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Cathay International Holdings Ld - CTI Lansen's partial disposal of shares in Starry
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Cathay International Holdings Limited
("Cathay", the "Company" and, together with its subsidiaries, the "Group")

Lansen's partial disposal of shares in Starry

Hong Kong, 6 June 2018 - Cathay International Holdings Limited (LSE: CTI.L) is an operator and investor in the growing healthcare sector in the People's Republic of China. Reference is made to the announcement on 3 April 2018 of the share reduction plan of Lansen Pharmaceutical Holdings Ltd ("**Lansen**") (HKEX: 503), the Company's 50.56% owned subsidiary, in relation to its holding in the shares of Zhejiang Starry Pharmaceutical Co., Ltd. ("**Starry**").

The Company announces that Lansen has announced today that Lansen Investments (Hong Kong) Limited ("**Lansen HK**"), an indirect wholly owned subsidiary of Lansen, has disposed (the "**Disposal**") on-market of an aggregate of 2,400,000 shares in Starry (the "**Starry Shares**") on the Shanghai Stock Exchange (the "**Lansen Announcement**"). The full text of the Lansen Announcement can be found at <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0606/LTN201806061272.pdf> and will also be made available at the Announcements & Notices section of Lansen's homepage at <http://holding.lansen.com.cn/en/newslst.aspx?NodeCode=10002000700050005>.

Immediately prior to the date of this announcement and prior to the Disposal, Lansen, via Lansen HK and Full Keen Limited ("**Full Keen**"), owned an aggregate of 15,175,000 Starry Shares, representing 12.65% of Starry's issued share capital.

Starry is a company incorporated under the laws of the People's Republic of China. Starry specialises in the research and development, manufacture, marketing and sales of bulk pharmaceuticals and intermediates. One of the core products of Starry is iohexol for XCT non-ionic contrast agents. Starry is the largest generic drug manufacturer of iohexol's active pharmaceutical ingredients in the PRC and is experienced in the production management and quality control of bulk pharmaceuticals. Starry was listed on the

Shanghai Stock Exchange on 9 March 2016 (stock code 603520). For more details please visit <http://www.starrypharm.com/en/index.aspx>.

The aggregate gross sales proceeds of the Disposal to Lansen was USD10.2 million (RMB65.3 million) before deduction of transaction costs and related tax, which is receivable in cash on settlement. The pre-tax net gain on the Disposal attributable to Cathay will be USD2.8 million.

In the audited accounts for the years ended 31 December 2016 and 2017, prepared in accordance with the PRC generally accepted accounting principles, Starry reported profits before tax of RMB97.5 million (USD15.2 million) and RMB103.5 million (USD16.1 million) respectively. The audited gross asset value of Starry as at 31 December 2017 was RMB2,013.4 million (USD313.8 million).

The key management of Starry are Mr. Hu Jinsheng, Chairman and General Manager; and Mr. Hu Jian Deputy Chairman and Deputy General Manager.

The Disposal realises a partial gain on the investment in Starry and has a positive impact on the financial positions in both Lansen and the Cathay group. The net proceeds from the Disposal will be used by Lansen for general working capital.

As a result of the Disposal, the Group's holding in Starry has reduced from 12.65% to 10.65%.

Pursuant to the Listing Rules, the Disposal described above constitutes a Class 1 transaction for Cathay. The Listing Rules require that, in relation to a Class 1 transaction, a company must send an explanatory circular to shareholders and obtain their prior approval in a general meeting for the transaction, and must ensure that any agreement effecting the transaction is conditional on that approval being obtained. However, Lansen is listed on the main board of the Hong Kong Stock Exchange. Lansen is an independently managed company, and the executive directors and independent non-executive directors comprise a majority of its board. The Disposal is, under the constitution of Lansen and under the rules in relation to Lansen's listing on the Hong Kong Stock Exchange, within the decision of the board of Lansen.

The board of Lansen are of the view that the Disposal will enhance the liquidity of Lansen, was fair and reasonable, on normal commercial terms and in the interests of Lansen and its shareholders as a whole.

The Company is seeking advice on what further actions may be required under the Listing Rules.

This announcement contains inside information.

Where amounts in USD are shown in brackets after RMB amounts or where a USD equivalent of an amount in RMB is stated, an exchange rate of RMB6.4157: USD1 has been used.

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About Cathay

Cathay International Holdings Limited (LSE: CTI.L) is a main market listed investment holding company and an operator and investor in the growing healthcare sector in the People's Republic of China (the "PRC"). The Company and its subsidiaries (collectively the "Group") aim to leverage on growth opportunities in the strong and growing domestic demand for high quality healthcare products in the PRC and build its portfolio companies into market sector leaders with competitive edge. Cathay has already demonstrated a strong track record of identifying high growth potential investment opportunities in this area including: Lansen, a leading specialty pharmaceutical company focused on rheumatology and dermatology in the PRC; Haizi, a company engaged in the manufacture, marketing and sale of inositol and its by-product, di-calcium phosphate; Natural Dailyhealth, a company engaged in production and sales of plant extracts for use as key active ingredients in healthcare products; and Botai, a company engaged in collagen products.

The Group employs approximately 2,000 people across the PRC, including over 30 specialist corporate and business development staff based at the holding company's offices in Hong Kong and Shenzhen. Cathay also has a hotel investment. For more information please visit the Company's website: www.cathay-intl.com.hk.

About Lansen

Lansen, whose shares are listed on the mainboard of the Hong Kong Stock Exchange, is a 50.56% owned subsidiary of Cathay. Lansen is engaged in the manufacture, distribution and development of specialty prescription drugs for treatment of autoimmune disorder in rheumatology and dermatology. Lansen is in the leading market position in disease modifying anti-rheumatic drugs ("DMARDs") for treatment of rheumatoid arthritis ("RA") in the PRC. Lansen has established an extensive distribution network, covering more than 1,000 hospitals in four municipalities, 25 provinces and cities in the PRC. For more information please visit the Lansen's website: <http://www.lansen.com.cn/en/index.aspx>.

About Starry

Starry, whose shares are listed on the Shanghai Stock Exchange (stock code 603520), is 16.1% owned by Lansen. Starry is specialised in the research and development, manufacture, marketing and sales of bulk pharmaceuticals and intermediates. One of the core products of Starry is iohexol for X-CT non-ionic contrast agents. Starry is the largest generic drug manufacturer of iohexol's active pharmaceutical ingredients in the PRC and is experienced in the production management and quality control of bulk pharmaceuticals. For more information please visit Starry's website: <http://www.starrypharm.com/en/index.aspx>.

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