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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 – ACQUISITION OF 16% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that after trading hours on 16 May 2024, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor, an Independent Third Party, entered into the Sale and Purchase 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 HK\$17,280,000. The Sale Shares represent 16% of the issued share capital of the Target Company. The Target Group is principally engaged in the manufacture, sales and distribution of pharmaceutical products in the PRC.

LISTING RULES IMPLICATIONS

As the highest percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened for the purpose of, among other matters, considering and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, further information on the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with a notice of the SGM, is expected to be despatched to the Shareholders on or before 21 June 2024 as additional time is required for the preparation and finalisation of certain financial information of the Group, in particular the accountants' report of the Target Group, to be included in the circular.

The Board is pleased to announce that after trading hours on 16 May 2024, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor, an Independent Third Party, entered into the Sale and Purchase 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 HK\$17,280,000.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

16 May 2024

Parties

Purchaser: Major Bright Holdings Limited

Vendor: U Man Iong

Subject Matter

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 16% of the issued share capital of the Target Company as at the date of the Sale and Purchase Agreement and as at Completion. Further particulars of the Target Company and the Target Group are set out in the section headed "Information of the Target Group" below.

Consideration

The Consideration for the sale and purchase of the Sale Shares is HK\$17,280,000, which shall be settled in cash on the Completion Date.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms taking into account various factors including (i) the historical financial performance of the Target Group; (ii) a valuation of the value of approximately HK\$120.0 million of the Target Group performed by an independent valuer using market approach; and (iii) the reasons set out in the section headed "Reasons for and benefits of the Acquisition" in this announcement below.

The Consideration will be funded by internal resources of the Group.

Conditions precedent

Completion shall be conditional upon the fulfilment of or, if applicable, waiver of the following conditions precedent:

- (1) the Company having complied with all notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules relating to the Sale and Purchase Agreement and the transactions contemplated thereunder including but not limited to the Acquisition having been approved by the Shareholders by way of requisite resolution(s) at a general meeting of the Company;
- (2) (if applicable) the Purchaser having obtained all approvals required for the transactions contemplated under the Sale and Purchase Agreement from all relevant government departments and/or authorised organisations and/or third parties;
- (3) (if applicable) the Vendor having obtained all approvals required for the transactions contemplated under the Sale and Purchase Agreement from all relevant government departments and/or authorised organisations and/or third parties;
- (4) the Purchaser having carried out and completed the due diligence review in respect of the Target Group (whether legal, accounting, financial, business, operations and other aspects as the Purchaser deems necessary) and being satisfied with the results of the due diligence review of the Target Group;
- (5) during the period from the date of the Sale and Purchase Agreement to Completion, the representations, warranties and undertakings given by the Vendor to the Purchaser under the Sale and Purchase Agreement remaining true, accurate and not misleading and there having been no events, facts or circumstances that would lead to a breach on the part of the Vendor of any of such representations, warranties and undertaking or of the Sale and Purchase Agreement; and

- (6) during the period from the date of the Sale and Purchase Agreement to Completion, there having been no material adverse change to or impact on the Target Company or the Target Group.

The Purchaser may waive the conditions precedent numbered (3), (4), (5) and (6) above by written notice to the Vendor. The other conditions precedent are not capable of being waived.

If any of the conditions precedent shall not have been fulfilled or waived (as the case may be) at or before 4 p.m. on the Long Stop Date, all rights and obligations of each of the Purchaser and the Vendor under the Sale and Purchase Agreement shall cease and terminate (save and except for certain provisions in relation to the Purchaser's warranties, confidentiality, costs and expenses, notice and miscellaneous matters which shall continue to have full force and effect) and no party to the Sale and Purchase Agreement shall have any claims against the other party thereunder save for claims (if any) in respect of such continuing provisions or any antecedent breaches of the Sale and Purchase Agreement.

Completion

Subject to the fulfilment or waiver (if applicable) of all the conditions precedent set out above, Completion shall take place on the Completion Date.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in Hong Kong with limited liability. As at the date of the Sale and Purchase Agreement, the Target Company is wholly owned by the Vendor and each member of the Target Group is a wholly-owned subsidiary of the Target Company.

