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東北虎藥業股份有限公司
NORTHEAST TIGER PHARMACEUTICAL CO., LTD.*

(A joint stock limited company established in the People's Republic of China)

(Stock Code: 8197)

PLACING OF H-SHARES UNDER GENERAL MANDATE

PLACING OF H-SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 24 May 2016 (after trading hours), the Company and the Placing Agent entered into the conditional Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure not less than six Placées, on a best efforts basis, to subscribe for and purchase of an aggregate of up to 41,400,000 new Placing Shares.

The 41,400,000 Placing Shares are to be allotted and issued under the General Mandate, representing (i) approximately 20% and 5.54%, respectively, of the existing issued H-Shares and the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% and 5.25%, respectively, of the issued H-Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming no further new Shares will be issued or repurchased before the completion of the Placing.

Upon the approval from the CSRC regarding the Placing is obtained by the Company, the Company will issue a written notice to the Placing Agent to confirm the Placing Price. The Placing Price shall be determined by agreement between the Company and the Placing Agent and shall not be, unless otherwise agreed between the parties:

- (a) at a discount of more than 20% to the higher of:
 - (i) the closing price of H-Shares on the date on which the Placing Price is agreed; and
 - (ii) the average closing price of H-Shares during the 5 consecutive trading days immediately prior to the date on which the Placing Price is agreed.
- (b) less than the par value of the H-Share.

The discount of 20% has been determined after arm's length negotiations between the Company and the Placing Agent. The Directors expect that it would take significant time to obtain the approval from the CSRC regarding the issue of new H-Shares before the Placing is executed. Therefore, the Directors consider that it will be in the best interest of the Company and the Shareholders to determine the Placing Price with reference to the prevailing market conditions at the time when the Placing is executed. The Board will make an announcement upon the Placing Price is determined pursuant to the Listing Rules.

The Placing Shares will be allotted and issued under the General Mandate and is conditional and subject to conditions as set out below under the heading "Conditions of the Placing".

On the assumption that all the 41,400,000 Placing Shares are issued under the Placing with an indicative placing price of approximately HK\$0.12 per Placing Share (being the par value of RMB0.1 for each H-Share), the maximum amount of net proceeds (after deducting all applicable costs and expenses, including commission, legal fees and levies) of approximately HK\$4,600,000 from the Placing is intended to be used as general working capital of the Group.

The Board is also pleased to announce that the Company intends to enter into a subscription agreement with several subscribers, pursuant to which the Company will conditionally agree to allot and issue and the subscribers will conditionally agree to subscribe for an aggregate of 20% newly-issued Domestic Shares of the Company. Details of the proposed transaction and the subscription agreement will be disclosed later in subsequent announcement upon the signing of the same.

Since the Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement and is subject to the approvals from the relevant regulatory authorities, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

24 May 2016

Parties

- (i) The Company
- (ii) The Placing Agent

Placing

Pursuant to the Placing Agreement, the Placing Agent has agreed to act as the agent for the Company to procure, on a best efforts basis, not less than six Placees to subscribe for an aggregate of up to 41,400,000 new Placing Shares. The Placing Agent shall use all reasonable endeavours to ensure that the Placees (being independent individual, professional or institutional investors) and their ultimate beneficial owners are Independent Third Parties and that none of the Placees will become substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Placing.

Number of Placing Shares

The Placing Shares to be allotted and issued comprising a maximum of 41,400,000 new H-Shares, represented (i) approximately 20% and 5.54%, respectively, of the existing issued H-Shares and the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% and 5.25%, respectively, of the issued H-Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming no further new Shares will be issued or repurchased before the completion of the Placing.

The Placing Shares are to be allotted and issued under the General Mandate and the issue of the Placing Shares will not be subject to further Shareholders' approval. According to the General Mandate, the Directors are authorised to allot, issue and deal with each of the H-Shares and Domestic Shares with an aggregate nominal amount of up to but not exceeding 20% of the then aggregate nominal amount of H-Shares and Domestic Shares, respectively. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. The aggregate nominal value of the Placing Shares will be RMB4,140,000 (equivalent to approximately HK\$4,911,556^(Note)). The Placing Shares to be allotted and issued will fully utilize the General Mandate for H-Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

Placing Price

Upon the approval from the CSRC regarding the Placing is obtained by the Company, the Company will issue a written notice to the Placing Agent to confirm the Placing Price. The Placing Price shall be determined by agreement between the Company and the Placing Agent and shall not be, unless otherwise agreed between the parties:

- (a) at a discount of more than 20% to the higher of:
 - i. the closing price of H-Shares on the date on which the Placing Price is agreed; and
 - ii. the average closing price of H-Shares during the 5 consecutive trading days immediately prior to the date on which the Placing Price is agreed.
- (b) less than the par value of the H-Share.

The discount of 20% has been determined after arm's length negotiations between the Company and the Placing Agent. The Directors expect that it would take significant time to obtain the approval from the CSRC regarding the issue of new H-Shares before the Placing is executed. Therefore, the Directors consider that it will be in the best interest of the Company and the Shareholders to determine the Placing Price with reference to the prevailing market conditions at the time when the Placing is executed. The Directors believe that the terms of the Placing Agreement in respect of the Placing Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board will make an announcement upon the Placing Price is determined pursuant to the Listing Rules.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing H-Shares in issue on the date of allotment and issue of Placing Shares.

Condition of Placing

The Completion is conditional upon the satisfaction of the following conditions:

- (i) the approval of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Placing Shares; and
- (ii) all necessary pre-requisite regulatory authorizations, permissions, approvals, consents, filings, notifications and registrations (including, without limitation, the approval from the CSRC) having been obtained or satisfied.

