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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 OF FRANCHISE BUSINESS IN CHANGSHA

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 and potential investors of the Company.

The Company is committed to the continuous and strategic expansion of its service network. With an active focus on the sustainable development of its existing stores, the Company has further deployed its development of direct sales areas through acquisitions, mergers or strategic investments to drive the growth of the three business segments of the Group. Recently, the Group entered into an acquisition agreement with the franchisee of the Beauty Farm brand in the Changsha region, agreeing on the aforesaid acquisition and investment.

On June 1, 2023, Shanghai Beauty Farm Medical Healthcare Industry Co., Ltd. (上海美麗田園醫療健康產業有限公司), a subsidiary of the Group, entered into an acquisition agreement with the subject franchise company in Changsha (“**Target Company in Changsha**”) and its de facto controller to acquire the franchise of the Beauty Farm brand in the Changsha region at a consideration of approximately RMB7 million. Upon completion of the above acquisition, the Group will hold 51% equity interest in the relevant project company for such business after restructuring, and the results of the Target Company in Changsha will be consolidated into the consolidated financial statements of the Group. This acquisition marks the Group’s addition of Changsha as a direct sales area, and equips the medical institutions within the Group for the enhancement of the development of this region.

* For identification purposes only

As all of the applicable percentage ratios of the above transaction (as defined in Rule 14.07 of the Listing Rules) are 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. As at the relevant trading date, the de facto controller of the Target Company in Changsha is an indirect material shareholder of the Group's non-wholly owned subsidiaries, but such subsidiaries are insignificant subsidiaries of the Group under Rule 14A.09(1) of the Listing Rules. Therefore, the de facto controller of the Target Company in Changsha is not regarded as a connected person of the Company under the Listing Rules. Save as disclosed above, 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 acquisition and investment involves a total of four traditional beauty service stores. The directors of the Company consider that the terms and consideration of the transaction are determined on normal commercial terms, fair and reasonable, and that the acquisition and investment is in the interests of the Company and its shareholders as a whole. The Group is in the process of completing the delivery of the above acquisition and investment in accordance with the terms of the relevant agreement. After the completion of the acquisition and investment, the Company will further strengthen its market position in the Changsha region by leveraging synergies with its existing stores through reasonable investment and 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, July 11, 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.