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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)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION – COOPERATION AGREEMENT AND ESTABLISHMENT OF THE TARGET COMPANY

Reference is made to the announcement of New Ray Medicine International Holding Limited (“**Company**”) dated 11 July 2022 (“**Announcement**”) in respect of, among other things, the entering into of the Cooperation Agreement. Unless otherwise specified, capitalised terms used in this announcement shall have the same meaning as defined in the Announcement.

The Board would like to provide supplemental information in relation to the Cooperation Agreement and the reasons for and benefits of the establishment of the Target Company as follows:

REASONS FOR AND BENEFITS OF ESTABLISHMENT OF THE TARGET COMPANY

The Project was introduced by 何若虛 (He Ruo Xu), a director of 萬馬聯合控股集團有限公司 (Wanma United Holding Group Co., Ltd.*) (“**Wanma**”), to a member of the Board during a business event held in the PRC.

In accordance with the terms and conditions of the Cooperation Agreement, the Group will only participate as a passive investor in the Target Company and will not be involved in any management and operational functions of the Target Company and will not have board representation in the Target Company. Upon the establishment of the Target Company, the Group’s investment in the Target Company will only be accounted for as a financial asset at fair value through profit or loss of the Company and its financial results will not be consolidated with those of the Company. As the Group has established its presence in Zhejiang Province for over 20 years, the Group would make use of its existing network to assist in the promotion of the Project to potential clients.

As disclosed in the Announcement, the management and operation of the Target Company will be undertaken by Partner A, which is principally engaged in the business of, among others, real estate development in the PRC. As at the date of the Announcement, Partner A

was directly owned by He Ruo Xu as to 95% and Wanma as to 5%. Wanma is a renowned real estate developer in the PRC and He Ruo Xu is a director of Wanma and had handled a number of large-scale projects involving the development of industrial parks in the PRC.

Also, the Company has appointed an independent accounting firm in the PRC to conduct a feasibility study in relation to the Project (“**Feasibility Study**”) before entering into the Cooperation Agreement. The Feasibility Study indicated that based on a preliminary assessment on a number of factors including national policies, geographical location, market trend, cost analysis and projected income, the Project has great market potential and the economic and social benefits are expected to be significant. The management of the Group has years of experience of investment in listed securities and unlisted equity securities. The Group held investments in listed securities and unlisted equity securities with fair value of approximately HK\$127.7 million as at 31 December 2021 as shown in the Company’s audited consolidated financial statements for the year ended 31 December 2021, representing approximately 19.3% of the consolidated total assets of the Company.

Against the above background, despite that there is no direct correlation with the Company’s principal business of distribution and trading of pharmaceutical products and provision of marketing and promotion services, the Project has great potential and, for the reasons to be elaborated hereunder and in the Announcement, the Group’s investment in the Target Company would be in the interest of the Company and the Shareholders as a whole.

Subject to the successful bid of the Project Land, it is expected that the Target Company would commence soliciting potential clients for the purchase and/or rental of the related facilities and buildings in the third quarter of 2022. The facilities and buildings, which are expected to include mainly factories and office buildings, would be held for sale, held for investment (through renting out) and/or self-use depending on the market demand for such facilities and buildings upon completion of the development. It is expected that the Project would enable the Group to enjoy economic benefits through dividend income distributed by the Target Company upon the sale and/or rental of the facilities and buildings erected upon the Project Land. It is also envisaged that the Project would broaden the Group’s range of strategic cooperation opportunities with other stakeholders in the PRC healthcare industry given that one of the major target clients would be leading enterprises in healthcare industry based in Shengzhou and Xinchang County in Zhejiang Province.

Based on the above, the Group considered that the establishment of the Target Company undertaking the Project presents a good opportunity for the Group to utilise its available funds for a return and to expand investment portfolio with quality assets and to broaden the Group’s strategic cooperation opportunities with other stakeholders in the PRC healthcare industry. Accordingly, the Directors considered that the entering into of the Cooperation Agreement is in the interest of the Company and the Shareholders as a whole.

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

Hong Kong, 26 July 2022

The English translation of a Chinese name which is marked with “” has been provided for identification purpose only.*

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.