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Baijin Life Science Holdings Limited

佰金生命科學控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1466)

(1) NON-FULFILLMENT OF ACCUMULATED PROFIT GUARANTEE IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN TONNETT JULIS HOLDINGS LIMITED; AND (2) CONTINUED SUSPENSION OF TRADING

Reference is made to the announcement of the Company dated 29 June 2023, 30 November 2023 and 29 December 2023 (the “**Announcements**”) and the circular of the Company dated 25 January 2024 (the “**Circular**”) respectively in relation to the acquisition of the entire equity interest in Tonnnett Julis Holdings Limited. Unless otherwise specified, capitalised terms in this announcement shall have the same meanings as those set out in the Announcements and the Circular.

THE ACCUMULATED PROFIT GUARANTEE

Pursuant to the Sale and Purchase Agreement, the Vendor and the Guarantors jointly and severally, irrevocably guarantee to the Purchaser that the aggregate Audited Consolidated Net Profit for the two years ended 31 December 2024 shall not be less than HK\$21.05 million.

The Accumulated Guarantee Certificate shall be issued by the auditors of the Company to certify the amount of the Audited Consolidated Net Profit of the Target Group for the two financial years ended 31 December 2024. In the event the Target Group fails to achieve the Accumulated Profit Guarantee, the Vendor shall pay the Purchaser the Compensation Amount, in accordance with the formula described in the Sale and Purchase Agreement and the Purchaser shall inform the Vendor regarding the mode of payment in relation to the Compensation Amount in either or in combination of (i) payment in cash after the issue of the Accumulated Guarantee Certificate (*Mode 1*) or (ii) the Company redeeming or repurchasing the Convertible Bond, whereupon the principal amount to be redeemed or repurchased shall be equivalent to the Compensation Amount, at HK\$1 after the issue of the Accumulated Guarantee Certificate (*Mode 2*). The Board has absolute discretion to decide the mode of payment to be made by the Vendor.

THE NON-FULFILLMENT OF THE ACCUMULATED PROFIT GUARANTEE

In accordance with the terms of the Sale and Purchase Agreement, the auditors of the Company have issued the Accumulated Guarantee Certificate and certified the amount of the Audited Consolidated Net Profit of the Target Group for the two years ended 31 December 2024 being HK\$65,067.

Based on the above, the Board hereby announces that the aggregate Audited Consolidated Net Profit for the two years ended 31 December 2024 of the Target Group did not satisfy the Accumulated Profit Guarantee. As such, the Vendor and the Guarantors shall pay a Compensation Amount of HK\$41,969,866 to the Purchaser.

The Board has exercised its discretion and has elected that the entirety of the Compensation Amount shall be paid using Mode 1. In reaching the decision to choose Mode 1 as the mode of payment of the Compensation Amount, the Board took into account the following:

- (i) building on the Group's brand awareness and considering the success of its brand partners who are authorised by the Group to operate beauty salons and clinics under the FO brand, the Group plans to establish beauty salons under its own operation. The Group believes that its own beauty salons can serve as an effective platform to promote its skincare products while enabling the Group's direct participation in the beauty and wellness services market. The Board considers that it is beneficial to the Group to allocate part of the Compensation Amount for setting up own beauty salons;
- (ii) for the year ended 31 March 2025, the Group recorded significant growth in its jewellery segment following a successful collaboration with a local fine jewellery brand. The Board considers additional capital in this segment strategically important to maintain the current momentum; and
- (iii) the Board considers that it is in the Group's and Shareholders' best interest to reserve part of the Compensation Amount as general working capital.

The Company intends to allocate the Compensation Amount in the following manner: (a) 60% will be used for setting up beauty salons under its own operation; (b) 15% will be used for development of the Group's jewellery business; and (c) 25% will be reserved for general working capital.

As the Board has elected for the Group to receive the Compensation Amount by cash, pursuant to the Sale and Purchase Agreement, within five Business Days upon confirmation of the cash receipt, the Purchaser will instruct the release of the Consideration Shares Certificate and the Convertible Bond Certificate, which are escrowed by the Escrow Agent, to the Vendor.

The Board is of the opinion that although the Accumulated Profit Guarantee was not fulfilled, the terms of the Sale and Purchase Agreement have taken into account the possibility of the expected future performance of the Target Group not being achieved and have set up the compensation mechanism to safeguard the interests of the Company and the Shareholders as a whole. The Board will constantly review the performance of the Target Company and take appropriate actions accordingly.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Wednesday, 2 July 2025, and will remain suspended pending the publication of the Company's annual results announcement for the financial year ended 31 March 2025.

Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

By order of the Board
BAIJIN LIFE SCIENCE HOLDINGS LIMITED
Cheung Sze Ming
Executive Director

Hong Kong, 25 July 2025

As at the date of this announcement, the Board comprises Mr. Cheung Sze Ming, Mr. Dong Peng and Dr. Su Yaoyao as executive Directors; Mr. Zhu Yongjun, Mr. Cheng Chi Kin and Ms. Xie Chunchen as non-executive Directors; Mr. Wong Siu Keung Joe, Mr. Chang Chunyu and Mr. Lee Ka Leung Daniel as independent non-executive Directors.