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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 DISPOSAL OF 51% EQUITY INTEREST IN WEIYI**

The Board is pleased to announce that on 19 December 2011, the Vendor entered into the Disposal Agreement with the Purchaser whereby the Vendor agreed to sell and the Purchaser agreed to purchase 51% equity interest in Weiyi for cash consideration of RMB65,000,000.

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

#### **THE DISPOSAL AGREEMENT**

##### **Date**

19 December 2011

##### **Parties:**

The Purchaser: Ms. Jiang Yi (蔣毅女士). To the best of the Directors' knowledge, information and belief and after making all reasonable enquiries, the Vendor is an independent third party not connected with the Directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as defined in the Listing Rules). According to the Director's understanding, the Vendor is an individual private investor.

The Vendor: 上海數康生物科技有限公司 (Shanghai HealthDigit Co., Ltd.\*), a wholly-owned subsidiary of the Company.

##### **Assets to be disposed of:**

Pursuant to the Disposal Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase 51% equity interest in Weyi. The 51% equity interest in Weiyi represents the entire equity interest held by the Vendor in Weiyi prior to the signing of the Disposal Agreement. Weyi holds 100% interest in Shanghai Heng Shan Woman and Child Healthcare Hospital of Hong-Kou District, Shanghai, the PRC (上海衡山虹口婦幼醫院), an established woman and infants speciality hospital in Shanghai founded in November 1982.

## Consideration:

The Consideration for the Disposal is RMB65,000,000 and is payable by the Purchaser to the Vendor in cash as follows:

1. RMB20,000,000 is payable within 3 working days after the signing of the Disposal Agreement;
2. RMB20,000,000 is payable within 10 working days after completion of industry and commerce registration of the Purchaser as the new shareholder of 51% equity in Weiyi with relevant authorities in Shanghai, PRC; and
3. RMB25,000,000 is payable on or before 30 April 2012.

The Consideration for the Disposal was determined on arm's length negotiation between the parties to the Disposal Agreement with reference to, among other things, (i) the business prospects of Weiyi and (ii) the unaudited consolidated net asset value of Weiyi as at 31 October 2011 of approximately HK\$62,252,000. Based on current market situation, the Board is of the opinion the Consideration for Disposal is fair and reasonable and comparable to other players in the industry.

## Completion:

The completion of the Disposal is subject to industry and commerce registration in relation to the transfer of 51% equity interest from the Vendor to the Purchaser with relevant authorities in Shanghai, PRC. The Vendor shall coordinate with Weiyi to update the register of shareholders of Weiyi and to apply for and complete the said industry and commence registration, which is expected to take place on or before 30 December 2011.

## INFORMATION OF WEIYI

Founded in July 2003, Weiyi is a domestic company incorporated in the PRC. Weiyi is principally engaged in the operation of Shanghai Heng Shan Woman and Child Healthcare Hospital of Hong-Kou District, Shanghai, the PRC (上海衡山虹口婦幼醫院), an established woman and infants specialty hospital in Shanghai founded in November 1982.

Set out below is the consolidated financial information of Weiyi for the two years ended 31 December 2010 (audited) and the ten months ended 31 October 2011 (unaudited) prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended		For the
	31 December		ten months
	2009	2010	ended
	(audited)	(audited)	31 October
	(HK\$'000)	(HK\$'000)	2011
			(unaudited)
			(HK\$'000)
Turnover	36,990	50,063	41,081
Profit before taxation	2,124	6,393	5,403
Profit after taxation	2,124	6,393	5,403

The audited consolidated net assets of Weiyi as at 31 December 2010 amounted to approximately HK\$55,655,000.

## **FINANCIAL EFFECT OF THE DISPOSAL**

After Completion Weyi will cease to be a subsidiary of the Company and its assets and liabilities and its profits and losses will no longer be consolidated into the consolidated financial statements of the Company.

The Company expects to realize from the Disposal a net gain before tax of approximately HK\$1,815,000, representing the excess of the Consideration received less professional fees and other related expenses paid, and the 51% of the net asset value of Weyi disposed to the Purchaser based on the unaudited balance sheet as at 31 October 2011. Such calculation is only an estimate provided for illustrative purposes and the actual gain that the Company is able to realize will depend on the actual net asset value of Weyi as at Completion.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As mentioned in the 2010 annual report of the Group, the Group believes that new, innovative diagnostics and biological therapies are changing the ways that human diseases are prevented and/or are treated. The Group had expanded its early screening and detection products to bio-drugs for providing biological therapies for life threatening diseases. The Group demonstrate its commitment to expand its product line into bio-drugs by acquiring 上海源奇生物醫藥科技有限公司 (Shanghai Yuanqi Bio-Pharmaceutical Company Limited) and 上海慧普生物醫藥科技有限公司 (Shanghai Huipu Bio-Pharmaceutical Company Limited) recently. The Disposal is a continuing effort of the Group to shift all the resources of non-core business to the core business which is enjoying higher margin of profitability.

The Board considers that the terms and conditions of the Disposal Agreement including the amount of the Consideration have been arrived at after arm's length negotiation between the Vendor and the Purchaser and the Disposal on the basis of the terms and conditions set out in the Disposal Agreement is being entered into on normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Board considers that after the Disposal, the Group will be better able to rationalize its resources by focusing on the Group's core business in order to seize business opportunities arising from the emerging healthcare markets in China.

## **USE OF PROCEEDS FROM THE DISPOSAL**

Proceed from the Disposal will be applied to further strengthen the Group's commitment in its core business.

## **INFORMATION OF THE VENDOR**

The Vendor is a wholly-owned subsidiary of the Company and its principal business activities are the areas of research of biochips for early screening, detection and prevention of diseases.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios under the Listing Rules relating to the Disposal are more than 5% but less than 25% and that the Purchaser is an Independent Third Party, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of directors of the Company
“Completion”	completion of the Disposal
“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
“Consideration”	the consideration payable by the Purchaser to the Vendor under the Disposal Agreement in the amount of RMB65,000,000
“Disposal”	the sale of 51% equity in Weiyi by the Vendor to the Purchaser under the Disposal Agreement;
“Disposal Agreement”	the disposal agreement date 19 December 2011 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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”	Ms. Jiang Yi (蔣毅女士)
“RMB”	Renminbi, the lawful currency of the PRC
“Weiyi”	上海唯依醫院投資管理有限公司 (Shanghai Weiyi Hospital Investment & Management Co., Ltd.), a limited liability company incorporated in Shanghai, PRC, which is owned as to 51% by the Vendor.
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” 上海數康生物科技有限公司 (SHMY HealthDigit Co., Ltd.\*), a wholly-owned subsidiary of the Company

“%” per cent

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

Hong Kong, 19 December 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*