

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire or subscribe for securities.

MINGYUAN MEDICARE DEVELOPMENT COMPANY LIMITED

銘源醫療發展有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0233)



Citigroup Global Markets Asia Limited

Financial Advisor and Placement Agent

ISSUE OF CONVERTIBLE BONDS WITH WARRANTS

On 18 March 2009, the Company entered into the Subscription Agreement with the Investor, CCB International Asset Management Limited, in relation to the issue and subscription of the Bonds at an aggregate principal amount of HK\$232,572,000, which will be issued in conjunction with the Warrants.

CCB International Asset Management Limited is an investment firm incorporated in Hong Kong which has invested in several companies listed in Hong Kong and on other stock exchanges, covering sectors such as healthcare, consumer and retail, energy, transportation, media and real estate.

The total net proceeds from the issue of the Bonds in conjunction with the Warrants (assuming the Warrants are fully exercised) of approximately HK\$283.0 million will be applied towards the acquisition of one or more entities engaged in the Permitted Businesses.

Set out below are the principal terms of the Subscription Agreement, the Bonds and the Warrants.

THE SUBSCRIPTION AGREEMENT

Date

18 March 2009

Parties

- (a) the Company
- (b) the Investor
- (c) Splendid Victory
- (d) Premier Asset

Subscription

The Investor has agreed to subscribe for the Bonds in the aggregate principal amount of HK\$232,572,000, which will be issued in conjunction with the Warrants.

The Investor, CCB International Asset Management Limited, is an investment firm incorporated in Hong Kong which has invested in several companies listed in Hong Kong and on other stock exchanges, covering sectors such as healthcare, consumer and retail, energy, transportation, media and real estate.

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the Investor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Conditions Precedent:

The Investor shall only be under obligation to subscribe and pay for the Bonds if:

- (A) the Investor receives on or before the Closing Date:
 - (a) *Legal opinions*: legal opinions each in a form acceptable to the Investor;
 - (b) *Closing certificate*: a closing certificate signed by a director or duly authorised signatory on behalf of each Obligor and in a form acceptable to the Investor;
 - (c) *Incumbency certificate*: (i) a certificate dated the Closing Date from the Company setting out the names and signatures of the persons authorised to sign, on behalf of the Company the Issue Documents and any other documents to be delivered by the Company; and (ii) a certificate dated the Closing Date from each Obligor setting out the names and signatures of the persons authorised to sign, on behalf of the relevant Obligor the Security Documents and any other documents to be delivered by the Obligor;
 - (d) *Constitutional documents*: a copy of the constitutional documents of the Company and each Obligor;
 - (e) *Registers*:
 - (i) a copy of the register of members of each BVI Subsidiary reflecting that such BVI Subsidiary is wholly-owned by the Company or by another wholly-owned subsidiary of the Company;

- (ii) a copy of the register of directors of each of the Company and the BVI Subsidiaries;
 - (iii) evidence satisfactory to the Investor that there is no register of charges available in respect of each of the Company and the BVI Subsidiaries; and
 - (iv) copies of the PRC or Hong Kong identity card of Mr. Yao Yuan and the Hong Kong identity card of Mr. Iu Chung;
- (f) *Resolutions of the Company*: a copy of resolutions of the board of directors of the Company, in form and substance satisfactory to the Investor;
- (i) approving the terms of, and the transactions contemplated by, the Issue Documents to which the Company is a party and resolving that it executes the Issue Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Issue Documents to which the Company is a party on its behalf;
 - (iii) authorising a specified person or persons, on behalf of the Company, to sign, execute and/or despatch all documents and notices to be signed, executed and/or despatched by it under or in connection with any Issue Documents to which it is a party;
- (g) *Resolutions of Obligors*: a copy of resolutions of the board of directors of each Obligor, in form and substance satisfactory to the Investor:
- (i) approving the terms of, and the transactions contemplated by, the Security Documents to which the Obligor is a party and resolving that it executes the Security Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Security Documents to which the Obligor is a party on its behalf;
 - (iii) authorising a specified person or persons, on behalf of the Obligor, to sign, execute and/or despatch all documents and notices to be signed, executed and/or despatched by it under or in connection with any Security Documents to which it is a party;
- (h) *Onshore Loan Agreement*: a copy of the Onshore Secured Loan Agreement duly executed, evidence satisfactory to the Investor confirming that the Onshore Borrower has utilised the loan thereunder in accordance with the terms specified in such agreement and a mortgage agreement has been entered into by the Onshore Borrower pursuant to which the Onshore Borrower has granted a security interest on the Onshore Property as collateral for its obligations under such loan in favour of 建銀國際醫療保健投資管理（天津）有限公司;
- (i) *Security Interests in SHMY*: evidence satisfactory to the Investor that the Company shall have procured HD Global to grant to the Investor (or its designated affiliate(s)) on the Investor's behalf and not as Security Trustee a lien (or a comparable security interest acceptable to the Investor) on all of the outstanding shares of SHMY HealthDigit Biochip Co., Ltd. as additional security for the Company's payment obligations and the performance of all of the obligations of the Obligors under the Bonds;

