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**China Cinda Asset Management Co., Ltd.**

**中國信達資產管理股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01359)**

## **ISSUE OF NEW H SHARES UNDER GENERAL MANDATE**

**Sole Lead Placing Agent**

**Morgan Stanley**

**Joint Placing Agents**



### **THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 7 January 2016, the Company and the Investor entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue and the Investor has conditionally agreed to subscribe for 1,907,845,112 new H Shares, representing approximately 16.36% and 5.26%, respectively, of the existing total issued H Shares and the total issued share capital of the Company as at the date of this announcement and approximately 14.06% and 4.999%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other Shares will be issued prior to the Completion), at the Hong Kong dollar equivalent of RMB2.58 per Subscription Share.

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the existing H Shares in issue on the Completion Date.

### **GENERAL MANDATE AND LISTING APPROVAL**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Board at the AGM. As of the date of this announcement, no H-Shares have been allotted and issued pursuant to the General Mandate.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and the permission to deal in, the Subscription Shares.

## **APPOINTMENT OF PLACING AGENTS**

The Company has appointed Morgan Stanley as the sole lead placing agent and CICC, Cinda International, Credit Suisse and CMB International as the joint placing agents in relation to the Subscription by the Investor.

## **STRATEGIC COOPERATION AGREEMENT**

On 7 January 2016, the Company and the Investor also entered into a strategic cooperation agreement under which the parties agreed to utilize their respective resources, expertise and experience to explore business opportunities in a wide variety of areas, with a focus on healthcare and life insurance.

**As Completion is subject to the satisfaction of certain conditions precedent, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company upon Completion in relation to additional information of the Subscription or pursuant to any applicable requirements under the Listing Rules as and when applicable.**

## **THE SUBSCRIPTION AGREEMENT**

Summarised below are the principal terms of the Subscription Agreement:

**Date:** 7 January 2016

**Issuer:** the Company

**Investor:** Sino Biopharmaceutical Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investor and its ultimate beneficial owners are independent of the Group and its connected persons.

### **Subscription Price**

The Subscription Price is RMB2.58 per Subscription Share. The Subscription Price is to be paid in Hong Kong dollars at an exchange rate reflecting the arithmetic average of the Hong Kong dollars to RMB exchange rates published by the PBOC over the three Business Days immediately before (but excluding) the Completion Date.

For the purpose of illustration and assuming a Hong Kong dollars to RMB exchange rate of HKD1.00 = RMB0.8468 as published by the PBOC on 7 January 2016, the Subscription Price of RMB2.58 per Subscription Share shall be approximately HK\$3.05 per Subscription Share, which represents:

- (a) a premium of approximately 16.0% to the closing price of HK\$2.63 per H Share as quoted on the Stock Exchange on 7 January 2016 being the date of the Subscription Agreement;
- (b) a premium of approximately 8.5% to the average closing price of the H Shares for the five trading days immediately preceding the date of the Subscription Agreement (not including 7 January 2016); and
- (c) a premium of approximately 7.4% to the average closing price of the H Shares for the ten trading days immediately preceding the date of the Subscription Agreement (not including 7 January 2016).

The aggregate consideration for the Subscription Shares is RMB4,922,240,388.96 and will be payable by the Investor at Completion.

The Subscription Price has been negotiated and arrived at on an arm's length basis and by reference to the current market conditions. The Directors are of the opinion that the Subscription Price is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

### **The Subscription**

The Subscription Shares are new H Shares with nominal value of RMB1.00 each in the share capital of the Company.

Under the Subscription Agreement, the Company has agreed to allot and issue, and the Investor has agreed to subscribe for 1,907,845,112 new H Shares, representing approximately 16.36% and 5.26%, respectively, of the existing total issued H Shares and the total issued share capital of the Company as at the date of this announcement and approximately 14.06% and 4.999%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming no other Shares will be issued prior to the Completion). The aggregate nominal value of the Subscription Shares under the Subscription will be RMB1,907,845,112.

### **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the existing H Shares in issue on the Completion Date, including the right to receive all dividends and other distributions declared and made after the Completion Date.

### **Lock-up**

The Investor covenants with and undertakes to the Company that it will not, and will procure that its nominee (where applicable) will not, whether directly or indirectly, at any time during the period of 365 days following (but excluding) the Completion Date, dispose of any of the Relevant Shares or any interest in any company or entity holding any of the Relevant Shares without the prior written consent of the Company.

