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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL IN
(I) DIRECT WAY AND (II) SMART PEAK**

The Board announces that on 29 January 2010, Ally Health, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which Ally Health agreed to sale and the Purchaser agreed to purchase the entire issued share capital of Direct Way and Smart Peak (two wholly owned subsidiaries of the Company) at the consideration of HK\$4,500,000 and HK\$2,000,000 respectively. The consideration for the Disposal shall be paid by the Purchaser to the Group in cash (a) as to HK\$2,000,000 within 7 working days after completion of the Sale and Purchase Agreement; and (b) as to the balance of HK\$4,500,000 on or before 31 March 2010.

Completion of the Sale and Purchase Agreement took place immediately after the signing of the Sale and Purchase Agreement.

The principal asset of Direct Way is the indirect 70% interest in Foshan Qide Hospital and the principal asset of Smart Peak is the indirect 100% interest in Fuzhou Zhuoxin (a wholly owned subsidiary of Smart Peak) which controls (through control agreements) Aomeijia Female Hospital.

The transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules as the applicable percentage ratios calculated under Rule 19.07 of the Listing Rules exceed 5% but are less than 25%.

SALE AND PURCHASE AGREEMENT

Date

29 January 2010

* For identification purpose only

Parties

Vendor: Ally Health, a wholly owned subsidiary of the Company

Purchaser: Wu Pengxiang (吳鵬祥), a PRC citizen

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Purchaser is a third party independent of and not connected with the Company and connected persons (as defined in the GEM Listing Rules) of the Company.

Assets to be disposed of

Ally Health agreed to sell and the Purchaser agreed to purchase all the issued share capital in Direct Way and Smart Peak (two wholly owned subsidiaries of the Company).

The principal asset of Direct Way is the indirect 70% interest in Foshan Qide Hospital and the principal asset of Smart Peak is the indirect 100% interest in Fuzhou Zhuoxin (a wholly owned subsidiary of Smart Peak) which controls (through control agreements) Aomeijia Female Hospital.

Completion of the Sale and Purchase Agreement took place immediately after the signing of the Sale and Purchase Agreement.

Consideration

The consideration for Direct way is HK\$4,500,000 in cash and Smart Peak is HK\$2,000,000 in cash. The consideration for the Disposal shall be paid by the Purchaser to the Group in the following manner:

- (i) HK\$2,000,000 shall be paid within 7 working days after completion of the Sale and Purchase Agreement; and
- (ii) the balance of HK\$4,500,000 shall be paid on or before 31 March 2010.

The consideration for the Disposal was determined after arm's length negotiation between Ally Health and the Purchaser by reference to the unaudited net asset value of Direct Way of approximately HK\$5,035,000 as at 30 September 2009 and the unaudited net asset value of Smart Peak of approximately HK\$1,908,000 as at 30 September 2009.

The unaudited carrying value of the Group's interest in Direct Way and Smart Peak as at 30 September 2009 was approximately HK\$6,943,000 (the "Carrying Value").

The Disposal is expected to give rise to a loss attributable to the Group of approximately HK\$443,000 (subject to audit), which represents the difference between the consideration for the Disposal received under the Sale and Purchase Agreement of HK\$6,500,000 and the Carrying Value.

INFORMATION ABOUT DIRECT WAY AND SMART PEAK

Direct Way

Direct Way is a wholly owned subsidiary of the Company. Direct Way is an investment holding company and its principal asset is 70% equity interest in Foshan Qide Hospital Limited, which owns and operates Foshan Qide Hospital in Foshan, Guangdong Province, the PRC.

Direct Way was acquired by the Group in February 2008, details of such acquisition are set out in the Company's circular dated 25 January 2008.

For the two years ended 31 March 2009 and the six months ended 30 September 2009, the audited and unaudited net profit/(loss) before and after taxation of Direct Way are as follows:

| | For the six months ended 30 September 2009 (Unaudited) HK\$'000 | For the year ended 31 March 2009 (Audited) HK\$'000 | For the year ended 31 March 2008 (Audited) HK\$'000 |
|-----------------------------------|--|--|--|
| Net profit/(loss) before taxation | (2,877) | 4,854 | (387) |
| Net profit/(loss) after taxation | (2,877) | 3,215 | (387) |

Smart Peak

Smart Peak is a wholly owned subsidiary of the Company. Smart Peak is an investment holding company and its principal asset is 100% equity interest in Fuzhou Zhuoxin (a wholly owned subsidiary of Smart Peak) which controls (through control agreements) Aomeijia Female Hospital.

