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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)

CONTINUING CONNECTED TRANSACTIONS

On 10 September 2012, Fuzhou Huihao entered into the Tenancy Agreement 1 with FHP Chain in relation to the lease of the Property 1 and the Property 2 by Fuzhou Huihao from FHP Chain. On the same date, Huihao Sihai entered into the Tenancy Agreement 2 with FHP Chain in relation to the lease of the Property 3 and the Property 4 by Huihao Sihai from FHP Chain.

Each of the Tenancy Agreement 1 and the Tenancy Agreement 2 has a term with effect from 10 September 2012 and ending 31 March 2015. For each of the three years ending 31 March 2015, the aggregated annual consideration payable under the Tenancy Agreement 1 and the Tenancy Agreement 2 will be RMB982,416 which is equivalent to approximately HK\$1,198,548.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, FHP Chain is a company established in the PRC, and owned as to 50% by Mr. Weng Jiale (a nephew of Mr. Yung Kwok Leong and a brother of Mr. Weng Jiaying, both are the Directors) and as to 50% by an Independent Third Party. Hence, FHP Chain is a connected person on the part of the Company.

As the landlord under each of the Tenancy Agreement 1 and Tenancy Agreement 2 is the one and same person, namely FHP Chain and the leasing properties are on the same building, the transactions contemplated under the Tenancy Agreement 1 and the Tenancy Agreement 2 shall be aggregated and the aggregated annual consideration exceeds HK\$1,000,000.

As each of the percentage ratios (as defined in the GEM Listing Rules) for the aggregated annual consideration is less than 5%, the entering into of the Tenancy Agreement 1 and the Tenancy Agreement 2 are only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

* For identification purpose only

INTRODUCTION

On 10 September 2012, Fuzhou Huihao entered into the Tenancy Agreement 1 with FHP Chain in relation to the lease of the Property 1 and the Property 2 by Fuzhou Huihao from FHP Chain. On the same date, Huihao Sihai entered into the Tenancy Agreement 2 with FHP Chain in relation to the lease of the Property 3 and the Property 4 by Huihao Sihai from FHP Chain.

The Tenancy Agreement 1 dated 10 September 2012

The principal terms of the Tenancy Agreement 1 are summarised as follows:

Landlord: FHP Chain.

To the best knowledge, information and belief of the Directors having made the reasonable enquiry, FHP Chain is a company established in the PRC, and owned as to 50% by Mr. Weng Jiale (a nephew of Mr. Yung Kwok Leong and brother of Mr. Weng Jiaying, both are the Directors) and as to 50% by an Independent Third Party. Hence, FHP Chain is a connected person on the part of the Company.

As advised by the board of directors of FHP Chain, FHP Chain is principally engaged in retail of pharmaceutical and related products in Fujian Province, the PRC.

Tenant: Fuzhou Huihao.

Premises:

- (i) Level 1 and Level 4 of the office building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的辦公樓第1層、第4層) with a gross floor area of approximately 1,336 square meters; and
- (ii) Levels 1 to 3 of the warehouse building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的倉庫第1-3層) with a gross floor area of approximately 9,957 square meters.

Term: 10 September 2012 to 31 March 2015 (both dates inclusive)

Rental: RMB10,688 per month for the Property 1 and RMB49,785 per month for the Property 2, inclusive of management fees and water and electricity expenses, payable to FHP Chain. Fuzhou Huihao shall pay to FHP Chain the rental of every quarter in one lump sum, i.e. RMB181,419 on or before the twentieth day of next quarter.

Annual cap under the Tenancy Agreement 1

Based on the terms of the Tenancy Agreement 1, the annual cap for the rental payable by Fuzhou Huihao to FHP Chain will be RMB725,676.

The Tenancy Agreement 2 dated 10 September 2012

The principal terms of the Tenancy Agreement 2 are summarised as follows:

Landlord: FHP Chain.

Tenant: Huihao Sihai.

Premises:

- (i) Level 3 of the office building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的辦公樓第3層) with a gross floor area of approximately 600 square meters; and
- (ii) Level 4 of the warehouse building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的倉庫第4層) with a gross floor area of approximately 3,319 square meters.

Term: 10 September 2012 to 31 March 2015 (both dates inclusive)

Rental: RMB4,800 per month for the Property 3 and RMB16,595 per month for the Property 4, inclusive of management fees and water and electricity expenses, payable to FHP Chain. Huihao Sihai shall pay to FHP Chain the rental of every quarter in one lump sum, i.e. RMB64,185 on or before the twentieth day of next quarter.

Annual cap under the Tenancy Agreement 2

Based on the terms of the Tenancy Agreement 2, the annual cap for the rental payable by Huihao Sihai to FHP Chain will be RMB256,740.

The annual caps under the Tenancy Agreement 1 and the Tenancy Agreement 2 when aggregated will be RMB982,416 which is equivalent to approximately HK\$1,198,548.

