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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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **MINGYUAN MEDICARE DEVELOPMENT COMPANY LIMITED**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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

* *For identification purpose only*

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DEFINITIONS

In this circular, 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 circular
“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)
“Directors”	Directors of the Company
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	13 November 2008, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information for inclusion in this document
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	李蒙強先生 (Mr. Li Meng Qiang)

DEFINITIONS

“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

LETTER FROM THE BOARD

MINGYUAN MEDICARE DEVELOPMENT COMPANY LIMITED

銘源醫療發展有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0233)

Executive Directors:

Mr. Yao Yuan (*Chairman*)

Mr. Chien Hoe Yong, Henry (*CEO*)

Mr. Iu Chung

Mr. Hu Jun

Mr. Yu Ti Jun

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office and principal
place of business:*

Room 1801-03

Hutchison House

10 Harcourt Road, Central

Hong Kong

Non-executive Directors:

Mr. Yang Zhen Hua

Mr. Ma Yong Wei

Independent non-executive Directors:

Dr. Lam Lee G.

Mr. Hu Jin Hua

Mr. Lee Sze Ho, Henry

13 November 2008

To the Shareholders

Dear Sir/Madam,

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

INTRODUCTION

On 30 October 2008, the Company announced that Huzhou HealthDigit Company Limited, a wholly-owned subsidiary of the Company, as the Purchaser, entered into the Acquisition Agreement with the Vendor in respect of the sale and purchase of 75% of the equity interest in Shanghai Kang Pei.

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%.

The purpose of this circular is to provide Shareholders with further details of the Acquisition.

* For identification purpose only

LETTER FROM THE BOARD

THE ACQUISITION

The Acquisition Agreement:

Date: 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 Mr. Li and 10% owned by 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 Directors' 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.

The Asset 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

LETTER FROM THE BOARD

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.

As at the Latest Practicable Date, the first installment of RMB50,000,000 had been paid by the Purchaser to the Vendor.

Conditions:

The Acquisition is conditional upon the following 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.

As at the Latest Practicable Date, none of the Conditions have been fulfilled.

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.

LETTER FROM THE BOARD

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 controlled 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 provided 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 amounted to RMB124,967,000 (equivalent to approximately HK\$141,650,000) and RMB104,771,000 (equivalent to approximately HK\$118,758,000) respectively.

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.

LETTER FROM THE BOARD

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.

FINANCIAL EFFECT OF THE ACQUISITION

On completion of the Acquisition, the Company will hold 75% equity interest of Shanghai Kang Pei and Shanghai Kang Pei will become a subsidiary of the Company. The Group will use its internal resources to satisfy the Consideration of the Acquisition. As such, the Board considers that the Acquisition will not have any effect on the total assets and total liabilities of the Group. The Board also believes the Acquisition will not have any significant effect on the Group’s earnings.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix of this circular.

Yours faithfully,
By Order of the Board
Poon Kwong Wai, Kenny
CFO/Company Secretary

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 relating to the Company contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other matters the omission of which would make any statement in this circular relating to the Company misleading.

DIRECTORS' INTERESTS IN SECURITIES**Directors' interests in the shares and underlying shares of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies contained in the Listing Rules, were as follows:

(i) Ordinary shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Position	Approximate % of shareholding
Mr. Yao Yuan	Held by controlled corporation	1,097,229,075	Long	37.46%
		(Note (i))		
		123,355,263	Short	4.21%
		(Note (i))		
Mr. Iu Chung	Held by controlled corporation and beneficial owner	1,130,009,075	Long	38.58%
		(Note (ii))		
		123,355,263	Short	4.21%
		(Note(i))		

Notes:

- (i) The shares were held by Ming Yuan Investments Group Limited, a wholly-owned subsidiary of Ming Yuan Holdings Limited, which in turn is owned as to 50% and 50% by Mr. Yao Yuan and Mr. Iu Chung respectively.
- (ii) Being the aggregate personal interest of 32,780,000 shares and the corporate interest held by Ming Yuan Investments Group Limited of 1,097,229,075 shares.

(ii) Right to acquire shares in the Company

Name of Director	Capacity	Date of grant	Period during which options are exercisable	Subscription price per share	Number of share options held as at Latest Practicable Date	Percentage to the issued share capital of the Company as at Latest Practicable Date
Chien Hoe Yong, Henry	Beneficiary owner	08/04/2005	08/04/2005 to 07/04/2010	0.728	26,500,000	0.90%
Hu Jun	Beneficiary owner	08/04/2005	08/04/2005 to 07/04/2010	0.728	10,000,000	0.34%
Yu Ti Jun	Beneficiary owner	08/04/2005	08/04/2005 to 07/04/2010	0.728	10,000,000	0.34%
		27/04/2007	27/04/2007 to 07/04/2010	0.78	2,400,000	0.08%
Lam Lee G.	Beneficiary owner	27/04/2007	27/04/2007 to 07/04/2010	0.78	2,400,000	0.08%

Saved as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies contained in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, as far as known to the Directors and the chief executive, persons other than Directors or chief executive, who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or

indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings if any member of the Group are as follows:

Name of shareholder	Number of Share held	Percentage to the issued share capital
Ming Yuan Investments Group Limited (<i>Note 1</i>)	1,097,229,075	37.46%
Mr. Yao Yuan (<i>Note 2</i>)	1,097,229,075	37.46%
Mr. Iu Chung (<i>Note 3</i>)	1,097,229,075	37.46%

Notes:

1. The shares are held by Ming Yuan Investments Group Limited, a wholly-owned subsidiary of Ming Yuan Holdings Limited, which in turn is owned as to 50% and 50% by Mr. Yao Yuan and Mr. Iu Chung respectively.
2. These shares are attributable to Mr. Yao Yuan in respect of his 50% interests in Ming Yuan Holdings Limited.
3. These shares are attributable to Mr. Iu Chung in respect of his 50% interests in Ming Yuan Holdings Limited.

Saved as disclosed, as far as known to the Directors and the chief executive, there are no other persons other than Directors or chief executive, who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings if any member of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or proposed to enter, into a service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation, other than statutory compensation.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his associates is interested directly or indirectly in a business, apart from his interest in the Company, which competes or is likely to compete with the business of the Group.

LITIGATION

As at the Latest Practicable Date, none of the members of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors or the Company to be pending or threatened by or against any member of the Group.

MISCELLANEOUS

- (a) The English text of this circular shall prevail over the Chinese text.

- (b) The registered office of the Company is at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. The share registrars of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (c) Mr. Poon Kwong Wai, Kenny, fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, is the chief financial officer, qualified accountant and company secretary of the Company.