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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
PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent
Cheong Lee Securities Limited

Reference is made to the announcement of Huakang Biomedical Holdings Company Limited (the “**Company**”) dated 8 January 2023 (the “**Announcement**”) in respect of the Placing. Unless defined otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to clarify that on page 2 of the Announcement under the section headed “Placing Price”, the statement “(b) a discount of approximately 6.25% to the average closing price of approximately HK\$0.112 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 8 January 2024 being the date of the Placing Agreement.” was mistaken due to inadvertent mistake and instead it should read as follows:

“(b) a discount of approximately 5.41% to the average closing price of approximately HK\$0.111 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 8 January 2024 being the date of the Placing Agreement.”

In addition, the Board would like to provide the following additional information relating to the Placing.

REASONS FOR THE PLACING AND USE OF THE PROCEEDS

As disclosed in the interim report for the six months ended 30 June 2023, the Group had bank balances and cash of RMB32.1 million. However, among the said bank balance and cash, approximately RMB32.0 million were placed by Shenzhen Huakang Bio-Medical Engineering Limited* (深圳華康生物醫學工程有限公司) (“**Shenzhen Huakang**”) with banks in the People’s Republic of China (the “**PRC**”) as at 30 June 2023, and the remittance of such funds out of the PRC is subject to the exchange controls imposed by the PRC government. In addition, while RMB is freely convertible for payments of current account items such as dividend payments, dividend payable by a foreign-invested enterprise in the PRC to its foreign enterprise investors are generally subject to a 10% withholding tax.

The Group is principally engaged in research and development, manufacture, marketing and sales of in-vitro diagnostic reagents and auxiliary reproductive supplies and equipment in the PRC through its PRC subsidiary Shenzhen Huakang. In view of the uncertainty brought forth by the economic downturn in mainland China, our Directors consider it essential, as a precautionary measure, to hold sufficient liquidity in order to ensure that the Group’s business in the PRC does not face going concern problem as a result of insufficient cash flow.

As such, as at 30 June 2023, the Group had approximately RMB110,000 of bank balances and cash to serve as its working capital for its operations outside of the PRC. The Group’s operations outside of the PRC consist of, inter alia, the operations of (i) its office in Hong Kong; and (ii) its business of healthcare products and supplements. The healthcare products and supplement segment recorded a loss of approximately RMB1 million for the six months ended 30 June 2023. The estimated annual operating costs for the operations outside the PRC were approximately RMB5 million.

In light of the above, the Directors consider that it is in the best interests of the Company and its shareholders to raise funds by way of Placing and to apply such proceeds towards the Group’s general working capital for its operations outside of the PRC.

It is intended that the net proceeds of HK\$8.38 million will be used as to approximately HK\$5 million for salaries, rental and other corporate expenses; HK\$3 million for professional fees and the remaining for other operating expenses. It is expected that the net proceeds will be fully utilised by 31 December 2024.

** For identification purpose only*

Shareholders and potential investors should note that the completion of the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

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

Hong Kong, 15 January 2024

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. Chow Kwok Fai Joseph, Dr. Cheng Faat Ting Gary, Mr. Chan Kin Sang and Ms. Chow Ching Man.

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.