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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)

**(1) MAJOR TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST
AND THE SUBSCRIPTION OF NEW SHARES IN A COMPANY
INVOLVING ISSUE OF CONSIDERATION SHARES AND
CONVERTIBLE NOTES;
(2) PLACING OF NEW SHARES;
(3) APPOINTMENT OF NON-EXECUTIVE DIRECTOR; AND
(4) RESUMPTION OF TRADING**

Placing Agent



新鴻基金融集團

SUN HUNG KAI FINANCIAL

Financial adviser to the Company



INCU Corporate Finance Limited

THE PROPOSED ACQUISITION AND THE SUBSCRIPTION

On 13 March 2007, the Purchaser entered into the Agreement with the Vendor pursuant to which the Purchaser agreed to i) acquire from the Vendor the Sale Shares and Sale Loan; and (ii) subscribe for the Subscription Shares, for a total consideration of HK\$157,300,000.

The total consideration for the Sale Shares, the Sale Loan and the Subscription Shares of HK\$157,300,000, shall be settled by the Purchaser in forms of cash, Consideration Shares, Convertible Notes and Promissory Note.

* *for identification purpose only*

The Target Group upon completion of the Target Group Reorganisation, will be principally engaged in consultancy, investment, research and development of medical management information systems and the provision of medical services in the PRC.

The Proposed Acquisition and the Subscription, in aggregate, constitute a major transaction for the Company under the GEM Listing Rules and are subject to the approval of the Shareholders at the EGM. The EGM will be convened at which resolutions will be proposed to seek the approval of, among other things, the Proposed Acquisition, the Subscription and the matters contemplated thereunder, by the Shareholders.

PLACING OF NEW SHARES

On 13 March 2007, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of not more than 200,000,000 Placing Shares, on a best effort basis, at an issue price of HK\$0.352 per Share to not less than six placees who will be professional, institutional and/or corporate, or individual investors and Independent Third Parties.

The Placing Shares represent (i) approximately 18.48% of the existing issued share capital of the Company; (ii) approximately 15.60% of the total issued share capital of the Company as enlarged by the Placing Shares; (iii) approximately 13.77% of the total issued share capital of the Company as enlarged by the Placing Shares and the allotment and issue of the Consideration Shares; (iv) approximately 12.94% of the total issued share capital of the Company as enlarged by the Placing Shares and the allotment and issue of the Consideration Shares and the Conversion Shares. Assuming all the Placing Shares are successfully placed, the estimated net proceeds from the Placing will be approximately HK\$67.9 million which will be used for (i) partial payment of the Total Consideration; (ii) future business development of the Group; and (iii) general working capital of the Group.

GENERAL

A circular containing details of, among other things, the Proposed Acquisition, the Subscription and a notice to convene the EGM will be despatched as soon as practicable to the Shareholders in compliance with the GEM Listing Rules.

As Completion of the Proposed Acquisition and the Subscription and Completion of the Placing are subject to a number of conditions precedent, the Proposed Acquisition, the Subscription and the Placing may or may not proceed. The Shareholders and the public should exercise caution in dealing in the securities of the Company.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board wishes to announce that Dr. Wong Yu Man, James has been appointed as a non-executive director of the Company with effect from 20 March 2007.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 14 March 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 21 March 2007.

1. THE PROPOSED ACQUISITION AND THE SUBSCRIPTION

INTRODUCTION

On 13 March 2007, the Purchaser entered into the Agreement with the Vendor pursuant to which the Purchaser agreed to i) acquire from the Vendor the Sale Shares and the Sale Loan; and (ii) subscribe for the Subscription Shares, for a total consideration of HK\$157,300,000.

THE AGREEMENT

Date: 13 March 2007

Parties: (i) Purchaser:

Wisdom Rise Group Limited, a wholly-owned subsidiary of the Company; and

(ii) Vendor:

Mr. Lau Kam Shui, who currently owns 100% direct interest in the Target.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement,

- (i) the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Shares, being 1,163 shares of US\$1.00 each in the share capital of the Target, representing its entire issued share capital as at the date of the Agreement and the Sale Loan; and

- (ii) the Purchaser agreed to subscribe and the Target agreed to issue and allot the Subscription Shares, being 410 shares of US\$1.00 each in the share capital of the Target.

As at the date of the Agreement, the amount of Sale Loan is nil. There will be no adjustments to be made to the Total Consideration in case the Sale Loan will not be nil in balance at Completion of the Proposed Acquisition and the Subscription and there is no restriction of the Target Group to incur any Sale Loan after the entering into the Agreement.

Upon completion of the Target Group Reorganisation as further elaborated below, the Target Group will comprise, among other members of the Target Group, two major operating subsidiaries, namely Maidisen and its 55% subsidiary, Edward Hospital. Details about the business activities carried out by the Target Group are set out under the sub-heading “Group Structure” and further elaborated under the heading “Information on the Target Group” below.

Consideration

The total consideration for the Sale Shares, the Sale Loan and the Subscription Shares is HK\$157,300,000, of which HK\$116,300,000 will be payable for the Sale Shares and the Sale Loan and HK\$41,000,000 will be payable for the Subscription Shares. The total consideration for the Sale Shares and the Sale Loan shall be payable in the following manner:

- (i) as to HK\$11,250,000 (being the Deposit) to be paid by the Purchaser as Deposit within seven Business Days after signing of the Agreement;
- (ii) as to HK\$59,952,640 by procuring the Company to allot and issue the Consideration Shares at an issue price of HK\$0.352 per Consideration Share upon Completion of the Proposed Acquisition and the Subscription;
- (iii) as to HK\$33,000,000 by procuring the Company to issue the Convertible Notes upon Completion of the Proposed Acquisition and the Subscription; and
- (iv) as to the remaining HK\$12,097,360 by procuring the Company to issue the Promissory Note upon Completion of the Proposed Acquisition and the Subscription.

Details of the Consideration Shares, the Convertible Notes and the Promissory Note are further elaborated under the headings “Terms of Consideration Shares”, “Terms of Convertible Notes” and “Terms of Promissory Note” below.

The Deposit has been paid on 16 March 2007.

The total consideration for the Subscription Shares shall be HK\$41,000,000 (being the Subscription Price) which shall be payable by cash within two Business Days from either (i) the date of obtaining of the approval in principle on the Target Group Reorganisation from the relevant authority; or (b) date of Completion of the Placing, whichever is later.

