

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



New Ray Medicine
新銳醫藥

New Ray Medicine International Holding Limited

新銳醫藥國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 6108)

MAJOR TRANSACTION – DISPOSAL OF APPROXIMATELY 8.11% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

DISPOSAL

The Board is pleased to announce that on 20 April 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Share Repurchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at the Consideration of RMB68,000,000 (equivalent to approximately HK\$80.9 million). The Sale Shares represent approximately 8.11% of the issued share capital of the Target Company as at the date of the Share Repurchase Agreement.

The Target Group is principally engaged in the distribution of pharmaceutical products in the PRC and has an extensive distribution network through possessing distribution rights of various imported prescription drugs in the PRC.

As at the date of the Share Repurchase Agreement, the Group is interested in approximately 8.11% of the issued share capital of the Target Company. Immediately after Completion, the Group will cease to hold any equity interest in each member of the Target Group.

LISTING RULES IMPLICATION

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened for the purpose of, among other matters, considering and, if thought fit, approving the Share Repurchase Agreement and the Disposal.

A circular containing, among other things, further information on the Disposal, the Share Repurchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 21 May 2021 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion is subject to the satisfaction of the conditions precedent as described below and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 20 April 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Share Repurchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at the Consideration of RMB68,000,000 (equivalent to approximately HK\$80.9 million).

THE SHARE REPURCHASE AGREEMENT

The principal terms of the Share Repurchase Agreement are set out below:

Date

20 April 2021

Parties

Vendor: Major Bright Holdings Limited, a wholly-owned subsidiary of the Company

Purchaser: WinHealth International Company Limited (維健國際有限公司)

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business activity of the Purchaser is investment holding; (ii) out of its 14 shareholders, the Purchaser is controlled by two shareholders which in aggregate have interest in over 30% of the total issued share capital of the Purchaser ("**Single Largest Shareholders**"); (iii) the respective ultimate beneficial owners of the Single Largest Shareholders are Mr. Wang Wei and his spouse, Ms. Hu Qing; (iv) each of Mr. Wang Wei and Ms. Hu Qing is engaged in the distribution of pharmaceutical products in the PRC through his/her holding of interest in the Purchaser; and (v) each of the Purchaser and their respective ultimate beneficial owners (except the Vendor) is a third party independent of the Company and its connected persons under Chapter 14A of the Listing Rules.

Assets to be disposed of

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares free from all encumbrances. The Sale Shares represent approximately 8.11% of the issued share capital of the Target Company as at the date of the Share Repurchase Agreement. Further particulars of the Target Group are set out in the section headed "Information of the Target Group" below.

Consideration

The Consideration payable by the Purchaser to the Vendor is RMB68,000,000 (equivalent to approximately HK\$80.9 million), which shall be settled in the following manner:

- (1) RMB10,000,000 (equivalent to approximately HK\$11.9 million) (or its equivalent Hong Kong dollar amount) ("**Deposit**") shall be payable in cash by the Purchaser to the Vendor on the fifth Business Day after the date of signing of the Share Repurchase Agreement as a refundable deposit; and
- (2) RMB58,000,000 (equivalent to approximately HK\$69.0 million) (or its equivalent Hong Kong dollar amount) shall be payable in cash by the Purchaser to the Vendor upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into consideration (i) the preliminary valuation of the fair value of the Sale Shares as at 31 December 2020 of approximately RMB62.7 million (equivalent to approximately HK\$74.6 million) conducted by Ascent Partners Valuation Service Limited, an independent professional valuer appointed by the Group, based on market approach; and (ii) the carrying amount of the Sale Shares as at 30 June 2020 of approximately RMB67.9 million (equivalent to approximately HK\$80.8 million).

The investment cost of the Group attributable to the Sale Shares was approximately RMB47.25 million (equivalent to approximately HK\$56.2 million).

