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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)

- (1) ADDITIONAL INFORMATION ON RECLASSIFICATION OF LAND USE RIGHTS AND IMPAIRMENTS**
- (2) MAJOR TRANSACTION**
- (3) REMEDIAL MEASURES AND BUSINESS DEVELOPMENT**
- (4) CHANGE OF AUTHORISED REPRESENTATIVE**
- (5) FINDINGS OF THE SPECIAL INVESTIGATION COMMITTEE**

(1) ADDITIONAL INFORMATION ON RECLASSIFICATION OF LAND USE RIGHTS AND IMPAIRMENTS

Reference is made to the Annual Results Announcement and the Annual Report.

The Board wishes to provide additional information to the Group's consolidated financial statements for the year ended 31 December 2017 as disclosed in the Annual Report on:

1. Reclassification of land use rights and buildings and related leasehold improvements from property, plant and equipment and land use rights to investment properties; and
2. Impairment losses of Trade Receivables, Other Receivables and Fu Man Shan Zhen Impairment.

(2) MAJOR TRANSACTION

Acquisition Agreement

Reference is made to the Annual Results Announcement and the Annual Report.

On 20 January 2017, the Company had entered into the Acquisition Agreement, pursuant to which the Company would acquire (a) 190 school buses from Beijing Shan Shi for the consideration of RMB38 million; and (b) Beidou monitoring system from Zhonghe Beidou for the consideration of RMB30 million.

The Acquisition Agreement was entered into by Mr. Wang (former chairman and executive Director) who did not adhere to the internal controls procedures and reported the matter to the Board for consideration and approval prior to entering into the Acquisition Agreement for and on behalf of the Company.

As advised by the PRC legal adviser of the Company, although the entering of the Acquisition Agreement without the prior approval of the Board was not in compliance with the internal controls procedures of the Company and the Company Law, the obligations under the Acquisition Agreement remain binding on the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition Agreement, when aggregated, exceeded 25% but was less than 100%, the Acquisition Agreement constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to notification, announcement and Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

Due to Mr. Wang's failure to adhere to the internal controls procedures of the Company and report the matter to the Board, the Company failed to notify the Stock Exchange, make an announcement and comply with other relevant requirements in relation to the Acquisition Agreement as required under Chapter 19 and Chapter 20 of the GEM Listing Rules, which constituted non-compliance with the GEM Listing Rules. The Company will seek the Shareholders' approval to confirm and ratify the Acquisition Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Acquisition Agreement is expected to be despatched to the Shareholders on or before 31 July 2018, as the Company will require more than 15 business days after publication of this announcement to prepare the relevant information to be included in the circular.

(3) REMEDIAL MEASURES AND BUSINESS DEVELOPMENT

The Group maintains its business operations as normal. The Company has appointed new Directors and new chairman of the Board to manage and oversee the business and operations of the Group. The Board has resolved to implement further changes to the Group by strengthening its corporate governance, promoting the business development of the Group.

(4) CHANGE OF AUTHORISED REPRESENTATIVE

The Board is pleased to announce that, with effect from 9 July 2018, Mr. Fang Yao (an executive Director) has been appointed as an authorised representative of the Company in place of Mr. Ng Chenhui.

(5) FINDINGS OF THE SPECIAL INVESTIGATION COMMITTEE

Reference is made to the announcements dated 26 April 2018 and 27 April 2018 of the Company in relation to, among others, the establishment of a special investigation committee to investigate into the allegations that the Company entered into the the Loan Agreement.

It was found that the Loan Agreement was entered into by Mr. Wang alone, who failed to adhere to the internal controls adopted by the Company, and sought approval from the Board prior to entering into the Loan Agreement for and on behalf of the Company. In view of the amount outstanding, and the personal undertakings provided by Mr. Wang, the Board is of the view that the Loan Agreement and the transactions contemplated therein would not have material impact on the Group's performance and financial positions.

