
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Northeast Tiger Pharmaceutical Co., Ltd.*, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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 incorporated in the People's Republic of China)
(Stock Code: 8197)

(I) MAJOR TRANSACTION – ACQUISITION OF PROPERTY
(II) DISCLOSEABLE TRANSACTION – DISPOSAL OF ASSETS
(III) PROPOSED CHANGE OF COMPANY NAME
(IV) PROPOSED CHANGE OF REGISTERED ADDRESS
(V) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF EGM

A letter from the Board is set out on pages 4 to 20 of this circular. Notice convening the EGM to be held on 16 January 2017 at 2:00 p.m. at Room 812, Block B, Jinma Building, No. 38 Xue Qing Road, Haidian District, Beijing, The People's Republic of China had been despatched to the shareholders on 6 December 2016, and a copy of the notice is set out on pages 51 to 53 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete the proxy form enclosed with the notice of the EGM in accordance with the instructions printed thereon and return the same to the registered address of the Company at No. 3, No. 2 Road, Jilin Hi-Tech Development Zone, Jilin City, Jilin Province, the PRC (for holders of Domestic Shares) or to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the EGM. Completion and return of the proxy form will not prevent the Shareholders from attending and voting in person at the EGM (or any adjournment thereof) should they so wish.

This circular will remain on the "Latest Company Announcement" page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication and on the website of the Company (www.northeasttiger.com).

* For identification purposes only

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the Property by the Company pursuant to the Assets Acquisition Agreement
“Articles of Association”	the articles of association of the Company
“Assets”	certain assets and properties owned by the Company, details of which are set out in the paragraph headed “Assets to be disposed” in this circular
“Assets Acquisition Agreement”	the assets transfer agreement dated 28 November 2016 entered into between the Company as purchaser and the Vendor in relation to the Acquisition
“Assets Disposal Agreement”	the assets transfer agreement dated 28 November 2016 entered into between the Company as vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Companies Law”	Companies Law of the People’s Republic of China
“Company”	Northeast Tiger Pharmaceutical Co., Ltd.* (東北虎藥業股份有限公司), a company incorporated in the PRC with limited liability, whose H Shares are listed on the GEM of the Stock Exchange (stock code: 8197)
“Completion Date”	the date to be agreed in writing between the Company and the Vendor for the completion of the Acquisition after the fulfilment of all the conditions precedent of the Assets Acquisition Agreement
“Delivery Date”	the date to be agreed between the Company and the Purchaser which is within 10 days of the receipt of the Company in full of the consideration for the Disposal (or such later date as agreed by the parties in writing)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Assets by the Company pursuant to the Assets Disposal Agreement
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company, with a nominal value of RMB0.10 each, which are subscribed for or credited as fully paid in RMB

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held on 16 January 2017 for the purpose of considering and, if thought fit, approving the Acquisition, the Disposal, the Proposed Change of Company Name, the Proposed Change of Registered Address and the Proposed Amendments to the Articles of Association
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	collectively, the Company and its subsidiaries
“H Share(s)”	overseas listed foreign ordinary share(s) in the share capital of the Company, with a nominal value of RMB0.10 each, which are listed on the GEM of the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) which is independent of and not connected with the Company and any of the connected person (as defined under the GEM Listing Rules) of the Company
“Latest Practicable Date”	28 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	certain properties owned by the Vendor, details of which are set out in the paragraph headed “Assets to be acquired” in this circular
“Proposed Amendments to the Articles of Association”	the proposed amendments to the Articles of Association, details of which are set out in the section headed “Proposed Amendments to the Articles of Association” in this circular
“Proposed Change of Company Name”	the proposed change of Chinese and English names of the Company, details of which are set out in the section headed “Proposed Change of Company Name” in this circular
“Proposed Change of Registered Address”	the proposed change of registered address of the Company, details of which are set out in the section headed “Proposed Change of Registered Address” in this circular

DEFINITIONS

“Purchaser”	Jilin Chun Hua Qiu Shi Agricultural Development Co., Ltd.* (吉林春華秋實農業開發有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Shares and H Shares
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Vendor”	Beijing Heng Yuan Ji Ye Investment Management Co., Ltd.* (北京恒源基業投資管理有限公司), a company established in the PRC with limited liability

In this circular, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of names in Chinese which are marked with “” is for identification purpose only.*

LETTER FROM THE BOARD



東北虎藥業股份有限公司
NORTHEAST TIGER PHARMACEUTICAL CO., LTD.*
(A joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8197)

Executive Directors:

Wang Shaoyan
Cui Bingyan
Qin Haibo

Non-executive Directors:

Guo Aiqun
Cao Yang

Independent Non-executive Directors:

Zhao Zhen Xing
Chen Youfang
Hui Lai Yam

Registered Office:

No. 3, No. 2 Road
Jilin Hi-Tech Development Zone
Jilin City
Jilin Province, PRC

*Place of Business
in Hong Kong:*

Suite 2002
20/F., Haleson Building
1 Jubilee Street, Central
Hong Kong

29 December 2016

To the Shareholders

Dear Sir or Madam,

(I) MAJOR TRANSACTION – ACQUISITION OF PROPERTY
(II) DISCLOSEABLE TRANSACTION – DISPOSAL OF ASSETS
(III) PROPOSED CHANGE OF COMPANY NAME
(IV) PROPOSED CHANGE OF REGISTERED ADDRESS
(V) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF EGM

INTRODUCTION

Reference is made to the following announcements of the Company:

- (a) the announcement of the Company dated 28 November 2016 in relation to the Acquisition;
- (b) the announcement of the Company dated 28 November 2016 in relation to the Disposal; and

* For identification purposes only

LETTER FROM THE BOARD

- (c) the announcement of the Company dated 28 November 2016 in relation to the Proposed Change of Company Name, the Proposed Change of Registered Address and the Proposed Amendments to the Articles of Association.

The purpose of this circular is to provide you with, among other things, further details of (i) the Acquisition; (ii) the Disposal; (iii) the Proposed Change of Company Name; (iv) the Proposed Change of Registered Address; (v) the Proposed Amendments to the Articles of Association; and (vi) the notice of the EGM.

THE ACQUISITION

On 28 November 2016, the Company entered into the Assets Acquisition Agreement as purchaser with the Vendor to acquire the Property at the aggregate consideration of RMB66,600,000.

THE ASSETS ACQUISITION AGREEMENT

Date

28 November 2016

The Assets Acquisition Agreement shall become effective after (1) stamping by each of the Company and the Vendor; and (2) each of the Company and the Vendor having completed their respective internal approval procedures for the Acquisition and obtained the relevant approval documents in writing.

Parties

Purchaser: the Company

Vendor: Beijing Heng Yuan Ji Ye Investment Management Co., Ltd.*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Vendor and its ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

Assets to be acquired

The assets to be acquired by the Company under the Assets Acquisition Agreement are the first and second floors of the property located in Chaoyang District, Beijing, the PRC. The particulars of the Property are set out below:

Location	Description and Tenure	Particulars of Occupancy
No. 24, Level 1 and 2, Tower 24, No. 6 Dingcheng Road (South Area), Chaoyang District, Beijing, the PRC	<p>The Property comprises a 2-storey house (plus a penthouse) with total gross floor area of approximately 592.13 sq.m. completed in about 2005.</p> <p>The relevant land use right of the Property has been granted for a term of 70 years expiring on 27 December 2065 for residential use.</p>	As at the Latest Practicable Date, the Property is in vacant possession.

Consideration

The aggregate consideration for the Acquisition under the Assets Acquisition Agreement is RMB66,600,000 (the “**Acquisition Consideration**”), which was determined after arm’s length negotiations between the Company and the Vendor with reference to the valuation of the fair market value of the Property at RMB95,155,300 as at 31 October 2016 conducted by Shenzhen Lixin Asset Appraisal Co., Ltd. (深圳立信資產評估有限公司) (“**Shenzhen Lixin**”), an independent asset appraisal company appointed by the Company.

In compliance with Rule 8.02 of the GEM Listing Rules, the Company had appointed Access Partner Consultancy & Appraisals Limited (“**Access Partner**”), an independent valuer, to conduct a valuation of the Property. Pursuant to the valuation report issued by Access Partner (the full text of which is set out in appendix II to this circular), the market value of the Property as at 31 October 2016 was RMB95,000,000. Taking into account that there is no material difference between the valuation of the market value of the Property conducted by Shenzhen Lixin and Access Partner and each of Shenzhen Lixin and Access Partner is an independent valuer, the Directors consider that the Acquisition Consideration is fair and reasonable.

Payment of consideration

The Acquisition Consideration shall be payable in the following manner:

- (a) A deposit of RMB13,320,000 (the “**Deposit**”), being 20% of the Acquisition Consideration, shall be payable by the Company in cash to the Vendor within 10 business days from the date on which the Assets Acquisition Agreement becomes effective; and

LETTER FROM THE BOARD

- (b) Upon the date of the completion of the online signing procedure of the Assets Acquisition Agreement, the Company shall transfer RMB53,280,000, being the remaining balance of the Acquisition Consideration, to an escrow account jointly set up by the Company and the Vendor (the “**Escrow Account**”). Upon the Completion Date on which the Company obtains the real estate title certificate of the Property (《不動產權證書》), the Company shall release its joint control on the Escrow Account.

If the conditions precedent of the Assets Acquisition Agreement (as set out in the section headed “Conditions precedent” below) are not fulfilled and as a result the Assets Acquisition Agreement lapses and ceases to have effect, the Vendor shall return in full the Deposit to the Company within 3 days of the lapse of the Assets Acquisition Agreement.

Conditions precedent

Completion of the Acquisition shall be conditional upon fulfilment of the following conditions:

- (a) the shareholders of the Company having approved the Assets Acquisition Agreement and the transactions contemplated thereunder at a general meeting; and
- (b) all the necessary approval, authorization and filings in relation to the Acquisition having been obtained.

In respect of condition (b) above, so far as the Company is aware and as advised by the PRC legal advisers of the Company, the necessary approval, authorization and filings in relation to the Acquisition include the followings:

- (1) the confirmation on the eligibility of the Company to acquire the Property issued by Beijing Chaoyang Real Estate Registration Affairs Centre* (北京朝陽區不動產登記事務中心) (the “**Real Estate Registration Centre**”) to the Company;
- (2) the filings of the release documents by the Vendor and its creditors with the Real Estate Registration Centre in relation to the release of the charge over the Property;
- (3) the completion by each of the Company and the Vendor of the online signing procedure with the Real Estate Registration Centre;
- (4) the filings with and payment of taxes relating to the Acquisition by each of the Company and the Vendor to the tax office designated by Beijing Chaoyang Local Taxation Bureau* (北京市朝陽區地方稅務局); and
- (5) the completion of filings by each of the Vendor and the Company with the Real Estate Registration Centre in relation to the transfer of property rights of the Property.

