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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)

QUARTERLY UPDATE ON THE 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**”).

References are made to the announcements of the Company dated 26 September 2018, 10 October 2018 and 21 December 2018.

The Board of Directors (the “**Board**”) of the Company wishes to provide an update on the business operation 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.

The Company will publish its audited consolidated annual results ended 31 December 2018 on 29 March 2019.

Reference is made to the announcements of the Company dated 17 August 2018 and 21 December 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 announcements. 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. As of 25 March 2019, the aggregate monetary amount (unaudited) of sales of mobile devices made by Baytacare Management under such agreement is RMB21,077,586.26. All the transactions under the agreement have been completed.

Reference is made to the announcement of the Company dated 21 December 2018, and the agreement for the sale and purchase of mobile devices entered into by Baytacare Trading Co., Ltd.* (北斗嘉貿易有限公司) (“**Baytacare Trading**”), a wholly-owned subsidiary of the Company, with a new customer, Ulefone Technology (HK) Co., Limited, as referred to in such announcement. 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. As of 25 March 2019, the monetary amount (unaudited) received by Baytacare Trading under the sale and purchase agreement is USD1,071,000 (inclusive of the abovementioned deposit of USD321,300). All the transactions under the sale and purchase agreement have been completed.

(ii) Litigation

References are made to the announcements of the Company dated 9 July 2018, 27 November 2018 and 21 December 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 Harbour Company has applied to the People’s Court of Chaoyang District of Beijing (“**Beijing Court of China**”) for enforcement of the loan case, and the Harbour Company has applied to the Beijing Court of China on 29 December 2018 for suspension of enforcement against the Company, and for enforcement against the assets of Wang Yan and Wang Shaoyan only. At present, the real estate assets of Wang Shaoyan and the company shares held by Wang Shaoyan and Wang Yan are being further dealt with by the Beijing Court of China. Upon the inquiry of the Chinese lawyer of the Company to the Beijing Court of China, the Beijing Court of China has not named the Company as the person subject to enforcement as at the date of this announcement.

In addition, upon inquiry at the Jiaohe People’s Court of Jilin Province (“**Jiaohe Court of China**”) in February 2019, the Company found that the property in Jilin City under the Company’s name (“**Jilin City Property of the Company**”) has been seized by Jiaohe Court of China.

According to the Company’s inquiries so far, the background of the above case is as follows:

The case stemmed from that Jilin Gao Ke Mushroom Industry Development Co., Ltd (吉林省高科食用菌產業有限公司) (“**Gao Ke**”), an affiliate of the original shareholder and the original de facto controller of the Company (“**original shareholder of the Company**”) borrowed from Jiaohe State-owned Assets Management Co., Ltd.(蛟河市國有資產經營公司) (“**State-owned Assets Company**”), and the borrowing was guaranteed by the Company. Gao Ke still owes the State-owned Assets Company 10 million yuan in principal and related interest. On 13 June 2017, the State-owned Assets Company applied to the Jiaohe Court of China for enforcement on the basis of the (2014) JZMSZZ No. 37 Paper Of Civil Mediation issued on 21 April 2014. The Jiaohe Court of China seized the Company’s Jilin City Property of the Company accordingly.

The debt was not disclosed when the original shareholder of the Company transferred its shares in the Company to the current shareholder of the Company in 2016. According to the agreement for the transfer of the shares of the Company at that time, the debt should be borne by the original shareholder of the Company.

On 9 August 2018, Jilin Shangpin Blueberry Enzyme Biotechnology Co., Ltd.(吉林尚品藍莓酵素生物科技有限責任公司) (“**Technology Company**”), an affiliate of the original shareholder of the Company, issued a Representation to the State-owned Assets Company and a Letter of Commitment to the Company, representing that the debts and corresponding liabilities should be borne by the Technology Company and ensuring that the case would not cause any negative impact on the normal operation and market credibility of the Company.

Jiaohe Court of China has not previously served any relevant papers on the case on the Company. At present, the Company is further following up on the case, and seeking to lift the seizure of Jilin City Property of the Company.

The above-mentioned seizure of Jilin City Property of the Company only restricts the usage of the Property for transfer purposes. Therefore, the above-mentioned seizure does not have any significant impact on the Company’s business operation, financial situation and solvency.

(iii) 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, 26 March 2019

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