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**MAJOR TRANSACTION:
DISPOSAL OF INTERESTS IN SUBSIDIARIES
AND
RESUMPTION OF TRADING**

Financial Adviser to the Company



INCU Corporate Finance Limited

MAJOR TRANSACTION

On 31 October 2007, the Company, as vendor, entered into the Agreement with the Purchaser, as purchaser, and the Guarantor, as guarantor, pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire (i) the Sale Shares, representing the entire equity interest in Righttime; and (ii) the Sale Loan, for a total cash Consideration of HK\$1,900,000 and the Guarantor agreed to guarantee the due and punctual performance of the Purchaser under the Agreement.

As the relevant percentage ratio of the Disposal under Chapter 19 of the GEM Listing Rules is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is subject to approval by the Shareholders at a general meeting of the Company.

GENERAL

A circular containing further details of the Disposal and a notice of EGM will be despatched to the Shareholders as soon as possible in accordance with the GEM Listing Rules.

* for identification purpose only

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 1 November 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 2 November 2007.

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THE AGREEMENT

Date: 31 October 2007

Parties:

- (i) the Company (as vendor)
- (ii) the Purchaser (as purchaser)
- (iii) the Guarantor (as guarantor)

The Purchaser is a company incorporated in the British Virgin Islands carrying on principal business of investment holding and is wholly and beneficially owned by Mr. Kuan. Apart from entering into of the Disposal Agreement, the Purchaser has not conducted any business activity since its incorporation.

Mr. Kuan is a merchant who has extensive experience in the trading business in Macau.

The Purchaser and its ultimate beneficial owner (i.e. Mr. Kuan) are private investors. The Directors confirm that the Purchaser and its ultimate beneficial owner (i.e. Mr. Kuan) are Independent Third Parties. Prior to the entering into of the Disposal Agreement, neither the Purchaser nor Mr. Kuan has any interests in or business dealings/transactions with the Group.

Subject matter of the Agreement: Assets being disposed of are:

- (i) the Sale Shares, representing the entire equity interest in Righttime; and
- (ii) the Sale Loan as at the date of completion of Disposal. The amount of the Sale Loan is approximately HK\$7.97 million as at 31 March 2007, the date to which the latest audited consolidated accounts of the Group were made up and as at the date of the Agreement.

Completion: Completion of the Disposal will take place within three business days following the satisfaction or fulfillment of the conditions precedent referred to in the paragraph headed “Conditions precedent” below, but in any event no later than 31 December 2007 (or such other date as may be agreed by the parties).

Consideration

The aggregate cash Consideration for the Disposal is HK\$1,900,000, which was arrived at after arm’s length negotiations between the parties thereto with reference to (i) the audited consolidated net liabilities of approximately HK\$6.1 million of Righttime Group as at 31 March 2007; (ii) the loss-making track record of the Righttime Group in the past two years, being audited consolidated losses of approximately HK\$1.2 million and HK\$1.3 million for the two years ended 31 March 2006 and 31 March 2007 respectively; and (iii) the assignment of the Sale Loan by the Company. The Consideration shall be payable at Completion.

Based on the above, the Directors (including the independent non-executive Directors) consider the Consideration to be fair and reasonable.

Conditions Precedent

Completion of the Disposal is conditional upon the satisfaction of the following conditions:

1. the representation, undertaking and warranties given by the Company under the Agreement remaining true and accurate in all material respects;
2. all necessary approvals, consents, authorisations and licences required to be obtained by the parties thereto in relation to the transactions contemplated under the Agreement having been obtained; and
3. the passing by the Shareholders of an ordinary resolution to approve the Disposal, the Agreement and the transactions contemplated thereunder.

The Purchaser may waive all conditions except for condition (3) above. If the aforesaid conditions have not been satisfied (or waived) on or before 31 December 2007, or such other date as the parties thereto may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

INFORMATION ON RIGHTIME GROUP

Rightime is incorporated in the British Virgin Islands carrying on the principal business of investment holding. Youngdong is the principal operating subsidiary of the Rightime Group, which is a company incorporated in the Republic of Korea and is principally engaged in installation, engineering and management of wastewater treatment systems and environmental facilities and the provision of environmental analysis and measurement services, in the Republic of Korea.

Set out below are the consolidated audited figures of the Rightime Group for the two financial years ended 31 March 2007:

	For the financial year ended	
	31 March 2007	31 March 2006
Audited loss before taxation	HK\$1,293,606.97	HK\$1,199,297.36
Audited loss after taxation	HK\$1,293,606.97	HK\$1,199,297.36
	As at	
	31 March 2007	31 March 2006
Net liabilities	HK\$(6,118,579.62)	HK\$(4,970,305.39)
Total assets value	HK\$4,206,866.26	HK\$6,171,124.51

REASONS FOR THE DISPOSAL

The Group is principally engaged in the provision of general hospital services and healthcare and hospital management services in the PRC. In addition, the Group is also engaged in the manufacture and sale of environmental production products as well as provision of related services, manufacture and sale of melamine and its related products.

