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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)

CONNECTED TRANSACTION INVOLVING THE ISSUE OF NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

Financial adviser to the Company



INCU Corporate Finance Limited

On 10 April 2013 (after the trading hours of the Stock Exchange), the Company entered into the CPS Subscription Agreement with Mr. Yung, pursuant to which, Mr. Yung has agreed to subscribe for and the Company has agreed to issue the 504,201,680 Second Batch CPSs at the total Issue Price. The total Issue Price of HK\$120 million will be satisfied by setting off against HK\$120 million principal amount of the Promissory Note.

The Issue Price of HK\$0.238 per Second Batch CPS represents (i) a premium of approximately 13.33% over the closing price of HK\$0.21 per Hua Xia Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 11.01% over the average of the closing prices per Hua Xia Share of HK\$0.2144 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the CPS Subscription Agreement; and (iii) a premium of approximately 10.39% over the average of the closing prices per Hua Xia Share of HK\$0.2156 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the CPS Subscription Agreement.

* For identification purpose only

The 504,201,680 Second Batch CPSs represent approximately 511.88% of the existing issued CPS capital of the Company and represent approximately 83.66% of the issued CPS capital of the Company as enlarged by the allotment and issue of the Second Batch CPSs.

The 504,201,680 Conversion CPSs (to be allotted and issued upon full conversion of the Second Batch CPSs) represent approximately 46.52% of the existing ordinary issued share capital of the Company and represent approximately 31.75% of the ordinary issued share capital of the Company as enlarged by the allotment and issue of the 504,201,680 Conversion CPSs.

The Second Batch CPSs and the Conversion CPSs (to be allotted and issued upon full conversion of the Second Batch CPSs) are to be issued under a special mandate to be sought at the EGM.

CIRCULAR

A circular containing, among other things, (i) the CPS Subscription; (ii) the advice of Veda Capital to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Hua Xia Shareholders on or before 30 June 2013.

As the CPS Subscription is subject to, among other things, the approval of the Independent Shareholders and the Listing Committee, the CPS Subscription may or may not proceed. Hua Xia Shareholders and prospective investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

THE CPS SUBSCRIPTION AGREEMENT

Date: 10 April 2013 (after trading hours of the Stock Exchange)

Parties: (i) The Company (as the issuer); and

(ii) Mr. Yung (as subscriber)

Pursuant to the CPS Subscription Agreement, Mr. Yung has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the 504,201,680 Second Batch CPSs at the total Issue Price of HK\$120 million which will be satisfied by setting off against HK\$120 million principal amount of the Promissory Note.

Mr. Yung is an executive Hua Xia Director and a substantial Hua Xia Shareholder who together with his associates are interested in aggregate 257,507,375 Hua Xia Shares, representing approximately 23.76% of the issued share capital of the Company as at the date of this announcement. Mr. Yung is therefore a connected person of the Company as defined under the GEM Listing Rules.

The Second Batch CPS

The 504,201,680 Second Batch CPSs represent approximately 511.88% of the existing issued CPS capital of the Company and represent approximately 83.66% of the issued CPS capital of the Company as enlarged by the allotment and issue of the Second Batch CPSs.

The Conversion CPS

The 504,201,080 Conversion CPSs (to be allotted and issued upon full conversion of the Second Batch CPSs) represent approximately 46.52% of the existing ordinary issued share capital of the Company and represent approximately 31.75% of the ordinary issued share capital of the Company as enlarged by the allotment and issue of the 504,201,680 Conversion CPSs.

The Issue Price

The Issue Price of not less than HK\$0.238 per Second Batch CPS represents (i) a premium of approximately 13.33% over the closing price of HK\$0.21 per Hua Xia Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 11.01% over the average of the closing prices per Hua Xia Share of HK\$0.2144 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the CPS Subscription Agreement; and (iii) a premium of approximately 10.39% over the average of the closing prices per Hua Xia Share of HK\$0.2156 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the CPS Subscription Agreement.

The net total issue price, (after deduction of relevant expenses including but not limited to legal expenses and disbursements of approximately HK\$750,000), is estimated to be approximately HK\$119.25 million and the net issue price per Second Batch CPS is approximately HK\$0.237.

