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北 斗 嘉 藥 業 股 份 有 限 公 司
BAYTACARE PHARMACEUTICAL CO., LTD.*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 8197)

VOLUNTARY ANNOUNCEMENT
BUSINESS UPDATE

This announcement is made by Baytacare Pharmaceutical Co., Ltd.* (the “**Company**”, together with its subsidiaries as the “**Group**”) on a voluntary basis to inform the shareholders and potential investors of the latest business development of the Company.

The board (the “**Board**”) of director(s) (the “**Director(s)**”) of the Company is pleased to announce that the Company has on 8 June 2018, entered into (1) a strategic framework agreement (the “**Framework Agreement**”); and (2) an agency agreement (the “**Agency Agreement**”), with Zhuhai Guangyuan Co., Ltd.* 珠海廣緣醫藥有限公司 (“**Zhuhai Guangyuan**”), to enhance the sales and distribution channel of the Company’s products, and to allow the Company to act as the authorised dealer of Zhuhai Guangyuan in Jilin Province, China.

THE FRAMEWORK AGREEMENT

Under the Framework Agreement, the Company and Zhuhai Guangyuan aim to achieve the following:

1 Promote cooperation between Zhuhai Guangyuan and the Group in the area of pharmacy chain

Zhuhai Guangyuan has more than 3,000 retail pharmacy chain stores in China. By entering into the Framework Agreement, the Group can leverage on Zhuhai Guangyuan’s chain stores which would allow the Group reduce the distribution costs of traditional Chinese medicine and expand its relatively under-developed retail business in China.

2 Promote comprehensive cooperation through integration of membership management of Zhuhai Guangyuan’s pharmacy chain stores and the Company’s Beidou big data healthcare management capabilities

The integration of existing membership management platform of Zhuhai Guangyuan and the Company’s Beidou big data healthcare management capabilities will enable both Zhuhai Guangyuan and the Company to offer healthcare management services to members of pharmacy chain stores and provide tailored healthcare solutions to the elderly in China.

3 Facilitate in-depth cooperation between the Group and Zhuhai Guangyuan in the area of pharmaceutical distribution

To further promote the cooperation between the Group and Zhuhai Guangyuan in the area of pharmaceutical distribution and to provide a new stream for profit growth.

4 Reduce production and processing costs of the existing processed Chinese herbal medicine of Zhuhai Guangyuan and promote the circulation of the Group’s Chinese herbal medicine planting products

The Company owns the right to manage forest land at Fuman Shanzhen in Jilin Province. It has cultivated underground ginseng and other Chinese herbal medicines in the forest land. The cooperation between the two parties will help Zhuhai Guangyuan to reduce its raw material distribution costs and allow it to purchase raw materials directly from the plantation. In addition, the Company can cultivate the Chinese herbal medicines as required by Zhuhai Guangyuan, thereby reducing the risk of oversupply.

THE AGENCY AGREEMENT

Zhuhai Guangyuan is the distributor of Jiangsu Huaming Biotechnology Co., Ltd.* (江蘇華鳴生物科技有限公司), the manufacturer of hydroxyphenylalanine urine test reagent (a chemical chromogenic method) (the “**Product**”), in Guangdong and Jilin Provinces. According to the Agency Agreement, the Company will act as an authorized distributor of Zhuhai Guangyuan and will be responsible for the marketing, promotion and after-sales services of the Product in Jilin Province for a 5-year period, from 8 June 2018 to 7 June 2023.

INFORMATION OF ZHUHAI GUANGYUAN

Zhuhai Guangyuan was established in 2002 and is headquartered in Zhuhai High-tech Zone. Zhuhai Guangyuan is one of the leading pharmaceutical retail chain companies in China. Since its establishment, it mainly engages in the sales of pharmaceuticals and other health-related products through its own marketing network. Its business include Chinese and Western medicines, processed Chinese herbal pieces, Chinese medicine for health and longevity, healthcare equipment, health foods, general foods, personal care products and household items. Apart from retail of pharmaceuticals, Zhuhai Guangyuan also engages in the wholesale and manufacturing of pharmaceuticals (mainly the manufacture of proprietary Chinese medicines and Chinese herbal medicines).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, each of Zhuhai Guangyuan and its ultimate beneficial owners are independent of the Company and its connected persons.

GENERAL

The Company will make announcement(s), as and when appropriate, in relation to the development of the new business venture with Zhuhai Guangyuan in accordance with the Rules Governing the Listing Securities on GEM of The Stock Exchange of Hong Kong Limited.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Baytacare Pharmaceutical Co., Ltd.*
Cui Bingyan
Executive Director

Beijing, People's Republic of China, 8 June 2018

As at the date of this announcement, the executive Directors are Wang Shaoyan, Cui Bingyan and Jiang Xiaobin; the non-executive Directors are Shi Peng and Cao Yang; and the independent non-executive Directors are Hui Lai Yam and Gao Zhikai.

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

This announcement will remain on the "Latest Company Announcements" page of the website of GEM at www.hkgem.com for at least 7 days from the date of the publication and the Company's website at www.baytacare.com from the date of this announcement.

* for identification purposes only