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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: 8180)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTIONS FOR NEW SHARES UNDER GENERAL MANDATE**

Placing Agent



軟庫中華金融服務有限公司
SBI China Capital Financial Services Limited

**PLACING OF EXISTING SHARES AND SUBSCRIPTIONS FOR NEW
SHARES UNDER GENERAL MANDATE**

After trading hours on 27 October 2014,

- (1) the Vendors, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Vendors have agreed to place, and the Placing Agent, as the placing agent of the Vendors, has agreed to procure not less than six Places, on a best efforts basis, for the purchase of up to an aggregate of 160,000,000 Placing Shares at the Placing Price of HK\$0.56 per Placing Share;

- (2) Mr. Zhou entered into the Subscription Agreement I with the Company pursuant to which the Mr. Zhou conditionally agreed to subscribe for such number of Subscription Shares which is equal to the number of the Placing Shares actually placed by Mr. Zhou under the Placing Agreement, being a maximum of 99,160,000 Subscription Shares, at the Subscription Price of HK\$0.56 per Subscription Share which is equivalent to the Placing Price; and
- (3) Mr. Dai entered into the Subscription Agreement II with the Company pursuant to which the Mr. Dai conditionally agreed to subscribe for such number of Subscription Shares which is equal to the number of the Placing Shares actually placed by Mr. Dai under the Placing Agreement, being a maximum of 60,840,000 Subscription Shares, at the Subscription Price of HK\$0.56 per Subscription Share which is equivalent to the Placing Price.

THE PLACING AGREEMENT

The Placing Shares are expected to be placed to not less than six Placees who will be professional, individual, institutional and/or corporate investors.

The maximum number of the Placing Shares (or the maximum total number of the Subscription Shares) represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the Subscriptions, assuming that the maximum number of the Placing Shares are placed and that there is no change in the issued share capital of the Company before the completion of the Subscriptions.

The Placing is unconditional.

THE SUBSCRIPTION AGREEMENTS

The Subscribers, Mr. Zhou and Mr. Dai, are executive Directors.

The total number of the Subscription Shares will be equal to the number of the Placing Shares actually placed by the Vendors under the Placing Agreement. Each of the Subscriptions is conditional upon (i) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares); and (ii) completion of the Placing having taken place in accordance with the terms of the Placing Agreement. Under Rule 20.90(4) of the GEM Listing Rules, each of the Subscriptions must be completed within 14 days after the date of the Placing Agreement. If completion of any of the Subscriptions does not take place within 14 days after the date of the Placing Agreement, the relevant Subscription will constitute a connected transaction of the Company and the Company will be required to comply with all the requirements in relation to connected transactions under the GEM Listing Rules.

Assuming that the maximum number of 160,000,000 Placing Shares are placed to the Placees and equal number of Subscription Shares are subscribed for by the Subscribers under the Subscriptions, the maximum total gross proceeds from the Subscriptions will be approximately HK\$89.6 million and the maximum total net proceeds from the Subscriptions will be approximately HK\$84.8 million. On such basis, the net price to the Company of each Subscription Share is approximately HK\$0.53. The Company intends to use the total net proceeds from the Subscriptions as to about 20% for general working capital of the Group and as to about 80% for potential investment when opportunities arise. The Group is currently identifying suitable investment opportunities and as at the date of this announcement, the Group has not yet entered into any agreement for any potential investment.

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution passed at the annual general meeting of the Company held on 29 May 2014. As at the date of this announcement, no Share has been allotted and issued pursuant to the General Mandate. Accordingly, the allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

As the Subscriptions are conditional and may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PLACING OF EXISTING SHARES AND SUBSCRIPTIONS FOR NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that after trading hours on 27 October 2014, (1) the Vendors, the Company and the Placing Agent entered into the Placing Agreement; (2) Mr. Zhou and the Company entered into the Subscription Agreement I; and (3) Mr. Dai and the Company entered into the Subscription Agreement II. The principal terms of each of the above agreements are summarised below.

THE PLACING AGREEMENT

Date

27 October 2014

Parties

- (i) the Company;
- (ii) the Placing Agent; and
- (iii) the Vendors.

