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OrbusNeich Medical Group Holdings Limited

業聚醫療集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6929)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 84% OF THE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY**

THE ACQUISITION

The Board is pleased to announce that on November 27, 2023, the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Sellers entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Sellers conditionally agreed to sell, the Sale Shares, representing 84% of the issued share capital of the Target Company. The Purchase Price is based on the Initial Valuation, subject to adjustment, and shall not in any event be lower than US\$10,080,000 or higher than US\$20,160,000.

Upon Completion, the Target Company will be held as to 84% by the Purchaser. The Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

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SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as below.

Date

November 27, 2023

Parties

Purchaser: OrbusNeich Medical Company Limited, an indirect wholly-owned subsidiary of the Company

Sellers: MZI, AM, BB and IBKP

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Sellers is an Independent Third Party.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase, and the Sellers conditionally agreed to sell, the Sale Shares, representing 84% of the issued share capital of the Target Company.

The Purchaser shall not be obliged to complete the purchase of any of the Sale Shares unless the purchase of all the Sale Shares is completed simultaneously.

Purchase Price

Pursuant to the Sale and Purchase Agreement, the Purchase Price shall be calculated based on the formula as set out below:

$$\left(\frac{\text{Actual Profits}}{\text{Targeted Profits}} \times \text{Initial Valuation} \right) \times 84\%$$

where:

“Actual Profits” means the US\$ amount of the profit after tax of the Target Company as converted from the relevant IDR amount as specified in the Completion Accounts using the exchange rate as specified in the Sale and Purchase Agreement.

“Targeted Profits” means US\$1,500,000.

“Initial Valuation” means US\$18,000,000, which is the valuation of the entire issued share capital of the Target Company as of June 30, 2023.

The Purchaser and the Sellers agreed that the Purchase Price (excluding any deduction of the unpaid capital of the Target Company of US\$298,798 (the “**Unpaid Capital**”)) shall not in any event be lower than US\$10,080,000 (the “**Minimum Payment Amount**”) or higher than US\$20,160,000 (the “**Maximum Payment Amount**”). The Purchase Price shall be satisfied by proceeds from the Global Offering and cash generated from operations.

The Sellers agreed that the Purchase Price shall be reduced by the Unpaid Capital. Such reduction shall be made at Completion by deducting the sum of the Unpaid Capital from the amount of the purchase price payable by the Purchaser to the Sellers at Completion.

The initial estimated purchase price, being an estimated amount only and is subject to adjustment upon the determination of the Purchase Price in accordance with the calculation above, is US\$15,120,000.

The Purchase Price was arrived at after arm’s length negotiations between the Purchaser and the Sellers, taking into account, (i) the appraised value of the entire issued share capital of the Target Company of US\$18,000,000 as of June 30, 2023 as shown in the Valuation Report prepared by the Valuer using the market approach, which has taken into account (a) the net profit of the Target Company of approximately IDR7,584,255,000 for the six months ended June 30, 2023; (b) the median of the adjusted price-to-earnings ratio of comparable companies (“**Comparable Companies**”) of 17.8 times; (c) a discount for lack of marketability of 16.5%; and (d) a control premium of 19.2%; and (ii) the reasons and benefits as set out in the section headed “Reasons for and Benefits of the Acquisition” below.

Due to the scarcity of comparable companies operating solely in Indonesia, the Valuer has identified and selected an exhaustive list of seven Comparable Companies with reference to the following criteria: (i) companies which are publicly listed with liquid market trading and sufficient information; (ii) companies which have a principal place of business based in Southeast Asia; and (iii) companies which more than 90% of revenue is generated from distribution of medical devices and/or equipment. No companies that meet the selection criteria are excluded. Based on the market data from the Comparable Companies, the median of the adjusted price-to-earnings ratio of the Comparable Companies is 17.8 times.

Having considered the above-mentioned factors in arriving at the Purchase Price, the Board is of the view that the Purchase Price is fair and reasonable.

Payment Terms

The Purchaser shall pay a sum of the Minimum Payment Amount less the Unpaid Capital to the Sellers on the Completion Date.