In the event that the Placing cannot be completed or the amount of funds raised from the Placing is not sufficient to cover the Subscription Price, additional promissory notes will be issued on Completion of the Proposed Acquisition and Subscription to cover any shortfall.

The Refundable Payment (i.e. the aggregate of the Deposit and the Subscription Price) will be refunded to the Purchaser by the Vendor if the Agreement is terminated in accordance with its terms in particular, for non satisfaction of conditions set out under the heading “Conditions Precedent” below. If the termination of the Agreement is due to default of the Vendor, the Refundable Payment shall be refunded with interest of 1% per month to be accrued thereon from the date of receipt of the Refundable Payment until full refund of the Refundable Payment.

Further announcement will be made by the Company in the event that the Placing and/or the Agreement is terminated.

The Total Consideration, including the payment terms, was determined after arm’s length negotiation between the Purchaser and the Vendor after having considered: (i) the Profit Guarantee given by the Vendor; (ii) reasons for the Proposed Acquisition and the Subscription as elaborated further under the heading “Reasons for the Proposed Acquisition and the Subscription”; (iii) the future prospect of the business of the Target Group; and (iv) the P/E ratios of a number of local listed companies engaging in business similar to the Target Group ranging from about 10.44 times to 20.49 times. The Total Consideration represents a price earning multiple of approximately 13.11 times of the Guaranteed Profit (as defined below) which is at approximately the mid-point of the range. The Directors consider the Total Consideration and the relevant payment terms to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Group intends to finance the cash portion of the Total Consideration by (i) internal resources of the Group; (ii) net proceeds raised from the open offer which has been completed in February 2007; and (iii) net proceeds from the Placing.

Profit Guarantee

In the Agreement, the Vendor guaranteed and warranted to the Purchaser that the audited consolidated net profit after taxation and extraordinary or exceptional items and minority interests of the Target Group for the year ending 31 March 2008 (the “**Net Profit**”) shall not be less than HK\$12,000,000 (the “**Guaranteed Profit**”). In the event the Guaranteed Profit is not achieved, the amount of Total Consideration will be adjusted downwards by setting off against the payment obligations of the Company under the Convertible Notes and/or the Promissory Note on a dollar for dollar basis for an amount equivalent to the difference between the Net Profit and the Guaranteed Profit at the option of the Purchaser.

If the Target Group records a net loss in its audited consolidated accounts for the year ending 31 March 2008 (“**Net Loss**”), the compensation amount under the Profit Guarantee will be the aggregation of the amount of Net Loss (expressed in positive figure) and the amount of the Guaranteed Profit.

Further announcement will be made by the Company in the event that the Guaranteed Profit cannot be fulfilled.

Conditions precedent

Completion of the Proposed Acquisition and the Subscription is subject to, among other things, the following conditions having been fulfilled or waived (as the case may be):

- (a) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser and the Target in respect of the sale and purchase of the Sale Shares, the Sale Loan and the Subscription Shares as well as the matters contemplated thereunder having been obtained;
- (b) the warranties in respect of the operation of the Target Group given by the Vendor under the Agreement remaining true and accurate in all respects;
- (c) the passing by the Shareholders at the EGM of an ordinary resolution to approve the Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares credited as fully paid, the issue of the Convertible Notes and the Promissory Note to the Vendor;
- (d) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) in relation to the validity and legality of the incorporation of Maidisen and Edward Hospital and their operations as going concern entities and the transactions contemplated under the Agreement, as well as the transformation of Maidisen into a wholly foreign owned enterprise;
- (e) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the Conversion Shares; and
- (g) the completion of the Target Group Reorganisation.

Only conditions (b) and (e) are waivable by the Purchaser under the Agreement. The Purchaser has no current intention to waive any of such conditions.

The Agreement further provides that should the satisfaction of all of the above conditions, if not waived by the Purchaser, not occur on or before 90 days from the date of Agreement, that is 11 June 2007, or such later date as the Purchaser and the Vendor may agree in writing, the Agreement shall terminate and neither party shall have any liability to the other except for antecedent breaches of the Agreement and the obligation to return the Refundable Payment.

Completion

Completion of the Proposed Acquisition and the Subscription shall take place at 4:00 p.m. within three Business Days after all the conditions of the Agreement having been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser.

In the event that Completion of the Proposed Acquisition and the Subscription does not take place, the Vendor shall refund the Refundable Payment to the Purchaser pursuant to the Agreement. If the non-completion is due to default of the Vendor, the Refundable Payment shall be refunded with interest of 1% per month to be accrued thereon from the date of receipt of the Refundable Payment until full refund of the Refundable Payment.

Completion of the Proposed Acquisition and the Subscription is not conditional upon Completion of the Placing.

TERMS OF CONSIDERATION SHARES

The Consideration Shares will be issued at an issue price of HK\$0.352 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to receive all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares represent:

- (i) approximately 15.74% of the existing issued share capital of the Company;
- (ii) approximately 13.28% of the total issued share capital of the Company as enlarged by the Placing Shares;
- (iii) approximately 11.73% of the total issued share capital of the Company as enlarged by the Placing and the allotment and issue of the Consideration Shares; and
- (iv) approximately 11.02% of the total issued share capital of the Company as enlarged by the Placing and the allotment and issue of the Consideration Shares and the Conversion Shares.

The issue price of HK\$0.352 per Consideration Share represents:

- (i) a discount of approximately 17.18% to the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on 13 March 2007, being the date of the Agreement;
- (ii) a discount of approximately 20.54% to the average closing price of approximately HK\$0.443 per Share for the five consecutive trading days up to and including 13 March 2007, being the date of the Agreement;
- (iii) a discount of approximately 13.94% to the average closing price of HK\$0.409 per Share for the ten consecutive trading days up to and including 13 March 2007, being the date of the Agreement; and
- (iv) a premium of approximately 238.46% over the unaudited net asset value per Share of HK\$0.104 based on the unaudited consolidated accounts of the Group as of 30 September 2006.

The issue price per Consideration Share was determined after arm's length negotiation between the Purchaser and the Vendor after having considered: (i) the lock-up period for the Consideration Shares; (ii) the trading prices of the Shares; and (iii) the dilution impact of the Placing on the Consideration Shares. The Directors consider the issue price per Consideration Share to be fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Non-disposal of Consideration Shares

The Vendor undertakes to and covenants with the Purchaser that, it will not, within the period commencing on the date of issue of the Consideration Shares and ending on the date falling six months after the date of issue of the Consideration Shares, transfer or otherwise dispose of or create any encumbrance or other rights in respect of any of the Consideration Shares except with the prior written consent of the Purchaser.