The Issue Price of HK\$0.238 per Second Batch CPS was arrived at after arm's length negotiations between the Company and Mr. Yung which represents a premium of over 10% over the average of the closing prices per Hua Xia Share of HK\$0.2156 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the CPS Subscription Agreement, rounding up to the nearest third decimal point. The total Issue Price of HK\$120 million will be satisfied by setting off against HK\$120 million principal amount of the Promissory Note.

The Hua Xia Directors (excluding the independent non-executive Hua Xia Directors whose views will be given after taking into account the advice from Veda Capital, the independent financial adviser, and Mr. Yung who had abstained from voting at the Board meeting to approve the CPS Subscription Agreement and the transactions contemplated thereunder) consider that the Issue Price and the terms of the CPS Subscription Agreement are fair and reasonable and are in the interests of the Company and the Hua Xia Shareholders as a whole.

Conditions precedent

Completion of the CPS Subscription is conditional upon:

- (i) the Listing Committee having granted the listing of, and the permission to deal in the Conversion CPSs upon exercise of the conversion rights attached to the Second Batch CPS;
- (ii) the Proposed Spin-off having becoming unconditional (save for the condition the CPS Subscription Agreement having becoming unconditional);
- (iii) the Independent Shareholders passing an ordinary resolution at the EGM approving the CPS Subscription Agreement and the transactions contemplated thereunder;
- (iv) the obtaining of all necessary consents, approvals and authorisations on the part of the Company in respect of the CPS Subscription Agreement and the transactions contemplated thereunder; and
- (v) the obtaining of all necessary consents, approvals and authorisations on the part of Mr. Yung in respect of the CPS Subscription Agreement and the transactions contemplated thereunder.

None of the above conditions precedent is waivable. If the above conditions precedent have not been satisfied (or as the case may be, waived) on or before 5:00 p.m. on 31 December 2013 (or such other date as agreed by the parties to the CPS Subscription Agreement), the CPS Subscription Agreement shall cease and determine and neither party shall have any obligations and liabilities towards each other thereunder save for antecedent breaches of the terms of the CPS Subscription Agreement.

Completion

Completion of the CPS Subscription will take place at 4:00 p.m. on the third Business Day after the conditions of the CPS Subscription have been fulfilled (or such other date as may be agreed between the parties of the CPS Subscription Agreement).

Principal terms

Pursuant to the instrument of the Second Batch CPS, the principal terms of the Second Batch CPS are as follows:

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| Notional value | the value of HK\$0.01 per Second Batch CPS |
| Issue Price | HK\$0.238 per Second Batch CPS |
| Number of Second Batch CPS | 504,201,680 Second Batch CPSs |
| Conversion price | Initially, Issue Price per Second Batch CPS (subject to standard adjustments) |

The conversion price of the Second Batch CPS is subject to adjustments upon the occurrence of consolidation or subdivision of Hua Xia Shares, capitalisation issues, capital distribution, rights issues and issue of new Hua Xia Shares or convertible securities at issue or conversion price at more than 20% discount to the then market price per Hua Xia Share (being the current market price at the date of the announcement of the terms of such issue).

