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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1509)

**(1) ANNOUNCEMENT IN RELATION TO THE CESSATION OF
CONSTRUCTION OF A SUBSIDIARY;
AND
(2) 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 and Rule 13.24A of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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, (7) the quarterly update announcement of the Company dated 29 September 2019 in relation to, among others, its resumption progress, (8) the quarterly update announcement of the Company dated 24 December 2019, (9) the voluntary announcement of the Company dated 10 March 2020 on the impact of novel coronavirus (COVID-19) epidemic on the Group’s business operations, (10) the supplemental announcement of the Company dated 25 March 2020 on the results of its internal control review and (11) the quarterly update announcement of the Company dated 31 March 2020 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.

CESSATION OF CONSTRUCTION OF HEILONGJIANG HOSPITAL

The Board wishes to inform the Shareholders that Heilongjiang Zhongda HarMonicare Hospital Co., Ltd.* (黑龍江中大和美婦兒醫院有限公司) (“**Heilongjiang Hospital**”), a company established in the PRC with limited liability and a 95% owned subsidiary of the Company, has ceased its construction. Heilongjiang Hospital entered into a termination agreement of the lease on 15 June 2020 and started the liquidation process thereafter.

INFORMATION ON HEILONGJIANG HOSPITAL

Heilongjiang Hospital was established on 23 April 2018, and was planned to be constructed into a class III hospital specialized in providing high-quality healthcare services to women and children in Heilongjiang. Heilongjiang Hospital has been under construction since its establishment and has not commenced operation. It is held as to 95% by the Company through Beijing He An Da Management Consulting Co., Ltd.* (北京合安達管理諮詢有限公司), a wholly-owned subsidiary of HarMoniCare Medical Management, and held as to 5% by an individual.

REASONS FOR THE CESSATION AND FINANCIAL EFFECT ON THE COMPANY

The Company originally planned that Heilongjiang Hospital would become a university-affiliated hospital. However, due to the adjustment of national policies, Heilongjiang Hospital is unable to cooperate with the universities in the PRC as planned. In addition, the Company finds that further investment into Heilongjiang Hospital is not beneficial to the operation of the Group in view of its financial conditions. As such, the Board has decided to cease the construction of Heilongjiang Hospital. The total amount of the costs and expenses incurred since its establishment and to be incurred in connection with the cessation of construction of Heilongjiang Hospital will be approximately RMB24 million.

In light of the above, the cessation of construction of Heilongjiang Hospital will enable the Group to better utilise its resources to manage the Group's other current business as the Board may consider appropriate. The Board believes that the cessation of construction of Heilongjiang Hospital is in the best interest of the Company and the Shareholders as a whole.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2019. Trading in the Shares 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, 15 June 2020

As at the date of this announcement, the executive Directors are Mr. Lin Yuming and Mr. Fang Zhifeng; 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 only*