- (j) *Notice to China Construction Bank:* evidence satisfactory to the Investor that the Company has delivered to the Yangpu (楊浦) branch of China Construction Bank (the “**PRC Bank**”), which currently has a first priority lien on selected assets of the Company (the “**Pledged PRC Assets**”) as security for certain of its loan repayment obligations (the “**PRC Loan Obligations**”) and has custody of the land and building certificates of such assets (the “**Deposited Property Certificates**”) and the Company’s loan certificate, a written notice with the following instructions: As long as the aggregate principal amount of the Bonds (translated into U.S. dollars at the prevailing exchange rate as determined by the Security Trustee) is more than US\$3,000,000, (1) except with the prior written consent of the Security Trustee, the PRC Bank (a) must not allow any additional security interest be created upon the whole or any part of the Pledged PRC Assets, (b) must not release its security interest in the Pledged PRC Assets, and (c) must not allow the Company access to its loan certificate; and (2) when the PRC Loan Obligations are repaid in full, the PRC Bank must deliver the Deposited Property Certificates to the Security Trustee or to a PRC branch of China Construction Bank designated by the Security Trustee; and
- (k) *Others:* such other documents and approvals as the Investor may reasonably require in connection with the issue of the Securities and the giving of the Security;
- (B) *Issue documentation:* the Issue Documents are executed on or before the Closing Date by or on behalf of all parties thereto;
- (C) *No material adverse change:* there has, since the date of the Subscription Agreement, been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), operations, prospects, performance, business or general affairs of the Company or any of its subsidiaries that is material in the context of the issue of the Securities and the giving of the Security;
- (D) *Listing:* evidence satisfactory to the Investor that the Company has obtained from the Stock Exchange approval for the listing of, and a permission to deal in, the Shares to be issued on conversion of the Bonds and upon exercise of the Warrants and such approval remains valid and effective;
- (E) *No Shareholder approval required:* evidence satisfactory to the Investor that the Company does not for any reason require the approval of its shareholders in general meeting to enter into the Issue Documents or perform its obligations thereunder, or if such approval is required, that it has been obtained;
- (F) *Security:* evidence satisfactory to the Investor that all steps, things and actions necessary in relation to the security have been completed in order to give the Security Trustee a first priority security interest under each Security Document, save as otherwise provided in the Subscription Agreement;
- (G) *Accuracy of representations:* the representations and warranties by the Obligors in the Subscription Agreement are true and correct on the date of the Subscription Agreement and on each date on which they are deemed to be repeated and would be true and correct if they were repeated on the Closing Date with reference to the facts and circumstances then subsisting; and
- (H) *Certification:* a certificate of each Obligor (signed by a director of each Obligor) certifying that no default or event of default is continuing or might reasonably be expected to result from the issue of the Securities;

provided, however, that the Investor may, at its discretion, waive satisfaction of any of the above conditions precedent, save for the condition precedent in (D) above which can only be waived by the Investor and the Company jointly.

Closing:

Subject to fulfilment of the aforesaid conditions precedent, the closing of the issue of the Securities shall take place on the Closing Date.

Security:

The Bonds will be secured by the shares held by the Company or as the case may be, the relevant Obligors, in the BVI Subsidiaries pursuant to the Security Documents to be entered into between the Company or, as the case may be, the relevant Obligors and the Security Trustee. In connection with the Security granted and further security or guarantee to provide for the Company's obligations under the Bonds, the Company and the Security Trustee will enter into the Security Trust Deed on or before the Closing Date.

Mr. Yao Yuan and Mr. Iu Chung, both being executive Directors of the Company, have entered into a side letter with the Investor, pursuant to which each of them, severally and jointly, personally guarantees, on an unconditional and absolute basis, the payment obligations and the punctual performance of all of the obligations of the Company under the Bonds that are held by the Investor and/or any of its affiliates and the related documents.

Termination:

The Investor may give a termination notice to the Obligors at any time prior to the payment of the net proceeds of the issue of the Securities to the Company on the Closing Date if:

- (A) *Inaccuracy of representation*: any representation and warranty by any Obligor in the Subscription Agreement is or proves to be untrue or incorrect on the date of the Subscription Agreement or on any date on which it is deemed to be repeated;
- (B) *Breach of obligation*: any Obligor fails to perform any of its obligations under the Subscription Agreement;
- (C) *Failure of conditions precedent*: any of the conditions precedent is not satisfied or waived by the Investor, or in the case of the condition precedent of listing of the Shares, waived by the Investor and Company jointly on the Closing Date;
- (D) *Force majeure*: since the time of execution of the Subscription Agreement:
 - (a) there has occurred, happened, developed any matter, circumstance or event (or series of events) which has or is likely to have any material adverse effect;
 - (b) there has occurred any material adverse change in the financial markets in the United States or in any member state of the European Union or the international financial markets generally, or any change or development involving a prospective change in national or international monetary, political, financial or economic conditions, in each case as would, in the judgment of the Investor, be likely to prejudice materially dealings in the Securities in the secondary market or the effect of which is such as to make it impracticable to enforce contracts for the issue of the Securities;

