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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)

UPDATE ON TRADING SUSPENSION

This announcement is made by Mingyuan Medicare Development Company Limited (the “**Company**”) pursuant to Rules 13.09(2) and 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to (i) the announcement of the Company dated 31 March 2015 in relation to, amongst other things, the suspension of trading in the shares of the Company (the “**Shares**”) on the Stock Exchange; (ii) the announcement of the Company dated 15 July 2015 in relation to the conditions for resumption of trading in the Shares imposed by the Stock Exchange (the “**Resumption Conditions**”); and (iii) the announcement of the Company dated 24 October 2017 in relation to the direction given by the Securities and Futures Commission to the Stock Exchange under Rule 8(1) the Securities and Futures (Stock Market Listing) Rules (“**SMLR**”) to suspend all dealings in the Shares.

RESUMPTION PROGRESS

Progress in Fulfilling the Resumption Conditions

Due to the delay of publication of the audited annual results for the year ended 31 December 2014, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2015.

** For identification purpose only*

On 15 July 2015, the Company announced the Resumption Conditions upon which it has been proactively taking steps to fulfil. A summary of the progress is as follows:

1. In June 2016, the Company has appointed Control Risks as an independent forensic accountant to conduct forensic investigation on the bank balance of a subsidiary as of 31 December 2014 amounting to approximately RMB 420 million which the Company's former auditor was unable to verify (the "**Unresolved Matter**"). A preliminary report was published by Control Risks in August 2016 and it was concluded that the said bank balance of RMB 420 million was not legitimate (the "**Control Risks Report**"). Findings of the Control Risks Report have been disclosed by the Company in its announcement dated 29 August 2016. The Company is of the view that the relevant resumption condition has been fulfilled.
2. The Company has engaged FTI Consulting to conduct a review on the Company's financial reporting procedures and internal control systems and an internal control review report was issued by FTI Consulting in July 2018. The Company is of the view that the relevant resumption condition has been fulfilled.
3. The Company has been cooperating with its auditors to assist them in completing the audit work for the years 2014 to 2017 and as disclosed by the Company in the announcement dated 31 July 2018, the Company's auditors are in the final stage of completing the required audit field works for the years 2014, 2015 and 2016. It is expected that the audited annual results for the years 2014, 2015 and 2016 will be ready for submission to the Stock Exchange soon.
4. The Company has been informing the market of all material information from time to time by way of announcements.

Concerns Raised by the Securities and Futures Commission ("SFC")

On 23 October 2017, the SFC gave directions to the Stock Exchange under Rule 8(1) the SMLR to suspend all dealings in the shares of the Company commencing from 9:00 a.m. on 23 October 2017.

In summary, the SFC is concerned about the Company's 2013 Annual Results/Annual Report and 2014 Interim Results/Interim Report as well as certain bank statements and bank transfer documents provided by the Company that had contained materially false, incomplete or misleading information.

The current management of the Company has been addressing SFC's concerns, in particular, the Company has appointed Control Risks to conduct forensic investigation on the Unresolved Matter as mentioned above and has commenced legal proceedings against its former auditors for their breach of duties in failing to detect, suspect and report fraudulent activities and/or other irregularities undertaken by the previous management of the Company, the details of which have been disclosed by the Company in its announcement dated 21 December 2016.

CONTINUED SUSPENSION OF TRADING

The Company will keep its shareholders and potential investors informed of any material development in connection with the above matters, including but not limited to, any material change to the resumption progress, by way of quarterly announcements and/or further announcements as and when appropriate.

Trading in the Shares on the Stock Exchange will remain suspended until further notice.

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

Hong Kong, 10 August 2018

As at the date of this announcement, the Board comprises (i) Mr. Lam Ping Cheung and Mr. Hui Yip Wing as executive Directors; (ii) Dr. Wong Peter Kai-hong as non-executive Director; (iii) Ms. Chan Mee Sze, Mr. Lam Suk Ping, Mr. Cheung Chi Ming and Ms. Fan Stephanie Winnie as independent non-executive Directors.