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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)

CANCELLATION OF LISTING

This announcement is made by Mingyuan Medicare Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) 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 dated 15 July 2015 regarding the resumption conditions (the “**Resumption Conditions**”) imposed on the Company;
- (ii) the announcement dated 18 April 2019 regarding further resumption guidance (the “**Further Resumption Guidance**”);
- (iii) the announcements dated 10 August 2018, 6 November 2018, 11 February 2019, 2 May 2019, 2 August 2019 and 7 November 2019 on the updates on trading suspension (the “**Quarterly Updates**”); and
- (iv) the announcement dated 3 September 2019 on the review request of decision on cancellation of listing.

Terms defined in the aforementioned announcements shall have the same meaning herein unless otherwise defined or the context otherwise required.

THE COMPANY’S APPLICATION FOR A REVIEW OF THE DELISTING DECISION

Review Hearing

The Company’s application for a review of the Delisting Decision was heard on 18 December 2019 before the Listing Review Committee.

Submissions by the Company

The Company submitted that it had substantially complied with the Resumption Conditions and the Further Resumption Guidance save for those matters which were beyond the Company’s control.

The crux of the submission was that there had been significant unresolved issues, including likely criminal activities that were undertaken by the old management. The new management was not responsible for the misconduct committed by the old management, and similarly the innocent shareholders should not be penalized by way of delisting.

Since the replacement of management, no time had been wasted and real progress had been made. However, the work required to address the outstanding issues, particularly the regaining control of the Shanghai Subsidiaries, had taken a lot of time and would require further time to complete. The Company therefore submitted that there were exceptional circumstances which justified an extension of the remedial period, and that the Listing Review Committee should exercise its discretion to give the Company more time to address all the other resumption matters.

RESULT OF THE COMPANY’S APPLICATION FOR A REVIEW OF THE DELISTING DECISION

The Review Decision

On 10 January 2020, having considered all the facts and evidence, and all the submissions (written and oral) presented by the Company and the Listing Department, the Listing Review Committee decided to uphold the Delisting Decision (the “**Review Decision**”).

The Listing Review Committee’s views

The Listing Review committee noted that the Company had not met the resumption conditions, either by 31 July 2019 or by the date of the review hearing. Accordingly, the listing could have been cancelled in accordance with the Listing Rules.

On the question of whether or not to grant the Company further time to address and fulfil the resumption conditions, the Listing Review Committee decided that, in the circumstances, no further time should be given.

Whilst the Company had made considerable efforts towards regaining control of the Group and fulfilling the resumption conditions, there was no certainty either as to the timeframe that would be required to regain full control, or over what may be found, for example, in relation to the financial or operational position, in the entities which the Company has not yet been able to investigate. The Group is therefore still clouded with uncertainty over its operations, assets and the past and future audited financial statements. There is also no foreseeable concrete timeframe for removal of all these uncertainties.

The Listing Review Committee also note that regaining control would not, of itself, lead to all outstanding resumption conditions being resolved.

The Listing Review Committee understands and took into account the difficulties faced by the new management and the shareholders who may be impacted by the cancellation of the Company's listing. However, the policy intention behind the rules and guidance was for a robust delisting framework, with limited scope for extensions of time for companies which had not resumed trading by the prescribed deadline, notwithstanding the impact that cancellation may have on shareholders and others. These policy considerations should be given substantial weight in guiding the Listing Review Committee in the exercise of its discretion as to whether or not to allow a company more time to resume trading. In this case, the Company's circumstances do not fall within those exceptional circumstances contemplated under paragraph 19 of Guidance Letter HKEX-GL95-18. These considerations therefore weigh against the granting of further time to the Company.

The Listing Review Committee further noted that, even taking a broader view of the circumstances in which it might exercise its discretion to grant an extension of time, it did not consider an extension to be appropriate or warranted in the Company's case, given the significant uncertainty described above regarding both the time needed to regain effective control of material subsidiaries of the Group and the uncertain state of affairs of the Group even if control of the material subsidiaries had been regained by the Group.

MANAGEMENT RESPONSE TO THE REVIEW DECISION

Since the replacement of the board at the annual general meeting of the Company on 20 May 2016, the current management had been committed to solve the problems left by the former management so as to put the Group's affairs back on track. The Company had success in respect of the followings:—

- (a) Gaining control of Genetel Pharmaceuticals (Shenzhen) Company Limited (“GPSZ”) in Shenzhen, the health care division of the Group;
- (b) Gaining limited control of one of the subsidiaries in Shanghai;
- (c) Conducting forensic investigation on the Unresolved Matter;
- (d) Publishing all outstanding financial results, being the Annual Results for the years 2014 to 2018 and the Interim Results for the years 2015 to 2019;
- (e) Conducting internal control review of the Group and implementing measures to strengthen the internal control; and
- (f) Investigating frauds and informing the market on the Company's findings in a timely manner.

As disclosed in the various announcements published by the current board from time to time, the current management have experienced considerable and unusual hardship in regaining control over the companies in the PRC. The great resistance of the former management albeit on unmeritorious grounds, in particular Yao Yuan (“Yao”) and his brother Iu Chung (“Iu”), and the differences of jurisprudence in the PRC, Hong Kong, Bermuda and the British Virgin Islands have resulted in taking substantial amount of time and resources in regaining control of the Shanghai subsidiaries through various channels, particularly litigation process. So far, only 2 of the 8 subsidiaries in the PRC, namely GPSZ and SHMY Biochip, have legal representative and directors changed according to the Company's nomination, whilst the rest of the subsidiaries are still under the control of Yao and Iu. Given the past experiences, it is expected that the takeover procedures will not be straight-forward and they will be resisted by Yao and Iu.

A preliminary review of the accounting books and records of SHMY Biochip reveals that a substantial sum of unauthorized loans advanced by SHMY Biochip and a significant portion of the assets of SHMY Biochip are used as security for certain personal loans advanced by Yao. There is also evidence of suspected misappropriation of the asset of SHMY Biochip by Yao. It is expected that the management would need more time to investigate the crime perpetrated by Yao and his accomplices and to ascertain the financial position of SHMY Biochip.

The Board accepts that there are uncertainties over the Group's operations and assets but the management has put its best effort and utilized all its available resources to try to fulfil all the Resumption Conditions and the Further Resumption Guidance to the Stock Exchange's satisfaction.

The Board expresses its deep regret for the Review Decision and the Listing Review Committee's refusal to grant the Company further time to resolve the outstanding matters.

CANCELLATION OF LISTING

By a letter from the Stock Exchange dated 13 January 2020, the Company was informed that the listing of the Company's shares (the "**Shares**") should be cancelled under Rule 6.01A.

The last day of the listing of the Shares will be 22 January 2020 and the listing of the Shares will be cancelled with effect from 9:00 am on 23 January 2020.

CONSEQUENCES TO THE SHAREHOLDERS

All shareholders of the Company and investors should note that after 22 January 2020, being the last day of listing of the Shares on the Stock Exchange, whilst the share certificates of the Shares shall remain valid, the Shares will not be listed on, and will not be tradeable on, the Stock Exchange. Thereafter, the Company will no longer be subject to the Listing Rules.

Shareholders who have any queries about the implications of the cancellation of the Company's listing on the Stock Exchange are advised to obtain appropriate professional advice.

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

Hong Kong, 22 January 2020

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