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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)

(1) PLACING OF EXISTING SHARES

AND

(2) SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PACIFIC FOUNDATION SECURITIES LIMITED

On 28 February 2011, the Vendor, the Company and the Placing Agent entered into the Agreement pursuant to which the Placing Agent has agreed to, as agent of the Vendor and on a best effort basis, procure purchasers to acquire, and the Vendor has agreed to sell up to 320,000,000 existing Shares at the Placing Price of HK\$0.81 per Share.

The Placing Shares represent up to approximately 8.5% of the existing issued share capital of the Company and approximately 7.8% of the issued share capital of the Company as enlarged by the Subscription. The Placing Price represents (i) a discount of approximately 3.57% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on 28 February 2011, the last full trading date immediately preceding the date of the Agreement; and (ii) a discount of approximately 2.88% to the average closing price of approximately HK\$0.834 per Share as quoted on the Stock Exchange for the last five trading days up to and including 28 February 2011.

Pursuant to the Agreement, the Vendor has also conditionally agreed to subscribe for such number of new Shares equivalent to the number of the Placing Shares placed pursuant to the Placing at the Subscription Price. Based on up to 320,000,000 Shares being placed under the Placing, the Subscription Shares represent up to approximately 8.5% of the existing issued share capital of the Company and approximately 7.8% of the issued share capital of the Company as enlarged by the Subscription.

As at the date of this announcement, the Vendor holds 946,169,075 Shares, representing 25.1% of the issued share capital of the Company. The shareholding of the Vendor in the issued share capital of the Company will be reduced from 25.1% to approximately 16.6% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 16.6% to approximately 23.2% upon completion of the Placing and the Subscription.

As the Placing and the Subscription are subject to the fulfillment of a number of conditions and may or may not proceed to completion, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the Shares.

A. THE AGREEMENT

Date: 28 February 2011

Parties:

- (a) the Vendor;
- (b) the Company; and
- (c) the Placing Agent.

The Vendor is a shareholder of the Company currently holding 946,169,075 Shares, representing approximately 25.1% of the existing issued share capital of the Company.

The Placing Agent is independent of and not connected with or acting in concert with the Vendor, the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

THE PLACING

Placing Shares

On 28 February 2011, the Vendor, the Company and the Placing Agent entered into the Agreement pursuant to which the Placing Agent has agreed to, as agent of the Vendor and on a best effort basis, procure purchasers to acquire, and the Vendor has agreed to sell up to 320,000,000 existing Shares at the Placing Price of HK\$0.81 per Share.

Up to 320,000,000 existing Shares are to be placed, representing up to approximately 8.5% of the existing issued share capital of the Company and approximately 7.8% of the issued share capital of the Company as enlarged by the Subscription.

Placing Price

The Placing Price of HK\$0.81 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agent. It represents (i) a discount of approximately 3.57% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on 28 February 2011, being the last full trading date immediately preceding the date of the Agreement; and (ii) a discount of approximately 2.88% to the average closing price of approximately HK\$0.834 per Share as quoted on the Stock Exchange for the last five trading days up to and including 28 February 2011.

The Directors (including the independent non-executive Directors) are of the opinion that the Placing Price is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Rights

The Placing Shares will be sold free from all liens, charges and encumbrances, and together with all rights attaching thereto, including the right to receive all dividends declared, made or paid on or after the date of the Agreement.

Independence of the Placing Agent and the Placees

The Placing Shares will be placed by the Placing Agent to not less than six independent professional, institution and/or individual investors. The Placing Agent and placees to be procured by the Placing Agent are or will be as the case may be third parties independent of and not connected with the directors, chief executives or substantial shareholders of the Company and the Vendor or any of their respective subsidiaries or any of their respective associates who are or will not acting in concert (as defined under the Takeovers Code) with the Vendor or its associates. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

Completion of the Placing

Completion of the Placing will be on 3 March 2011 (or such other date as the Vendor and the Placing Agent may agree).

