

## **CHINA HEALTHCARE LIMITED**

(Company Registration No. 200202500K)

### **HEADS OF AGREEMENT FOR THE PROPOSED JOINT VENTURE WITH TONGREN HEALTHCARE GROUP CO. LTD. IN CHINA**

China Healthcare Limited (the “Company”) wishes to announce that the Company has initialled a Heads of Agreement (pending the execution of a formal Agreement) with Tongren Healthcare Group Co. Ltd. and Mr Zhou Zhao Hui, an individual Chinese investor, to establish strategic collaborations in the management and operation of ophthalmology and general hospitals in Kunming and Nanchang, China (“Proposed Joint Venture”).

Tongren Healthcare Group Co. Ltd. is a member of the prestigious 118 year old Beijing Tongren Hospital. Tongren brand is a trusted brand name in the healthcare industry in China. It owns top notch ophthalmology hospitals in China and has ambitious plan to own and operate up to 10 ophthalmology hospitals under the Tongren brand in the next five years.

The strategic collaborations will involve the setting up of and investment in a joint venture through a Special Purpose Vehicle in China that will acquire and takeover the management of two existing hospitals known as Yunnan Tongren Xin Hua Hospital and Jiangxi Tongren Ophthalmology Hospital.

Yunnan Tongren Xin Hua Hospital, formerly known as Yunnan Xin Hua Hospital, was taken over by Tongren Healthcare Group Co. Ltd. on 12<sup>th</sup> May 2004. It was an incorporated general hospital established in 1988 and is the largest Grade 3 Class B general hospital in northern Kunming City. The hospital has a bed capacity of 500 and its major clinical departments include Surgery, Medicine, O&G, Paediatrics, Ophthalmology, A&E, Anaesthesia, Dental, Radiography, Clinical Laboratory, Pain Management and Ear, Nose and Throat. It is also the largest health screening centre in Yunnan province with an attractive environment and the latest facilities. The Eye Centre of the hospital, which was established in March 2005, is ranked as the best eye centre in Yunnan province with the most advanced equipment, best technical expertise and largest investment. The Eye Centre provides treatments related to cataract, glaucoma, etc. under the ophthalmology centre, optometry centre and Lasik centre. The hospital currently has a professional staff strength of over 300 including doctors, nurses and professors and its credentials include the execution on average of 1,800 operations and treating 183,000 outpatients per year and supported by 24 ICU beds and 6 operating theatres.

Jiangxi Tongren Ophthalmology Hospital is the 1<sup>st</sup> Grade 3 Class A specialist eye hospital located in Jiangxi province. It has a built up areas of 3,300 square meters and a bed establishment of 80 and 5 operating theatres. It has 10 clinical departments including cataract, glaucoma, fundus disease, cornea diseases, etc. There are 7 specialist eye centres (Chinese eye medicine centre, cataract centre, youth eye centre, paediatrics eye centre, glaucoma centre, plastic eye centre and complicated condition eye centre). The hospital employs a team of top ophthalmology experts and promising young to middle-aged eye specialists in Jiangxi province. It also hosts well known experts from Beijing Tongren Hospital as its visiting consultants. Currently, it employs more than 60 staff, including 4 professors and associate professors and 8 senior consultants. The yearly admissions have been around 5,400 and the hospital has performed more than 300 operations by the end of 2006. The eye hospital is especially strong in the fields of fundus disease, eye injury, glaucoma, cornea transplant, plastic eye surgery and laser eye treatments. Since 2006,

the hospital has been ranked the first ophthalmology teaching hospital in Jiangxi province by Jiangxi Province Health Bureau and Nanchang University Jiangxi Medical School and aims to become an associate eye hospital of Nanchang University within the next 2 years.

The Company expects to leverage on the strategic partner's well established brand name, expertise, capabilities and facilities in China to provide the access to a large population needing healthcare needs and where the demand for ophthalmology services has been strong and to provide other related healthcare business opportunities to the Company. The directors believe that the strategic collaborations will allow the Company to realize its long term vision of becoming a recognized premium player in the healthcare industry in the Asia Pacific region.

Under the Heads of Agreement, it is proposed that the Company will take up a 46% stake in the Proposed Joint Venture with the remaining 54% being held by Tongren Healthcare Group Co. Ltd. and Mr Zhou Zhao Hui collectively. The total investment by the Company will amount to approximately S\$10 million in cash.

The investment of the 46% stake in the Proposed Joint Venture is subject to certain conditions precedent being fulfilled or satisfied, including, due diligence by the Company and the execution of a formal agreement among the parties, as well as the obtaining of approval, consent and/or waiver of various regulatory authorities and the approval of the shareholders of the Company in a general meeting to be convened, if required.

Full details of the Proposed Joint Venture will be announced as and when the terms have been finalised.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Joint Venture.

By the Order of the Board

Ong Chu Poh  
Group Chairman & CEO

Singapore, 9 April 2007