(1) ADDITIONAL INFORMATION ON RECLASSIFICATION OF LAND USE RIGHTS AND IMPAIRMENTS

Reference is made to the Annual Results Announcement and the Annual Report.

(A) Reclassification of land use rights and buildings and related leasehold improvements from property, plant and equipment and land use rights to investment properties

As disclosed in Note 18 to the Group's consolidated financial statements for the year ended 31 December 2017, the Group reclassified the land use rights and buildings and related leasehold improvements from property, plant and equipment and land use rights to investment properties due to the fact that the usage of such properties had been changed to earn long-term rental or capital appreciation.

The original use of such land and buildings by the Group was for pharmaceutical manufacturing. However, in view of high research and development costs for the medicines industry, long product life cycle, ever increasing raw materials and labor costs with no sign of slowing down, increasingly stringent government regulations on the medicines industry and large amount of capital required for medicine manufacturing, instead of manufacturing the medicines itself, the Company intended to source various medicines from manufacturers and distributors and/or outsource the manufacturing process of the Chinese medicines using the Company's Chinese herbs as raw materials. Accordingly, to make appropriate utilization of resources, the Company decided to lease out its idle resources to generate cash inflows and to increase shareholders' return. As certain assets (i.e. land, buildings, machineries and office equipment) and manpower that have become idled or under-utilised as a result of the scaling down of the pharmaceutical manufacturing, the Company leased out some of the assets together with ancillary services (i.e. technical support, repair and maintenance) on a short-term basis. On 28 November 2016, the Group

entered into an agreement to dispose of the relevant land and buildings (the “**Properties**”) to an independent third party. However, the proposed disposal was subsequently terminated. Please refer to the announcements dated 28 November 2016 and 6 July 2017 of the Company for further details.

The management of the Group reconsidered the usage of the Properties, and decided to hold them for long-term rental income. In July 2017, the Group entered into a lease to lease out certain properties for a rental period of 2.5 years but without provision of any ancillary services. The Company continues to identify suitable tenants for leasing the remaining Properties. Due to the change in use of the Properties, the Group reclassified them into investment properties according to the relevant accounting standards.

As at the date of this announcement, a portion of the investment properties held by the Group are being used to generate rental income. The aggregate amount of rental income generated from the leasing of the investment properties amounted to approximately RMB952,000 (net of related taxes) for the year ended 31 December 2017 (please refer to the Annual Report). The reclassification reflected the prevailing situation and treatment of the relevant assets, and as such the reclassification was in the best interest of the Company and the Shareholders as a whole.

(B) Impairment losses of Trade Receivables, Other Receivables and Fu Man Shan Zhen Impairment.

Reference is made to the Annual Results Announcement whereby it stated that the Company record the following impairment losses:

- RMB15.5 million on trade receivables (the Trade Receivables Impairment);
- RMB20.0 million on other receivables (the Other Receivables Impairment); and
- RMB31.0 million on Fu Man Shan Zhen Receivable (the Fu Man Shan Zhen Impairment).

(I) Trade Receivables Impairments

The Trade Receivables Impairment arose from the sales agreement entered into between the Group and the trade debtor whereby the trade debtor was required to settle the amount payable within three months following the delivery of the goods by the Company.

The trade debtor breached the payment terms of the sales agreement by failing to settle the debts within the credit period. Up to March 2018, such trade debts had been overdue for not less than 180 days. In addition, the Group received negative responses despite repeated demands for payment. Having considered the efforts made to recover the debt, the Company concluded that impairment loss of the trade debt was required.

As at the date of this announcement, there is no material change in the facts and circumstances in connection with the Trade Receivables Impairment, the Board considered that the recoverability of the Trade Receivables Impairment remains remote and for prudent reason, no reversal of impairment is made. The Company is evaluating the situation and is considering taking legal action against the trade debtor.

(II) Other Receivables Impairments

In March 2018, the Company considered that the possibility of collecting the amount under the Other Receivables Impairment was remote and for prudent reason, determined that recognition of the other Receivables Impairment was required.