Application for listing

Application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

The Board will seek approval from the Shareholders at the EGM for the grant of a specific mandate for the issue and allotment of Consideration Shares.

TERMS OF CONVERTIBLE NOTES

Issuer

The Company

Principal amount

HK\$33,000,000

Interest

The Convertible Notes will bear interest of 2% per annum, payable semi-annually in arrears.

Maturity

The second anniversary from the date of issue of the Convertible Notes. Unless previously redeemed, converted or cancelled as provided in the instrument pursuant to which the Convertible Notes are to be issued, the outstanding principal amount of the Convertible Notes on the maturity date shall be repaid.

Conversion

The Noteholder(s) may convert the whole or part (in integral multiples of HK\$5,000,000) of the principal amount of the Convertible Notes into new Shares at the Conversion Price during the period commencing from the date of issue of the Convertible Notes up to 4:00 p.m. on the day immediately prior to and exclusive of the maturity date.

Conversion Price

The initial Conversion Price of HK\$0.352 per Conversion Share is subject to adjustment based on prescribed formulas as set out in the instrument creating the Convertible Notes for the happening of the following adjustment events:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);

- (iii) a capital distribution in cash or in specie other than out of distributable profits of the Company being made by the Company, whether on a reduction of capital or otherwise, to Shareholders in their capacity as such;
- (iv) an offer or grant being made by the Company to the Shareholders by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price per Share which is less than 80% of the average closing price of one Share on the Stock Exchange for the last five Business Days on which dealings in the Shares took place ending on the last such dealing day preceding the day on or as of which the market price of the Shares is to be ascertained;
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share is less than 80% of the average closing price of one Share on the Stock Exchange for the last five Business Days on which dealings in the Shares took place ending on the last such dealing day preceding the day on or as of which the market price of the Shares is to be ascertained, or the terms of any such rights of conversion, exchange or subscription attached to any such securities being modified so that the total effective consideration per Share is less than 80% of such average closing price;
- (vi) an issue of Shares being made wholly for cash at a price less than 80% of the average closing price of one Share on the Stock Exchange for the last five Business Days on which dealings in the Shares took place ending on the last such dealing day preceding the day on or as of which the market price of the Shares is to be ascertained; and
- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share less than 80% of the of the average closing price of one Share on the Stock Exchange for the last five Business Days on which dealings in the Shares took place ending on the last such dealing day preceding the day on or as of which the market price of the Shares is to be ascertained.

No adjustment shall however be made in respect of:

- (i) an issue of fully paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including any conversion of the Convertible Notes) to acquire Shares;
- (ii) an issue of Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or carrying rights to acquire, Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share scheme;

- (iii) an issue by the Company of Shares or by the Company or any subsidiary of the Company of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
- (iv) an issue of fully paid Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or carrying rights to acquire Shares; or
- (v) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the instrument creating the Convertible Notes) of such Shares is not more than 120% of the amount of dividend which holders of the Shares could elect to or would otherwise receive in cash.

Every adjustment to the Conversion Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank.

The initial Conversion Price of HK\$0.352 per Conversion Share, which is equivalent to the issue price of the Consideration Shares, represents:

- (i) a discount of approximately 17.18% to the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on 13 March 2007, being the date of the Agreement;
- (ii) a discount of approximately 20.54% to the average closing price of approximately HK\$0.443 per Share for the five consecutive trading days up to and including 13 March 2007, being the date of the Agreement;
- (iii) a discount of approximately 13.94% to the average closing price of HK\$0.409 per Share for the ten consecutive trading days up to and including 13 March 2007, being the date of the Agreement; and
- (iv) a premium of approximately 238.46% over the unaudited net asset value per Share of HK\$0.104 based on the unaudited consolidated accounts of the Group as of 30 September 2006.

The initial Conversion Price was determined by the Purchaser and the Vendor on an arm's length basis with reference to (i) the issue price per Consideration Share; (ii) the current market prices of the Shares; and (iii) the duration of the Convertible Notes.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Notes in the aggregate principal amount of HK\$33,000,000 at the initial Conversion Price of HK\$0.352 per Conversion Share, the Company will issue an aggregate of 93,750,000 Conversion Shares, representing approximately:

- (i) 8.66% of the existing issued share capital of the Company;
- (ii) 7.31% of the total issued share capital of the Company as enlarged by the Placing Shares;
- (iii) 6.45% of the total issued share capital of the Company as enlarged by the Placing Shares and the allotment and issue of the Consideration Shares;
- (iv) 6.06% of the total issued share capital of the Company as enlarged by the Placing Shares and the allotment and issue of the Consideration Shares and the Conversion Shares.

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares then in issue.

Pursuant to the instrument constituting the Convertible Notes, the holder(s) of such Convertible Notes may convert the Convertible Notes into Conversion Shares up to a limit of not more than 20% of the then total issued share capital of the Company (including the Shares already held by such Noteholder(s) if any).

There are no restrictions on the subsequent disposal of the Conversion Shares.

Early redemption

The Company may, at its option, redeem the Convertible Notes in whole or in part of the amount to be redeemed by giving a prior ten (10) Business Days' written notice to the Noteholder(s), at any time commencing from six (6) months after the date of issue of the Convertible Notes and up to the date immediately prior to the maturity date.

Status of the Convertible Notes

The Convertible Notes constitute direct, general, unconditional and unsecured obligations of the Company and rank *pari passu* and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Transferability

The Convertible Notes may be transferred or assigned in whole or in part in integral multiples of HK\$5,000,000 and in whole only if the outstanding amount of the Convertible Notes is less than or equal to HK\$5,000,000 by the Noteholder(s) to any party other than a connected person of the Company.

Voting rights

The Convertible Notes do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Convertible Notes.

Application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

The Board will seek approval from the Shareholders at the EGM for the grant of a specific mandate for the issue and allotment of the Conversion Shares.

TERMS OF PROMISSORY NOTE

Issuer

The Company

Principal amount

HK\$12,097,360

Interest

The Promissory Note will carry interest at 2% per annum payable semi-annually in arrears.

Maturity

Two years from the date of issue of the Promissory Note.

Early repayment

The Company may, at its option, repay the Promissory Note in whole or in part in integral multiples of HK\$5,000,000 by giving a prior ten Business Days' written notice to the Vendor, commencing on the date three months after the date of issue of the Promissory Note and up to the date immediately prior to the maturity date. There will not be any premium or discount to the payment obligations under the Promissory Note for any early repayment.

