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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)**

### **REVISION OF 2023 AND 2024 ANNUAL CAP OF COOPERATION AGREEMENT WITH HAINAN QIYAN**

Reference is made to the continuing connected transactions between Shanghai Beauty Farm and Hainan Qiyang in relation to the Cooperation Agreement, details of which are disclosed in the Prospectus.

#### **BACKGROUND**

In view of an increasing demand of the Group's clients of services provided by Hainan Qiyang, the Board expects that the Existing Annual Cap for the Cooperation Agreement will not be sufficient to meet clients' demand and business needs. Accordingly, Shanghai Beauty Farm entered into a Supplemental Cooperation Agreement with Hainan Qiyang on December 22, 2023, increasing the annual cap from RMB29.50 million to RMB32.60 million for the year ending December 31, 2023 and from RMB34.50 million to RMB44.10 million for the year ending December 31, 2024.

#### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company has to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As disclosed in the Prospectus, the transactions contemplated under the Cooperation Agreement constitutes a continuing connected transaction of the Company. As one or more applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Revised Annual Cap for the Cooperation Agreement is more than 0.1% but less than 5%, those transactions are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## BACKGROUND

Reference is made to the continuing connected transactions between Shanghai Beauty Farm and Hainan Qiyan in relation to the Cooperation Agreement, details of which are disclosed in the Prospectus.

In view of an increasing demand of the Group's clients of services provided by Hainan Qiyan, the Board expects that the Existing Annual Cap for the Cooperation Agreement will not be sufficient to meet clients' demand and business needs. Accordingly, Shanghai Beauty Farm entered into a Supplemental Cooperation Agreement with Hainan Qiyan on December 22, 2023, increasing the annual cap from RMB29.50 million to RMB32.60 million for the year ending December 31, 2023 and from RMB34.50 million to RMB44.10 million for the year ending December 31, 2024.

## PRINCIPAL TERMS OF THE SUPPLEMENTAL COOPERATION AGREEMENT

Set out below are the principal terms of the Supplemental Cooperation Agreement:

Date:	December 22, 2023
Parties:	(i) Shanghai Beauty Farm; and (ii) Hainan Qiyan
Subject Matter:	The terms and pricing basis of the Cooperation Agreement disclosed in the section headed "Connected Transactions — Continuing Connected Transactions Subject To the Reporting, Annual Review and Announcement Requirements but Exempt From the Independent Shareholders' Approval Requirement — 1. The Cooperation Agreement" in the Prospectus remain unchanged, except for the Revised Annual Cap for the Cooperation Agreement.

### Revision of Annual Cap for the Cooperation Agreement

	Existing Annual Cap for the Cooperation Agreement (RMB million)	Revised Annual Cap for the Cooperation Agreement (RMB million)
For the year ending December 31, 2023	29.50	32.60
For the year ending December 31, 2024	34.50	44.10

The unaudited transaction amount generated under the Cooperation Agreement for the eleven months ended November 30, 2023 was approximately RMB28.56 million, representing approximately 96.81% of the Existing Annual Cap for the Cooperation Agreement.

**Basis for Determining the Revised Annual Cap for the Cooperation Agreement and Reasons for Entering into the Supplemental Cooperation Agreement**

The Revised Annual Cap for the Cooperation Agreement for the year ending December 31, 2023 and 2024 is RMB32.60 million and RMB44.10 million, respectively. The Revised Annual Cap was determined based on arm's length discussion between the parties, and the basis for determining the Revised Annual Cap for the Cooperation Agreement is as follows:

- (i) The historical transaction amount for the eleven months ended November 30, 2023 according to the unaudited management account, which has indicated that the growth of demand for Hainan Qiyan's services had exceeded the Group's prior estimation;
- (ii) The general increase in market demand for frontier medical services and treatments, as well as an positive trends of medical tourism to Hainan province which has further stimulated growth to Hainan Qiyan's business; and
- (iii) The increased volume of business as a result of overall increased demand for Hainan Qiyan's services, including taking into account the increased marketing effort by Hainan Qiyan and its increased market recognition.