As at the Latest Practicable Date, the condition under item (1) has been fulfilled while the conditions under items (2) to (5) have not been fulfilled.

LETTER FROM THE BOARD

None of the above conditions precedent can be waived by either party to the Assets Acquisition Agreement.

The Assets Acquisition Agreement shall lapse and cease to have effect upon the occurrence of one of the following events (whichever is earlier) :

- (1) the date on which the shareholders of the Company vote to disapprove the Assets Acquisition Agreement and the transactions contemplated thereunder; or
- (2) all the conditions precedent of the Assets Acquisition Agreement have not been fulfilled on 30 April 2017 (or such later date as agreed by the parties in writing),

provided that the lapse of the Assets Acquisition Agreement shall not affect the rights, obligations and liabilities of the parties accrued before the lapse of the Assets Acquisition Agreement.

Completion

Completion of the Acquisition shall take place on the Completion Date upon the fulfilment of all the above conditions precedent of the Assets Acquisition Agreement.

On the Completion Date, the Vendor shall deliver the title documents, other transaction documents related to the Property (including but not limited to the original purchase agreement of the Property, the invoice and title certificate) and other related assets (including the keys and access cards of the Property) to the Company.

The Vendor shall assist the Company to arrange for the relevant registration procedures on the transfer of the Property with the relevant real estate bureau in the PRC, including but not limited to assisting the Company to obtain the real estate certificate (《不動產權證書》) of the Property.

INFORMATION OF THE GROUP

The Group's business is classified into three main segments: (i) development, manufacture and sale of medicines; (ii) planting, cultivation and sale of Chinese herbs; and (iii) pharmaceutical and Beidou big data, development of health-related big data and healthcare management service.

The Group has been continuously assessing the current business strategy, with the aim to streamline its business, enhance overall performance, prospects and attractiveness to market investors. The Directors consider that pharmaceutical and Beidou big data, development of health-related big data and healthcare management service have great market potential and good earnings prospect. Taking into account the above factors and the limited growth potential of the medicine business, the Group will contemplate to gradually dispose of the business of development, manufacture and sale of medicines, while strengthening the segment of planting, cultivation and sale of Chinese herbs and increasing the development effort on pharmaceutical and Beidou big data, development of health-related big data and healthcare management service in the future. Save for the contemplated disposal of medicine business, the Group has not entered into any agreements and arrangements nor has any intention or entered into negotiations in relation to the acquisition and disposal of assets or businesses.

LETTER FROM THE BOARD

INFORMATION OF THE VENDOR

The Vendor is a company established in the PRC with limited liability and is principally engaged in investment management, asset management, investment consulting, design, production, agency and distribution of advertisements.

FINANCIAL EFFECT OF THE ACQUISITION

The effect of the Acquisition on the earnings, assets and liabilities of the Group is set out below.

Earnings

Upon completion of the Acquisition, the Property is to be held by the Group for own use and hence is classified as land use right and buildings. Land use right is accounted for as operating lease and amortised over the lease term on a straight-line basis. Buildings are stated at their revalued amounts less any subsequent accumulated depreciation. Depreciation is calculated using the straight-line method to allocate revalued amounts to their residual values over their estimated useful life or the remaining period of the land use right, whichever is shorter. Accordingly, amortization of land use right and depreciation of buildings will be recognised in profit or loss. Changes arising on the revaluation of buildings are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. When a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation. When a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Assets and liabilities

Upon the completion of the Acquisition, (i) the total non-current assets of the Group would be increased by approximately RMB68,614,000 (including the purchase consideration of RMB66,600,000 and the related costs of approximately RMB2,014,000 on Acquisition), (ii) the total current assets of the Group would be decreased by approximately RMB68,614,000 due to decrease in cash and bank balances arising from the payment of the purchase consideration and related costs on the Acquisition, and (iii) there would be no financial effect on the liabilities of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's business is classified into three main segments: (i) development, manufacture and sale of medicines; (ii) planting, cultivation and sale of Chinese herbs; and (iii) pharmaceutical and Beidou big data, development of health-related big data and healthcare management service. Details of the current status and future development plan of the above business segments have been set out in the paragraph headed "5. Financial and trading prospects of the Group" in Appendix I to this circular.

The Group has been continuously assessing the current business strategy, with the aim to streamline its business, enhance overall performance, prospects and attractiveness to market investors. The Directors consider that pharmaceutical and Beidou big data, development of health-related big data and healthcare management service have great market potential and good earnings prospect.

LETTER FROM THE BOARD

In view of (1) the needs of the future development of the Group, (2) the contemplated disposal of the business of development, manufacture and sale of medicine of the Group in Jilin, the PRC in the future and (3) the fact that the core management personnel of the Group are ordinarily resident in Beijing, the Group's centre for daily business management, decision making and back-office support will be relocated to Beijing.

The Property will be used as the Group's Beijing headquarter office to cope with the operation needs of the Group and pave for the future growth and development of the Group. The Directors consider that the proposed Acquisition may lower the office rental cost of the Group in the long term. In addition, the Directors consider that the proposed Acquisition may (i) facilitate centralization of its management and operation, improve flexibility of its future development and enhance overall competitiveness by improving staff efficiency, cohesion and communication; (ii) cope with and promote its business expansion plans, staff recruitment and long-term future growth; and (iii) broaden fixed asset base with capital appreciation potential.

The Directors consider that the terms of the Assets Acquisition Agreement are on normal commercial terms, fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

IMPLICATIONS UNDER THE COMPANIES LAW

Pursuant to Article 121 of the Companies Law, where the value of the purchase or sale of any substantial assets by a listed company exceeds 30% of the total asset value of the listed company within a given year, such transaction shall be subject to the approval of the shareholders at a general meeting and the resolution shall be passed by the shareholders representing more than two thirds of the voting rights of all the shareholders present at the meeting.

As the amount of consideration for the acquisition of the Property exceeds 30% of the value of the total assets of the Company of RMB109,375,000 as at 31 December 2015 as shown in the audited financial statements of the Company for the year ended 31 December 2015, the Acquisition exceeds the limit of the power of the Board in acquiring assets of the Company and is subject to the approval of the Shareholders in general meeting.

In accordance with the requirements under the GEM Listing Rules and the Companies Law, the EGM will be convened to consider and, if thought fit, approve the Assets Acquisition Agreement and the transactions contemplated thereunder.

THE DISPOSAL

On 28 November 2016, the Company entered into the Assets Disposal Agreement as vendor with the Purchaser to dispose of the Assets at the aggregate consideration of RMB48,800,000.

LETTER FROM THE BOARD

THE ASSETS DISPOSAL AGREEMENT

Date

28 November 2016

The Assets Disposal Agreement shall become effective after (1) the signing by the legal representative or authorized representative of each of the Company and the Purchaser; and (2) each of the Company and the Purchaser having completed their respective internal approval procedures for the Disposal.

Parties

Vendor: the Company

Purchaser: Jilin Chun Hua Qiu Shi Agricultural Development Co., Ltd.*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed

The assets to be disposed of under the Assets Disposal Agreement comprise the following:

Assets

	Net book value <i>(unaudited) (as at</i> <i>30 September 2016)</i> <i>(in RMB)</i>
Materials in transit at the warehouse	69,647.04
Buildings	18,582,971.15
Erections and other ancillary facilities	118,229.38
Machineries and equipment	5,532,954.57
Vehicles	39,601.66
Electronic equipment	289,851.86
Land use rights	8,787,754.31
Software	75,944.94
Total	<u>33,496,954.91</u>

LETTER FROM THE BOARD

Consideration

The aggregate consideration for the Disposal under the Assets Disposal Agreement is RMB48,800,000 (the “**Disposal Consideration**”), which was determined after arm’s length negotiations between the Company and the Purchaser with reference to the valuation of the fair value of the Assets at approximately RMB47,980,000 as at 30 September 2016 conducted by Shenzhen Lixin Asset Appraisal Co., Ltd., an independent asset appraisal company appointed by the Company. The full text of the valuation report on the Assets prepared by Shenzhen Lixin Asset Appraisal Co., Ltd. is set out in Appendix III to this circular.

Payment of consideration

Within 30 days of the satisfaction of all the conditions precedent of the Assets Disposal Agreement (details of which are set out in the section headed “Assets to be disposed” below), the Company shall issue a payment notice to the Purchaser for the payment of the Disposal Consideration (the “**Payment Notice**”). Within 60 days of the receipt of the Payment Notice, the Purchaser shall pay the Disposal Consideration in full to the Company.

Conditions precedent

Completion of the Disposal shall be conditional upon fulfilment of the following conditions:

- (a) the Assets Disposal Agreement having become effective (“**Condition A**”);
- (b) the shareholders of the Company having approved the Assets Disposal Agreement and the transactions contemplated thereunder (“**Condition B**”); and
- (c) all the necessary approval, authorization and filings in relation to the Disposal having been obtained (“**Condition C**”).

The Assets Disposal Agreement shall lapse and cease to have effect if any one of Condition A, Condition B and Condition C have not been fulfilled within 180 days of the date of the Assets Disposal Agreement (or such later date as agreed by the parties in writing), provided that the lapse of the Assets Disposal Agreement shall not affect the rights, obligations and liabilities of the parties accrued before the lapse of the Assets Disposal Agreement.

Delivery of possession

If all the above conditions precedent of the Assets Disposal Agreement have been fulfilled within 180 days of the date of the Assets Disposal Agreement (or such later date as agreed by the parties in writing), the Company shall, on the Delivery Date, deliver possession of the Assets and documents transfer list related to the Assets (including, among others, the approval documents, financial statements, documents of title of the Assets) to the Purchaser. The Purchaser shall conduct inspection of the Assets and the related documents and acknowledge receipt by signing and stamping.

