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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)**

### **DISCLOSEABLE TRANSACTION AND MAJOR TRANSACTION: ACQUISITION OF AN AGGREGATE OF 39% OF THE ISSUED SHARE CAPITAL OF THE TARGET**

#### **THE ACQUISITION**

The Board is pleased to announce that after trading hours on 18 October 2016, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Company entered into the SP Agreement pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing an aggregate of 39% of the issued share capital of the Target, in two tranches at an aggregate purchase price of HK\$189,313,800.

#### **First Tranche Acquisition**

Pursuant to the terms and conditions of the SP Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the First Tranche Sale Shares, representing 9% of the issued share capital of the Target, at the First Tranche Purchase Price of HK\$43,687,800.

Immediately after the First Tranche Completion, the Purchaser will hold 9% of the issued share capital of the Target and the Target will be accounted for as an investment of the Group in its financial statements.

## **Second Tranche Acquisition**

Pursuant to the terms and conditions of the SP Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Second Tranche Sale Shares, representing 30% of the issued share capital of the Target, at the Second Tranche Purchase Price of HK\$145,626,000.

Subject to the First Tranche Completion and immediately after the Second Tranche Completion, the Purchaser will hold 39% of the issued share capital of the Target and the Target will be accounted for as an associate of the Group in its financial statements.

The Target Group is principally engaged in the provision of contracted medical schemes for integrated medical and health care check-up services.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the First Tranche Acquisition exceeds 5% and all applicable percentage ratios (as defined under the Listing Rules) are less than 25%, the First Tranche Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of (i) the Second Tranche Acquisition (standing alone); and (ii) the Second Tranche Acquisition when aggregated with the First Tranche Acquisition as a whole exceeds 25% and all applicable percentage ratios (as defined under the Listing Rules) are less than 100%, each of (i) the Second Tranche Acquisition (standing alone); and (ii) the Second Tranche Acquisition when aggregated with the First Tranche Acquisition as a whole constitutes a major transaction of the Company under the Listing Rules and is therefore subject to the notification, announcement 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 SP Agreement and the transactions contemplated thereunder (including the Second Tranche Acquisition).

A circular containing, among others matters, (i) details regarding the SP Agreement and transactions contemplated thereunder (including the Second Tranche Acquisition); (ii) other information as required to be disclosed under the Listing Rules; and (iii) the notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 31 December 2016 as more time is required for the preparation of the information for inclusion in the circular.

## **THE ACQUISITION**

The Board is pleased to announce that after trading hours on 18 October 2016, the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Company entered into the SP Agreement pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing an aggregate of 39% of the issued share capital of the Target, in two tranches at an aggregate purchase price of HK\$189,313,800.

## **THE SP AGREEMENT**

The major terms of the SP Agreement are set out below:

### **Date:**

18 October 2016

### **Parties:**

Vendor: JFA Capital, a company incorporated in the Cayman Islands with limited liability.

Purchaser: Major Bright Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

Purchaser's Guarantor: the Company

The Company joins as a party to the SP Agreement to guarantee the Vendor as principal obligor the due and punctual performance and observance by the Purchaser of all of its obligations under the SP Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (i) the Vendor is principally engaged in investment holding; and (ii) the Vendor and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be acquired:**

The Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares, representing an aggregate of 39% of the issued share capital of the Target, in two tranches.

### *First Tranche Sale Shares*

Pursuant to the terms and conditions of the SP Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the First Tranche Sale Shares, representing 9% of the issued share capital of the Target, free from all encumbrances and together with all rights now or thereafter attaching thereto including all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the First Tranche Completion Date.

### *Second Tranche Sale Shares*

Pursuant to the terms and conditions of the SP Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Second Tranche Sale Shares, representing 30% of the issued share capital of the Target, free from all encumbrances and together with all rights now or thereafter attaching thereto including all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Second Tranche Completion Date.

### **Purchase Price:**

The aggregate purchase price for the First Tranche Acquisition and the Second Tranche Acquisition is HK\$189,313,800.

### *First Tranche Purchase Price*

The First Tranche Purchase Price for the purchase of the First Tranche Sale Shares is HK\$43,687,800 and payable by the Purchaser to the Vendor in cash on the First Tranche Completion Date. The First Tranche Purchase Price will be funded by the unutilised proceeds from the placing exercises conducted by the Company completed in September 2015 and September 2016.