## **Conditions**

Completion shall take place at 11:00 a.m. on the Completion Date (or such other time and/or date as the Investor and the Company may agree in writing) subject to fulfilment of the following conditions:

- (a) the approval of the shareholders of the Investor in a general meeting in connection with the Subscription being obtained in accordance with the articles of association of the Investor and applicable laws and regulations and remaining in full force and effect on the Completion Date;
- (b) the approvals of the CBRC and the CSRC for the Subscription remaining in full force and effect on the Completion Date and no requirements or conditions being added to such approvals after the date of the Subscription Agreement and prior to the Completion Date except for those consented to by the Investor pursuant to the Subscription Agreement;
- (c) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such grant and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares;
- (d) the warranties of the Company set out in the Subscription Agreement remaining true and accurate and not misleading as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date and the undertakings of the Company thereunder to be performed at or prior to the Completion Date having been performed as of or prior to the Completion Date; and
- (e) the warranties of the Investor set out in the Subscription Agreement remaining true and accurate and not misleading as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date and the undertakings of the Investor thereunder to be performed at or prior to the Completion Date having been performed as of or prior to the Completion Date.

The Investor may, in its absolute discretion, waive the above condition (d) to any extent at any time by notice in writing served on the Company. The Company may, in its absolute discretion, waive the above condition (e) to any extent at any time by notice in writing served on the Investor.

## **Long-Stop Date**

If any of the above conditions shall, as of 5 March 2016 (being the Long-Stop Date), not have been satisfied or as the case may be, waived, the Subscription Agreement shall become null and void and of no effect, except for the obligation to pay for the break fee which shall remain in full force and effect and any liability of the Company or the Investor in respect of any antecedent breach of the Subscription Agreement.

## **Break Fee**

If Completion fails to take place solely due to either the failure to obtain the approval of the shareholders of the Investor required under the above condition (a) or a breach of condition (e) or the failure by the Investor to pay the Subscription Monies in accordance with the Subscription Agreement, the Investor shall pay to the Company on demand a break fee of HK\$10,000,000.

If Completion fails to take place solely due to either the non-satisfaction of any of the above conditions (b) to (d) or the breach by the Company of its obligations to allot and issue the Subscription Shares and deliver the relevant share certificates and certain compliance certificates to the Investor in accordance with the Subscription Agreement, the Company shall pay to the Investor on demand a break fee of HK\$10,000,000.

## **Termination**

The Subscription Agreement may be terminated:

- (a) by the Company if any of the above conditions (a) or (e) has not been fulfilled on or before the Long-Stop Date;
- (b) by the Investor if any of the above conditions (b) to (d) has not been fulfilled on or before the Long-Stop Date;
- (c) by the Company if payment of the Subscription Monies is not received or settled in the time and manner stipulated in the Subscription Agreement;
- (d) by the Investor if the Company fails to allot and issue the Subscription Shares or deliver the relevant share certificates or certain compliance certificates to the Investor in accordance with the Subscription Agreement;
- (e) by the Company in the event there is a material breach of the Subscription Agreement on the part of the Investor;
- (f) by the Investor in the event there is a material breach of the Subscription Agreement on the part of the Company; or
- (g) with the written consents of the Company and the Investor.

## **Other Provisions**

The Subscription Agreement also contains provisions such as representations and warranties which are usual and customary for a transaction of this nature and scale.

## **GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES AND CORPORATE APPROVALS**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Board at the AGM. Under this General Mandate, the Board is allowed to allot and issue up to 2,331,951,543 H Shares. As of the date of this announcement, no H-Shares have been allotted and issued pursuant to the aforesaid General Mandate and therefore, the Company is allowed to issue up to 2,331,951,543 H Shares under such General Mandate. Accordingly, the issue of the Subscription Shares is not subject to any further approval by the Shareholders. On 24 August 2015, the Board approved the allotment and issue of up to 2,331,951,543 H Shares under the General Mandate. All necessary corporate approvals, being the General Mandate and relevant Board approval in relation to the issue of the Subscription Shares have been obtained.

## INFORMATION ABOUT THE INVESTOR

The Investor is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 1177). The Investor and its subsidiaries are principally engaged in the research, development, production and sale of a series of modernised Chinese medicines and chemical medicines for the treatment of hepatitis and cardio-cerebral diseases. They are also actively developing medicines for treating analgesia, oncology, orthopedic, parental nutritious, anti-infections, respiratory system, anorectal and diabetic diseases.

## REASONS FOR THE ISSUE OF THE SUBSCRIPTION SHARES AND USE OF PROCEEDS FROM THE ISSUE OF THE SUBSCRIPTION SHARES

The proceeds of the issue of the Subscription Shares will be used to supplement the Company's working capital or for such other purposes as approved by the relevant regulatory authorities.

The Directors are of the opinion that the terms of the Subscription Agreement, including but not limited to the Subscription Price, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

During the past 12 months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activity.

## EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Subscription is set out below (assuming no other Shares will be issued prior to the Completion):

	Immediately before the date of this announcement (Number of Shares)	% of total issued Domestic Shares or H Shares (as the case may be) (%)	Approximately % of total issued Shares	Approximately after Completion (Number of Shares)	% of total issued Domestic Shares or H Shares (as the case may be) (%)	Approximately % of total issued Shares
<b>DOMESTIC SHARES</b>						
Total issued Domestic Shares	24,596,932,316	100	67.84	24,596,932,316	100	64.45
<b>H SHARES</b>						
the Investor	–	–	–	1,907,845,112	14.06	4.999
Other public H Shareholders	11,659,757,719	100	32.16	11,659,757,719	85.94	30.55
Total Issued H Shares	11,659,757,719	100	32.16	13,567,602,831	100	35.55
<b>TOTAL ISSUED SHARES</b>						
	36,256,690,035		100	38,164,535,147		100



## **PRC REGULATORY APPROVALS**

The Company has obtained approvals from the CBRC and the CSRC for the issue of the Subscription Shares.

## **LISTING APPROVAL**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and the permission to deal in the Subscription Shares on the Stock Exchange.

## **APPOINTMENT OF PLACING AGENTS**

The Company has appointed Morgan Stanley as the sole lead placing agent and CICC, Cinda International, Credit Suisse and CMB International as the joint placing agents in relation to the Subscription by the Investor.

## **STRATEGIC COOPERATION AGREEMENT**

On 7 January 2016, the Company and the Investor also entered into a strategic cooperation agreement under which the parties agreed to utilize their respective resources, expertise and experience to explore business opportunities in a wide variety of areas, with a focus on healthcare and life insurance.

**As Completion is subject to the satisfaction of certain conditions precedent, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company upon Completion in relation to additional information of the Subscription or pursuant to any applicable requirements under the Listing Rules as and when applicable.**

## **DEFINITIONS**

“AGM”	the annual general meeting of the Company held on 29 June 2015
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong and the PRC
“CBRC”	China Banking Regulatory Commission
“CICC”	China International Capital Corporation Hong Kong Securities Limited
“Cinda International”	Cinda International Securities Limited
“CMB International”	CMB International Capital Limited

“Company”	China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Stock Exchange (stock code: 1359)
“Completion”	completion of the Subscription in accordance with the Subscription Agreement
“Completion Date”	the date which is on or (if so agreed by the parties) before the fifth Business Day after (and excluding) the date upon which the last of the conditions to the Subscription set out in (a) and (c) under the paragraph headed “Conditions” above is satisfied, or such other date as may be agreed in writing by the Company and the Investor
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Credit Suisse”	Credit Suisse (Hong Kong) Limited
“CSRC”	China Securities Regulatory Commission
“Director(s)”	Director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB
“General Mandate”	the general mandate granted at the AGM by the Shareholders to the Board to allot and issue new H Shares not exceeding 20% of the aggregate nominal value of the Company’s H Shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“H Share(s)”	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars
“HK\$” or “Hong Kong dollars”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investor”	Sino Biopharmaceutical Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 1177)



“Listing Committee”	The Listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Stop Date”	5 March 2016
“Morgan Stanley”	Morgan Stanley Asia Limited
“PBOC”	The People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China, but for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Relevant Shares”	the Subscription Shares subscribed by the Investor under the Subscription Agreement and any Shares or other securities of the Company which are derived therefrom (including but not limited to any convertibles, equity-linked securities and derivatives with underlying assets being the Subscription Shares) pursuant to any rights issue, capitalisation issue or other form of capital reorganisation (whether such transactions are to be settled in cash or otherwise) and any interests therefrom
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Investor for the Subscription Shares on and subject to the terms and conditions set out in the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 7 January 2016 entered into between the Company and the Investor

“Subscription Monies”	such sum as is the aggregate of the Subscription Price multiplied by the number of Subscription Shares
“Subscription Price”	RMB2.58 per Subscription Share, payable in Hong Kong dollars at an exchange rate reflecting the arithmetic average of the RMB to Hong Kong dollars exchange rates published by the PBOC over the three Business Days immediately before (but excluding) the Completion Date
“Subscription Shares”	1,907,845,112 new H Shares of the Company to be subscribed by the Investor under the Subscription
“%”	percentage

By Order of the Board  
**China Cinda Asset Management Co., Ltd.**  
**HOU Jianhang**  
*Chairman*

Beijing, the PRC  
8 January 2016

*As at the date of this announcement, the Board of the Company consists of Mr. HOU Jianhang and Mr. ZANG Jingfan as executive Directors, Mr. LI Honghui, Mr. SONG Lizhong, Ms. XIAO Yuping, Ms. YUAN Hong and Mr. LU Shengliang as non-executive Directors, and Mr. LI Xikui, Mr. QIU Dong, Mr. CHANG Tso Tung, Stephen and Mr. XU Dingbo as independent non-executive Directors.*