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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 PLACING OF NEW SHARES  
AND  
LETTER OF INTENT IN RESPECT OF  
THE PROPOSED ACQUISITION  
AND  
UNUSUAL TRADING VOLUME MOVEMENT**

**COMPLETION OF PLACING OF NEW SHARES**

The Board is pleased to announce that completion of the Placing took place on 24 April 2007 in accordance with the terms of the Placing Agreement. A total of 200,000,000 Placing Shares had been successfully placed and issued to not less than six places who are professional, institutional and/or corporate, or individual investors and Independent Third Parties at the Placing Price of HK\$0.352 per Placing Share.

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

The Board is also pleased to announce that on 24 April 2007, the Company, as purchaser, entered into the LOI with the Vendor in relation to the proposed acquisition of Karise Development, a company which is incorporated in BVI and wholly-owned by the Vendor. Karise Development will indirectly be interested in Beijing Wuzhou Female Hospital upon completion of the Reorganization.

Beijing Wuzhou Female Hospital is a privately-run hospital established in the PRC which provides general hospital services including cosmetic surgery, obstetrics and gynaecology, otolaryngology, stomatology, oncology and Chinese herbal medicine treatment etc. in Beijing, the PRC.

This announcement regarding the Proposed Acquisition is made pursuant to Rule 17.10 of the GEM Listing Rules.

\* *for identification purpose only*

**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.**

### **UNUSUAL TRADING VOLUME MOVEMENT**

The Directors noted today's increase in trading volume of the Company and wish to state that save as disclosed herein, they are not aware of any reasons for such increase.

### **COMPLETION OF PLACING OF NEW SHARES**

Reference is made to the announcement of the Company dated 20 March 2007 (the "Announcement") in relation to the entering into of the Placing Agreement with the Placing Agent on 13 March 2007 for the Placing of up to 200,000,000 new Shares on a best effort basis. Reference is also made to the announcement of the Company dated 13 April 2007 in relation to the extension of the long stop date of the Placing Agreement. Terms used in this announcement regarding the Placing shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board is pleased to announce that with all conditions of the Placing Agreement having been fulfilled, completion of the Placing took place on 24 April 2007 in accordance with the terms of the Placing Agreement. A total of 200,000,000 Placing Shares had been successfully placed and issued to not less than six placees who are professional, institutional and/or corporate, or individual investors and Independent Third Parties at the Placing Price of HK\$0.352 per Placing Share.

As at the date of this announcement, the Company has 1,282,097,200 Shares in issue. The shareholding structure of the Company before and after the Placing is as follows:

	<b>Immediately before Completion of the Placing</b>		<b>Immediately after Completion of the Placing</b>	
	<i>No. of Shares held</i>	<i>Approximate shareholding %</i>	<i>No. of Shares held</i>	<i>Approximate shareholding %</i>
Easeglory Holdings Limited & Mr. Yung Kwok Leong ( <i>Note 1</i> )	270,393,500	24.99	270,393,500	21.09
Ms. Shum Ngai Pan ( <i>Note 2</i> )	5,400,000	0.50	5,400,000	0.42
Mr. Weng Jiaxing ( <i>Note 2</i> )	5,625,000	0.52	5,625,000	0.44
Mr. Wu Wendong ( <i>Note 3</i> )	146,000,000	13.49	146,000,000	11.39
Placees ( <i>Note 4</i> )	–	–	200,000,000	15.60
Public	654,678,700	60.50	654,678,700	51.06
<b>Total</b>	<b>1,082,097,200</b>	<b>100.00</b>	<b>1,282,097,200</b>	<b>100.00</b>

*Notes:*

1. Mr. Yung Kwok Leong, being an executive Director and the chairman of the Company, is interested in 6,187,500 Shares and Easeglory Holdings Limited, 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 Jiaxing 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.
4. No placee has become a substantial Shareholder (as defined in the GEM Listing Rules). As informed by the Placing Agent, New Asia Partners Limited, a leading China-focused investment firm based in Shanghai and Hong Kong which has invested in companies in the health sciences, consumer/ retail, energy/ environmental and technology services sectors, will become one of the Shareholders following Completion of the Placing.

# LETTER OF INTENT IN RESPECT OF THE PROPOSED ACQUISITION

Date: 24 April 2007

Parties:

- (i) the Company
- (ii) the Vendor, who will obtain a majority control in Beijing Wuzhou Female Hospital upon completion of the Reorganization; and
- (iii) Karise Development, which together with the Vendor, being its ultimate beneficial owner, to the best of 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 under the GEM Listing Rules

## Major terms of the LOI

Under the LOI, it is proposed that the Company will acquire the whole or part of the equity interest in Karise Development, a company which is incorporated in BVI and wholly-owned by the Vendor. Karise Development will indirectly be interested in Beijing Wuzhou Female Hospital upon completion of the Reorganization. Further information about Beijing Wuzhou Female Hospital is elaborated under the heading "Beijing Wuzhou Female Hospital" below. Beijing Wuzhou Female Hospital will be the major operating asset to be held by Karise Development upon completion of the Reorganization.

