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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 DISPOSAL – DISPOSAL OF 25% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

#### **DISPOSAL**

The Board is pleased to announce that on 29 March 2022 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, the Purchaser and the Guarantor entered into the Disposal 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 RMB44,000,000 (equivalent to approximately HK\$54.1 million). The Sale Shares represent 25% of the issued share capital of the Target Company as at the date of the Disposal Agreement.

The Target Group is principally engaged in the trading of medical devices, medical equipment and medical consumables in the PRC.

As at the date of the Disposal Agreement, the Company, through the Vendor, holds 25% of the issued share capital of the Target Company and the Group's interest in the Target Group is classified as an equity instrument at fair value through other comprehensive income. Upon Completion, the Group will cease to hold any equity interest in the issued share capital of the Target Company and other members 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 disposal 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.

As the highest percentage ratio (as defined in the Listing Rules) in respect of the provision of financial assistance under the Promissory Note exceeds 5% but is less than 25%, the provision of financial assistance under the Promissory Note constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the Circular in relation to, among others, the Previous Disposal. As the Disposal and the Previous Disposal (i) are both entered into by the Group with the same parties; and (ii) both involve the disposal of interest in the Target Company, the Previous Disposal and the Disposal shall be aggregated as if they were one transaction pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest percentage ratio (as defined under the Listing Rules) in respect of the Previous Disposal and the Disposal (on an aggregated basis) exceeds 25% but is less than 75%, the Previous Disposal and the Disposal (on an aggregated basis) constitutes a major disposal for the Company 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 Disposal, the Disposal Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further information on the Disposal, the Disposal 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 16 May 2022 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 and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

The Board is pleased to announce that on 29 March 2022 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, the Purchaser and the Guarantor entered into the Disposal 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 RMB44,000,000 (equivalent to approximately HK\$54.1 million).

## THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are set out below:

### Date

29 March 2022

### Parties

Vendor: Major Bright Holdings Limited

Purchaser: Wing Yin Holdings Limited

Guarantor: 青島松山醫藥銷售有限公司(Qingdao Songshan Medicine Sales Co., Ltd.\*)

As at the date of this announcement, the Target Company is directly owned as to 25% by the Purchaser. The Guarantor is controlled by the ultimate beneficial owners of the Purchaser. The Guarantor joined as a party to the Disposal Agreement to give warranties, representations and undertakings in relation to the Disposal on a joint and several basis with the Purchaser. On the date of signing of the Disposal Agreement, the Guarantor also executed a guarantee in favour of the Vendor to guarantee the performance of obligations by the Purchaser under the Disposal Agreement.

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) the principal business activity of the Guarantor is the distribution of pharmaceutical products, medical devices and consumables in the PRC; (iii) the ultimate beneficial owners of the Purchaser are three individuals, namely, 趙京 (Zhao Jing), 王桂國 (Wang Guiguo) and 王博 (Wang Bo) and the ultimate beneficial owners of the Guarantor are these three individuals, 高義才 (Gao Yicai) and 尤孜健 (You Zijian); and (iv) each of the Purchaser, the Guarantor and their respective ultimate beneficial owners is an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the ultimate beneficial owners of the Purchaser and/or the Guarantor is engaged in the distribution of pharmaceutical products, medical devices and medical consumables in the PRC through their respective holdings of interest in the Guarantor. In addition to such business involvement, (a) Wang Guiguo is engaged in manufacturing and distribution of medical devices, biotechnology and information technology related business through his interests in a number of companies established in the PRC; and (b) Gao Yicai is engaged in businesses ranging from cultural tourism related business, manufacturing and distribution of medical devices, biotechnology related business to investment management through his interests in a number of companies established in the PRC.