Smart Peak was acquired by the Group in July 2008, details of such acquisition are set out in the Company's circular dated 11 July 2008.

For the year ended 31 March 2009 and the six months ended 30 September 2009, the audited and unaudited net loss before and after taxation of Smart Peak are as follows:

| | For the six months ended 30 September 2009 (Unaudited) HK\$'000 | For the year ended 31 March 2009 (Audited) HK\$'000 |
|--------------------------|--|--|
| Net loss before taxation | (111) | (1,124) |
| Net loss after taxation | (111) | (1,131) |

Upon completion of the Sale and Purchase Agreement, Direct Way and Smart Peak will cease to be subsidiaries of the Company and Direct Way and Smart Peak will cease to be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF DISPOSAL

In February 2008, the Company acquired Direct Way and indirectly owned 70% interest in Foshan Qide Hospital, and in July 2008 the Company acquired Smart Peak and indirectly owned 100% interest in Fuzhou Zhuoxin (a wholly owned subsidiary of Smart Peak) which controls (through control agreements) Aomeijia Female Hospital.

In arriving at the decision for the Disposal, the Directors also assessed the prospects of Foshan Qide Hospital and Aomeijia Hospital and considered factors including: (i) additional resources that need to be put into them; and (ii) the Group may better utilise its resources to focus on the business with more growth potential.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal and the Sale and Purchase Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of Shareholders as a whole.

USE OF PROCEEDS

The Company intends to use the net proceeds from the Disposal for general working capital of the Group and to finance new projects if the appropriate investment opportunity arises.

IMPLICATION OF GEM LISTING RULES

The transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules as the applicable percentage ratios calculated under Rule 19.07 of the Listing Rules exceed 5% but are less than 25%.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of general hospital and healthcare and hospital management services in the PRC.

DEFINITIONS

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

| | |
|---------------------|--|
| “Ally Health” | Ally Health International Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company |
| “Aomeijia Hospital” | Bengbu City Aomeijia Female Hospital# (蚌埠市澳美佳女子醫院), a private hospital in Bengbu City, Hebei Province, the PRC, which is controlled (through control agreements) by Fuzhou Zhuoxin (a wholly owned subsidiary of Smart Peak) |
| “Board” | the board of Directors |
| “Company” | Hua Xia Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange |
| “Direct Way” | Direct Way Group Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | the disposal of the entire issued share capital of Direct Way and Smart Peak under the Sale and Purchase Agreement |

| | |
|-------------------------------|---|
| “Foshan Qide Hospital” | Foshan Qide Hospital# (佛山市啟德醫院), a private hospital in Foshan City, Guangdong Province, the PRC, which is owned and operated by Foshan Qide Hospital Limited# (佛山市啟德醫院有限公司) |
| “Fuzhou Zhuoxin” | Fuzhou Zhuoxin Enterprises Management Consultancy Limited# (福州卓信企業管理諮詢有限公司), a wholly owned subsidiary of Smart Peak which controls (through control agreements) Aomeijia Female Hospital |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “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 |
| “Purchaser” | Wu Pengxiang (吳鵬祥), a PRC citizen, the purchaser under the Sale and Purchase Agreement |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 29 January 2010 entered into between Ally Health and the Purchaser in respect of the Disposal |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Smart Peak” | Smart Peak Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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

Hong Kong, 29 January 2010

As at the date of this announcement, the executive Directors are Mr. Yung Kwok Leong, Dr. Jiang Tao, Mr. Zheng Gang, Dr. Huang Jiaqing and Mr. Chen Jin Shan, the non-executive Director is Dr. Wong Yu Man, James, and the independent non-executive Directors are Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen.

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 for at least 7 days from the date of its posting and on the website of the Company at www.huaxia-healthcare.com.

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