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

VOLUNTARY ANNOUNCEMENT
IN RELATION TO
PROCUREMENT COOPERATION AGREEMENT

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 of the Company and potential investors of the latest business development of the Company.

Introduction

Reference is made to the announcement dated 17 August 2018 (the “**Announcement**”) of the Company in relation to, among others, the entering into the Sale and Purchase Agreement, and the proposed Procurement Cooperation Agreement. Capitalised terms used in this announcement have the same meanings as those defined in the Announcement, unless otherwise stated herein.

On 30 August 2018, Baytacare Management entered into the Procurement Cooperation Agreement with Saibo Yuhua, pursuant to which Baytacare Management would procure smartphones from Saibo Yuhua, whereby Baytacare Management would provide the software in relation to the Management System to Saibo Yuhua for installing such software to the smartphones to be on-sold to Xintuo Wanbang pursuant to the Sale and Purchase Agreement.

Procurement Cooperation Agreement

Set out below are the principal terms of the Procurement Cooperation Agreement:

Procurement products: Smartphones

Consideration: The consideration payable by Baytacare Management is RMB22,200,000. Baytcare Management shall pay 30% of the total consideration as advanced payment, and the remaining 70% shall be paid prior to the delivery of the smart phones.

The consideration was determined on normal commercial terms and after arm's length negotiations with reference to, among others, (1) the consideration receivable under the Sale and Purchase Agreement, including the costs of hardware; (2) the costs of development of Beidou software; (3) the administrative expenses in relation to, among others, the installation of Beidou software; and (4) the time required for the delivery of the smartphones.

Reasons and benefits of entering into the Procurement Cooperation Agreement

The entering into of the Procurement Cooperation Agreement is part of the development of the civilian use of Beidou big data business, which is in the ordinary and usual course of business of the Company. The entering into of the Procurement Cooperation Agreement would allow the Group to leverage on its technology and know-how, and offer a good opportunity for the Group to further expand and commercialise its big data business segment.

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

Beijing, People's Republic of China, 12 September 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