In recognizing the impairment loss in the sum of the Other Receivables Impairment, the Company considered the following: (i) the supplier failed to perform the relevant contract due to its prevailing financial conditions; (ii) the recoverability of the receivable was remote given the financial situation of the supplier; (iii) the steps taken by the Company in recovering the receivables.

The Company has discontinued trading activities with the relevant supplier around July 2017 since it failed to refund the deposits. On 29 March 2018, the Group received the sum of RMB1 million from the supplier. As a result of the receipt of the said sum, a reversal of the impairment of such amount was made in the first quarter of 2018. Please refer to the quarterly results announcement published by the Company on 14 May 2018.

(III) Fu Man Shan Zhen Impairments

Fu Man Shan Zhen defaulted in repaying the instalment of RMB5 million due on 31 December 2017 as stipulated in the settlement agreement dated 14 March 2014. Following the negotiation with Fu Man Shan Zhen in March 2018, the Group was informed that Fu Man Shan Zhen was in serious financial difficulty, the Company therefore became aware that the recoverability of the whole Fu Man Shan Zhen Receivable was remote and made a prudent judgement to fully impair Fu Man Shan Zhen Receivable.

During the impairment assessment of Fu Man Shan Zhen Receivables, having considered that the Group had not received any response from Fu Man Shan Zhen despite the issuance of demand letters for repayment to Fu Man Shan Zhen on 27 December 2017 and 27 February 2018 by the Group, the Company considered the recoverability of the Fu Man Shan Zhen Receivables was remote and made a prudent judgement that no payments would be made from Fu Man Shan Zhen.

In May 2018, a representative from Fu Man Shan Zhen reached out to the Company in relation to the settlement of the amount payable. The Group will continue to negotiate with Fu Man Shan Zhen to recover the amount payable by it.

(2) MAJOR TRANSACTION

Acquisition Agreement

Reference is made to the Annual Results Announcement and the Annual Report.

On 20 January 2017, the Company had entered into the Acquisition Agreement with Beijing Shan Shi and Zhonghe Beidou, pursuant to which the Company would acquire (a) 190 school buses from Beijing Shan Shi for the consideration of RMB38 million; and (b) Beidou monitoring system from Zhonghe Beidou for the consideration of RMB30 million.

Set out below are the principle terms of the Acquisition Agreement:

Parties : (i) the Company (as the purchaser);
(ii) Beijing Shan Shi (as the vendor of the school buses); and
(iii) Zhonghe Beidou (as the vendor of the Beidou central monitoring system)

Beijing Shan Shi and Zhonghe Beidou are independent of the Company and its connected persons.

Assets to be acquired:

- i. 190 school buses; and
- ii. Beidou central monitoring system, which is a satellite navigation and monitoring system that will assist with safety monitoring of the school buses, including its operating times, speed limits, navigation, driving records and to report any emergencies, etc.

Other material obligations of the relevant parties to the Acquisition Agreement:

- i. the Company to acquire the school buses from Beijing Shan Shi;
- ii. Beijing Shan Shi to coordinate and integrate all parties' resources, and to deliver 100 school buses on or before 25 November 2018; and the remaining 90 school buses to be delivered on or before 25 December 2018; and
- iii. Zhonghe Beidou to provide Beidou central monitoring system for the school buses.

Consideration:

- i. RMB38,000,000 for the acquisition of 190 school buses; and
- ii. RMB30,000,000 for the Beidou central monitoring system.

The consideration for the acquisition of 190 school buses was determined based on arm's length negotiations after taking into account, among others, the market value of comparable school buses; and the consideration for the acquisition of the Beidou central monitoring system was determined based on arm's length negotiations after taking into account, among others, (i) the navigational technology in the system, (ii) the costs of installations; (iii) the training, on-site support and update to be provided by the seller; and (iv) the market reputation and brand recognition of Beidou central monitoring system.

