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Beauty Farm Medical and Health Industry Inc.

美麗田園醫療健康產業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2373)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE ACQUISITION PROGRESS IN THE FIRST HALF OF 2023

This announcement is made by Beauty Farm Medical and Health Industry Inc. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide the latest information on the current business progress of the Group for the shareholders of the Company (the “**Shareholders**”) and potential investors.

The Company is committed to the continuous and strategic expansion of its service network. With a focus on its leading chain brands in the regions where its existing stores are located, the Company has further deployed its regional development through acquisitions, mergers or strategic investments to drive the growth of the three business segments of the Group. In the first half of 2023, the Group entered into agreement with franchisee of the Youlan (幽蘭) brand in the Chengdu region, agreeing on the aforesaid investment.

On May 7, 2023, Shanghai Beauty Farm Medical Healthcare Industry Co., Ltd., a subsidiary of the Group, entered into an acquisition agreement with the de facto controller of the Chengdu Youlan brand and its affiliated companies to invest in the Youlan brand’s beauty business at a consideration of approximately RMB4 million. After the completion of the above investment restructuring, Shanghai Beauty Farm Medical Healthcare Industry Co., Ltd. will hold 20% equity interest in the relevant project company for such business.

* For identification purposes only

As the applicable percentage ratio of the above transaction (as defined in Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) is below 5%, the transaction contemplated under the relevant acquisition agreement does not constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules. To the best knowledge, information and belief of the directors of the Company having made all reasonable enquiries, the counterparty of the above transaction and its ultimate beneficial owners are all independent third parties.

The above investment involves a total of 9 traditional beauty service stores and one medical beauty store. The directors (including the independent non-executive Directors) of the Company consider that the terms and consideration of the transactions are determined on normal commercial terms, fair and reasonable, and that the investment is in the interests of the Company and the Shareholders as a whole. The Group is in the process of completing the delivery of the above investment in accordance with the terms of the relevant agreement. After the completion of the above investment, the Company will further strengthen its market position in the Chengdu region by leveraging synergies with its existing stores through reasonable integration in an effort to effectively expand its customer base for further regional development.

By Order of the Board
Beauty Farm Medical and Health Industry Inc.
Li Yang
Chairman and executive Director

Hong Kong, June 20, 2023

As at the date of this announcement, the Board comprises Mr. Li Yang as Chairman and executive Director, Mr. Lian Songyong as executive Director, Mr. Zhai Feng, Mr. Geng Jiaqi and Ms. Li Fangyu as non-executive Directors and Mr. Fan Mingchao, Mr. Liu Teng and Mr. Jiang Hua as independent non-executive Directors.