- (c) there has occurred any outbreak of hostilities or escalation thereof, incident of terrorism or other calamity or crisis, in each case the effect of which is such as to make it, in the judgment of the Investor, impracticable to enforce contracts for the issue of the Securities;
 - (d) trading in any securities of the Company has been suspended for a consecutive period of 5 trading days or materially limited by the Stock Exchange (for reasons other than the announcement of the Securities) or on any other exchange or over-the-counter market, or trading generally on the Stock Exchange has been suspended or material restrictions imposed on trading in securities generally on the Stock Exchange for a consecutive period of 5 trading days or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required by any of said exchanges or by such system or by order of any governmental authority, or a material disruption has occurred in the commercial banking or securities settlement or clearance services in the United States or Europe;
 - (e) there shall have any change or deterioration in the conditions of local, national or international securities markets which has or is likely to have a material adverse effect; or
 - (f) there shall have occurred a general moratorium on, or disruption in, commercial banking activities in the PRC, the United States or Hong Kong which would be likely to prejudice materially dealings in the Securities in the secondary market;
- (E) *No quotation*: the Shares or any other securities of the Company cease to be quoted on the Stock Exchange;
 - (F) *Insolvency*: an Insolvency Event occurs in respect of the Company or any of its subsidiaries;
 - (G) *Compliance with regulatory requirements*: the Company contravenes its constitution, or any of the Listing Rules in a material respect; or
 - (H) *Change of law*: in any relevant jurisdiction, there is introduced, or there is a public announcement of a proposal to introduce, a proposal to adopt a new law (other than a law which has been announced before the date of the Subscription Agreement) or a proposal to introduce a change in the interpretation or application thereof, any of which does prohibit or regulate the issuance of the Securities, capital issues or stock markets or has a material adverse effect on the taxation treatment of the Securities.

Undertakings:

Lock-up undertaking

The Company has undertaken that for a period of 90 days after the date of the Subscription Agreement it shall not, and it shall procure that none of its respective subsidiaries or affiliates over which it exercises management or voting control, or any person acting on its or their behalf, will:

- (A) *Shares*: issue, offer, sell, transfer, pledge or otherwise dispose of any Shares, whether directly or indirectly, or enter into any agreement to do so;

- (B) *Rights to Shares*: issue or offer any other securities which confer a right to Shares (or any interest therein), or which represent the Shares (or any interest therein), or enter into any agreement to do so;
- (C) *Economic ownership of Shares*: enter into any agreement that transfers or might transfer any of the economic consequences of ownership of the Shares (including, but not limited to, stock lending, derivative or hedging transactions); or
- (D) publicly announce any intention to do any one or more things described above, other than, in each case:
 - (a) with the prior written consent of the Investor (such consent not be unreasonably withheld);
 - (b) grants of employee stock options in respect of the Shares pursuant to the terms of any publicly disclosed plan or arrangement, or issuance of Shares pursuant to the exercise of such options;
 - (c) the issue of the Bonds and the Warrants;
 - (d) the issue of Shares pursuant to the terms of the Existing Convertible Bonds;
 - (e) to satisfy the Company's obligations arising upon conversion of any Bond or upon exercise of the Warrants in accordance with the terms and conditions of the Warrants; or
 - (f) the issue of Shares to the Company's shareholders who are being offered the option to elect to receive annual dividends in the form of Shares.

Each of Mr. Yao Yuan and Mr. Iu Chung, both being executive Directors of the Company, has undertaken to the Investor by way of a Lock-Up Letter from each of them that for a period of 90 days from the date of the Subscription Agreement, neither he, nor any person acting on his behalf, will:

- (a) offer, sell, transfer, pledge or otherwise dispose of any Shares, whether directly or indirectly, or enter into any agreement to do so;
- (b) offer any other securities which confer a right to Shares (or any interest therein), or which represent the Shares (or any interest therein), or enter into any agreement to do so;
- (c) enter into any agreement that transfers or might transfer any of the economic consequences of ownership of the Shares (including, but not limited to, stock lending, derivative or hedging transactions); or
- (d) publicly announce any intention to do any one or more things described above, other than, in each case, with the prior written consent of the Investor.

Clear market undertaking

The Company also undertakes that from the date of the Subscription Agreement to (and including) the date falling 90 days after the Closing Date, no international offering of debt instruments or debt securities having a maturity of more than a year from the date of issue (other than the Securities) in connection with which the Company or any of its subsidiaries is the borrower, debtor, issuer or guarantor is announced, placed (privately or otherwise), directly or on its behalf, (and nor shall the Company enter into, or allow any of its subsidiaries to enter into, any agreement to do any of the foregoing) unless it has obtained the prior written consent of the Investor (such consent not to be unreasonably withheld).

