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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1509)

DISCLOSEABLE TRANSACTION SUPPLEMENTAL AGREEMENTS IN RELATION TO FINANCE LEASES ARRANGEMENT

Reference is made to the announcements of Harmonicare Medical Holdings Limited (the “**Company**”) dated 23 July 2018 and 21 November 2019 (the “**Announcements**”) in relation to finance leases arrangement between certain subsidiaries of the Company and IFEL. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated herein.

Further to what was disclosed in the Announcements, due to the impact of COVID-19 epidemic on the financial performance of the subsidiaries of the Group, the subsidiaries were not able to perform their payment obligations. As the Board is of the view that it is in the best interest of the Company to preserve liquidity and give the Company more flexibility in managing its business as well as long term development, it entered into negotiations with IFEL further to which the parties agreed to adjust the payment schedules under the Finance Lease Agreements by means of court mediation (the “**Mediation**”).

On 2 July 2020, to implement the Mediation, IFEL entered into (a) a mediation agreement in connection with the Beijing Finance Lease Agreement and related supplemental agreements with Beijing HarMoniCare Hospital, (b) a mediation agreement in connection with the Fuzhou Finance Lease Agreement and related supplemental agreements with Fuzhou Modern Woman Hospital, (c) a mediation agreement in connection with the Heilongjiang Finance Lease Agreement and related supplemental agreements with Heilongjiang HarMoniCare Hospital, and (d) a mediation agreement on the Nantong Finance Lease Agreement and related supplemental agreements with Nantong HarMoniCare Hospital ((a) to (d) above together, the “**Mediation Agreements**”).

THE MEDIATION AGREEMENTS

Pursuant to the Mediation Agreements, the Finance Lease Agreements are further modified such that the aggregate lease payments are increased and the due payments in the second quarter of 2020 thereunder have been postponed, details of which are set out below:

- (a) Pursuant to the Beijing Finance Lease Agreement as mediated, the aggregate lease payments under the Beijing Finance Lease Agreement have been adjusted to RMB46,390,358.78 from RMB45,846,075.66, comprising 37 instalments payable, of which the first 7 instalments have been paid prior to the date of this announcement;
- (b) Pursuant to the Fuzhou Finance Lease Agreement as mediated, the aggregate lease payments under the Fuzhou Finance Lease Agreement have been adjusted to RMB16,037,286.06 from RMB15,584,614.30, comprising 18 instalments payable, of which the first 8 instalments have been paid prior to the date of this announcement;

- (c) Pursuant to the Heilongjiang Finance Lease Agreement as mediated, the aggregate lease payments under the Heilongjiang Finance Lease Agreement have been adjusted to RMB16,037,286.06 from RMB15,584,614.30, comprising 18 instalments payable, of which the first 8 instalments have been paid prior to the date of this announcement; and
- (d) Pursuant to the Nantong Finance Lease Agreement as mediated, the aggregate lease payments under the Nantong Finance Lease Agreement are RMB22,885,991.66, remaining unchanged, comprising 37 instalments payable, of which the first 11 instalments have been paid prior to the date of this announcement.

Save as disclosed herein, all other terms and provisions of the Finance Lease Arrangements (as supplemented and mediated) shall remain in full force and effect. The transactions under the Supplemented Finance Lease Arrangements remain, in aggregate, discloseable transactions of the Company under Chapter 14 of the Listing Rules.

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 should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

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

Hong Kong, 2 July 2020

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