Within ten business days of the Completion Accounts being finally agreed and determined in accordance with the Sale and Purchase Agreement if the Purchase Price (excluding any deduction of the Unpaid Capital):

- (i) is greater than the Minimum Payment Amount but lower than the Maximum Payment Amount, the Purchaser shall pay to the Sellers an amount equal to the difference between the Purchase Price and the Minimum Payment Amount;
- (ii) is greater than the Maximum Payment Amount, the Purchaser shall pay to the Sellers an amount equal to the difference between the Minimum Payment Amount and the Maximum Payment Amount; or
- (iii) is lower than the Minimum Payment Amount, no further payment shall be made.

Completion

Completion shall take place on the date that is five business days after (and excluding) the day on which the last of the conditions has been satisfied or waived in accordance with the terms of the Sale and Purchase Agreement (save for those conditions which, by their nature, are to be satisfied on the Completion Date itself) or such other date as the Purchaser and the Sellers may agree in writing (the “**Completion Date**”). The Purchaser may waive in whole or in part all or any of the conditions by written notice to the Sellers.

If there is a breach of the Sellers’ obligations under the Sale and Purchase Agreement on the Completion Date, the Purchaser shall not be obliged to complete the Sale and Purchase Agreement and may (i) defer Completion; (ii) proceed to Completion as far as practicable; or (iii) treat the Sale and Purchase Agreement as terminated for breach of condition.

Each Seller undertakes to indemnify and hold the Purchaser harmless from and against all losses suffered or incurred by it as a result of any document delivered to it at Completion being unauthorized or otherwise ineffective.

Upon Completion, the Target Company will be held as to 84% by the Purchaser, 2% by MZI, 10% by AM, and 4% by BB. The Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

Conditions

Completion will be subject to, and conditional upon, the fulfillment (or waiver) of certain conditions including:

- (i) each of the Sellers having obtained a spousal consent to sell the relevant Sale Shares in the Target Company and perform his respective obligations under the Sale and Purchase Agreement and the relevant transaction documents;
- (ii) the Target Company having made an announcement in respect of the Acquisition in one daily Indonesian language newspaper with nationwide circulation and to the Target Company's employees in accordance with the laws in Indonesia;
- (iii) the Sellers having delivered to the Purchaser a copy of the shareholders' approval of the Target Company, among other things, approving the Acquisition;
- (iv) the Sellers having delivered to the Purchaser up-to-date monthly management accounts in respect of the Target Company since December 31, 2022, and such management accounts being satisfactory to the Purchaser;
- (v) no legislation, injunction, restraining order or other order or any other legal or regulatory restraint or prohibition having been issued or made by any court of competent jurisdiction or any other person which prevents, prohibits, challenges, or interferes, materially restrict, or materially delay the consummation of the Acquisition;
- (vi) the warranties which are qualified by reference to "material" being true and accurate in all respects and not misleading and all other warranties being true and accurate in all material respects and not misleading; and
- (vii) no change, event or circumstance or any combination thereof having occurred which has or which is reasonably likely to have a Material Adverse Effect.

If any of the conditions under the Sale and Purchase Agreement is not fulfilled or waived on or before the Long Stop Date, the Purchaser shall be entitled to treat the Sale and Purchase Agreement as terminated.

Termination

The Sale and Purchase Agreement may be terminated by the Purchaser:

- (i) if any of the conditions under the Sale and Purchase Agreement is not fulfilled or waived on or before the Long Stop Date;
- (ii) if there is a breach of the Sellers' obligations under the Sale and Purchase Agreement on the Completion Date; or
- (iii) at any time before Completion by notice in writing to the Sellers if (a) a change, event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect; (b) a breach of the Sellers' warranties occurs prior to the Completion; or (c) the Sellers commit a breach of any of their other obligations under the Sale and Purchase Agreement.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the Republic of Indonesia with limited liability. As of the date of this announcement, the Target Company is owned as to (i) 45% by MZI, (ii) 28% by AM, (iii) 19% by BB, and (iv) 8% by IBKP.

