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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 NEW SHARES UNDER SPECIFIC MANDATE

Financial Adviser

CONVOY  **康宏**

CONVOY CAPITAL HONG KONG LIMITED

Placing Agent

 **鼎成證券有限公司**
GRANSING SECURITIES CO., LIMITED

THE PLACING

The Board is pleased to announce that after trading hours on 27 February 2015, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 245,000,000 Placing Shares, to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties at a price of HK\$0.425 per Placing Share.

The Placing Price of HK\$0.425 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents: (i) a discount of approximately 16.7% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 27 February 2015, which is the date of the Placing Agreement; and (ii) a discount of approximately 15.3% to the average closing price of HK\$0.502 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The maximum number of 245,000,000 Placing Shares represents (i) approximately 25.52% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.33% of the existing issued share capital of the Company as enlarged by the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The aggregate nominal value of the maximum number of the Placing Shares will be HK\$2,450,000. The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be obtained at the SGM.

Assuming the maximum number of Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$104.13 million and the net proceeds from the Placing will be approximately HK\$100.00 million (after deduction of commission and other expenses of the Placing). It is expected that the net proceeds from the Placing will be utilized as to about 10% for general working capital of the Group and as to about 90% for financing the Company's proposed acquisition of 50% of the equity interest of Saike International Medical Group Limited as described in the Company's announcement dated 14 February 2015.

Since completion of the Placing is subject to the fulfilment of the condition(s) as set out in the Placing Agreement and the Placing Agent is entitled to terminate the Placing Agreement under certain circumstances as described below, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

The Board is pleased to announce that after trading hours on 27 February 2015, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 245,000,000 Placing Shares at a price of HK\$0.425 per Placing Share.

Principal terms of the Placing Agreement are summarised below:

THE PLACING AGREEMENT

Date:

27 February 2015

Issuer:

The Company

Placing Agent:

Gransing Securities Co., Limited

The Placing Agent has conditionally agreed to place up to 245,000,000 Placing Shares, on a best endeavour basis, to the Placees. The Placing Agent will receive a placing commission of 3.5% of the aggregate Placing Price for the Placing Shares actually placed by or on behalf of the Placing Agent on behalf of the Company in accordance with the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees:

The Placing Shares are expected to be placed to not less than six Placees, who will be individuals, corporate, institutional investors or other investors. The Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. The Placing Agent has warranted and undertaken to the Company that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company.

Placing Price:

The Placing Price is HK\$0.425 per Placing Share and represents:

- (i) a discount of approximately 16.7% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 27 February 2015, which is the date of the Placing Agreement; and
- (ii) a discount of approximately 15.3% to the average closing price of HK\$0.502 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market prices of the Shares and the capital requirement for the future development of the Group.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placing Shares:

The maximum number of 245,000,000 Placing Shares represents (i) approximately 25.52% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.33% of the existing issued share capital of the Company as enlarged by the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The aggregate nominal value of the maximum number of the Placing Shares will be HK\$2,450,000.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$104.13 million and the net proceeds from the Placing will be approximately HK\$100.00 million (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$0.408 per Placing Share.

Ranking:

The Placing Shares will rank, when issued and fully paid up, pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions of the Placing:

Completion of the Placing is conditional upon:

- (1) the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares; and
- (2) the Specific Mandate being obtained at the SGM.

Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the above conditions prior to 4:00 p.m. on the date falling 30 days after the date of the SGM (“**Long Stop Date**”). If the above conditions are not satisfied by the Long Stop Date, all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of any antecedent breach of any obligation thereunder).

Completion:

Completion of the Placing shall take place on the third Business Day after the fulfilment of all the above conditions or on such other date as the Company and the Placing Agent may agree in writing.

Mandate to issue the Placing Shares:

The Placing Shares proposed to be issued under the Placing Agreement will be allotted and issued pursuant to the Specific Mandate to be obtained at the SGM.

