

Huakang Biomed declares first annual results since listing

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Loss Reduced, profit before tax excluding listing expenses amounted to RMB9.1 Million; continuous focus on research and development; laying strong foundation for future growth



Huakang Biomedical Holdings Company Limited, a medical device group specialised in the research and development, manufacture and sale of a wide range of IVD reagents in PRC, is pleased to announce its first annual results for the year ended 31 December 2018, since its listing on the GEM of The Stock Exchange of Hong Kong Limited (SEHK) on 13 December, 2018.

During the Year, the Group recorded satisfactory revenue of approximately RMB28.7 million (2017: RMB 26.5 million), increase by 8.0%, or RMB2.1 million, compared to the previous year, which was contributed by an increase in the sales of its detection kit for IgG antibody to *Schistosoma japonicum* by approximately 394.0% from RMB435,000 in 2017 to RMB2.1 million in 2018, primarily because several new distributors commenced to sell its detection kit for IgG antibody to *Schistosoma japonicum* since 2018. The Group also witnessed an increase in the sales of its liver fluke IVD reagent products from approximately RMB1.5 million in 2017 to approximately RMB2.4 million for 2018, representing an annual increase of 63.1%, or RMB929,000, which was mainly attributable to a wider recognition and thus higher purchase volume of the products by existing customers.

The Group recorded a gross profit of RMB21.6 million for the year, representing an increase of RMB3.0 million or 16.4% from RMB18.5 million for 2017. The Group improved its gross profit margin from 69.8% in 2017 to 75.3% in 2018, which was mainly due to the decrease in the average headcount of the production staff (including production, quality management and engineering departments) and higher production efficiency of the production staff due to their improved production skills and techniques as well as the improved efficiency in utilising raw materials in the production process by the production staff.

The Group recorded a loss for the year of approximately RMB459,000 (2017: net loss for the year of approximately RMB2.0 million). The decrease in net loss was mainly due to the decrease in listing expenses. Basic loss per share for the year was RMB0.15 cents (2017: loss per share of RMB0.75 cents). The Group recorded profit before tax excluding listing expenses of approximately RMB9.1 million (2017: RMB11.9 million). The Board did not recommend payment of a final dividend for the Year.

The Group is committed to research and development and conduct the research and development activities through its internal research and development department. The total amount of the investment in the research and development project was approximately RMB\$2.6 million in 2018 (2017: RMB2.2 million), such increase was mainly due to that the Group had seven active research projects in 2018 (2017: three). The Group further completed a series of registrations with the CFDA (China Food and Drug Administration) and the GDFDA (Guangdong Food and Drug Administration), as well as filings with the Shenzhen MSA (Market Supervision Administration of Shenzhen Municipality).

For the year ended 31 December 2018, the products of the Group comprised 32 male fertility IVD reagents, two parasite antibody detection reagents, one EBV antibody detection reagent and 6 female fertility IVD reagents, of which 27 IVD reagents are being manufactured and sold by the Group, including 24 male fertility IVD reagents, two parasite antibody detection reagents and one EBV antibody detection reagent.