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

The following is certain unaudited consolidated financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards (HKFRS) for the years ended 31 December 2023 and 2022:

| | For the year ended 31 December 2023 HK\$'000 (unaudited) | For the year ended 31 December 2022 HK\$'000 (unaudited) |
|------------------------|---|---|
| Turnover | 92,790 | 90,297 |
| Profit before taxation | 9,763 | 1,206 |
| Profit after taxation | 9,763 | 1,206 |

As at 31 December 2023, the unaudited total assets and net assets of the Target Group were approximately HK\$67,653,000 and HK\$26,676,000 respectively.

Upon Completion, the Target Company will be owned as to 16% by the Purchaser and the Vendor will remain as the owner of 84% of the issued shares of the Target Company.

INFORMATION ABOUT THE GROUP AND THE VENDOR

The Company is an investment holding company. Its principal subsidiaries are principally engaged in the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in the PRC.

The Purchaser is an investment holding company which is an indirect wholly-owned subsidiary of the Company.

The Vendor is Mr. U Man Iong, an individual, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in the PRC. As a long-term business strategy, the Group aims to focus on the future development of 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, while the Group will continue to seek potential merger and acquisition opportunities to bring higher return for its shareholders. The Company will account the holding of the sale shares as equity instruments at fair value through other comprehensive income after completion.

The Board is of the view that the Acquisition provides an excellent opportunity for the Group to expand and diversify its business operations in the pharmaceutical products sector. As of the date of this announcement, the Target Group which is engaged in the manufacture, development, distribution and trading of pharmaceutical products and the provision of marketing and promotion services in the PRC has obtained drug registration certificates and registered certain patent trademarks of a series of pharmaceutical products, and has entered into agreements for the sales, agency (for distribution of products to hospitals etc.), promotion and management of various pharmaceutical products across different provinces in the PRC. The Directors consider that such investment in the Target Group is in line with the long-term business strategy of the Group to achieve better and sustainable development. With the investment in the Target Company, the Group will have formed a closer alliance with the Target Group and the Directors believe that such relationship will help the Group secure additional new distribution rights of pharmaceutical products.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations between the Purchaser and the Vendor. In light of the reasons above, the Directors are of the view that the terms of the Sale and Purchase 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 Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under the Listing Rules and is subject to the notification, publication and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

An SGM will be convened for the purpose of, among other matters, considering and if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition, and no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, further information on the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules together with a notice of the SGM, is expected to be despatched to the Shareholders on or before 21 June 2024 as additional time is required for the preparation and finalisation of certain financial information of the Group, in particular the accountants' report of the Target Group, to be included in the circular.

DEFINITIONS

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

| | |
|--------------------|---|
| “Acquisition” | the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement |
| “Board” | the board of Directors |
| “Business Day(s)” | a day (excluding Saturdays, Sundays or public holidays 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 Acquisition |
| “Completion Date” | the fifth Business Day after all the conditions precedent set out in Sale and Purchase Agreement have been completely fulfilled or waived or such other date as the Purchaser and the Vendor may agree |
| “connected person” | has the meaning as ascribed to it under the Listing Rules |
| “Consideration” | HK\$17,280,000, the total consideration of the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

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|-------------------------------|--|
| “Independent Third Party” | a third party independent of the Company and its connected persons |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 31 October 2024, or such later date as the Purchaser and the Vendor may agree in writing |
| “PRC” | the People’s Republic of China, but for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Purchaser” | Major Bright Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 16 May 2024 entered into by the Vendor and the Purchaser in relation to the Acquisition |
| “Sale Shares” | 16 ordinary shares of the Target Company, representing 16% of its issued share capital as at the date of this announcement and at completion |
| “SGM” | the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder |
| “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) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | China Nvwa Pharmaceutical Group Limited (中國女媧醫藥集團股份有限公司), a company incorporated in Hong Kong with limited liability |
| “Target Group” | collectively, the Target Company and its subsidiaries |

“Vendor” Mr. U Man Iong (于文勇), an individual

“%” per cent.

On behalf of the Board
New Ray Medicine International Holding Limited
Wang Qiuqin
Chairman & Executive Director

Hong Kong, 16 May 2024

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

* *For identification purposes only*