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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 (the “**Stock Exchange**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

On 7 July 2016, the Company was served with a Civil Complaint (民事起訴狀) dated 29 January 2016 issued at the Secondary Intermediate People’s Court of Tianjin whereby the Plaintiff, 天津天極投資諮詢有限公司 (English Transliteration: Tian Jin Tian Ji Tou Zi Investment Consulting Company Limited) is claiming a sum of RMB 30,000,000 against the Company as guarantor on a commercial draft number 20965677 (“**the Draft**”) allegedly issued by the Company’s indirect wholly owned subsidiary 上海銘源數康生物芯片有限公司 (English Transliteration: SHMY HealthDigit Biochips Company Limited) (“**SHMY HealthDigit**”). For reason unknown, the Draft was given to a company called 天津紅鬃馬科技發展有限公司 (English Transliteration: Tian Jin Hong Zong Ma Technology Development Company Limited (“**Hong Zong Ma**”), which is unrelated to the Company, and, according to the Civil Complaint, on 18 November 2013, the Draft was allegedly endorsed by Hong Zong Ma to the Plaintiff.

It is alleged that on 5 January 2014, the Plaintiff further endorsed the Draft to an outsider company called 天津市响緣典當有限公司 (English Transliteration: Tian Jin City Xiang Yuan Dian Dang Company Limited) (“**Xiang Yuan**”) which submitted to the Tianjin Rural Commercial Bank for collection. There were insufficient funds in SHMY HealthDigit and the Draft was returned to the Plaintiff. SHMY HealthDigit is one of the Defendants in the Civil Complaint.

** For identification purpose only*

At the material times, Iu Chung, the brother of the ousted chairman and executive director Mr. Yao Yuan (“**Yao**”) was the legal representative of the SHMY HealthDigit and Mr. Zhao Chao, the former executive director of the Company, was the legal representative and general manager of Hong Zong Ma.

According to the records, the provision by the Company as guarantor of the Draft was not approved by the then board of directors, nor was it announced to shareholders. The issuance of the Draft by the SHMY HealthDigit to Hong Zong Ma was not known and the Company could not be able to find any evidence suggesting good consideration, if any, received by SHMY HealthDigit for the issuance of the Draft to Hong Zong Ma, in particular, Hong Zong Ma was unrelated to the Company and in the control by the then executive director Mr. Zhao of the Company.

Prior to the constitution of the present management on 20 May 2016, the legal representative of SHMY HealthDigit had been changed from Iu Chung to Yao. Yao has been resisting the Company’s re-gaining control of the SHMY HealthDigit and legal action will be taken by the Company to compel Yao to surrender its control. However, at the moment, the Company has no legal status to defend the Civil Complaint on behalf of SHMY HealthDigit.

The Company has contacted a lawyer in the People’s Republic of China to defend the Civil Complaint.

The Company will make further announcement to inform shareholders of the Company the development if and when appropriate.

Trading in shares of the Company will remain suspended pending satisfaction of the resumption conditions imposed by the Stock Exchange.

By Order of the Board
Mingyuan Medicare Development Company Limited
LAM Ping Cheung
Chairman

Hong Kong, 8 July 2016

As at the date of this announcement, the Board comprises (i) Mr. Lam Ping Cheung and Mr. Hui Yip Wing as executive Directors; (ii) Ms. Lam Yan Fong Flora as non-executive Director; and (iii) Ms. Chan Mee Sze, Ms. Hui Wai Man Shirley, Mr. Lam Suk Ping and Mr. Wong Anthony Chi-ho as independent non-executive Directors.