LETTER FROM THE BOARD

INFORMATION OF THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and is principally engaged in the research and development of agricultural technologies, planting of agricultural products, fruits and woods and sale of primary agricultural products.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Since 2016, against the backdrop of the continuous deepening of the pharmaceutical system reform in China, pharmaceutical enterprises have been facing severe challenges in terms of tightening of control over the medical insurance premiums, the consistency evaluation of generic drugs (仿製藥一致性評價) and the introduction of key monitored drug list by various provinces and cities. The entire industry underwent a painful period for reform. In April 2016, the State Council published the “Notice on Issuing the Key Tasks in 2016 of Deepening Reform of the Pharmaceutical and Healthcare System”* (《關於印發深化醫藥衛生體制改革二零一六年重點工作任務通知》) (the “**Notice**”), which required public hospitals to implement the two-invoice system. The Notice stated that the two-invoice system would first be implemented in 11 provinces at the initial stage before it is implemented nationwide. This leads to rapid destocking of the distributors, which directly affects the sales in the industry. It is expected that many pharmaceutical enterprises will be forced out of the industry or merged during this consolidation stage of the industry. In addition, the profits of the industry is under pressure due to the continuous increase in the costs of packaging, raw materials and wages.

The Assets proposed to be disposed were previously used by the Group in the GMP Chinese medicine business, which was principally engaged in the production and sales of Chinese medicine under the brand name of “東北虎” (Northeast Tiger*) in the PRC as well as pharmaceutical research and development. The original products produced and sold by the Group included small-volume injections, granules, pills, capsules and drops.

The Directors have been continuously assessing the Group’s current business strategy, with the aim to streamline its business, enhance overall performance, prospects and attractiveness to market investors. The Directors basically foresee little growth potential of the original medication business, and coupled with the fact that the revenue of the original business is negligible, therefore limiting the choices and fund-raising capability of the Company. There is a need to implement the strategy of streamlining the key businesses as an opportunity to improve the financial condition of the Group, so as to improve the prospects of the Group. The Directors have assessed the structure of the Disposal and considered the Disposal is a good opportunity for the Group to restructure its strategic business position and focus its resources on implementing development opportunities (including but not limited to “pharmaceutical and Beidou big data, development of health related big data and healthcare management service”) while improving and consolidating the Group’s financial position and cash flow. The Disposal will improve and consolidate the Group’s financial position and cash flow, and the agreed consideration is based on net asset value and is at a premium to the net asset value as at 30 September 2016.

The Directors considered the Disposal and the terms of the Assets Disposal Agreement (including the consideration of the Disposal) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

With reference to the unaudited accounts of the Company for the nine months ended 30 September 2016, the aggregate net book value of the Assets was approximately RMB33,497,000 as at 30 September 2016. Based on the difference between the consideration for the Disposal and the unaudited net book values of the Assets as mentioned above, the Group is expected to realise a gain of approximately RMB15,303,000 (unaudited and before taxation) as a result of the Disposal. The Directors considered there is no enterprises income tax charged on the gain due to the fact that gain is available to set-off against the unrelieved tax losses as allowed by the local tax authority.

USE OF PROCEEDS

The proceeds from the Disposal will be used for acquiring business premises as the Group's headquarter in Beijing, the PRC.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Assets Disposal Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules, and therefore is subject to the notification and announcement requirements thereunder.

IMPLICATIONS UNDER THE COMPANIES LAW AND THE ARTICLES OF ASSOCIATION

Pursuant to Article 121 of the Companies Law, where the value of the purchase or sale of any substantial assets by a listed company exceeds 30% of the total asset value of the listed company within a given year, such transaction shall be subject to the approval of the shareholders at a general meeting and the resolution shall be passed by the shareholders representing more than two thirds of the voting rights of all the shareholders present at the meeting.

Pursuant to Article 96 of the Articles of Association, the Directors shall not, without the prior approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company if the aggregate of:

- (i) the expected value of the consideration for the fixed assets proposed to be disposed of; and
- (ii) the total consideration received by the Company for all disposals of fixed assets which took place within the period of four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet placed before the shareholders in general meeting.

As the amount of consideration for the Disposal exceeds 30% of the value of the total assets of the Company of RMB109,375,000 as at 31 December 2015 and exceeds 33% of the value of fixed assets of RMB56,442,000 as shown in the audited financial statements of the Company for the year ended 31 December 2015, the Disposal exceeds the limit of the power of the Board in disposing assets of the Company and is subject to the approval of the Shareholders in general meeting.

LETTER FROM THE BOARD

In accordance with the requirements under the Companies Law and the Articles of Association, the EGM will be convened to consider and, if thought fit, approve the Assets Disposal Agreement and the transactions contemplated thereunder.

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the Chinese name of the Company from “東北虎藥業股份有限公司” to “北斗嘉藥業股份有限公司” and the English name of the Company from “Northeast Tiger Pharmaceutical Co., Ltd.” to “Baytacare Pharmaceutical Co., Ltd.”, subject to the conditions as set out in the paragraph headed “Conditions” below.

Conditions

The Proposed Change of Company Name will be subject to the following:

- (1) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Proposed Change of Company Name; and
- (2) any necessary approval of the relevant authorities in the PRC in relation to the Proposed Change of Company Name being obtained.

The relevant filing with the relevant authorities in the PRC will be made after the passing of the relevant ordinary resolution at the EGM. Subject to the satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date of completion of the registration of change in company name with the relevant industry and commerce bureau in the PRC. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

Reasons for the Proposed Change of Company Name

The Proposed Change of Company Name is made due to the fact that the Group is mainly engaged in (i) pharmaceutical business; and (ii) the development of civilian use of Beidou and big data. The Board considers that the change of the Company name can better reflect the Group’s nature and major activities. The proposed new company name will provide the Company with a more distinctive corporate profile or identity. Accordingly, the Board believes that the Proposed Change of Company name is in the best interests of the Company and the Shareholders as a whole.

Effects of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any rights of the holders of securities of the Company or the Company’s daily business operation and/or financial position. All existing certificates of securities in issue bearing the present name of the Company shall, after the Proposed Change of Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name of the Company. Once the Proposed Change of Company Name becomes effective, new share certificates will be issued only in the new name of the Company.

LETTER FROM THE BOARD

In addition, subject to the confirmation of the Stock Exchange, the English stock short name and the Chinese stock short name for trading in the shares of the Company will also be changed after the Proposed Change of Company Name becomes effective.

PROPOSED CHANGE OF REGISTERED ADDRESS

As invited by Qianhai Shenzhen – Hong Kong Cooperation Zone, the Board proposes to change the registered address of the Company from “No.3, No. 2 Road, Jilin Hi-Tech Development Zone, Jilin City, Jilin Province, the People’s Republic of China” to “Room 201, Block A, No. 1 Qian Wan Yi Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the People’s Republic of China (premises of Shenzhen Qianhai Business Secretarial Company Limited)”, subject to the conditions as set out in the paragraph headed “Conditions” below.

Conditions

The Proposed Change of Registered Address will be subject to the following:

- (1) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Proposed Change of Registered Address; and
- (2) any necessary approval of the relevant PRC authorities in relation to the Proposed Change of Registered Address being obtained.

The relevant filing with relevant PRC authorities will be made after the passing of the relevant ordinary resolution at the EGM. Subject to the satisfaction of the conditions set out above, the Proposed Change of Registered Address will take effect from the date of completion of the registration of change in its registered address with the relevant industry and commerce bureau in the PRC.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Taking into account the Proposed Change of Company Name, the Proposed Change of Registered Address, the change in registered capital of the Company as a result of the allotment of new Domestic Shares on 11 November 2016 and the allotment of new H Shares on 20 September 2016 and the actual conditions of the Company, the Board proposes to make certain amendments to the Articles of Association.

Particulars of the proposed amendments to the Articles of Association are set out below:

Article 1:

Existing Article

“Northeast Tiger Pharmaceutical Co., Ltd (the “**Company**”) is a company limited by shares established in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”).

LETTER FROM THE BOARD

Following approval by Document 200118 of Jilin Provincial Government and Document Jigaigu Number 200017 of the Jilin Provincial Commission for Economic Restructuring, the Company was established by means of promotion, and registered with the Jilin Provincial Administration for Industry and Commerce and obtained a body corporate business license on June 30, 2000. The original registration number of the business license was 2200001004702.

The promoters of the Company are Jilin Yuandong Pharmaceutical Group Company Limited, Xu Zhe, Xu Daotian, Li Shulian, Liu Xiaohong, Zhang Yabin and Leng Zhanren.”

Amended Article (with the amendments underlined)

“Baytacare Pharmaceutical Co., Ltd (the “**Company**”) is a company limited by shares established in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”).

Following approval by Document 200118 of Jilin Provincial Government and Document Jigaigu Number 200017 of the Jilin Provincial Commission for Economic Restructuring, the Company was established by means of promotion, and registered with the Jilin Provincial Administration for Industry and Commerce and obtained a body corporate business license on June 30, 2000. The original registration number of the business license was 2200001004702.

The promoters of the Company are Jilin Yuandong Pharmaceutical Group Company Limited, Xu Zhe, Xu Daotian, Li Shulian, Liu Xiaohong, Zhang Yabin and Leng Zhanren.”

Article 2:

Existing Article

Registered name of the Company:

Chinese: 東北虎藥業股份有限公司

English: Northeast Tiger Pharmaceutical Company Limited

Amended Article (with the amendments underlined)

Registered name of the Company:

Chinese: 北斗嘉藥業股份有限公司

English: Baytacare Pharmaceutical Co., Ltd.

LETTER FROM THE BOARD

Article 3:

Existing Article

Domicile of the Company:	No.3, No.2 Road, Jilin High-tech Development Zone, Jilin Province, the PRC
Postal Code:	132013
Telephone:	0432-64641900
Facsimile:	0432-64879802

Amended Article (with the amendments underlined)

Domicile of the Company:	<u>Room 201, Block A, No. 1 Qian Wan Yi Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the People's Republic of China (premises of Shenzhen Qianhai Business Secretarial Company Limited)</u>
Postal Code:	<u>518054</u>
Telephone:	<u>0755-82123125</u>
Facsimile:	<u>0755-82121410</u>

Article 23:

First stage of amendment:

Existing Article

The registered share capital of the Company is RMB74,665,424.

Amended Article (with the amendments underlined)

The registered share capital of the Company is RMB78,805,424.

Reasons for the amendments:

As disclosed in the announcement of the Company dated 20 September 2016, the Company had completed the issuance of 41,400,000 new H shares of the Company on 20 September 2016 (the “**H Shares Issuance**”). Immediately upon the completion of the H Shares Issuance, the registered capital of the Company was increased to RMB78,805,424.

LETTER FROM THE BOARD

For the avoidance of doubt, the above amendment is made solely for the purpose of registration with the relevant industry and commerce bureau in the PRC and will not be reflected in the revised Articles of Association.

Second stage of amendment:

Existing Article (after taking into account the above first stage of amendment)

The registered share capital of the Company is RMB78,805,424.