Force majeure:

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the announcement of the Company relating to the interim results of the Company for the six months ended 30 June 2014 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

Since completion of the Placing is subject to the fulfilment of the condition(s) as set out in the Placing Agreement and the Placing Agent is entitled to terminate the Placing Agreement under the above circumstances, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

The Directors are of the view that the Placing represents a good opportunity to raise capital for the Company while broadening the Shareholders' base and strengthening the capital base of the Company. Accordingly, the Directors consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the net proceeds from the Placing will be approximately HK\$100.00 million (after deduction of commission and other expenses of the Placing). The Company intends to utilize such net proceeds as to about 10% for general working capital of the Group and as to about 90% for financing the Company's proposed acquisition of 50% of the equity interest of Saike International Medical Group Limited, details of which are set out in the Company's announcement dated 14 February 2015.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Apart from the fund raising activity mentioned below, the Company had not conducted any other equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
27 October 2014 and 5 November 2014	Top-up placing of 160,000,000 Shares at HK\$0.56 per Share	Approximately HK\$84.8 million	As to about 20% for general working capital of the Group and as to about 80% for potential investment when opportunities arise. As set out in the Company's announcement dated 11 December 2014 and 12 December 2014, the Board proposed to utilise part of the net proceeds of the top-up placing to finance (i) its portion of the capital contribution to the joint venture company to be incorporated (" JV Company ") (i.e. HK\$2) and the initial shareholders' loan (where applicable) to the JV Company (i.e. HK\$60 million) and (ii) the Company's proposed subscription of shares in BBI Life Sciences Corporation (BBI 生命科學有限公司) at the aggregate offer price of US\$2,500,000 (equivalent to approximately HK\$19,500,000) respectively.	Approximately HK\$19.6 million have been utilized for the subscription shares in BBI Life Sciences Corporation (BBI 生命科學有限公司), details of which are set out in the Company's announcement dated 12 December 2014. As at the date of this announcement, the unutilised net proceeds of approximately HK\$65.2 million remained in the bank accounts of the Group.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the maximum number of the Placing Shares is placed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out as below:

Shareholders	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate % (Note 4)</i>	<i>Number of Shares</i>	<i>Approximate % (Note 4)</i>
Mr. Zhou Ling (<i>Note 1</i>)	104,396,190	10.87	104,396,190	8.66
Mr. Dai Haidong (<i>Note 1</i>)	60,840,000	6.34	60,840,000	5.05
Mr. Yang Fang (<i>Note 1</i>)	42,763,810	4.45	42,763,810	3.55
Town Health Pharmaceutical Limited (<i>Note 2</i>)	249,600,000	26.00	249,600,000	20.71
Placees (<i>Note 3</i>)	–	–	245,000,000	20.33
Other public shareholders	<u>502,400,000</u>	<u>52.33</u>	<u>502,400,000</u>	<u>41.70</u>
Total	<u>960,000,000</u>	<u>100.00</u>	<u>1,205,000,000</u>	<u>100.00</u>

Notes:

- Each of Mr. Zhou Ling, Mr. Dai Haidong and Ms. Yang Fang is an executive Director. Ms. Yang Fang is the spouse of Mr. Zhou Ling.
- 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.
- Under the Placing Agreement, the Placing Agent has warranted and undertaken to the Company that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company.
- The aggregate percentage may not add up to 100% due to rounding.

GENERAL

The Placing Shares will be issued under the Specific Mandate to be obtained from the Shareholders at the SGM and therefore the Placing will be subject to the Shareholders' approval. The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Placing and granting the Specific Mandate to allot and issue the Placing Shares under the Placing. To the best knowledge of the Directors, no Shareholder is required to abstain from voting at the SGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

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

A circular containing, among other things, (i) further details of the Placing; and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“acting in concert”	has the meaning ascribed to it in the Code on Takeovers and Mergers of Hong Kong
“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong 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 ascribed to it under the GEM Listing Rules
“Director(s)”	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
“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 People’s Republic of China
“Independent Third Party”	third party independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or their respective associates, and “Independent Third Parties” shall be construed accordingly
“Placee(s)”	any individual(s), corporate, institutional investor(s) or other investor(s) to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s), on a best endeavour basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a company incorporated in Hong Kong and a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 27 February 2015 in relation to the Placing under Specific Mandate
“Placing Price”	HK\$0.425 per Placing Share

“Placing Share(s)”	a maximum of 245,000,000 new Shares proposed to be placed pursuant to the Placing Agreement and each, a “Placing Share”
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the special mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of up to a maximum of 245,000,000 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

On behalf of the Board
New Ray Medicine International Holding Limited
LEE Chik Yuet
Executive Director

27 February 2015

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