### *Second Tranche Purchase Price*

The Second Tranche Purchase Price for the purchase of the Second Tranche Sale Shares is HK\$145,626,000 and payable by the Purchaser to the Vendor in cash on the Second Tranche Completion Date. The Second Tranche Purchase Price will be funded by the internal resources of the Group and/or borrowings and/or other financing alternatives.

**Basis of the aggregate purchase price:**

The aggregate purchase price for the purchase of the First Tranche Sale Shares and the Second Tranche Sale Shares was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to (i) the historical financial performance of the Target Group; (ii) the unaudited combined net profit after tax of the Target for the year ended 31 March 2016 of approximately HK\$26,970,000; (iii) the network of over 700 specialist and general practitioner doctors with whom the Target Group has entered into contracts; (iv) the existing contract customers of the Target Group; and (v) the business potential of the Target Group.

**Conditions Precedent:***First Tranche Conditions*

The First Tranche Completion shall be conditional upon and subject to the following First Tranche Conditions having been fulfilled or (where applicable) waived:

- (1) the Purchaser having carried out and completed the due diligence review of the Target Group (whether legal, accounting, financial and operational aspects) and being satisfied with the results of the due diligence review of the Target Group and its related business, assets, liabilities, activities, operations and financial position;
- (2) (where applicable) all the notification, publication and/or shareholders' approval requirements under Chapter 14 of the Listing Rules for the First Tranche Acquisition and the transactions in connection therewith having been complied with by the Company;
- (3) (if required) all requisite waivers, consents, clearances, authorisations and approvals from any relevant governmental or regulatory authorities or other relevant third parties in connection with the First Tranche Acquisition and the transactions in connection therewith required to be obtained on the part of the Vendor, the Purchaser and the Target having been obtained;

- (4) the Purchaser being satisfied, from the date of the SP Agreement and at any time before the First Tranche Completion, that the Vendor's Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Vendor's Warranties or other provisions of the SP Agreement by the Vendor;
- (5) there being no Material Adverse Change since the date of the SP Agreement and up to the First Tranche Completion Date; and
- (6) the consummation of the First Tranche Acquisition and the transactions in connection therewith shall not have been restrained, enjoined or otherwise prohibited by any applicable laws and regulations, including any order, injunction, decree or judgment of any court or other governmental authority.

The Purchaser may waive the First Tranche Conditions (other than (2), (3) and (6) above) at any time on or before the First Tranche Long Stop Date in whole or in part by notice in writing to the Vendor. Save as aforesaid, none of the First Tranche Conditions is capable of being waived.

If the First Tranche Conditions shall not have been fulfilled (or waived in accordance with the SP Agreement) in full at or before 5:00 p.m. on the First Tranche Long Stop Date, all rights and obligations of the parties thereunder shall cease and terminate, save and except for those relating to confidentiality, costs and expenses, notices and governing law, jurisdiction and process agents and other miscellaneous matters which provisions shall remain in full force and effect, and no party shall have any claim against the other save for claim (if any) in respect of such continuing provisions or any antecedent breach thereof.

#### *Second Tranche Conditions*

The Second Tranche Completion shall be conditional upon and subject to the following Second Tranche Conditions having been fulfilled or (where applicable) waived:

- (1) the completion of the First Tranche Acquisition having taken place;
- (2) the Purchaser having carried out and completed the updated due diligence review of the Target Group (whether legal, accounting, financial and operational aspects) and being satisfied with the results of the updated due diligence review of the Target Group and its related business, assets, liabilities, activities, operations and financial position;

- (3) (where applicable) the Second Tranche Acquisition and other transactions contemplated under the SP Agreement having been approved by the Shareholders (who are not required to abstain from voting in such respect under the Listing Rules or otherwise) at the SGM;
- (4) (if required) all requisite waivers, consents, clearances, authorisations and approvals from any relevant governmental or regulatory authorities or other relevant third parties in connection with the Second Tranche Acquisition and the transactions contemplated under the SP Agreement required to be obtained on the part of the Vendor, the Purchaser and the Target having been obtained;
- (5) the Purchaser being satisfied, from the First Tranche Completion Date and at any time before the Second Tranche Completion, that the Vendor's Warranties remain true, accurate and not misleading and that no events have occurred that would result in any breach of any of the Vendor's Warranties or other provisions of the SP Agreement by the Vendor;
- (6) there is no Material Adverse Change since the First Tranche Completion Date and up to the Second Tranche Completion Date; and
- (7) the consummation of the Second Tranche Acquisition and the transactions contemplated under the SP Agreement shall not have been restrained, enjoined or otherwise prohibited by any applicable laws and regulations, including any order, injunction, decree or judgment of any court or other governmental authority.