Amended Article (with the amendments underlined)

The registered share capital of the Company is RMB85,805,424.

Reasons for the amendments:

As disclosed in the announcement of the Company dated 11 November 2016, the Company had completed the issuance of 70,000,000 new domestic shares of the Company on 11 November 2016 (the “**Domestic Shares Issuance**”). Immediately upon the completion of the Domestic Shares Issuance and the H Shares Issuance, the registered capital of the Company was increased to RMB85,805,424.

The English version of the Articles of Association and the above proposed amendments are an unofficial translation of its Chinese version prepared for reference only. In case of discrepancy between the two versions, the Chinese version shall prevail.

The Proposed Amendments to the Articles of Association are subject to, and shall take effect only upon, the passing of the special resolutions at the EGM.

EGM

The EGM will be convened at Room 812, Block B, Jinma Building, No. 38 Xue Qing Road, Haidian District, Beijing, The People’s Republic of China on 16 January 2017 (Monday) at 2:00 p.m. (or any adjournment thereof). Notice convening the EGM had been despatched to the Shareholder on 6 December 2016, a copy of which is set out on pages 51 to 53 of this circular.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no Shareholders has any material interest in (1) the Acquisition; (2) the Disposal; (3) the Proposed Change of Company Name; (4) the Proposed Change of Registered Address; and (5) the Proposed Amendments to the Articles of Association. Accordingly, none of the Shareholders will be required to abstain from voting on any of the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

The proxy form for use at the EGM is enclosed with the notice of the EGM despatched to the Shareholders on 6 December 2016. Whether or not you are able to attend the EGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return them as soon as possible to the Company's registered address at No. 3, No. 2 Road, Jilin Hi-Tech Development Zone, Jilin City, Jilin Province, the PRC (for holders of Domestic Shares), or the Company's H share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company) as soon as possible and in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the form of proxy applicable to the EGM will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any votes of the Shareholders at the EGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The poll results announcement will be announced by the Company after the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

RECOMMENDATIONS

The Directors consider that the Acquisition, the Disposal, the Proposed Change of Company Name, the Proposed Change of Registered Address and the Proposed Amendments to the Articles of Association, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the financial years ended 31 December 2013, 2014 and 2015 are disclosed in the Company's annual reports for the financial years ended 31 December 2013, 2014 and 2015 respectively. All of these financial statements have been published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.northeasttiger.com.

Please refer to the following links for the annual reports of the Company for the financial years ended 31 December 2013, 2014 and 2015:

- (a) Annual report for the year ended 31 December 2013 (<http://www.hkexnews.hk/listedco/listconews/GEM/2014/0307/GLN20140307117.pdf>);
- (b) Annual report for the year ended 31 December 2014 (<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0323/GLN20150323069.pdf>); and
- (c) Annual report for the year ended 31 December 2015 (<http://www.hkexnews.hk/listedco/listconews/GEM/2016/0321/GLN20160321033.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2016, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group had outstanding unsecured and unguaranteed long-term borrowing of RMB22,500,000. Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not, at the close of business on 30 November 2016, have any outstanding mortgages, charges, debt securities, bank loans and overdrafts, finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or any guarantees or material contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 November 2016.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the effects of the completion of the Acquisition and the financial resources available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group's business is classified into three main segments: (i) development, manufacture and sale of medicines; (ii) planting, cultivation and sale of Chinese herbs; and (iii) pharmaceutical and Beidou big data, development of health-related big data and healthcare management service.

(i) Development, manufacture and sale of medicines

The Group was previously engaged in the GMP Chinese medicine business, which was principally engaged in the production and sales of Chinese medicine under the brand name of “東北虎” (Northeast Tiger*) in the PRC as well as pharmaceutical research and development. The original products produced and sold by the Company included small-volume injections, granules, pills, capsules and drops. The Group considered the growth potential of this business was limited, and only a negligible amount of turnover was recorded for the past few years, thus limiting the choice and ability of the Company to raise fund in the future. The Group needs to implement strategy of streamlining its principal businesses and seize opportunity that can improve the financial condition of the Group, so as to improve the prospects of the Group. The Group is considering disposing such business so as to improve and strengthen the Group's financial position and cash flow.

(ii) Planting, cultivation and sale of Chinese herbs

On 27 September 2010, Antao County Northeast Tiger Xinxing New Product Co., Ltd.* (“**Xinxing Co**”) (a wholly-owned subsidiary of the Group) entered into an agreement (as amended by a supplemental agreement dated 24 February 2011) (the “**Agreement**”) with Jilin Fu Man Shan Zhen Co., Ltd.* (“**Fu Man Shan Zhen**”), pursuant to which Fu Man Shan Zhen has agreed to transfer to Xinxing Co the forest concession right (the “**Forest Concession Right**”) of a forest land (the “**Forest Land**”) situated at 福滿林場山泉村 (Fu Man Lin Chang Shan Quan Cun*), 安圖縣 (Antao County*), Jilin Province, the PRC at the consideration of approximately RMB173,530,000 for a term of approximately 70 years until 31 December 2080 (the “**Forest Land Acquisition**”). Pursuant to the Agreement, the first instalment of RMB100,000,000 shall be paid by Xinxing Co to Fu Man Shan Zhen by way of cash on or before 31 December 2010; the remaining RMB73,530,000 shall be paid in 10 equal instalments in cash in the coming ten years before 31 December each year, commencing from 2011. The Forest Land Acquisition could be used by the Group to develop three major industries on the Forest Land, namely (i) breeding of traditional Chinese herbs; (ii) tourism; and (iii) timber logging.

Since the completion of the Forest Land Acquisition, the timber logging business has not been carried out by the Group and the Company has focused on breeding and processing of traditional Chinese herbs, especially breeding and processing of underground ginseng. In order to extend to the timber logging business, logging permits are required. It was later discovered that the relevant logging permits could not be obtained and the relevant government authorities did not indicate whether the relevant logging permits could be obtained in the foreseeable future and no reason has been provided so far. As a result of these subsequent developments, Fu Man Shan Zhen and Xinxing Co entered into the

settlement agreement on 14 March 2014 (the “**Settlement Agreement**”) whereby the parties thereto agreed and confirmed that: (i) the Forest Concession Right (subject to the Xinxing Co’s right to use the Forest Land for agricultural and animal breeding purposes at nil consideration for 18 years commencing from the date of the settlement and the economic benefits arising from such activities during the period (the “**Breeding Rights**”) shall be returned to Fu Man Shan Zhen; (ii) Xinxing Co shall no longer be liable to settle the unpaid portion of the consideration pursuant to the Agreement; (iii) Fu Man Shan Zhen shall refund an aggregate of RMB100,000,000 in cash (i.e. RMB10,000,000 to be paid in cash within 15 days after signing of the Settlement Agreement and the remaining RMB90,000,000 be paid by 18 equal installments in cash in the next 18 years before 31 December each year, commencing from 2014) (the “**Refund**”); and (iv) Xinxing Co has the priority to continue to use the Forest Land on the same rate as those offered by other parties, should it wish to continue to use the Forest Land upon expiry of the 18-years period when Fu Man Shan Zhen fully settled the Refund and upon negotiation by the parties. As at 30 June 2016, Xinxing Co had received an aggregate of RMB11,614,000 of the Refund from Fu Man Shan Zhen pursuant to the Settlement Agreement. A further amount of RMB3,386,000 of the Refund is expected to be received by Xinxing Co on or before 31 December 2016. It is expected that as at 31 December 2016, the total outstanding amount of Refund payable by Fu Man Shan Zhen to Xinxing Co will amount to RMB75,000,000.

The market value of ginseng and herbs is highly dependent on, among others, the level of maturity, color, size, appearance, and prevailing market demand. In view of the Group’s intention to harvest ginseng and herbs as and when it finds it is the appropriate harvest time for a better market value which could in turn maximise the return to the Group, there had been little harvesting of ginseng and herbs for the financial years of 2013, 2014 and 2015 and thus no revenue was generated therein. The Group had no concrete plan as to the harvest time of ginseng and herbs, but considered that ginseng and herbs can generate revenue for the Group in the long term.

The Group expects to continue its business activity in the segment of planting, cultivation and sale of Chinese herbs in the future. The Directors consider that the Group has sufficient internal funding for the future business development in this segment and currently do not have any fund-raising plan in this aspect.

(iii) Pharmaceutical and Beidou big data, development of health-related big data and healthcare management service

(i) Tianjin JV Company

On 9 May 2016, the Company entered into an investment cooperation agreement with Beijing Shangzheng Technology Co., Ltd.* to establish a JV company: Tianjin Zhonghesheng International Trading Co., Ltd. (“**JV Company**”). The Company contributed RMB12,000,000 and held 60% equity interests of the JV Company. The scope of business of the JV Company covers sales of medical equipment; import and export of commodities; import and export agency; technology promotion; provision of technical services; import and export of technologies; provision of satellite

application technology, computer system integration services; development of computer hardware and software and ancillary equipment, mechanical equipment, instruments and chemical products; corporate planning; wholesales of chemical products (excluding category 1 precursor chemicals and hazardous chemicals) and electronic equipment. The establishment of the JV Company has promoted further business expansion and diversification of the Company, and has generated revenue for the Group, as at the end of September 2016, the revenue generated from the JV Company was approximately RMB18,681,000.

(ii) *Anhui JV Company*

The State Council has recently finalized the development and standard for the application of healthcare big data, which will satisfy the need of the public for health and medical care through the utilization of “Internet Plus Medical”. Health big data is an important fundamental strategic resource to the country, and plays an important role in protecting the health of its nationals, as well as improving the efficiency of medical resource utilization and medical diagnosis. In view of this, the Company has established a JV company in Anhui, the PRC (“**Anhui JV Company**”) with Zhonghe Beidou Information Technology Co., Ltd.*. Through the formation of the Anhui JV Company, the Company can promote the integration of pharmaceutical and modern technology with its own strength, and implement the “pharmaceutical and Beidou big data, development of health-related big data and healthcare management service” project, so as to realize the connection between medical science and technology and big data, to develop smart medical care and health services and to build up health Beidou Big Data.

The Group expects to continue its business activity in this business segment in the future. The Directors consider that the Group has sufficient internal funding for the future business development in this segment and currently do not have any fund-raising plan in this aspect.

The Group has been continuously assessing the current business strategy, with the aim to streamline its business, enhance overall performance, prospects and attractiveness to market investors. The Directors consider that pharmaceutical and Beidou big data, development of health-related big data and healthcare management service have great market potential and good earnings prospect.

