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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 SPIN-OFF AND SEPERATE LISTING OF
THE PHARMACEUTICAL
WHOLESALE AND DISTRIBUTION BUSINESS
AND PHARMACEUTICAL RETAIL CHAIN BUSINESS
OF THE GROUP ON THE
MAIN BOARD OF THE STOCK EXCHANGE OF
HONG KONG LIMITED**

The Board would like to announce that the Company is considering the Proposed Spin-off and the listing of the shares of Newco by way of introduction pursuant to Practice Note 3 to the GEM Listing Rules in relation to the Proposed Spin-off on 16 July 2012. The Company was considering a proposal to declare and pay the shareholders of the Company a special interim dividend in connection with the Proposed Spin-off and such special dividend to be satisfied by way of distribution in specie by transferring certain amount of shares in the Newco to the qualifying shareholders of the Company whose names appear on the register of members of the Company at the record date of the distribution. In the event that the Proposed Spin-off would proceed, it may constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules. Further announcement(s) will be made if necessary pursuant to the GEM Listing Rules.

There is no assurance that the Proposed Spin-off would proceed or materialize or the Stock Exchange will grant approval for the Proposed Spin-off and the listing of, and permission to deal in, the new shares arising from the Proposed Spin-off on the Main Board of the Stock Exchange. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

* For identification purpose only

This announcement is made by Hua Xia Healthcare Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and reference is made to the announcement of the Company dated 2 March 2012 (the “**Announcement**”). Terms unless otherwise defined herein shall have the same meanings as those defined in the Announcement.

The Board would like to announce that the Company is considering the proposed spin-off (the “**Proposed Spin-off**”) of the pharmaceutical wholesale and distribution business and pharmaceutical retail chain business of the Group (the “**Spun-off Business**” and the spun-off group conducting the Spun-off Business, the “**Spun-off Group**”) on the Main Board of the Stock Exchange by way of introduction pursuant to Practice Note 3 to the GEM Listing Rules in relation to the Proposed Spin-off on 16 July 2012. The Company was considering a proposal to declare and pay the shareholders of the Company a special interim dividend in connection with the Proposed Spin-off and such special dividend to be satisfied by way of distribution in specie by transferring certain amount of shares in listed holding company (the “**Newco**”) of the Spun-off Group to the qualifying shareholders of the Company whose names appear on the register of members of the Company at the record date of the distribution. Nevertheless, without prejudice to the listing of the shares in the Newco by way of introduction, the Company is open for any possibility to raise fund for the Newco by way of public offer should the market be in a favourable condition.

After the Proposed Spin-off, the Group (other than the Spun-off Group) (the “**Remaining Group**”) will continue to be principally engaged in the provision of general hospital services in the PRC. It is expected that the Proposed Spin-off would unlock the value of the investment in the Spun-off Group and investors would be able to appraise and assess the performance and potential of the Spun-off Group separately and distinct from that of the Remaining Group.

In the event that the Proposed Spin-off would proceed, it may constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules. Further announcement(s) will be made if necessary pursuant to the GEM Listing Rules.

There is no assurance that the Proposed Spin-off would proceed or materialize or the Stock Exchange will grant approval for the Proposed Spin-off and the listing of, and permission to deal in, the new shares arising from the Proposed Spin-off on the Main Board of the Stock Exchange. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 16 July 2012

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 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.