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MINGYUAN MEDICARE DEVELOPMENT COMPANY LIMITED

銘源醫療發展有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0233)

DISCLOSEABLE TRANSACTION ACQUISITION OF 75% EQUITY INTEREST IN SHANGHAI KANG PEI

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, had entered into the Acquisition Agreement with the Vendor on 28 October 2008 in relation to the acquisition of 75% equity interest in Shanghai Kang Pei at the consideration of RMB310,000,000 (equivalent to approximately HK\$351,385,000) which will be settled by cash.

The Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules as the assets ratio and consideration ratio of the Acquisition exceed 5% or more, but less than 25%. Circular containing further details of the Acquisition will be dispatched to the Shareholders as soon as possible.

The Board is pleased to announce that on 28 October 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor in respect of acquisition of 75% equity interest in Shanghai Kang Pei. The Board wishes to announce details of the Acquisition as follows:

THE ACQUISITION

Date of the Acquisition Agreement:

28 October 2008

Parties:

- (i) The Vendor : 上海銘康商務信息諮詢有限公司, a company incorporated in the PRC with limited liability and is 90% owned by 李蒙強先生 (Mr. Li Meng Qiang) (“Mr. Li”) and 10% owned by 朱從真先生 (Mr. Zhu Cong Zhen) (“Mr. Zhu”). To the best of the Directors’ knowledge, information and belief and after making all reasonable enquiries, the Vendor, Mr. Li and Mr. Zhu 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 Director's understanding, Mr. Li and Mr. Zhu are individual private investors and business partners.

- (ii) The Purchaser : 湖州數康生物科技有限公司 (Huzhou HealthDigit Company Limited), a wholly-owned subsidiary of the Company.

Assets to be acquired:

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 75% equity interest in Shanghai Kang Pei owned by the Vendor.

Consideration:

The Consideration for the Acquisition is RMB310,000,000 (equivalent to approximately HK\$351,385,000) was determined on arm's length negotiation between the parties to the Acquisition Agreement with reference to, among other things, (i) the business prospects of Shanghai Kang Pei and (ii) a price earnings ratio of around 14.8 times (based on the unaudited consolidated profit after tax of Shanghai Kang Pei for the nine months ended 30 September 2008, being RMB20,900,000 (equivalent to approximately HK\$23,690,000)). Based on the current market situation, the Board is of the opinion the price earnings ratio of around 14.8 times for Acquisition is fair and reasonable and comparable to other players in the industry. The Consideration will be satisfied in cash by internal resources of the Group by three installments:

- (a) The first installment of RMB50,000,000 (equivalent to approximately HK\$56,675,000) to be paid upon signing of the Acquisition Agreement. The first installment of RMB50,000,000 together with interest calculated at bank deposit rate applicable to deposits placed with banks in the PRC will be refunded back to the Purchaser within three (3) days upon serving of notice by the Purchaser to the Vendor advising that the Acquisition will not further proceed. Should the Vendor fail to refund the first installment of RMB50,000,000 together with interest back to the Purchaser within the three (3) days limit, the Purchaser will have the right to take over 75% equity interest in Shanghai Kang Pei without making the second and final installments of a total of RMB260,000,000 (equivalent to HK\$294,710,000) to the Vendor;
- (b) The second installment of RMB100,000,000 (equivalent to HK\$113,350,000) payable on completion of the financial and legal due diligence on Shanghai Kang Pei; and
- (c) The third and final installment of RMB160,000,000 (equivalent to approximately HK\$181,360,000) payable on completion of the documentation requirements and registration of the Purchaser as 75% equity shareholder of Shanghai Kang Pei.

Conditions:

The Acquisition is conditional upon the following conditions (the "Conditions") having been fulfilled:

- (i) The Purchaser to be satisfied with the due diligence exercise to be conducted on the latest operating and financial performance of Shanghai Kang Pei;
- (ii) A legal opinion issued by a qualified PRC lawyer confirming on the paid-up capital and/or capital contribution into Shanghai Kang Pei being fully paid up by the Vendor;

- (iii) All authorizations, consents and approvals which shall be necessary for the Acquisition and to the other matters contemplated by the Acquisition Agreement being obtained from appropriate governmental and regulatory bodies and all such authorizations, consents and approvals remain in full force and effective on completion of the Acquisition.

Completion:

Completion of the Acquisition will take place on the date falling seven (7) business days from the date of fulfillment of all the Conditions. It is expected that Completion will take place on or before 12 December 2008.

INFORMATION OF THE VENDOR AND SHANGHAI KANG PEI

The Vendor is a domestic limited liability company established in the PRC in September 2005. The Vendor is principally engaged in the provision of investment consultation and advisory services for both domestic and overseas investors.

Shanghai Kang Pei is a domestic limited liability company established in the PRC on 11 January 2000. Shanghai Kang Pei and its three (3) subsidiaries and two (2) jointly entities are principally engaged in the business of providing medical diagnostic, health check and medical appraisal services to clients in the PRC. As a matter of fact, Shanghai Kang Pei provide health check services to various subsidiaries, including the Purchaser, of the Company for last two years. Shanghai Kang Pei currently has a network of 12 medical centers in Shanghai, Tianjin, Chengdu and Taiyuan of the PRC. Total number of clients served by Shanghai Kang Pei and its subsidiaries exceeds 400,000 per annum.

