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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)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RELATION TO PROPOSED ACQUISITION

This announcement is made by Huakang Biomedical Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Director(s)**”) announces that, on 24 January 2025, the Company entered into a memorandum of understanding (the “**MOU**”) with 湖南可悅生物科技股份有限公司 (Hunan Keyue Biotechnology Co., Ltd.*) (the “**Target Company**”), pursuant to which the Company or its designated entity (the “**Buyer**”) intends to acquire 51% equity interest in the Target Company by way of capital injection or transfer of equity interest (the “**Proposed Acquisition**”).

The principal terms of the MOU are as follows:

Date: 24 January 2025

Parties: (i) the Company; and

(ii) 湖南可悅生物科技股份有限公司 (Hunan Keyue Biotechnology Co., Ltd.*),
being the Target Company.

The Proposed Acquisition

Pursuant to the MOU, subject to the terms and conditions of the Formal Agreement (as defined below), the Company or its designated entity intends to acquire 51% equity interest in the Target Company by way of capital injection or transfer of equity interest.

Consideration

The consideration for the Proposed Acquisition and the payment terms shall be further negotiated between the Buyer and the Target Company, and shall be determined in the Formal Agreement.

Formal Agreement

The Buyer and the Target Company shall use reasonable endeavours to negotiate with the other party so as to procure that a legally binding agreement in relation to the Proposed Acquisition (the “**Formal Agreement**”) be entered into as soon as possible and in any event not later than 24 July 2025 or such later date as the parties may agree. The Formal Agreement shall include customary representations, warranties, undertakings, indemnities for transactions of similar nature and the conditions precedent as set out in the section headed “Conditions Precedent” below.

In the event that the Formal Agreement is not entered into by 24 July 2025 or such later date as the parties may agree, the MOU shall cease and terminate and, in any event, each of the parties to the MOU shall not have any claim against the other party nor demand for specific performance or compensations.

Due Diligence Review

Upon signing of the MOU, the Buyer shall procure its advisors and agents to immediately conduct due diligence review (the “**Due Diligence Review**”) which it considers to be appropriate on the Target Company and the assets of the relevant business (including but not limited to all certificates and cooperative agreements in relation to the relevant business) as well as all relevant matters (including but not limited to matters relating to law, finance and technical team). The Target Company shall provide, and procure its agent to provide assistance and information as may be requested by the Buyer and its advisors and agents in respect of the Due Diligence Review.

Conditions Precedent

The Proposed Acquisition shall be subject to the following conditions precedent: -

- (1) the Company or the Buyer has completed the Due Diligence Review and is satisfied with the results, or the two parties have reached an agreement on a solution after consultation on the situation discovered during the Due Diligence Review;
- (2) the warranties under the Formal Agreement being true and accurate in all material aspects and are not misleading, and there is no event, fact or circumstance of the Target Company having occurred which constitute or may constitute a breach of the relevant warranties or any situation, fact or circumstance of the Target Company;
- (3) there is no material adverse change in the Target Company since the date of the Formal Agreement; and
- (4) the parties to the Formal Agreement having obtained all necessary permits, consents and approvals for the Formal Agreement and the transactions contemplated thereunder.

Binding effect of the MOU

The MOU does not constitute a legally binding agreement on the parties thereto save for certain provisions relating to the Due Diligence Review, confidentiality and governing law and jurisdiction.

Information of the parties to the MOU

The Group

The Group is a medical device group specialised in the research and development, manufacture and sale of a wide range of in-vitro diagnostic reagents and auxiliary reproductive supplies and equipment in the People's Republic of China (the "PRC"). The Group has diversified its business to healthcare products and supplements in the PRC, Hong Kong and Canada. As at the date of this announcement, the Group has a total of 24 natural health product licences granted by the Natural Health Product Directorate of Health Canada under the registered brand "Nutronic" and the Group has already launched 12 products in the market.

The Target Company

The Target Company is a limited liability company established in the PRC. It is mainly engaged in the research and development and sales of women's health products, which cover female reproductive system solutions, health foods, antibacterial products and other fields. The Target Company owns two major brands, "玉坤舒" ("Yukunshu"*) and "清徽悦" ("Qinghuiyue"*).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date hereof, Dr. Xu Ming, an non-executive Director, owns 30% equity interest in the Target Company, and therefore the Target Company will be regarded as a connected person of the Company.

Reasons for and benefits of entering into the MOU and the Proposed Acquisition

With the rapid growth of the global women's health market, both the Group and the Target Company have achieved remarkable achievements in their respective fields. The Group has a foreign supply chain system and international sales network, while the Target Company has extensive research and development experience, product lines and market channels in the domestic women's health market. Accordingly, the Board considers the entering into of the MOU and the Proposed Acquisition, if materialised, will give full play to their respective advantages, realise resource sharing and complement each other's advantages, jointly expand the domestic and foreign women's health market, and meet the growing health needs of female consumers. The Board further considers that the terms of the MOU are fair and reasonable, and the entering into of the MOU is in the interests of the Company and its shareholders as a whole.

GENERAL

The Proposed Acquisition, if materialised, will constitute a connected transaction for the Company under Chapter 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). Further announcement(s) in respect of the Proposed Acquisition will be made by the Company as and when appropriate.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Proposed Acquisition will be made by the Company in the event the Formal Agreement has been signed.

OTHER BUSINESS UPDATE

The Company intends to conduct fundraising exercise(s) for the purpose of general working capital and development or expansion of the business of the Company. As at the date hereof, no concrete plans (including the fundraising method, the timeline and the size of funds expected to be raised) have been formulated, no concrete terms have been agreed and no legally binding agreement, formal or informal, has been entered into.

The Company will keep the shareholders and potential investors of the Company informed when the potential fundraising materialises. Further announcement(s) will be made by the Company as and when required in compliance with the requirements under the GEM Listing Rules and the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

As the potential fundraising may or may not materialise, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 24 January 2025

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; the Non-executive Directors are Dr. Bu Su and Dr. Xu Ming; and the Independent Non-executive Directors are Dr. Chow Kwok Fai Joseph, Dr. Cheng Faat Ting Gary, Mr. Tsui Wing Tak and Ms. Shih Mei Ling.

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 Stock Exchange website at www.hkexnews.hk for at least seven days from the date of publication and on the Company’s website at www.huakangbiomedical.com.

** For identification purpose only*