
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **New Ray Medicine International Holding Limited** (“Company”), you should at once hand this circular and the enclosed form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening a special general meeting of the Company to be held at 9:00 a.m. on Wednesday, 13 July 2022 at Units 1203B, 1204–1205, 12/F, Worldwide House, 19 Des Voeux Road Central, Central, Hong Kong is set out on pages SGM-1 and SGM-3 of this circular. A form of proxy for use by the shareholders of the Company at the special general meeting of the Company is enclosed herein.

Whether or not you are able to attend the special general meeting of the Company, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event by 9:00 a.m. (Hong Kong time) on Monday, 11 July 2022 or not less than 48 hours before the time appointed for holding any adjournment of the special general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting of the Company or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Please see the section headed “PRECAUTIONARY MEASURES FOR THE SGM” in this circular for measures being taken to try to prevent and control the spread of Covid-19 at the SGM.

17 June 2022

PRECAUTIONARY MEASURES FOR THE SGM

In view of the ongoing novel coronavirus (Covid-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection.

VOTING BY PROXY IN ADVANCE OF THE SGM

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their right to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the Covid-19 pandemic. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. **Physical attendance is not necessary for the purpose of exercising Shareholders' rights. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish.**

PREVENTIVE MEASURES AT THE SGM

The Company will implement the following preventive measures at the SGM to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the SGM venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the SGM venue a health declaration form confirming, among other things, their names and contact details, and that they have not travelled to, or had close contact with any person who to their best of knowledge has recently travelled to, any countries or areas outside of Hong Kong at any time in the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the SGM venue.
- (iii) Every attendee will be required to wear a surgical face mask throughout the SGM. Please note that no masks will be provided at the SGM venue and attendees should bring and wear their own masks.
- (iv) Seating at the SGM will be arranged to ensure adequate physical distancing between participants so as to reduce interaction between them.
- (v) No drinks and refreshments will be served and there will be no corporate gifts.

PRECAUTIONARY MEASURES FOR THE SGM

The Company will closely monitor the development of the Covid-19 pandemic and any regulations or measures introduced or to be introduced by the Hong Kong Government in relation to the Covid-19 pandemic. Further announcements will be made by the Company as soon as possible if there is any update to the preventive measures as mentioned above.

If any Shareholder chooses not to attend the SGM in person but has any question about the resolution(s) or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to the principal place of business of the Company in Hong Kong or to the email address of the Company at info@newraymedicine.com. If any Shareholder has any question relating to the SGM, please contact Tricor Investor Services Limited, the Company's share registrar and transfer office in Hong Kong, the details of which are as follows:

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
Tel: 2980 1333
Fax: 2810 8185

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays, Sundays or public holidays and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “Black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. to 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	New Ray Medicine International Holding Limited (新銳醫藥國際控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on Main Board of the Stock Exchange
“Completion”	completion of the 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

DEFINITIONS

“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
“Group”	the Company and its subsidiaries
“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
“Hangzhou Saikē”	杭州賽科醫療器械有限公司 (Hangzhou Saikē Medical Devices Co., Ltd.*), a wholly foreign owned enterprise established in the PRC with limited liability and a direct wholly-owned subsidiary of Saikē 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 Saikē 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 Saikē 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
“Latest Practicable Date”	13 June 2022, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained herein
“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

DEFINITIONS

“PRC”	the People’s Republic of China, but for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Circular”	the circular of the Company dated 21 January 2021 in respect of, among others, the Previous Disposal
“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 “Letter from the Board – Sale and Purchase Agreement – Consideration – Promissory Note” of this circular
“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 convened to be held at 9:00 a.m. on Wednesday, 13 July 2022 at Units 1203B, 1204–1205, 12/F, Worldwide House, 19 Des Voeux Road Central, Central, Hong Kong to consider and, if thought fit, approve the Disposal, the Disposal Agreement and the transactions contemplated thereunder, the notice of which is set out on pages SGM-1 and SGM-3 of this circular

DEFINITIONS

“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 Latest Practicable Date
“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 circular, 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.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Wang Qiuqin

(Chairman and Chief Executive Officer)

Mr. Huo Zhihong

Mr. Chu Xueping

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

Mr. Leung Chi Kin

Ms. Li Sin Ming, Ivy

Mr. Sy Lai Yin, Sunny

Headquarters:

B-C, 37/F

Dikai International Center

19 Dangui Road

Hangzhou, the PRC

Principal place of business in Hong Kong:

Room 911B, 9th Floor

Tower 1, Silvercord

No. 30 Canton Road

Kowloon, Hong Kong

17 June 2022

To the Shareholders

Dear Sir or Madam

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

INTRODUCTION

Reference is made to the announcement of the Company dated 29 March 2022 in relation to the Disposal.

