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Cathay International Holdings Ld - CTI Proposed Starry Shares Disposal by Lansen
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Cathay International Holdings Limited ("Cathay" or the "Company")

Proposed Further Disposal of Starry Shares by Lansen

Hong Kong, 30 November 2018 - Cathay International Holdings Limited (LSE: CTIL), an operator and investor in the growing healthcare sector in the People's Republic of China, announces that its subsidiary, Lansen Pharmaceutical Holdings Limited (**Lansen**) (HKEX: 503), has announced today proposals to dispose of its remaining shares in Zhejiang Starry Pharmaceutical Co., Ltd (**Starry**) (Further Disposal).

The Company owns 50.56 per cent of the issued share capital in Lansen and Lansen owns 12,775,000 shares in Starry, representing 10.65 per cent of Starry's issued share capital. Starry is listed on the Shanghai Stock Exchange and at the market price on 29 November 2018 of RMB 23.83 (USD 3.44), Lansen's shareholding in Starry had a value of RMB 300.0 million (USD 43.3 million). The Further Disposal will be completed through on-market transactions over a period of up to 12 months.

The Further Disposal constitutes a Class 1 transaction under the Listing Rules and is therefore conditional upon, inter alia, the issue of a circular by the Company and on shareholder approval. An explanatory circular will be sent to Cathay shareholders as soon as practicable, containing, inter alia, notice of a general meeting.

As the Starry shares are held by Lansen and Lansen is listed on the Hong Kong Stock Exchange, the Further Disposal also constitutes a very substantial disposal under the rules of the Hong Kong Stock Exchange and is also conditional on approval by Lansen's shareholders. Lansen will send an explanatory circular to its shareholders as soon as practicable, containing, inter alia, notice of a general meeting of Lansen.

The full text of the announcement by Lansen can be found at <http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/1130/LTN20181130494.pdf> and will also be made available at Announcements & Notices section of Lansen's homepage at <http://holding.lansen.com.cn/en/newslist.aspx?NodeCode=10002000700050005>.

Starry was established in 1997 and listed on the Shanghai Stock Exchange on 9 March 2016 (with stock code 603520). Starry is a Chinese pharmaceutical company specialising in the research and development, manufacture and marketing of raw materials and intermediate ingredients for non-ionic contrast agents, including Iohexol and Iopamidol (used in interventional radiology to enhance the contrast of structures or fluids within the body in medical imaging), and of Fluoroquinolones including levofloxacin hemihydrate and levofloxacin HCL (antibacterial compounds used in the treatment and prevention of bacterial infections).

For the financial year ended 31 December 2017, Starry reported profits before taxation of RMB 103.5 million (2016 RMB 97.4 million) and gross assets of RMB 2.01 billion (2016: RMB 1.89 billion).

The management team of Starry is as follows:

Mr. Hu Jinsheng is the Chairman of Starry.

Mr. Hu Jian is the Deputy Chairman and General Manager of Starry.

At the time of Starry's listing on the Shanghai Stock Exchange it had a valuation of RMB 1.46 billion (approximately USD 224.2 million), valuing the CIH Group's then 16.125 per cent. shareholding at approximately RMB 235 million (approximately USD 36.1 million). Starry's share price rose significantly from the IPO price of RMB 12.15 (USD 1.87) per share and Lansen subsequently sold 4,175,000 shares at RMB 43.11 (USD 6.25) each on 15 March 2017 (**First Disposal**) and a further 2,400,000 shares at RMB 27.22 (USD 4.24) each on 6 June 2018 (**Second Disposal**), representing, in aggregate, gross sale proceeds of RMB 245.3 million (approximately USD 36.3 million) and a gain on disposal of RMB 140.0 million (approximately USD 20.7 million). As a result, as at the date of this announcement, the CIH Group holds 12,775,000 Starry Shares representing 10.65 per cent. of the issued share capital in Starry.

The CIH Group has already made a significant return on the Starry Shares: the First and Second Disposals realised an aggregate cash sum (USD 36.3 million) in excess of the total cost of the original investment (USD 25.8 million), representing a return of 320 per cent. The current market price of a Starry Share is RMB 23.83 (USD 3.44), valuing the CIH Group's remaining shareholding at RMB 300.0 million (approximately USD 43.3 million).

For the purposes of seeking Shareholder approval for the Further Disposal, the Company informs that Lansen has set a minimum price of RMB 12.61 (USD 1.82) per share, being the current book cost of the Starry Shares (**Minimum Selling Price**) at Lansen. A sale at this price would generate gross proceeds of RMB 161.1 million (approximately USD 23.2 million), representing a return of 42 per cent on the original cost of the Starry Shares (before expenses and taxes, estimated at USD 692,000).

At the Minimum Selling Price a nil gain/loss would be recorded in the CIH Group's profit and loss account and there would be no impact to the net asset value of the Company (before expenses and taxes, estimated at USD 692,000).

If the actual selling price is higher than the Minimum Selling Price, the cash proceeds would be higher, a gain would be recorded and net assets would increase by an amount equal to the excess over the Minimum Selling Price (before expenses and taxes, estimated at USD 692,000).

Furthermore, the CIH Group currently recognises its share of Starry's post-tax profits and dividends paid by Starry. Following the Further Disposal of all Starry Shares in full, the CIH Group will cease to recognise its share of Starry's post-tax profits and dividends paid by Starry.

The proceeds of the Further Disposal will be used by Lansen for general working capital.

-Ends-

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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 growth opportunities in the strong and growing domestic demand for high quality healthcare products in the PRC and build portfolio companies into market sector leaders with a 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 1,800 people across the PRC, including over 20 specialist corporate and business development staff based at the holding company's offices in Hong Kong and Shenzhen. Cathay also owns a hotel in Shenzhen. For more information please visit the Company's website: www.cathay-intl.com.hk.

About Lansen

Lansen, whose shares are listed on the main board 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 a 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: www.lansen.com.cn/en/index.aspx.

About Starry

Starry, whose shares are listed on the Shanghai Stock Exchange (stock code: 603520), is 10.65% 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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