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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1509)

**(1) QUARTERLY UPDATE ANNOUNCEMENT ON
THE RESUMPTION PROGRESS;
(2) DELAY IN DESPATCH OF THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018 AND INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019;
AND
(3) CONTINUED SUSPENSION OF TRADING**

This announcement is made by Harmonicare Medical Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.24A 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 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.

BUSINESS OPERATIONS

The Group is mainly engaged in providing high-quality healthcare services to women and children. The Group has continued its normal business operations since the suspension of trading in the Company’s shares. Since 1 April 2019 and up to the date of this announcement, there has been no major change on the business operations of the Group.

As set out in the above announcements, the Group has been negotiating with the Sellers on the Proposed Settlement in relation to the Equity Transfer since March 2019.

On 29 November 2019, HarMoniCare Medical Management and Consulting Co., Ltd. (“**HarMoniCare Medical Management**”), a wholly-owned subsidiary of the Company, and the Chairman, Executive Director and President of the Company, Mr. Lin Yuming, entered into the settlement framework agreement with (1) the Sellers and (2) Hibaby, pursuant to which Hibaby agreed to transfer (i) its 100% equity interest in Qingdao Hibaby Healthcare Co., Ltd. *(青島凱貝姆健康管理有限公司) (“**Qingdao Hibaby**”), its wholly-owned subsidiary, at the consideration of RMB-4,571,999.11 based on the book value of net assets on the unaudited financial statements as of 30 September 2019 of Qingdao Hibaby, to the Sellers and (ii) its 100% equity interest in Wuxi Hibaby Healthcare Co., Ltd. *(無錫凱貝姆健康管理有限公司) (“**Wuxi Hibaby**”) at the consideration of RMB13,527,712.3 based on the book value of net assets on the unaudited financial statements as of 30 September 2019 of Wuxi Hibaby, its wholly-owned subsidiary, to the Sellers. No actual payment of the amount of the equity transfer shall be made by the Sellers for the above equity transfer of Qingdao Hibaby and Wuxi Hibaby and Hibaby undertakes to pay the unpaid construction fees before the transfers of the equity interests of Qingdao Hibaby and Wuxi Hibaby. The Sellers further agreed to transfer all its equity interest in Hibaby to HarMoniCare Medical Management without actual payment for equity transfer by HarMoniCare Medical Management. Upon the completion of above transactions, HarMoniCare Medical Management will hold 100% equity interest in Hibaby.

On 10 December 2019, Hibaby entered into the settlement agreement (the “**Settlement Agreement**”) with (1) the Minor Shareholders, (2) Duocaitou, (3) Beijing Duocai Weidu Asset Management Co. Ltd.* (北京多彩維度資產管理有限公司) (“**Duocai Weidu**”), (4) Mr. Zhao Biao (趙颺), and Jiangxi Honeymoon, pursuant to which (i) Hibaby agreed to transfer its 52.96% equity interest in Jiangxi Honeymoon to one of the Minor Shareholders, namely Nanchang Meijialong Investment Co., Ltd.* (南昌美佳隆投資有限公司) (“**Nanchang Meijialong**”) at the consideration of RMB19.4 million; and (ii) each of the parties to the Settlement Agreement confirmed that Nanchang Meijialong shall follow the directions of Hibaby to pay the amount of RMB19.4 million on behalf of Hibaby to Duocaitou and Duocai Weidu directly as the consideration for repurchase of such income right from the Investors at investment principal by Hibaby, and Duocaitou and Duocai Weidu agreed to waive any costs, penalty charges or overdue payment that may be incurred.