LETTER FROM THE BOARD

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 purpose of this circular is to provide you with, 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.

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 Latest Practicable Date, 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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.

The Purchaser, an existing shareholder of the Target Company, acquired 25% of the issued share capital of the Target Company from the Vendor in February 2021. Since then, the Group has been scrutinising the business of the Target Group and considering the reasons for and benefits of the Disposal as elaborated below, the Group has decided to dispose of the remaining 25% interest in the Target Company and approached the Purchaser for the Disposal.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser, the Guarantor and their respective ultimate beneficial owners (i) is an Independent Third Party; (ii) except for being common shareholders of the Target Company, has no relationship with Ms. Zhao Lei, the vendor in the acquisition of 50% interest in the Target Company by the Group in 2015 and the 50% shareholder of the Target Company; and (iii) has no relationship with Mr. Zhou Ling, Ms. Yang Fang and Mr. Dai Haidong, each being a former executive Director.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except for the Disposal between the Purchaser and the Group, each of the Purchaser, the Guarantor and their respective ultimate beneficial owners has no arrangement, understanding or undertaking with (i) the Company and its connected persons; (ii) Ms. Zhao Lei, the vendor in the acquisition of 50% interest in the Target Company by the Group in 2015 and the 50% shareholder of the Target Company; and (iii) Mr. Zhou Ling, Ms. Yang Fang and Mr. Dai Haidong, each being a former executive Director.

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.

LETTER FROM THE BOARD

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 Previous Disposal of RMB44 million, the details of which are disclosed in the Previous Circular. As disclosed in the section headed “Information of the Target Group” below, the financial performance of the Target Group has been deteriorating since 2019. The total revenue and the net profit after taxation of the Target Group decreased by approximately 69.8% and 84.3% for the year ended 31 December 2020 as compared to that for 2019 respectively. Based on the financial performance of the Target Group for the 11 months ended 30 November 2021, there was no sign of improvement for the year 2021. Having considered the unsatisfactory financial performance of the Target Group in recent years and the uncertain business environment in the PRC pharmaceutical industry brought by the government policy as explained in the section headed “Reasons for and benefits of the Disposal” below, the Company considers that the Consideration of RMB44 million, which is maintained at the same level as the Previous Disposal, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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.

The interest rate of the Promissory Note of 4% per annum was determined with reference to a short-term loan obtained by the Group from a bank in 2021 which bears interest at a variable rate of PRC 1-year loan prime rate (LPR) of 3.85% per annum. On this basis, it is considered that the interest rate of the Promissory Note is on normal commercial term and fair and reasonable. The payment arrangement involving the issue of the Promissory Note was agreed by the Group and the Purchaser having considered the working capital need of the Purchaser. The Company considers that its interest is safeguarded under this payment arrangement as (i) the performance of the Promissory Note has been guaranteed by the Guarantor; and (ii) due diligence exercise on the financial resources of the Purchaser and the Guarantor has been conducted by the Company prior to the entering into of the Disposal Agreement, which revealed that, among other things, the Guarantor was (i) not subject to any outstanding winding-up proceedings in the PRC; (ii) not subject to any litigation in which it is a defendant; (iii) not on the List of Dishonest Persons subject to Execution* (失信被執行人名單) promulgated by the Supreme People's Court of the PRC; and (iv) had a bank deposit of approximately RMB53.6 million in February 2022.

The Company considers that the payment arrangement of the Disposal Agreement was negotiated between the Vendor, the Purchaser and the Guarantor on an arms' length basis having considered (a) the result of the due diligence exercise conducted by the Group (including conducting public record searches on the Purchaser and the Guarantor and the inspection of the bank statements of the Guarantor); (b) the respective bargaining power of the parties to the Disposal Agreement; (c) the Purchaser being a shareholder of the Target Company; and (d) the Purchaser having honoured its payment obligations under the sale and purchase agreement in relation to the Previous Disposal in February 2021. The management of the Group is of the view that the Group has taken all practicable and reasonable measures to safeguard against the potential counterparty risk of the Purchaser not settling the Promissory Note within the prescribed time limit, which would be able to manage such counterparty risk and provide reasonable assurance against any potential loss.

LETTER FROM THE BOARD

Condition 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. As at the Latest Practicable Date, none of the above conditions precedent has been fulfilled.