Conditions precedent

Completion shall be conditional upon the fulfilment of all of the following conditions:

- (1) all necessary authorisations, consents and approvals as may be required for the Vendor to complete the Share Repurchase Agreement and the transactions contemplated thereunder having been obtained (including but not limited to the Disposal having been approved by the Shareholders by way of requisite resolution(s) at the SGM in accordance with the Listing Rules) and the relevant authorisations, consents and approvals remaining in full force and effect as at the Completion Date;
- (2) the Vendor, the Company or the Purchaser not having received any notice of objection (written or otherwise) in respect of the Share Repurchase Agreement and the transactions contemplated thereunder from any regulatory authority in Hong Kong or elsewhere as at the Completion Date; and
- (3) all necessary authorisations, consents and approvals as may be required for the Purchaser to complete the Share Repurchase Agreement and the transactions contemplated thereunder having been obtained and the relevant authorisations, consents and approvals remaining in full force and effect as at the Completion Date.

The above conditions precedent are not capable of being waived by the Vendor or the Purchaser.

If the conditions precedent have not been satisfied at or before 5:00 p.m. on the Long Stop Date, the Share Repurchase Agreement shall cease and terminate (save and except for the certain provisions in relation to confidentiality, notice, costs and expenses and miscellaneous matters which shall continue to have full force and effect) and no party to the Share Repurchase Agreement shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof. In case of such termination, the Vendor shall refund the Deposit to the Purchaser in full (without interest) within five Business Days from the date of the termination of the Share Repurchase Agreement.

Completion

Completion shall take place on the Completion Date which shall be any Business Day as determined by the Vendor and the Purchaser which falls within five Business Days after the fulfilment of the conditions precedent or such other date as the Vendor and the Purchaser may agree in writing.

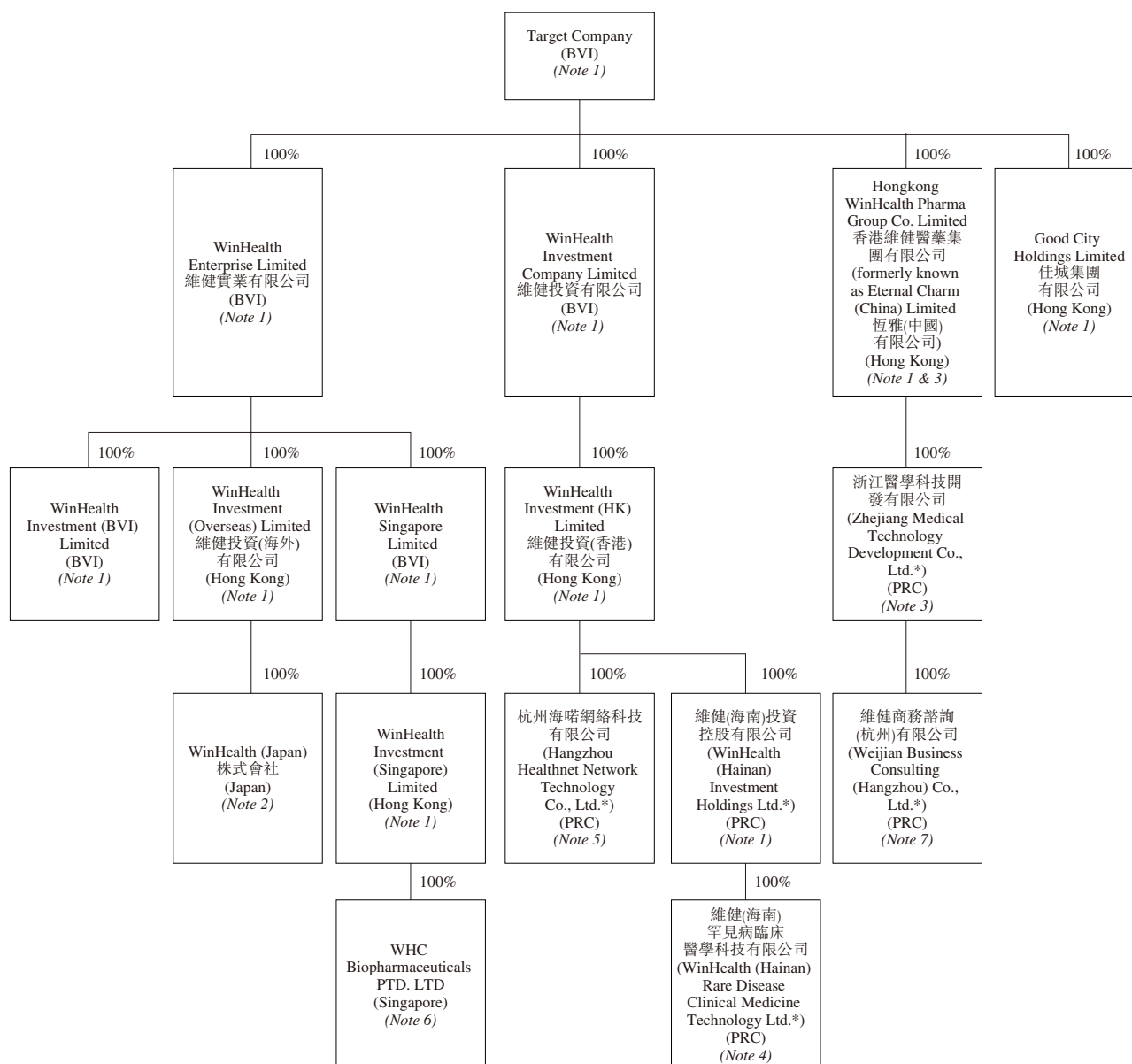
INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability.

