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**ADICON Holdings Limited**

**艾迪康控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9860)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF 100% EQUITY INTERESTS IN  
THE TARGET COMPANIES INVOLVING  
THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

**INTRODUCTION**

The Board is pleased to announce that, on May 6, 2025 (after trading hours), the Company, Hangzhou Adicon, the Sellers and the Target Companies entered into the Investment Agreement in relation to the acquisition of 100% equity interests in the Target Companies.

Pursuant to the Investment Agreement: (i) the Company has conditionally agreed to acquire from Seller A 100% equity interest in Yuande Weikang at a consideration of HKD191.0 million, which will be satisfied by the allotment and issue of up to 29,025,732 Consideration Shares, representing approximately 4% of the total issued share capital of the Company as at the date of this announcement and approximately 3.85% of the total issued share capital of the Company as enlarged by the Consideration Shares; and (ii) Hangzhou Adicon has conditionally agreed to acquire from Seller B 100% equity interest in Yuande Youqin for a cash consideration of RMB50,000,000. Upon completion of the Acquisition: (i) Yuande Weikang will be directly or indirectly wholly owned by the Company; and (ii) Yuande Youqin will be directly wholly owned by Hangzhou Adicon and will be accounted for as a subsidiary of the Company by virtue of the Contractual Arrangements.

The Consideration Shares (including the use of treasury shares as Consideration Shares) will be allotted and issued pursuant to the General Mandate, and will not be subject to Shareholders' approval. The Consideration Shares shall rank *pari passu* in all respects with the Shares then in issue. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition contemplated under the Investment Agreement exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**As completion of the Acquisition is subject to the fulfilment (or waiver, where applicable) of the Conditions Precedent under the Investment Agreement, the Acquisition may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

The Board is pleased to announce that, on May 6, 2025 (after trading hours), the Company, Hangzhou Adicon, the Sellers and the Target Companies entered into the Investment Agreement in relation to the acquisition of 100% equity interests in the Target Companies.

## **THE INVESTMENT AGREEMENT**

The principal terms and conditions of the Investment Agreement are set out as follows:

### **Date**

May 6, 2025 (after trading hours)

### **Parties**

- (a) The Company
- (b) Hangzhou Adicon
- (c) Seller A, namely Mr. CHEN Jun
- (d) Seller B, namely Fujida, Changdeweikang, and Ms. GU Huiyu

(e) The Target Companies, namely Yuande Weikang and Yuande Youqin

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the date of this announcement, the Sellers and the Target Companies and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company, as defined under the Listing Rules.

### **Equity Interests to be acquired**

Pursuant to the Investment Agreement, the equity interest in each of the Target Companies will be acquired in the following manner:

#### ***Yuande Weikang***

The Company has conditionally agreed to acquire from Seller A 100% equity interest in Yuande Weikang at a consideration of RMB179.2 million (equivalent to HK\$191.0 million). Upon completion of the Acquisition, Yuande Weikang will be directly or indirectly wholly owned by the Company.

#### ***Yuande Youqin***

Hangzhou Adicon has conditionally agreed to acquire from Seller B 100% equity interest in Yuande Youqin for a cash consideration of RMB50.0 million. Upon completion of the Acquisition, Yuande Youqin will be directly wholly owned by Hangzhou Adicon and will be accounted for as a subsidiary of the Company by virtue of the Contractual Arrangements.

### **Payment of the Considerations**

Pursuant to the Investment Agreement, the considerations for the Acquisition will be settled as follows:

#### ***Yuande Weikang***

The consideration of RMB179.2 million for acquiring 100% equity interest in Yuande Weikang will be satisfied by the allotment and issue of up to 29,025,732 Consideration Shares, representing approximately 4% of the total issued share capital of the Company as at the date of this announcement and approximately 3.85% of the total issued share capital of the Company as enlarged by the Consideration Shares. The Consideration Shares will be structured in two tranches:

- (1) **Initial Tranche:** An amount equivalent to 2% of the total issued share capital of the Company as at the date of this announcement (representing 14,512,866 Shares, equivalent to a valuation of HK\$95.5 million or RMB89.6 million based

on the 30-day weighted average closing price between March 31, 2025 and April 30, 2025) will be issued within 10 business days following the Completion Date (i.e., the date when all Conditions Precedent are satisfied or waived in writing, or such other date as may be agreed by the parties); and

- (2) **Earn-out Tranche:** Up to an additional 2% of the total issued share capital of the Company as at the date of this announcement (representing 14,512,866 Shares) will be issued within 10 business days after the Company receives confirmation from Yuande Weikang that the agreed performance milestones have been achieved. See the paragraph headed “Contingent Considerations” below for further details of these milestones.