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

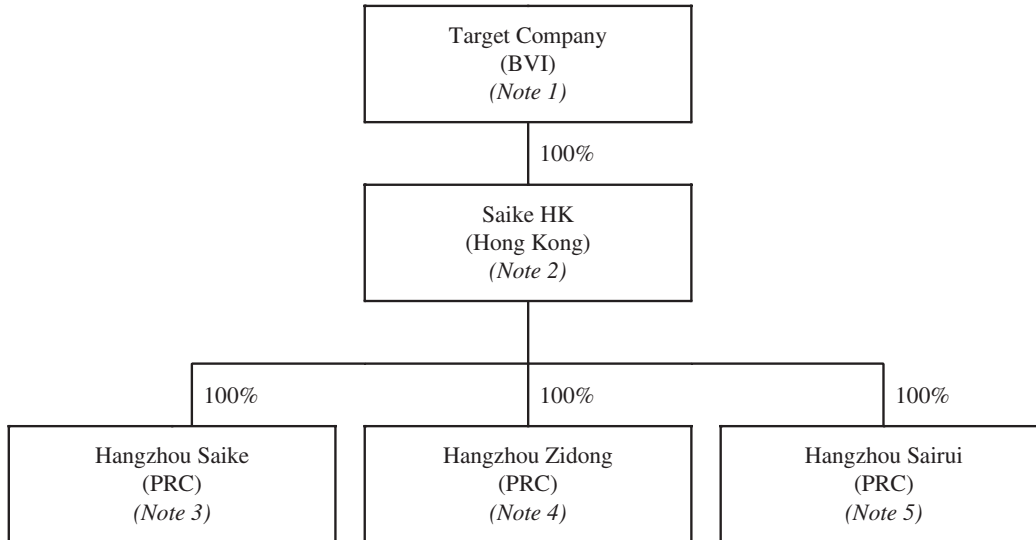
Completion shall take place on the Completion Date which shall be any day as determined by the Vendor which falls within 10 Business Days after the fulfilment of the conditions precedent or such other date as the Vendor and the Purchaser may agree in writing.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the BVI with limited liability.

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 Latest Practicable Date:



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

LETTER FROM THE BOARD

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:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the 11 months ended 30 November 2021
	<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 the 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.

The Target Company is directly owned as to 25% by the Vendor, 25% by the Purchaser and 50% by Ms. Zhao Lei as at the Latest Practicable Date. Ms. Zhao Lei has the sole authority to appoint and remove directors of the Target Company.

As at the date of the Disposal Agreement and the Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 income. The expected gain is calculated with reference to the exchange difference arising from the difference between (i) the estimated carrying amount of the Group’s interest in the Target Group as at the Completion Date of approximately RMB44 million at the RMB/HK\$ exchange rate of approximately RMB1 = HK\$1.2231 as at 31 December 2021 being the date to which the latest published audited consolidated financial statements of the Group were made up, which is estimated with reference to the fair value of the Group’s interest in the Target Group of approximately RMB44 million as at 31 December 2021; and (ii) the consideration to be received by the Group for the Disposal of

LETTER FROM THE BOARD

approximately RMB44 million at the estimated RMB/HK\$ exchange rate of approximately RMB1 = HK\$1.2235 being the estimated exchange rate within three months from the date of entering into the Disposal Agreement, which is the period on which the Completion Date is expected to be.

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, including the acquisition of distribution rights and/or purchase of pharmaceutical products, and/or any potential suitable investment opportunity(ies) as may be identified by the Group in the future. As at the Latest Practicable Date, the Company has not identified any potential investment opportunities.

The Directors expect that the Disposal will not have a material impact on the earnings of the Company as the Target Group has not been consolidated into the financial statements of the Company by virtue of it being an equity instrument at fair value through other comprehensive income of the Group. It is estimated that upon Completion, the Company will record (i) an increase in total assets of approximately HK\$15,000, being the difference between the proceeds from the Disposal less the expected carrying amount of the Group's 25% interest in the Target Group as an equity instrument at fair value through other comprehensive income as at the Completion Date; and (ii) no effect on its total liabilities. The actual amount of the carrying amount of the Group's 25% interest in the Target Group as an equity instrument at fair value through other comprehensive income as at the Completion Date will be assessed after Completion and is subject to the review and final audit by the auditors of the Company.

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.

LETTER FROM THE BOARD

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 Previous 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.

