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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.

Through the indirect ownership of one of the Company’s subsidiaries HD Global Limited (“**HD Global**”), the Company owns all the equity interests in two companies in the People’s Republic of China (“**PRC**”), namely 上海銘源數康生物芯片有限公司 (SHMY HealthDigit Biochips Company Limited*) (“**SHMY Biochips**”) and 上海數康生物科技有限公司 (Shanghai HealthDigit Co. Ltd*) (“**Shanghai HealthDigit**”).

Prior to the change to the current management on 20 May 2016, when Mr. Yao Yuan (姚原) (“**Yao**”) was chairman and executive director of the board, Yao’s brother Mr. Iu Chung (姚涌/姚湧) (“**Iu**”) was appointed legal representative (法定代表人) of the two companies. Yao replaced Iu as legal representative of SHMY Biochips on 4 February 2016.

Iu was an executive director of the Company and resigned on 15 February 2011 after his conviction of an offence under the Securities and Futures Ordinance for non-disclosure of his interests in the shares of the Company. Iu was also convicted of rape and sentenced to 10 years’ imprisonment in the PRC prior to his appointment as executive director of the Company.

Iu is an un-discharged bankrupt pursuant to a Bankruptcy Order issued by the Hong Kong Court on 5 August 2015 and Yao is adjudged dishonest person by a PRC court.

** For identification purpose only*

Yao and Iu refused to resign as legal representative of SHMY Biochips and Shanghai HealthDigit respectively.

The current management of the Company has been vigorously attempting to take control of SHMY Biochips and Shanghai HealthDigit and so far is not able to do so. The following steps have been taken:

1. On 12 August 2016, legal representatives and old board of SHMY Biochips and Shanghai HealthDigit were removed by way of shareholder resolutions.
2. On 9 September 2016, senior management and director of the new board of HD Global in the company of a lawyer in Shanghai, a local lawyer from the Feng Xian district (奉賢區) and security guards, entered into the premises of SHMY Biochips and Shanghai HealthDigit at 699 Hui Feng Bei Lu, Fengxian Qu, Shanghai Shi (上海市奉賢區奉賢現代農業園區匯豐北路699號). The group was later met with by Mr. Zhou Li Qun (周立群), the former executive director of the Company and current managing director of the two companies. Mr. Zhou refused to surrender the seals and the original licence certificates of the two companies. Mr. Zhou further informed the group that he would only act on the instructions by Yao.
3. Advertisement on two newspapers in Shanghai was placed on 19 September 2016 to report to the public the refusal by the old management of the two companies to surrender the three licenses and company seal.
4. Lawyer in Shanghai for the Company informally approached the Administration of Industry and Commerce (AIC) with a view to changing the official records of the new legal representatives and board members of the two companies but was refused. AIC advised that it would require a court's order to do so.
5. Respectively on 3 November 2016 and 8 November 2016, the lawyer in Shanghai acted on instructions by the Company issued two civil complaints against Yao and Iu seeking the PRC court's order for the seals and the original licence certificates. The Company has been advised by the Shanghai lawyer that the two matters will take a considerable time to be heard by the PRC court.
6. Yao, the legal representative, accepted service of the complaint on behalf of SHMY Biochips. Iu, the legal representative of Shanghai HealthDigit, refuses to accept service of the complaint and as such it will have to wait for 60 days to effect substituted service according to the PRC law.

7. On 24 November 2016, Yao appointed Mr. Zhou Li Qun, the ex-executive director of the Company, to appear before the PRC court for SHMY Biochips and alleged dispute of leadership of the Company in Hong Kong. The court then adjourned the matter for 5 days for Zhou to file proper evidence.

The Company will inform the shareholders of further development of the matter.

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, 1 December 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.