PRINCIPAL TERMS OF THE BONDS

Series A Bonds

- Issuer** : The Company
- Principal amount** : The aggregate principal amount of the Series A Bonds will be HK\$77,524,000.
- Issue price** : 100% of the principal amount
- Form and Denomination** : The Series A Bonds will be in registered form and in a minimum denomination of HK\$5,000,000 and integral multiples of HK\$1,000 in excess thereof.
- Maturity Date** : Unless previously redeemed, converted, or purchased and cancelled, the Company will redeem each Series A Bond on the date falling two years from the Closing Date.
- Security** : The Series A Bonds will be secured rateably and on a pari passu basis by the shares held by the Company or as the case may be, the relevant Obligor, in the BVI Subsidiaries pursuant to the Share Charges and any additional security which may be granted under the Series A Bonds.
- Redemption Price at Maturity** : An amount equal to the principal amount multiplied by 138.516% together with any accrued and unpaid interest subject as provided in the terms and conditions of Series A Bonds
- Post Maturity Redemption** : In the event that the Company does not redeem the outstanding Series A Bonds by their maturity date, such Series A Bonds shall be due and payable at the Post Maturity Redemption Amount
- Interest** : 9% per annum calculated by reference to the principal amount, payable in Hong Kong dollars semi-annually, with the first interest payment payable on the date falling six months from the Closing Date.

Conversion Period : Subject to the terms and conditions, the Series A Bondholders may convert their Series A Bonds at any time on and after 7 days from the Closing Date up to the close of business on 15 days before the maturity date of the Series A Bonds or if such Series A Bonds shall have been called for redemption by the Company before the maturity date, then up to the close of business on a date no later than seven Business Days prior to the date fixed for redemption.

If (a) the Company shall default in making payment in full in respect of any Series A Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Series A Series Bond has become due and payable prior to its maturity date by reason of the occurrence of any of the events of default or (c) any Series A Bond is not redeemed on its maturity date in accordance with its terms and conditions, the conversion right attaching to such Series A Bond will revive and/or will continue to be exercisable up to, and including, the close of business on the date upon which the full amount of the moneys payable in respect of such Series A Bond has been duly received by the Series A paying agent and notice of such receipt has been duly given to the Series A Bondholders.

Conversion Price : Initial Series A Conversion Price will be HK\$0.4197 per Share, equivalent to the Reference Share Price, subject to adjustment as provided in the terms and conditions.

The Series A Conversion Price is determined after arm's length negotiations between the Company and the Investor.

Conversion Price Adjustment : The Series A Conversion Price will be subject to adjustment in the following events: an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, capitalization of profits or reserves, dividend distributions, rights issue of Shares or options, warrants or other rights to subscribe for Shares, rights issue of any securities, issue of Shares less than the then market price, issue of securities less than the then market price, or modification of rights of conversion or exchange or subscription attached to the securities issued so that the consideration per Share is less than the then market price, offers to shareholders or any event as determined by the Company or a Series A Bondholder that an adjustment shall be made – all as more fully explained in the terms and conditions.

Conversion Shares : On the basis of the 2,929,366,551 Shares in issue as at the date of this announcement, upon full conversion of the entire principal amount of the Series A Bonds to the Shares at the initial Series A Conversion Price of HK\$0.4197, a total of 184,712,890 Series A Conversion Shares will be issued, which represents approximately 6.31% of the issued share capital of the Company as at the date of this announcement and approximately 5.93% of the issued share capital of the Company as enlarged by such conversion, assuming no other issue of Shares is made before full conversion of the Series A Bonds.

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof.

Ranking of Conversion Shares : The Series A Conversion Shares will in all respects rank *pari passu* with the Shares in issue on the relevant registration date.

Put right : When there is a change of control of the Company (which includes (i) Mr. Yao Yuan and Mr. Iu Chung ceasing to beneficially own in aggregate at least 25% of the Shares (excluding Shares that would be issued following the conversion of the Bonds and the exercise of the Warrants) and (ii) either one or both of Mr. Yao Yuan and Mr. Iu Chung cease to be an executive Director of the Company other than by reason of death or sickness to either one but not both of Mr. Yao Yuan and Mr. Iu Chung); or the Shares cease to be listed on the Stock Exchange, Series A Bondholders shall have the right to require the Company to redeem all but not some of their Series A Bonds on the Relevant Event Redemption Date (as defined in the terms and conditions) at a redemption price equal to the Early Redemption Amount, together with accrued but unpaid interest.

Early Redemption at the Option of the Company : At any time after 15 months from the Closing Date, but not less than seven Business Days prior to the maturity date of the Series A Bonds, the Company may, having given 90 days' prior notice, redeem the Series A Bonds in whole or in part at a redemption price equal to their Early Redemption Amount on the redemption date, together with accrued but unpaid interest, if the closing price of the Shares, for a period of 20 consecutive trading days, where (i) the first day of such 20-trading day period shall commence at any time after 15 months from the Closing Date and (ii) the last day of such 20-trading day period falls on the trading day immediately prior to the date upon which notice of such redemption is given, was at least 155% of the applicable Series A Conversion Price.

Redemption for Tax Reasons The Company may redeem the Series A Bonds in whole, but not in part at a redemption price equal to their Early Redemption Amount on the redemption date, together with accrued but unpaid interest, if the Company has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Bermuda or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations; and such obligation cannot be avoided by the Company taking reasonable measures available to it.

Transferability : The Series A Bonds may be transferred subject to compliance of its conditions including the delivery of transfer forms.