## **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 25% of the issued share capital of the Target Company as at the date of the Disposal Agreement. 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 payable by the Purchaser to the Vendor (or its designated party) is RMB44,000,000 (equivalent to approximately HK\$54.1 million), which shall be settled in the following manner:

- (1) RMB10,000,000 (equivalent to approximately HK\$12.3 million) (or its equivalent foreign currency) (“**Deposit**”) shall be payable in cash by the Purchaser to the Vendor as refundable deposit within 15 Business Days after the signing of the Disposal Agreement;
- (2) RMB20,000,000 (equivalent to approximately HK\$24.6 million) (or its equivalent foreign currency) shall be payable in cash by the Purchaser to the Vendor on the Completion Date; and
- (3) RMB14,000,000 (equivalent to approximately HK\$17.2 million) shall be settled by the issue of the Promissory Note by the Purchaser to the Vendor on the Completion Date.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser after taking into consideration (i) the historical financial performance of the Target Group as detailed in the section headed “Information of the Target Group” below; and (ii) the net investment costs of the Group attributable to the Sale Shares of approximately RMB43.8 million, i.e. the investment costs of the Group in respect of the Sale Shares of RMB47.5 million minus the aggregate of the dividends received from the Target Group attributable to the Sale Shares of approximately RMB3.5 million and the compensation on profit guarantee shortfall obtained by the Group from the then vendor of the Target Group attributable to the Sale Shares of approximately RMB0.2 million. In determining the Consideration, the parties have also made reference to the consideration received by the Group for the disposal of its interest in another 25% of the issued share capital of the Target Company of RMB44 million, the details of which are disclosed in the Circular.

## ***Promissory Note***

The Promissory Note shall be an unsecured promissory note to be issued by the Purchaser to the Vendor in the principal amount of RMB14,000,000 bearing an interest rate of 4% per annum calculated on the basis of actual days elapsed and a 365-day year. The maturity date of the Promissory Note shall be a date falling on the expiry of three months from the Completion Date, subject to the right of the Purchaser of early redemption by prior 5-Business Day written notice.

## **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 Disposal 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 a general meeting of the Company 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 or the Company not having received any notice of objection (written or otherwise) in respect of the Disposal 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 Disposal 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 p.m. on the Long Stop Date, the Disposal 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 Disposal 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 (or its designated party) in full (without interest) within seven Business Days from the date of the termination of the Disposal Agreement.

## **Completion**

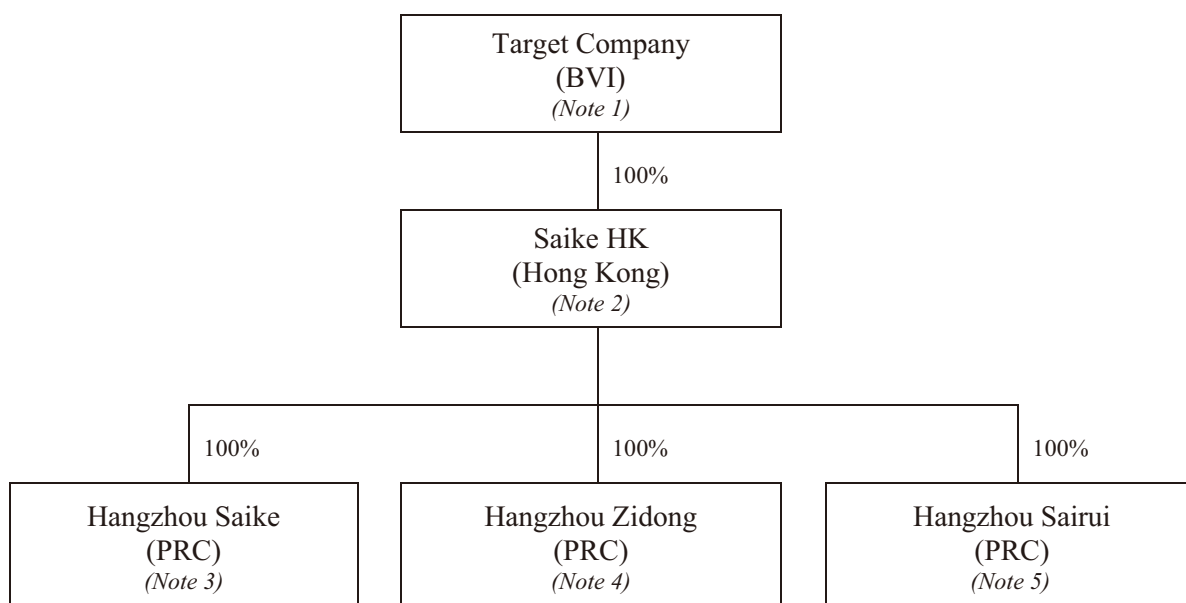
Completion shall take place on the Completion Date which shall be any day as determined by the Vendor which falls within 10 Business Days after the fulfilment of the conditions precedent or such other date as the Vendor and the Purchaser may agree in writing.

## INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability. The Target Company is directly owned as to 25% by the Vendor as at the date of this announcement.

The Target Company, through its wholly-owned subsidiaries, is principally engaged in the trading of medical devices, medical equipment and medical consumables in the PRC.

Set out below is the shareholding structure of the Target Group as at the date of this announcement:



*Notes:*

The principal business activity of the above respective company is:

1. investment holding
2. investment holding
3. the trading of medical devices, medical equipment and medical consumables in the PRC
4. the trading of medical devices, medical equipment and medical consumables in the PRC
5. the trading of medical devices, medical equipment and medical consumables in the PRC

The following is certain unaudited consolidated financial information of the Target Group for the years ended 31 December 2019 and 2020 and the 11 months ended 30 November 2021:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2020</b>	<b>For the 11 months ended 30 November 2021</b>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
Turnover	RMB55,420,000 (equivalent to approximately HK\$68,167,000)	RMB16,725,000 (equivalent to approximately HK\$20,572,000)	RMB3,143,000 (equivalent to approximately HK\$3,866,000)
Profit before taxation	RMB21,976,000 (equivalent to approximately HK\$27,030,000)	RMB4,865,000 (equivalent to approximately HK\$5,984,000)	RMB1,846,000 (equivalent to approximately HK\$2,271,000)
Profit after taxation	RMB16,414,000 (equivalent to approximately HK\$20,189,000)	RMB2,579,000 (equivalent to approximately HK\$3,172,000)	RMB1,362,000 (equivalent to approximately HK\$1,675,000)

As at 30 November 2021, the unaudited consolidated total asset value and unaudited consolidated net asset value of the Target Group were approximately RMB123 million (equivalent to approximately HK\$151 million) and RMB103 million (equivalent to approximately HK\$127 million) respectively.

As at the date of the Disposal Agreement, the Company, through the Vendor, holds 25% of the issued share capital of the Target Company and the Group's interest in the Target Group is classified as an equity instrument at fair value through other comprehensive income. Upon Completion, the Group will cease to hold any equity interest in the issued share capital of the Target Company and other members 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 Chinese government has launched a centralised volume-based procurement program for certain high-value medical commodities in 2020. With the implementation of the procurement program, the average selling price of certain medical products in the market has dropped for over 90% as compared to its original bidding price. In 2021, eight departments including the National Healthcare Security Administration jointly issued the Guiding Opinions on the Implementation of the Nationally Organised and Centralised Volume-based Procurement and Use of High-Value Medical Consumables (Yi Bao Fa [2021] No. 31) (關於開展國家組織高值醫用耗材集中帶量採購和使用的指導意見 (醫保發[2021]31號)). In accordance with the general idea of national organisation, alliance procurement and platform operation, all provinces across the country formed a procurement alliance, and appointed representatives to form a nationally organised high-value medical consumables joint procurement office, which organised the “nationally organised and centralised volume-based procurement joint prosthesis”, and started to carry out volume-based procurement for the high-value medical consumables with large clinical usage, high purchase amount and mature clinical use.

This new procurement program has exerted price pressure on some medical commodities and caused uncertainty on the profitability of the medical devices industry in the PRC and the management of the Company cannot rule out the possibility that such procurement program will be extended to cover the products traded by the Target Group in the future. If the procurement program is extended to cover the products traded by the Target Group in the future, it is expected that the profit margin of the Target Group may be adversely affected.

The Directors have been constantly scrutinising the businesses of the Group from time to time in order to increase the competitiveness of 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 and exploring new merger and acquisition opportunities which will create higher return to the Group and the Shareholders as a whole.



Having considered the uncertainty brought to the PRC pharmaceutical industry by the new procurement program for high-value medical commodities as stated above, 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 strengthen its liquidity position and reallocate its resources for future development or any potential suitable investment opportunity(ies) that may arise in the future.

Upon Completion, the Group is expected to record a gain of approximately HK\$15,000 from the Disposal and record under other comprehensive expenses. The expected gain is calculated with reference to the difference between (i) the estimated carrying amount of the Group's interest in the Target Group as at the Completion Date; and (ii) the consideration to be received by the Group for the Disposal.

