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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)

PROPOSED DISCLOSEABLE AND CONNECTED TRANSACTION

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The Board announces that subject to the Independent Shareholders' approval in the EGM, Huihao Sihai proposes to enter into the Fujian Huihao Guarantee jointly with Mr. Yung and his associate in favour of ABC Bank to secure the obligations, liabilities and indebtedness of Fujian Huihao to be owed to ABC Bank under the Fujian Huihao Loan.

To the best knowledge, information and belief of the Directors, Fujian Huihao is a company established in the PRC, and owned as to 55% by Mr. Weng Jiale, a nephew of Mr. Yung and as to 45% by an Independent Third Party. Hence, Fujian Huihao is a connected person on the part of the Company.

As the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the aggregated secured obligation under the Fujian Huihao Guarantee will exceed 5% but will be less than 25% and the total liability of the Group will exceed HK\$10,000,000, the proposed entering into of the Fujian Huihao Guarantee and the transaction contemplated thereunder will constitute discloseable and connected transaction on the part of the Company and will be subject to the approval of the Independent Shareholders at the EGM by way of poll.

Mr. Yung and his associates, who hold approximately 28.63% of the entire issued share capital of the Company as at the date of this announcement, will abstain from voting for the relevant resolution at the EGM to approve the Fujian Huihao Guarantee and the transaction contemplated thereunder due to their interests in the transaction.

A circular containing, among other things, details of the Fujian Huihao Guarantee and transaction to be contemplated thereunder, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders on the Fujian Huihao Guarantee and a notice of the EGM, will be despatched to the Shareholders on or before 5 December 2011.

* For identification purpose only

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To the best knowledge, information and belief of the Directors, Fujian Huihao intends to enter into the Fujian Huihao Loan Agreement, pursuant to which ABC Bank will agree to grant the Fujian Huihao Loan in the principal sum of RMB19,000,000 to Fujian Huihao for its general business overheads subject to the terms and conditions of the Fujian Huihao Loan Agreement.

THE FUJIAN HUIHAO GUARANTEE

- Parties:**
- (1) Huihao Sihai, Mr. Yung, Weng Jiale and Weng Qingjie as guarantors
 - (2) ABC Bank as the lender

To the best knowledge, information and belief of the Directors having made the reasonable enquiry, ABC Bank is an Independent Third Party.

Subject matter:

Pursuant to the Fujian Huihao Guarantee, each of Huihao Sihai, Mr. Yung, Weng Jiale and Weng Qingjie will jointly and severally to secure the obligations, liabilities and indebtedness of Fujian Huihao under the Fujian Huihao Loan. The maximum amount of the liabilities of each of Huihao Sihai, Mr. Yung, Weng Jiale and Weng Qingjie under the Fujian Huihao Guarantee will be up to RMB19,000,000.

Term: the Fujian Huihao Guarantee shall be limited for a period of two years commencing from the date of the Fujian Huihao Loan Agreement.

Condition Precedent: The Fujian Huihao Guarantee will be unconditional.

Fee or interest: No fee or interest is or will be payable to Huihao Sihai by Fujian Huihao for the entering into of the Fujian Huihao Guarantee.

Information on Fujian Huihao

To the best knowledge, information and belief of the Directors, Fujian Huihao is a company established in the PRC, and owned as to 55% by Mr. Weng Jiale, a nephew of Mr. Yung and as to 45% by an Independent Third Party. Hence, Fujian Huihao is a connected person on the part of the Company. As advised by the board of directors of Fujian Huihao, Fujian Huihao is principally engaged in distribution and wholesale of pharmaceutical products in Fujian Province, the PRC.

On 18 November 2011, Fujian Huihao executed a letter of undertaking in favour of Fuzhou Huihao and Huihao Sihai. Pursuant to such letter of undertaking, Fujian Huihao unconditionally and irrevocably undertakes it will (i) provide corporate guarantee in favour of a PRC bank under the Fuzhou Huihao Loan Agreement to secure the obligations, liabilities and indebtedness of Fuzhou Huihao owed to such bank under the Fuzhou Huihao Loan Agreement up to the limit of RMB16,500,000; and (ii) at the request of Fuzhou Huihao and/or Huihao Sihai, Fujian Huihao will provide further corporate guarantee to Fuzhou Huihao and/or Huihao Sihai or their associates for not less than RMB5,000,000.