The following is the text of a valuation report, prepared for the purpose of incorporation in this circular, received from Access Partner Consultancy & Appraisals Limited, an independent valuer, in connection with its valuation as of 31 October 2016 of Property intended to be acquired by the Company.



Unit C, 9/F, Lucky Plaza,
315-321 Lockhart Road, Wanchai,
Hong Kong

29 December 2016

The Board of Directors
Northeast Tiger Pharmaceutical Company Limited
No 3, No 2 Road,
Jilin Hi-Technology Development Zone, Jilin City, Jilin,
The People's Republic of China

Dear Sirs/Madams,

Valuation of No. 24, Levels 1 and 2 of Tower 24 of No. 6 Dingcheng Road (South Area) in Chaoyang District, Beijing, the People's Republic of China (the "PRC")

INSTRUCTION

In accordance with your instructions for Access Partner Consultancy & Appraisals Limited ("Access Partner" or "we") to value the captioned property (the "**Property**") intended to be acquired by Northeast Tiger Pharmaceutical Company Limited (the "**Company**"), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as of 31 October 2016 (the "**Date of Valuation**").

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Access Partner acknowledges that this report may be made available to the Company for public documentation purpose and used as reference on the Company's circular dated 29 December (the "**Circular**").

We will not accept any responsibility or liability to any third party to whom in respect of, or arising out of, the contents of this report may be shown.

2. BASIS OF VALUATION

Our valuation has been based on market value, which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

3. VALUATION METHODOLOGY

We have valued the Property by direct comparison approach assuming sale of the Property in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market where appropriate.

4. TITLE INVESTIGATION

We have been provided with copies of extracts of title documents relating to the Property. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Company and the Company’s PRC legal advisor, 北京觀韜中茂律師事務所, in respect of the titles to the Property in the PRC. All documents have been used for reference only.

In valuing the Property, we have relied on the advice given by the Company and its PRC legal advisor that the owner of the Property has valid and enforceable title to the Property which is freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

5. MAJOR ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the Property in the market in its existing conditions without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property and no allowance has been made for the Property to be sold in one lot or to a single purchaser.

Our valuation does not necessarily represent the amount that might be realized from the disposition of the Property.

6. SOURCES OF INFORMATION

In valuing the Property, we have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, identification of the Property, particulars of occupation, areas, ages of buildings and all other relevant matters which can affect the value of the Property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and no reason to suspect that any material information has been withheld.

7. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the Property. However, no structural survey has been made in respect of the Property. However, in the course of our inspection, we did not note any serious defect. We are not, however, able to report that whether the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

No detailed measurements have been carried out by us to verify the correctness/accuracy of the areas (neither site nor floor) in respect of the Property under consideration but we have assumed that the site/floor areas shown on the title documents handed to us are correct. Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are therefore approximations.

No allowance has been made in our valuation for any charge, mortgage or amount owing on any of the Property being appraised nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In valuing the Property, we have complied with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

8. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
For and on behalf of
Access Partner Consultancy & Appraisals Limited
Raymond Chan
MHKIS
Associate Director

Note:

Mr. Raymond Chan is a member of Hong Kong Institute of Surveyors. He has had over 10 years' valuation experience in Hong Kong and the PRC.

VALUATION CERTIFICATE

Property intended to be acquired by the Company for owner-occupation in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as of 31 October 2016
No. 24, Level 1 and 2, Tower 24, No. 6 Dingcheng Road (South Area), Chaoyang District, Beijing, the PRC	The Property comprises a 2-storey house (plus a penhouse) with total gross floor area of approximately 592.13 sq.m. completed in about 2005.	As of the Date of Valuation, the property is currently under renovation.	RMB95,000,000
中國北京市 朝陽區 鼎成路6號(南區) 24號樓1至2層24	The relevant land use right of the Property has been granted for a term of 70 years expiring on 27 December 2065 for residential use.		

Notes:

- Pursuant to a Real Estate Title Certificate (不動產權證書) – Jing (2015) Chaoyang District Real Estate Certificate Di No. 0029422, the Property with a gross floor area of approximately 592.13 sq.m. is owned by Beijing Hengyuan Foundation Investment Management Company Limited. (“Beijing Hengyuan”) (北京恆源基業投資管理有限公司). According to the Company’s PRC legal adviser, the relevant land use right of the Property has been granted to Beijing Hengyuan for a term of 70 years expiring on 27 December 2065 for residential use.
- Pursuant to the Banking Facility Contract (最高額抵押合同) – No. ZD7917201600000006, the Property is subject to a mortgage in favour of Shenzhen Branch, Shanghai Pudong Development Bank Company Limited (上海浦東發展銀行股份有限公司深圳支行), as security to guarantee the principal obligation for the maximum amount of RMB60,000,000.
- Our inspection was performed by Mr. Ning Jia, who holds Certified Asset Valuator and has over 10 years’ valuation experience, in December 2016.
- We have been provided with a legal opinion on the title to the Property issued by the Company’s PRC legal adviser, which contains, inter alia, the following information:
 - Beijing Hengyuan is in possession of a proper legal title to the Property and is entitled to transfer the Property with legal protection under the PRC law;
 - all land premium payments and other costs such as resettlement and ancillary utilities services have been paid in full and there is no requirement for payment of further land premium or other onerous payments to the government;
 - the design and construction of the Property are in compliance with the local planning regulations and have been approved by the relevant government authorities and all necessary authorizations and permits have been obtained in respect of the construction works;
 - the Property can be freely transferred, leased or mortgaged by Beijing Hengyuan without payment of any further land premium or transfer fee; and
 - Except for the aforesaid mortgage, the Property is not subject to mortgage or any other material encumbrances.

SHENZHEN LIXIN ASSETS APPRAISAL CO., LTD.
3/F Block B2
China Investment International Business Center
NO.1061 Xiangmei Road,
Shenzhen China

Northeast Tiger Pharmaceutical Co. Ltd.
3 No.2 Road, High Tech Industrial Development District
Jilin, China.

31 October 2016

Dear Sirs,

We enclose our valuation report (“**Report**”) prepared in relation to our engagement to estimate the fair market value of certain tangible assets, land use right and intellectual property (all together the “**Assets**”) which is held by Northeast Tiger Pharmaceutical Co Ltd. (“**NTP**” or “**Client**”) located in Jilin, Jilin Province, China.

The Report is prepared to assist Client in internal management decision making process in the potential disposal of the Assets, and as well to facilitate Client in fulfilling its circular disclosure obligation to Hong Kong Exchange (“**HKEx**”) relating to the potential disposal. Our engagement is in accordance with the terms of the engagement agreement, signed and agreed between NTP and Shenzhen Lixin Asset Appraisal Co., Ltd. (“**SZLX**”) (“**Engagement Agreement**”).

In undertaking our work, we have relied on the management accounts provided by management of NTP (“**Management**”).

We draw your attention to the section titled “Scope and bases of work” included in the Report in which we refer to the scope of our work, sources of information and the limitations of the work undertaken. The Report has been prepared on the basis of work carried up to 27 October 2016 and we have not updated our work since that date.

The Report is confidential to and for the internal use of the Client as well as the circular disclosure purpose to HKEx and is subject to the restrictions on use and distribution specified in the Engagement Agreement. We accept no responsibility or liability to any party in respect of the contents of the Report.

Yours faithfully,
For and on behalf of
Shenzhen Lixin Asset Appraisal Co., Ltd.

Yan Tao
Engagement Partner

Abbreviations

Assets	Tangible assets, LUR and software
Client	NTP
Engagement Agreement	Engagement Agreement signed and agreed between NTP and SZLX
GEM	Growth enterprise market
GFA	Gross floor area
HKEx	Hong Kong Stock Exchange
HTIDD	High Tech Industrial Development District
LUR	Land Use Right
Management	Management of NTP
NTP	Northeast Tiger Pharmaceutical Co Ltd.
Report	Valuation report of Assets of NTP
RMB	Renminbi
Sqm	Square meter
SZLX	Shenzhen LixinAsset Appraisal Co., Ltd.
The Properties	The 8 buildings held by NTP
Valuation Date	30 September 2016
WACC	Weighted Average Cost of Capital

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1. EXECUTIVE SUMMARY

Purpose and scope

- NTP has requested SZLX to perform an independent analysis of the fair market value of the Assets held by NTP as of 30 September 2016 (the “**Valuation Date**”).
- The Report is confidential to and for the internal use of the Client as well as the circular disclosure purpose to HKEx. It is Management’s responsibility to determine the consideration of the proposed transaction.
- This valuation analysis should not be used for any other purpose or distributed to third parties without our express knowledge and prior written consent.

Definitions of fair market value

- SZLX has been requested to perform an independent analysis of the fair market value of the business of NTP.
- Fair market value is defined as “*the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts*”.
- Fair market value incorporates the concept of highest and best use and considers the value based on the use that will most likely produce the highest market value, greatest financial return, or the most profit from the use of the property.
- We have not considered special purchaser value in performing our analysis. Special purchaser value is defined as the amount a special purchaser is willing to pay in excess of the fair market value. Such a special purchaser may be willing to pay a premium over the fair market value because of, for example, reduced or eliminated competition, guaranteed source of material supply or sales, cost savings, increased control or influence in the subject company (applicable to acquisition by a co-shareholder of the subject company), or other synergies which could be enjoyed by the purchaser after the acquisition.

Summary of values

- Based on the analysis described in the accompanying report, we have estimated the fair market value of the Assets of NTP to be RMB47.84 million as at the Valuation Date.

2. COMPANY OVERVIEW

Background of NTP

- NTP is located in High Tech Industrial Development District (“**HTIDD**”) in Jilin, China. In June 2000, Jilin Province Economic System Reform Commission approved the change of the company from Jilin Northeast Tiger Pharmaceutical Co., Ltd. and Jilin Northeast Tiger Pharmaceutical Research and Development Co., Ltd. to Northeast Tiger Pharmaceutical Co. Ltd according to law.
- In February 8th 2002, Northeast Tiger successfully listed on Hong Kong’s Growth Enterprise Market (“**GEM**”), stock code 08197, raised a total of HKD53 million, and the Company registered capital of RMB74.7 million.

Information of the Assets

- The Assets include 8 buildings (the “**Properties**”), machines and equipment, and land use right (“**LUR**”) of 4 pieces of lands, all located in HTIDD and Chuanying District of Jilin, Jilin Province, and as well as intellectual property purchased or created by NTP.
- We understand from Management that the Assets were connected to the discontinued operations which has been ceased for 5 years and Management planned to dispose the Assets.
- We understand from Management that as at the Valuation Date, all the Properties have acquired Property Ownership Certificate under control of NTP and without any mortgage. All the LUR have acquired Land of Use Certificate under owner of NTP and without any mortgage.