Payment terms:

- i. Within 60 business days following the entering into of the Acquisition Agreement, the Company would pay the sum of RMB34.5 million to Beijing Shan Shi; and
- ii. Within 20 business days following the delivery of the school buses and Beidou central monitoring system, the Company would pay the remaining balance of RMB33.5 million to the vendors.

Background of entering into of the Acquisition Agreement

The Acquisition Agreement was entered into by Mr. Wang (former chairman and executive Director) alone, who failed to adhere to the internal controls adopted by the Company, and sought approval from the Board prior to entering into the Acquisition Agreement for and on behalf of the Company.

As advised by the PRC legal adviser of the Company, although the entering of the Acquisition Agreement without the prior approval of the Board was not in compliance with the internal controls procedures of the Company and the Company Law, the obligations under the Acquisition Agreement remain binding on the Company. The Board having considered that should it terminate the Acquisition Agreement, the amount of RMB34.5 million paid to Beijing Shan Li would be forfeited, and both Beijing Shan Li and Zhonghe Beidou may institute legal actions against the Company to enforce their rights under the Acquisition Agreement. Accordingly, the Board resolved to perform its obligations under the Acquisition Agreement.

Information of the Company

The principal activities of the Group include (i) pharmaceutical and Beidou big data, development of health-related big data, healthcare management service and the Internet plus business; (ii) planting, cultivation and sale of Chinese herbs; (iii) medicines sourcing/ trading business and; (iv) development, manufacture and sale of medicines.

Information of Beijing Shan Shi

Beijing Shan Shi is a comprehensive media and cultural company that integrates film and television project investment, R&D, planning, production, promotion and artists agency.

Information of Zhonghe Beidou

Zhonghe Beidou Information Technology Limited is one of the first batches of Beidou satellite division level service providers in our country, and is a high-tech company specializing in Beidou satellite navigation scientific research, production, application services and civilian industrialization. The business covers public safety, emergency rescue, social security, medical hygiene, basic education, environmental protection, transportation and tourism services etc.

Implications under the GEM Listing Rules

As one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition Agreement, when aggregated, exceeded 25% but was less than 100%, the Acquisition Agreement constituted a major transaction for the Company under Chapter 19 of the GEM Listing Rules and were subject to notification, announcement and Shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

Due to Mr. Wang's failure to adhere to the internal controls procedures of the Company and report the matter to the Board, the Company failed to notify the Stock Exchange, make an announcement and comply with other relevant requirements in relation to the Acquisition Agreement as required under Chapter 19 and Chapter 20 of the GEM Listing Rules, which constituted non-compliance with the GEM Listing Rules. The Company will seek the Shareholders' approval to confirm and ratify the Acquisition Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Acquisition Agreement is expected to be despatched to the Shareholders on or before 31 July 2018, as the Company will require more than 15 business days after publication of this announcement to prepare the relevant information to be included in the circular.

(3) REMEDIAL MEASURES AND BUSINESS DEVELOPMENT

The Group maintains its business operations as normal. The Company has appointed new Directors and new Chairman to manage and oversee the business and operations of the Group. In addition, the Board has resolved to implement further changes to the Group by strengthening its corporate governance, promoting the business development of the Group.

Corporate Governance

To further enhance the internal control and corporate governance of the Company:

- (i) the Company has issued a letter to all the Directors to remind them of the importance of strict compliance with the GEM Listing Rules and to consult the financial controller, company secretary and/or the Hong Kong legal adviser of the Company for any possible transactions regardless of whether it may or may not constitute notifiable transactions, connected transactions and/or other disclosures under the GEM Listing Rules;
- (ii) the Company has issued the relevant guidance and training materials, in particular, regarding how to define a transaction and proper calculation methodology of the percentage ratios relating to notifiable and connected transactions under the GEM Listing Rules, to the Directors, senior management and the finance staffs of the Group in order to strengthen and reinforce their existing knowledge with respect to notifiable and connected transactions. Additional training session on the classification and compliance requirements for notifiable transactions and connected transactions under the GEM Listing Rules will be given to the management who would be involved in the day-to-day business operations of the Group;