No transfer will be registered during the transfer closed periods including (a) during the period of seven Business Days ending on (and including) the maturity date; (b) after conversion notices has been delivered unless an event of default shall occur with respect to a non-delivery of Shares following a conversion of the Series A Bonds; (c) a relevant notice for redemption for delisting or change of control has been delivered; (d) during the period of five Business Days ending on (and including) any interest payment date.

Voting : The Series A Bondholders will not be entitled to receive notices of, attend or vote at any general meetings of the Company by reason only of it being a holder thereof.

Listing : The Series A Bonds will not be listed on the Stock Exchange or any other stock exchange. An application has been made to the Stock Exchange for the listing of, and permission to deal in the Shares to be issued upon conversion.

Undertakings : (1) *Limitation on Creation of Security Interest*

Save as provided in the terms and conditions, so long as the aggregate outstanding principal amount of the Bonds (translated into U.S. dollars at the prevailing exchange rate as determined by the Security Trustee) is more than US\$3,000,000, the Company will not, and will procure none of its Offshore Subsidiaries will, create or permit to subsist or arise any Security Interest upon the whole or any part of their respective present or future assets or revenues (other than (i) any Security Interest created or subsisting over the whole or any part of the assets or revenues of any member of the Group as of the Closing Date and (ii) the Charged Property) to secure any financial indebtedness.

The Company and each of the Obligors may create further Security Interest on the Charged Property and/or any equity interest in any BVI Subsidiary (whether present or in the future) to secure financial indebtedness of the Issuer provided certain conditions in the terms and conditions are fulfilled.

(2) *Limitation on Indebtedness and Disqualified Stock*

Save as provided in the terms and conditions, the Company will not, and will not permit any subsidiary to, incur any indebtedness or issue disqualified stock.

(3) *Limitation on Restricted Payments*

Save as provided in the terms and conditions, the Company will not, and will not permit any subsidiary to, directly or indirectly (the payments or any other actions described in subparagraphs (a) through (b) below being collectively referred to as “**Restricted Payments**”):

- (a) declare or pay any dividend or make any distribution on or with respect to the Company’s or any of its subsidiaries’ capital stock;
- (b) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of capital stock of the Company or any subsidiary;
- (c) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of financial indebtedness that is subordinated in right of payment to the Series A Bonds (excluding any intercompany financial indebtedness between or among the Company and any of its wholly owned subsidiaries); or
- (d) make any investment, other than a permitted investment.

(4) *Restriction on Asset Sale*

For as long as the aggregate outstanding principal amount of the Bonds (translated into U.S. dollars at the prevailing exchange rate as determined by the Security Trustee) is equal or more than US\$3,000,000, the Company shall ensure that none of the Obligor may, directly or indirectly, dispose of any of their equity interests in 上海數康生物科技有限公司, 上海銘源數康生物芯片有限公司, 上海唯依醫院投資管理有限公司, 上海市虹口區婦幼保健院, 湖州數康生物科技有限公司 and 上海康培生物醫藥技術有限公司.

All undertakings are set out in greater detail in the terms and conditions.

Financial Covenant

- : The Company shall ensure that for so long as any Series A Bond remains outstanding in respect of each Relevant Period ending on or after the Closing Date:

- (a) the ratio of Consolidated Total Debt (as defined therein) as at the end of such Relevant Period to Total Equity in respect of such Relevant Period is less than 0.5; and
- (b) the Consolidated Net Asset Value (as defined therein) as at the end of such Relevant Period shall not be less than the higher of (i) the outstanding principal amount of the Bonds multiplied by three or (ii) HK\$500,000,000; and
- (c) not more than 50% of its Consolidated Net Income (as defined therein) for that Relevant Period will be distributed to the shareholders of Company by way of distribution without the prior written consent of the Series A Bondholders (by way of an extraordinary resolution of the Series A Bondholders).

General Mandate

- : The Board was granted a general mandate at the Company's annual general meeting held on 2 June 2008 (the "Existing General Mandate") to allot, issue and otherwise deal with up to 585,159,310 Shares and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers, representing 20% of the share capital of the Company in issue on the date of the said meeting. The Existing General Mandate has not been exercised at all as at the date of this announcement.

The Series A Bonds will be issued under the Existing General Mandate and therefore no shareholders' approval is required for the issue.

Series B Bonds

The terms and conditions of Series B Bonds are identical to those Series A Bonds except for the following:

- (A) the aggregate principal amount of the Series B Bonds will be HK\$155,048,000;
- (B) the initial conversion price of the Series B Bonds will be HK\$0.5456 per Share, representing 30% over the Reference Share Price, which is determined after arm's length negotiations between the Company and the Investor;
- (C) the conversion price of the Series B Bonds will also be subject to adjustment if there occurs a change of control of the Company; and
- (D) the Company may redeem Series B Bonds at its option, having given 180 days' prior notice, if the closing price of the Share, for a period of 20 consecutive trading days, where (i) the first day of such 20-trading day period shall commence at any time after 15 months from the Closing Date and (ii) the last day of such 20-trading day period falls on the trading day immediately prior to the date upon which notice of such redemption is given, was at least 145% of the applicable conversion price of the Series B Bonds.