THE SUBSCRIPTION

Number of new Shares to be subscribed

Up to 320,000,000 new Shares, which shall be equivalent to the number of Placing Shares, will be subscribed by the Vendor, representing up to approximately 8.5% of the existing issued share capital of the Company and approximately 7.8% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The subscription price per new Share is equivalent to the Placing Price of HK\$0.81 per Share. The Subscription Shares have a market value of up to approximately HK\$268,800,000, based on the closing price of HK\$0.84 on 28 February 2011, the last full trading day in the Shares prior to this announcement. The net price of the Subscription is approximately HK\$0.80 per Share.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market condition and in the interest of the Company and its shareholders as a whole.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

General mandate to issue the Subscription Shares

The Subscription Shares will be issued under the general mandate granted by the shareholders of the Company to the Directors pursuant to the resolution of the shareholders of the Company passed at the annual general meeting held on 22 June 2010. The Company has not issued any Shares pursuant to such general mandate.

Conditions of the Subscription

The Subscription is conditional upon:

- (a) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares;
- (b) completion of the Placing having occurred pursuant to the terms of the Agreement; and
- (c) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Subscription Shares (if necessary).

In the event that the conditions are not fulfilled or on or before 15 March 2011, or such later date as may be agreed in writing between the Company and the Vendor, the obligations of the Company and the Vendor in respect of the Subscription shall terminate and neither of the parties shall have any claim against the others for costs, damages, compensation or otherwise in respect of the Subscription.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Completion of the Subscription

Completion of the Subscription shall take place on the first Business Day after the date upon which the last condition precedent as set out above shall have been satisfied or such other time as the Company and the Vendor may agree.

B. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Based on up to 320,000,000 Shares are placed under the Placing, the shareholdings of the Company before and after the Placing and the Subscription are summarized as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing on the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Vendor and its associates	947,509,075	25.2	627,509,075	16.7	947,509,075	23.2
Placees	–	–	320,000,000	8.5	320,000,000	7.8
Other Shareholders	2,815,511,758	74.8	2,815,511,758	74.8	2,815,511,758	69.0
Total	<u>3,763,020,833</u>	<u>100</u>	<u>3,763,020,833</u>	<u>100</u>	<u>4,083,020,833</u>	<u>100</u>

C. REASON FOR THE PLACING AND THE SUBSCRIPTION

The Placing and the Subscription are effected to supplement the Group's funding of its expansion and growth plan. The Directors consider that the Placing and the Subscription will provide the Company with an opportunity to raise further capital while broadening the shareholder's base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and are in the interests of the Company and the shareholders as a whole are concerned.

D. USE OF PROCEEDS OF THE SUBSCRIPTION

The net proceeds from the Subscription are estimated to be approximately HK\$259,200,000 and will be utilised by the Group for any future possible acquisitions and investments, and general working Capital of the Group.

E. CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not carried out any capital raising activities during the past 12 months.

F. GENERAL

The Group is principally engaged in the sale and manufacturing of bio-medical products in the PRC.

DEFINITIONS

“Agreement”	the placing and subscription agreement dated 28 February 2011 between the Vendor, the Company and the Placing Agent
“associates”	has the meaning ascribed to it under the Listing Rules
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Company”	Mingyuan Medicare Development Company Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Agreement
“Placing Agent”	Pacific Foundation Securities Limited, which is independent of and not connected with the Company or any of its connected persons and is not acting in concert with each other or with the Vendor or parties acting in concert with the Vendor
“Placing Price”	HK\$0.81 per Placing Share
“Placing Shares”	up to 320,000,000 existing Shares to be placed by the Placing Agent on behalf of the Vendor pursuant to the Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by the Vendor of the Subscription Shares pursuant to the Agreement
“Subscription Price”	HK\$0.81 per Share, the equivalent of the Placing Price
“Subscription Shares”	such number of new Shares, equivalent to the number of Placing Shares, to be subscribed by the Vendor pursuant to the Agreement
“subsidiaries”	has the same meaning as in Section 2 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Ming Yuan Investments Group Limited, a company incorporated in the British Virgin Islands

On behalf of the Board
Chien Hoe Yong, Henry
CEO and Executive Director

Hong Kong, 28 February 2011

As at the date of this announcement, the executive directors are Mr. Yao Yuan (Chairman), Mr. Chien Hoe Yong, Henry (CEO), Mr. Hu Jun, and Mr. Yu Ti Jun; the 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*