A notice convening the SGM to be held at 9:00 a.m. on Wednesday, 13 July 2022 at Units 1203B, 1204–1205, 12/F, Worldwide House, 19 Des Voeux Road Central, Central, Hong Kong is set out on pages SGM-1 and SGM-3 of this circular. A form of proxy for use by the shareholders of the Company at the SGM is enclosed herein.

In accordance with the Listing Rules, the resolution to be proposed at the SGM will be voted on by way of poll.

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 approving the Disposal, the Disposal Agreement and the transactions contemplated thereunder.

Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event by 9:00 a.m. (Hong Kong time) on Monday, 11 July 2022 or not less than 48 hours before the time appointed for holding any adjournment of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

LETTER FROM THE BOARD

Closure of register of members

To ascertain a member's entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 8 July 2022 to Wednesday, 13 July 2022 (both days inclusive), during which no transfer of Shares will be registered. The last registration date to determine the eligibility to attend the SGM will be on Thursday, 7 July 2022. In order to qualify for the entitlement to attend and vote at the SGM, all transfer documents, together with the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Thursday, 7 July 2022.

Precautionary Measures for the SGM

Please see the section headed "PRECAUTIONARY MEASURES FOR THE SGM" in this circular for measures being taken to try to prevent and control the spread of Covid-19. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy instead of attending the SGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders' rights.

RECOMMENDATION

The Directors consider that the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution as set out in the notice of SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. INDEBTEDNESS STATEMENT

As at the close of business on 25 April 2022, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total indebtedness as summarised below:

Lease liabilities

As at 25 April 2022, the Group had total outstanding lease liabilities of approximately HK\$1.2 million.

Pledge of assets

As at 25 April 2022, the Group pledged the buildings and right-of-use assets with an aggregate carrying amount of approximately HK\$9.1 million to secure general banking facilities granted to the Group.

Save as disclosed above, apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, which include marketing and storage fees, operational expenses, salaries and benefits of employees, fees to professional advisers and taxes payable, the Group did not have any other outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank or other borrowings, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments or other contingent liabilities.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal financial resources presently available to the Group and the effect of the Disposal, in the absence of unforeseeable circumstances, the Group has sufficient working capital for its present requirements that is for at least the next 12 months following the date of this circular.

3. FINANCIAL AND BUSINESS PROSPECTS OF THE GROUP

The Group is an established pharmaceutical distributor headquartered in Hangzhou, Zhejiang province. The Group is principally engaged in the distribution and trading of pharmaceutical products and the provision of marketing and promotion services in the PRC, with a focus in Zhejiang province. The Group procures pharmaceutical products throughout the PRC and overseas and sells pharmaceutical products and provides marketing and promotion services through a network of customers spreading over different regions in the PRC.

The PRC pharmaceutical industry is facing many challenges as a result of the release of a series of policies by the Chinese government to reform its healthcare system, such as the volume-based procurement (帶量採購) officially initiated in 11 cities in the PRC in 2018 and the expansion of the volume-based procurement nationwide since 2019. The first, second and third batches of the national volume-based procurement were successfully implemented during the years 2019 to 2020, the fourth, fifth and sixth batches were completed in February 2021, June 2021 and November 2021 respectively. The fourth batch of the volume-based procurement involved 45 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 52% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 96% as compared to its original bidding price. The fifth batch of the volume-based procurement involved 62 varieties of pharmaceutical products, and the average price of the shortlisted varieties was reduced by approximately 56% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 98% as compared to its original bidding price. The sixth batch of the volume-based procurement involved 42 varieties of insulin products, and the average price of the shortlisted varieties was reduced by approximately 49% as compared to the average original bidding prices, with the biggest price reduction of one variety being approximately 74% as compared to its original bidding price.

It is expected that the national volume-based procurement will continue in the future and the scope of drugs under such procurement scheme will become wider and the downward pressure of the price of drugs is anticipated. The abovementioned policies may put the pharmaceutical distribution and trading enterprises in the PRC including the Group into a challenging position and may affect the profitability of these companies in the future.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS**(i) Interests of Directors and chief executive of the Company**

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company has any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (“SFO”)) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

(ii) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO:

