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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China HealthCare Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**China HealthCare Holdings Limited**  
**中國衛生控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 673)

**ADOPTION OF THE HARVEST SHARE OPTION SCHEME**

**Financial Adviser to the Company**

***Hercules***

**Hercules Capital Limited**

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A notice convening a special general meeting of China HealthCare Holdings Limited to be held at 5/F., Building 88, 1199 North Qin Zhou Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai, China on 28 August 2009 at 10:45 a.m. is set out on page 14 of this circular. A form of proxy for use at the special general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinahealthcareltd.com](http://www.chinahealthcareltd.com)).

If you are not able to attend the special general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Branch Share Registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

31 July 2009

\* *for identification purposes only*

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China HealthCare Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Harvest Board”	the board of Harvest Directors
“Harvest Director(s)”	the director(s) of Harvest Network
“Harvest Group”	Harvest Network and its subsidiaries from time to time
“Harvest Network”	Harvest Network Limited (formerly known as Success Gateway Investments Limited), a company incorporated in British Virgin Islands with limited liability, whose common shares were wholly-owned by the Company as at the Latest Practicable Date
“Harvest Offer”	an offer of grant of Harvest Option made in accordance with the Harvest Share Option Scheme
“Harvest Option(s)”	an option to subscribe for Harvest Shares and/or Harvest Preference Shares granted, at the discretion of the Harvest Board, pursuant to the Harvest Share Option Scheme
“Harvest Option Holder”	holder of the Harvest Option or a person entitled to any such Harvest Option in consequence of the death of the original Harvest Option Holder, where the context so permits
“Harvest Preference Share(s)”	convertible preference share(s) of US\$1.00 each, or such other prevailing par value from time to time, in the capital of Harvest Network
“Harvest Preference Shareholder(s)”	holder(s) of the Harvest Preference Share(s)

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## DEFINITIONS

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“Harvest Share(s)”	common share(s) of US\$1.00 each, or such other prevailing par value from time to time, in the capital of Harvest Network
“Harvest Shareholder(s)”	holder(s) of the Harvest Share(s)
“Harvest Share Option Scheme”	share option scheme of Harvest Network to be approved by the Shareholders at the SGM, a summary of the principal terms of which is set out in the Appendix to this circular
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	30 July 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SGM”	the special general meeting of the Company to be held at 5/F., Building 88, 1199 North Qin Zhou Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai, China, on 28 August 2009 at 10:45 a.m., to consider and, if appropriate, to approve the adoption of the Harvest Share Option Scheme
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar, the lawful currency of United States

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## LETTER FROM THE BOARD

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### **China HealthCare Holdings Limited** **中國衛生控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 673)

*Executive Directors:*

Dr. Li Zhong Yuan (*Chairman*)  
Mr. Lee Jong Dae  
Mr. Zhou Bao Yi

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Mr. Martin Treffer

*Head Office and Principal Place  
of Business in Hong Kong:*

*Independent Non-executive Directors:*

Mr. Mu Xiang Ming  
Mr. Jiang Bo  
Dr. Yan Shi Yun

Unit C, 19/F,  
Entertainment Building  
30 Queen's Road  
Central  
Hong Kong

31 July 2009

*To the Shareholders*

Dear Sir/Madam,

### **ADOPTION OF THE HARVEST SHARE OPTION SCHEME**

#### **1. INTRODUCTION**

The purpose of this circular is to provide Shareholders with information in respect of the resolution to be proposed at the SGM for the adoption of the Harvest Share Option Scheme.

#### **2. ADOPTION OF THE HARVEST SHARE OPTION SCHEME**

Harvest Network is a holding company, whose subsidiaries are principally engaged in B-to-C e-payment services and distributions. As at the Latest Practicable Date, no share option schemes have been adopted by Harvest Network and in effect. The Board proposed that the Harvest Share Option Scheme, which will comply in full with the relevant requirements under the Listing Rules, be approved by the Shareholders at the SGM.

