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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 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 29 March 2018, 26 April 2018, 27 April 2018, 30 April 2018, 9 July 2018, 14 September 2018, 26 September 2018, 10 October 2018, 21 December 2018, 26 March 2019, 9 April 2019, 26 June 2019, 2 August 2019 and 26 August 2019.

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.

On 19 June 2019, Baytacare Trading Co., Ltd.* (北斗嘉貿易有限公司) (“**Baytacare Trading**”), a wholly-owned subsidiary of the Company, and the client Ulefone Technology (HK) Co., Limited entered into an agreement in connection with the sale of mobile devices which total transaction amount is USD2,000,000. As of 25 June 2019, Baytacare Trading has received a start-up payment of USD200,000. As of 26 September 2019, Baytacare Trading has received a sum (unaudited) of USD1,800,000 (including the start-up payment of USD200,000 mentioned above) under the agreement.

On 1 July 2019, the Company and a new client Guilin Layn Runwotu Biotechnology Co., Ltd. (桂林萊茵潤沃土生物技術有限公司) (“**Guilin Layn**”) entered into an agreement in connection with the sale of Chinese traditional medicines which total transaction amount is RMB4,032,000. As of 26 September 2019, the Company has received RMB4,032,000. All the transactions under the agreement have been completed.

On 1 September 2019, the Company and a new client Anhui Yiyuan Pharmaceutical Co.,Ltd. (“**Anhui Yiyuan**”) entered into an agreement in connection with the sale of Chinese traditional medicines which total transaction amount is RMB2,964,000. All the transactions under the agreement have been completed.

(II) INDEPENDENT INVESTIGATION REPORT

Reference is made to the announcements of the Company dated 29 March 2018, 26 April 2018, 27 April 2018, 30 April 2018, 9 July 2018, 14 September 2018, 26 September 2018, 21 December 2018, 26 March 2019, 2 August 2019 and 26 August 2019.

Grant Thornton Advisory Services Limited has recently been engaged by Li & Partners, the legal advisor representing the independent board committee of the Company, as the independent investigators to conduct an investigation of the matters set out in the announcement of the Company dated 2 August 2019 (the “**Investigation Matters**”).

Grant Thornton Advisory Services Limited has confirmed that all independent investigation work scope under its engagement has been substantially completed, and has also issued a draft independent investigation report. The independent board committee of the Company is currently reviewing the draft independent investigation report, and the Company is also communicating with the Stock Exchange on the contents of the report. The Company will make an announcement regarding the findings in the independent investigation report as soon as practicable.

(III) INTERNAL CONTROL REPORT

Reference is made to the announcement of the Company dated 2 August 2019.

The Company earlier engaged NCN Risk Advisory Limited (“**NCN Risk**”), to conduct a review of the internal control system of the Company. NCN Risk has completed the internal control report on 5 December 2018. Eternal Bright Consultants Limited has been engaged by the Company to follow up on the concerns raised by NCN Risk in the internal control report on 5 December 2018 and on whether the management of the Company has followed up and implemented remedial measures in relation thereof from 1 January 2019 to 30 June 2019.

Based on the internal control report dated 16 September 2019 issued by Eternal Bright Consultants Limited, the Company has either already implemented or is on schedule to implement the recommendations set out in the internal control report dated 5 December 2018 issued by NCN Risk.

Based on the above, the Board and the independent non-executive directors of the Company are of the view that:

- i) The internal control procedures of the Company are adequate for the Company to comply with the requirements of the GEM Listing Rules; and
- ii) No further internal control review of the Company is required in relation to the recommendations set out in the internal control report dated 5 December 2018. However, the Company will conduct regular internal control reviews going forward.

(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. On 3 April 2019, the Company received another letter from the Stock Exchange, pursuant to which the Stock Exchange set out additional resumption guidance (“**Additional Resumption Guidance**”). The Company announced the contents of the Additional Resumption Guidance on 9 April 2019.

The Company is of the view that as of the date of this announcement, it has fulfilled the resumption conditions, and the Company is seeking the Stock Exchange’s confirmation on the same. The Company will keep the public informed of the progress, and will also announce further details on the fulfilment of the resumption conditions as soon as practicable.

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

Shenzhen, People’s Republic of China, 26 September 2019

As at the date of this announcement, the executive Directors are Cui Bingyan, Fang Yao, Guo Aiqun and Zheng Chunyan; the non-executive Directors are Shi Peng and Cao Yang; and the independent non-executive Directors are Chen Youfang, Zhu Tianxiang and Zhao Xiaomei.

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*