Placing Agent

SBI China Capital Financial Services Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Vendors

The Vendors are Mr. Zhou and Mr. Dai. Each of the Vendors is an executive Director. As at the date of this announcement, Mr. Zhou and Mr. Dai are the beneficial owners of 104,396,190 Shares and 60,840,000 Shares, representing approximately 13.05% and 7.61% of the existing issued share capital of the Company respectively.

Placing Commission

The Placing Agent will be entitled to receive a placing commission of 5.00% of the amount equal to the Placing Price multiplied by the total number of Placing Shares which the Placing Agent has successfully procured the Placees to purchase from the Vendors.

Number of Placing Shares to be placed

The maximum number of Placing Shares is 160,000,000, which comprises up to 99,160,000 Shares to be placed by Mr. Zhou and up to 60,840,000 Shares to be placed by Mr. Dai. The Placing Shares to be offered by the Placing Agent to the Placees shall be in the sequence that the Placing Shares of Mr. Zhou shall be firstly offered to the Placees and the Placing Shares of Mr. Dai shall be offered to the Placees if all the Placing Shares of Mr. Zhou have been sold to the Placees.

The maximum number of the Placing Shares represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that the maximum number of the Placing Shares are placed and that there is no change in the issued share capital of the Company before the completion of the Subscriptions. The aggregate nominal value of the Placing Shares under the Placing (assuming the maximum number of the Placing Shares are placed) is HK\$1,600,000.

Placing Price

The Placing Price of HK\$0.56 represents:

- (i) a discount of approximately 17.65% to the closing price of HK\$0.680 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.08% to the average closing price of approximately HK\$0.692 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Vendors, the Company and the Placing Agent with reference to the recent market price of the Shares and current market conditions. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable under the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are expected to be placed to not less than six Placees who will be professional, individual, institutional and/or corporate investors procured by or on behalf of the Placing Agent.

The Placing Agent has undertaken, represented and warranted to the Company that:

- (i) none of the Placees to be procured by the Placing Agent will, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company; and
- (ii) the Placing Agent will use its best endeavours to ensure that the Placees and their ultimate beneficial owners will not be connected persons of the Group and any of their respective associates and shall be third parties independent of and not connected with the Vendors or any of their respective associates or any connected persons of the Company.

Ranking of the Placing Shares

The Placing Shares are fully paid up and rank *pari passu* in all respects with the other issued Shares and will be sold by the Vendor(s) free from all liens, charges, encumbrances and third party rights and together with all rights attaching to them as of the date of the Placing Agreement.

Conditions of the Placing

The Placing is unconditional.

Completion of the Placing

Completion of the Placing is expected to take place on 30 October 2014 (or such other date as the Vendors and the Placing Agent shall agree).

THE SUBSCRIPTION AGREEMENTS

The Subscription Agreement I

Date

27 October 2014

Parties

- (i) Mr. Zhou as Subscriber; and
- (ii) the Company as issuer.

Number of new Shares to be subscribed for

The number of the Subscription Shares to be subscribed for by Mr. Zhou is equal to the number of the Placing Shares actually placed by Mr. Zhou under the Placing Agreement, being a maximum number of 99,160,000 new Shares with an aggregate maximum nominal value of HK\$991,600. The maximum number of the Subscription Shares to be subscribed for by Mr. Zhou represent (i) approximately 12.40% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.33% of the issued share capital of the Company as enlarged by the Subscriptions, assuming that the maximum number of the Placing shares are placed and that there is no change in the issued share capital of the Company before the completion of the Subscriptions.

The Subscription Agreement II

Date

27 October 2014

Parties

- (i) Mr. Dai as Subscriber; and
- (ii) the Company as issuer.

Number of new Shares to be subscribed for

The number of the Subscription Shares to be subscribed for by Mr. Dai is equal to the number of the Placing Shares actually placed by Mr. Dai under the Placing Agreement, being a maximum number of 60,840,000 new Shares with an aggregate maximum nominal value of HK\$608,400. The maximum number of the Subscription Shares to be subscribed for by Mr. Dai represent (i) approximately 7.61% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.34% of the issued share capital of the Company as enlarged by the Subscriptions, assuming that the maximum number of the Placing shares are placed and that there is no change in the issued share capital of the Company before the completion of the Subscriptions.