Under the LOI, both the Company and the Vendor will proceed to negotiate for a legally binding Formal Agreement. The entering into of the legally-binding Formal Agreement and completion of the Formal Agreement are subject to conditions including, inter alia, (i) completion of the Reorganization; (ii) the Company and the Vendor obtaining the approval from the regulatory authorities regarding the Reorganization; and (iii) the satisfaction of the results of due diligence on the financial and legal aspects of Beijing Wuzhou Female Hospital by the Company. It is also agreed that the Vendor will not, prior to 30 June 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 Beijing Wuzhou Female Hospital.

As part of the consideration for the Proposed Acquisition if the Formal Agreement is entered into and consideration for the exclusive right to negotiate for the acquisition of equity interest in Beijing Wuzhou Female Hospital, a refundable amount of HK\$5,000,000 will be payable by the Company to the Vendor as earnest money within three Business Days from the date of LOI. If no legally-binding Formal Agreement is entered into on or before 30 June 2007 (or such later date to be agreed by the parties), the sum will be refunded to the Company in full (without interest) within three Business Days therefrom.

The aggregate consideration for the Proposed Acquisition has not yet been determined as at the date of this announcement and shall be subject to further negotiation between the parties thereto. It is contemplated that such consideration will be settled in cash and/or consideration shares and/or convertible notes and/or promissory notes of the Company to be determined and agreed by the respective parties.

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.

If the Formal Agreement is entered into, the Proposed Acquisition may 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.

### **Beijing Wuzhou Female Hospital**

Beijing Wuzhou Female Hospital is a privately-run hospital established in the PRC which provides general hospital services including cosmetic surgery, obstetrics and gynaecology, otolaryngology, stomatology, oncology and Chinese herbal medicine treatment etc. in Beijing, the PRC. Beijing Wuzhou Female Hospital possesses specialists and physicians in the areas of cosmetic surgery, obstetrics and gynaecology with ample clinical experience.

### **Reason 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 announcement of the Company dated 20 March 2007 in relation to the acquisition of indirect interests in Chongqing Edward Hospital Company Limited, the Directors intended to explore more business opportunities in the promising healthcare sector in the PRC. The Company entered into the LOI with the Vendor for the acquisition of an indirect interest in Beijing Wuzhou Female Hospital in furtherance of its pursuit in the healthcare industry in the PRC.

This announcement regarding the Proposed Acquisition is made pursuant to 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.**

## UNUSUAL TRADING VOLUME MOVEMENT

The Directors noted today's increase in trading volume of the Company and wish to state that save as disclosed above, they are not aware of any reasons for such increase.

Save and except for the aforesaid, the Directors also confirm that there are no negotiations or agreements relating to the intended acquisitions or realizations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules. The Board is not aware of any matter disclosable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of price-sensitive nature.

## DEFINITIONS

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

“Beijing Wuzhou Female Hospital”	Beijing Wuzhou Female Hospital Company Limited# (北京五州女子醫院有限公司), a privately-run hospital established in Beijing, the PRC which, together with its beneficial owner(s), to the best of 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 under the GEM Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Business Day(s)”	any day on which the Stock Exchange is open for the business in dealing securities
“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
“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
“Karise Development”	Karise Development Limited, a Company incorporated in BVI with limited liability, and wholly-owned by the Vendor

“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”	the Hong Kong Special Administrative Region of the People’s Republic of China
“LOI”	the non-legally binding letter of intent dated 24 April 2007 entered into amongst the Company, the Vendor and Karise Development setting out the basic understanding in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China, excluding Hong Kong for the purpose of this announcement
“Proposed Acquisition”	the proposed acquisition of the whole or part of the equity interests in Karise Development
“Reorganization”	the restructuring of Beijing Wuzhou Female Hospital which includes, among other matters, the completion of the acquisition of equity interests in Beijing Wuzhou Female Hospital by the Vendor or his controlled company(ies)
“Shareholder(s)”	holder(s) of existing Shares
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Iong Chon Fai, who will obtain a majority control (whether directly or indirectly) in Beijing Wuzhou Female Hospital following completion of the Reorganization
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent

# 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.

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

Hong Kong, 24 April 2007

*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. The independent non-executive Directors are Mr. Chan Francis Ping Kuen, Mr. Hsu William Shiu Foo 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 Announcements” page of the GEM website and on the website of the Company at [www.huaxia-healthcare.com](http://www.huaxia-healthcare.com) for at least 7 days from the date of its posting.*