The Properties

- The Properties include the 8 buildings of NTP for daily use with the total area of 16,227 square meter (“**sqm**”) and a net book value of RMB33.09 million.
- For detail information of the Properties, please see appendix 1.

Machines and equipment

- Machines and equipment contain special machinery for daily production use, vehicles, and electronic equipment. Machines and equipment have a net book value of RMB0.27 million.

The LUR

- LUR contains 4 pieces of land, and there are 3 pieces of industrial land and 1 piece of warehouse land. LUR totally has a total gross floor area (“**GFA**”) of 45,712 sqm and a net book value of RMB8.9 million.
- For detail information of the LUR, please see appendix 2.

Intellectual Property

- NTP totally has 2 software for management purpose along with 29 idle ordinary trademarks.

3. VALUATION METHODOLOGY

The analysis we have performed will assist NTP in connection with its internal management planning of the proposed transaction. In order to arrive at our fair market value estimates, we considered each of the three generally-accepted approaches to valuation.

Approaches to Valuation

- The following are commonly referred to as generally accepted approaches to valuation:
 - the income approach;
 - the market approach; and
 - the adjusted net asset approach.
- Within each category, a variety of methodologies exist to assist in the estimation of the fair market value. Following is a brief overview of the theoretical basis of each approach, as well as a discussion of the specific methodologies relevant to the analyses performed.

Income approach

- The income approach is based on the premise that the value of a security or asset is the present value of the future earning capacity that is available for distribution to the subject investors in the security or asset. The most commonly used income approach for the valuation of securities or individual assets is a discounted cash flow analysis. A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate should consider the time value of money, inflation and the risk inherent in ownership of the asset or security interest being valued.

Market approach

- In the application of the market approach, the value of an asset or security is based upon what investors are paying for similar assets or securities in the market place. The market approach includes the development of ratios of market prices to various metrics of the guideline assets or securities, which are then used to develop an estimate of value for the subject asset or security. Consideration is given to adjustments for differences between the subject and guideline assets or securities, as well as the date, source and depth of market data.

Adjusted Net Asset approach

- A third approach to the valuation is the adjusted net asset approach. The discrete valuation of an asset using an adjusted net asset approach is based upon the concept of replacement as an indicator of value. A prudent investor would pay no more for an asset than the amount for which he could replace the asset new. The adjusted net asset approach establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration and functional obsolescence, if present and measurable. This approach generally provides the most reliable indication of the value of land improvements, special-purpose buildings, special structures, systems, and special machinery and equipment.

Valuation Methods Applied

- Based on our discussion with Management, the Assets were used in the discontinued operations which has been shut down for 5 years, and have been idle since then. Therefore going concern assumption cannot meet and income approach is not suitable to be adopted. We mainly rely on cost approach for valuation of the Properties, Machines and equipment and software, and market approach for valuing LUR of NTP.

4. VALUATION ANALYSIS

Valuation for the Properties

- As the Properties have been vacant for 5 years, we adopted cost approach to value the fair value of the Properties, based on the formula below:

$$\text{Fair value} = \text{replacement cost} * \text{newness rate}$$

- Here, replacement cost is determined by original book value and fixed-assets investment price index between current date and building completion date, which was published by China National Statistics Bureau. Newness rate is derived from the remaining economic life of the constructions over the total life.
- Our estimation of fair value of the Properties is summarized as the table below.

No.	Name	Book value (in RMB'000)	Index	Replacement	Newness rate	Fair value (in RMB'000)
				cost (in RMB'000)		
1	General building (甲)	5,146.2	152%	7,822.3	71.5%	3,725.49
2	Drug storage	412.8	152%	627.5	71.5%	309.11
3	Animal Room	1,287.8	152%	1,957.4	71.5%	911.06
4	Sewage station and boiler room	1,422.8	152%	2,162.6	71.5%	1,011.43
5	Workshop	17,233.3	153%	26,366.9	70%	13,300.52
6	Office	2,218.3	153%	3,394.0	70%	
7	General building (乙)	2,502.5	153%	3,828.8	70%	2,120.66
8	No.2 Warehouse	1,615.0	161%	2,600.2	64%	1,151.46
9	Others*	197.7		197.7		172.03
					Total	22,701.74

Note* Others include non-operating nature constructions and thus we adopted net book value as their fair value.

Source: Management accounts, SZLX analysis

- For more information of the fixed assets investment price index, please see Appendix 1.

Valuation for Machines and equipment

- Similar to the Properties, we also adopted cost approach to estimate fair value of Machines and equipment using the same formula.
- For replacement cost, since the machinery for chinese patent medicine is not of high technology indicating its slowness of replacement and upgrading, we assume that it equals to book value. For newness rate, we note that most of Machines and equipment have been purchased around 2002, which was about 14 years ago, and have already exceeded regular economic life. However, we understand from Management that due to the idle state for over 5 years and good maintenance, most of Machines and equipment could still function well. Therefore we assigned a 10% and 5% newness rate for all the Machines.
- Our estimation of fair value of Machines and equipment is summarized as the table below.

Name	Replacement cost (in RMB)	Newness rate	Fair value (in RMB)
Machinery	14,543,280.03	10%	1,163,520.00
Vehicles	552,090.00	0-5%	26,640.00
Electronic equipment	7,320,076.96	5-10%	321,600.00
Total	22,415,446.99		1,511,760.00

Source: Management accounts, SZLX analysis

Valuation for LUR

- LUR contains 4 pieces of land, and there are 3 pieces of industrial land located in HTIDD and 1 piece of warehouse land located at Chuangying District, Jilin. As there have been some comparable transactions of LUR in similar area, we adopted market approach to value the fair value of LUR, based on the formula below:

$$\text{Fair value} = \text{unit price of land} * \text{Area of land}.$$

- Here, unit price of land was implied from comparable transactions and adjusted by the compensation due to the different characters of the constructions.
- Our estimation of fair value of the Properties is summarized as the table below.

No.	ID	Location	GFA(sqm)	Unit price (RMB/sqm)	Fair value
1	40030290010006	HTIDD	7,502.20	656	3,937,154.56
2	40030290010008	HTIDD	18,269.59	656	9,587,880.83
3	40030290010006	HTIDD	18,474.45	656	9,695,391.36
4	40030290010006	Chuangying District	1,466.22	311	364,800.00
				Total	23,585,226.75

Source: Management accounts, SZLX analysis

Valuation for Intangible assets

- As of the Valuation Date, there Company owned 2 management software with net book value of RMB75,944.94. Since the basis of amortization over the useful life is reasonable, we considered the net book value as fair value. Apart from that, there were 29 trademarks with null net book value meanwhile, with the null fair value as well for they were just ordinary trademarks barely with popularity. For more information, please see Appendix 3.

Discount for Lack of Marketability (“DLOM”)

- Given that the economy in Northeast China region has been getting worse in recent years, the real estate market, especially industrial property market has much fewer transactions than before. Considering the fact that our Client planned to sell the Assets in one year’s time to finance working capital as of the Valuation Date, we applied a lack of marketability discount to account for the illiquid market. It reflects the fact that currently there is no readily available market to dispose the Assets.
- According to the research named “Tax course rejects QMDM and use of single comparable” written by Robert M. Siwicki, DLOM adopted by taxpayer’s expert, IRS expert and tax court was 35%, 15% and 20%, respectively. We further considered the market condition and decided to apply a DLOM of 20% on the Assets.

Valuation Conclusion

- Based on the analysis above, the total fair value of the Assets are as follows:

Category	Net book value	Fair value
The Properties	33,304,690.55	22,701,744.05
Machines and equipment	534,432.57	1,511,760.00
LUR	8,933,197.00	23,585,226.75
Software	51,794.00	41,435.20
Total (before DLOM)		59,800,207.50
Total (after DLOM)		47,840,166.00
Fair value (rounded)		47,840,000.00

Source: Management accounts, SZLX analysis

- Based on the valuation analysis, we estimate the fair market value of the Assets held by NTP, as of 30 September 2016, to be RMB47.84 million.

5. SCOPE AND BASES OF WORK

Terms of reference

- Our Report has been prepared solely for the use of NTP. The Report should not be otherwise referred to, in whole or in part, or quoted by excerpts or reference in any manner, or distributed in whole or in part or copied to any third party without our prior written consent.

Sources of information

- We have held discussions with the management of NTP, including:
 - Mr. Zhu Nan, CFO of NTP Management; and
 - Mr. Qin Haibo, Finance Manager.
- During the course of our valuation analyses, we were provided with:
 - Management accounts of NTP as of 30 September 2016;
 - Fixed assets list of NTP as of 30 September 2016;
 - Property Ownership Certificate of the Properties; and
 - Land of Use Certificate of LUR.

Verification

- In completing our work we have relied on the integrity of the information and data supplied to us by Management. We have not independently verified the information or documentation provided to us unless expressly stated in the report. Accordingly we do not express an audit opinion on the information included in the report.

Confirmation of facts

- A summary of the key assumptions have been seen by Management. They have confirmed to us that the facts as stated and the projections are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

Disclaimer on post date events

- This Report is issued on the understanding that you have drawn our attention to all matters of which you are aware concerning NTP' financial position which may have an impact on our report up to the date of signature of the report.

- We reserve the right to revise all calculations included or referred to in our Report and, if we consider it necessary, to revise our opinion in the light of any information existing at the Valuation Date which becomes known to us after the date of the valuation report. We have no responsibility to update the report for events and circumstances occurring after the date of this report.

Matters excluded

- There are other matters which we have not considered in this valuation, such as:
 - issues of law (including without prejudice to the foregoing, validity and effectiveness of contracts, licenses, title deeds including those for property, encumbrances, compliance with relevant laws and regulations and all matters relating to product liability);
 - environmental, health and safety matters; and
 - regulatory issues.
- We have assumed that the above factors will have no impact on this valuation.