Considering that (i) the diminishing contribution to the consolidated turnover of the Group by that of the Righttime Group; (ii) the weak historical performance of and earning potentials on the business of Youngdong in the Republic of Korea; as well as (iii) the Group's unfamiliarity with the Korean market, the disposal of the Righttime Group would allow the Group to focus its resources and investments in the development of general hospital services and healthcare and hospital management services in the PRC, which may provide better earning potentials. Therefore, the Directors (including the independent non-executive Directors) consider the Disposal is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECT ON THE DISPOSAL

Prior to the completion of the Disposal, Righttime is a direct wholly-owned subsidiary of the Company and its financial results are consolidated with those of the Company. Following the Disposal, Righttime will cease to be a subsidiary of the Company.

The Group would recognize a gain of approximately HK\$0.03 million from the Disposal, being the difference between the Consideration less elimination of the net liabilities of the Righttime Group of approximately HK\$6.1 million as at 31 March 2007 and the assignment of the Sale Loan of the Righttime Group of approximately HK\$7.97 million as at 31 March 2007. The final amount of the gain as a result of the Disposal is to be ascertained and will be determinable upon completion of the Disposal.

Based on the audited consolidated income statement of the Righttime Group for the year ended 31 March 2007, after the Disposal, the turnover of the Group will be decreased by HK\$21.92 million but the net profit of the Group will be increased by approximately HK\$1.3 million.

In view of the diminishing contribution to the consolidated turnover of the Group by the Righttime Group, the Directors (including the independent non-executive Directors) are of the view that the Disposal will not have a material adverse impact on the operating aspect of the Company.

USE OF PROCEEDS

The Group intends to apply the net proceeds from the Disposal of approximately HK\$1.4 million (after paying off the expenses in connection to the Disposal on the part of the Company) as general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratio of the Disposal under Chapter 19 of the GEM Listing Rules is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is conditional on approval by the Shareholders at a general meeting of the Company. Since no Shareholders has any material interest in the Disposal, no Shareholders is required to abstain from voting in respect of the proposed ordinary resolution to approve the Disposal, the Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

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DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Agreement”	the agreement dated 31 October 2007 entered into amongst the Company, the Purchaser and the Guarantor in relation to the Disposal
“Board”	the board of Directors from time to time
“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 and the vendor to the Agreement
“Consideration”	the total consideration for the Disposal, being HK\$1,900,000 in cash
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the assignment of the Sale Loan in Righttime to the Purchaser pursuant to the Agreement

“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other matters, the Disposal
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantor” or “ Mr. Kuan”	Mr. Kuan Kam Long, the sole owner and sole director of the Purchaser
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person who is, and in the case of a corporate entity, its ultimate beneficial owner(s) are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Purchaser”	Spring Vision Group Limited, a company incorporated in the British Virgin Islands and is wholly-owned by the Guarantor
“Righttime” or “Righttime Group”	Righttime Development Limited, a company incorporated in the British Virgins Islands, together with its subsidiaries, known as the “Righttime Group”
“Sale Loan”	all debts, liabilities and obligations of Righttime owing or incurred by Righttime to the Company whether actual, contingent or deferred and irrespective of whether or not the same is due and payable as at the date of completion of the Disposal, which amounted to approximately HK\$7.97 million as at 31 March 2007 and the date of the Agreement, subject to confirmation upon completion of the Disposal
“Sale Shares”	being 10 ordinary shares of US\$1 each in the share capital of Righttime, representing the entire equity interest in Righttime held by the Company as at the date of the Agreement

“Share(s)”	ordinary share(s) of HK\$0.05 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Youngdong”	Youngdong Environmental Engineering Co., Ltd. (영동환경엔지니어링㈜), a company incorporated in the Republic of Korea and a wholly-owned subsidiary of Righttime
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 1 November 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. Zheng Gang and Mr. Jiang Tao, the non-executive Director is Dr. Wong Yu Man, James, and the independent non-executive Directors are Ms. Wong Ka Wai, Jeanne, Mr. Hsu William Shiu Foo and Mr. Yu Chai Mei.

This announcement, for which the Directors collectively and individually accept full responsibility, include 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 for at least 7 days from the date of its posting and on the website of the Company at www.huaxia-healthcare.com.