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北 斗 嘉 藥 業 股 份 有 限 公 司
BAYTACARE PHARMACEUTICAL CO., LTD.*

(formerly known as 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)

DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF THE PROJECT COMPANY

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The Board announces that the Company, Zhonghe Beidou, Longyuan Shanzhuang and Zhongsheng Huifu entered into the JV Agreement on 14 June 2017, pursuant to which the parties shall establish the Project Company. The registered capital of the Project Company is RMB50,000,000. Pursuant to the JV Agreement, the Company, Zhonghe Beidou, Longyuan Shanzhuang and Zhongsheng Huifu shall contribute RMB20,000,000, RMB17,500,000, RMB10,000,000 and RMB2,500,000 and shall hold the equity interests in the Project Company as to 40%, 35%, 20% and 5% respectively.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the transactions contemplated under the JV Agreement exceed 5% but are less than 25%, the transactions contemplated under the JV Agreement constitute discloseable transactions of the Company under the GEM Listing Rules and are subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

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The JV Agreement

Principal terms of the JV Agreement are set out below:

Date

14 June 2017

Parties

- (1). The Company;
- (2). Zhonghe Beidou;
- (3). Longyuan Shanzhuang; and
- (4). Zhongsheng Huifu.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Mr. Jiang Xiaobin, an executive Director who holds 15% equity interest in Zhongsheng Huifu, each of Zhonghe Beidou, Longyuan Shanzhuang, Zhongsheng Huifu and their respective ultimate beneficial owners are Independent Third Parties.

Registered capital and equity interest

The Project Company shall have a registered capital of RMB50,000,000, in which RMB20,000,000 to be contributed by the Company which will hold 40% equity interest in the Project Company, RMB17,500,000 to be contributed by Zhonghe Beidou which will hold 35% equity interest in the Project Company, RMB10,000,000 to be contributed by Longyuan Shanzhuang which will hold 20% equity interest in the Project Company and RMB2,500,000 to be contributed by Zhongsheng Huifu which will hold 5% equity interest in the Project Company. Each of the parties shall pay in full their respective amount of contribution in cash within 5 years from the date of the issuance of the business licence of the Project Company.

The registered capital of the Project Company is determined after arm's length negotiation among the parties with reference to the anticipated financing requirement of the Project Company.

Business activities of the Project Company

The Project Company will be engaged in the development of Helong Beidou Technology Town Project* (合隆北斗科技小鎮項目) in the Helong Economic Development Zone in Nong An County, Jilin Province* (吉林農安縣合隆經濟開發區) (the "Project"), with the aim to facilitate the development of smart health industries and civilian use of Beidou system and develop a modern characteristic town with the support of Beidou technology. It is expected that the Project will involve the construction of Beidou health big data centre and the development of related industries including elderly care and health industry, education industry and the industry in relation to application of Beidou technology.

Parties' obligations

The Company shall be responsible for the overall planning of the Project Company, coordinating the resources of each party, promoting the development of big health business and taking the lead in project development.

Zhonghe Beidou shall, through leveraging on its qualification as a dealer in civilian Beidou services and extensive reserve and experience in Beidou technologies, be responsible for the implementation of Beidou application industries and the overall design of the plan for the construction of the Beidou big data centre.

Longyuan Shanzhuang shall, through leveraging on its extensive experience in property development, be responsible for the planning and implementation of the works relating to property development in the Project.

Zhongsheng Huifu, through leveraging on its extensive experience in corporate finance, be responsible for financial planning, the design of financing plans and the arrangement of the funds for the Project.

Board of directors

The board of directors of the Project Company shall consist of five directors, with three directors to be appointed by the Company and one director to be appointed by each of Zhonghe Beidou and Longyuan Shanzhuang. The term of office of each director is three years and can be extended with the approval of the board of directors of the Project Company.

The Project Company shall have one supervisor.

Senior management

The Project Company shall have one general manager to be elected by the board of directors of the Project Company.

Term

The term of the JV Agreement shall be five years and can be terminated before the expiry of the term with the unanimous approval of all the parties in writing.

Intellectual property

All the intellectual properties arising from the Project (including but not limited to patents, special technologies, copyrights, trademarks, logos and commercial secrets) shall belong to the Project Company. None of the parties to the JV Agreement shall use or permit other third parties to use the aforesaid intellectual properties without the prior written approval of the Project Company.

Equity transfer and pledge

Shareholders of the Project Company may transfer part or all of their equity interests in the Project Company among themselves.