The Group invested in the Target Group through its acquisition of 15% of the then issued share capital of the Target Company back in 2017. Since 2017, the Target Company obtained several rounds of investments from new investors through allotment of new shares. As at the date of this announcement, the Target Company has 14 shareholders. The Vendor is beneficially interested in the Sale Shares, representing approximately 8.11% of the issued share capital of the Target Company as at the date of this announcement.

As at the date of this announcement, the Target Company holds a number of subsidiaries and investee companies. The Target Group is principally engaged in the distribution of pharmaceutical products in the PRC and has an extensive distribution network through possessing distribution rights of various imported prescription drugs in the PRC.

Set out below is the shareholding structure of the Target Company and its subsidiaries as at the date of this announcement:



* For identification purposes only

Notes:

The principal activity of the above respective companies is:

1. investment holding
2. the sourcing of distribution rights in respect of pharmaceutical products
3. the distribution of pharmaceutical products in the PRC
4. the distribution of pharmaceutical products and the provision of medical services in the PRC
5. the provision of information technology services in the PRC
6. dormant
7. the provision of the marketing and promotion services in respect of pharmaceutical products in the PRC

The following is certain unaudited consolidated financial information of the Target Group for the years ended 31 December 2019 and 2020:

	For the year ended 31 December 2019	For the year ended 31 December 2020
	Approximately <i>RMB'million</i>	Approximately <i>RMB'million</i>
Turnover	694.7	838.1
Profit before taxation	96.9	104.4
Profit after taxation	72.4	75.1

As at 31 December 2020, the unaudited consolidated total asset value and unaudited consolidated net asset value of the Target Group were approximately RMB1,181.1 million and RMB740.6 million respectively.

As at the date of the Share Repurchase Agreement, the Group is interested in approximately 8.11% of the issued share capital of the Target Company and the Group's investment in the Target Group is classified as an equity instrument at fair value through other comprehensive income. Immediately after Completion, the Group will cease to hold any equity interest in each member of the Target Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in the PRC.

The Directors have been constantly scrutinising the businesses of the Group from time to time in order to increase the competitiveness and strengthen the financial position of the Group. The Group will endeavour to maximise return for Shareholders by focusing on proprietary drugs with promising marketing and sales performance and looking for new opportunity to acquire new distribution rights.

As a long-term business strategy, the Group intends to focus on its core businesses of the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in respect of pharmaceutical products in the PRC through reallocating its

resources to the future development of the core businesses. The Group has been exploring the possibility of disposing of or downsizing its non-core business or assets. The Group's investment in the Target Group, which has been classified as an equity instrument at fair value through other comprehensive income and whose financial performance is not consolidated into that of the Group, is considered as a non-core asset of the Group. As the Group holds a minority stake in the Target Group without control or significant influence, the business operation of the Target Group is clearly delineated from that of the Group. The Group has been a passive investor in the Target Group and has not been involved in the daily management or operation of the Target Group. The Disposal is in line with the continuing policy of the Group to dispose of or downsizing its non-core business and assets and refocus its resources on its core businesses.

The Group recorded audited net losses of approximately HK\$44.1 million and HK\$69.7 million for the years ended 31 December 2019 and 2020 respectively. The Disposal, if materialises, will provide an opportunity for the Group to recoup its investment costs and realise a return on its investment, thereby allowing it to concentrate resources to its core business and replenish its working capital.

