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**和美醫療控股有限公司**  
**HARMONICARE MEDICAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1509)**

**DISCLOSEABLE TRANSACTION — DISPOSAL OF 92%  
EQUITY INTERESTS IN SHENZHEN HARMONICARE  
HOSPITAL**

**THE DISPOSAL AGREEMENT**

On 28 April 2019, Guiyang HarMoniCare Hospital, a wholly-owned subsidiary of the Company, as vendor, and HarMoniCare Medical Management and Beijing HAD, as creditors, entered into the Disposal Agreement with Shenzhen Renzheng, as purchaser, pursuant to which the Purchaser agreed to acquire the Equity Interests from the Vendor for a total consideration of RMB63,000,000 (equivalent to approximately HK\$73,710,000, including a cash Consideration of RMB1,000,000 and the Purchaser agreed to settle an amount of RMB62,000,000 of outstanding Debts owed by the Target Company to the Creditors).

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

**IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**As the Completion is subject to the fulfillment of a number of condition(s) precedent as set out in the Disposal Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **I. INTRODUCTION**

On 28 April 2019, Guiyang HarMoniCare Hospital, a wholly-owned subsidiary of the Company, as vendor, and HarMoniCare Medical Management and Beijing HAD, as creditors, entered into the Disposal Agreement with Shenzhen Renzheng, as purchaser, pursuant to which the Purchaser agreed to acquire the Equity Interests from the Vendor for a total consideration of RMB63,000,000 (equivalent to approximately HK\$73,710,000, including a cash Consideration of RMB1,000,000 and the Purchaser agreed to settle an amount of RMB62,000,000 of outstanding Debts owed by the Target Company to the Creditors).

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

## **II. THE DISPOSAL AGREEMENT**

The principal terms of the Disposal Agreement are summarised below.

### **1. Date**

28 April 2019

### **2. Parties**

Purchaser: Shenzhen Renzheng

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Vendor: Guiyang HarMoniCare Hospital, holding 92% of the equity interests in Shenzhen HarMoniCare Hospital, as at the date of this announcement;

Creditors: (a) HarMoniCare Medical Management and (b) Beijing HAD; and

Target Company: Shenzhen HarMoniCare Hospital

### **3. Subject matter**

The Purchaser agreed to purchase, and the Vendor agreed to sell, the Equity Interests for the Consideration and the Purchaser's settlement of an amount of RMB62,000,000 of outstanding Debts owed by the Target Company to the Creditors.

### **4. Consideration**

The Consideration of RMB1,000,000 and the Purchaser's settlement of an amount of RMB62,000,000 of outstanding Debts owed by the Target Company to the Creditors were determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, (i) the unaudited net liabilities value of the Target Company in the amount of approximately RMB103,944,995 as at 31 December 2018; (ii) the registered capital in the Target Company contributed by the Company in proportion to its 92% equity interests in the Target Company (which amounts to RMB36,800,000); (iii) the Target Company's loss-making situation; and (iv) the reasons and benefits as set out in the paragraph headed "Reasons for and Benefits of the Disposal and Use of Proceeds" below.

### **5. Conditions Precedent**

Execution of the Disposal is subject to the below:

- 1) The Purchaser and the Vendor shall settle the outstanding claims, if any, and net debts excluding the payment in advance from customers already received by the Target Company and the debts of the Target Company owing to the Creditors as at the Transfer Date;
- 2) The payment in advance from customers already received by the Target Company shall not be required to be returned by the Vendor; upon the Transfer Date, the Target Company which will be held by the Purchaser shall continue to provide the corresponding services; and
- 3) RMB62,000,000 of the debts of the Target Company owing to the Creditors before the Transfer Date shall be paid off by the Purchaser; the other outstanding debts shall be fully waived by the Creditors; otherwise, the Vendor and the Creditors shall be jointly responsible for compensating the Purchaser.

Completion of the Disposal shall be conditional upon fulfillment of the following conditions precedent (“**Conditions**”):

- 1) the Vendor being legally entitled to the transfer and disposal right of the relevant Equity Interests of the Target Company, and having obtained all the pre-procedures for the transfer of the Equity Interests, including the passing of resolutions from the shareholders and the board of directors, and other legal documents signed by the Vendor and the Target Company containing no restrictions on the transfer of the relevant Equity Interests;
- 2) a specific list of personnel not having any position in the Target Company as at the Transfer Date, not having legal disputes with the Target Company or there being no other causes or events that could bring adverse effect causing the Target Company and the Purchaser to bear legal or economic consequences after the Transfer Date, otherwise the Vendor shall bear such consequences;
- 3) all advertising contracts signed by the Target Company (including all contracts relating to advertising services that have not been performed or are being performed) having been terminated or legitimately rescinded, and the termination or rescission shall not result in any payables, liabilities for breach of contract, economic compensation or legal disputes for the Target Company after the Transfer Date; and
- 4) as at the Transfer Date, all the lease agreements of the existing business sites of the Target Company are legal and valid. If a contract has not been renewed after the expiration of the period, both the Purchaser and the Vendor shall negotiate with the lessor on contract renewal to ensure the continuous use by the Target Company.