The issue price of each Consideration Share is HK\$6.58, being the 30-day weighted average closing price between March 31, 2025 and April 30, 2025.

The Consideration Shares to be issued in the initial tranche shall be pledged to the Company (or its designee) for a period of 36 months from the Completion Date, as security for any potential indemnities of the Sellers arising under the terms of the Investment Agreement.

The Consideration Shares (including the use of treasury shares as Consideration Shares) will be allotted and issued pursuant to the General Mandate, and will not be subject to Shareholders’ approval. The Consideration Shares shall rank *pari passu* in all respects with the Shares then in issue. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

### ***Yuande Youqin***

The consideration of RMB50.0 million (the “**Fixed Purchase Price**”) for acquiring 100% equity interest in Yuande Youqin will be settled by cash payment, of which (i) a cash consideration of RMB38.0 million will be paid to Fujida for acquiring 76% equity interest in Yuande Youqin; (ii) a cash consideration of RMB9.0 million will be paid to Changdeweikang for acquiring 18% equity interest in Yuande Youqin; and (iii) a cash consideration of RMB3.0 million will be paid to Ms. GU Huiyu for acquiring 6% equity interest in Yuande Youqin. The cash consideration will be paid in two instalments:

- (1) **First Instalment:** 70% of the consideration (i.e. RMB35.0 million) shall be paid to the respective Seller B in proportion to their equity interests in Yuande Youqin within 10 business days following the Completion Date (i.e., the date when all Conditions Precedent are satisfied or waived in writing, or such other date as may be agreed by the parties); and

- (2) **Second Instalment:** 30% of the consideration (i.e. RMB15.0 million) shall be paid to the respective Seller B in proportion to their equity interests in Yuande Youqin within 10 business days after the expiry of 36 months from the Completion Date.

The cash consideration will be funded by the Group's internal financial resources.

### **Basis of Consideration**

The consideration for the Acquisition was determined after arm's length negotiations among the parties to the Investment Agreement with reference to, among other factors, (i) the valuation report prepared by an independent professional valuer in respect of the market value of the Target Companies, which adopts the market approach; (ii) the 30-day average closing price between March 31, 2025 and April 30, 2025; (iii) the historical financial performance of the Target Companies; (iv) the adjustment mechanism and the contingent consideration as set out under the paragraphs headed "Adjustment Mechanism" and "Contingent Considerations" below; and (v) the reasons for and benefits of the Acquisition as set out under the section headed "Reasons for and Benefits of the Acquisition" below.

### **Adjustment Mechanism**

The Company and Hangzhou Adicon have agreed to acquire the Target Companies at an initial consideration of RMB139.6 million, to be settled by (i) the Fixed Purchase Price of RMB50 million; and (ii) the initial tranche of 14,512,866 Consideration Shares (equivalent to a valuation of HK\$95.5 million or RMB89.6 million based on the 30-day weighted average closing price between March 31, 2025 and April 30, 2025). The final consideration will be based on the actual balances of cash, outstanding debt, customary debt-like liabilities, and working capital adjustments as well as identified indemnities as of the Completion Date, and subject to adjustments on potential indemnities of the Sellers arising under the terms of the Investment Agreement for a period of up to 36 months following the Completion Date.

Pursuant to the Investment Agreement, (i) prior to the Completion Date, the Sellers are required to deliver an estimated closing statement detailing the cash, indebtedness, debt-like items, and net working capital amount of the Target Companies as of the Completion Date, which statement should be prepared in accordance with the accounting principles agreed by the Company and Hangzhou Adicon; and (ii) following the Completion Date, the Company and Hangzhou Adicon will prepare and deliver to the Sellers an audited consolidated balance sheet of the Target Companies as of the Completion Date, which will be prepared in accordance with the accounting principles agreed by the Company and Hangzhou Adicon, together with the calculation of the final consideration of the Target Company. The final consideration will be reviewed and agreed upon by the Company, Hangzhou Adicon and the Sellers.