\* *for identification purposes only*

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## LETTER FROM THE BOARD

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### **Reasons for the adoption of the Harvest Share Option Scheme**

The Directors consider that the Harvest Share Option Scheme will serve the motivation and reward purposes as the terms are sufficiently flexible for the Harvest Board to devise individual incentive programs for different eligible persons taking into account their past and expected commitment and contribution to Harvest Network and to recruit and retain high caliber employees. In addition, the adoption of the Harvest Share Option Scheme is in line with modern commercial practice that employees, directors, management, advisers and consultants of Harvest Network and its affiliates be given incentives to work towards enhancing the value of Harvest Network and for the benefit of the Group as a whole. As such, the Directors consider that the adoption of the Harvest Share Option Scheme is in the interest of the Company and the Shareholders as a whole.

A summary of the principal terms of the Harvest Share Option Scheme are set out in the Appendix to this circular.

The Harvest Share Option Scheme has been approved by the Harvest Shareholders and the Harvest Preference Shareholders and is conditional upon the passing of the ordinary resolution by the Shareholders approving its adoption, by way of poll, at the SGM. No Shareholders are required to abstain from voting on the resolution for approving the adoption of the Harvest Share Option Scheme to be proposed at the SGM. An announcement on the poll result of the SGM will be announced by the Company in accordance with the requirements under the Listing Rules.

With respect to the operations of the Harvest Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules. A copy of the Harvest Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at Unit C, 19/F., Entertainment Building, 30 Queen's Road, Central, Hong Kong from the date of this circular up to and including the date of the SGM.

### **3. SGM AND PROXY ARRANGEMENT**

The notice of the SGM is set out on page 14 of this circular. At the SGM, a resolution will be proposed to approve the adoption of the Harvest Share Option Scheme.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinahealthcareltd.com](http://www.chinahealthcareltd.com)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, at the Branch Share Registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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### 4. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

### 5. RECOMMENDATION

The Directors consider that the adoption of the Harvest Share Option Scheme is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

### 6. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
By order of the Board  
**Zhou Bao Yi**  
*Executive Director*

Set out below is a summary of the principal terms of the Harvest Share Option Scheme to provide sufficient information to the Shareholders for their consideration.

### **1. PURPOSE OF THE HARVEST SHARE OPTION SCHEME**

The purpose of the Harvest Share Option Scheme is to acknowledge the contributions made by the Harvest Option Scheme Participants (as described in paragraph 2 below) by giving them an opportunity to have a personal stake in Harvest Network and to provide motivation to the Harvest Option Scheme Participants to optimize their performance and efficiency and enables Harvest Network to recruit and retain high caliber human resources whose are important to the long-term growth and profitability of Harvest Network.

### **2. ELIGIBLE PERSONS**

The Harvest Board may at its discretion, invite any employee, director, management, adviser and consultant of Harvest Group, or other class of participants who satisfies the following requirements (collectively, the “Harvest Option Scheme Participants”) to take up the Harvest Options:

- (a) any person attained the age of 21, is not an undischarged bankrupt and has not entered into any arrangement or composition with his/her creditors; or any entity that is not in receivership or liquidation or other similar situation, not having been presented with petition for its winding up nor has it entered into any arrangement or composition with its creditors; and
- (b) if such person/entity is not an employee, officer or director of the Harvest Group, he/it must (i) have been and continue to be retained by the Harvest Group to provide business, legal or tax consultancy services or other professional services, whose expertise is, in the view of the Harvest Board, valuable to the business development of the Harvest Group; (ii) introduce investment opportunities to the Harvest Group; or (iii) contribute by way of new business to the Harvest Group.

### **3. MAXIMUM NUMBER OF HARVEST SHARES**

For so long as Harvest Network remains a subsidiary of the Company:

- (a) The maximum number of Harvest Shares which may be issued upon exercise of all options to be granted under the Harvest Share Option Scheme and any other share option schemes of Harvest Network must not, in aggregate, exceed 10% of the Harvest Shares in issue as at the date of approval of the Harvest Share Option Scheme (the “Harvest Ordinary Scheme Mandate Limit”). Harvest Options lapsed in accordance with the terms of the Harvest Share Option Scheme shall not be counted for the purpose of calculating the Harvest Ordinary Scheme Mandate Limit.

