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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)

SHARE PREMIUM ACCOUNT REDUCTION AND OFFSETTING ACCUMULATED LOSSES

References are made to the announcement of the Company dated 5 June 2009 and the circular of the Company dated 30 June 2009 (the “**Circular**”) in relation to proposed amendments to the Articles of Association. Definitions and terms used in this announcement, unless otherwise stated, shall bear the same meanings as defined in the Circular.

The Shareholders had passed a special resolution at the AGM on 30 July 2009 to amend the Articles of Association 6 and 146(1) to allow the Board apply the share premium account in any manner permitted by the Law including, but without limitation, writing off accumulated losses of the Company.

Based on the audited consolidated financial statements of the Company as at 31 March 2010, the total amount standing to the credit of the share premium account and the accumulated losses of the Company were HK\$673,600,179.80 and HK\$446,546,751.78 respectively. The Board has approved that the entire accumulated losses as at 31 March 2010 will be offset by the share premium account on 9 August 2010. Upon the share premium account reduction becoming effective, all the accumulated losses of the Company will be eliminated.

By order of the Board

Hua Xia Healthcare Holdings Limited

Yung Kwok Leong

Chairman

Hong Kong, 9 August 2010

As at the date of this announcement, the executive directors of the Company are Mr. Yung Kwok Leong, Dr. Jiang Tao, Mr. Weng Jiaxing, 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.

* *For identification purpose only*

This announcement for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com 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.