To safeguard against potential indemnities of the Sellers, the second instalment of the cash consideration of RMB15.0 million will be settled 36 months after the Completion Date, and the Initial Tranche of 14,512,866 Consideration Shares will be pledged to the Company (or its designee) for a period of 36 months from the Completion Date.

The Board considers these adjustment mechanisms to be fair and reasonable, and in the best interests of the Company and its Shareholders as a whole.

### **Contingent Consideration**

The earn-out tranche of the Consideration Shares is designed to motivate the Sellers to contribute to the long-term growth of Yuande Weikang. The earn-out tranche is contingent upon the achievement of certain performance milestones, including Yuande Weikang obtaining a specified number of Class II/III medical device registration certificates, and achieving certain revenue and net profit targets from the Completion Date through to the end of calendar year 2030. If Yuande Weikang fails to meet any or all of the agreed milestones, the earn-out tranche will be adjusted downward accordingly, and no shares will be issued if none of the milestones are met.

The milestones were proposed by the Sellers and are set over a reasonably long period of time to discourage short-term gains and to promote long-term business growth of Yuande Weikang. The milestones represent a significant growth trajectory and offer a clear upside opportunity for Yuande Weikang to deliver strong financial performance over the period through 2030.

The Company is prepared to offer a higher total consideration if Yuande Weikang achieves the agreed milestones, which justifies the inclusion of the earn-out tranche of the Consideration Shares. This arrangement is designed to align the interests of the Company and the Sellers and to ensure that the Sellers remain committed to the long-term success of Yuande Weikang. This arrangement also serves to reduce the upfront payment obligation of the Company while maintaining a powerful incentive mechanism for the Sellers to drive long-term value creation. Hence, the Board considers the terms of the earn-out tranche to be fair and reasonable, and in the best interests of the Company and its Shareholders as a whole.

Having considered the above factors, the Board believes that the overall consideration, comprising both fixed and contingent components, and the terms of the Investment Agreement are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

## Valuation Report

In preparing the valuation report, the independent professional valuer considered the characteristics of the Target Companies and evaluated various valuation methodologies. After due consideration, the valuer adopted the market approach to assess the market value of the Target Companies. Under the market approach, valuation adjustments were made based on the price-to-sales (P/S) ratios of comparable companies as of April 30, 2025, as well as a discount for lack of marketability.

The independent professional valuer has considered three generally accepted approaches, namely the income approach, the asset approach, and the market approach. The income approach is not adopted given that long-term forecasts inherently rely on various subjective assumptions, which may or may not be sustainable. Furthermore, the profit of the Target Companies was relatively volatile. Therefore, preparing the financial projection of the Target Company involves subjective judgement and uncertainties. The asset approach is not adopted as the valuation of the Target Company is conducted on a going concern basis, and the summation of its assets is inappropriate as such method ignores the future economic benefits of the business as a whole and market sentiment regarding the shares of the Target Companies. In contrast, the market approach is better suited to capturing market sentiment and producing a less biased valuation of the Target Companies as it requires fewer subjective inputs. Having considered the three general valuation approaches, the independent professional valuer considers that the market approach would be appropriate and reasonable in the valuation of the market value of the Target Companies.

As for the valuation of the Target Companies, the independent professional valuer has employed the P/S ratio. The independent professional valuer considers the P/S ratio is more appropriate in valuing the Target Company when compared to other commonly adopted price multiples such as price to book (“**P/B**”) ratio and price to earnings (“**P/E**”) ratio. Specifically, (i) P/B ratio is not selected as it fails to reflect the true earnings power and value of the business; (ii) P/E ratio is not selected as the Target Companies have not recorded net profit for the year ended 31 December 2024; and (iii) P/S ratio is selected as a widely used valuation multiple for valuing a company with stable revenue streams but negative earnings.



According to the valuation report, the valuation of Yuande Weikang and Yuande Youqin as of 30 April 2025 was approximately RMB141 million in aggregate. The Board considers that the valuation report provides a reasonable reference for assessing the fairness and reasonableness of the consideration and the fair value of the Target Companies.

*(a) P/S ratio of the Target Companies and its comparable companies*

Based on market data of comparable publicly listed companies, the first quartile P/S ratio of market comparable companies is approximately 2.23 times.