Reasons for entering in the Tenancy Agreement 2 and the Tenancy Agreement 1

Fuzhou Huihao and its subsidiaries are principally engaged in the pharmaceutical wholesale and distribution business in Fujian Province, the PRC and Huihao Sihai is principally engaged in the pharmaceutical retailing business in Fujian Province, the PRC.

As disclosed in the circular of the Company dated 11 February 2010, (i) Fuzhou Huihao entered into two tenancy agreements both dated 28 December 2009 with FHP Chain for the rental of certain premises in the same building, where the Property 1 and the Property 2 form part, and which is used as office and warehouse of Fuzhou Huihao. Both of such two rental agreements had a term of five years commencing from 1 January 2010 to 31 December 2014 with an aggregate rental fee of RMB146,634 per quarter; (ii) Huihao Sihai entered into a tenancy agreement with FHP Chain dated 15 December 2011 for the rental of certain premises in the same building, where the Property 3 and the Property 4 form part, which is used as office and warehouse of Huihao Sihai. Such tenancy agreement had a term of one year commencing from 15 December 2011 to 14 December 2012 with a rental fee of RMB64,380 per quarter.

As Fuzhou Huihao and Huihao Sihai need more office areas and warehouses for their business operation and development, Fuzhou Huihao and Huihao Sihai requested FHP Chain to lease more areas in the same building to them. Further in order to unify all the tenancy agreements between the Group and FHP Chain, the parties therefore entered into the Tenancy Agreement 1 and the Tenancy Agreement 2 and terminate all the previous tenancy agreements between the Group and FHP Chain immediately after the entering into the Tenancy Agreement 1 and the Tenancy Agreement 2.

The terms (including the rental fees) of each of the Tenancy Agreement 1 and the Tenancy Agreement 2 were reached on an arm's length basis with reference to comparable rental transactions as available in the market. The Directors, including the independent non-executive Directors, consider that the entering into of the Tenancy Agreement is in the ordinary course of business of the Group, on normal commercial terms which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

To the best knowledge, information and belief of the Directors having made the reasonable enquiry, FHP Chain is a company established in the PRC, and owned as to 50% by Mr. Weng Jiale, (a nephew of Mr. Yung Kwok Leong and a brother of Mr. Weng Jiaying, both are the Directors) and as to 50% by an Independent Third Party. Hence, FHP Chain is a connected person on the part of the Company. Accordingly, the transactions contemplated under the Tenancy Agreement 1 and the Tenancy Agreement 2 constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

As the landlord under each of the Tenancy Agreement 1 and Tenancy Agreement 2 is the one and same person, namely FHP Chain and the leasing properties are on the same building, the transactions contemplated under the Tenancy Agreement 1 and the Tenancy Agreement 2 shall be aggregated and the aggregated annual consideration exceeds HK\$1,000,000.

As each of the percentage ratios (as defined in the GEM Listing Rules) for the aggregated annual consideration payable under the Tenancy Agreement 1 and the Tenancy Agreement 2 is less than 5%, the entering into of the Tenancy Agreement 1 and the Tenancy Agreement 2 are only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of general hospital services, pharmaceutical wholesale, distribution and pharmaceutical retail chain business in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“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 GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Director(s)”	director(s) of the Company
“FHP Chain”	Fujian Huihao Pharmaceutical Chain Company Limited# (福建惠好醫藥連鎖有限公司), a company established in the PRC, and owned as to 50% by Mr. Weng Jiale, (a nephew of Mr. Yung Kwok Leong and a brother of Mr. Weng Jiaying, both are the Directors) and as to 50% by an Independent Third Party
“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, a wholly-owned subsidiary of the Company
“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 from time to time
“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 indirectly owned by the Company
“Independent Third Party(ies)”	any person or company 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
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“Property 1”	the office premises located on Level 1 and Level 4 of the office building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的辦公樓第1層、第4層) with a gross floor area of approximately 1,336 square meters

“Property 2”	the warehouse located on Levels 1 to 3 of the warehouse building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的倉庫第1-3層) with a gross floor area of approximately 9,957 square meters
“Property 3”	the office premises located on Level 3 of the office building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的辦公樓第3層) with a gross floor area of approximately 600 square meters
“Property 4”	the warehouse located on Level 4 of the warehouse building located on No. 8 Huihao Road, Shangjie Town, Minhou Xian, Fujian Province, the PRC# (中國福建省閩侯縣上街鎮惠好路8號的倉庫4層) with a gross floor area of approximately 3,319 square meters
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement 1”	the tenancy agreement dated 10 September 2012 and entered into between FHP Chain and Fuzhou Huihao in relation to the lease of the Property 1 and Property 2
“Tenancy Agreement 2”	the tenancy agreement dated 10 September 2012 and entered into between FHP Chain and Huihao Sihai in relation to the lease of the Property 3 and Property 4
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 10 September 2012

In this announcement, unless otherwise specified, amounts in RMB is converted to HK\$ at conversion rates of HK\$1.22 = RMB1.00 for illustration only. No representation was made that any amounts in RMB could have been or could be converted into HK\$ at such rate or any other rates.

the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

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 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.