None of the above conditions precedent can be waived.

## **6. Terms of payment**

According to the Disposal Agreement, the Purchaser agrees to pay to the Vendor the cash Consideration of RMB1,000,000 and repay to the Creditors the Debts on behalf of the Target Company in the following manner:

- 1) within 10 working days upon the execution of the Disposal Agreement, the Purchaser shall pay the full Consideration to the Vendor and pay off RMB17,900,000 of the Debts as deposit;

- 2) the Purchaser shall pay off RMB12,600,000 of the Debts within 10 working days upon the execution of valid Shareholders' resolutions or Board resolutions of the Company and the publication of this announcement;
- 3) the Purchaser shall pay off RMB18,900,000 of the Debts within 10 working days upon fulfillment of the Conditions, completion of the industrial and commercial registration and receipt of the new business licenses of the Target Company by the Purchaser;
- 4) the Purchaser shall pay off RMB3,150,000 of the Debts within 10 working days after the Purchaser obtains the new practicing licenses for medical institutions and other qualification documents of medical institutions for the Target Company;
- 5) the Purchaser shall pay off RMB6,300,000 of the Debts within 10 working days after three months from the Transfer Date subject to the fulfillment of the Conditions and the transfer of all documents and assets from the Vendor to the Purchaser; and
- 6) the Purchaser shall pay off RMB3,150,000 of the Debts within 10 working days after six months from the Transfer Date.

### **III. INFORMATION ON THE TARGET COMPANY**

Shenzhen HarMoniCare Gynecology and Paediatrics Hospital (深圳和美婦兒科醫院), previously known as “Shenzhen HarMoniCare Gynecology and Paediatrics Hospital Co., Ltd. (深圳和美婦兒科醫院有限公司)” is a limited liability company established in the PRC on 29 July 2010 and is a subsidiary of the Company indirectly owned by it as to 92% equity interests as at the date of this announcement. It is principally engaged in the provision of private obstetrics and gynecology specialty hospital services in the Shenzhen area.

Further to the clarification announcement of the Company dated 27 November 2018 regarding certain media reports and the Claimed Project as defined and disclosed therein, the Company would like to update its Shareholders and the potential investors that Shenzhen HarMoniCare Hospital received an administrative penalty of RMB20,000 and a remark of four points pursuant to the Administrative Measures for Points Management System for Bad Practice of Medical Institutions (For Trial Implementation) promulgated by the Guangdong Provincial Health Bureau (《廣東省衛生廳關於醫療機構不良執業行為記分的試行管理辦法》) from the Health and Family Planning Commission of Shenzhen Municipality on 25 January 2019, in connection with the Claimed Project.

The following is the key financial information of Shenzhen HarMoniCare Hospital extracted from its unaudited management accounts for the financial years ended 31 December, 2017 and 2018, respectively:

	<b>For the year ended 31 December 2017 (RMB)</b>	<b>For the year ended 31 December 2018 (RMB)</b>
Net loss before tax and extraordinary items	7,836,091	31,863,317
Net loss before extraordinary items and after tax	7,836,091	31,863,317
	<b>As at 31 December 2017 (RMB)</b>	<b>As at 31 December 2018 (RMB)</b>
Net liabilities	72,363,881	103,944,995

Upon Completion, Shenzhen HarMoniCare Hospital will cease to be a subsidiary of the Company and the Company will have no equity interests therein.

#### **IV. INFORMATION ON THE PARTIES**

##### **Information on the Vendor**

Guiyang HarMoniCare Hospital is a limited liability company established in the PRC on 25 May 2009 and is a wholly-owned subsidiary of the Company. It is principally engaged in similar activities as the Group in the Guiyang area of the PRC.

##### **Information on the Creditors**

HarMoniCare Medical Management is a limited liability company established in the PRC on 31 July 2014 and is a wholly-owned subsidiary of the Company.

Beijing HAD is a limited liability company established in the PRC on 13 November 2014 and is a wholly-owned subsidiary of the Company.

##### **Information on the Purchaser**

Shenzhen Renzheng is a limited liability company established in the PRC. It is principally engaged in the operation, management and consultation in the medical and healthcare industry.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shenzhen Renzheng is an Independent Third Party.