To facilitate the implementation of the Settlement Agreement, on 10 December 2019, Hibaby entered into (1) a termination agreement of the Income Rights Transfer Agreement with the Investors, Jiangxi Honeymoon, Duocaitou, Duocai Weidu, and Mr. Zhao Biao, pursuant to which, among others, the Income Rights Transfer Agreement was terminated and (2) an equity transfer agreement with Nanchang Meijialong, Duocaitou, Duocai Weidu and Jiangxi Yaren Hotel Management Co., Ltd.* (江西雅仁酒店管理有限公司) in relation to the transfer of Hibaby’s 52.96% equity interest in Jiangxi Honeymoon to Nanchang Meijialong. HarMoniCare Medical Management shall provide a joint guarantee for a term of three years for all obligations of Hibaby under the aforementioned equity transfer agreement.

As of the date of this announcement, the principal activities of Hibaby are the provision of postpartum maternal and child healthcare services and the participation in the investment of two maternity care centers.

PROGRESS OF INTERNAL CONTROL REVIEW

As set out in the Quarterly Update Announcement, one of the resumption guidance is to demonstrate to the satisfaction of the Stock Exchange that the Company has put in place adequate internal control systems and procedures to meet its obligations under the Listing Rules. To assist the Company in fulfilling this condition and as part of the additional steps that Deloitte would need to take before signing off on the 2018 Annual Results, the Audit Committee has independently engaged the Internal Control Consultant to review the internal control procedures of the Company (the “**Review**”).

The Board would like to inform the shareholders and potential investors of the Company that the Review has been completed. The scope of work of the Internal Control Consultant included an independent assessment of the internal control systems of the Group, covering the transaction process of the Equity Transfer, anti-fraud management, the administration of contracts and seals, the management of fund and investment; and the management of cash and payment during the period of 1 January 2018 to 31 March 2019.

During the period from 23 April 2019 to 10 May 2019, the Internal Control Consultant performed reviews on the internal control systems of the Group which involved collecting relevant information, conducting site visits and interviews, conducting walk-through tests and conducting substantive tests. Through this process, a list of issues had been identified and the Internal Control Consultant recommended certain improvements and/or remedial measures to address such issues for the Company's consideration. The Company has considered and implemented such recommended improvements and/or remedial measures and continuously communicated with the Internal Control Consultant and the Audit Committee to enhance the internal control measures.

Sample walk-through documents in respect of the enhanced internal control systems of the Group and the operation processes of the Group within the scope of the Review after the recommended improvements and remedial measures were implemented, were tested by the Group to assess whether the improvements and/or remedial measures recommended by the Internal Control Consultant have been implemented and whether there was any material internal control deficiency.

Having reviewed the findings and results of the report on the Review prepared by the Internal Control Consultant, and having taken into consideration the improvements and/or remedial measures implemented in accordance with the Internal Control Consultant's recommendations, the Board is of the view that the previous internal control of the Company required improvements, but after relevant remedies, the Company has put in place adequate internal control system and financial reporting procedures to meet its obligations under the Listing Rules.

UPDATE ON THE TIMELINE IN FULFILLING THE RESUMPTION CONDITIONS

The following table sets forth the pending events and update in the expected timetable for the resumption of trading in the shares of the Company:

Key event	Timetable
Publication of the 2018 Annual Results	Subject to further assessment by the Board
Publication of the 2018 Annual Report	Subject to further assessment by the Board
Publication of the 2019 Interim Results	Subject to further assessment by the Board
Publication of the 2019 Interim Report	Subject to further assessment by the Board
Resumption of trading in the shares of the Company	Subject to further assessment by the Board

As the Company would need to follow up on certain key outstanding matters/information which Deloitte informed the Company on and Deloitte would still need to take additional steps before signing off on the 2018 Annual Results, the publication thereof is delayed accordingly. The Company will continue to cooperate with Deloitte to complete its audit work as soon as possible, publish the 2018 Annual Results and despatch the 2018 Annual Report, and publish the 2019 Interim Results and despatch the 2019 Interim Report as soon as possible.

The Company will publish further announcement(s) to inform its shareholders relating to the publication of the 2018 Annual Results and the 2019 Interim Results and the despatch of the 2018 Annual Report and the 2019 Interim Report 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, 24 December 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.