*(b) Basis for selection of comparables*

The comparable companies were selected based on the following criteria:

1. Companies principally engaged in the Independent Clinical Laboratory (ICL) and In Vitro Diagnostics (IVD) industries;
2. Companies for which the combined proportion of ICL and IVD revenue to total revenue is not less than 80%;
3. Companies for which ICL revenue constitutes not less than 15% of total revenue;
4. Companies that are publicly listed in Hong Kong and/or Mainland China, and for which P/S multiples as of the valuation date are available.



Based on the above criteria, the independent professional valuer identified seven comparable companies. Their market data as of 30 April 2025 is summarized below:

	<b>Market Capitalization*</b> <i>(RMB million)</i>	<b>FY2024 Revenue**</b> <i>(RMB million)</i>	<b>P/S ratio</b>
Company A	8,574	12,196	0.70
Company B	4,212	350	12.03
Company C	8,184	1,109	7.38
Company D	4,288	1,078	3.98
Company E	2,089	126	16.60
Company F	3,886	1,742	2.23
Company G	9,565	1,585	6.03
		<b>first quartile</b>	<b>2.23</b>

*Source: S&P Capital IQ*

*Notes:*

\* Market capitalization is as of the valuation reference date (30 April 2025)

\*\* FY2024 Revenue refers to revenue for the year ended December 31, 2024

Given the relatively small business scale of Yuande Weikang and Yuande Youqin compared to the listed comparable companies, the independent professional valuer selected the first quartile P/S ratio (2.23x) as the reference multiplier in its valuation analysis.

*(c) Adjustments made to the valuation and the adjustment basis*

The independent professional valuer has applied a lack of marketability discount (the “**Lack of Marketability Discount**”) in the valuation analysis. The Lack of Marketability Discount reflects the fact that there is no existing market for the shares of privately-held companies. Ownership interests in privately-held companies are generally not readily marketable as compared to similar interests in listed companies. As a result, the stock value of a private holding company is usually lower than other comparable shares of the public company.

*“Restricted Stock Studies Attempting to Measure the Marketability Discount for Private Firm by Job Aid for IRS Valuation Professionals — Discount for Lack of Marketability”* has been adopted to estimate the Lack of Marketability Discount, and the Black Scholes option pricing model and Finnerty option pricing model have been used to validate the reasonableness. Upon considering these approaches, the Lack of Marketability Discount of 30% has been used in the valuation analysis. Specifically:

- (1) According to the empirical data study by *Restricted Stock Studies Attempting to Measure the Marketability Discount for Private Firm by Job Aid for IRS Valuation Professionals — Discount for Lack of Marketability*, the Lack of Marketability Discount is 13% to 45%. Based on the above empirical data study, a 30% Lack of Marketability Discount has been applied in the valuation analysis, which is the rounded average of the empirical data.
- (2) The key inputs to the Black Scholes option pricing model include the following elements: (A) *Liquidity time*: It reflects the number of years since the assumed exit or liquidity event of the Target Companies’ investors. A 5 year (April 30, 2030) liquidity period is applied assuming that a liquidity event may occur at that time; (B) *Implied stock volatility*: Volatility is estimated primarily based on historical movements in the share prices of comparable companies over periods of time similar to the liquidity time. According to the calculation, the implied stock volatility is 48%; (C) *Risk-free interest rate*: The risk-free interest rate is estimated primarily based on the yield on Chinese government bonds over a period of time similar to the liquidity time; and (D) *Dividend yield*: The Target Company has not paid dividends in the past and has no plans to pay dividends in the future, so a nil dividend yield has been applied. Based on the above parameters and assumptions, the Lack of Marketability Discount of the valuation analysis is 36%.
- (3) The key inputs to the Finnerty option pricing model include the following elements: (A) *Liquidity time*: It reflects the number of years since the assumed exit or liquidity event of the Target Companies’ investors. A 5 year (April 30, 2030) liquidity period is applied assuming that a liquidity event may occur at that time; (B) *Implied stock volatility*: Volatility is estimated primarily based on historical movements in the share prices of comparable companies over periods of time similar to the liquidity time. According to the calculation, the implied stock volatility is 48%; (D) *Dividend yield*: The Target Company has not paid dividends in the past and has no plans to pay dividends in the future, so a nil dividend yield has been applied. Based on the above parameters and assumptions, the Lack of Marketability Discount of the valuation analysis is 22%.

*(d) Valuation by the independent professional valuer*

The independent professional valuer has collected information of comparable companies based on the aforementioned selection criteria and conducted analysis. It is of the view that the value of the shareholders' equity of the Target Companies as of April 30, 2025 was approximately RMB141 million.