Long position in Shares and underlying Shares

Name of substantial shareholders	Capacity	No. of Shares held	Approximate % in the Company's issued share capital as at the Latest Practicable Date <i>(Note 1)</i>
Eagle Amber Holdings Limited <i>(Note 2)</i>	Beneficial owner	426,672,000	25.52%
Zhang Jiang <i>(Note 2)</i>	Interest of a controlled corporation	426,672,000	25.52%
Dai Xiaosong <i>(Note 2)</i>	Interest of a controlled corporation	426,672,000	25.52%
Qian Shenglei	Beneficial owner	199,752,000	11.95%
Zhou Ling <i>(Note 3)</i>	Beneficial owner and interest of spouse	161,400,000	9.65%
Yang Fang <i>(Note 3)</i>	Beneficial owner and interest of spouse	161,400,000	9.65%

Notes:

1. The percentage of shareholding is calculated based on the number of the total issued share capital of the Company as at the Latest Practicable Date, i.e. 1,671,846,657 Shares.
2. Eagle Amber Holdings Limited is beneficially owned by Zhang Jiang and Dai Xiaosong as to 35% and 35% respectively. As such, Zhang Jiang and Dai Xiaosong were deemed to be interested in the 426,672,000 Shares held by Eagle Amber Holdings Limited under Part XV of the SFO.

3. Mr. Zhou Ling beneficially owns 132,188,952 Shares. Ms. Yang Fang beneficially owns 29,211,048 Shares. Mr. Zhou Ling is the spouse of Ms. Yang Fang. Accordingly, Mr. Zhou Ling was deemed to be interested in all the 29,211,048 Shares held by Ms. Yang Fang by virtue of the SFO and Ms. Yang Fang was deemed to be interested in all the 132,188,952 Shares held by Mr. Zhou Ling under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, no other persons, other than the Directors or chief executive of the Company, had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of SFO.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. LITIGATION

On 17 November 2020, the Company was served a sealed copy of a petition dated 16 November 2020 filed in the High Court of the Hong Kong Special Administrative Region (the "**Court**") by the Securities and Futures Commission ("**SFC**") pursuant to section 214 of the SFO ("**Petition**"). The Petition named three respondents. Apart from the Company, the other two parties named as respondents by the Petition are two former Directors, namely, Mr. Zhou Ling ("**1st Respondent**") and Mr. Dai Haidong ("**2nd Respondent**"). The 1st Respondent and the 2nd Respondent retired and resigned from their position as executive Directors on 27 June 2018 and 5 November 2015 respectively.

Pursuant to the Petition, the SFC alleged that, during the period from 2015 to 2018, each of the 1st Respondent and the 2nd Respondent has been wholly or partly responsible for the business or affairs of the Company having been conducted in a manner (i) involving misfeasance or other misconduct towards it or its members or any part of its members; (ii) resulting in its members or any part of its members not having been given all the information with respect to its business or affairs that they might reasonably expect; and/or (iii) unfairly prejudicial to its members or any part of its members. In particular, the SFC alleged that, *inter alia*,

- (1) the 1st Respondent and the 2nd Respondent had breached their duties as directors of the Company in relation to the Group's acquisition of 50% interest in Saike International Medical Group Limited ("**Saike International**") (details of such acquisition were disclosed in the announcements of the Company dated 14 February 2015, 20 March 2015, 26 June 2015 and 16 July 2015);
- (2) the 1st Respondent had made a secret profit in the sum of HK\$26 million out of the Group's acquisition of 15% interest in Eternal Charm International Limited (currently known as WinHealth International Company Limited) (details of such acquisition were disclosed in the announcements of the Company dated 5 December 2016 and 14 March 2017); and
- (3) the 1st Respondent was responsible for misfeasance and/or misconduct which was unfairly prejudicial to the members or any part of the members of the Company, comprising various artificial transactions involving dealings in a number of pharmaceutical products.

In the Petition, the SFC applies for, *inter alia*, an order that the 1st Respondent do pay to the Company the sum of HK\$26 million with interest thereon at such rate and for such period as the Court thinks fit.

No order or relief is sought against the Company in the Petition. The Petition has been fixed to be heard on 11 May 2021.

On 4 May 2021, the SFC, the Company, the 1st Respondent and the 2nd Respondent made a joint-application by way of consent summons ("**Consent Summons**") in respect of the vacation of the hearing date fixed for the Petition. On 5 May 2021, the Court made an order in terms of the Consent Summons as amended, among other things, that the hearing date of the Petition scheduled to be held on 11 May 2021 be vacated and leave be granted to the parties to fix a case management conference on a date in consultation with counsel's diaries. Details of the Petition are disclosed in the Company's announcements dated 18 November 2020 and 10 May 2021.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no member of the Group was involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor their respective close associates had any interest in any business which competed or was likely to compete, directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of, or leased to any member of the Group.