The Purchaser may waive the Second Tranche Conditions (other than (1), (3), (4) and (7) above) at any time on or before the Second Tranche Long Stop Date in whole or in part by notice in writing to the Vendor. Save as aforesaid, none of the Second Tranche Conditions is capable of being waived.

If the Second Tranche Conditions shall not have been fulfilled (or waived in accordance with the SP Agreement) in full at or before 5:00 p.m. on the Second Tranche Long Stop Date, without prejudice to the rights and obligations of the parties thereunder accrued up to immediately after the First Tranche Completion, all other rights and obligations of the parties thereunder shall cease and terminate, save and except for those relating to confidentiality, costs and expenses, notices and governing law, jurisdiction and process agents and other miscellaneous matters which provisions shall remain in full force and effect, and no party shall have any claim against the other save for claim (if any) in respect of such continuing provisions or any antecedent breach thereof.

## **Completion:**

### *First Tranche Completion*

Upon fulfilment or (if applicable) waiver of all the First Tranche Conditions, the First Tranche Completion shall take place on the First Tranche Completion Date.

Immediately after the First Tranche Completion, the Purchaser will hold 9% of the issued share capital of the Target and the Target will be accounted for as an investment of the Group in its financial statements.

### *Second Tranche Completion*

Upon fulfilment or (if applicable) waiver of all the Second Tranche Conditions, the Second Tranche Completion shall take place on the Second Tranche Completion Date.

Subject to the First Tranche Completion and immediately after the Second Tranche Completion, the Purchaser will hold 39% of the issued share capital of the Target and the Target will be accounted for as an associate of the Group in its financial statements.

## **INFORMATION ON THE TARGET GROUP**

The Target is a company incorporated in the Cayman Islands with limited liability on 15 January 2016 and is principally engaged in investment holding. The Target Group is principally engaged in the provision of contracted medical schemes (“Schemes”) for integrated medical and healthcare check-up services. The customers of the Target Group are corporate clients, which have engaged the Target Group to provide the Schemes mainly in Hong Kong so as to allow the employees of such corporate clients to seek medical and healthcare services offered by the network of the Target Group. Currently, the Target Group has a network of over 700 contracted specialist and general practitioner doctors for providing medical and healthcare services under the Schemes.

The unaudited consolidated total asset value and net asset value of the Target Group as at 30 April 2016 are approximately HK\$562.2 million and approximately HK\$14.0 million respectively.

Subsequent to 30 April 2016, the Target Group and the Vendor undertook an internal restructuring regarding certain amounts due to/from the various parties. After completion of such restructuring, the unaudited consolidated net asset value of the Target Group is adjusted to approximately HK\$499.4 million without taking into account the profit and loss effect of the Target Group after 30 April 2016.

The unaudited combined financial information of the Target Group for the two years ended 31 March 2015 and 2016 respectively are as follows:

	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(approximately)	(approximately)
	(unaudited)	(unaudited)
Revenue	199,713	202,005
Net profit before taxation	32,562	32,228
Net profit after taxation	27,282	26,970

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in pharmaceutical distribution business in the People's Republic of China.

As advised by the Vendor, the Target Group has a network of more than 700 contracted specialist and general practitioner doctors for providing medical and healthcare services under the Schemes and the management team of the Target Group has extensive experience in the management of the Schemes. The Board believes that the aging population and the increasing demand for corporate medical solutions services in Hong Kong are favourable to the development of the Schemes business. Based on the foregoing, the Board is of the view that the Acquisition would bring new profit source to the Group and diversify the Group's investments.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the First Tranche Acquisition exceeds 5% and all applicable percentage ratios (as defined under the Listing Rules) are less than 25%, the First Tranche Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of (i) the Second Tranche Acquisition (standing alone); and (ii) the Second Tranche Acquisition when aggregated with the First Tranche Acquisition as a whole exceeds 25% and all applicable percentage ratios (as defined under the Listing Rules) are less than 100%, each of (i) the Second Tranche Acquisition (standing alone); and (ii) the Second Tranche Acquisition when aggregated with the First Tranche Acquisition as a whole constitutes a major transaction of the Company under the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

The SGM will be convened for the purpose of, among other matters, considering and, if thought fit, approving the SP Agreement and the transactions contemplated thereunder (including the Second Tranche Acquisition).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the SP Agreement and the transactions contemplated thereunder (including the Second Tranche Acquisition) and no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM.

