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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the 2013 annual report (the “Report”) published by Mingyuan Medicare Development Company Limited (the “Company”, together with its subsidiaries, the “Group”) on 30 April 2014. The Report disclosed that purchases from the Group’s five largest suppliers and its largest supplier represented about 52% and 34% of its total purchases respectively. However, there is no disclosure in the Report relating to the details of these major suppliers. The board of directors of the Company is pleased to provide following additional information about details of these major suppliers so that the Company’s shareholders could have a reasonable appreciation of the Company’s annual results for the year ended 31 December 2013.

Total purchases of the Group for the year ended 31 December 2013 amounted to HK\$19,954,047 (2012: HK\$27,309,052). It is typical in our line of business that costs of materials and supplies only account for a small portion of the cost of the final products. Antigens, antibodies, and biological reagents are the key materials and supplies in our business. There are over hundreds or even thousands of manufacturers, both domestic and overseas, that produce antigens, antibodies and biological reagents. Antigens, antibodies, and biological reagents produced by manufacturers overseas are usually more stable and more expensive. In the last couple years, local manufacturers have make very significant improvements in stabilizing their products and more and more of their products are being used by companies in China nowadays.

The Group’s five largest suppliers are well established manufacturers of antigens, antibodies, and biological reagents in China or from overseas. Four of these five largest suppliers have worked with the Group for more than six years and the remaining one have been supplying materials and supplies to the Group for over three years. Antigens, antibodies, biological reagents, luminous liquid, stabilizers, and tumor markers are the key materials and supplies that the Group sourced from these five largest suppliers. All of these five largest suppliers offer the same credit terms, i.e. 60 days credit, to the Group and the credit terms offered by these five largest suppliers are in line with other suppliers. The Group has not entered into any long-term supply agreements with any of the five largest suppliers.

As explained above, there are over hundreds or even thousands of manufacturers that produced antigens, antibodies and biological reagents. The Group can always find new suppliers for a particular material or supply that is required. As a matter of fact, over the last couple years the Group has already shifted some of the purchases that were originally sourced from manufacturers overseas to domestic manufacturers. The Group believes with further development of biological business in China, more and more new players will join the business and supplies of antigens, antibodies and biological reagents will increase. As such, the Group does not think that there would be any risks in sourcing materials and supplies that are required.

On behalf of the Board
Mingyuan Medicare Development Company Limited
銘源醫療發展有限公司*
Yao Yuan
Chairman & CEO

Hong Kong, 28 July 2014

As at the date of this announcement, the executive directors are Mr. Yao Yuan (Chairman & CEO), Mr. Zhao Chao, and Mr. Zhou Li Qun; non-executive director is Mr. Yu Ti Jun; the independent non-executive director is Mr. Tang Yan Qin.

* *For identification purposes only*