7. MATERIAL CONTRACTS

Save as disclosed below, no contracts (not being contract entered into in the ordinary course of business carried out by the Group) had been entered into by any member of the Group within the two years immediately preceding the Latest Practicable Date and are, or may be, material:

- (a) the sale and purchase agreement dated 30 November 2020 entered into by and among the Vendor as vendor, the Purchaser as the purchaser and the Guarantor as the guarantor, in relation to the disposal of 25 ordinary shares of the Target Company, representing 25% of its issued share capital at a maximum consideration of RMB44,000,000 (subject to adjustment) (i.e. the Previous Disposal Agreement);
- (b) the guarantee dated 30 November 2020 executed by the Guarantor in favour of the Vendor to guarantee the performance of obligations by the Purchaser under the Previous Disposal Agreement;
- (c) the share repurchase agreement (“**Share Repurchase Agreement**”) dated 20 April 2021 entered into by and between the Vendor and WinHealth International Company Limited (維健國際有限公司) (formerly known as Eternal Charm International Limited (恆雅國際有限公司)) (“**WinHealth**”) in relation to the disposal of 162,806 ordinary shares of WinHealth by the Vendor to WinHealth at a consideration of RMB68,000,000;
- (d) the agreement dated 30 July 2021 entered into by and between the Vendor and WinHealth in relation to the extension of the long stop date contained in the Share Repurchase Agreement;
- (e) the Disposal Agreement; and
- (f) the guarantee dated 29 March 2022 executed by the Guarantor in favour of the Vendor to guarantee the performance of obligations by the Purchaser under the Disposal Agreement (“**Guarantee**”).

8. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at Room 911B, 9th Floor, Tower 1, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Mr. Lai Kwok Wa, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.
- (d) The share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.newraymedicine.com) for a period of 14 days from the date of this circular:

- (a) the Disposal Agreement; and
- (b) the Guarantee.

NOTICE OF SGM



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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“**Meeting**”) of New Ray Medicine International Holding Limited (“**Company**”) will be held at 9:00 a.m. on Wednesday, 13 July 2022 at Units 1203B, 1204–1205, 12/F, Worldwide House, 19 Des Voeux Road Central, Central, Hong Kong to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the disposal agreement dated 29 March 2022 (“**Disposal Agreement**”) entered into by and among Major Bright Holdings Limited, a wholly-owned subsidiary of the Company, as vendor, Wing Yin Holdings Limited as purchaser and 青島松山醫藥銷售有限公司 (in English, for identification purpose only, Qingdao Songshan Medicine Sales Co., Ltd.) as guarantor, in respect of the disposal of 25% of the issued share capital of Saike International Medical Group Limited (賽科國際醫療集團有限公司), the details of which are set out in the circular of the Company dated 17 June 2022 (“**Circular**”) (a copy of which is marked “A” and signed by the chairman of the Meeting for identification purpose and has been tabled at the Meeting), be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved; and

NOTICE OF SGM

- (b) any one of the directors of the Company (“**Directors**”) be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Disposal Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided for in the Disposal Agreement) as are, in the opinion of such Director, in the interest of the Company and its shareholders as a whole.”

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

Hong Kong, 17 June 2022

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Headquarters:
B–C, 37/F
Dikai International Center
19 Dangui Road
Hangzhou, the PRC

Principal place of business in Hong Kong:
Room 911B, 9th Floor
Tower 1, Silvercord
No. 30 Canton Road
Kowloon, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend the Meeting and vote on his behalf. A proxy needs not be a member of the Company but must attend the Meeting in person to represent the member of the Company.
2. A form of proxy for use at the Meeting and its adjournment (if any) is enclosed herewith.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person authorised to sign the same.

NOTICE OF SGM

4. In order to be valid, a form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon as soon as possible and in any event by 9:00 a.m. (Hong Kong time) on Monday, 11 July 2022 or not less than 48 hours before the time appointed for holding any adjourned Meeting. The completion and return of the form of proxy will not preclude a member from attending and voting in person at the Meeting or any adjournment thereof if he so wish. In that event, his form of proxy will be deemed to have been revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. To ascertain a member's entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Friday, 8 July 2022 to Wednesday, 13 July 2022 (both days inclusive), during which no transfer of Shares will be registered. The last registration date to determine the eligibility to attend the Meeting will be on Thursday, 7 July 2022. In order to qualify for the entitlement to attend and vote at the Meeting, all transfer documents, together with the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Thursday, 7 July 2022.
7. The above resolution will be voted on by way of poll as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As of the date of this Notice, 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.