- (iii) the Company has set up a reporting guideline such that each director of the Group shall report those transactions, which are not in the ordinary course of business but may constitute potential notifiable and/or connected transactions, to the financial controller and company secretary for review prior to the entering into of those transactions. The financial controller and the company secretary shall then assess the proposed transactions and ascertain the relevant compliance requirements under the GEM Listing Rules and submit to the Board for approval. In case of doubt, they shall consult the external adviser (including the Company's Hong Kong legal adviser); and
- (iv) the Company has assigned a dedicated staff member to establish a databank of connected persons so that the Company could easily identify the connected persons and determine whether a contemplated transaction is a connected transaction. Such staff member will review the connected relationship on an ongoing basis and keep the information in the databank updated at all time. All the potential transactions should be confirmed in writing by such staff whether the counterparty is a connected person before the Company or any of its subsidiaries enter into such transaction.

Tougher Safeguards

In view of the activities carried out by Mr. Wang, the Board is of the view that it is of paramount importance of the Group to act diligently to safeguard the interests of the Group, the Shareholders, customers and service providers and employees. The Company will follow-up closely with trade debtors for the recoverability of any outstanding debts.

Business Development

The Board will work closely with the senior management of the Group to further promote the businesses of the Group. In addition, the Company will recruit more talented and capable individuals to further the Company's business development and the Company is confident of its business prospects.

(4) CHANGE OF AUTHORISED REPRESENTATIVE

The Board is pleased to announce that, with effect from 9 July 2018, Mr. Fang Yao, an executive Director, has been appointed as an authorised representative of the Company in place of Mr. Ng Chenhuei for the purposes of Rule 5.24 of the GEM Listing Rules. Mr. Ng Chenhuei will continue to serve as the company secretary of the Company.

(5) FINDINGS OF THE SPECIAL INVESTIGATION COMMITTEE

Reference is made to the announcements dated 26 April 2018 and 27 April 2018 of the Company in relation to, among others, the establishment of a special investigation committee comprising Mr. Gao Zhikai and Ms. Hui Lai Yam (both being independent non-executive Directors and members of the audit committee of the Board) for the purposes of, among others, investigating into the allegations that the Loan Agreement was entered into by the Company, pursuant to which the Company borrowed the sum of RMB45 million. Further, according to the allegations, the Company only repaid the sum of HK\$19.5 million, with the balance of RMB25.5 million remains outstanding.

Scope of the Investigation

The investigation committee reviewed the relevant documents and conducted interviews with certain Directors and employees of the Group in respect of the purported transaction under the Loan Agreement, and the scope of the investigation included:

- A. veracity of the allegations;
- B. details of the negotiation, signing and approval of the Loan Agreement;
- C. the sum of RMB45 million advanced from BHID to the Company, and
- D. repayment of the sum of RMB19.5 million to BHID, and impact to the Group.

In May 2018, the Company engaged Zhongzhun CPA to assist with the review of the relevant documents and interviews.

Findings of the Investigation

A. Loan Agreement

The Loan Agreement was entered into by Mr. Wang (former chairman and executive Director) alone, who failed to adhere to the internal controls adopted by the Company, and sought approval from the Board prior to entering into the Loan Agreement for and on behalf of the Company.

As advised by the PRC legal adviser of the Company, although the entering of the Loan Agreement without the prior approval of the Board was not in compliance with the internal controls procedures of the Company and the Company Law, the obligations under the Loan Agreement remain binding on the Company.

B. Negotiation, signing and approval of the Loan Agreement

According to the information obtained by the investigation committee and Zhongzhun CPA, none of the members of the Board at the material time and employees of the Group was involved in the liaison and negotiation with BHID in relation to Loan Agreement.

The Loan Agreement and the transactions contemplated therein were not put forward to the Board at the material time for discussion, consideration and approval. Furthermore, the Loan Agreement only bears the signature of Mr. Wang. Both members of the investigation committee and Zhongzhun CPA have tried to contact Mr. Wang by every means but have been unable to reach him.