**Conditions Precedent**

Completion of the Agreement shall be subject to, among others, the fulfilment or, where applicable, waiver of the following conditions before the Completion Date:

- (1) all required internal and external approvals and filings in respect of the Acquisition having been obtained or completed, and all definitive transaction documents having been duly executed by the relevant parties;
- (2) completion of the agreed restructuring steps to facilitate the Acquisition, including the reorganisation and assignment of assets to the Target Companies prior to Completion;
- (3) completion of all necessary corporate and tax filings to reflect the Acquisition, including updates to shareholder registers and business licenses;
- (4) each Target Company meeting the specified financial conditions, including clearance of certain debts, write-offs, and adherence to a maximum net debt threshold, with no material adverse change in its financial position;
- (5) the representations and warranties made by the Sellers under the Investment Agreement remaining true, accurate, and not misleading as of the Completion Date;
- (6) delivery of all required closing notices, confirmations, and documentation by the Target Companies and the Sellers pursuant to the Investment Agreement;
- (7) the Company having completed its business, legal, financial and management due diligence of the Target Companies and is satisfied with the result thereof; and
- (8) the approval for the listing of, and permission to deal in the Consideration Shares by the Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to the date of the Completion.

## Completion

Completion of the Acquisition shall take place within 10 business days after all Conditions Precedent have been fulfilled or waived in writing by the Company and/or Hangzhou Adicon, or on such other date as may be agreed among the parties.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company upon the Completion is set out as below:

Name of Shareholder	As at the date of this announcement		The allotment and issue of Initial Tranche of the Consideration Shares		The allotment and issue of both Initial Tranche and Earn-out Tranche of the Consideration Shares	
	<i>No. of Approximate Shares % of number of Shares in issue</i>		<i>No. of Approximate Shares % of number of Shares in issue<sup>(4)</sup></i>		<i>No. of Approximate Shares % of number of Shares in issue<sup>(4)</sup></i>	
Pearl Group Limited <sup>(1)</sup>	281,541,805	38.80%	281,541,805	38.04%	281,541,805	37.31%
Mr. LIN Jixun <sup>(2)</sup>	90,061,994	12.41%	90,061,994	12.17%	90,061,994	11.93%
Mr. LIN Feng <sup>(3)</sup>	72,005,994	9.92%	72,005,994	9.73%	72,005,994	9.54%
The Seller A	—	—	14,512,866	1.96%	29,025,732	3.85%
Other Shareholders	282,033,498	38.87%	282,033,498	38.10%	282,033,498	37.37%
Total	725,643,291	100.00%	740,156,157	100.00%	754,669,023	100.00%

Notes:

- (1) Pearl Group Limited is 94.57% owned by Carlyle Asia Partners V, L.P. and 5.43% owned by CAP V Co-Investment, L.P.. The general partner of Carlyle Asia Partners V, L.P. and CAP V Co-Investment, L.P. is CAP V General Partner, L.P.. The general partner of CAP V General Partner, L.P. is CAP V, L.L.C., an indirect subsidiary of Carlyle. CAP V, L.L.C. is wholly-owned by TC Group Cayman Investment Holdings Sub L.P.. The general partner of TC Group Cayman Investment Holdings Sub L.P. is TC Group Cayman Investment Holdings L.P.. The general partner of TC Group Cayman Investment Holdings L.P. is CG Subsidiary Holdings L.L.C.. The managing member of CG Subsidiary Holdings L.L.C. is Carlyle Holdings II L.L.C.. The managing member of Carlyle Holdings II L.L.C. is Carlyle Holdings II GP L.L.C.. The sole member of Carlyle Holdings II GP L.L.C. is Carlyle. As such, under the SFO, each of Carlyle Asia Partners V, L.P., CAP V General Partner, L.P., CAP V L.L.C., TC Group Cayman Investment Holdings Sub L.P., TC Group Cayman Investment Holdings L.P., CG Subsidiary Holdings L.L.C., Carlyle Holdings II L.L.C., Carlyle Holdings II GP L.L.C. and Carlyle is deemed to be interested in the equity interests held by Pearl Group Limited.
- (2) Corelink is wholly-owned by Mr. LIN Jixun, one of the founders of the Group and a non-executive Director. Mr. LIN Jixun is the brother of Mr. LIN Feng.

