

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

北斗嘉藥業股份有限公司
BAYTACARE PHARMACEUTICAL CO., LTD.*

(於中華人民共和國註冊成立之股份有限公司)
(股份代號：8197)

QUARTERLY UPDATE ON SUSPENSION OF TRADING

This announcement is made by Baytacare Pharmaceutical Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.26A of the GEM Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”).

Reference is made to the announcements of the Company dated 26 September 2018 and 10 October 2018.

The board of directors (the “**Board**”) of the Company wishes to provide an update on the business operations of the Company, and progress towards resumption of trading.

(i) Company Business Update

The Group has continued its normal business operations since the suspension of trading of the Company’s shares on 27 September 2018.

The Company published its unaudited consolidated results for the nine months ended 30 September 2018 on 13 November 2018. For details, please refer to the announcement published by the Company on 13 November 2018 and the third quarterly report 2018 published by the Company on 15 November 2018.

Reference is made to the announcement of the Company dated 17 August 2018, and the sale and purchase agreement entered into by Beijing Baytacare Management Consulting Co., Ltd.* (北京北斗嘉管理諮詢有限公司) (“**Baytacare Management**”), a wholly-owned subsidiary of the Company, with Xintuo Wanbang (Beijing) Communications Technology Co., Ltd.* (新拓萬邦(北

京)通信科技有限公司) (“**Xintuo Wanbang**”) as referred to in such announcement. As of 20 December 2018, the monetary amount (unaudited) of sales of mobile devices made by Baytacare Management under such agreement is RMB14,332,758.67.

In addition, Baytacare Trading Co., Ltd.* (北斗嘉貿易有限公司) (“**Baytacare Trading**”), a wholly-owned subsidiary of the Company, has on 13 October 2018 entered into an agreement for the sale and purchase of mobile devices with a new customer, Ulefone Technology (HK) Co., Limited. The total transactional monetary amount under the sale and purchase agreement is USD1,071,000, and as of 20 December 2018, Baytacare Trading has received a deposit of USD321,300.

(ii) **Internal Control Report**

The Company earlier engaged NCN Risk Advisory Limited (“**NCN Risk**”) to conduct a review of the internal control system of the Company. During the internal control review period, NCN Risk has made a number of recommendations in relation to the internal control system of the Company, and the Company has taken appropriate actions and remedial measures in relation to such recommendations. NCN Risk has completed the internal control report on 5 December 2018. Having carefully reviewed the contents and findings of the internal control report, the Board is of the view that the internal control system of the Company is sufficient for the Company to meet its obligations under the GEM Listing Rules.

(iii) **Litigation**

Reference is made to the announcements of the Company dated 9 July 2018 and 27 November 2018.

In relation to the civil loan dispute lawsuit between the Company and Beijing Haigang Investment Development Co., Ltd.* (北京海港投資發展有限公司) (“**Harbour Company**”), the Company has on 12 October 2018 received the judgment of Beijing Chaoyang District People’s Court. The court ruled that the Company is to repay the principal loan amount of RMB25,500,000, related expenses and legal fees; and that Wang Yan and Wang Shaoyan are to be jointly liable for the above liabilities of the Company. The court has seized a real estate and related assets under Wang Shaoyan’s name, and will be disposing of such real estate and related assets in accordance with the law.

In relation to the agreement for the acquisition of school buses entered into by the Company, Beijing Shan Shi Media Technology Limited* (北京山石傳媒科技有限公司) (“**Beijing Shan Shi**”) and Zhonghe Beidou Information Technology Limited* (中和北斗資訊技術股份有限公司), as Beijing Shan Shi has not delivered the school buses in accordance with the provisions of the agreement, this has constituted a breach of the agreement. The Company has formally engaged a lawyer to sue Beijing Shan Shi, to pursue its legal liabilities.

(iv) Resumption of Trading

Trading in the shares of the Company has been suspended with effect from 9am on 27 September 2018. Thereafter, the Company received a letter from the Stock Exchange dated 4 October 2018, in which the Stock Exchange sets out the resumption guidance (“**Resumption Guidance**”) for the Company. The Company announced the contents of the Resumption Guidance on 10 October 2018.

Currently, the Company is using its best endeavours to confirm the resumption plan and resumption timetable as soon as possible. Once the resumption plan and resumption timetable are confirmed, the Company will comply with the relevant GEM Listing Rules requirement, including announcing the relevant resumption plan and resumption timetable, obtaining the approval of the Stock Exchange, issuing a circular to shareholders and convening a special general meeting of shareholders to approve the transactions contemplated under the resumption plan.

The Company will keep the public informed of the progress on the fulfilment of the resumption conditions by making further periodic announcements.

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

Beijing, People’s Republic of China, 21 December 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*