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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

DISCLOSEABLE AND CONNECTED TRANSACTION:

ACQUISITION OF 91% INTEREST IN TARGET COMPANY

Reference is made to the announcement of Huakang Biomedical Holdings Company Limited (the “**Company**”) dated 16 April 2025 (the “**Announcement**”) in relation to the Acquisition of 91% interest in the Target Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to provide further information to the Shareholders and potential investors in respect of the Acquisition.

SUPPLEMENTAL INFORMATION IN RELATION TO SPECIAL INDEMNITY UNDER THE EQUITY TRANSFER AGREEMENT

Unless otherwise provided in the Equity Transfer Agreement, within twenty-four (24) months from the date of Completion, if: (1) any fact existing prior to Completion is found to materially differ from the representations and warranties made by the Vendors, the Founding Team and the Target Company under the Equity Transfer Agreement; or (2) the Target Company suffers asset impairment, losses, or causes losses to the Purchaser due to any matter relating to the Target Company that existed prior to Completion, the Vendors and the Founding Team shall indemnify the Purchaser for such losses. The Vendors and the Founding Team agree to bear such indemnification obligations jointly and severally.

In the event that any of the representations and warranties in relation to the intellectual property rights of the Target Group under the Equity Transfer Agreement are untrue or inaccurate, or in the event that the Target Group or the Purchaser suffers any loss or incurs any liability in connection with the core products and their related intellectual property rights, including but not limited to: (1) obstacles to the continued use of the core intellectual property rights or the production of core products by the Target Company due to the invalidation or revocation of licenses relating to the core intellectual property rights; (2) disputes, controversies, or claims asserted by any third party in respect of the core intellectual property rights; (3) any breach by Dr. Xu Ming of the director employment agreement entered into between Dr. Xu Ming and the Target Company; or (4) any other loss or liability arising from matters related to the core products and their intellectual property rights of the Target Company, the Vendors and the Founding Team shall indemnify the Purchaser for all such losses or liabilities.

Unless otherwise agreed in writing by and among the Vendors, the Founding Team and the Purchaser, any special indemnification shall be paid in cash. Upon the occurrence of any special indemnification event, the Purchaser shall have the right to issue a compensation notice to the Vendors and/or the Founding Team, who shall pay the compensation amount to the Purchaser in cash in accordance with the time and amount specified in such notice.

SUPPLEMENTAL INFORMATION IN RELATION TO REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Announcement, the Target Group is principally engaged in the research and development and sales of women's health products, including female reproductive system solutions, health foods and antibacterial products. Post-Completion, the Target Group will continue to operate in this principal business, allowing the Group to expand its footprint in the growing women's health market.

In addition to its principal business and prior to the Acquisition, the Target Company originally intended to develop the traditional Chinese medicine (the "TCM") clinic business. For this purpose the Target Company obtained a registration licence (the "TCM Licence") for the proposed TCM clinic business, but to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, up to the date of this announcement no revenue of the Target Group was derived from the TCM clinic business and the Target Group does not yet have any assets (other than the TCM Licence) in relation to the TCM clinic business.

Since the Company was advised by its PRC legal advisers that PRC laws and regulations restrict foreign majority ownership of medical institutions, the parties agreed that the Equity Transfer Agreement should include a condition precedent to divest the TCM clinic business, ensuring compliance with relevant PRC laws and regulations after Completion. The Target Company has submitted and Hunan Xiangjiang New District Management Committee Health and Family Planning Bureau (Disease Prevention and Control Bureau)* (湖南湘江新區管理委員會衛生健康局(疾病預防控制局)) has accepted on 17 April 2025 the deregistration application of the TCM Licence. The statutory processing time for the application is 45 days, and such application remains under process as at the date of this announcement. The Group has no current intention to pursue the TCM clinic business, focusing instead on women's health products.

The Acquisition aligns with the Group's strategic diversification into healthcare products and supplements in the PRC, enabling resource sharing, complementary strengths, and expansion into the women's health sector. By integrating the Target Group's expertise, the Company aims to strengthen its product portfolio in high-demand categories; leverage combined research and development and distribution networks; jointly capture growth opportunities in both domestic and international women's health markets; and optimise resources to reduce costs and enhance profitability. Furthermore, the Group is expected to enhance the operational stability of healthcare products and supplements in the PRC, which will in turn increase the Group's market influence and further boost overall sales.

Despite the unpaid capital of the Target Company to be paid by the Company after the Completion as discussed below and the divesture of the TCM clinic business as discussed above, taking into account (i) the Consideration of approximately RMB317,697.23 with reference to the audited net asset value of the Target Company as at 31 December 2024; (ii) approximately RMB2 million in revenue generated for the year ended 31 December 2024 which was derived from the Target Group's principal business and not the TCM business; (iii) the special indemnity clause stipulated in the Equity Transfer Agreement as disclosed in the Announcement and as further supplemented above; (iv) the prospects of the Target Group's principal business given the growing women's health market in the PRC and the Group's access to the Target Group's network, know-how and knowledgeable staff after the Acquisition; and (v) the reasons and benefits of entering into the transactions under the Equity Transfer Agreement as disclosed in the Announcement and as further supplemented above, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement and the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

SUPPLEMENTAL INFORMATION IN RELATION TO CAPITAL CONTRIBUTION BY THE COMPANY TO THE TARGET COMPANY

The Sale Equity includes unpaid capital of RMB600,000 attributable to Beijing Bapu's 30% equity interest in the Target Company. Beijing Bapu agreed to make part payment of the unpaid capital prior to the Completion of an amount equivalent to the consideration payable to it by the Company for Beijing Bapu's 30% Sale Equity (i.e. RMB104,735.35). As a result, Beijing Bapu will effectively receive no consideration in relation to its respective Sale Equity upon Completion. After Completion, the Company is required to contribute RMB495,264.65 to cover the outstanding capital, which equals the total unpaid capital (i.e. RMB600,000) less the consideration payable to Beijing Bapu for the 30% Sale Equity (i.e. RMB104,735.35). The Company expects to make its capital contribution of RMB495,264.65 on or before 30 June 2032.

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

Hong Kong, 30 April 2025

As at the date of this announcement, the Executive Directors are Mr. Zhang Shuguang, Mr. Zhang Chunguang, Mr. Poon Lai Yin Michael and Ms. Zhang Yujing; 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 and Mr. Tsui Wing Tak.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 Listed Company Information" 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.