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| Limitations on conversion | No conversion of the Second Batch CPS is allowed provided that (i) any conversion of the Second Batch CPS triggers a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder(s) of the Second Batch CPS and parties acting in concert with any of them who exercised the conversion rights and the number of Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Second Batch CPS (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Second Batch CPS), together with the Hua Xia Shares and Conversion Second Batch CPS in issue, represents 30% or more of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code or (ii) if immediately after such conversion, the public float of the Hua Xia Shares falls below the minimum public float requirements stipulated under the GEM Listing Rules or as required by the Stock Exchange. |
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| Redemption | Neither the holder(s) of the Second Batch CPS nor the Company shall have the right to redeem or request for the redemption of the Second Batch CPS. |
| Ranking | <p>The Second Batch CPS ranks: (i) in priority to the Hua Xia Shares and any other shares of the Company as to return of capital, and (ii) pari passu with Hua Xia Shares as to dividends.</p> <p>The Conversion CPS, when allotted and issued, will rank pari passu in all respects with the Hua Xia Shares in issue on date of allotment and issue of such Conversion CPS.</p> |
| Voting rights | Holder(s) of the Second Batch CPS (in their capacity as such) will not be permitted to attend or vote at meetings of the Company, unless a resolution is proposed to vary the rights of holders of the Second Batch CPS or a resolution is proposed for the winding up of the Company. The holder of one Second Batch CPS is entitled to one vote at the general meeting of the Company when he/she/it is permitted to vote at the above resolution. |
| Dividends | Holder(s) of each Second Batch CPS shall have the same entitlement to dividend as the Shareholder(s) into which such Second Batch CPS may be converted upon exercise of conversion rights attached thereto. |
| Transferability | The Second Batch CPS may be assigned or transferred to any transferee provided that such transferee is not a connected person of the Company, unless the necessary approval (if any) be obtained from the Stock Exchange and from the independent shareholders of the Company. |
| Rights upon liquidation | On winding up of the Company, the holder(s) of the Second Batch CPS shall be entitled to the return of capital on the basis of the notional value of Second Batch CPS. |
| Governing law | The Second Batch CPS shall be governed by and construed in accordance with the laws of the Cayman Islands. |
| Listing | No application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of the Second Batch CPS. |

The terms of the CPS Subscription Agreement, including the Issue Price which was determined after arm's length negotiations between the parties to the CPS Subscription Agreement.

The Second Batch CPSs and the Conversion CPS (to be allotted and issued upon full conversion of the Second Batch CPS) will be issued under a specific mandate to be sought at the EGM. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion CPSs to be issued under the Second Batch CPS.

Shareholding structure of the Company

As at the date of this announcement, the Company has (i) a total of 110,951,287 outstanding share options which entitles the holder of the share option to subscribe for 110,951,287 Hua Xia Shares, (ii) an outstanding convertible notes in the principal sum of HK\$6,500,000 which confer the right to convert into 3,421,053 Hua Xia Shares; and (iii) 98,500,000 First Batch CPS which confer the right to convert into 98,500,000 Hua Xia Shares. Mr. Yung was interested in 98,500,000 First Batch CPSs. The following table shows the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon full conversion of the Second Batch CPS (for illustration purpose only); and (iii) upon full conversion of the remaining First Batch CPS and the Second Batch CPS and all outstanding convertible securities (for illustration purpose only).

| | As at the date of this announcement | | Assuming that all the Second Batch CPSs have been converted but before the conversion of the First Batch CPS and all outstanding convertible securities and none of the outstanding share option have been exercised (note 6) | | Assuming that all the First Batch CPSs, the Second Batch CPSs and all outstanding convertible securities are converted and all the outstanding share options have been exercised (note 6) | |
|-------------------------------------|--|--------------------|---|--------------------|---|--------------------|
| | No. of Hua Xia Shares | approximately % | No. of Hua Xia Shares | approximately % | No. of Hua Xia Shares | approximately % |
| | | | | | | |
| Hua Xia Directors | | | | | | |
| Mr. Yung (notes 1 and 2) | 136,546,875 | 12.60% | 640,748,555 | 40.35% | 740,948,555 | 41.14% |
| Easeglory Holdings Limited (note 1) | 120,960,500 | 11.16% | 120,960,500 | 7.62% | 120,960,500 | 6.72% |
| <i>Sub-total</i> | <i>257,507,375</i> | <i>23.76%</i> | <i>761,709,055</i> | <i>47.97%</i> | <i>861,909,055</i> | <i>47.86%</i> |
| Mr. Zheng Gang (note 2) | 2,000,000 | 0.18% | 2,000,000 | 0.13% | 12,314,084 | 0.68% |
| Other Hua Xia Directors (note 3) | – | – | – | – | 18,160,563 | 1.01% |
| Directors of Wanjia | 1,806,250 | 0.17% | 1,806,250 | 0.10% | 11,737,236 | 0.65% |
| Public Shareholders (note 5) | 822,624,639 | 75.89% | 822,624,639 | 51.80% | 896,891,346 | 49.80% |
| Total | 1,083,938,264 | 100.00% | 1,588,139,944 | 100.00% | 1,801,012,284 | 100.00% |

Notes:

1. As at the date of this announcement, Mr. Yung was personally beneficially interested in 136,546,875 Hua Xia Shares and the holder of 98,500,000 First Batch CPS. Through his controlled corporations, namely Marshal International Investments Limited which in turn holds the entire issued capital of Easeglory Holdings Limited which is the beneficial owner of 120,960,500 Hua Xia Shares, Mr. Yung is also deemed to be interested in those 120,960,500 Hua Xia Shares held by Easeglory Holdings Limited.
2. Each of Mr. Yung and Mr. Zheng Gang is an executive Hua Xia Director, each of Mr. Yung and Mr. Zheng Gang holds share options to subscribe for 1,700,000 and 10,314,084 Hua Xia Shares respectively.
3. Each of Jiang Tao, Huang Jiaqing, Chen Jin Shan, Wong Yu Man, James, is a Hua Xia Director, each of them holds share options to subscribe for 4,363,380, 2,312,676, 10,484,507 and 1,000,000 Hua Xia Shares respectively.
4. It includes convertible notes which entitle the holder to convert into 3,421,053 Hua Xia Shares.
5. The two scenarios are for illustration purpose only. Pursuant to the terms and conditions of the First Batch CPS and the Second Batch CPS, holder(s) of the CPS shall have the right to convert the Second Batch CPS provided that any conversion of the CPS (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder(s) of the CPS and parties acting in concert with any of them; and (ii) the public float of the Hua Xia Shares does not fall below the minimum public float requirements stipulated under the GEM Listing Rules or as required by the Stock Exchange.

Fund Raising Activities in the Past Twelve-Month Period

The Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

Reasons for the CPS Subscription

The Group (including the Wanjia Group) is principally engaged in the (i) provision of general hospital services in the People's Republic of China and (ii) pharmaceutical wholesale and distribution business and pharmaceutical retail chain business in the People's Republic of China.

In order to demonstrate that each of the Remaining Group and the Wanjia Group can operate independently to each other, the Hua Xia Directors have accessed the financial position of the Remaining Group on a standalone basis (without consolidating profit and loss, the assets and liabilities of the Wanjia Group). The Company has reviewed the profit and loss, assets and liabilities contribution of the Remaining Hospital Group, based on the audited account of the Group as at 31 March 2012, it is expected that there will be net liabilities position of the Remaining Group upon completion of the Proposed Spin-off and was mainly due to the liabilities from the Promissory Note issued by Hua Xia in connection with the acquisition of the pharmaceutical business completed on 8 March 2010. Accordingly, in order to restore the net asset position of the Remaining Group, it is proposed that part of the

Promissory Note will be used to set off the total issue price of the Second Batch CPS. The main reason for the issuance of the Second Batch CPS and the set off against the Promissory Note is for the purpose of enhancing the financial position of the Remaining Group upon completion of the Proposed Spin-off.

The Company has explored other possible ways to improve the financial position of the Remaining Group upon completion of the Proposed Spin-off and has assessed the cost and benefit of each possible option. The Company considered that the financial position of the Group may be effectively improved by reducing the liabilities of the Remaining Group, mainly attributable to the Promissory Note, or by the equity financing which will strengthen the capital base of the Remaining Group. The Company has considered several methods of equity fund raising such as rights issue, open offer and placing.

The fund raising by means of rights issue or open offer usually involves a deep discount to the existing market price so as to attract shareholders to participate in the rights issue or open offer. This will lower theoretical share price. Furthermore, such fund raising method may incur more expenses such as underwriting commission, printing expense, etc. and usually take longer time to complete.

The fund raising by means of placing of new Shares is also unavoidably at a discounted offer, incur expenses such as placing commission, and causes dilution to the existing shareholder's interest.

In light of (i) the recent low trading volume and low trading price, (ii) substantial amount of equity to be issued; and (iii) the possible net liability position of the Remaining Group, the Company encountered difficulties in finding new investors. The Company and Mr. Yung therefore entered into negotiation in respect of capitalising part of the Promissory Note which will reduce the liabilities and increase the equity of the Remaining Group.

