

Novena Global Lifecare to expand NOVU Aesthetics and Xingkeduo brands in China and beyond

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Hybrid store format with AI-based Beauty OS platform offers complementary medtech-based aesthetic and hairdressing solutions and generate cross-selling opportunities for both brands



Novena Global Lifecare, one of the world's largest integrated medical healthcare and aesthetic companies with over 100 clinics in 20 cities mainly in the Asia Pacific region, has completed its US\$350 million (S\$476 million) merger with Xingkeduo an express haircut business with nearly 100 stores in high foot-traffic prime locations in China's first- and second-tier cities and a China-wide e-commerce platform.

The merger provides Singapore-owned Novena Global Lifecare with access to Xingkeduo's internet technology and physical network of nearly 100 stores, which will now be complemented by the Company's medical aesthetic expertise through its NOVU Aesthetics (NOVU) brand. This merger will also see an accelerated expansion of NOVU and Xingkeduo brands in China, as plans are underway for the creation of a one-of-a-kind hybrid store format offering complementary medtech-based aesthetic and hairdressing solutions driven by Artificial Intelligence (AI), as well as generate cross-selling opportunities for both brands.

Novena Global Lifecare welcomes Xingkeduo's existing shareholders including well-known Chinese venture capital funds, such as Sinovation Ventures headed by Dr Lee Kai Fu, Mingshi Capital, Hongdao Capital and Shunwei Capital, as new shareholders following the transaction. The merger is the first deal arising from the US\$20 million strategic investment made by Sinopharm Capital and Cedarlake Capital into Novena Global Lifecare last month. Post-merger, the China market will be the enlarged Novena Global Lifecare group's single largest revenue contributor. The merged entity will manage the expansion of the NOVU and Xingkeduo brands in China and in the Asia Pacific region.

Founded in Beijing in 2015, Xingkeduo is the first company in China that combines hairdressing with online-to-offline commerce using Internet technology for online order, queue reservations in the cloud. Xingkeduo's founder Willy Chuang said: "China has the most developed and active e-commerce retail system in the world. With our proprietary AI-based Beauty OS system, Xingkeduo has been able to evolve and scale up from a hair salon offering express haircuts to one offering its own brand of professional scalp care and hair styling products to target customers' needs, not only in stores but also on e-commerce platforms. With Novena Global Lifecare's participation, we are confident that we can grow our combined business exponentially in China and beyond."

Mr Chuang added: "We analysed the prospects of the service industries and the healthcare sector, and we believe that the future unicorns will be multi-brand matrices, and the customer experience will not be limited to the store, but consist of a seamless online-to-offline experience, covering a full range of on-demand products and services, including customised aesthetic and medical solutions."

As part of the business integration, Xingkeduo plans to implement version 3.0 of its growth plans and expand into the provision of medical care services, such as scalp management and hair transplants. This builds on Xingkeduo's successful transformation from version 1.0 (purely haircut services) into the current version 2.0, through the integration of offline and online services in a short span of just three years.

Novena Global Lifecare is one of the successful portfolio companies in DORR Group, which is a privately held investment holding company managing over US\$4 billion of assets across various industries from consumer, healthcare, technology and media. The DORR Group is also in the process of setting up a new US\$150 million Sino-Singapore Healthcare Fund for the tri-party of Novena Global Lifecare, Sinopharm Capital and Cedarlake Capital to invest in a portfolio of companies involved in Southeast Asia's medical services, biomedical projects, mature drugs and precision medicine sectors.

DORR Group's Nelson Loh said: "Through this merger, Novena Global Lifecare will immediately reinforce our leading presence in the aesthetic beauty and wellness industry in the Asia Pacific. More significantly, it would further improve our retail and service quality, and disrupt the current industry model and cost structure. We strongly believe that in the future, whether in Singapore, China or even in Asia and Latin America, we can use this model to empower customers to have more customised products and services."

"As an investor in the medical industry, and with our experience in operating a global chain of aesthetic healthcare stores, both data and intuitive experience tell me that this industry is a field where consumers need more affordable and convenient services, and has very broad growth prospects. With the experience of Xingkeduo in China's beauty market, the resources of the company's shareholders and the Beauty OS system built for the company's business, we are confident that we will continue to be a trailblazer in China's medical beauty and medical care markets, bringing more choices for Chinese consumers," Mr Nelson Loh added.

Moving forward, Novena Global Lifecare will continue to provide consumers with convenient, efficient and cost-effective products and services, based on both parties' common vision and consistent development goals for the lifecare and medical industries.

The Company will also accelerate the development of both brands, NOVU and Xingkeduo, and launch the development of multi-stores in China and the Asia Pacific, as well as introduce NOVU's skin care technology to consumers in China and leverage on the Beauty OS system to accelerate the service upgrade of NOVU stores around the world.

DORR Group's co-founder Terence Loh said, "Asia has become the capital of the world's beauty industry, with China and Southeast Asia recording the fastest development and the most promising market for Asian beauty and medical care. China is a huge market and we believe we are well positioned to seize opportunities especially in its highly fragmented aesthetic healthcare market. There's definitely room for a well-run, well-funded integrated practice that provides affordable and accessible healthcare and medical aesthetics services to the mass market."