

CHINA HEALTHCARE LIMITED
(Company Registration No. 200202500K)

**ACQUISITION OF 51% OF THE REGISTERED CAPITAL OF CHENGDU TIAN LI (GROUP) CO., LTD
(THE "ACQUISITION")**

INTRODUCTION

The Board of Directors of China Healthcare Limited (the "Company") is pleased to announce that the Company's wholly-owned subsidiary, Air Ambulance Asia Pte Ltd ("Air Ambulance"), has on 25 September 2007 entered into an acquisition agreement (the "Agreement") to acquire 51% of the registered capital of Chengdu Tian Li (Group) Co., Ltd ("Tian Li") (the "Sale Shares") from Chengdu Tian Li Food and Entertainment Co., Ltd ("Tian Li Food and Entertainment"), Chengdu Tian Li Renovation Co., Ltd ("Tian Li Renovation") and Si Chuan Chong Zhou Industrial Development Company Edible Oil Trading Co., Ltd. ("Si Chuan Edible Oil") (collectively the "Vendors").

Simultaneous with the Acquisition, an independent third party, Chengdu Ronghao Industrial Co., Ltd. ("Chengdu Ronghao") had also acquired 9% of the registered capital of Tian Li from the Vendors (the "Independent Acquisition").

Pursuant to the Acquisition and the Independent Acquisition, the shareholders of Tian Li are (1) the Company (51%), (2) Tian Li Food and Entertainment (40%) and (3) Chengdu Ronghao (9%) (collectively, the "New Shareholders"). The New Shareholders have on 25 September 2007 signed a joint venture agreement (the "JV Agreement") to govern their relationship relating to Tian Li as well as a new set of articles of association (the "Articles of Association").

CONSIDERATION

The consideration for the Acquisition is RMB37,230,000 based on willing-buyer-willing-seller. The said consideration will be funded internal.

DETAILS ON TIAN LI

Tian Li and its subsidiaries (the "Tian Li Group") are involved in various businesses such as hotel operations, mass media communication, interior design, food and beverage; they also involved in building retiring village and also building of healthcare facilities with healthcare tourism. Tian Li has a registered capital of RMB22 million. In 2004, the Tian Li Group entered into a contract with Chongzhou city government to obtain a 50 year exclusive right to develop and operate a scenic park at Mt Jiguan-Jiulonggou, located 96 km to the West of Chengdu city, and 90 km to Chengdu International Airport. Tian Li has engaged experts from the Shanghai Tongji University and Canada Ecosign Mountain Resort Planners Ltd to draft the master plan of the said park.

The planned activities offered by the park include healthcare and sports facilities such as mountain ski field and other mountain sports, forest walk, river rafting, rehabilitation and spa centre and hot spring pools, which facilitate the concept of Retiring Village, and rehabilitation facilities.

The Chongzhou government has constructed good quality roads leading to the park to ensure accessibility. Currently, the walkways, tourist centre and other tourist facilities inside the park are partially completed and the park is expected to open for business by the end of 2007, while Healthcare facilities is being planned.

RATIONALE FOR THE ACQUISITION

The Directors of the Company view the Acquisition as a strategic expansion opportunity that is intended to further strengthen the Company's capabilities. The Acquisition is intended to result in enhanced earnings for the Company as it would be acquiring shareholdings in a profit making entity.

FINANCIAL EFFECTS OF THE ACQUISITION

1. The financial effect of the Acquisition on the earnings per share of the Company and the Group for FY2007 and the net tangible assets per share of the Company and the Group as at 31 March 2007 is as follows:

	<-----Company----->		←-----Group----->	
	FY2007	After the Acquisition	FY2007	After the Acquisition
Earnings per share (cents)	(0.80)	(0.80)	(0.53)	(0.53)
	As at 31 March 2007	After the Acquisition	As at 31 March 2007	After the Acquisition
NTA per share (cents)	12.22	12.22	12.58	9.26

NOTES:

- (i) Earnings per share is computed based on the weighted average number of shares of the Company in issue.
- (ii) The above impacts are computed under the assumption that the acquisition was done in the first day of FY2007 for EPS and on the last day of FY2007 for NTA / shares.
- (iii) The valuation of the Projects, having total Land area of 110 sq km, was not incorporated in the NTA computations.

2. Rule 1006 Relative Figures

The relative figures computed based on the Group's FY2007 results are as follows.

Basis		
(a)	The net asset value of the Sale Shares compared with the Group's net asset value for FY2007	Not applicable. Acquisition
(b)	The net profit ⁽¹⁾ attributable to the Group's net profit / (loss) of \$758,537 for FY2007	(\$758,537) ⁽²⁾
(c)	The value of the Consideration compared with the Company's market capitalization on 24 September 2007 of \$51.26 million.	14.5% ⁽³⁾
(d)	The number of equity securities issued compared with the number of equity securities previously in issue	Not applicable

NOTES:

- (1) Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items. Ie being after one-time write off for \$2,000,000 for FY2007
- (2) Tian Li was established solely for the development of Scenery Park. All Expenses had been capitalized as Construction in Progress therefore no profit or loss.
- (3) Based on the market capitalisation of the Company as at 24 September 2007 (being the market day preceding the date of the Agreement). Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue and the closing market price of \$0.29 per share on 24 September 2007.

- (4) The valuation of the projects was not incorporated in the NTA computations, with a total Land areas of 110 sq km,

The Acquisition is not a "major transaction" based on the bases above and is therefore not subject to shareholders' approval.

CONDITIONS

The Acquisition shall be conditional upon the following:

- (a) shareholders' approval of Tian Li Food and Entertainment, if required,
- (b) the approval of the board and shareholders of the Company; if required;
- (c) Tian Li having obtained the approval from the Ministry of Commerce and other relevant local departments or PRC organisations with respect to the Agreement, the JV Agreement and Articles of Association; and
- (d) the warranties and undertakings listed in Clauses 8 and 9 of the Agreement being true and accurate as at the Effective Date. Effective Date is defined as the date of the certificate of approval;

INTERESTS OF DIRECTORS

None of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Acquisition.

By Order of the Board

Ong Chu Poh
Group Chairman & CEO

28 September 2007