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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 70% EQUITY INTEREST IN SHANGHAI YUANQI

This announcement is made to provide additional information relating to the valuation of the Intellectual Properties owned by Shanghai Yuanqi in connection to acquisition of 70% equity interest in Shanghai Yuanqi by the Purchaser.

Reference is made to the announcement of the Company dated 5 August 2011 (the “Announcement”) in relation to the acquisition of 70% equity interest in Shanghai Yuanqi by the Purchaser under the Equity Transfer Agreement. Capitalized terms used in this announcement shall have the same meaning as defined in the Announcement unless otherwise stated.

As disclosed under the section “Consideration” of the Announcement, the Consideration for the Acquisition of RMB354,000,000 was determined with reference to, among other things, (i) the business prospect of Shanghai Yuanqi and (ii) valuation prepared by Hua Yuan Assets Appraisal Co., Ltd. of certain intellectual properties owned by Shanghai Yuanqi. The term “certain intellectual properties owned by Shanghai Yuanqi” refers to the specialized molecular diagnostic kits for Leukemia, Lymphoma and individualized cancer therapy (the “Intellectual Properties”) owned by Shanghai Yuanqi. The Board are pleased to provide further details relating to the valuation of the Intellectual Properties as follows:

VALUATION

According to the valuation report prepared by Hua Yuan Assets Appraisal Co., Ltd. on 18 June 2011, the value of the Intellectual Properties was approximately RMB692,190,000 as at 30 April 2011 (the “Valuation”). The Valuation adopted the income-based approach using discounted cash flow method which involves projections of profits, earnings and cash flows and are regarded as profit forecasts under Rule 14.61 of the Listing Rules (the “Profit Forecast”). Pursuant to Rule 14.62(1) of the Listing Rules, certain specific assumptions have been adopted in the Valuation and the major ones are as follows:

- all relevant legal approvals and business certificates or licenses to operate the business in the localities in which Shanghai Yuanqi operates or intends to operate would be officially obtained and renewable upon expiry;
- the projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;
- there will be sufficient supply of technical staff in the industry in which Shanghai Yuanqi operates, and Shanghai Yuanqi will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- there will be no major change in the current taxation laws in the localities in which Shanghai Yuanqi operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- there will be no major change in the political, legal, economic or financial conditions in the localities in which Shanghai Yuanqi operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Intellectual Properties; and
- interest rates and exchange rates in the localities for the operation of Shanghai Yuanqi will not differ materially from those presently prevailing.

Pursuant to Rule 14.62(3) of the Listing Rules, the Board confirmed that they have reviewed the principal assumptions upon which the Profit Forecast is based and are of the view that the Profit Forecast has been made after due and careful enquiry. A letter from the Board is included in the appendix of this announcement.

A letter from Bentleys CPA Company Limited, the reporting accountants, is included in the appendix of this announcement for the purposes of Rules 14.60A and 14.62 of the Listing Rules.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Hua Yuan Assets Appraisal Co., Ltd.	Professional valuer
Bentleys CPA Company Limited	Certified public accountants

As at the date of this announcement, each of Hua Yuan Assets Appraisal Co., Ltd., and Bentleys CPA Company Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

Each of Hua Yuan Assets Appraisal Co., Ltd., and Bentleys CPA Company Limited has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and all reference to its name in the form and context in which it appears.

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

Hong Kong, 19 August 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, Mr. Lee Sze Ho, Henry, and Mr. Tang Yan Qin.

* *For identification purposes only*

APPENDIX I

LETTER FROM THE BOARD

19 August 2011

To the Shareholders

Dear Sir/Madam,

Confirmation on Profit Forecast in Connection to Valuation of Specialized Molecular Diagnostic Kits for Leukemia, Lymphoma and Individualized Cancer Therapy (the “Intellectual Properties”)

We refer to the announcements of Mingyuan Medicare Development Company Limited dated 5 August 2011 and 19 August 2011 in relation to the acquisition of 70% equity interest in Shanghai Yuanqi by the Purchaser under the Equity Transfer Agreement. (the “Announcements”). Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcements shall have the same meaning when used in this letter.

We confirmed that we have reviewed the principal assumptions upon which the Profit Forecast in connection to valuation of the Intellectual Properties is based and are of the view that the Profit Forecast has been made after due and careful enquiry.

Yours faithfully,

On behalf of the Board

Chien Hoe Yong, Henry

CEO and Executive Director

APPENDIX II

LETTER FROM THE REPORTING ACCOUNTANTS

19 August 2011

The Board of Directors
Mingyuan Medicare Development Company Limited
Room 1801-03, Hutchison House,
10 Harcourt Road, central,
Hong Kong

Dear Sirs,

Accountants' Report on Calculations of Discounted Future Estimated Cash Flows in Connection with the Valuation of Specialized Molecular Diagnostic Kits for Leukemia, Lymphoma and Individualized Cancer Therapy (the "Intellectual Properties")

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Hua Yuan Assets Appraisal Co., Ltd. dated 16 June 2011, of the Intellectual Properties owned by 上海源奇生物醫藥科技有限公司 (Shanghai Yuanqi Bio-Pharmaceutical Company Limited) ("Shanghai Yuanqi") as at 30 April 2011 (the "Valuation") is based. Shanghai Yuanqi is a company incorporated in Shanghai, the PRC, whose principal assets are the Intellectual Properties. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in connection with the acquisition of 70% equity interest in Shanghai Yuanqi.

Directors' responsibility for the discounted future estimated cash flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of the Intellectual Properties owned by Shanghai Yuanqi.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Bentleys CPA Company Limited
Certified Public Accountants (Practising)
Hong Kong, 19th August 2011
Lam Wing Yi, Jerry, Certificate number P01522