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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 LARGE FOREVER GROUP LIMITED

THE S&P AGREEMENT

The Board announces that on 14 September 2010 after trading hours, Ally Health, a wholly owned subsidiary of the Company, as vendor and Mr. Liu as purchaser entered into the S&P Agreement pursuant to which Ally Health agreed to sell and Mr. Liu agreed to purchase the entire issued share capital of Large Forever at the cash consideration of HK\$6,700,000.

The principal asset of Large Forever is the indirect 70% interest in Shangrao Xiehe, which owns and operates the Shangrao Xiehe Hospital in Shangrao City, Jiangxi Province, the PRC.

The consideration for the Disposal shall be paid by the Purchaser to the Company in cash (a) as to HK\$1,700,000 within 7 business days after the date of the S&P Agreement; and (b) as to the balance of HK\$5,000,000 on or before 30 November 2010. The Company intends to use the net proceeds from the Disposal of approximately HK\$6.7 million to strengthen the financial position of the Group, as general working capital of the Group and to finance new projects if appropriate investment opportunity arises.

Completion of the S&P Agreement took place immediately after the signing of the S&P Agreement on 14 September 2010.

GEM LISTING RULES IMPLICATIONS

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

* For identification purpose only

BACKGROUND

On 14 September 2010 after trading hours, Ally Health as vendor and Mr. Liu as purchaser entered into the S&P Agreement pursuant to which Ally Health agreed to sell and Mr. Liu agreed to purchase the entire issued share capital of Large Forever at the cash consideration of HK\$6,700,000.

The S&P Agreement contains, inter alia, the following major terms:

S&P AGREEMENT

Date

14 September 2010

Parties

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

Purchaser: Mr. Liu Zhijia# (劉志嘉), a PRC citizen

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, (i) the Purchaser is a third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules); and (ii) the Group had no prior transaction with the Purchaser during the 12 months immediately prior to the date of the S&P Agreement which should be aggregated with the Disposal under Rule 19.22 of the GEM Listing Rules.

Asset to be disposed of

Ally Health agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Large Forever.

The principal asset of Large Forever is the indirect 70% interest in Shangrao Xiehe, which owns and operates the Shangrao Xiehe Hospital in Shangrao City, Jiangxi Province, the PRC.

Completion of the S&P Agreement took place immediately after the signing of the S&P Agreement on 14 September 2010.

Consideration

The consideration for the Disposal is HK\$6,700,000 and shall be paid by the Purchaser to the Company in cash in the following manner:

- (i) HK\$1,700,000 shall be paid within 7 business days from the date of the S&P Agreement; and
- (ii) the balance of HK\$5,000,000 shall be paid on or before 30 November 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 Large Forever of approximately HK\$6,735,000 as at 30 June 2010. The unaudited carrying value of the Group's interest in Large Forever as at 30 June 2010 was approximately HK\$6,735,000 (the "Carrying Value").

The Disposal is expected to give rise to a loss attributable to the Group of approximately HK\$35,000 (subject to audit), which represents the difference between the consideration for the Disposal received under the S&P Agreement of HK\$6,700,000 and the Carrying Value.

INFORMATION ABOUT LARGE FOREVER

Large Forever is a company incorporated in the British Virgin Islands and was (prior to completion of the S&P Agreement) a wholly owned subsidiary of Ally Health. Large Forever owns 100% of the issued share capital of Well Label Limited (威力寶有限公司), a company incorporated in Hong Kong with limited liability, which in turn owns 100% equity interest in Fujian Kangrong. Fujian Kangrong owns 70% equity interest in Shangrao Xiehe. Shangrao Xiehe owns and operates the Shangrao Xiehe Hospital in Shangrao City, Jiangxi Province, the PRC.

Large Forever was acquired by the Group in 2008, details of such acquisition are set out in the Company's circular dated 17 March 2008.

For the two years ended 31 March 2010 and the three months ended 30 June 2010, the audited and unaudited net profit/(loss) before and after taxation of Large Forever are as follows:

	For the three months ended 30 June 2010 (Unaudited) HK\$'000	For the year ended 31 March 2010 (Audited) HK\$'000	For the year ended 31 March 2009 (Audited) HK\$'000
Net profit/(loss) before taxation	(13)	(1,642)	7,377
Net profit/(loss) after taxation	(13)	(1,642)	5,647

Upon completion of the S&P Agreement, Large Forever ceases to be a subsidiary of the Company and the financial results of Large Forever will cease to be consolidated into the financial statements of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

In 2008, the Company acquired Large Forever and indirectly owned 70% interest in Shangrao Xiehe Hospital.

In arriving at the decision for the Disposal, the Directors assessed the prospects of Shangrao Xiehe 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 S&P Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Disposal is HK\$6,700,000 and the net proceeds from the Disposal is estimated to be approximately HK\$6.7 million. The Company intends to use the net proceeds from the Disposal to strengthen the financial position of the Group, as general working capital of the Group and to finance new projects if appropriate investment opportunity arises.

GEM LISTING RULES IMPLICATIONS

The Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules as the applicable percentage ratios calculated under Rule 19.07 of the GEM 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, pharmaceutical wholesale and distribution and pharmaceutical retail chain business 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 (康匯國際有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company and the vendor under the S&P Agreement
“Board”	the board of Directors
“Business day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 (Stock Code: 8143)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire issued share capital in Large Forever by Ally Health to the Purchaser under the S&P Agreement
“Fujian Kangrong”	Fujian Kangrong Enterprises Management Consultancy Limited# (福建康榮企業管理諮詢有限公司), a wholly foreign owned enterprise established in the PRC and an indirect wholly owned subsidiary of Large Forever
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Large Forever”	Large Forever Group Limited (鉅永集團有限公司), a company incorporated in the British Virgin Islands and a wholly owned of Ally Health
“Mr. Liu” or “Purchaser”	Mr. Liu Zhijia# (劉志嘉), a PRC citizen and the purchaser of under the S&P 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
“S&P Agreement”	the sale and purchase agreement dated 14 September 2010 entered into between Ally Health as vendor and Mr. Liu as purchaser in connection with the Disposal
“Shangrao Xiehe”	Shangrao Shi Xiehe Hospital Limited# (上饒市協和醫院有限公司), a limited company established in the PRC, the equity interest of which is owned as to 70% by Fujian Kangrong and 5% by Mr. Tang Sheng# (唐勝) and 25% by Mr. Lin Zhenan# (林振安)
“Shangrao Xiehe Hospital”	Shangrao Xiehe Hospital# (上饒協和醫院), a trade name of a privately-run hospital established in Shangrao City, Jiangxi Province, the PRC by Shangrao Xiehe
“Shareholder(s)”	shareholder(s) 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, 14 September 2010

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).

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