If any of such conditions are not fulfilled on or before 5:00 p.m. on 24 November 2016, or such later date and/or time as the Company and the Placing Agent may agree, the Placing Agreement and the obligations of the Company and the Placing Agent thereunder shall cease and terminate.

The completion of the Placing

The completion of the Placing shall take place on the fifth (5th) Business Days after the date on which all the conditions precedent to the Placing have been fulfilled or waived (or such other time and date as may be agreed between the Placing Agent and the Company).

Termination

Notwithstanding anything contained in the Placing Agreement, the Placing Agent shall be entitled by written notice to the Company given prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if:

- (a) any Specified Event comes to the notice of the Placing Agent; or
- (b) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (ii) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which, in the reasonable opinion of the Placing Agent will, or may be expected to, have a material adverse effect on the Placing; or
 - (iii) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent has or may have a material adverse effect on the Placing.

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving written notice in writing to the Company, provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Completion Date.

Application for Listing

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the relevant Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors have considered various ways of fund raising activities and are of the opinion that the Placing could strengthen the Company's cash resources and working capital position for the development of existing business of the Group. It will also facilitate the efficient and timely execution of any potential investments as and when opportunities arise.

On the assumption that all the 41,400,000 new Placing Shares are issued under the Placing with an indicative placing price of RMB0.1 (being the par value of each H-Share), equivalent to approximately HK\$0.12 per new Placing H-Share^(Note), the maximum amount of net proceeds (after deducting all applicable costs and expenses, including commission, legal fees and levies) of approximately HK\$4,600,000, from the Placing is intended to be used as general working capital to finance the existing businesses of the Group and investments in any potential business opportunities.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activity in the 12 months preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing assuming that all of the 41,400,000 new Placing Shares are subscribed or purchased in full, and the shareholding of Domestic Shares remains unchanged are as follows:

	As at the date of this announcement		Upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
Domestic Shares				
Beijing Bao Ying Chuang Fu Investment Management Centre*	398,534,660	53.38	398,534,660	50.57
Guo Feng	137,611,830	18.43	137,611,830	17.46
Zhang Ya Bin	1,618,960	0.22	1,618,960	0.21
Other Shareholders	3,507,750	0.25	1,888,790	0.24
H-Shares				
Public Shareholders	207,000,000	27.72	207,000,000	26.27
Places	—	—	41,400,000	5.25
Total	<u>746,654,240</u>	<u>100.00</u>	<u>788,054,240</u>	<u>100.00</u>

Since the Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement and is subject to the approvals from the relevant regulatory authorities, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Note: The figures are calculated based on the exchange rate of RMB0.84291 to HK\$1 as quoted by The People's Bank of China as at 24 May 2016, being the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Company”	Northeast Tiger Pharmaceutical Co., Ltd., a joint stock limited company incorporated in the PRC and whose H-Shares are listed on GEM of the Stock Exchange
“Completion”	completion of the condition to Placing pursuant to the Placing Agreement
“Completion Date”	any day falling within five (5) Business Days after fulfilment of the conditions precedent for Completion by the respective parties or such other date as the Company and the Placing Agent may agree in writing
“connected person”	has the meaning defined by the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	means the director(s) of the Company
“Domestic Share(s)”	domestic share(s) with a nominal value of RMB0.1 each in the share capital of the Company which are subscribed for in RMB
“Domestic Shareholder”	The holders of the Domestic Share(s)

“GEM”	Growth Enterprise Market
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 29 May 2015, pursuant to which the Directors are authorised to allot, issue and deal with each of the H-Shares and Domestic Shares with an aggregate nominal amount of up to but not exceeding 20% of the then aggregate nominal amount of H-Shares and Domestic Shares, respectively
“Group”	the Company and its subsidiaries
“H-Share(s)”	overseas listed foreign ordinary shares in the share capital of the Company, with a nominal value of RMB0.1 each, all of which are listed on the GEM of the Stock Exchange, and subscribed for and traded in Hong Kong dollars
“H-Shareholders”	the holder of H-Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of the Company and its connected persons (as defined under the Listing Rules)
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agreement
“Placing”	Placement of Placing Shares pursuant to the term of the Placing Agreement
“Placing Agent”	Yicko Securities Limited, a licenced corporation to carry on type 1 (dealing in securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement dated 24 May 2016 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	The placing price per Placing Share to be determined in accordance to the basis set out under the paragraph headed “Placing Price” of this announcement
“Placing Shares”	an aggregate of up to 41,400,000 new H-Shares to be allotted and issued pursuant to the Placing under the General Mandate
“PRC”	the People’s Republic of China
“Share(s)”	H-Share(s) and Domestic Share(s)
“Shareholder(s)”	shareholders of the Company
“Specified Event”	means an event occurring or matter arising on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of the undertakings, warranties and representations contained in the Placing Agreement untrue or incorrect and such would have an adverse impact or effect on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
東北虎藥業股份有限公司
Northeast Tiger Pharmaceutical Co., Ltd.*
Chairman
Wang Shaoyan

Jilin, the PRC, 24 May 2016

As at the date of this announcement, the Company's executive directors are Wang Shaoyan, Cui Bingyan and Qin Haibo; the Company's non-executive directors are Guo Aiqun and Cao Yang and the Company's independent non-executive directors are Zhao Zhen Xing, Chen Youfang and Hui Lai Yam.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

** for identification purposes only*