The Target Company is principally engaged in the sale and distribution of cardiovascular intervention, neuro intervention, peripheral intervention and continuous renal replacement therapy products in Indonesia.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The table below sets out the audited financial information of the Target Company for the two years ended December 31, 2021 and 2022, prepared based on Indonesian Financial Accounting Standards:

	For the year ended December 31,	
	2021	2022
	IDR'000	IDR'000
Profit before tax	13,131,886	19,676,713
Profit after tax	9,006,974	14,340,096

The unaudited net asset value of the Target Company as of June 30, 2023 was approximately IDR88,121,125,000.

INFORMATION OF THE SELLERS

Each of MZI, AM, BB and IBKP is a merchant in Indonesia and are Independent Third Parties.

INFORMATION OF THE GROUP

The Group is a major global medical device manufacturer specialized in interventional instruments for percutaneous coronary intervention and percutaneous transluminal angioplasty procedures.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company has well-established reputation and business relationships in the sale and distribution of cardiovascular intervention, neuro intervention, peripheral intervention and continuous renal replacement therapy products in Indonesia. The Target Company is currently the exclusive distributor of the Company's medical devices in Indonesia. In light of the significant market potential for medical devices in Indonesia and the recent government policies in support of medical devices industry in Indonesia, the Acquisition will enable the Group to further expand and develop its sales capability in Indonesia with direct sales force by leveraging on the Target Company's experience and expertise.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is on normal and commercial terms, and the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Sellers pursuant to the Sale and Purchase Agreement
“AM”	Andriatno Martono, one of the Sellers
“BB”	Bachder, one of the Sellers
“Board”	the board of Directors
“Company”	OrbusNeich Medical Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 6929)

“Completion”	the completion of the Acquisition in accordance with the terms of the Sale and Purchase Agreement
“Completion Accounts”	the audited financial statements of the Target Company for the year ending on December 31, 2023, which shall be prepared and agreed by the Purchaser and the Sellers in accordance with the generally accepted accounting principles and practices in Indonesia
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Global Offering”	the Hong Kong public offering and the international offering of the Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IBKP”	Ida Bagus Ketut Pramayuliana, one of the Sellers
“IDR”	Indonesian Rupiah, the lawful currency of Indonesia
“Independent Third Party(ies)”	third parties who are independent of, and not connected with, the Company and its connected persons
“Indonesia”	Republic of Indonesia
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Long Stop Date”	December 29, 2023 or such other date as the Purchaser and the Sellers may agree in writing
“Material Adverse Effect”	any material adverse change in or effect on the business, assets, liabilities, condition (financial or otherwise), prospects and/or results of operations of the Target Company
“MZI”	Muhammad Zidni Ilma, one of the Sellers
“Purchase Price”	the final purchase price for the Acquisition

“Purchaser”	OrbusNeich Medical Company Limited (業聚醫療有限公司), a company incorporated in Hong Kong with limited liability on February 23, 1998, an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated November 27, 2023 entered into between the Purchaser and the Sellers in respect of the Acquisition
“Sale Shares”	an aggregate of 525,000,000 shares of the Target Company, representing 84% of the issued share capital of the Target Company
“Sellers”	MZI, AM, BB and IBKP, and each a “ Seller ”
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	PT Revass Utama Medika, a company incorporated in Indonesia with limited liability
“US\$”	United States dollar, the lawful currency of the United States of America
“Valuation Report”	the valuation report prepared by the Valuer for the purpose of the Acquisition
“Valuer”	Graval Consulting Limited, an independent and qualified valuer
“%”	per cent

By order of the Board
OrbusNeich Medical Group Holdings Limited
Mr. David CHIEN

Chairman, Executive Director and Chief Executive Officer

Hong Kong, November 27, 2023

As of the date of this announcement, the Board of the Company comprises Mr. David CHIEN, Ms. Kwai Ching Denise LAU and Mr. Wing Shing CHEN as Executive Directors; Mr. Ching Chung John CHOW, Mr. Ting San Peter Lionel LEUNG and Dr. Yi ZHOU as Non-Executive Directors; and Mr. Yip Keung CHAN, Mr. Ka Keung LAU BBS, MH, JP and Dr. Lai Fan Gloria TAM as Independent Non-executive Directors.