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**PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018
AND
CONTINUED SUSPENSION OF TRADING**

This announcement is made by Harmonicare Medical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS FOR THE
YEAR ENDED 31 DECEMBER 2018**

Reference is made to the announcement of the Company dated 28 March 2019 (the “**Announcement**”) in relation to its delay in publication of annual results and despatch of annual report for the year ended 31 December 2018. Capitalized terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated herein.

As disclosed in the Announcement, the delay in the release of the 2018 Annual Results and despatch of the 2018 Annual Report is due to the Company requiring time to negotiate on and approve the Proposed Settlement and to provide the auditors of the Company, Deloitte, with further information in connection with the Proposed Settlement and implications on its financial statements. As part of the additional steps that Deloitte would need to take before signing off on the 2018 Annual Results, following the meeting of the audit committee of the Board (the “**Audit Committee**”) convened on 26 March 2019, the Audit Committee independently engaged BDO Financial Services Limited as independent internal control consultant to review the internal control procedures of the Company (the “**Review**”). The Audit Committee understands that the outstanding work for the Review is expected to be completed on or around 30 June 2019. Upon completion of the Review, the Company will take all necessary steps to work with Deloitte and have the outstanding annual results audited and announced, and despatch its 2018 Annual Report as soon as practicable.

In order to keep the Shareholders and potential investors informed of the Group's business operation and financial position, the Board would like to provide the Shareholders and potential investors with the preliminary unaudited financial information of the Group for the year ended 31 December 2018 together with the audited comparative figures for the year ended 31 December 2017, which were prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31/12/2018 (Unaudited) RMB'000	Year ended 31/12/2017 (Audited) RMB'000
Revenue from goods and services	1,008,896	924,151
Cost of sales and services	<u>(615,540)</u>	<u>(496,548)</u>
Gross profit	393,356	427,603
Other income	10,467	13,063
Other gains and losses	(34,313)	(16,554)
Selling and distribution expenses	(298,447)	(242,422)
Administrative expenses	(255,918)	(138,905)
Other expenses	(4,573)	(4,213)
Share of loss of associates	(20,152)	(4,625)
Finance costs	<u>(1,804)</u>	<u>—</u>
(Loss) profit before tax	(211,384)	33,947
Income tax expense	<u>(5,969)</u>	<u>(4,509)</u>
(Loss) profit for the year	<u>(217,353)</u>	<u>29,438</u>
Other comprehensive income		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income of associates	<u>138</u>	<u>42</u>
Other comprehensive income for the year, net of income tax	<u>138</u>	<u>42</u>
Total comprehensive (expense) income for the year	<u>(217,215)</u>	<u>29,480</u>

	Year ended 31/12/2018 (Unaudited) RMB'000	Year ended 31/12/2017 (Audited) RMB'000
(Loss) profit for the year attributable to:		
Owners of the Company	(198,756)	27,394
Non-controlling interests	<u>(18,597)</u>	<u>2,044</u>
	<u>(217,353)</u>	<u>29,438</u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(198,618)	27,436
Non-controlling interests	<u>(18,597)</u>	<u>2,044</u>
	<u>(217,215)</u>	<u>29,480</u>
(Loss) earnings per share		
- Basic and diluted (RMB cents)	<u>(26.90)</u>	<u>3.61</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	As at 31 December 2018 (Unaudited) RMB'000	2017 (Audited) RMB'000
Non-current assets		
Property, plant and equipment	395,753	300,784
Land use right	114,265	116,710
Goodwill	168,375	122,283
Other intangible assets	183,358	136,180
Interests in associates	12,790	27,342
Rental deposits	14,172	10,299
Deferred tax assets	61,010	54,277
Financial assets at fair value through profit or loss	165,845	99,723
Amounts due from related parties	78,627	—
Other long-term assets	<u>150,032</u>	<u>81,989</u>
	<u>1,344,227</u>	<u>949,587</u>

	As at 31 December	
	2018	2017
	<i>(Unaudited)</i>	<i>(Audited)</i>
	RMB'000	RMB'000
Current assets		
Inventories	33,340	22,300
Loan receivables	36,500	130,957
Trade receivables	51,588	46,295
Prepayments, deposits and other receivables	93,770	136,069
Amounts due from related parties	1,384	29,917
Time deposits	—	45,000
Bank balances and cash	130,300	466,995
	<u>346,882</u>	<u>877,533</u>
Current liabilities		
Trade payables	25,275	16,020
Other payables and accruals	216,047	128,543
Amounts due to a related party	1,225	924
Tax liabilities	14,947	21,990
Contract liabilities	2,293	—
Other loans	33,811	—
Provision	2,425	900
	<u>296,023</u>	<u>168,377</u>
Net current assets	<u>50,859</u>	<u>709,156</u>
Total assets less current liabilities	<u>1,395,086</u>	<u>1,658,743</u>
Non-current liabilities		
Accrued rental expenses	48,044	28,710
Deferred tax liabilities	60,184	47,925
Other loans	46,589	—
	<u>154,817</u>	<u>76,635</u>
Net assets	<u>1,240,269</u>	<u>1,582,108</u>
Capital and reserves		
Share capital	598	598
Share premium and reserves	1,085,783	1,353,507
Equity attributable to owners of the Company	1,086,381	1,354,105
Non-controlling interests	153,888	228,003
Total equity	<u>1,240,269</u>	<u>1,582,108</u>

Shareholders and potential investors are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board and the Audit Committee on the unaudited management accounts of the Group for the year ended 31 December 2018, and is not based on any data or information that has been audited or reviewed by the auditors. The relevant financial information is pending for further review by the Company and Deloitte, and will be subject to changes resulting from, among others, further review by the Company and any adjustments that might be proposed by Deloitte.

Shareholders and potential investors are also cautioned not to unduly rely on the unaudited financial information disclosed above, and should exercise caution when dealing in the securities of the Company.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 9:00 a.m. on 1 April 2019. Trading in the shares of the Company will remain suspended until further notice.

By Order of the Board
Harmonicare Medical Holdings Limited
Lin Yuming
Chairman, Executive Director and President

Hong Kong, 7 May 2019

As of the date of this announcement, the executive directors of the Company are Mr. Lin Yuming, Mr. Fang Zhifeng and Mr. Zhao Xingli; the non-executive directors of the Company are Mr. Lin Yuguo, Mr. Qiu Jianwei and Mr. Xu Jun; and the independent non-executive directors of the Company are Mr. Kong Aiguo, Ms. Fang Lan and Mr. Cai Jiangnan.