Under the CPS Subscription, completion of the CPS Subscription Agreement is subject to the Independent Shareholder's approval and it requires less time to complete as compare with rights issue or open offer. The cost of this fund raising is also lower as there is no underwriting commission or placing commission to be borne by Hua Xia. Even the CPS Subscription will cause dilution to the shareholding, the Issue Price is issued at a premium of approximately 10% over the average of the closing prices per Hua Xia Share of HK\$0.2156 as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of CPS Subscription Agreement instead of a discount offered in other fund raising exercise, accordingly, it will indirectly reserve more financial resources of the Remaining Group for its future business plan and development.

Having considered that (i) the Issue Price represents a premium over the closing price of the Hua Xia Shares as at the date of the CPS Subscription Agreement; (ii) the CPS Subscription will enhance the financial position of the Remaining Group; (iii) the reduction of the interest on the Promissory Note for the part set off for the remaining term of the Promissory Note; (iv) the cost of subscription is much cheaper than placing of securities as there is no placing commission incurred; and (v) the CPS Subscription will strengthen the financial position of the Remaining Group, the Hua Xia Directors

(excluding the independent non-executive Hua Xia Directors whose views will be given after taking into account the advice from Veda Capital, the independent financial adviser, and Mr. Yung who had abstained from voting at the Board meeting to approve the CPS Subscription Agreement and the transactions contemplated thereunder) consider that the terms of the CPS Subscription Agreement are fair and reasonable and in the interests of the Company and the Hua Xia Shareholders as a whole.

At the request of the Company, Mr. Yung agreed to facilitate the Company to improve the financial position of the Remaining Group. Given that the purpose of the CPS Subscription is to enhance the financial position of the Remaining Group after the Proposed Spin-off, Mr. Yung only agreed to capitalise part of the Promissory Note on the condition that the Proposed Spin-off can proceed. If the Proposed Spin-off does not proceed, the CPS Subscription Agreement will be terminated. After the arm's length negotiation between the Company and Mr. Yung, it was agreed that the CPS Subscription Agreement and the Proposed Spin-off shall be conditionally upon each other.

GEM LISTING RULES IMPLICATIONS

Mr. Yung is an executive Hua Xia Director and a substantial Hua Xia Shareholder who together with his associates are interested in aggregate 257,507,375 Hua Xia Shares, representing approximately 23.76% of the issued share capital of the Company as at the date of this announcement. Mr. Yung is therefore a connected person of the Company as defined under the GEM Listing Rules. The CPS Subscription constitutes a connected transaction on the part of the Company and is subject to reporting, announcement and approval of the Independent Shareholders.

None of the controller of the Company has any relation with Mr. Yung. As Mr. Yung is a party to the CPS Subscription Agreement, he has a material interest in the CPS Subscription and he had abstained from voting on the board resolution approving the CPS Subscription and the transaction contemplated thereunder. Save for Mr. Yung, no other Hua Xia Directors has material interest in the CPS Subscription and are required to abstain from voting on the board resolution approving the CPS Subscription.

Mr. Yung together with his associates, who are interested in aggregate 257,507,375 Hua Xia Shares, are required to and will abstain from voting at the EGM on the resolution approving the CPS Subscription and the transactions contemplated thereunder.

EGM

The EGM shall be convened to approve, among other things, the CPS Subscription and the transactions contemplated thereunder. As required under the GEM Listing Rules, voting at the EGM shall be taken by way of a poll.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been formed to consider the CPS Subscription, and to advise the Independent Shareholders on whether the terms and conditions of the CPS Subscription Agreement are fair and reasonable and in the interests of the Company as a whole and to advise the Independent Shareholders how to vote at the EGM.

INDEPENDENT FINANCIAL ADVISER

Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the CPS Subscription Agreement are fair and reasonable and in the interests of the Company and the Hua Xia Shareholders as a whole and to advise the Independent Shareholders how to vote at the EGM.

GENERAL

A circular containing, among other things, (i) the CPS Subscription; (ii) the advice of Veda Capital to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice convening the EGM, will be despatched to the Hua Xia Shareholders on or before 30 June 2013.