- (b) Harvest Network may seek approval by the Shareholders to refresh the Harvest Ordinary Scheme Mandate Limit. However, the Harvest Ordinary Scheme Mandate Limit as refreshed must not exceed 10% of the Harvest Shares in issue as at the date of approval of the Harvest Ordinary Scheme Mandate Limit. Harvest Options previously granted under the Harvest Share Option Scheme and any other share option scheme of Harvest Network, including those outstanding, cancelled, lapsed in accordance with the Harvest Share Option Scheme or any other share option scheme of Harvest Network or exercised options, will not be counted for the purpose of calculating the Harvest Ordinary Scheme Mandate Limit as refreshed.
- (c) Harvest Network may seek separate approval by the Shareholders in general meeting for granting options beyond the Harvest Ordinary Scheme Mandate Limit provided that the options in excess of the Harvest Ordinary Scheme Mandate Limit are granted only to Harvest Option Scheme Participants specifically identified by Harvest Network before such approval is sought.
- (d) The maximum number of Harvest Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Harvest Share Option Scheme and any other share option scheme of Harvest Network must not exceed 30% of the Harvest Shares in issue from time to time (the “Harvest Ordinary Scheme Limit”). No options will be granted under the Harvest Share Option Scheme at any time if such grant will result in the Harvest Ordinary Scheme Limit being exceeded.

#### **4. MAXIMUM NUMBER OF HARVEST PREFERENCE SHARES**

For so long as Harvest Network remains a subsidiary of the Company:

- (a) The maximum number of Harvest Preference Shares which may be issued upon exercise of all options to be granted under the Harvest Share Option Scheme and any other share option scheme of Harvest Network must not, in aggregate, exceed 10% of the Harvest Preference Shares in issue as at the date of approval of the Harvest Share Option Scheme (the “Harvest Preference Scheme Mandate Limit”). Harvest Options lapsed in accordance with the terms of the Harvest Share Option Scheme shall not be counted for the purpose of calculating the Harvest Preference Scheme Mandate Limit.
- (b) Harvest Network may seek approval by the Shareholders to refresh the Harvest Preference Scheme Mandate Limit. However, the Harvest Preference Scheme Mandate Limit as refreshed must not exceed 10% of the Harvest Preference Shares in issue as at the date of approval of the Harvest Preference Scheme Mandate Limit. Harvest Options previously granted under the Harvest Share Option Scheme and any other share option scheme of Harvest Network, including those outstanding, cancelled, lapsed in accordance with the Harvest Share Option Scheme or any other share option scheme of Harvest Network or exercised options, will not be counted for the purpose of calculating the Harvest Preference Scheme Mandate Limit as refreshed.

- (c) Harvest Network may seek separate approval by the Shareholders in general meeting for granting options beyond the Harvest Preference Scheme Mandate Limit provided that the options in excess of the Harvest Preference Scheme Mandate Limit are granted only to Harvest Option Scheme Participants specifically identified by Harvest Network before such approval is sought.
- (d) The maximum number of Harvest Preference Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Harvest Share Option Scheme and any other share option scheme of Harvest Network must not exceed 30% of the Harvest Preference Shares in issue from time to time (the “Harvest Preference Scheme Limit”). No options will be granted under the Harvest Share Option Scheme at any time if such grant will result in the Harvest Preference Scheme Limit being exceeded.

#### **5. MAXIMUM ENTITLEMENT OF EACH HARVEST OPTION SCHEME PARTICIPANT**

For so long as Harvest Network remains a subsidiary of the Company, the maximum number of the Harvest Shares and the Harvest Preference Shares issued and to be issued upon exercise of the Harvest Options granted to each Harvest Option Scheme Participant, including exercised, cancelled and outstanding Harvest Options of respective class of share, in any 12-month period must not exceed 1% of the Harvest Shares and 1% of the Harvest Preference Shares in issue respectively (the “Individual Limit”). Any further grant of options in respect of the same class of share, which would result in the Harvest Shares or the Harvest Preference Shares issued and to be issued upon exercise of all options in respect of the same class of share granted and to be granted to such person, including exercised, cancelled and outstanding options in respect of the same class of share, in any 12-month period up to and including the date of such further grant, in aggregate, in excess of the Individual Limit shall be subject to separate approval by the Shareholders, for so long as Harvest Network remains a subsidiary of the Company, in general meeting with such Harvest Option Scheme Participant and his/her associates abstaining from voting.

