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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)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by Mingyuan Medicare Development Company Limited (the "Company") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance.

Reference is made to the announcement of the Company dated 17 May 2016 in relation to a court order issued by the Supreme Court of Bermuda dated 13 May 2016.

On 16 May 2016, the board of directors of the Company (the "Board") received a letter from Mr. Zhao Chao, a former director of the Company, which provides that:

"Explanatory Note

To: The investigating unit, Xingzhen Corps of the Shanghai Public Security Bureau:
The Informant, Shanghai Mingyuan Industrial Group Co. Ltd:

Due to exceptional circumstances, I could not come to Shanghai. Please allow me to submit this explanatory note in writing instead. I refer to the enquiries made by the Bureau and the Company in respect of a SMS sent at around August 2015 (can't remember the exact date) in the name of Tianjin Binhai New Area People's Procuratorate stating that Yao Yuan and Iu Chung were involved in a criminal case in Tianjin, I confirm that the subject SMS was not sent to me by the related personnel of the Tianjin Binhai New Area People's Procuratorate. The SMS was prepared by me personally and sent to my lawyer Mr. Lam Ping Cheung. This SMS was prepared under the suggestion of Mr. Lam Ping Cheung. The purpose of this SMS is to provide favorable evidence for my legal action against Mingyuan Medicare Development Company Limited in the Hong Kong Courts. The truth of the content of the SMS is subject to the legal documents of the Tianjin Binhai New Area People's Procuratorate.

I shall bear all legal responsibilities for the truthfulness of the matter mentioned above.

ZHAO Chao
4 May 2016

For the purpose of verifying the contents of the letter, the Board appointed a director of the Company to attend a meeting with Mr. Zhao Chao on 17 May 2016. In the meeting, Mr. Zhao Chao confirmed that he is currently being investigated by the Shanghai Public Security Bureau in relation to a case of forging official documents. The Shanghai police took a statement from Mr. Zhao Chao, and following two documents were mentioned in the statement. The first document relates to an explanatory note provided to the Hong Kong Stock Exchange at around August 2015. The document was purportedly issued by the Tianjin Binhai New Area People's Procuratorate. The said explanatory note states:

"Explanatory Note

This is to explain that ZHAO Chao, Male, bearing Identity number: xxxxxxxxxxxxxxxxxxxx was president and vice chairman of Shanghai Mingyuan Industrial Group Co. Ltd during the period from June 2012 to April 2014. He is presently involved in a case of suspected bribery and is under investigation by us, and has been granted bail pending trial. **This case also involves Shanghai Mingyuan Industrial Group Co. Ltd and its two shareholders, Yao Yuan and Iu Chung.**"

The second document relates to an SMS purportedly to be sent by the Tianjin Binhai New Area People's Procuratorate Anti-Corruption Bureau to Yao Yuan, Iu Chung. The SMS reads:

"To Yao Yuan and Iu Chung: the Bureau has attempted to contact you for numerous times, both personally and through your staff in Shanghai and Hong Kong, in many different ways, for the past 2 months, in relation to an investigation of Shanghai Mingyuan Industrial Group Co. Ltd and you personally. However, both of you try to avoid your respective responsibilities, and refuse to respond or co-operate with us. We now, through The Hong Kong Stock Exchange Limited, remind you once again to come to the Tianjin Binhai New Area People's Procuratorate Anti-Corruption Bureau to assist in the investigation immediately."

Mr. Zhao Chao stated that he was placed under criminal detention by the Tianjin Binhai New Area People's Procuratorate on 28 February 2015. Tianjin Municipal People's Procuratorate Second Branch approved his arrest on 16 March 2015. On 14 April 2015, he was released on bail pending trial as criminal coercive measures. On 3 May 2016, the Tianjin Binhai New Area People's Procuratorate found him guilty of bribery and he had received corresponding sentence and punishment.

Mr. Zhao Chao stated that neither Shanghai Mingyuan Industrial Group Co. Ltd, Yao Yuan nor Iu Chung was involved in the indictment and the reasons for verdict of his case (the "Tianjin Court Documents") handled by the Tianjin Binhai New Area People's Procuratorate. Based on the review of the Tianjin Court Documents supplied by Mr. Zhao Chao, the Board confirms that neither Shanghai Mingyuan Industrial Group Co. Ltd, Yao Yuan nor Iu Chung was involved in the case.

Mr. Zhao Chao also confirmed that the first explanatory note was provided to the Hong Kong Stock Exchange by his Hong Kong lawyer.

Mr. Zhao Chao alleges that his Hong Kong lawyer demanded that he write the SMS in the tone of a judicial personnel of the procuratorate, for the purpose of assisting his case in Hong Kong, i.e. the termination of his directorship. He had no knowledge that the SMS would be used by his Hong Kong lawyer in other legal cases. These legal cases include an action in respect of ownership of certain shares of the Company between Greater Achieve Limited ("GAL") and Mr. Yao Yuan and Mr. Iu Chung in the High Court of BVI and an legal action against the Company in the Supreme Court of Bermuda.

After further inquiries, the Company found out that no such explanatory note was contained in the investigation file of the Tianjin Binhai New Area People's Procuratorate regarding the bribery case of Mr. Zhao Chao.

It is the Company's view that the abovementioned matter is of very serious nature. It involves the using of forged instruments in the High Court of Hong Kong, the High Court of the BVI and the Supreme Court of Bermuda for the purpose of obtaining favourable rulings. For this reason, the Company has decided to turn the matter to relevant law enforcement authorities for criminal investigations and will appeal against the orders made by the Supreme Court of Bermuda.

Other than the forged instruments mentioned above, the Board also notes that GAL clearly stated in the affidavit filed in the proceedings in the Supreme Court of Bermuda that the High Court of Hong Kong has refused to register and enforce the two orders of the Supreme Court of Bermuda dated 1 March 2016 and 14 March 2016. The Board is of the opinion that the orders issued by the Supreme Court of Bermuda should not be binding on the Company until and unless these orders are registered and enforced in Hong Kong by the High Court of Hong Kong.

In light of the above, the Board will not accept any court orders obtained against it by the suspected use of forged instruments and the Company will not consider the annual general meeting to be convened by GAL on 20 May 2016 to be a valid annual general meeting of the Company and that resolutions passed by GAL during that meeting on 20 May 2016 would not be binding on the Company until further orders are made by the Hong Kong courts. Pursuant to the orders made by the Supreme Court of Bermuda, the Company will temporarily adjourn the annual general meeting originally scheduled to be convened on 20 May 2016 at Lily Room of Best Western Plus Hotel, 308, Des Voeux Road West, Hong Kong. The Board will take appropriate measures to protect the interests of the Company and the interests of other shareholders in the relevant jurisdictions.

Trading in the shares of the Company will remain suspended pending release of the audited annual results of the Company for the year ended 31 December 2014.

By order of the Board

Mingyuan Medicare Development Company Limited

銘源醫療發展有限公司*

Yao Yuan

Chairman & CEO

Hong Kong, 18 May 2016

As at the date of this announcement, the executive directors are Mr. Yao Yuan (Chairman & CEO) and Mr. Kot Wang; non-executive director is Mr. Yu Ti Jun; the independent non-executive directors are Mr. Chui Man Lung, Everett, Mr. Zhang Xiao Ming, Mr. Yao Liang and Mr. Yang Chun Bao.

** For identification purposes only*