MINGYUAN MEDICARE DEVELOPMENT COMPANY LIMITED
銘源醫療發展有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 0233)

MAJOR TRANSACTION
DISPOSAL OF THE 51% EQUITY INTEREST IN SHANGHAI LONGXIANG COMPUTER COMPANY LIMITED

DISPOSAL

The Board is pleased to announce that Sky Glory, a wholly owned subsidiary of the Company, entered into a Share Transfer Agreement with the Purchaser on 7th November, 2006 whereby the Purchaser agreed to purchase and Sky Glory agreed to sell the 51% equity interest in Longxiang, for a cash consideration of HK$4,200,000.

The Disposal may or may not proceed, shareholders and investors of the Company are reminded to exercise caution when dealing in the Shares of the Company.

The Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules as the revenue ratio of the Disposal exceed 25% or more, but less than 75%. The Disposal is subject to the approval of the Shareholders at the SGM. No Shareholder will be required to abstain from voting in respect of the proposed resolution to approve the Disposal at the SGM. Circular containing further details of the Disposal will be dispatched to the Shareholders as soon as possible.

At the request of the Company, the Shares were suspended from trading on the Stock Exchange from 9:30 a.m. on 8th November, 2006 pending the publication of this announcement. The Company has made an application to the Stock Exchange to resume trading of the Shares on the Stock Exchange from 9:30 a.m. on 9th November, 2006.

THE DISPOSAL

Date of the Share Transfer Agreement

7th November, 2006

Parties

Vendor: Sky Glory, a wholly-owned subsidiary of the Company

Purchaser: Cosmos Magic Profit Limited, whose shares are 100% owned by Mr. Ma Hong Wei. To the best of the Directors' knowledge, information and belief, the Purchaser and Mr. Ma Hong Wei are independent third parties not connected with the Directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as defined in the Listing Rules).

According to the Directors' understanding, the purchaser is an investment holding company.

Terms of the Share Transfer Agreement

Sky Glory agreed to sell and the Purchaser agreed to purchase its beneficially owned 51% equity interest in Longxiang pursuant to the terms and conditions of the Share Transfer Agreement.

Longxiang is a company incorporated in the form of equity joint venture in Shanghai, PRC, on 26th January, 1999. Sky Glory holds 51% equity interest in Longxiang, Mr. Wang Guo Long holds 29% equity interest in Longxiang, and the remaining 20% equity interest is held by Ms. Su Pei Yu. Mr. Wang Guo Long and Ms. Su Pei Yu are individual private investors. Longxiang is engaged in the trading of computer products and related accessories in Shanghai and nearby regions.

Consideration

The consideration for the Disposal is HK$4,200,000, which is to be settled as follows:

(a) a refundable deposit of HK$1,000,000 at the time of signing of the Share Transfer Agreement; and

(b) the balance of HK$3,200,000 within 5 days after Completion.

The Consideration of HK$4,200,000 was determined after arm's length negotiation between Sky Glory and the Purchaser by reference to the prevailing market condition. Currently, the computer trading business in the Shanghai region is experiencing increasing competition, increasing operating costs, and decreasing margin. As a result of reducing allocation of resources to the computer trading business, Longxiang had experienced operating losses in the year 2005 and for the six months ended 30th June, 2006. The Consideration represents a discount of 42.2% over the Group's share of net asset of Longxiang based on audited figures as at 30th September, 2006. Taking into consideration of the savings on future losses that would be incurred by Longxiang, the Directors consider the amount of Consideration is fair and reasonable to the Company and its Shareholders.

Sky Glory has already obtained consents from Mr. Wang Guo Long and Ms. Su Pei Yu for the Disposal. Upon Completion, the Purchaser shall register himself as the new shareholder of Longxiang with relevant PRC authorities.

Completion

Completion of the Disposal will take place after fulfillment of the following conditions:

(i) completion of the due diligence exercise to be conducted on Longxiang by the Purchaser; and

(ii) approval of the Disposal by the Shareholders at the forthcoming SGM.

Both parties to the Share Transfer Agreement agree to use their best endeavours to facilitate the fulfillment of all conditions set out above on or before 20th December, 2006. If any of the above conditions is not fulfilled on or before 20th December, 2006, the Share Transfer Agreement shall lapse automatically, without prejudice to the rights of the parties to claim against any breach of the Share Transfer Agreement. Sky Glory shall return the deposit without interest to the Purchaser within 5 days from the lapse of the Share Transfer Agreement.

INFORMATION OF LONGXIANG

Longxiang is a company incorporated in the form of equity joint venture in Shanghai, the PRC, with limited liability. Longxiang is engaged in the trading of computer products and related accessories in Shanghai and nearby region. Sky Glory, a wholly-owned subsidiary of the Company holds 51% equity interest in Longxiang.