Appendix 1: Detail information of the Properties

No.	ID	Location	Name	Completed Year	Area (sqm)	Book value	Net Book value
1	吉林市房權證高字第GX000006878号	4 No.3 Road, HTIDD	General building (A)	2002	2,338.45	5,146,240.00	4,615,632.41
2	吉林市房權證高字第GX000006885号	3 No.2 Road, HTIDD	Drug storage	2002	181.06	412,800.00	357,400.97
3	吉林市房權證高字第GX000006888号	3 No.2 Road, HTIDD	Animal Room	2002	598.56	1,287,764.00	1,181,474.08
4	吉林市房權證高字第GX000006884号	3 No.2 Road, HTIDD	Sewage station and boiler room	2002	661.75	1,422,762.50	1,299,245.25
5	吉林市房權證高字第GX000004359号	3 No.2 Road, HTIDD	Workshop	2001	6,628.00	17,233,294.00	13,894,512.77
6	吉林市房權證高字第GX000004358号	3 No.2 Road, HTIDD	Office	2001	2,993.00	2,218,331.21	8,701,913.51
7	吉林市房權證高字第GX000004345号	3 No.2 Road, HTIDD	General building (B)	2001	927.00	2,502,500.00	1,781,107.48
8	吉林市房權證船字第Q000001573号	2 Changchun Road	No.2 Warehouse	1997	1,900.00	1,615,000.00	1,258,371.58
Total					16,227.82	31,838,691.71	33,089,658.05

Source: Management accounts

Appendix 2: Detail information of the LUR

No	Certificate ID	No.	Acquired Date	Expire Date	宗地用途	Area (sqm)	Total book value	Total net book value
1	吉市國用(2011)第220204004535号	040030290010006	2011/11/29	2053/3/2	Industrial	7,502.20		
2	吉市國用(2011)第220204004563号	040030290010008	2011/11/29	2053/3/2	Industrial	18,269.59	12,224,608.15	8,933,197.00
3	吉市國用(2011)第220204001556号	040030290010007	2011/11/29	2053/3/2	Industrial	18,474.45		
4	吉市國用(2010)第220201003236号	010010480111000	2010/4/29	2051/4/5	Warehouse	1,466.22		
Total						45,712.46	12,224,608.15	8,933,197.00

Source: Management accounts, SZLX analysis

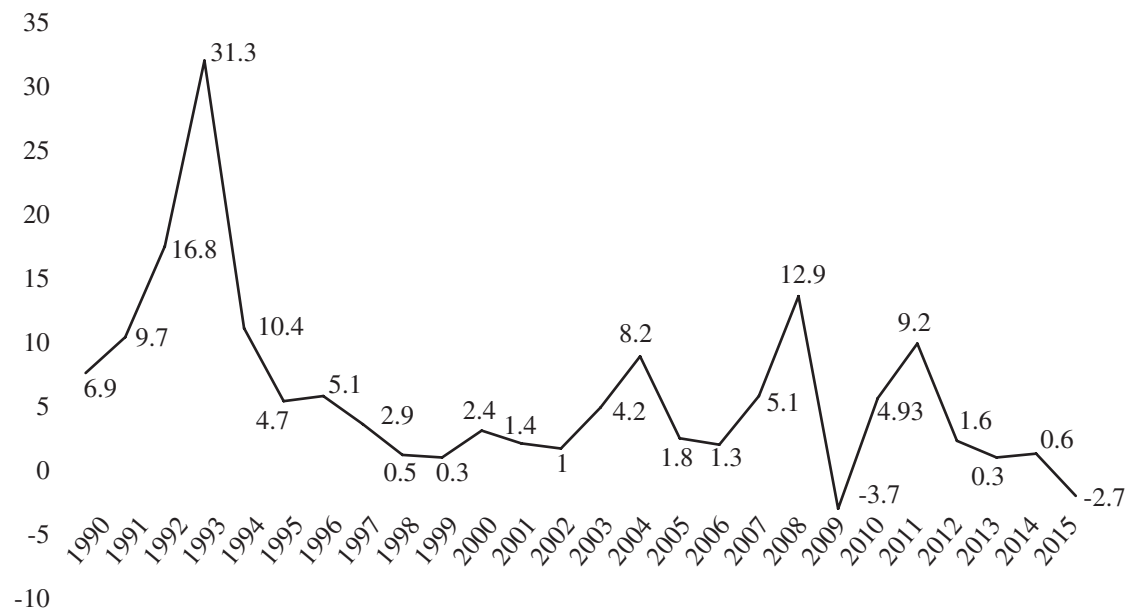
Appendix 3: Detail information of trademarks

No.	Name of trademarks	Registered date	Remaining useful life
01	Lu	2000-6-19	4.81
02	Lu	2000-6-19	4.81
03	Lu Lu	1998-12-17	3.49
04	Lu Tong	1992-10-24	7.16
05	Lu Tong	2000-6-19	4.81
06	Tong Zhen	1998-12-17	3.47
07	Tong Zhen	1998-12-17	3.49
08	Tong Ye	1998-12-17	3.47
09	Jiang Shuai	2000-1-25	4.47
10	Duo Kui	2000-1-25	4.49
11	Duo Biao	2000-1-25	4.49
12	Kui Shou	2000-1-25	4.49
13	He Long	2000-1-24	4.47
14	Xin Shui bao	2000-1-24	4.47
15	Shi Long	2001-8-14	4.87
16	Tu+Song Jiang	2002-1-4	6.41
17	Mai Su	2003-11-28	9.56
18	Li Xue Su	2003-11-28	9.56
19	Chang Xin	2004-7-19	0.74
20	Hong Fei Lu Cui	2011-8-24	6.08
21	Hong Fei Lu Cui	2011-8-24	6.08
22	Hong Fei Lu Cui	2011-8-24	6.08
23	Hong Fei Lu Cui	2011-8-24	6.08
24	Hong Fei Lu Cui	2011-8-24	6.08
25	Hong Fei Lan Yu	2011-8-24	6.08
26	Hong Fei Lan Yu	2011-8-24	6.08
27	Hong Fei Lan Yu	2011-8-24	6.08
28	Hong Fei Lan Yu	2011-8-24	6.08
29	Hong Fei Lan Yu	2011-8-24	6.08

Source: 管理賬目，深圳立信資產評估有限公司分析

Appendix 4: Fixed assets investment price index

(Fixed assets investment price index: construction and installation works (y-0-y), %, Yearly,
China National Statistics Bureau)



Source: China National Statistics Bureau

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

2. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director was taken or deemed to have under such provisions of the SFO); or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which was required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as was known to the Directors, as at the Latest Practicable Date, the persons or companies (not being a Director, supervisor or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follow:

Long positions in Shares

Name	Number of Domestic Shares held/interested	Capacity	Approximate percentage of total issued Domestic Shares	Approximate percentage of total issued Shares
Beijing Baoying Chuangfu Investment Management Center (Limited Partnership) (Note 1)	398,534,660	Beneficial owner	65.37%	46.45%
Guo Feng (Note 1)	137,611,830	Beneficial owner	22.57%	16.04%

Note 1:

Pursuant to the letters of intent entered into between Beijing Baoying Chuangfu Investment Management Center (Limited Partnership) (“**Beijing Baoying**”) and Guo Feng (“**Ms. Guo**”) and Zhang Yabin (“**Mr. Zhang**”) respectively (the “**Letters of Intent**”):

- (1) Ms. Guo and Beijing Baoying have agreed to enter into (i) a share transfer agreement before 31 December 2016 pursuant to which Ms. Guo shall sell, and Beijing Baoying shall purchase, an aggregate of 137,611,830 Domestic Shares at RMB0.1674 per domestic share for an aggregate consideration of RMB23,036,220, and (ii) a share pledge agreement pursuant to which Ms. Guo shall pledge an aggregate of 137,611,830 Domestic Shares to Beijing Baoying; and
- (2) Mr. Zhang and Beijing Baoying have agreed to enter into (i) a share transfer agreement before 31 July 2016 pursuant to which Mr. Zhang shall sell, and Beijing Baoying shall agree to purchase, an aggregate of 1,618,960 Domestic Shares at RMB0.1674 per domestic share for an aggregate consideration of RMB271,014, and (ii) a share pledge agreement pursuant to which Mr. Zhang shall pledge an aggregate of 1,618,960 Domestic Shares to Beijing Baoying. As at the Latest Practicable Date, the aforesaid share transfer agreement has not been entered into.

The Letters of Intent are legally-binding on each party under the PRC laws.

Taking into account (i) the 137,611,830 Domestic Shares held by Ms. Guo and the 1,618,960 domestic shares held by Mr. Zhang to be transferred to Beijing Baoying pursuant to the Letters of Intent; (ii) the 398,534,660 Domestic Shares beneficially held by Beijing Baoying, Beijing Baoying shall hold an aggregate of 537,765,450 Domestic Shares.

4. COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) were considered to have any interest in business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, no Director or supervisor of the Company had a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

6. INTERESTS IN ASSETS

None of the Directors or supervisors of the Company had any direct or indirect interest in any asset which had been, since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. INTERESTS IN CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the businesses of the Group.

8. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this circular or have given opinion or advice which are contained in this circular:

Name	Qualification
Access Partner Consultancy & Appraisals Limited	An independent valuer
Shenzhen Lixin Asset Appraisal Co., Ltd.	An independent valuer

The above experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and/or reference to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which had been, since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the Assets Acquisition Agreement;
- (ii) the Assets Disposal Agreement;

- (iii) the investment cooperation agreement dated 28 November 2016 (the “**Investment Cooperation Agreement**”) entered into between the Company and Zhonghe Beidou Information Technology Co., Ltd.* (中和北斗信息技術股份有限公司) (“**Zhonghe Beidou**”) in respect of the establishment of a joint venture company (the “**JV Company**”). Pursuant to the Investment Cooperation Agreement, each of the Company and Zhonghe Beidou agreed to contribute RMB45,000,000 and RMB5,000,000 respectively to the registered capital of the JV Company;
- (iv) the supplemental agreement dated 28 November 2016 entered into among the Company, Anhui Pharmaceutical (Group) Co., Ltd.* (安徽省醫藥(集團)股份有限公司) (“**Anhui Pharmaceutical**”) and Zhonghe Beidou, pursuant to which the parties agreed to change the form of cooperation under the Framework Agreement (as defined in item (xi) below);
- (v) the supplemental agreement dated 23 August 2016 entered into between the Company and the Placing Agent (as defined in item (ix) below), pursuant to which the Company and the Placing Agent agreed to fix the placing price of the placing of new H shares of the Company at HK\$0.97 per share;
- (vi) the subscription agreement dated 13 July 2016 entered into between the Company and Beijing Zhong Jia Hui Tong Investment Management Company Limited* (北京中嘉慧通投資管理有限公司) (“**Subscriber I**”), pursuant to which the Company conditionally agreed to allot and issue 31,500,000 new Domestic Shares of the Company to Subscriber I at a price of RMB0.89 per share;
- (vii) the subscription agreement dated 13 July 2016 entered into between the Company and Beijing Yue Sheng Investment Management Company Limited* (北京悅升投資管理有限責任公司) (“**Subscriber II**”), pursuant to which the Company conditionally agreed to allot and issue 31,500,000 new Domestic Shares of the Company to Subscriber II at a price of RMB0.89 per share;
- (viii) the subscription agreement dated 13 July 2016 entered into between the Company and Mr. Wang Chenqing* (王成慶先生) (“**Subscriber III**”), pursuant to which the Company conditionally agreed to allot and issue 7,000,000 new Domestic Shares of the Company to Subscriber III at a price of RMB0.89 per share;
- (ix) the placing agreement dated 24 May 2016 entered into between the Company and Yicko Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent conditionally agreed to procure not less than six placees, on a best efforts basis, to subscribe for and purchase an aggregate of up to 41,400,000 new H shares of the Company;
- (x) the investment cooperation agreement dated 9 May 2016 entered into between the Company and Beijing Shangzheng Technology Co., Ltd.* (北京上正科技有限公司) (“**Beijing Shangzheng**”), pursuant to which each of the Company and Beijing Shangzheng agreed to contribute RMB12,000,000 and RMB8,000,000 respectively for the establishment of a limited company to be named as Tianjin Zhonghesheng International Trading Co., Ltd.* (天津中合盛國際貿易有限公司); and