C. RMB45 million advanced to the Company, and the repayment of RMB19.5 million made by the Company

Upon review of the financial information of the Company, together with confirmations received from principal bankers of the Group, none of the members of the Group has received the sum of RMB45 million from BHID or its related parties, and none of the members of the Group has made any payment to BHID or its related parties.

D. Impact to the Group

The investigation committee has located an undertaking signed by Mr. Wang dated 30 March 2018, pursuant to which Mr. Wang in his personal capacity undertook (i) to provide a several guarantee in favour of BHID in respect of the all amounts due and owing (including expenses) by the Company under the Loan Agreement, for a period of two years commencing from 30 March 2018; and (ii) on or before 13 April 2018, he would utilise his residential property situated in Beijing, the PRC, to raise funds, the entire amount would be used to repay a portion of the amounts due and owing by the Company under the Loan Agreement.

According to the information available to the investigation committee, the market value of the property in Beijing is approximately RMB26 million.

Conclusion

In view of the amount outstanding and the personal undertakings provided by Mr. Wang in favour of BHID, the Board is of the view that the Loan Agreement and the transactions contemplated therein would not have material impact on the Group's financial performance and financial positions.

The Company would institute legal actions against Mr. Wang for entering into the Loan Agreement without the authorisation of the Board, failure to carry out his duties as a Director and to protect the interest of the Group.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition Agreement”	the acquisition agreement dated 20 January 2017 entered into between the Company, Beijing Shan Shi and Zhonghe Beidou in relation to the acquisition of school buses and Beidou central monitoring system
“Annual Report”	the annual report of the Group for the year ended 31 December 2017
“Annual Results Announcement”	the announcement of the Company dated 29 March 2018 relating to the annual results of the Group for the year ended 31 December 2017
“Beijing Shan Shi”	Beijing Shan Shi Media Technology Limited (北京山石傳媒科技有限公司)
“BHID”	Beijing Haigang Investment Development Co., Ltd. (北京海港投資發展有限公司)
“Board”	the board of Directors
“Company”	Baytacare Pharmaceutical Co., Ltd.* (北斗嘉藥業股份有限公司), a company incorporated in the PRC with limited liability, whose H Shares are listed on the GEM of the Stock Exchange (stock code: 8197)
“Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time
“Director(s)”	director(s) of the Company
“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
“Fu Man Shan Zhen”	Jilin Fu Man Shan Zhen Company Limited
“Fu Man Shan Zhen Impairment”	the sum RMB31 million on Jilin Fu Man Shan Zhen Company Limited receivables being recorded as impairment by the Company in the Annual Results Announcement

“H Shares”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Loan Agreement”	the loan agreement dated 27 December 2016 entered into by Mr. Wang, for and on behalf of the Company, pursuant to which the Company borrowed the sum of RMB45 million from BHID
“Mr. Wang”	Mr. Wang Shaoyan (a former executive Director and the chairman of the Board)
“Other Receivables Impairment”	the sum RMB20 million on other receivables being recorded as impairment by the Company in the Annual Results Announcement
“PRC”	the People’s Republic of China, for the purposes of this announcement excludes, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	collectively, the Domestic Shares and the H Shares
“Shareholder(s)”	Holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Receivables Impairment”	the sum RMB15.5 million on trade receivables being recorded as impairment by the Company in the Annual Results Announcement

“Zhongzhun CPA”

Zhongzhun Certified Public Accountants (Special General Partnership)* 中準會計事務所(特殊普通合夥)

“Zhonghe Beidou”

Zhonghe Beidou Information Technology Limited* (中和北斗信息技術股份有限公司)

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

Beijing, People’s Republic of China, 9 July 2018

As at the date of this announcement, the executive Directors are Cui Bingyan, Fang Yao and Guo Aiqun; the non-executive Directors are Shi Peng and Cao Yang; and the independent non-executive Directors are Hui Lai Yam, Gao Zhikai and Chen Youfang.

This announcement, for which the Directors 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, 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*