- (3) Mega Stream is wholly-owned by Mr. LIN Feng, one of the founders of the Group. Mr. LIN Feng is the brother of Mr. LIN Jixun.
- (4) Assuming no change in total issued share capital of the Company other than allotment and issue of all Consideration Shares.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Acquisition represents a strategic investment aligned with the Group's well-established strategy of leveraging its leadership in the ICL industry and expanding its service network by targeting other medical testing service providers and capturing growth opportunities in markets with significant development potential. The primary rationale for the Acquisition is the opportunity to achieve meaningful capability expansion and vertical integration. The acquisition of Yuande Youqin, a specialist in medical testing services with an expertise in hematological testing, will enable the Group to deepen its expertise and broaden its service portfolio in a high-value hematological testing within the ICL market. This complements the Group's existing comprehensive testing services and strengthens its market positioning. Simultaneously, the acquisition of Yuande Weikang, which is engaged in the R&D and production of hematological diagnostic reagents, represents a key step toward vertical integration. The Acquisition will provide the Group with in-house R&D and manufacturing capabilities, offering supply chain security and access to proprietary diagnostic technologies. These capabilities are expected to enhance the Group's ability to innovate, improve operational efficiency, and differentiate its service offerings. Furthermore, the Acquisition brings on board key personnel, including Mr. CHEN Jun and Mr. CEN Jiannong (the general partner of Changdeweikang), whose extensive industry experience in clinical testing services will contribute valuable human capital and domain-specific knowledge to the Group.

The anticipated benefits of completing the Acquisition are multifaceted and strategically significant. In particular, (i) integrating Yuande Youqin's specialized diagnostic services is expected to significantly strengthen the Group's position as a leading and comprehensive ICL service provider in China; (ii) adding Yuande Weikang's reagent development and production capabilities enhances the Group's differentiation and competitive advantage; and (iii) establishing internal R&D and manufacturing functions through Yuande Weikang is expected to improve long-term supply chain control and operational efficiency.

In light of the above, the Directors are of the view that the terms of the Investment Agreement and the Acquisition contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

## INFORMATION ON THE PARTIES

### Information on the Company and Hangzhou Adicon

The Group is one of the leading ICL service providers in China. It offers comprehensive and best-in-class testing services primarily to hospitals and health check centers through an integrated network of 34 self-operated laboratories across China. Hangzhou Adicon is the holding company of ICL business of the Group in the PRC. The Company, through Contractual Arrangement, controls and holds 100% of the economic benefits of Hangzhou Adicon, which, together with its subsidiaries, operates ICL business in the PRC.

### Information on the Target Companies and Sellers

Yuande Youqin is a company established in the PRC with limited liability, specializing in medical testing services with an expertise in hematological testing. Yuande Weikang is a company established in the PRC with limited liability, focusing on the R&D and production of hematalogical diagnostic reagents.

The Sellers currently own and operate Target Companies. As of the date of this announcement, Yuande Youqin is owned by Fujida as to 76%, by Changdeweikang as to 18% and by Ms. GU Huiyu as to 6%. Fujiada is a company established in the PRC with limited liability and controlled by Mr. CHEN Jun as to 92.5% and two other minority shareholders as to 7.5%. Changdeweikang is a limited partnership established in the PRC, which general partner is Mr. CEN Jiannong holding 16.44% in Changdeweikang, with 13 limited partners, none of whom hold more than 30% of the limited partnership interests in Changdeweikang. As of the date of this announcement, Yuande Weikang is wholly owned by Mr. CHEN Jun. Mr. CHEN Jun serves a director of each Target Company and Mr. Cen Jiannong (the general partner of Changdeweikang) serves as a director at Yuande Youqin. Each of Mr. CHEN Jun, Mr. CEN Jiannong and Ms. GU Huiyu possesses years of experience in the field of clinical testing services.

The net assets of Yuande Youqin as of December 31, 2024 was approximately RMB 70.8 million. The following table sets out the net profit (both before and after taxation) of Yuande Youqin for the two years ended December 31, 2023 and 2024.

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	16,356	(913)
Net profit after taxation	<u>13,511</u>	<u>(2,127)</u>

The net liabilities of Yuande Weikang as of December 31, 2024 was approximately RMB33.7 million.

The following table sets out the net profit (both before and after taxation) of Yuande Weikang for the two years ended December 31, 2023 and 2024.