The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be 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 and/or any potential suitable investment opportunity(ies) as may be identified by the Group in the future.

The terms of the Disposal 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 Disposal Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Director is required to abstain from voting on the board resolutions in relation to the approval of the Disposal.

## **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 disposal 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.

As the highest percentage ratio (as defined in the Listing Rules) in respect of the provision of financial assistance under the Promissory Note exceeds 5% but is less than 25%, the provision of financial assistance under the Promissory Note constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the Circular in relation to, among others, the Previous Disposal. As the Disposal and the Previous Disposal (i) are both entered into by the Group with the same parties; and (ii) both involve the disposal of interest in the Target Company, the Previous Disposal and the Disposal shall be aggregated as if they were one transaction pursuant to Rules 14.22 and 14.23 of the Listing Rules. As the highest percentage ratio (as defined under the Listing Rules) in respect of the Previous Disposal and the Disposal (on an aggregated basis) exceeds 25% but is less than 75%, the Previous Disposal and the Disposal (on an aggregated basis) constitutes a major disposal for the Company 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 Disposal, the Disposal 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 a material interest in the Disposal, the Disposal Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting at the SGM in respect of the resolution(s) approving the Disposal, the Disposal Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further information on the Disposal, the Disposal 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 16 May 2022 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 and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## 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 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
“Circular”	the circular of the Company dated 21 January 2021 in respect of, among others, the Previous Disposal
“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 Disposal Agreement
“Completion Date”	any day as determined by the Vendor which falls within 10 Business Days after the fulfilment of the conditions precedent to the Completion 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 RMB44,000,000 (equivalent to approximately HK\$54.1 million) payable by the Purchaser to the Vendor for the Disposal pursuant to the terms and conditions of the Disposal 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 Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement dated 29 March 2022 entered into by and among the Vendor, the Purchaser and the Guarantor in relation to the Disposal
“Guarantor”	青島松山醫藥銷售有限公司 (Qingdao Songshan Medicine Sales Co., Ltd.*), a company established in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Hangzhou Saike”	杭州賽科醫療器械有限公司 (Hangzhou Saike Medical Devices Co., Ltd.*), a wholly foreign owned enterprise established in the PRC with limited liability and a direct wholly-owned subsidiary of Saike HK
“Hangzhou Sairui”	杭州賽銳醫療器械有限公司 (Hangzhou Sairui Medical Devices Co., Ltd.*), a wholly foreign owned enterprise established in the PRC with limited liability and a direct wholly-owned subsidiary of Saike HK
“Hangzhou Zidong”	杭州紫東醫學科技有限公司 (Hangzhou Zidong Medical Technology Co., Ltd.*), a wholly foreign owned enterprise established in the PRC with limited liability and a direct wholly-owned subsidiary of Saike HK
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons under Chapter 14A of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2022, 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
“Previous Disposal”	the disposal of 25 ordinary shares of the Target Company, representing 25% of its issued share capital immediately prior to the completion of the Previous Disposal, in accordance with the Previous Disposal Agreement
“Previous Disposal Agreement”	the sale and purchase agreement dated 30 November 2020 entered into by and among the Vendor, the Purchaser and the Guarantor in relation to the Previous Disposal
“Promissory Note”	the promissory note to be issued by the Purchaser to the Vendor and more particularly described under the section “Consideration – Promissory Note” of this announcement
“Purchaser”	Wing Yin Holdings Limited, a company incorporated in the BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Saike HK”	Saike (China) Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“Sale Shares”	25 ordinary shares of the Target Company, representing 25% of its issued share capital as at the date of the Disposal Agreement
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal, the Disposal 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”	Saike International Medical Group Limited (賽科國際醫療集團有限公司), a company incorporated in the BVI with limited liability and is directly owned as to 25% by the Vendor as at the date of this announcement
“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\$1.23. 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**  
**Wang Qiuqin**  
*Chairman & Executive Director*

Hong Kong, 29 March 2022

*As of the date of this announcement, the executive Directors are Ms. Wang Qiuqin, Mr. Huo Zhihong and Mr. Chu Xueping; 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*