CHINA HEALTHCARE LIMITED
Company Registration No. 200202500K

CLARIFICATION ON BUSINESS TIMES ARTICLE PUBLISHED ON 17 JULY 2008 ("ARTICLE") TITLED: "BRANDING PUTS THE SHINE ON CHINA HEALTHCARE"

China Healthcare Limited (the "Company") refers to the Article and the queries from the Singapore Exchange Securities Trading Limited ("SGX") and would like to clarify certain information contained in the Article and in response to the SGX's queries as follows:

SGX's query

A. Paragraph 10 of the article states that "China Healthcare then went on to seal other agreements in China. It has signed a pact to invest 60 per cent in a retirement village in western Chengdu, where it will provide the programme content. It intends to invest $10 - $15 million in the project initially".

We understand from you that the aforesaid project was announced on 10 September 2007 and relates to the MOU signed with Sichuan Jinse Laonian Development Co. The article reported that the agreement has been sealed and the Company would provide the programme content. In this regard, please clarify:

(a) Has the Company entered into any definitive agreement for this project following the signing of the MOU in September 2008?

(b) What is entailed in the provision of programme content?

Company's response

*(a) The Company **has not** entered into any definitive agreement as both parties have decided to keep-in-view (KIV) this proposed project.*

(b) At the time of signing of the MOU on 10 September 2007, the programme content related to the proposed development of an international aged community project in the Chongzhou district of western Chengdu, China.

SGX's query

B. Paragraph 12 of the article states that "The phased development of the healthcare resort is estimated to cost 700 million yuan (S$138 million). The first phase is due to be completed this year."

You mentioned that this refers to the Company's acquisition of a 51% stake in Chengdu Tian Li (Group) Co., Ltd which was announced on 28 September 2007. Please clarify whether the estimated development cost of 700 million yuan is factual and if so, disclose how such cost will be financed. Please provide an update of the status of the acquisition.

Company's response

The estimated development cost of RMB700 million as reported in the Article was an estimation of the total development costs for all projects in the healthcare park, comprising retirement villages, rehabilitation & wellness centres, spa resorts, etc, which will take more than 10 years to develop, and evolve, subject to local government's approvals.

In accordance with the Sale and Purchase Agreement signed and announced by the Company on 28 September 2007, the Company has as of todate, fully paid in cash the acquisition cost of RMB37.23 million in respect of its 51% stake in Chengdu Tian Li (Group) Co Ltd. For any future development, the JV Company will have to finance the project by itself.

By Order of the Board

Ong Chu Poh
Chairman and Managing Director

21 July 2008