Other terms of the Subscription Agreements

Subscription Price

The Subscription Price is HK\$0.56 per Subscription Share, which is equivalent to the Placing Price, was arrived at after arm's length negotiation between the Company and the Subscribers with reference to the Placing Price. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable under the current market conditions and are in the interests of the Company and the Shareholders as a whole.

A comparison of the Subscription Price with the prevailing market prices of the Shares is set out in the paragraph headed "THE PLACING AGREEMENT – Placing Price" above.

The Company will reimburse the Vendors all the costs and expenses reasonably incurred by the Vendors in relation to the Placing and the Subscription.

Conditions of the Subscriptions

Each of the Subscriptions is conditional upon:

- (i) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares); and
- (ii) completion of the Placing having taken place in accordance with the terms of the Placing Agreement.

Neither of the Subscription Agreements has provided for the right of the parties thereto to waive any of the above conditions.

Under Rule 20.90(4) of the GEM Listing Rules, each of the Subscriptions must be completed within 14 days after the date of the Placing Agreement. If completion of any of the Subscriptions does not take place within 14 days after the date of the Placing Agreement, the relevant Subscription will constitute a connected transaction of the Company and the Company will be required to comply with all the requirements in relation to connected transactions under the GEM Listing Rules.

In the event that the conditions referred to above are not fulfilled by the Long Stop Date, all rights, obligations and liabilities of the parties under each of the Subscription Agreements in relation to the Subscriptions shall cease and determine and none of the parties thereto shall have any claim against any other in respect of the Subscriptions (save and except the payments and/or reimbursements payable to the Subscribers pursuant to the Subscription Agreements).

Completion of the Subscriptions

Subject to the fulfilment of the above conditions of the Subscriptions in full, completion of the Subscriptions shall take place within two business days after the fulfilment of all the conditions of the Subscriptions above (or such other date as the relevant Subscriber and the Company may agree in writing), and in any event not later than 14 days after the date of the relevant Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares will be allotted and issued as fully paid and shall rank pari passu in all respects among themselves and with the Shares in issue on the respective dates of allotment and issue of the Subscription Shares.

ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution passed at the annual general meeting of the Company held on 29 May 2014. Under the General Mandate, the Directors are allowed to allot and issue up to 160,000,000 Shares. As at the date of this announcement, no Share has been allotted and issued pursuant to the General Mandate. Accordingly, the allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE PLACING AND THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in pharmaceutical distribution businesses in the PRC.

The Directors have considered various ways of raising funds and consider that the Placing and the Subscriptions represent a good opportunity to raise capital for the Company while broadening the Shareholder base and strengthening the capital base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of each of the Placing Agreement (including the Placing Price) and the Subscription Agreements (including the Subscription Price) are fair and reasonable under the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Assuming that the maximum number of 160,000,000 Placing Shares are placed to the Places and equal number of Subscription Shares are subscribed for by the Subscribers under the Subscriptions, the maximum total gross proceeds from the Subscriptions will be approximately HK\$89.6 million and the maximum total net proceeds from the Subscriptions will be approximately HK\$84.8 million. On such basis, the net price to the Company of each Subscription Share is approximately HK\$0.53. The Company intends to use the total net proceeds from the Subscriptions as to about 20% for general working capital of the Group and as to about 80% for potential investment when opportunities arise. The Group is currently identifying suitable investment opportunities and as at the date of this announcement, the Group has not yet entered into any agreement for any potential investment.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing (assuming the maximum number of Placing Shares are placed) but before completion of the Subscriptions; and (iii) immediately after completion of the Subscriptions (assuming the maximum total number of Subscription Shares are subscribed) are set out below:

	(1) As at date of this announcement		(2) Immediate after completion of the Placing (assuming the maximum number of Placing Shares are placed) but before completion of the Subscriptions		(3) Immediate after completion of the Subscriptions (assuming the maximum total number of Subscription Shares are subscribed)	
	No. of Shares	Approximate % (Note 3)	No. of Shares	Approximate % (Note 3)	No. of Shares	Approximate % (Note 3)
Mr. Zhou (Note 1)	104,396,190	13.05	5,236,190	0.65	104,396,190	10.87
Mr. Dai (Note 1)	60,840,000	7.61	–	–	60,840,000	6.34
Ms. Yang Fang (Note 1)	42,763,810	5.35	42,763,810	5.35	42,763,810	4.45
Town Health Pharmaceutical Limited (Note 2)	249,600,000	31.20	249,600,000	31.20	249,600,000	26.00
Placees	–	–	160,000,000	20.00	160,000,000	16.67
Other public Shareholders	342,400,000	42.80	342,400,000	42.80	342,400,000	35.67
Total	800,000,000	100.00	800,000,000	100.00	960,000,000	100.00

Notes:

- Each of Mr. Zhou, Mr. Dai and Ms. Yang Fang is an executive Director. Ms. Yang Fang is the spouse of Mr. Zhou.
- Town Health Pharmaceutical Limited is a wholly-owned subsidiary of Town Health (BVI) Limited which is a wholly-owned subsidiary of Town Health International Medical Group Limited. Mr. Lee Chik Yuet who is an executive Director, is currently also a director of Town Health International Medical Group Limited, Town Health (BVI) Limited and Town Health Pharmaceutical Limited.
- The aggregate percentage may not add up to 100% due to rounding.

As the Subscriptions are conditional and may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“associate(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Board”	The board of Directors
“business day”	means a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	New Ray Medicine International Holding Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by a resolution passed at the annual general meeting of the Company held on 29 May 2014 to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at 29 May 2014, being the date of such annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Long Stop Date”	6 November 2014, unless the parties to the relevant Subscription Agreement, in writing on or before the Long Stop Date, jointly agree to postpone the Long Stop Date to such later date as they may agree subject to compliance with all applicable requirements under Chapter 20 of the GEM Listing Rules (including as to approval by independent Shareholders)
“Mr. Dai”	one of the Vendors of the Placing Agreement and a party to Subscription Agreement II, who is also an executive Director
“Mr. Zhou”	one of the Vendors of the Placing Agreement and a party to Subscription Agreement I, who is also an executive Director
“Placee(s)”	the placee(s) to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing, on a best effort basis, of a maximum of 160,000,000 existing Shares beneficially owned by the Vendors pursuant to the terms of the Placing Agreement
“Placing Agent”	SBI China Capital Financial Services Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the Placing Agreement dated 27 October 2014 entered into between the Vendors, the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.56 per Placing Share
“Placing Shares”	a maximum of 160,000,000 existing Shares beneficially owned by the Vendors to be placed under the Placing; each a “Placing Share”
“PRC”	the People’s Republic of China

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers” or “Vendors”	Mr. Zhou and Mr. Dai collectively, each a “Subscriber” or “Vendor”
“Subscriptions”	the conditional subscription of the Subscription Shares by Mr. Zhou pursuant to the Subscription Agreement I and the conditional subscription of the Subscription Shares by Mr. Dai pursuant to the Subscription Agreement II collectively; each a “Subscription”
“Subscription Agreement I”	the subscription agreement between the Company and Mr. Zhou dated 27 October 2014 in relation to the conditional subscription of a maximum of 99,160,000 Subscription Shares by Mr. Zhou
“Subscription Agreement II”	the subscription agreement between the Company and Mr. Dai dated 27 October 2014 in relation to the conditional subscription of a maximum of 60,840,000 Subscription Shares by Mr. Dai
“Subscription Agreements”	the Subscription Agreement I and the Subscription Agreement II collectively
“Subscription Price”	HK\$0.56 per Subscription Share
“Subscription Shares”	such number of new Shares to be subscribed by the Vendors pursuant to the Subscription Agreements, which number shall be equal to the number of Placing Shares actually placed by the Vendors under the Placing Agreement; each a “Subscription Share”

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
New Ray Medicine International Holding Limited
Lee Chik Yuet
Executive Director

Hong Kong, 27 October 2014

As of the date of this announcement, the executive Directors are Mr. Zhou Ling, Mr. Dai Haidong, Ms. Yang Fang and Mr. Lee Chik Yuet; and the independent non-executive Directors are Mr. Ho Hau Cheung, BBS, MH, Mr. Sung Hak Keung, Andy and Mr. Leung Chi Kin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM Website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at <http://www.newraymedicine.com>.