilliant, a wholly-owned subsidiary of the Company. The Board is pleased to announce that the acquisition of the Sale Shares and the Sale Loan was completed on 24 November 2006, being the third business day after all conditions precedent of the Acquisition have been fulfilled. As at the date of this announcement, Grand Brilliant is interested in approximately 76% of the issued share capital and the shareholders' loan of Day View Group Limited and that Mr. Wu Wendong, being the vendor to the Sale Shares and the Sale Loan, is interested in 17.96% of the issued share capital of the Company as enlarged by the allotment and issue of 126,000,000 consideration shares pursuant to the Acquisition and becomes a substantial shareholder of the Company. Immediately after the completion of the Acquisition, Day View Group Limited has become a non wholly-owned subsidiary of the Company.

**LETTER OF INTENT IN RESPECT OF PROPOSED ACQUISITION**

The Board is pleased to announce that on 24 November 2006, the Company, as the Purchaser, entered into the LOI with the Vendor and Fuzhou Taijiang Hospital (福州台江醫院) in relation to the proposed acquisition of 60% equity interests in Fuzhou Taijiang Hospital (福州台江醫院).

Fuzhou Taijiang Hospital (福州台江醫院) is a privately-run hospital established in the PRC which provides general hospital services including surgery, obstetrics and gynecology, orthopedics, urology and lavement.

\* for identification purpose only

This announcement in respect of the Proposed Acquisition is made in accordance with Rule 17.10 of the GEM Listing Rules.

**The Board wishes to emphasize that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.**

## **COMPLETION OF ACQUISITION**

Reference is made to the announcement of the Company dated 15 June 2006 where the Board announced the acquisition of the Sale Shares and the Sale Loan from Mr. Wu Wendong by Grand Brilliant, a wholly-owned subsidiary of the Company. The Board is pleased to announce that the acquisition of the Sale Shares and the Sale Loan was completed on 24 November 2006, being the third business day after all conditions precedent of the Acquisition have been fulfilled. On the date of completion of the Acquisition, the Sale Loan comprises shareholders' loan of approximately HK\$15,179,000 owed by Day View Group Limited to its then existing shareholders. As at the date of this announcement, Grand Brilliant is interested in approximately 76% of the issued share capital and the shareholders' loan of Day View Group Limited and that Mr. Wu Wendong, being the vendor to the Sale Shares and the Sale Loan, is interested in approximately 17.96% of the issued share capital of the Company as enlarged by the allotment and issue of 126,000,000 consideration shares pursuant to the Acquisition and becomes a substantial shareholder of the Company. After the completion of the Acquisition, Day View Group Limited has become a non wholly-owned subsidiary of the Company.

## **LETTER OF INTENT IN RESPECT OF PROPOSED ACQUISITION**

Date: 24 November 2006

- Parties:
- (i) Purchaser
  - (ii) the Vendor, who will have or will procure to have a majority control in Fuzhou Taijiang Hospital (福州台江醫院) upon completion of the Reorganisation, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and its connected persons under the GEM Listing Rules
  - (iii) Fuzhou Taijiang Hospital (福州台江醫院), is a privately-run hospital established in Fuzhou, the PRC which, together with its associates, to the best of Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons under the GEM Listing Rules

## **Major terms of the LOI**

Under the LOI, it is proposed that the Purchaser will acquire 60% equity interests in Fuzhou Taijiang Hospital (福州台江醫院) from the Vendor. Fuzhou Taijiang Hospital (福州台江醫院) is a privately-run hospital established in the PRC which provides general hospital services including surgery, obstetrics and gynecology, orthopedics, urology and lavement in Fuzhou, the PRC.

Under the LOI, the Purchaser, the Vendor and the Fuzhou Taijiang Hospital (福州台江醫院) will proceed to negotiate for a legally binding Formal Agreement on or before 31 March 2007 (or such later date to be agreed by the parties). The entering into of the legally-binding Formal Agreement will be subject to conditions including, inter alia, (i) the preliminary satisfaction to the results of the due diligence (on the financial and legal aspects) of Fuzhou Taijiang Hospital (福州台江醫院) by the Purchaser; (ii) the preliminary assessment on the feasibility of the Reorganisation by the Company and (iii) any other conditions as required. It is also agreed that the Vendor will not, prior to 31 March 2007 (or such later date to be agreed by the parties), enter into any negotiations with any third party for the disposal of such equity interests or any major assets of Fuzhou Taijiang Hospital (福州台江醫院).

The aggregate consideration for the Proposed Acquisition which together with other major terms of the cooperation, including but not limited to the exact percentage of equity interests in Fuzhou Taijiang Hospital (福州台江醫院) to be acquired, have not yet been determined as at the date of this announcement, all of which shall be subject to further negotiation between the parties thereto.

The LOI does not constitute any legally-binding commitment in respect of the Proposed Acquisition. The Proposed Acquisition will be subject to the execution and completion of the Formal Agreement.