On the basis of the 2,929,366,551 Shares in issue as at the date of this announcement, upon full conversion of the entire principal amount of the Series B Bonds to the Shares at the initial conversion price of HK\$0.5456, a total of 284,173,677 Series B Conversion Shares will be issued, which represents approximately 9.70% of the issued share capital of the Company as at the date of this announcement and approximately 8.84% of the issued share capital of the Company as enlarged by such conversion, assuming no other issue of Shares is made before full conversion of the Series B Bonds.

The Series B Bonds will be issued under the Existing General Mandate and therefore no shareholders' approval is required for the issue.

PRINCIPAL TERMS OF THE WARRANTS

- Issuer** : The Company
- Principal Amount** : The face value of the Warrants will be HK\$60,136,000.
- Form and Denomination** : The Warrants will be in registered form and in minimum denomination of HK\$5,000,000 and integral multiples of HK\$1,000 in excess thereof.
- Issue Price and Consideration** : The Warrants will be issued as nil-paid Warrants and no consideration shall be payable by the Investor for the Warrants.
- Warrant Subscription Period** : Commencing on and including 7 days from its date of issue and expiring on a date not later than 7 Business Days prior to the date falling two years from its date of issue
- Warrant Subscription Right** : The Warrants carry the right for its holders to subscribe for Shares at the Warrant Subscription Price
- Warrant Subscription Price** : HK\$0.5876, representing 40% over the Reference Share Price

The Warrant Subscription Price is determined after arm's length negotiations between the Company and the Investor.

- Adjustments to Warrant Subscription Price** : The Warrant Subscription Price will be subject to adjustment in the following events: an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, capitalization of profits or reserves, dividend distributions, rights issue of Shares or options, warrants or other rights to subscribe for Shares, rights issue of any securities, issue of Shares less than the then market price, issue of securities less than the then market price, or modification of rights of conversion or exchange or subscription attached to the securities issued so that the consideration per Share is less than the then market price, offers to shareholders or any event as determined by the Company or a Warrant holder that an adjustment shall be made – all as more fully explained in the terms and conditions.

- Warrant Shares** On the basis of the 2,929,366,551 Shares in issue as at the date of this announcement, assuming the Warrants are fully exercised at the initial subscription price of HK\$0.5876, a total of 102,345,213 Shares will be issued, which represents approximately 3.49% of the issued share capital of the Company as at the date of this announcement and approximately 3.38% of the issued share capital of the Company as enlarged by such exercise, assuming no other issue of Shares is made before the Warrants are fully exercised.
- Ranking of Warrant Shares** : All Shares issued upon exercise of Warrants shall be fully-paid and shall, subject to the proviso below, entitle the holders thereof to participate in full in all dividends and other distributions paid or made on the Shares the record date for which falls on or after the relevant subscription date. Such Shares will in all other respects rank *pari passu* with the Shares in issue on the relevant subscription date (except for any right the record date for which precedes such subscription date and any other right excluded by mandatory provisions of applicable law).
- Transferability** : The Warrants are transferable subject to the terms of the Warrants.
- Listing** : The Warrants will not be listed on the Stock Exchange or any other stock exchange. An application has been made to the Stock Exchange for the listing of, and permission to deal in the Shares to be issued upon exercise of the subscription rights attached thereto.
- General Mandate** : The Warrants will be issued under the Existing General Mandate and therefore no shareholders' approval is required for the issue.

SHAREHOLDING STRUCTURE OF THE COMPANY

The effects on the shareholding structure of the Company upon full conversion of the Bonds and exercise of the Warrants in full are as follows:

Shareholders	As at the date of this announcement		Assuming full conversion of the Series A Bonds at the initial Conversion Price of HK\$0.4197 per Share		Assuming full conversion of the Series B Bonds at the initial Conversion Price of HK\$0.5456 per Share		Assuming exercise of Warrants in full at the Subscription Price of HK\$0.5876 per Share		Assuming full conversion of the Series A Bonds at the initial Conversion Price of HK\$0.4197 per Share, full conversion of the Series B Bonds at the initial Conversion Price of HK\$0.5456 per Share and exercise of Warrants in full at the Subscription Price of HK\$0.5876 per Share	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Yao Yuan & Mr. Iu Chung (Note 1 & 2)	999,419,075	34.12	999,419,075	32.09	999,419,075	31.10	999,419,075	32.97	999,419,075	28.55
Highbridge International LLC	153,513,513	5.24	153,513,513	4.93	153,513,513	4.78	153,513,513	5.06	153,513,513	4.38
Sub-total:	1,152,932,588	39.36	1,152,932,588	37.02	1,152,932,588	35.88	1,152,932,588	38.03	1,152,932,588	32.93
Other Shareholders	1,776,433,963	60.64	1,776,433,963	57.05	1,776,433,963	55.28	1,776,433,963	58.60	1,776,433,963	50.75
Bondholders	–	–	184,712,890	5.93	284,173,677	8.84	102,345,213	3.37	571,231,780	16.32
Total:	2,929,366,551	100	3,114,079,441	100	3,213,540,228	100	3,031,711,764	100	3,500,598,331	100

Notes:

1. These 999,419,075 Shares consist of 966,079,075 Shares held by Ming Yuan Investments Group Limited, and 33,340,000 Shares held by Mr Iu Chung personally.
2. Ming Yuan Investments Group Limited is a wholly-owned subsidiary of Ming Yuan Holdings Limited, which in turn is owned in the proportion of 50% and 50% by Mr. Yao Yuan and Mr. Iu Chung respectively.