Having considered (i) the uncertainty brought to the PRC pharmaceutical industry due to the impact of the outbreak of the Covid-19 pandemic; (ii) the intention of the Group to allocate more resources to the core businesses of the Group; and (iii) the replenishment of the working capital of the Group through the Disposal in light of the loss making position of the Group in the recent years, the Directors are of the view that the Disposal, if materialises, represents an opportunity for the Company to realise its investment in the Target Group so as to enable the Group to re-allocate more financial resources to the core businesses of the Group.

Upon Completion, the Group is expected to record a gain of approximately RMB4.5 million (equivalent to approximately HK\$5.4 million) from the Disposal. The expected gain from the Disposal is calculated with reference to the difference between (i) the estimated carrying amount of the Sale Shares of approximately RMB62.7 million as at the Completion Date on one part; and (ii) the consideration to be received by the Group for the Disposal of approximately RMB68.0 million; and (iii) the estimated transaction expenses of approximately RMB0.8 million payable by the Group in connection with the Disposal on the other part. The actual amount of gain or loss as a result of the Disposal will be assessed after Completion and is subject to the review and final audit by the auditors of the Company. The Company intends to use the net proceeds from the Disposal for the general working capital of the Group, future development of the Group's businesses and/or funding any potential acquisitions of new distribution rights if opportunities arise.

The terms of the Share Repurchase Agreement were determined after arm's length negotiations between the Vendor and the Purchaser. Having considered the reasons for and benefits of the Disposal as mentioned above, the Directors are of the view that the terms of the Share Repurchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

The SGM will be convened for the purpose of, among other matters, considering and, if thought fit, approving the Share Repurchase Agreement and the Disposal.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting at the SGM in respect of the resolution approving the Disposal.

A circular containing, among other things, further information on the Disposal, the Share Repurchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with a notice of the SGM and a form of proxy will be despatched to the Shareholders on or before 21 May 2021 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion is subject to the satisfaction of the conditions precedent as described in this announcement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or public holiday and any day on which a tropical cyclone warning signal no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “Black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. to 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	New Ray Medicine International Holding Limited (新銳醫藥國際控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on Main Board of the Stock Exchange

“Completion”	completion of the disposal of the Sale Shares by the Group in accordance with terms and conditions of the Share Repurchase Agreement
“Completion Date”	any Business Day as determined by the Vendor and the Purchaser which falls within five Business Days after the fulfilment of the conditions precedent to the Share Repurchase Agreement or such other date as the Vendor and the Purchaser may agree in writing
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB68,000,000 (equivalent to approximately HK\$80.9 million) payable by the Purchaser to the Vendor for the Disposal pursuant to the terms and conditions of the Share Repurchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Share Repurchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	16 August 2021, or such other date as the Vendor and the Purchaser may agree in writing
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser” or “Target Company”	WinHealth International Company Limited (維健國際有限公司) (formerly known as Eternal Charm International Limited (恆雅國際有限公司)), a company incorporated in the BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Shares”	162,806 ordinary shares of the Target Company of par value of US\$0.00128 each as beneficially owned by the Vendor, representing approximately 8.11% of the issued share capital of the Target Company as at the date of the Share Repurchase Agreement
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Share Repurchase Agreement and the Disposal
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Repurchase Agreement”	the share repurchase agreement dated 20 April 2021 entered into by and between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	collectively, the Target Company and its subsidiaries
“Vendor”	Major Bright Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.19. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

On behalf of the Board
New Ray Medicine International Holding Limited
Liu Yang
Chairman & Executive Director

Hong Kong, 20 April 2021

As of the date of this announcement, the executive Directors are Mr. Liu Yang, Mr. Huo Zhihong and Ms. Wang Qiuqin; and the independent non-executive Directors are Mr. Leung Chi Kin, Ms. Li Sin Ming, Ivy and Mr. Sy Lai Yin, Sunny.

Note: Trading in the Shares has been suspended with effect from 9:00 a.m. on 6 October 2017 by the Stock Exchange as directed by the Securities and Futures Commission in accordance with its direction issued under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V, the Laws of Hong Kong). Trading in the Shares will remain suspended until further notice. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.