Assignment

The Promissory Note may be transferred or assigned in whole or in part in integral multiples of HK\$5,000,000 and in whole only if the outstanding amount of the Promissory Note is less than or equal to HK\$5,000,000 by the holder of the Promissory Note to any party other than a connected person of the Company.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the date of this announcement, immediately after Completion of the Placing but before issue of the Consideration Shares, immediately after issue of the Consideration Shares but before issue of the Placing Shares, immediately after issue of the Placing Shares and the Consideration Shares but before the issue of the Conversion Shares as well as immediately after issue of the Placing Shares, the Consideration Shares and the Conversion Shares (assuming full conversion of the Convertible Notes) at the initial Conversion Price:

	As at the date of this announcement		Immediately after Completion of the Placing but before issue of the Consideration Shares		Immediately after issue of the Consideration Shares but before issue of the Placing Shares		Immediately after 1) Completion of the Placing; and 2) issue of the Consideration Shares but before issue of the Conversion Shares		Immediately after 1) Completion of the Placing; 2) issue of the Consideration Shares; and 3) issue of the Conversion Shares (assuming full conversion of the Convertible Notes) at the initial Conversion Price	
	No. of Shares held	Approx. share-holding %	No. of Shares held	Approx. share-holding %	No. of Shares held	Approx. share-holding %	No. of Shares held	Approx. share-holding %	No. of Shares held	Approx. share-holding %
Easeglory Holdings Limited & Mr. Yung Kwok Leong (Note 1)	270,393,500	24.99	270,393,500	21.09	270,393,500	21.59	270,393,500	18.62	270,393,500	17.49
Ms. Shum Ngai Pan (Note 2)	5,400,000	0.50	5,400,000	0.42	5,400,000	0.43	5,400,000	0.37	5,400,000	0.35
Mr. Weng Jiaying (Note 2)	5,625,000	0.52	5,625,000	0.44	5,625,000	0.45	5,625,000	0.39	5,625,000	0.36
Mr. Wu Wendong (Note 3)	189,000,000	17.47	189,000,000	14.74	189,000,000	15.09	189,000,000	13.01	189,000,000	12.22
The Vendor	–	–	–	–	170,320,000	13.60	170,320,000	11.73	264,070,000	17.08
The Placing Agent/ placees	–	–	200,000,000	15.60	–	–	200,000,000	13.77	200,000,000	12.94
Public	611,678,700	56.52	611,678,700	47.71	611,678,700	48.84	611,678,700	42.11	611,678,700	39.56
Total:	1,082,097,200	100.00	1,282,097,200	100.00	1,252,417,200	100.00	1,452,417,200	100.00	1,546,167,200	100.00

Note:

1. Mr. Yung Kwok Leong, being an executive Director and the chairman of the Company, is interested in 6,187,500 Shares and Easeglory, a company wholly owned by Mr. Yung Kwok Leong, is interested in 264,206,000 Shares.
2. Ms. Shum Ngai Pan is an executive Director and the chief executive officer of the Company. Mr. Weng Jiaying is an executive Director.
3. Mr. Wu Wendong is a substantial Shareholder and is a director of three non-wholly owned subsidiaries of the Company.

The Vendor will become a new substantial shareholder (as defined under the GEM Listing Rules) of the Company as a result of the issue of Consideration Shares upon Completion of the Proposed Acquisition and the Subscription. Neither the Vendor has any present intention nor does the Agreement confer any right to the Vendor to nominate any representative to the Board as a result of the Proposed Acquisition and Subscription.

As at the date of this announcement, none of the Shareholders together with their respective concert parties holds Shares representing 30% or more of the issued share capital of the Company. Based on the number of Placing Shares, Consideration Shares and Conversion Shares to be issued, there will not be any persons who together with his/her/its concert parties holding Shares representing 30% or more of the issued share capital of the Company upon completion of the issue of the Placing Shares, the Consideration Shares and the Conversion Shares.

INFORMATION ON THE TARGET GROUP

The Target is an investment holding company. The Target Group, upon completion of the Target Group Reorganisation, will be principally engaged in consultancy, investment, research and development of medical management information systems and the provision of medical services in the PRC. The Target Group will comprise the Target, being the ultimate holding company which holds 100% direct and indirect interests in Asia Vantage Investments Limited and Maidisen respectively with the latter owning 55% equity interests in Edward Hospital upon completion of the Target Group Reorganization. The Target, Asia Vantage Investments Limited and Maidisen have not been carrying out operations since their respective dates of incorporation/establishment.

Maidisen was established as a private company on 27 December 2006 in the PRC. On 31 January 2007, Maidisen acquired 55% equity interest in Edward Hospital. Although Maidisen has not had any business as at the date of this announcement, Maidisen will become one of the major operating subsidiaries of the Target Group upon completion of the Target Group Reorganisation and it is intended to engage in consultancy, investment, research and development of medical management information systems. Asia Vantage Investments Limited entered into an agreement to acquire 100% equity interest in Maidisen on 24 February 2007.

Edward Hospital, being another major operating subsidiary of the Target Group, is a privately-run hospital established in Chongqing, the PRC on 25 May 2005, which provides general hospital services including but not limited to medicine ward, surgical ward, cosmetic surgery, dermatology department and medical checkup and examination.

Set out below is a summary of the key financial data of Maidisen based on the unaudited consolidated management accounts of Maidisen for the period from the date of its incorporation (i.e. 27 December 2006) up to 31 January 2007 as provided by the Vendor which has been prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the period ended 31 January 2007 from the date of incorporation
	<i>RMB</i> (unaudited)
Loss before tax for the period	(846)
Loss after tax for the period	(846)
	As at 31 January 2007
	<i>RMB</i> (unaudited)
Net assets value	49,636,497

Set out further below is a summary of the key financial data of Edward Hospital based on its unaudited management accounts for the periods ended 31 December 2006 as provided by the Vendor which has been prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the period ended 31 December 2005	For the year ended 31 December 2006
	<i>RMB</i>	<i>RMB</i>
Loss before tax for the period/year	(14,777,291)	(12,162,525)
Loss after tax for the period/year	(14,777,291)	(12,162,525)

	As at 31 December 2005 RMB	As at 31 December 2006 RMB
Net liabilities	4,777,291	8,761,674

As confirmed with the Vendor, after completion of the acquisition of 55% equity interest in Edward Hospital by Maidisen on 31 January 2007, the registered capital of Edward Hospital has been increased from RMB10,000,000 to RMB40,000,000 through additional capital injection from both existing and new shareholders (including Maidisen) of Edward Hospital.