#### **6. GRANT OF HARVEST OPTIONS**

- (a) Subject to the terms of the Harvest Share Option Scheme, the Harvest Board shall be entitled, at anytime within 10 years from the date of adoption of the Harvest Share Option Scheme, to make a Harvest Offer to any Harvest Option Scheme Participant as the Harvest Board may, at its absolute discretion, select. Subject to the conditions as the Harvest Board may think fit, may include a condition to restrict the Harvest Option Holder to dispose of the Harvest Shares and/or the Harvest Preference Shares allotted upon exercise of the Harvest Options within a period of time as the Harvest Board may, at its absolute discretion, determine.
- (b) For so long as Harvest Network remains a subsidiary of the Company, any proposed grant of Harvest Options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by all independent non-executive Directors, excluding any independent non-executive Director who is proposed to be a grantee of such Harvest Options.

- (c) For so long as Harvest Network remains a subsidiary of the Company, any proposed grant of Harvest Options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, will result in the total number of Harvest Shares or Harvest Preference Shares issued and to be issued upon exercise of all Harvest Options already granted and to be granted, including options exercised, cancelled and outstanding, to such person in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1% of the Harvest Share or over 0.1% of the Harvest Preference Share in issue; and
  - (ii) having an aggregate value, assuming such Harvest Options were exercised and based on the adjusted net asset value per Harvest Share or per Harvest Preference Share in accordance with the latest audited accounts of Harvest Network, in excess of HK\$5 million,

such further grant of Harvest Options, and any change in the terms of the Harvest Options granted, shall be subject to the issue of a circular in compliance with Rule 17.04(3) of the Listing Rules by the Company to the Shareholders and the approval by the Shareholders in accordance with the requirements under Rule 17.04 of the Listing Rules.

## **7. TIME OF ACCEPTANCE AND EXERCISE OF HARVEST OPTIONS**

Harvest Options may be accepted by Harvest Option Scheme Participants within 28 business days from the date of the Harvest Offer granted, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Harvest Share Option Scheme or after the Harvest Share Option Scheme has been terminated. In the event the Harvest Offer is not accepted within 28 business days, or such other period as specified, the Harvest Offer shall be deemed to have irrevocably rejected by the Harvest Option Scheme Participant and the Harvest Offer shall lapse and become null and void.

The exercisable period of Harvest Options will be notified by the Harvest Board to Harvest Option Scheme Participants in the Harvest Offer (the "Harvest Option Period"), which shall not be longer than 10 years from the date of grant of the Harvest Options.

Harvest Options may be exercised in whole or in part in accordance with the terms of the Harvest Share Option Scheme at any time during the Harvest Option Period by giving notice in writing to Harvest Network. Harvest Network shall issue and allot the relevant Harvest Shares and/or Harvest Preference Shares, fully paid, to the Harvest Option Holder within 28 days after receipt of the notice.

The Harvest Share Option Scheme does not specify the requirements as to the minimum period for which the Harvest Options must be held or minimum performance target that must be reached before the Harvest Options can be exercised in whole or in part. However, the Harvest Board may, at its absolute discretion, to include such conditions at the time of grant of the Harvest Offer.