REASONS FOR THE ISSUE OF THE BONDS WITH THE WARRANTS AND USE OF PROCEEDS

The Group is currently principally engaged in biomedical business activities. As at 30 June 2008, the Group had an aggregate amount of unaudited bank borrowings and other borrowings of approximately HK\$185.7 million. The total net proceeds from the issue of the Bonds in conjunction with the Warrants (assuming the Warrants are fully exercised) of approximately HK\$283.0 million will be applied towards the acquisition of one or more companies engaged in the Permitted Businesses.

The Directors consider that the issue of the Securities represents an opportunity for the Company to raise additional funds for developing and expanding its biomedical business. The Subscription Agreement and the terms of the Bonds and the Warrants have been arrived at after arm's length negotiations between the Company and the Investor, and are on normal commercial terms. The Directors consider the terms of the Subscription Agreement, the Bonds and the Warrants to be fair and reasonable, and the issue of the Bonds and the Warrants is in the interests of the Company and the Shareholders as a whole.

ADJUSTMENT TO CONVERSION PRICE OF THE EXISTING CONVERTIBLE BONDS

Reference is made to the announcement dated 23 December 2004 in relation to the Existing Convertible Bonds. Pursuant to the terms and conditions of the Existing Convertible Bonds, an adjustment is required to be made to the conversion price for the Existing Convertible Bonds because the initial Series A Conversion Price of HK\$0.4197 is less than the Current Market Price on the last trading day preceding the date of this announcement. Subject to the issue of the Series A Bonds, the conversion price of the Existing Convertible Bonds will be adjusted from HK\$0.740 per Share to HK\$0.736 per Share with effect from the Closing Date.

GENERAL

As at the date of this announcement, the Company has outstanding share options granted under the share option scheme, entitling the option holders to subscribe for an aggregate of 109,620,000 Shares at an exercise price of ranging from HK\$0.728 to HK\$0.78 per Share.

The Company has not conducted any other equity fund raising activities in the past twelve-month period immediately prior to the date of this announcement.

DEFINITIONS

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

“Bonds”	the Series A Bonds and the Series B Bonds
“Bond Certificate(s)”	the Series A Bond Certificate(s) and the Series B Bond Certificate(s)
“Bondholders”	the Series A Bondholders and the Series B Bondholders
“Business Day”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong and London and, in the case of the surrender (or, in the case of part payment only, endorsement) of a Bond Certificate, in the place where the Bond Certificate is surrendered
“BVI Subsidiaries”	Splendid Victory, Premier Asset and HD Global
“Charged Property”	all of the assets which from time to time are, or are expressed to be, the subject of any Security

“Closing Date”	a date on which the Company proposes to issue the Securities or such other date as the Company and Investor may agree but which shall not be later than 30 April 2009
“Company”	Mingyuan Medicare Development Company Limited, a company incorporated in Bermuda with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange
“Current Market Price”	in respect of a Share at a particular date, the average of the closing prices published in the daily quotation sheet of the Stock Exchange for the 5 consecutive trading days ending on the trading day immediately preceding such date, subject to the terms and conditions of the Existing Convertible Bonds
“Director(s)”	director(s) of the Company
“Early Redemption Amount”	an amount which represents a gross yield to maturity of 25% per annum, calculated in accordance with the terms and conditions of the relevant Bond
“Existing Convertible Bonds”	the HK\$200,000,000 1% convertible bonds due 2010 issued by the Company on 6 January 2005
“Financial Advisor and Placement Agent”	Citigroup Global Markets Asia Limited
“Group”	the Company and its subsidiaries
“HD Global”	HD Global Limited, a company organised under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Insolvency Event”	in relation to any person, any of the following events: <ul style="list-style-type: none"> (a) such person is insolvent or unable to pay its debts as they fall due; (b) an administrator, receiver or liquidator of such person or the whole or a substantial part of the undertaking, assets and revenues of such person is appointed (or an application for any such appointment is made); (c) such person makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it; (d) such person ceases or threatens to cease to carry on all or any substantial part of its business;

- (e) a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of such person; or
- (f) an event having a substantially similar effect to any of the events referred to in paragraphs (a) to (e) above happens under the laws of any jurisdiction;