A circular containing, among others matters, (i) details regarding the SP Agreement and transactions contemplated thereunder (including the Second Tranche Acquisition); (ii) other information as required to be disclosed under the Listing Rules; and (iii) the notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 31 December 2016 as more time is required for the preparation of the information for inclusion in the circular.

## **DEFINITIONS**

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

“Acquisition”	collectively, the First Tranche Acquisition and the Second Tranche Acquisition
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning 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. and 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
“Company”	New Ray Medicine International Holding Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning as ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“First Tranche Acquisition”	the purchase of the First Tranche Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the SP Agreement
“First Tranche Completion”	the completion of the First Tranche Acquisition in accordance with the terms and conditions of the SP Agreement

“First Tranche Completion Date”	the first Business Day after the last outstanding First Tranche Condition (other than the First Tranche Condition which is only capable of being fulfilled upon the First Tranche Completion) shall have been fulfilled or (if applicable) waived (or such other date as the Purchaser and the Vendor shall agree in writing) on which the First Tranche Completion is to take place
“First Tranche Condition(s)”	the condition(s) in respect of the First Tranche Acquisition as set out in the paragraph headed “The SP Agreement – Conditions Precedent – First Tranche Conditions” in this announcement
“First Tranche Long Stop Date”	31 October 2016 (or such later date as the Purchaser and the Vendor may agree in writing)
“First Tranche Purchase Price”	the amount of HK\$43,687,800, being the total consideration payable by the Purchaser for the purchase of the First Tranche Sale Shares
“First Tranche Sale Shares”	900 Target Shares, representing 9% of the issued share capital of the Target as at the date of the SP Agreement and the First Tranche Completion Date, beneficially owned by the Vendor immediately prior to the First Tranche Completion
“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(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations of the Target Group as a whole
“Purchaser”	Major Bright Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	collectively, the First Tranche Sale Shares and the Second Tranche Sale Shares
“Second Tranche Acquisition”	the purchase of the Second Tranche Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the SP Agreement
“Second Tranche Completion”	the completion of the Second Tranche Acquisition in accordance with the terms and conditions of the SP Agreement
“Second Tranche Completion Date”	the first Business Day after the last outstanding Second Tranche Condition (other than the Second Tranche Condition which is only capable of being fulfilled upon the Second Tranche Completion) shall have been fulfilled or (if applicable) waived (or such other date as the Purchaser and the Vendor shall agree in writing)
“Second Tranche Condition(s)”	the condition(s) in respect of the Second Tranche Acquisition as set out in the paragraph headed “The SP Agreement – Conditions Precedent – Second Tranche Conditions” in this announcement
“Second Tranche Long Stop Date”	31 March 2017 (or such later date as the Purchaser and the Vendor may agree in writing)
“Second Tranche Purchase Price”	the amount of HK\$145,626,000, being the total consideration payable by the Purchaser for the purchase of the Second Tranche Sale Shares

“Second Tranche Sale Shares”	3,000 Target Shares, representing 30% of the issued share capital of the Target as at the date of the SP Agreement and the Second Tranche Completion Date, beneficially owned by the Vendor immediately prior to the Second Tranche Completion
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the SP Agreement and the transactions contemplated thereunder (including the Second Tranche Acquisition)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company and each a “Share”
“Shareholder(s)”	holder(s) of the Share(s)
“SP Agreement”	the sale and purchase agreement dated 18 October 2016 entered into by and among the Purchaser, the Vendor and the Company in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	C&C International Healthcare Group Limited, a company incorporated in the Cayman Islands with limited liability
“Target Group”	the group of companies consisting of the Target and its subsidiaries and various joint venture companies
“Target Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Target

“Vendor”	JFA Capital, a company incorporated in the Cayman Islands with limited liability
“Vendor’s Warranties”	the representations, warranties and undertakings given by the Vendor in the SP Agreement
“%”	per cent.

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

Hong Kong, 18 October 2016

*As of the date of this announcement, the executive Directors are Mr. Zhou Ling, 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.*