## **8. SUBSCRIPTION PRICE**

- (a) The subscription price of the Harvest Shares and the Harvest Preference Shares shall be at the fair market value per Harvest Share and Harvest Preference Share respectively, as determined by the Harvest Board, at the date of adoption of the Harvest Share Option Scheme and from time to time, with reference to the prevailing market condition, performance of Harvest Network, and after having assessed the efforts, performance and/or future potential contribution of the Harvest Option Scheme Participants to the success of the business and operations of the Harvest Network Group, which shall be no less than the respective nominal value of the Harvest Share and the Harvest Preference Share.
- (b) Where a separate listing of the Harvest Shares and/or the Harvest Preference Shares on the Main Board of the Stock Exchange, the Growth Enterprise Market of the Stock Exchange (the “GEM”) or any overseas stock exchange has been resolved by the Company, the subscription price of Harvest Options granted during the period commencing on the earlier of (i) the date on which the Company has resolved to seek such separate listing; or (ii) the date falling six months before the lodgement of Form A1, or its equivalent for listing on GEM or any overseas stock exchange, for such separate listing, and expiring on the listing date of the Harvest Shares and/or the Harvest Preference Shares must not be lower than their respective issue price, if any, of the Harvest Shares and/or the Harvest Preference Shares in relation to such separate listing.
- (c) In the event of any alteration in the capital structure of Harvest Network, either by way of capitalization issue, profits or reserves rights issue, consolidation or subdivision of Harvest Shares and/or Harvest Preference Shares or reduction of capital of Harvest Network, other than an issue of Harvest Shares and/or Harvest Preference Shares as consideration in respect of a transaction to which Harvest Network is a party and share placement, whilst any Harvest Option remains exercisable, such corresponding adjustment, if any, shall be made in (i) the number of Harvest Share and/or Harvest Preference Shares subject to the Harvest Option so far as unexercised; (ii) the subscription prices; and/or (iii) the method of exercise of the Harvest Options, as the auditors of Harvest Network for the time being or an independent financial adviser shall certify in writing to the Harvest Board to be in their opinion fair and reasonable, no such certification is required in case of adjustment made on a capitalization issue, provided that any alteration shall give a Harvest Option Holder the same proportion of the issued share capital of Harvest Network as that to which previously entitled and no alterations shall be made to the extent that a Harvest Share and/or a Harvest Preference Share would be issued at less than their respective nominal value.

**9. VOTING AND DIVIDEND RIGHTS**

The Harvest Shares and/or the Harvest Preference Shares allotted upon the exercise of a Harvest Option will be subject to all the provisions of the bye-laws of Harvest Network for the time being in force and will rank pari passu in all respects with the fully paid Harvest Shares and/or the Harvest Preference Shares in issue respectively on the date of exercise of the Harvest Option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of the exercise of the Harvest Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date there for shall be on or before the date of exercise of the Harvest Option.

**10. LIFE OF THE HARVEST SHARE OPTION SCHEME**

The Harvest Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Harvest Share Option Scheme, after which no further Harvest Options shall be issued but the provisions of the Harvest Share Option Scheme shall remain in force and effect in all other respects.

**11. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION**

- (a) If a general offer, whether by way of takeover offer or scheme of arrangement or otherwise in like manner, is made to all the Harvest Shareholders and/or the Harvest Preference Shareholders, or all such holders, other than the offeror and/or any person acting in association or concert with the offeror, and such offer becoming or being declared unconditional, the Harvest Option Holder shall be entitled to exercise the Harvest Option in full, to the extent not already exercised, at any time within 1 month after the date on which the offer becomes or is declared unconditional.
- (b) If a compromise or arrangement between Harvest Network and the Harvest Shareholders or the Harvest Preference Shareholders or its creditors being proposed with a scheme for the reconstruction or amalgamation of Harvest Network, Harvest Network shall give notice thereof to all the Harvest Option Holders on the same day as it gives notices of the meeting to the Harvest Shareholders and/or the Harvest Preference Shareholders or its creditors to consider such a compromise or arrangement and the Harvest Options shall become exercisable on such date until the earlier of 2 months after that date and the date on which such compromise or arrangement is sanctioned by the Court and becomes effective.

- (c) If an effective resolution being passed for the voluntary winding-up of Harvest Network, the Harvest Option Holders may by notice in writing to Harvest Network within 21 business days after the date of such resolution elect to be treated as if the Harvest Options had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation pari passu with the relevant Harvest Shareholders and/or the Harvest Preference Shareholders such sum as would have been received in respect of the Harvest Shares and/or the Harvest Preference Shares respectively the subject of such election reduced by an amount equal to the subscription price which would otherwise have been payable in respect thereof.

