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HUAKANG BIOMEDICAL HOLDINGS COMPANY LIMITED

華康生物醫學控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8622)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the prospectus of Huakang Biomedical Holdings Company Limited (the “**Company**”) dated 30 November 2018 (the “**Prospectus**”), the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”) published on 31 March 2020 and the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”) published on 13 August 2020. Unless otherwise defined or the context otherwise requires, capitalised terms used herein shall bear the same meanings as those defined in the Prospectus, the 2019 Annual Report and the 2020 Interim Report.

In addition to the information disclosed in the sections headed “Comparison of Business Objectives with Actual Business Progress” and “Use of Proceeds from Share Offer” in the 2019 Annual Report, the Board confirmed that, during the year ended 31 December 2019, there was no material change as to the plans for the use of net proceeds of approximately HK\$16.6 million (equivalent to approximately RMB14.7 million) raised from the Share Offer according to the intentions set out in the Prospectus, and the expected timeline to be fully utilised by 31 December 2020.

As disclosed in the 2020 Interim Report, part of the original expansion plan as disclosed in the Prospectus was delayed during the six months ended 30 June 2020 due to, inter alia, the impact of the outbreak of the novel coronavirus (COVID-19) epidemic. As a result, part of the net proceeds from the Share Offer (including (i) developing new products, improving our existing products and carrying out international cooperation projects; (ii) expanding our sales network and enhancing our marketing activities; and (iii) developing auxiliary reproductive supply business) which were originally expected to be utilised by 31 December 2020 are currently expected to be utilised by 31 December 2021. The Board confirmed that the revised expected timeline for the unutilized net proceeds will not have material adverse impact on operations of the Group. Please refer to the sections headed “Business Review and Future Prospects” and “Use of Proceeds from Share Offer” of the 2020 Interim Report for further details of the use of proceeds from the Share Offer as of 30 June 2020.

The use of net proceeds from the Share Offer as at 31 December 2019 and 30 June 2020 are set forth below:

Use of net proceeds as disclosed in the Prospectus (Note 1)	As at 31 December 2018		As at 31 December 2019		As at 30 June 2020		Expected timeline for the application of the unutilised proceeds (Note 3)
	Net proceeds from the Share Offer (Note 2) RMB'000	Unutilised proceeds RMB'000	Actual use of proceeds RMB'000	Unutilised proceeds RMB'000	Actual use of proceeds RMB'000	Unutilised proceeds RMB'000	
Developing new products, improving our existing products and carrying out international cooperation projects	6,087	6,027	1,377	4,710	1,876	4,211	Expected to be fully utilised by 31 December 2021
Expanding our sales network and enhancing our marketing activities	4,011	3,954	2,560	1,451	2,699	1,312	Expected to be fully utilised by 31 December 2021
Developing auxiliary reproductive supply business	4,100	4,100	-	4,100	-	4,100	Expected to be fully utilised by 31 December 2021
Working capital	481	481	200	281	334	147	Expected to be fully utilised by 31 December 2020
Total	14,679	14,562	4,137	10,542	4,909	9,770	

Note 1: Further details were set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Note 2: The application of the net proceeds from the Share Offer is based on the proposed percentage of utilisation as specified in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Note 3: The expected timeline for utilising the net proceeds is based on the best estimation of the future market conditions made by the Group with reference to the then prevailing market condition which might be subject to changes in accordance with the change in market conditions from time to time.

The supplementary information provided in this announcement does not affect any other information contained in the 2019 Annual Report and, save as disclosed above, the content of the 2019 Annual Report remains unchanged.

By Order of the Board
Huakang Biomedical Holdings Company Limited
Zhang Shuguang
Chairman and Executive Director

Hong Kong, 25 August 2020

As at the date of this announcement, the Executive Directors are Mr. Zhang Shuguang, Mr. Zhang Chunguang, Mr. Poon Lai Yin Michael and Mr. He Jiaming; and the Independent Non-executive Directors are Dr. Yeung David Wai Chow, Mr. Kwok Chi Shing and Mr. Chan Kin Sang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of publication and on the Company’s website at www.huakangbiomedical.com.