- (xi) the strategic cooperation framework agreement dated 13 April 2016 entered into among the Company, Anhui Pharmaceutical and Zhonghe Beidou (the “**Framework Agreement**”) in relation to the cooperation for the establishment of the JV Company.

11. AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee currently comprises three independent non-executive Directors, namely, Mr. Zhao Zhen Xing, Mr. Chen Youfang and Ms. Hui Lai Yam. The audit committee’s principal duties are to review and supervise the financial reporting process, risk management and internal control procedures of the Group.

Biographical information of each member of the audit committee of the Company is set out below:

Mr. Zhao Zhen Xing (趙振興), aged 74, was appointed an independent non-executive Director on 30 September 2004. He graduated from College of Jilin Provincial Finance and Banking. He became a registered auditor of PRC in 1994, and in July 1997 he was recognized as a senior accountant of PRC. He was the manager of internal audit department of Jilin Tansu Group, Jilin Tansu Company Limited during 1991 to 2001. He served as a supervisor of Jilin Tansu Group, Jilin Tansu Company Limited during 1997 to 2001.

Mr. Chen You Fang (陳有方), aged 26, was appointed as an independent non-executive Director on 10 January 2016. Mr. Chen has been serving as an assistant to the chief executive officer and a supervisor at China Wit Media Co., Ltd.* (深圳市中匯影視文化股份有限公司) since 2014. Mr. Chen served as the deputy general manager of Shanghai Xitian Youxi Script Creative Studio (Limited Partnership)* (上海喜天遊戲劇本創意工作室(有限合夥)) from 2013 to 2014, the chairman of Beijing Lihua Xingguang Television Culture Co., Ltd.* (北京麗華星光影視文化有限公司) and an executive director of Canada Huamei Mining Limited* (加拿大華美礦業公司) from 2012 to 2013. He obtained a bachelor of arts degree from the University of Washington (Seattle campus) in 2014.

Ms. Hui Lai Yam (許麗欽), aged 48, was appointed as an independent non-executive Director on 19 June 2015. She has worked in the accounting industry for 23 years. She graduated from Xiamen University in Accounting. Ms. Hui is a Certified Dealmaker endorsed by the China Mergers and Acquisition Association.

12. MISCELLANEOUS

- (i) Mr. Ng Chenhuei (吳陳輝) is the company secretary of the Company. Mr. Ng is a member of the Association of Chartered Certified Accountants.
- (ii) Ms. Cui Bingyan (崔冰岩) is the compliance officer of the Company pursuant to Rule 5.19 of the GEM Listing Rules.
- (iii) The registered office of the Company is situated at No. 3, No. 2 Road, Jilin Hi-Tech Development Zone, Jilin City, Jilin Province, the PRC.

- (iv) The H share registrar of the Company, Computershare Hong Kong Investor Services Limited, is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (v) The principal place of business in Hong Kong of the Company is situated at Suite 2002, 20/F., Haleson Building, 1 Jubilee Street, Central, Hong Kong.
- (vi) Saved as otherwise stipulated in this circular, in the event of any inconsistency between the English version and the Chinese version, the English version shall prevail.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's principal place of business in Hong Kong at Suite 2002, 20/F., Haleson Building, 1 Jubilee Street, Central, Hong Kong during normal business hours (except Saturdays and public holidays) from the date of this circular up to 14 days thereafter:

- (i) the articles of association of the Company;
- (ii) the annual reports of the Company for each of the financial years ended 31 December 2014 and 31 December 2015;
- (iii) the property valuation report prepared by Access Partner Consultancy & Appraisals Limited as set out in Appendix II to this circular;
- (iv) the assets valuation report prepared by Shenzhen Lixin Asset Appraisal Co., Ltd as set out in Appendix III to this circular;
- (v) the written consents referred to in the paragraph under the heading "Experts and consents" in this appendix;
- (vi) the material contracts referred to in the paragraph under the heading "Material contracts" in this appendix; and
- (vii) this circular.

NOTICE OF EGM



東北虎藥業股份有限公司
NORTHEAST TIGER PHARMACEUTICAL CO., LTD.*
(A joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8197)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Northeast Tiger Pharmaceutical Co., Ltd.* (the “**Company**”) will be held on 16 January 2017 Monday at 2:00 p.m. at Room 812, Block B, Jinma Building, No. 38 Xue Qing Road, Haidian District, Beijing, The People's Republic of China for considering and, if thought fit, passing, with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. (A) To change the Chinese name of the Company to “北斗嘉藥業股份有限公司” and the English name of the Company to “Baytacare Pharmaceutical Co., Ltd.”;
- (B) To authorize any one director of the Company to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangements for all specific matters relating to, in connection with or to give effect to the foregoing.
2. (A) To approve the change of the registered address of the Company to “Room 201, Block A, No. 1 Qian Wan Yi Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the People's Republic of China (premises of Shenzhen Qianhai Business Secretarial Company Limited)”;
- (B) To authorize any one director of the Company to take all such actions and execute all such documents or instruments for and on behalf of the Company as necessary or expedient and make arrangements for all specific matters relating to, in connection with or to give effect to the foregoing.

SPECIAL RESOLUTIONS

3. (A) To approve, confirm and ratify the assets transfer agreement dated 28 November 2016 entered into between the Company and Beijing Heng Yuan Ji Ye Investment Management Co., Ltd.* (北京恒源基業投資管理有限公司) (the “**Acquisition Agreement**”) in relation to the acquisition of the Property (as defined in the announcement of the Company dated 28 November 2016 and headed “Major Transaction – Acquisition of Property”) and the transactions contemplated thereunder;

* For identification purposes only

NOTICE OF EGM

- (B) To authorize any one director of the Company to do all such acts and things, negotiate, approve, sign, initial, ratify and/or execute all documents which may in his/her opinion be necessary, desirable or expedient to implement and give effect to any matters arising from, relating to or incidental to the Acquisition Agreement and the transactions contemplated thereunder.
4. (A) To approve, confirm and ratify the assets transfer agreement dated 28 November 2016 entered into between the Company and Jilin Chun Hua Qiu Shi Agricultural Development Co., Ltd.* (吉林春華秋實農業開發有限公司) (the “**Disposal Agreement**”) in relation to the disposal of the Assets (as defined in the announcement of the Company dated 28 November 2016 and headed “Discloseable Transaction – Disposal of Assets”) and the transactions contemplated thereunder;
- (B) To authorize any one director of the Company to do all such acts and things, negotiate, approve, sign, initial, ratify and/or execute all documents which may in his/her opinion be necessary, desirable or expedient to implement and give effect to any matters arising from, relating to or incidental to the Disposal Agreement and the transactions contemplated thereunder.
5. Conditional upon the passing of Resolution 1 as set out in this notice convening the EGM, to consider and approve the proposed amendments to article 1 of the articles of association of the Company.
6. Conditional upon the passing of Resolution 1 as set out in this notice convening the EGM, to consider and approve the proposed amendments to article 2 of the articles of association of the Company.
7. Conditional upon the passing of Resolution 2 as set out in this notice convening the EGM, to consider and approve the proposed amendments to article 3 of the articles of association of the Company.
8. To consider and approve the proposed amendments to the first stage of amendments to article 23 of the articles of association of the Company.
9. To consider and approve the proposed amendments to the second stage of amendments to article 23 of the articles of association of the Company.

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

Jilin, the People’s Republic of China, 2 December 2016

* for identification purposes only

NOTICE OF EGM

Notes:

1. Eligibility for the EGM

Shareholders of the Company who intend to attend the EGM must deliver all instruments of transfer, accompanied by the relevant share certificates, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or the Company's registered office at No. 3, No. 2 Road, Jilin Hi-Tech Development Zone, Jilin City, Jilin Province, the People's Republic of China on or before 4:30 p.m. on 16 December 2016.

Shareholders should note that the register of members of the Company will be closed from 17 December 2016 to 16 January 2017 (both days inclusive) for the purpose of ascertaining the shareholders of the Company entitled to attend the EGM.

Holders of shares whose names stand on the register of members of the Company at 4:30 p.m. on 16 December 2016 are entitled to attend and vote at the EGM.

2. Registration procedures for the EGM

- (i) A shareholder or his proxy should produce proof of identity when attending the EGM;
- (ii) Shareholders of the Company who intend to attend the EGM should return the reply slip for the EGM to the Company on or before 30 December 2016; and
- (iii) Shareholders of the Company may send the above reply slip to the registered address of the Company in person, by post or by facsimile.

3. Proxy

- (i) A shareholder of the Company eligible to attend the EGM is entitled to appoint one or more proxies to attend and vote on his behalf in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company;
- (ii) A proxy shall be appointed by a written instrument signed by the appointer or its attorney. If the proxy form is signed by the attorney of the appointer, the power of the attorney or other authorisation document(s) of such attorney should be notarised; and
- (iii) To be valid, the power of attorney or other authorisation document(s) which have been notarized together with the completed proxy form, must be delivered to the registered address of the Company (for holders of domestic shares) or to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) not less than 24 hours before the time designed for the holding of the EGM or not less than 24 hours before the time appointed for taking the poll.

4. The EGM is expected not to last for more than half a day. Attendants shall bear their own traveling and accommodation expenses.