In the event that any shareholder intends to transfer its equity interest to third parties, such shareholder (the “**Transferring Shareholder**”) shall notify the other shareholders (the “**Non-transferring Shareholders**”) of such proposed transfer in writing. The Non-transferring Shareholders shall have the pre-emptive rights to purchase such equity interest on the same conditions. If two or more Non-transferring Shareholders intend to exercise their pre-emptive rights, they shall decide their respective purchase amount through negotiation. If the purchase amount cannot be determined through negotiation, the purchase amount of each Non-Transferring Shareholder shall be determined in proportion to their respective capital contribution to the Project Company.

In the event that a shareholder intends to pledge its equity interest in the Project Company to third parties, such shareholder shall notify the other shareholders of such proposed equity pledge in advance. Such equity pledge shall be conducted in accordance with the articles of association of the Project Company and applicable PRC laws and regulations (including the companies laws of the PRC).

INFORMATION OF THE GROUP

The Group is principally engaged in the production and sales of Chinese medicine under the brand name of Baytacare* (北斗嘉) in the PRC and conducting pharmaceutical research and development.

INFORMATION OF ZHONGHE BEIDOU, LONGYUAN SHANZHUANG AND ZHONGSHENG HUIFU

Zhonghe Beidou is a reputable company established in the PRC with limited liability and is principally engaged in providing civilian use of information technology service and applied technology service and possesses the qualification as a dealer in civilian Beidou services. It has taken the initiative in the establishment of the Beidou Industries Promotion Association (national level) and the Beidou Applied Technology Research Institute. Zhonghe Beidou has already started up many projects of civilian use of information technology service and applied technology service in various towns and cities in the PRC. Zhonghe Beidou possesses extensive knowledge and experience in project development and implementation and a professional project management team, providing a solid foundation for a respectable Beidou business model.

Longyuan Shanzhuang is a company established in the PRC with limited liability and is principally engaged in property development, the properties of which are renowned for their outstanding and sophisticated style. Longyuan Shanzhuang has successfully developed several eye-catching properties in Shenzhen and possesses extensive professional experience and knowledge in the industry. Longyuan Shanzhuang has, in recent years, taken further steps towards market expansion, venturing into the fields of advanced technology and ecology forestry. Longyuan Shanzhuang is keeping a steady on-going pace towards the direction of business diversification and growing into a business conglomerate.

Zhongsheng Huifu is a company established in the PRC with limited liability and is principally engaged in governmental-level platform financing, equity investment and providing investment and financing services to enterprises. Zhongsheng Huifu has established strategic co-operation partnership with over 150 medium to large-sized financial institutions. It has also expanded its business into the fields of city investment and financing services, asset fund services, public-private partnership (PPP) project investment and financing services.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE PROJECT COMPANY

The Directors consider that the establishment of the Project Company can facilitate the implementation of the health and medicine big data centre and the development of related industries. Through the Project Company, the Company can reach out to the business opportunities in these industries and may capture attractive returns for our shareholders.

The Directors are of the view that the terms of the JV Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the transactions contemplated under the JV Agreement exceed 5% but are less than 25%, the transactions contemplated under the JV Agreement constitute discloseable transactions of the Company under the GEM Listing Rules and are subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“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)
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Independent Third Party”	any individual(s) or any company(ies) who or which is/are independent of and is/are not connected with any director, chief executive or substantial shareholder (within the meaning of the GEM Listing Rules) of the Company, its subsidiaries or any of their respective associates (within the meaning of the GEM Listing Rules)
“JV Agreement”	the joint venture agreement entered into among the Company, Zhonghe Beidou, Longyuan Shanzhuang and Zhongsheng Huifu on 14 June 2017 in respect of the establishment of the Project Company
“Longyuan Shanzhuang”	Shenzhen Longyuan Shanzhuang Industrial Development Co., Ltd.* (深圳市龍園山莊實業發展有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Project Company”	a limited company to be established in the PRC pursuant to the JV Agreement, proposed to be named as Jilin Helong Beidou Technology Town Co., Ltd.* (吉林合隆北斗科技小鎮有限公司) (the actual name shall be subject to the approval of the relevant industry and commerce bureau in the PRC)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhonghe Beidou”	Zhonghe Beidou Information Technology Co., Ltd.* (中和北斗信息技術股份有限公司), a company established in the PRC with limited liability
“Zhongsheng Huifu”	Beijing Zhongsheng Huifu Technology Co., Ltd.* (北京中盛匯富科技有限公司), a company established in the PRC with limited liability
“%”	per cent

By order of the Board
北斗嘉藥業股份有限公司
Baytacare Pharmaceutical Co., Ltd.*
Chairman
Wang Shaoyan

Jilin, the PRC, 14 June 2017

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, Gao Zhikai and Yang Yulin.

This announcement, 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 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 GEM website at <http://www.hkgem.com> for at least 7 days from the day of its posting and the Company’s website at <http://www.baytacare.com> from the date of this announcement.

* For identification purpose only