As at 30th September, 2006, the Group's share of net asset of Longxiang based on audited figures was RMB7,376,000 (equivalent to approximately HK$7,267,000). The estimated unaudited net loss on disposal is approximately HK$3,067,000. The estimated unaudited net loss on disposal is arrived by deducting the Group's share of net asset of Longxiang of RMB7,376,000 (equivalent to approximately HK$7,267,000) from the consideration of HK$4,200,000 received in respect of the Disposal.

Upon Completion, Longxiang will cease to be a subsidiary of Sky Glory.

The financial figures of Longxiang for the six months ended 30th June, 2006 and the two years ended 31st December, 2005 are summarized as follows:

	Six months ended	**Year ended**	
	30th June, 2006	**31st December, 2005**	**31st December, 2004**
	RMB	*RMB*	*RMB*
	(Unaudited)	(Audited)	(Audited)
Net profit/(loss) before tax	(566,846)	(135,881)	907,130
Net Profit/(loss) after tax	(566,846)	(138,314)	574,755
Net assets	14,900,324	15,467,170	15,605,484

Due to the continuous decrease in gross margin and increase in operating costs, Longxiang experienced continuous decrease in net profit from 2004 to 2006. In fact, Longxiang recorded net losses in both the year 2005 and for the six months ended 30th June, 2006.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the annual report for the year 2003, the Group intends to shift the commitment of resources in the other business units, namely, computer trading business and property investment business to the high growth market for protein chips for early detection of diseases. The Directors believes that the strategic prioritization of resources based on market potential, profitability margin and risk management will further clarify and strengthen the Group's long term corporate strategy to develop into a global supplier of protein chips for the early detection of diseases. The Group believes that early diagnosis of potentially fatal diseases significantly improves the chances of successful treatment and raises the survival rate of the patients.

The Group disposed all its investment properties in the year 2004. The Disposal is a continuing effort of the Group to shift all the resources to the protein chips business. After the Completion, the Group will have completely disposed all the computer trading business. The Group will be entirely focused on the protein chip business which is enjoying rapid growth and high profit margin. The Group is optimistic that by continually implementing business plans and strategies in accordance with the objectives as discussed in the 2003 annual report, the Group will strengthen its leading position as a bio-medical solution provider and protein chip supplier in the PRC.

With the successful disposal of Longxiang, the Group will be able to allocate additional resources to further strengthen the Group's commitment in the protein chip business which are enjoying rapid growth and a higher margin of profitability. Accordingly, the Directors have decided to dispose of Longxiang for the long term benefit of the Group.

The Directors consider that the terms of the Share Transfer Agreement are determined at arm's length and the terms are normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

Proceed from the Disposal will be applied to further strengthen the Group's commitment in the protein chip business.

GENERAL

The Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules as the revenue ratio of the Disposal exceed 25% or more, but less than 75%. The Disposal is subject to the approval of the Shareholders at the SGM. No Shareholder will be required to abstain from voting in respect of the proposed resolution to approve the Disposal at the SGM. A circular containing further details of the Disposal will be dispatched to the Shareholders as soon as possible.

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DEFINITIONS

"Disposal"	the disposal by Sky Glory to the Purchaser the 51% equity interest in Longxiang pursuant to the Share Transfer Agreement
"Company"	Mingyuan Medicare Development Company Limited
"Completion"	completion of the Share Transfer Agreement in accordance with the terms and conditions of the Share Transfer Agreement
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Longxiang"	上海龍祥電腦有限公司(Shanghai Longxiang Computer Company Limited), a company incorporated in the form of equity joint venture in Shanghai, the PRC
"PRC"	the People's Republic of China

"Purchaser"	Cosmos Magic Profits Limited, an independent third party not connected with the Directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as defined in the Listing Rules)
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be held for the purpose of approving the Disposal
"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"Share Transfer Agreement"	the agreement dated 6th November, 2006 entered into between Sky Glory as vendor and the Purchaser as the purchaser in relation to sale and purchase of the 51% equity interest in Longxiang
"Shareholder(s)"	the shareholder(s) of the Company
"Sky Glory"	Sky Glory Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

The Directors of the Company as at the date of this announcement are as follows:
Mr. Yao Yuan, *Executive Chairman*
Mr. Chien Hoe Yong, Henry, *Executive Director and CEO*
Mr. Hu Jun, *Executive Director*
Mr. Iu Chung, *Executive Director*
Mr. Yu Ti Jun, *Executive Director*
Dr. Lam Lee G., *Independent Non-Executive Director*
Mr. Hu Jin Hua, *Independent Non-Executive Director*
Mr. Lee Sze Ho, Henry, *Independent Non-Executive Director*

By Order of the Board
Mingyuan Medicare Development Company Limited
銘源醫療發展有限公司*
Kenny Poon
Company Secretary

Hong Kong, 8th November, 2006

* *For identification purposes only*

"Please also refer to the published version of this announcement in The Standard"