

Regulatory Story

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Cathay International Holdings Ltd - CTI Extension of put option in Natural Dailyhealth
Released 08:00 25-Jun-2018

RNS Number : 4231S
Cathay International Holdings Ltd
25 June 2018

Cathay International Holdings Limited ("Cathay", the "Company" or the "Group")

Extension of exercise period of the put option to repurchase shares in Natural Dailyhealth

Hong Kong, 25 June 2018 - Cathay International Holdings Limited (LSE: CTL.L), an operator and investor in the growing healthcare sector in the People's Republic of China (the "PRC"), announces that its subsidiary, Lansen Pharmaceutical Holdings Ltd ("Lansen", incorporated in the Cayman Islands) (HKEX:503), in which the Company has a 50.56% shareholding, has announced (the "Lansen Announcement") that its wholly-owned subsidiary, Lansen Pharmaceutical Holdings Limited (incorporated in the British Virgin Islands), has entered into a supplemental conditional agreement to the Subscription Agreement (as defined below) pursuant to which the expiry date of the Put Option Period (as defined below) is extended for twelve months to 24 June 2019.

INTRODUCTION

Reference is made to the announcement of the Company dated 24 March 2016 (the "Announcement") in relation to, inter alia, the subscription agreement (the "Subscription Agreement") executed by the wholly-owned subsidiary of Lansen, Lansen Pharmaceutical Holdings Limited (incorporated in the British Virgin Islands) (the "Subscriber"), and Natural Dailyhealth Holdings Limited ("Natural Dailyhealth"), formerly known as Haotian Holdings Limited).

As mentioned in the Announcement, according to the Subscription Agreement, the Subscriber completed subscription of the first tranche subscription shares representing approximately 19.1% of the enlarged issued

share capital of Natural Dailyhealth. With the approval obtained by Lansen at an extraordinary general meeting convened on 13 July 2016, the Subscriber completed the second tranche subscription shares and, together with the first tranche subscription shares, owns approximately 30% of the enlarged issued share capital of Natural Dailyhealth.

According to the Subscription Agreement, Natural Dailyhealth granted a put option (the "Put Option") to the Subscriber. At any time during the period of three months commencing immediately after the second anniversary of the date of the Subscription Agreement (the "Put Option Period"), the Subscriber is entitled to exercise the Put Option to require Natural Dailyhealth to purchase all (but not part) of the subscription shares. Further details of the Put Option are set out in the Lansen Announcement.

EXTENSION OF PUT OPTION PERIOD - SUPPLEMENTAL AGREEMENT

On 24 June 2018, the Subscriber and Natural Dailyhealth entered into a supplemental conditional agreement to the Subscription Agreement (the "Supplemental Agreement") pursuant to which the expiry date of the Put Option Period is extended for twelve months to 24 June 2019. Save for the extension of the Put Option Period, all other terms of the Subscription Agreement remain unchanged.

The Supplemental Agreement is a Class 1 transaction under the Listing Rules. Lansen is a related party under the Listing Rules and accordingly the Supplemental Agreement is also regarded as a related party transaction. Accordingly, the Supplemental Agreement is conditional upon approval by the Company's shareholders. A circular will be issued setting out the background to and reasons for the Supplement Agreement and calling a general meeting at which resolutions will be put before shareholders to approve the Supplemental Agreement.

REASONS FOR AND BENEFITS OF EXTENSION OF THE EXERCISE PERIOD OF THE PUT OPTION

Part of the Group's strategy is to jointly develop the plant extract and healthcare product business with Lansen through Natural Dailyhealth. Lansen, owning approximately 30% of the enlarged issued share capital of Natural Dailyhealth, now manages the day to day operations of Natural Dailyhealth, and has been adjusting its management, sales and organizational structure. The management integration and business development has taken longer than expected, but Natural Dailyhealth is continuing to move forward with its business plans and strategies. For example, in terms of productivity, the modification of the multifunctional production line and expansion of the berries extraction production line have been completed, the filing for ginkgo extraction has been approved by China Food and Drug Administration and it is also expected that approval for various healthcare products will be obtained soon.

On 1 March 2018, Mr. Chen Li, took over as Chief Executive Officer of Lansen and will continue to expand the entire business of the Group including the development of the healthcare product business. The extension of the Put Option Period would provide appropriate and reasonable time for Lansen and its management to evaluate the performance and potential of Natural

Dailyhealth and to decide whether to exercise the Put Option. Considering the status of business development in Natural Dailyhealth and its prospects, the Company believes it is in the interests of the Group, including Lansen, to extend the Put Option Period.

INFORMATION ABOUT LANSEN AND NATURAL DAILYHEALTH

For the year ended 31 December 2017, Lansen made a net profit of USD15.6 million and its gross assets were USD227.7 million. The key individuals at Lansen are considered to be Mr. Chen Li and Mr. Hou Song.

For the year ended 31 December 2017, Natural Dailyhealth made a net loss of USD1.6 million and its gross assets were USD18.8 million. The key individuals at Natural Dailyhealth are considered to be Mr. Du Du and Ms. Yang Jianli.

The full text of the Lansen Announcement can be found at <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0625/LTN20180625081.pdf> and will also be made available at the Announcements & Notices section of Lansen's homepage at <http://holding.lansen.com.cn/en/newslist.aspx?NodeCode=10002000700050005>.

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About Cathay

Cathay International Holdings Limited (LSE: CTIL) 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>.

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