The Proposed Acquisition, if entered into, may or may not constitute a notifiable transaction pursuant to the GEM Listing Rules.

Further announcement in respect of the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

### **Fuzhou Taijiang Hospital (福州台江醫院)**

Fuzhou Taijiang Hospital (福州台江醫院) is a privately-run hospital established in the PRC which provides general hospital services including surgery, obstetrics and gynecology, orthopedics, urology and lavement in Fuzhou, the PRC. It is a second-tier general hospital which possesses specialists and is equipped with advanced medical equipments and facilities for medical treatments.

## **Reasons for the Proposed Acquisition**

The Group is principally engaged in the provision of healthcare and hospital management services in the PRC. In addition, it is engaged in the manufacture and sales of environmental protection products as well as provision of related services, manufacture and sales of melamine and its related products.

As disclosed in the Annual Report 2005/06, under the environment of fast economic growth in the PRC and more people becoming aware of the importance of health, the Directors believe that the healthcare market in the PRC provides abundant business opportunities for the Group in the future. Therefore, the Directors believe that potential investments in healthcare sector in the PRC will provide a stable income source to the Group and will bring synergistic effect and positive return to the existing environmental business of the Company. In order to explore more business opportunities in the promising healthcare sector in the PRC, the Directors intend to seek possible future investments in or cooperations with hospitals in the PRC (including but not limited to taking equity interests in hospitals in the PRC which the Directors believe will have growth potential) and to consider undertaking those businesses which are complimentary to the existing business. As disclosed in the joint announcement of the Company and Town Health International dated 19 October 2006, the Company has entered into a nonlegally binding letter of intent with Town Health International with an objective to leveraging the resources and expertise of Town Health International and the Company in their cooperative development in the medical and healthcare related business in the PRC. As a further step to acquire equity interests in hospitals in the PRC with growth potentials, the Company entered into the LOI with the Vendor and Fuzhou Taijiang Hospital (福州台江醫院).

While developing the business in the healthcare market in the PRC, the Group will continue to pursue its principal business in the environmental business.

This announcement in relation to the Proposed Acquisition is made in accordance with Rule 17.10 of the GEM Listing Rules.

**The Board wishes to emphasize that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As the Proposed Acquisition may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan made pursuant to the conditional sale and purchase agreement dated 12 June 2006 entered into between Grand Brilliant and Mr. Wu Wendong as disclosed in an announcement of the Company dated 15 June 2006
“Annual Report 2005/06”	annual report dated 27 June 2006 for the year ended 31 March 2006 of the Company
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Hua Xia Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the sale and purchase agreement which may or may not be entered into in relation to the Proposed Acquisition
“Fuzhou Taijiang Hospital”	Fuzhou Taijiang Hospital Company Limited (福州台江醫院有限公司), a privately-run hospital established in Fuzhou, the PRC
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Grand Brilliant”	Grand Brilliant Corporation Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“LOI”	the non-legally binding letter of intent dated 24 November 2006 entered into among the Purchaser, the Vendor and Fuzhou Taijiang Hospital (福州台江醫院) setting out the basic understanding in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Proposed Acquisition”	the proposed acquisition of 60% equity interests to be held by the Vendor in the registered capital of Fuzhou Taijiang Hospital (福州台江醫院) after completion of the Reorganisation
“Purchaser”	the Company
“Reorganisation”	the restructuring of Fuzhou Taijiang Hospital (福州台江醫院) which includes, among other matters, the completion of the transformation of Fuzhou Taijiang Hospital (福州台江醫院) into a sino-foreign enterprise in the PRC
“Sale Loan”	76% of all obligations, liabilities and debts owing or incurred by Day View Group Limited to its then existing shareholders comprising Mr. Wu Wendong and a minority shareholder, whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion of the Acquisition
“Sale Shares”	760 shares of US\$1.00 each in the share capital of the Day View Group Limited, representing 76% of the issued share capital of the Day View Group Limited and is legally and beneficially owned by Mr. Wu Wendong
“Shareholder(s)”	holder(s) of existing Shares
“Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Town Health International”	Town Health International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Vendor”	林國雄先生 (transliterated as Mr. Lin Guo Xiong) who will have or will procure to have a majority control (whether directly or indirectly) in Fuzhou Taijiang Hospital (福州台江醫院) following completion of the Reorganisation
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

By order of the Board  
**Hua Xia Healthcare Holdings Limited**  
**Yung Kwok Leong**  
*Chairman*

Hong Kong, 24 November 2006

*As at the date of this announcement, the executive Directors are Mr. Yung Kwok Leong, Ms. Shum Ngai Pan, Mr. Chen Jin Shan and Mr. Weng Jiaxing. The independent non-executive Directors are Mr. Chan Francis Ping Kuen, Mr. Hsu Shiu Foo, William and Mr. Yu Chai Mei.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcement” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of the Company at [www.huaxia-healthcare.com](http://www.huaxia-healthcare.com).*