Upon Completion of the Proposed Acquisition and the Subscription, the Directors do not expect there will be any material change to the customer profiles, operation and quality of services provided by Maidisen and Edward Hospital to its customers and the Directors have no current intention to materially change the existing management team thereof except for the changes to the compositions of the board of directors of the Target Group to obtain board control. The Board considers that with the continuation of service of the existing management team of the Target Group, which has sufficient knowledge and experience in the management and business of the Target Group, couple with a number of executive Directors, who also have sufficient knowledge and experience in the healthcare industry and the new appointment of Dr. Wong Yu Man, James, as a non-executive Director (as further mentioned below), the Group is well equipped to carry on the business of the Target Group.

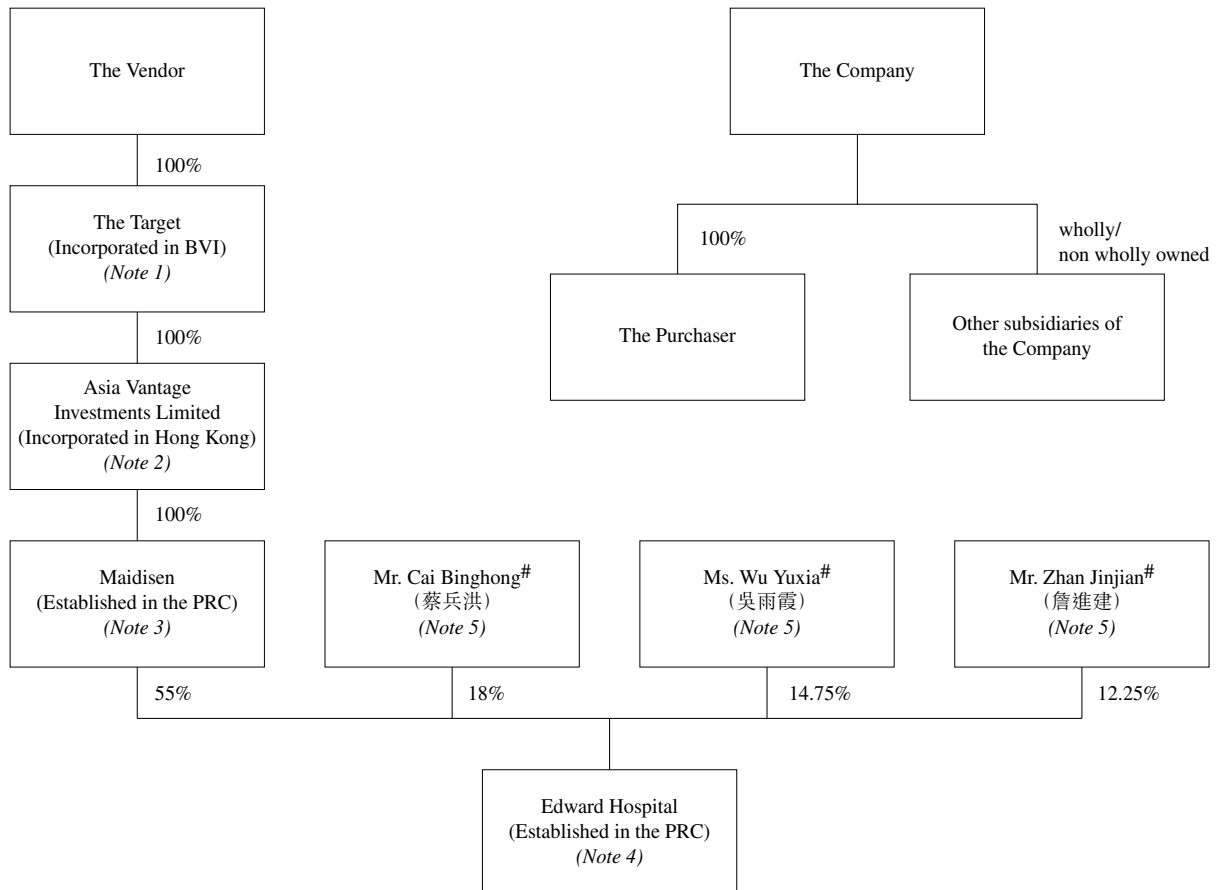
Board representation of the Target Group

Upon Completion of the Proposed Acquisition and the Subscription, representatives will be appointed by the Company to form a majority of each of the board of directors of the members of the Target Group.