As the CPS Subscription is subject to, among other things, the approval of the Independent Shareholders and the Listing Committee, the CPS Subscription may or may not proceed. Hua Xia Shareholders and prospective investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITION

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| “associate(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Business Day(s)” | any day (other than Saturday, Sunday or a public holiday) on which banks in Hong Kong are generally open for normal banking business |
| “Company” or “Hua Xia” | 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 (as the case may be) |

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| “Conversion CPS(s)” | new Hua Xia Shares to be issued by the Company upon the exercise of the conversion rights attached to the CPS |
| “CPS(s)” | the non-redeemable convertible preference shares, including both the First Batch CPS and the Second Batch CPS |
| “CPS Subscription” | the issue of the Second Batch CPS in the principal amount of HK\$120 million pursuant to the CPS Subscription Agreement |
| “CPS Subscription Agreement” | the conditional subscription agreement dated 10 April 2013 and entered into between the Company and Mr. Yung in relation to the CPS Subscription |
| “EGM” | an extraordinary general meeting to be convened and held by the Company for the purpose of approving, amongst other things, the CPS Subscription Agreement and the transactions contemplated thereunder |
| “First Batch CPS(s)” | a total of 98,500,000 outstanding CPSs held by Mr. Yung and having the rights and benefits and subject to the restrictions set out in the terms governing the First Batch CPS as stated in the circular of the Company dated 11 February 2010 |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” or “Hua Xia Group” | the Company and its subsidiaries (before the Proposed Spin-off) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Hua Xia Board” | the board of Hua Xia Directors |
| “Hua Xia Directors” | directors of the Company |
| “Hua Xia Shares” | ordinary shares of HK\$0.01 each in the issued share capital of the Company |

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| “Hua Xia Shareholder(s)” | holder(s) of the Hua Xia Share(s) |
| “Independent Board Committee” | the independent board committee formed by the independent non-executive Hua Xia Directors to advise the Independent Shareholders on the CPS Subscription |
| “Independent Shareholder(s)” | Hua Xia Shareholders, apart from Mr. Yung and his associates, who are entitled to vote for and against the CPS Subscription at the EGM |
| “Independent Third Parties” | any person or company and its ultimate beneficial owner(s), to the best of the Hua Xia Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of the Company and its connected persons |
| “Issue Price” | the issue price of HK\$0.238 per Second Batch CPS |
| “Last Trading Day” | 10 April 2013, being the date entering into the CPS Subscription Agreement |
| “Listing Committee” | the listing sub-committee of the board of directors of the Stock Exchange |
| “Main Board” | the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with GEM |
| “Mr. Yung” | Mr. Yung Kwok Leong, an executive Hua Xia Director and a substantial Hua Xia Shareholder |
| “Promissory Note” | outstanding promissory note in the principal amount of HK\$220 million and beneficially held by Mr. Yung as at the date of this announcement |
| “Proposed Spin-off” | the proposed separate listing of the Wanjia Shares on the Main Board, which is expected to be effected by way of introduction |
| “Remaining Group” | the Hua Xia Group other than the Wanjia Group |

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| “Second Batch CPS(s)” | the 504,201,680 CPSs to be allotted and issued by the Company pursuant to the CPS Subscription Agreement and having the rights and benefits and subject to the restrictions governing the Second Batch CPS |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Veda Capital” | Veda Capital Limited, a corporation licensed to carry out business in type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the CPS Subscription |
| “Wanjia” | Wanjia Group Holdings Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of the Company, the issued Shares of which are proposed to be listed on the Main Board upon completion of the Proposed Spin-off |
| “Wanjia Group” | Wanjia and its subsidiaries upon completion of the Proposed Spin-off |
| “Wanjia Share(s)” | ordinary shares of nominal value of HK\$0.01 each in the capital of Wanjia |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 10 April 2013

As at the date of this announcement, the executive Hua Xia Directors are Mr. Yung Kwok Leong, Dr. Jiang Tao, Mr. Zheng Gang, Dr. Huang Jiaqing, and Mr. Chen Jin Shan, the non-executive Hua Xia Director is Dr. Wong Yu Man, James, and the independent non-executive Hua Xia Directors are Ms. Wong Ka Wai, Jeanne, Prof. Hu Shanlian and Prof. Lu Chuanzhen.

This announcement, for which the Hua Xia 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 Hua Xia 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.