As at the date of the Acquisition Agreement, Shanghai Kang Pei is 100% beneficially owned by the Vendor. The Vendor is 90% owned by Mr. Li and 10% owned by Mr. Zhu. The Vendor acquired Shanghai Kang Pei from a group of private investors on 12 October 2006 and expanded its operations through acquisitions and mergers with other medical operations in the region. To the best of the Directors' knowledge, information and belief and after making all reasonable enquiries, the group of private investors 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).

Set out below is a summary of financial information on Shanghai Kang Pei based on the unaudited consolidated financial statements of Shanghai Kang Pei for the year ended 31 December 2007 and for the nine (9) months ended 30 September 2008 prepared in accordance with the Hong Kong Financial Reporting Standards:

	Year Ended 31 December 2007	Nine Months Ended 30 September 2008
	<i>RMB</i>	<i>RMB</i>
Revenue	992,375	18,284,962
Profit/(Loss) before taxation	(3,962,990)	21,631,919
Profit/(Loss) after taxation	(3,989,784)	20,900,816

As at 30 September 2008, the unaudited total assets and net assets of Shanghai Kang Pei as at 30 September 2008 amounted to RMB124,967,000 (equivalent to approximately HK\$141,650,000) and RMB104,771,000 (equivalent to approximately HK\$118,758,000).

The year 2007 was the first year that Shanghai Kang Pei was authorized by the PRC authorities to provide medical diagnostic, health check and medical appraisal services to clients in the PRC. Shanghai Kang Pei was able to turn a loss position to a profit position through expansion of its operations over a year.

INFORMATION OF THE PURCHASER

The Purchaser is a wholly-owned subsidiary of the Company and its principal business activities are in the areas of research, manufacture and sale of biochips, including the supply of protein chips for cancer screening, and related equipment for early screening, detection and prevention of diseases.

REASONS AND BENEFIT OF THE ACQUISITION

Leveraging on its strength as a leading supplier of early screening and diagnostic bio-medical products, the Company intends to establish a national network of medical and diagnostic centers (referred to as “MDC”) by (i) mergers and acquisition of existing independent medical centers, and (ii) forming strategic alliances with regional medical centers in the PRC.

Being a new business segment for the Company, MDC will principally be engaged in the provision of healthcare services for residents living in cities that demand attentive and quality healthcare services, and is complimentary to the Company’s existing business activities particularly in strengthening and expanding capability to launch health screening packages to residents living in major cities of the PRC.

The establishment of MDC will also provide greater flexibility for the Company to expand its existing operations in the PRC, to introduce new screening and diagnostic kits more effectively and to provide a more comprehensive servicing coverage for customer loyalty orientation.

The acquisition of Shanghai Kang Pei would provide to the Company a readily established MDC network to begin the above mentioned objectives and benefits.

The Board considers that the terms of the Acquisition 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.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules as the assets ratio and consideration ratio of the Acquisition exceed 5% or more, but less than 25%. Circular containing further details of the Acquisition will be dispatched to the Shareholders as soon as possible.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of 75% equity interest in Shanghai Kang Pei by the Purchaser under the Acquisition Agreement
“Acquisition Agreement”	the equity interest transfer agreement date 28 October 2008 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Asset”	75% of the equity interest in Shanghai Kang Pei
“Board”	board of directors of the Company
“Company”	Mingyuan Medicare Development Company Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Conditions”	the condition precedent to Completion, as more particularly set out under the Section headed “Conditions” of this announcement
“Consideration”	the consideration payable by the Purchaser to the Vendor under the Acquisition Agreement in the amount of RMB310,000,000 (equivalent to approximately HK\$351,385,000)
“Group”	the Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	李蒙強先生 (Mr. Li Meng Qiang)
“Mr. Zhu”	朱從真先生 (Mr. Zhu Cong Zhen)
“PRC”	The People’s Republic of China, for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	湖州數康生物科技有限公司 (Huzhou HealthDigit Company Limited), a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Kang Pei”	上海康培生物醫藥技術有限公司 (Shanghai Kang Pei Bio-Medical Company Limited) is a domestic limited liability company established in the PRC on 11 January 2000

“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	上海銘康商務信息諮詢有限公司, a company incorporated in the PRC with limited liability and is 90% owned by Mr. Li and 10% owned by Mr. Zhu

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

Hong Kong, 30 October 2008

As at the date of this announcement, the executive directors are Mr. Yao Yuan (Executive Chairman), Mr. Chien Hoe Yong, Henry (CEO), Mr. Iu Chung, Mr. Hu Jun, and Mr. Yu Ti Jun; non-executive directors are Mr. Yang Zhen Hua and Mr. Ma Yong Wei; the independent non-executive directors are Dr. Lam Lee G., Mr. Hu Jin Hua and Mr. Lee Sze Ho, Henry.

* *For identification purposes only*