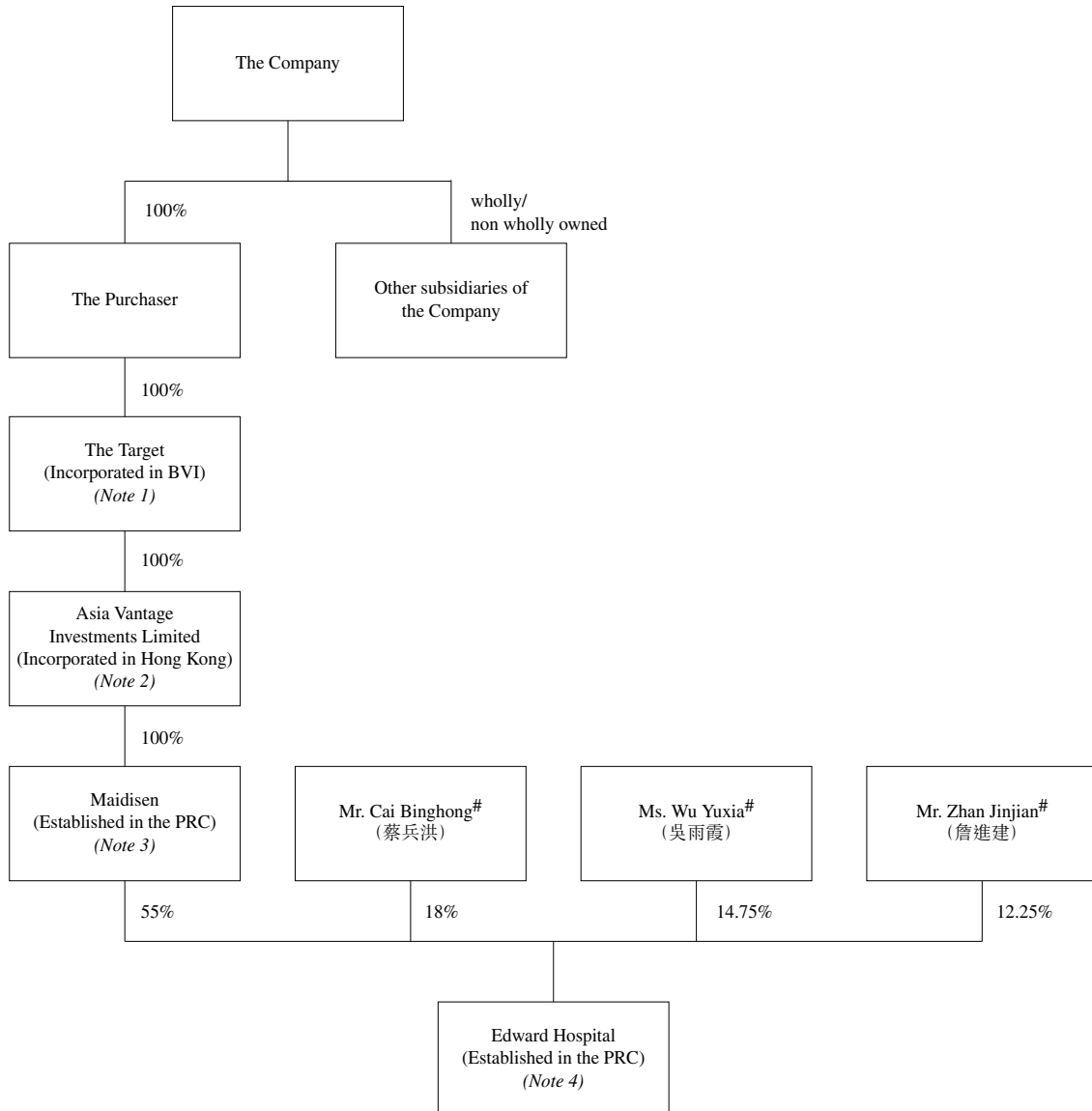
Group structure:

The following charts show the group structure of the Target Group (assuming completion of the Target Group Reorganisation) immediately before and after Completion of the Proposed Acquisition and the Subscription:

Immediately before Completion of the Proposed Acquisition and Subscription



Immediately after Completion of the Proposed Acquisition and Subscription



Notes:

1. The Target is an investment holding company established in BVI on 6 December 2006 solely for the purpose of holding 100% equity interest in Asia Vantage Investments Limited and the Vendor is its ultimate beneficial owner.
2. Asia Vantage Investments Limited is a company incorporated in Hong Kong on 27 December 2006 as an investment holding company solely for the purpose of holding 100% equity interest in Maidisen.
3. Maidisen is a private company established in the PRC on 27 December 2006 for the acquisition of equity interest in Edward Hospital through subscription.
4. Edward Hospital is a company established in Chongqing, the PRC on 25 May 2005, and is a privately-run hospital providing general hospital services.
5. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Cai Binghong[#], Ms. Wu Yuxia[#] and Mr. Zhan Jinjian[#] is an Independent Third Party.

REASONS FOR THE PROPOSED ACQUISITION AND THE SUBSCRIPTION

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 mentioned in the annual report of the Company for the year ended 31 March 2006, 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. The Directors believed that potential investments in the healthcare sector in the PRC will provide a stable income source to the Group and will bring synergistic effect and positive and further opportunities in the promising healthcare sector in the PRC. The Directors intended to seek possible future investments in or cooperations with hospitals in the PRC and to consider undertaking those businesses which are complimentary to the existing business. In implementing its business plans, the Group has embarked on various acquisitions and cooperation projects in 2006.

As disclosed in the announcement of the Company dated 15 June 2006, Grand Brilliant Corporation Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement on 12 June 2006 with Mr. Wu Wendong, pursuant to which Grand Brilliant Corporation Limited has agreed to acquire from Mr. Wu Wendong 76% equity interest and shareholder's loans of Day view Group Limited which engages principally in the business of healthcare management and training and consultancy for mainly hospital in the PRC. Completion of such acquisition took place on 24 November 2006.

In addition, as disclosed in the joint announcement of the Company and Town Health International Holdings Company Limited (a company which shares are listed on GEM with stock code of 8138) dated 19 October 2006, the Company jointly announced with Town Health International Holdings Company Limited that the Company entered into the non-legally binding letter of intent with an objective to leveraging the resources and expertise of Town Health International Holdings Company Limited for cooperative development in the medical and healthcare related business in the PRC. A formal agreement between the Company and Town Health International Holdings Company Limited on cooperation of setting up a joint venture company for the provision of dental care services has been entered into on 5 January 2007.

Further, as disclosed in the announcement of the Company dated 12 July 2006 and 24 November 2006 respectively, the Company entered into a non-legally binding letter for the proposed acquisition of equity interest in a PRC hospital located in Shanghai with Ms. Zhuang Yan Qiu and another non-legally binding letter of intent with Mr. Lin Guo Xiong and Fuzhou Taijiang Hospital, pursuant to which the Company intended to acquire equity interests in a hospital in Fuzhou in the PRC. As additional time is required for negotiation on the terms of the said proposed acquisitions, the long-stop dates of such two letters of intent have been extended to 31 March 2007 by mutual agreement by the parties thereto. Further announcement will be made by the Company in relation thereto as and when appropriate in accordance with the GEM Listing Rules.

The Proposed Acquisition and the Subscription are made in furtherance of the business plans of the Group in developing its presence in the healthcare sector in the PRC. As there is a general increase in the health concern of individuals, the Directors consider that there are prospects in the healthcare sector in the long run in the PRC given the high density of population. The Directors consider that the Proposed Acquisition and the Subscription will enhance the Group's overall business performance, strengthen its revenue bases and diversify its business risk through synergistic effect by implementing cost control measures and marketing and business strategies in the Target Group which, the Directors believe, would make progress of the business of the Target Group. In view of the above and the Profit Guarantee provided by the Vendor as well as the future prospects of the healthcare sector in the PRC, the Directors are of the view that the terms of the Proposed Acquisition and the Subscription are fair and reasonable and the Proposed Acquisition and the Subscription are in the interests of the Company and the Shareholders as a whole.