“Investor”	CCB International Asset Management Limited
“Investor Representation Letter”	the investor representation letter issued by the Investor to the Financial Advisor and Placement Agent and the Company dated on the date the Subscription Agreement
“Issue Documents”	as defined in the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-Up Letter”	each letter, to be provided by each of Mr. Yao Yuan and Mr. Iu Chung to the Investor in relation to their lock-up undertaking
“Obligor”	the Company, Splendid Victory, Premier Asset and the other security providers from time to time
“Offshore Subsidiary”	any member of the Group incorporated or organized under the laws of any jurisdiction (other than the PRC)
“Onshore Borrower”	上海銘源數康生物芯片有限公司 (SHMY HealthDigit Biochip Co., Ltd.)
“Onshore Property”	the real property in Shanghai referred to in the 上海市房地產權證滬房地奉字（-2007）第007846號(particulars being 地坐落：奉賢區滙豐北路699號 and 地號：奉賢區齊賢鎮5街坊10/13丘)
“Onshore Secured Loan Agreement”	a RMB500,000 loan agreement dated on or about the Closing Date to be entered into between 建銀國際醫療保健投資管理(天津)有限公司, an affiliate of the Investor, and the Onshore Borrower, pursuant to which the Onshore Borrower will grant 建銀國際醫療保健投資管理(天津)有限公司 a security interest on the Onshore Property as collateral for its obligations under the loan
“Permitted Businesses”	any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its subsidiaries on the Closing Date, including without limitation, the research, development, manufacturing, distribution, trading and/or sale of medical, screening and diagnostic products and services and/or the provision of medical and healthcare services and/or any investments in the form of joint ventures or partnerships relating to such businesses

“Post Maturity Redemption Amount”	an amount which represents from the maturity date of the Series A Bonds to the earlier of the date when (i) the Series A Bondholders declare the Series A Bonds to be immediately due and payable under its terms and conditions or (ii) the Post Maturity Redemption Amount is paid in full, a gross yield of 30% per annum, as calculated in accordance with the terms and conditions of the relevant Bond
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Premier Asset”	Premier Asset Investment Limited, a company organised under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Reference Share Price”	the Volume Weighted Average Price of the Shares of 45 consecutive trading days immediately preceding the date of the Subscription Agreement
“Relevant Periods”	each period of twelve months ending on the last day of the Company’s financial year and each period of twelve months ending on the last day of the first half of the Company’s financial year (each a “ Relevant Period ”)
“Securities”	the Bonds and the Warrants
“Security”	each Security Interest created or expressed to be created in favour of the Security Trustee pursuant to any or all of the Security Documents
“Security Documents”	the Share Charges, the Security Trust Deed and any other agreements or instruments that may evidence or create any security interest in favour of the Security Trustee and/or any holders in any or all of the Security
“Security Interest”	<p>(a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;</p> <p>(b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or</p> <p>(c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect,</p> <p>but does not include any lien or other Security Interest arising by operation of law or in the ordinary course of trading</p>

“Security Trust Deed”	the security trust deed to be dated on or about the Closing Date between the Company and the Security Trustee
“Security Trustee”	CCB International Asset Management Limited as security trustee
“Series A Bond Certificate(s)”	the certificate(s) representing the Series A Bonds
“Series A Bondholder(s)”	holder(s) of the Series A Bonds
“Series A Bonds”	HK\$77,524,000 in aggregate principal amount of 9% secured series A convertible bonds to be issued pursuant to the Subscription Agreement
“Series A Conversion Price”	the initial conversion price of HK\$0.4197 per Share, subject to adjustments pursuant to the terms of the Series A Bonds
“Series A Conversion Shares”	the Shares to be allotted and issued by the Company upon exercise of the conversion rights attached to the Series A Bonds
“Series B Bond Certificate(s)”	the certificate(s) representing the Series B Bonds
“Series B Bondholder(s)”	Holder(s) of the Series B Bonds
“Series B Bonds”	HK\$155,048,000 in aggregate principal amount of 9% secured Series B Bonds to be issued pursuant to the Subscription Agreement
“Share(s)”	share(s) of HK\$0.05 each in the capital of the Company
“Share Charge over HD Global”	the charge over the shares of HD Global to be dated on or about the Closing Date and entered into between Premier Asset as chargor and the Security Trustee as chargee
“Share Charge over Premier Asset”	the charge over the shares of Premier Asset to be dated on or about the Closing Date and entered into between Splendid Victory as chargor and the Security Trustee as chargee
“Share Charge over Splendid Victory”	the charge over the shares of Splendid Victory to be dated on or about the Closing Date and entered into between the Issuer as chargor and the Security Trustee as chargee
“Share Charges”	the Share Charge over HD Global, the Share Charge over Premier Asset and the Share Charge over Splendid Victory
“Splendid Victory”	Splendid Victory Holding Limited, a company organised under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement”	the subscription agreement dated 18 March 2009 entered into between the Company, the Investor, Premier Asset and Splendid Victory in relation to the issue of the Bonds and the Warrants
“Volume Weighted Average Price”	in respect of a Share on any trading day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg screen VAP or such other source as shall be determined to be appropriate by an independent investment bank on such trading day, provided that on any such trading day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such trading day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding trading day on which the same can be so determined
“Warrants”	HK\$60,136,000 in face value of warrants which will carry the right to subscribe for Shares pursuant to a deed of covenant and the terms and conditions constituting the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Mingyuan Medicare Development Company Limited
Yao Yuan
Chairman

Hong Kong, 18 March 2009

As at the date of this announcement, the executive Directors are Mr. Yao Yuan (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 purpose only*