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HUAKANG BIOMEDICAL HOLDINGS COMPANY LIMITED
華康生物醫學控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8622)

VOLUNTARY ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE
FORMATION OF A JOINT VENTURE

This announcement is made by the Company on a voluntary basis for the purpose of keeping Shareholders and potential investors informed of the latest development of the Group.

The Board is pleased to announce that Huakang HK, a direct wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding with JV Partner on 25 October 2019 (“**MOU**”) after trading hours in relation to the establishment of a joint venture company (“**JVC**”) in Hong Kong for, among other things, (i) research, development and registration of technology, devices and products in relation to the assisted reproductive treatment in the PRC; and (ii) sale and export of such devices and products in the PRC, countries in Asia Pacific Region and other territories as may be agreed by the Parties.

The MOU was intended to record the preliminary mutual understanding between the parties to the MOU and to serve as a platform for further negotiations and no legally binding agreement in relation to the JVC has been entered into by the relevant parties.

Since the transactions contemplated under the MOU may or may not materialize, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) will be made in accordance with the GEM Listing Rules as and when appropriate.

POSSIBLE FORMATION OF A JOINT VENTURE

The Board is pleased to announce that Huakang HK, a direct wholly-owned subsidiary of the Company, entered into a MOU with JV Partner, a direct wholly-owned subsidiary of JV Partner Holdco, on 25 October 2019 after trading hours in relation to the establishment of the JVC in Hong

Kong for, among other things, (i) research, development and registration of technology, devices and products for assisted reproductive treatment in the PRC; and (ii) the sale and export of such devices and products in the PRC, countries in Asia Pacific Region and other territories as may be agreed by the Parties.

The shareholding structure of the proposed JVC is intended to be further negotiated.

The MOU does not constitute a legally-binding commitment in respect of the possible formation of the JVC. The specific terms and conditions of MOU shall be subject to negotiation between the Parties and shall be further agreed and set out in the formal agreement (“**JV Agreement**”). None of the Parties and/or their designated persons is obliged to proceed with any business cooperation unless expressly set forth in the JV Agreement.

THE MEMORANDUM OF UNDERSTANDING

Date

25 October 2019

Parties

(A) Huakang HK; and

(B) JV Partner

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, JV Partner and its ultimate beneficial owner(s) are Independent Third Parties.

Subject Matter of the Memorandum of Understanding

The MOU sets out the Parties’ intention to establish the JVC in Hong Kong (through itself and/or its subsidiary(ies) to be set up in the PRC) for, among others, research, development, and registration of the technology, devices and products for ART and for sale and export of such devices and products in the PRC, countries in Asia Pacific Region and other territories as may be agreed by the Parties.

It is intended that the JV partner will evaluate the potential to license or grant certain non-exclusive intellectual property rights owned by the JV Partner Group on the technology, devices and products for ART to the JVC for the purpose of the JVC’s intended business.

VALIDITY PERIOD

The MOU shall be valid for a period of six months from the date of signing this MOU or such later date that the Parties may otherwise agree in writing (the “**Validity Period**”). During the Validity Period, the Parties shall negotiate in good faith and on sound commercial basis with a view to signing the JV Agreement.

BACKGROUND OF THE JV PARTNER GROUP

Based in Australia, the JV Partner Group has over 30 years of experience in the field of fertility treatments and is one of Australia’s leading fertility groups offering fully integrated assisted reproductive treatment and clinical services as well as devices and products applied with technologies in assisted reproduction treatment.

REASONS FOR ENTERING INTO THE MEMORANDUM OF UNDERSTANDING

It is part of the Group’s strategy to develop new products, improve existing products and to explore new international cooperation projects. In this connection, the Directors are of the view that it is a good opportunity to collaborate with JV Partner Holdco so as to combine and leverage each other’s resources, namely: (i) technical know-how and expertise on male fertility in-vitro diagnostic reagent products as well as its presence, and extensive experience in the PRC on the part of the Group and; (ii) the technology, devices and products of ART and its related intellectual property and know-how on the part of the JV Partner Group. Valuable synergy is therefore expected to be generated by pooling of each party’s resources.

As the JVC is expected to bring about opportunities for the Group to consolidate and strengthen its market position in the PRC and the Asia Pacific region, the Board considers that the intended collaboration with JV Partner Group under the MOU would be beneficial and in the interests of the Company and the Shareholders as a whole.

Further announcements on JVC will be made by the Company in accordance with all applicable requirements of the GEM Listing Rules as and when appropriate to keep shareholders of the Company and potential investors updated

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“ART” or “assisted reproductive treatment”	reproductive technology and associated techniques used primarily for infertility treatment and assisting people to achieve a pregnancy
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“Board”	the Board of Directors
“Company”	Huakang Biomedical Holdings Company Limited (華康生物醫學控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (Stock code: 08622)
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huakang HK”	Huakang Biomedical Company Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of the Company
“Independent Third Parties”	Third parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules)
“JV Partner Holdco”	a company incorporated under the laws of Australia
“JV Partner”	a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of JV Partner Holdco
“JV Partner Group”	JV Partner Holdco and its subsidiaries
“Parties”	Parties to the MOU, namely Huakang HK and JV Partner
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

By Order of the Board
HUAKANG BIOMEDICAL HOLDINGS COMPANY LIMITED
ZHANG Shuguang
Chairman

Hong Kong, 25 October 2019

As at the date of this announcement, the Executive Directors are Mr. Zhang Shuguang, Mr. Zhang Chunguang and Mr. Poon Lai Yin Michael; 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.szhuakang.com