In view of the increasing demand for Hainan Qiyan's services by the Group's clients, the Board expects that the Existing Annual Cap for the Cooperation Agreement will be insufficient to satisfy such demand. As such and having taken into accounts the factors above, the Directors (including the independent non-executive Directors) are of the view that the Revised Annual Cap for the Cooperation Agreement was entered into on normal commercial terms or better, and the terms of the Supplemental Cooperation Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Each of Mr. Li Yang, Mr. Lian Songyong and Ms. Li Fangyu are either directly or indirectly interested in Hainan Qiyan, Mr. Geng Jiaqi, who serves as a supervisor of Hainan Qiyan and Mr. Zhai Feng are representatives of CITIC PE, being an ultimate controller of Beijing Xinyu, a substantial shareholder of the Company and Hainan Qiyan, are considered to have a material interest in the transactions and therefore each of them has abstained from voting on the resolution passed by the Board to approve the Supplemental Cooperation Agreement and Revised Annual Cap for the Cooperation Agreement. Other than the aforementioned Directors, no other Directors have a material interest in those agreement and the transactions contemplated thereunder and are required to abstain from voting on the resolution of the Board approving the transaction.

## INFORMATION ON THE PARTIES

The Group is a beauty and health management service provider providing traditional beauty services, non-surgical aesthetic medical services as well as subhealth assessment and intervention services that are personalized to our clients' health and beauty desire.

Shanghai Beauty Farm is a principal subsidiary of the Group and its principal business is the provision of overall management of the Group's operations within the PRC. Shanghai Beauty Farm is a wholly-owned subsidiary of the Company.

Hainan Qiyan is a limited liability company incorporated in the PRC. Hainan Qiyan is held as to 99.999% by Shanghai Qishi and 0.001% by Mr. Li Yang. Shanghai Qishi is a limited partnership whose general partner is controlled by Mr. Li Yang and Ms. Li Fangyu. The limited partners of Shanghai Qishi are controlled by Mr. Li Yang, Mr. Lian Songyong and Beijing Xinyu, a substantial shareholder of the Company. Hainan Qiyan is a hospital primarily focused on the provision of frontier medical services with a focus on research, development and application of innovative technologies.

## LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.54(1) of the Listing Rules, if the Company proposes to revise the annual cap for continuing connected transactions, the Company has to re-comply with provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As disclosed in the Prospectus, the transactions contemplated under the Cooperation Agreement constitutes a continuing connected transaction of the Company. As one or more applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Revised Annual Cap for the Cooperation Agreement is more than 0.1% but less than 5%, those transactions are subject to the reporting, announcement and annual review requirements, but exempt from the circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings below:

“Beijing Xinyu”	Beijing Xinyu Investment Center (Limited Partnership) (北京信聿投資中心(有限合夥)), a limited partnership established in the PRC which is ultimately controlled by CITIC PE;
“Board”	the board of Directors;
“CITIC PE”	CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司), a company incorporated in the PRC with limited liability;

“Company”	Beauty Farm Medical and Health Industry Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on February 10, 2022;
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	a cooperation agreement enter into between Shanghai Beauty Farm and Hainan Qiyan dated January 1, 2022, pursuant to which Shanghai Beauty Farm agreed to recommend and refer certain clients to Hainan Qiyan for its services in return for a cooperation fee;
“Director(s)”	the director(s) of the Company;
“Existing Annual Cap for the Cooperation Agreement”	the current annual cap for the Cooperation Agreement, being RMB29.50 million and RMB34.50 million for the years ending December 31, 2023 and 2024, respectively;
“Global Offering”	has the meaning ascribed to it in the prospectus of the Company dated December 30, 2022;
“Group”	the Company and its subsidiaries;
“Hainan Qiyan”	Hainan Qiyan Stem Cell Anti-aging Hospital Co., Ltd. (海南啟研幹細胞抗衰老醫院有限公司), a company incorporated in the PRC with limited liability and formerly an indirectly wholly-owned subsidiary of the Company which was fully transferred to Group’s then Shareholders and their associates in December 2020;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	the People’s Republic of China;
“Prospectus”	the prospectus of the Company dated December 30, 2022;
“Revised Annual Cap for the Cooperation Agreement”	the revised annual cap for the Cooperation Agreement, being RMB32.60 million and RMB44.10 million for the years ending December 31, 2023 and 2024, respectively;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shanghai Beauty Farm”	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 company incorporated in the PRC on April 23, 2004 and a wholly-owned subsidiary of the Group;
“Shanghai Qishi”	Shanghai Qishi Commercial Management Partnership (Limited Partnership) (上海祈時商業管理合夥企業(有限合夥)), being a limited partnership established in the PRC holding 99.999% interest in Hainan Qiyan;
“Share(s)”	the share(s) of the Company;
“Shareholder(s)”	the holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“Supplemental Cooperation Agreement”	a supplemental cooperation agreement entered into between Shanghai Beauty Farm and Hainan Qiyan dated December 22, 2023 in relation to the Revised Annual Cap for the Cooperation Agreement;
“%”	per cent.

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

Hong Kong, December 22, 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.*

\* *For identification purposes only*