No fee or interest is or will be payable to Fujian Huihao by the Group for Fujian Huihao to be a guarantor in respect of the Fuzhou Huihao Loan Agreement or for the entering into letter of undertaking by Fujian Huihao.

REASONS FOR ENTERING INTO THE FUJIAN HUIHAO GUARANTEE

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.

In consideration of Fujian Huihao entering into the letter of undertaking and agrees to provide the corporate guarantee to secure the Fuzhou Huihao Loan Agreement up to the limit of RMB16,500,000 and its undertaking to provide further corporate guarantee of not less than RMB5,000,000, when necessary, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser and Mr. Yung had abstained at the Board meeting to approve the Fujian Huihao Guarantee and the transaction contemplated thereunder) are of the view that the terms of the Fujian Huihao Guarantee are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the aggregated secured obligation under the Fujian Huihao Guarantee will exceed 5% but will be less than 25% and the total liability of the Group will exceed HK\$10,000,000, the proposed entering into of the Fujian Huihao Guarantee and the transaction contemplated thereunder will constitute discloseable and connected transactions on the part of the Company and will be subject to the approval of the Independent Shareholders at the EGM by way of poll.

Mr. Yung and his associates, who hold approximately 28.63% of the entire issued share capital of the Company as at the date of this announcement, will abstain from voting for the relevant resolution at the EGM to approve the Fujian Huihao Guarantee and the transaction contemplated thereunder due to their interests in the transaction.

A circular containing, among other things, details of the Fujian Huihao Guarantee and transaction to be contemplated thereunder, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders on the Fujian Huihao Guarantee and transaction contemplated thereunder and a notice of the EGM, will be despatched to the Shareholders on or before 5 December 2011.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the provision of finance assistance under the Fujian Huihao Guarantee. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

DEFINITIONS

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

“ABC Bank”	Agricultural Bank of China Limited, Fuzhou Donghu Branch, being the lender of the Fujian Huihao Loan
“associates”	the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for business other than a Saturday or a Sunday
“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
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Fujian Huihao Guarantee and the transaction contemplated thereunder
“Fujian Huihao”	Fujian Huihao Pharmaceutical Co. Ltd# (福建惠好藥業有限公司), a company established in the PRC, and owned as to 55% by Mr. Weng Jiale, a nephew of Mr. Yung and as to 45% by an Independent Third Party
“Fujian Huihao Guarantee”	the unconditional guarantee proposed to be jointly executed by Huihao Sihai, Mr. Yung, Weng Jiale and Weng Qingjie in favour of ABC Bank to secure the obligations, indebtedness and liabilities of Fujian Huihao under the Fujian Huihao Loan
“Fujian Huihao Loan”	the loan in the principal sum of RMB19,000,000 proposed to be advanced by ABC Bank to Fujian Huihao under the Fujian Huihao Loan Agreement
“Fujian Huihao Loan Agreement”	a loan agreement proposed to be entered into between ABC Bank and Fujian Huihao pursuant to which ABC Bank will agree to grant to Fujian Huihao the Fujian Huihao Loan

“Fuzhou Huihao”	Fujian Province Fuzhou City Huihao Pharmaceutical Co. Ltd# (福建省福州市惠好藥業有限公司), a company established in the PRC, an indirect wholly-owned subsidiary of the Company
“Fuzhou Huihao Loan Agreement”	a loan agreement proposed to be entered into between a bank in the PRC and Fuzhou Huihao pursuant to which such bank has agreed to grant to Fuzhou Huihao a loan up to RMB15,000,000
“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
“Huihao Sihai”	Fujian Huihao Sihai Pharmaceutical Chain Company Limited# (福建惠好四海醫藥連鎖有限責任公司), a company established in the PRC with limited liability, 99.29% equity interests of which is owned by the Group
“Independent Board Committee”	an independent board committee, comprising Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen, all being the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Fujian Huihao Guarantee and the transaction contemplated thereunder
“Independent Shareholders”	shareholders who are not required to abstain from voting on the resolutions to be proposed at the EGM to approve the connected transaction to be constituted by the Fujian Huihao Guarantee
“Independent Third Party”	a company established in the PRC, who and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Mr. Yung”	Mr. Yung Kwok Leong, an executive Director and a substantial Shareholder

“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
“Shareholders”	holders of the shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“%”	per cent.

The English transliteration of the Chinese names in this circular, 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, 18 November 2011

As at the date of this announcement, the executive Directors 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 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 that 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 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.