	<b>For the year ended December 31,</b>	
	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	(6,354)	(6,338)
Net profit after taxation	<u>(6,354)</u>	<u>(6,338)</u>

## **LISTING RULES IMPLICATION**

As the highest applicable percentage ratio in respect of the Acquisition contemplated under the Investment Agreement exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and announcement requirements, but exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**As completion of the Acquisition is subject to the fulfilment (or waiver, where applicable) of the Conditions Precedent under the Investment Agreement, the Acquisition may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITION**

“Acquisition”	the acquisition of entire equity interests of each Yuande Weikang and Yuande Youqin and the transactions contemplated under the Investment Agreement
“Aidiken WFOE”	Aidiken (Hangzhou) BioTech Co., Ltd. (艾迪肯(杭州)生物科技有限公司), a limited liability company established in the PRC on July 18, 2008, an indirect wholly-owned subsidiary of the Group
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors



“Changdeweikang”	Suzhou Changdeweikang Investment Management Partnership (Limited Partnership) 蘇州長德維康投資管理合夥企業(有限合夥), a limited partner established in the PRC, the general partner of which is Mr. CEN Jiannong
“Company”	ADICON Holdings Limited (艾迪康控股有限公司), an exempted limited liability company incorporated in the Cayman Islands on March 20, 2008
“Completion Date”	the date of the completion of the Acquisition in accordance with the provisions of the Investment Agreement
“Conditions Precedent”	the conditions precedent to the Acquisition as set out in Investment Agreement and the section headed “Conditions Precedent” in this announcement
“Consideration Shares”	a maximum of 29,025,732 new Shares and/or treasury shares to be allotted and issued by the Company pursuant to the terms and conditions of the Investment Agreement
“Contractual Arrangements”	the series of contractual arrangements entered into by Aidiken WFOE, Hangzhou Adicon and the registered shareholders on December 26, 2008
“Corelink”	Corelink Group Limited, a limited liability company incorporated in the British Virgin Islands on January 2, 2008, a company wholly-owned by Mr. LIN Jixun
“Director(s)”	the director(s) of the Company
“Fujida”	Suzhou Fujida Medical Development Co., Ltd. (蘇州福濟達醫學發展有限公司), a company established in the PRC with limited liability on March 15, 2016 and owned as to 92.5% by Mr. CHEN Jun

“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on May 30, 2024, pursuant to which the Directors are authorized to allot, issue and deal with 20% of the then total issued Shares (excluding treasury shares) as at the date of passing such resolution
“Group”	the Company, its subsidiaries and consolidated affiliated entities from time to time
“Hangzhou Adicon”	Adicon (Hangzhou) Clinical Laboratories Co., Ltd. (杭州艾迪康醫學檢驗中心有限公司), a limited liability company established in the PRC on January 16, 2004, one of the PRC operating entities controlled by the Group through the Contractual Arrangements
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICL”	independent clinical laboratory
“Investment Agreement”	the investment agreement entered into among the Company, Hangzhou Adicon, the Sellers and the Target Companies on May 6, 2025 (after trading hours)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Mega Stream”	Mega Stream Limited, a limited liability company incorporated in the BVI on January 2, 2008 and is wholly-owned by Mr. LIN Feng
“R&D”	research and development
“Seller A”	Mr. CHEN Jun
“Seller B”	Fujida, Changdeweikang and Ms. GU Huiyu
“Sellers”	Seller A and Seller B

“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00002 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Companies”	Yuande Weikang and Yuande Youqin
“Yuande Weikang”	Suzhou Yuande Weikang Biomedical Co., Ltd. (蘇州元德維康生物醫藥有限公司), a company established in the PRC with limited liability on March 17, 2014
“Yuande Youqin”	Suzhou Yuande Youqin Medical Laboratory Co., Ltd. (蘇州元德友勤醫學檢驗所有限公司), a company established in the PRC with limited liability on August 28, 2017

By Order of the Board  
**ADICON Holdings Limited**  
**Ms. YANG Ling**  
*Chairwoman*

Hong Kong, May 6, 2025

*As at the date of this announcement, the Board comprises Mr. GAO Song as executive Director; Ms. YANG Ling, Mr. LIN Jixun, Ms. FENG Janine Junyuan and Mr. ZHOU Mintao as non-executive Directors; and Mr. MI Brian Zihou, Mr. YEH Richard and Mr. ZHANG Wei as independent non-executive Directors.*