

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1509)

UPDATE ANNOUNCEMENT ON THE PROGRESS OF INTERNAL CONTROL REVIEW

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 engagement of its Internal Control Consultant, (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 announcement of the Company dated 29 September 2019 in relation to, among others, its resumption progress (the "**Quarterly Update Announcement**"). Capitalised terms used herein shall have the same meanings as those defined in the Quarterly Update Announcement unless otherwise stated herein.

The Board would like to inform the Shareholders and potential investors of the Company that further to what was disclosed in the Quarterly Update Announcement, the Internal Control Consultant is expected to formally issue the Report in or around the end of November 2019.

A draft of the Report and the preliminary plan for measures to rectify the internal control deficiencies identified in the draft Report (the "**Plan**") were submitted to the Directors for their consideration on 25 June 2019. A revised Plan with recommendations from the Directors taken into account was submitted to the Audit Committee for its consideration on 29 July 2019. On 11 September 2019, the Board approved the following internal policies and measures at its meeting: the Board Meeting Rules (董事會議事規則), the Manual of Personnel's Rights and Responsibilities (工作權責手冊), the Policy on Investment Management (投資管理制度), the Policy on Contract Management (合同管理制度), the Policy on Anti-fraud Management (反舞弊管理制度), the Policy on Seals Management (印信管理制度) and the Compilation of Financial Management Systems (財務管理制度彙編).

The Internal Control Consultant commenced onsite investigation on 8 October 2019 on the measures to rectify the identified internal control deficiencies in order to ensure the measures are put in place, and is having the final communications and confirmations with Deloitte and the Audit Committee in connection therewith. As such, there is a delay in the expected time of the Internal Control Consultant formally issuing the Report.

The Company will make announcement(s) on further updates on the progress, if applicable, and the findings of the Review in compliance with the Listing Rules as and when appropriate.

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, 31 October 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.