Upon Completion of the Proposed Acquisition and the Subscription, the Target will become a subsidiary of the Company and its accounts will be consolidated with that of the Group.

2. PLACING OF NEW SHARES

On 13 March 2007, the Company entered into the Placing Agreement with the Placing Agent, who together with its ultimate beneficial owners are Independent Third Parties, in relation to the placing of not more than 200,000,000 Placing Shares at the issue price of HK\$0.352 per Share to not less than six placees, who will be professional, institutional and/or corporate or individual investors and Independent Third Parties, on a best effort basis.

Number of Placing Shares

The Placing Shares represent:

- (i) approximately 18.48% of the existing issued share capital of the Company;
- (ii) approximately 15.60% of the total issued share capital of the Company as enlarged by the Placing Shares;

- (iii) approximately 13.77% of the total issued share capital of the Company as enlarged by the Placing Shares and the allotment and issue of the Consideration Shares; and
- (v) approximately 12.94% of the total issued share capital of the Company as enlarged by the Placing Shares and the allotment and issue of the Consideration Shares and the Conversion Shares.

The shareholding structure of the Company before and after the Completion of Placing has been set out under the heading “Changes in Shareholding Structure” above.

The Placing Shares will be issued out of the general mandate obtained at the extraordinary general meeting of the Company held on 9 March 2007 granting the Directors power to allot, issue and deal in 213,313,850 Shares, representing 20% of the issued share capital of the Company as at that date.

Placing price

The placing price of HK\$0.352 per Placing Share, which is equivalent to the issue price of the Consideration Shares, represents:

- (i) a discount of approximately 17.18% to the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on 13 March 2007, being the date of the Placing Agreement;
- (ii) a discount of approximately 19.82% to the average closing price of approximately HK\$0.439 per Share for the five consecutive trading days up to and including 12 March 2007, immediately prior to the date of the Placing Agreement;
- (iii) a discount of approximately 13.94% to the average closing price of HK\$0.409 per Share for the ten consecutive trading days up to and including 13 March 2007, being the date of the Placing Agreement; and
- (iv) a premium of approximately 238.46% over the unaudited net asset value per Share of HK\$0.104 based on the unaudited consolidated accounts of the Group as of 30 September 2006.

Assuming all of the Placing Shares are successfully placed, the gross proceeds and the estimated net proceeds from the Placing will be approximately HK\$70.4 million and HK\$67.9 million respectively, based on the placing price of HK\$0.352 per Placing Share and the net placing price will be HK\$0.3395 per Placing Share. The estimated net proceeds will be used for (i) partial payment of the Total Consideration as indicated above; (ii) future business development of the Group; and (iii) general working capital of the Group.

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds from the Placing, the commission of which will be payable by the Company upon Completion of the Placing. The Board considers that the placing price of the Placing Shares and placing commission to be paid to the Placing Agent, based on a best effort basis, are determined on an arm-length basis between the Company and the Placing Agent and are considered as fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Conditions precedent and Completion of the Placing

Completion of the Placing is conditional upon satisfaction of the condition precedent that the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares under the Placing.

If the above condition precedent is not satisfied by 16 April 2007 or such later dates as agreed, the Placing shall be cancelled.

Completion of the Placing shall take place at 4:00 p.m. within four Business Days after the above condition having been fulfilled or waived or such later date as may be agreed between the Placing Agent and the Company.

Funds raised during the past 12 months

During the past 12 months immediately preceding the date of this announcement, the Company has conducted the following fund raising activities:

- (i) A rights issue of 172,465,166 rights shares at HK\$0.06 per Share on the basis of one rights share for every two then existing Shares as stated in the announcement of the Company dated 3 March 2006. The net proceeds of approximately HK\$9.35 million were intended to be used as to approximately HK\$0.50 million towards general working capital of the Group and the balance towards projects of investments in the healthcare sector. The Company has applied (i) approximately HK\$3 million as deposit for the proposed acquisition of Shanghai Humanity Hospital as stated in the announcement of the Company dated 12 July 2006; (ii) approximately HK\$0.35 million towards general working capital of the Group and (iii) the balance of approximately HK\$6 million for the payment of partial consideration for the acquisition of Day View Group Limited as stated in the announcement of the Company dated 15 June 2006;
- (ii) A private placing of 103,414,000 non-listed warrants at an issue price of HK\$0.02 per warrant as stated in the announcement of the Company dated 22 May 2006. The net proceeds of approximately HK\$1.5 million were intended to be used for general working capital of the Group. The Company has applied approximately HK\$1.5 million towards general working capital of the Group; and

(iii) An open offer of 355,523,083 offer Shares at HK\$0.08 per offer Share on the basis of one offer share for every two Shares held on the record date payable in full on application which has become unconditional on 12 February 2007. The net proceeds of the open offer was approximately HK\$26.44 million, of which approximately HK\$23.44 million will be used to finance future investments such as in the healthcare sector in Hong Kong and the PRC, including but not limited to, the payment of the considerations relating to the letter of intent for possible formation of joint ventures with Town Health International Holdings Company Limited for operating dental services and beauty services as announced by the Company on 19 October 2006 and the letters of intent for proposed acquisition of other PRC hospitals, including the Proposed Acquisition and the Subscription, as announced, and approximately HK\$3 million towards general working capital of the Group. As at the date of this announcement, own the net proceeds from the open offer, HK\$11.25 million has been used for payment of the Deposit.

Reasons for the Placing

The Directors consider that it is an appropriate time to raise additional capital for use in furtherance of the Group's business plans, including the Proposed Acquisition and the Subscription and other business opportunities when they arise.

Application for listing

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares to be issued under the Placing. The Placing Shares, when issued on Completion of the Placing, will rank *pari passu* in all respects with the then existing Shares in issue.

There is no restriction on the subsequent disposal of the Placing Shares.

3. GEM LISTING RULES IMPLICATIONS

The Proposed Acquisition and the Subscription, in aggregate, constitute a major transaction for the Company under the GEM Listing Rules and are subject to the approval of the Shareholders at the EGM. The Directors will seek a specific mandate from the Shareholders at the EGM to allot and issue the Consideration Shares and the Conversion Shares. No Shareholder or Director is required under the GEM Listing Rules to abstain from voting at the EGM in respect of the Proposed Acquisition and the Subscription.

A circular will be despatched as soon as practicable to the Shareholders containing details of, among other things, the Proposed Acquisition and the Subscription and a notice to convene the EGM in compliance with the GEM Listing Rules.

4. APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board announces that Dr. Wong Yu Man, James has been appointed as a non-executive director of the Company with effect from 20 March 2007.

Dr. Wong Yu Man, James (“Dr. Wong”)

Dr. Wong, aged 54, holds the Degrees of Bachelor of Medicine and Bachelor of Surgery from the University of Hong Kong and the Doctorate of Medicine from Freiburg University in Germany. He has over 26 years of experience in medical and healthcare services in Hong Kong.

Apart from being a director of China Hong Kong Medical and Health Management Association Limited, which is a non-wholly owned subsidiary of the Company, Dr. Wong does not hold any other positions in the Group and did not hold any directorship and other major appointments in any other listed public companies in the last three years before his appointment as a non-executive Director.

Dr. Wong does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules).

Dr. Wong also does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO.

Dr. Wong is appointed by way of a letter of appointment with the Company for a term of one year from 20 March 2007, which will continue thereafter until terminated by either party giving not less than one month’s notice in writing. Dr. Wong is entitled to a monthly salary of HK\$10,000 which is determined by arm’s length negotiation between Dr. Wong and the Company with reference to the prevailing market condition. He is also entitled to a year-end discretionary bonus to be determined by the Board from time to time. Dr. Wong will be subject to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the memorandum and articles of association of the Company.

Save as disclosed herein, the Board is not aware of any other matters which need to be brought to the attention of the Shareholders and there is no other information which is discloseable pursuant to any of the requirements set out in Rule 17.50(2) (h) to (v) of the GEM Listing Rules in relation to the proposed appointment of Dr. Wong as a non-executive Director.

The Board would like to express its warmest welcome to Dr. Wong.

5. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 14 March 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 21 March 2007.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the conditional sale and purchase agreement dated 13 March 2007 entered into among the Purchaser, the Vendor and the Target relating to the sale and purchase of the Sale Shares, the Sale Loan and the Subscription Shares
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Hua Xia Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion of the Placing”	completion of the Placing pursuant to the Placing Agreement
“Completion of the Proposed Acquisition and the Subscription”	completion of the sale and purchase of the Sale Shares, the Sale Loan and the Subscription in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration Shares”	170,320,000 new Shares to be issued by the Company as part of the consideration for the Proposed Acquisition and the Subscription in an aggregate amount of HK\$59,952,640

“Convertible Notes”	the convertible notes in the principal amount of HK\$33,000,000, to be issued by the Company to the Vendor as part of the Total Consideration
“Conversion Price”	the initial conversion price of HK\$0.352 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Notes
“Conversion Shares”	93,750,000 new Shares to be issued upon the exercise in full of the conversion rights attaching to the Convertible Notes at the initial Conversion Price
“Deposit”	HK\$11,250,000 which will be paid by the Purchaser to the Vendor within seven Business Days after signing of the Agreement
“Director(s)”	director(s) of the Company
“Edward Hospital”	Chongqing Zhongyu Edward Hospital Company Limited# (重慶中嶼愛德華醫院有限公司), a privately-run hospital established in Chongqing, the PRC on 25 May 2005
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Proposed Acquisition and the Subscription
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons as defined in the GEM Listing Rules

“Maidisen”	Fujian Maidisen Enterprise Company Limited# (福建邁迪森實業有限公司), a private company established in the PRC on 27 December 2006
“Noteholder(s)”	the holder(s) of the Convertible Notes from time to time
“Placing Agreement”	the placing agreement entered on 13 March 2007 between the Company and the Placing Agent for the placing of the Placing Shares
“Placing”	the placing of the Placing Shares, on a best effort basis, by the Placing Agent under the Placing Agreement
“Placing Agent”	Sun Hung Kai International Limited, the placing agent specified in the Placing Agreement, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Shares”	up to 200,000,000 new Shares to be allotted and issued under the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the profit guarantee provided by the Vendor under the Agreement in respect of the audited consolidated net profits after tax, extraordinary or exceptional items and minority interest of the Target Group for the year ending 31 March 2008 will not be less than HK\$12 million
“Promissory Note”	the promissory note to be issued by the Company to the Vendor for the partial settlement of the Total Consideration
“Proposed Acquisition”	the proposed acquisition of the Sale Shares and the Sale Loan on the terms contained in the Agreement
“Purchaser”	Wisdom Rise Group Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company

“Refundable Payment”	the Deposit and the Subscription Price
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target to the Vendor, whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion of the Proposed Acquisition and the Subscription
“Sale Shares”	1,163 shares of US\$1.00 each, being the entire issued share capital of Target as at the date of the Agreement which are legally and beneficially owned by the Vendor
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 410 new shares in the share capital of the Target by the Purchaser pursuant to the Agreement
“Subscription Price”	HK\$41,000,000, being the subscription price payable for the Subscription Shares pursuant to the Agreement
“Subscription Shares”	the 410 new shares of US\$1.00 each in the share capital of the Target to be allotted and issued by the Target to the Purchaser, pursuant to the Agreement
“Target”	Hero Vision Enterprises Limited, a company incorporated in BVI which is wholly and beneficially owned by the Vendor before Completion of the Proposed Acquisition and the Subscription
“Target Group”	the Target and its subsidiaries upon Completion of the Target Group Reorganisation
“Target Group Reorganisation”	the reorganisation of the Target Group, including but not limited to (i) the transformation of Maidisen into a wholly foreign owned enterprise; (ii) the acquisition of equity interests in Edward Hospital by Maidisen; and (iii) the acquisition of equity interests in Maidisen by the Vendor directly or indirectly through controlled companies

“Total Consideration”	the total consideration of HK\$157,300,000 payable by the Purchaser to the Vendor for the Sale Shares, the Sale Loan and the Subscription Shares, pursuant to the Agreement
“Vendor”	Mr. Lau Kam Shui, the sole beneficial shareholder of the Target prior to Completion of the Proposed Acquisition and the Subscription and the vendor to the Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 20 March 2007

The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.

As at the date of this announcement, the executive Directors are Mr. Yung Kwok Leong, Ms. Shum Ngai Pan, Mr. Chen Jin Shan, Mr. Weng Jiaxing and Mr. Jiang Tao, the non-executive Director is Dr. Wong Yu Man, James, and 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 enquires, confirm that, to the best of their knowledge and belief that:– (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 GEM website on the “Latest Company Announcements” page and on the website of the Company at www.huaxia-healthcare.com for at least 7 days from the date of its posting.