### **Information on the Group**

The Group is principally engaged in the provision of private obstetrics and gynecology specialty hospital services in the PRC.

## **V. FINANCIAL EFFECT OF THE DISPOSAL**

As a result of the Disposal, the Company is expected to record an unaudited gain before tax from the Disposal of approximately RMB47,000,000, which is mainly made up of (1) the income generated from the Disposal (being the difference between (a) the sum of the cash Consideration and the net settlement of outstanding net debts excluding the payment in advance from customers already received by the Target Company and the debts of the Target Company owing to the Creditors as at 31 March 2019 and (b) the net assets of the Target Company which the Company had interests in as at 31 March 2019); and (2) the losses arising from the exemption of the Creditors' rights in the Target Company. The actual gain on the Disposal to be recorded is subject to audit and may be different from the estimated amount as it will depend on, amongst other factors, (i) the negotiation with suppliers of advertising services for the termination of advertising contracts; (ii) the actual amounts of the assets and liabilities of the Target Company as at the Transfer Date; and (iii) the actual transaction costs incurred.

## **VI. REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

The Directors are of the view that Shenzhen HarMoniCare Hospital has persistently recorded a large amount of loss in recent years, which has caused a significant negative impact on the performance of the Group, the Disposal is on normal commercial terms and the terms of the Disposal Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Board believes that the Disposal would strengthen the financial position of the Group, enhance its cash flow, maintain liquidity and conserve more financial resources for the funding of future investments of the Group when opportunities arise.

The proceeds from the Disposal will be used for general working capital of the Group.

## VII.IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**As Completion is subject to the fulfillment of a number of condition(s) precedent as set out in the Disposal Agreement, the Disposal may or may not proceed. Shareholders and potential investors 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 has been suspended with effect from 9:00 a.m. on 1 April, 2019 and will remain suspended pending the publication of the annual results of the Company and its subsidiaries for the year ended 31 December 2018.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Beijing HAD”	Beijing He An Da Management Consulting Co., Ltd. (北京合安達管理諮詢有限公司), a limited liability company incorporated in the PRC on 13 November 2014 and a wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“Company”	Harmonicare Medical Holdings Limited (和美醫療控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 August 2014, the shares of which are listed on the Main Board of Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB1,000,000, being the cash consideration of the Disposal



“Creditors”	collectively, (a) HarMoniCare Medical Management and (b) Beijing HAD
“Debts”	an amount of RMB62,000,000 of outstanding debts owed by the Target Company to the Creditors
“Directors”	directors of the Company
“Disposal”	the disposal of the Equity Interests by the Vendor pursuant to the Disposal Agreement
“Disposal Agreement”	the equity transfer agreement dated 28 April 2019 entered into among the Vendor, the Creditors and the Purchaser in respect of the Disposal
“Equity Interests”	92% equity interests in Shenzhen Harmonicare Hospital owned by Guiyang HarMoniCare Hospital and its various shareholder’s rights and obligations therein as at the date of this announcement
“Group”	the Company and its subsidiaries
“Guiyang HarMoniCare Hospital” or “Vendor”	Guiyang HarMoniCare Obstetrics and Gynecology Hospital Co., Ltd.* (貴陽和美婦產醫院有限公司), a limited liability company established in the PRC on 25 May 2009 and a wholly-owned subsidiary of the Company
“HarMoniCare Medical Management”	HarMoniCare Medical Management and Consulting Co., Ltd.* (和美醫療管理諮詢有限公司), a limited liability company established in the PRC on 31 July 2014 and wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it under the Listing Rules

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shenzhen HarMoniCare Hospital” or “Target Company”	Shenzhen HarMoniCare Gynecology and Paediatrics Hospital* (深圳和美婦兒科醫院), a limited liability company established in the PRC on 29 July 2010 and a subsidiary of the Company indirectly owned by it as to 92% equity interests as at the date of this announcement
“Shenzhen Renzheng” or “Purchaser”	Shenzhen Renzheng Medical Management Co., Ltd.* (深圳仁正醫療管理有限公司), a limited liability company established in the PRC and an Independent Third Party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Date”	the date on which the Equity Interests will have been transferred to the Purchaser upon completion of the industrial and commercial registration i.e. the date of the new business licenses of the Target Company pursuant to the Disposal Agreement
“%” or “per cent.”	per cent

*In this announcement, for illustration purposes only, RMB has been converted into HK\$ at the rate of RMB1.00: HK\$1.17. No representation is made that any amount of RMB or HK\$ has been, could have been or could be converted at the above rate or at any other rate or at all.*

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

Hong Kong, 28 April 2019

*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 purposes only*