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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1509)**

## **RESIGNATION OF AUDITORS**

This announcement is made by Harmonicare Medical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Listing Rules.

Reference is made to (1) the announcement of the Company dated 28 March 2019 in relation to its delay in the publication of the 2018 Annual Results and despatch of the 2018 Annual Report, (2) the announcement of the Company dated 7 May 2019 in relation to its publication of unaudited management accounts for the year ended 31 December 2018 and the continued suspension of trading, (3) the announcement of the Company dated 12 June 2019 in relation to the guidance received from the Stock Exchange regarding the resumption of trading of the Company’s shares on the Stock Exchange, (4) the quarterly update announcement of the Company dated 28 June 2019 in relation to, among others, its resumption progress, (5) the update announcement of the Company dated 31 July 2019 in relation to the progress of its internal control review, (6) the announcement of the Company dated 30 August 2019 in relation to, among others, further delay in publication of the 2018 Annual Results and the delay in publication of the 2019 Interim Results and (7) the quarterly update announcements of the Company dated 29 September 2019 and 24 December 2019 in relation to, among others, its resumption progress (“**Quarterly Update Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Quarterly Update Announcements unless otherwise stated herein.

## **RESIGNATION OF AUDITORS**

The Board hereby announces that Deloitte Touche Tohmatsu (“**Deloitte**”) had tendered their resignation as the auditors of the Company with effect from 13 January 2020.

## **MATTERS TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS**

In their resignation letter dated 13 January 2020 (the “**Resignation Letter**”), Deloitte stated that their normal procedures include annual consideration of whether they wish to continue to act for their audit clients. In reaching a conclusion on that, Deloitte takes into account many factors including certain outstanding matters and issues they noted during the performance of the audit of the Company’s consolidated financial statements for the year ended 31 December 2018. Such outstanding matters or information for Deloitte to assess the relevant audit implications included (1) the Audit Committee need to indicate whether the internal control deficiencies identified during the Review of the Internal Control Consultant involved malpractice on the part of the Company’s senior management and provide explanations for certain other receivables on the financial statements of Hibaby; (2) evidence to support why no expected credit loss on certain deposits for acquisitions of businesses is recognized; (3) feasible operating and financing plans to support the going concern basis of accounting; and (4) the final valuation for acquisition of Nantong Hemeijia Obstetrics and Gynecology Hospital Co., Ltd.\* (南通和美家婦產科醫院有限公司) (the “**Outstanding Matters**”) which Deloitte had brought to the attention of the management of the Company and the Audit Committee. As at the date of the Resignation Letter, there had been no significant progress with respect to the additional documents to be provided by the Company to address the Outstanding Matters. Accordingly, after careful consideration of the Outstanding Matters and Deloitte’s available internal resources in the light of their current work flows, Deloitte had decided to tender their resignation. The Company would like to emphasize that its senior management and the Audit Committee have been and are continuing to look into and handle the Outstanding Matters.

Deloitte had indicated in the Resignation Letter that there were no circumstances connected with their resignation which they considered ought to be brought to the attention of the Shareholders or creditors of the Company in addition to those mentioned above. Also, the Board was not aware of any other matter that should be brought to the attention of the Shareholders or creditors of the Company regarding the resignation of Deloitte.

The Board is in the process of identifying a suitable auditor to fill the casual vacancy arising from the resignation of Deloitte and further announcement in relation to the appointment of new auditors will be made by the Company as soon as practicable.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange 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.

**Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 14 January 2020

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

\* For identification purpose only