## **12. LAPSE OF THE HARVEST OPTIONS**

An Harvest Option shall lapse and not be exercisable, to the extent not already exercised, automatically on the earliest of:

- (a) expiry of the Harvest Option Period;
- (b) expiry of any period referred to in paragraph 11 above;
- (c) the date of the commencement of the winding up of Harvest Network, subject to paragraph 11(c) above;
- (d) the date of cessation of employment;
- (e) the date on which the Harvest Option Holder commits a breach of paragraph 15 below;
- (f) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangement or composition with his creditors generally by the Harvest Option Holder, or conviction of the Harvest Option Holder of any criminal offence involving his integrity or honesty; and
- (g) the date of termination of the service agreement.

## **13. CANCELLATION OF THE HARVEST OPTIONS**

Any Harvest Option granted but not exercised may be cancelled by Harvest Network if the Harvest Option Holder agrees. Issuance of new Harvest Options to the same Harvest Option Holder may only be made under the Harvest Share Option Scheme with available unissued Harvest Options, excluding the cancelled Harvest Options, within the Harvest Ordinary Scheme Mandate Limit and the Harvest Preference Scheme Mandate Limit and shall be in compliance with the Harvest Share Option Scheme.

**14. TERMINATION OF THE HARVEST SHARE OPTION SCHEME**

Harvest Network may by resolution in general meeting or the Harvest Board may at any time terminate the operation of the Harvest Share Option Scheme and in such event no further Harvest Options shall be offered but the Harvest Options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Harvest Share Option Scheme.

**15. TRANSFERABILITY OF THE HARVEST OPTIONS**

The Harvest Option shall be personal to the Harvest Option Holder and shall not be assignable. The Harvest Option Holders shall not, in any way, sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over any Harvest Option granted, where the Harvest Option Holder is an entity, any change of its major shareholder or any substantial change in its management will be deemed to be sale or transfer of interest as aforesaid. Any breach of the foregoing shall entitle Harvest Network to cancel any outstanding Harvest Option or any part thereof granted to such Harvest Option Holders without incurring any liability on the part of Harvest Network.

**16. ALTERATION OF THE HARVEST SHARE OPTION SCHEME**

For so long as Harvest Network remains a subsidiary of the Company:

- (a) The Harvest Share Option Scheme may be altered in any respect by resolution of the Harvest Board save for the definitions of “Harvest Option Scheme Participants”, “Harvest Option Holder” and “Harvest Option Period”, and other provisions shall not be altered to the advantage of Harvest Option Holder or prospective Harvest Option Holder unless with the prior sanction of the Shareholders by a resolution in general meeting.
- (b) Any alteration to the terms and conditions of the Harvest Share Option Scheme, which is of a material nature or any change to the terms of Harvest Options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Harvest Share Option Scheme.
- (c) Any change to the authority of the Harvest Directors in relation to any alteration to the terms of the Harvest Share Option Scheme must be approved by the Shareholders in general meeting.
- (d) The Harvest Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.
- (e) Notwithstanding anything to the contrary contained in paragraph 16(a), 16(b), 16(c) and 16(d) above, the Harvest Board may, at any time, alter or modify the Harvest Share Option Scheme, in any way, to the extent necessary to cause the Harvest Share Option Scheme to comply with any statutory provision or any regulation of any regulatory or any other relevant authority.

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## NOTICE OF THE SGM

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### China HealthCare Holdings Limited

中國衛生控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 673)

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of China HealthCare Holdings Limited (the “Company”) will be held at 5/F., Building 88, 1199 North Qin Zhou Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai, China, on 28 August 2009 at 10:45 a.m. for the purposes of considering and, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the rules of the proposed share option scheme of Harvest Network Limited (a copy of which has been produced to this Meeting marked ‘A’ and initialed by the chairman of the Meeting for the purpose of identification) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”.

By order of the Board  
**Zhou Bao Yi**  
*Executive Director*

Hong Kong, 31 July 2009

*Notes:*

1. Any Member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A Member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. As at the date hereof, the board of directors of the Company comprises three executive directors, namely Dr. Li Zhong Yuan, Mr. Lee Jong Dae and Mr. Zhou Bao Yi; one non-executive director, namely Mr. Martin Treffer; and three independent non-executive directors, namely Mr. Mu Xiangming, Mr. Jiang Bo and Dr. Yan Shi Yun.

\* *for identification purposes only*