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## **Raily Aesthetic Medicine International Holdings Limited**

**瑞麗醫美國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2135)**

### **DISCLOSEABLE AND SHARE TRANSACTION: ACQUISITION OF 90% EQUITY INTEREST IN THE TARGET COMPANY, INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

#### **THE ACQUISITION**

The Board would like to announce that on 20 August 2021 (after trading hours), the Vendors and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the SP Agreement. Pursuant to the SP Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors agreed to sell, the Equity Interest, representing an aggregate of 90% of the equity interest in the Target Company at the Consideration of RMB95.00 million (equivalent to approximately HK\$114.11 million).

Pursuant to the SP Agreement, among the Consideration, RMB25.00 million (equivalent to approximately HK\$30.03 million) shall be settled in cash upon Completion and the remaining RMB70.00 million (equivalent to approximately HK\$84.08 million) shall be settled by the allotment and issue of the Consideration at the issue price of HK\$0.477 per Consideration Share Shares or by cash, at the discretion of the Purchasers, in four instalments upon satisfaction of the Profit Guarantee.

The Consideration Shares will be allotted and issued pursuant to the General Mandate and is not subject to the approval of the Shareholders. The Consideration Shares, when allotted and issued, shall rank pari passu among themselves and with the Shares in issue.

As at the date of this announcement, the Target Company is owned as to 60%, 30% and 10% by the First Vendor, the Second Vendor and the Purchaser, respectively. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial results of the Company.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, and the Consideration for the Acquisition may be partially satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and share transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**As the Acquisition is subject to the fulfillment of certain conditions precedent set out in the SP Agreement, the transactions contemplated thereunder may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the securities in the Company.**

#### **THE ACQUISITION**

On 20 August 2021 (after trading hours), the Vendors and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the SP Agreement.

The material terms of the SP Agreement are set out as follows:

Date : 20 August 2021 (after trading hours)

Parties : (1) the Purchaser (as the purchaser);  
(2) the First Vendor;  
(3) the Second Vendor;  
(4) the Target Company; and  
(5) the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of this announcement, each of the Vendors is an Independent Third Party.

## Subject Matter of the Acquisition

Pursuant to the SP Agreement, the Purchaser conditionally agreed to acquire, and the Vendors agreed to sell the Equity Interest, representing an aggregate of 90% of the equity interest of the Target Company, where the First Vendor and the Second Vendor agreed to sell 60% and 30% of their equity interest in the Target Company, respectively.

## Consideration

The Consideration for the Equity Interest is RMB95.00 million (equivalent to approximately HK\$114.11 million), which shall be subject to the Adjustment (as defined below) and be settled in the manner as follows:

- (1) RMB25.00 million (equivalent to approximately HK\$30.03 million) shall be payable in cash by the Purchaser within 15 business days from the SPA Date; and
- (2) RMB70.00 million (equivalent to approximately HK\$84.08 million), which shall be subject to the Adjustment and be payable to the Vendors by way of allotment and issue of the Consideration Shares by the Company or by cash, at the discretion of the Purchaser, in 4 instalments in the manner as follows:

<b>Relevant Period(s)</b>	<b>Consideration for the Relevant Period(s) to be satisfied by allotment and issue of Consideration Shares or by cash (RMB)</b>
For the year ending 31 December 2022 (the “ <b>1st Relevant Period</b> ”)	20.00 million (the “ <b>1st Post-Completion Consideration</b> ”)
For the year ending 31 December 2023 (the “ <b>2nd Relevant Period</b> ”)	20.00 million (the “ <b>2nd Post-Completion Consideration</b> ”)
For the year ending 31 December 2024 (the “ <b>3rd Relevant Period</b> ”)	20.00 million (the “ <b>3rd Post-Completion Consideration</b> ”)
(“ <b>1st Relevant Period</b> ”, “ <b>2nd Relevant Period</b> ” and “ <b>3rd Relevant Period</b> ”, each a “ <b>Relevant Period</b> ”, and collectively as the “ <b>Relevant Periods</b> ”)	

<b>Relevant Period(s)</b>	<b>Consideration for the Relevant Period(s) to be satisfied by allotment and issue of Consideration Shares or by cash (RMB)</b>
Upon completion of all the Relevant Periods	10.00 million (the “ <b>4th Post-Completion Consideration</b> ”, together with the 1st Post-Completion Consideration, the 2nd Post-Completion Consideration and the 3rd Post-Completion Consideration, the “ <b>Post-Completion Considerations</b> ”)
<b>Total:</b>	<b>70.00 million</b>

In the event that the Completion does not take place by 2022, each of the Relevant Periods will be postponed by one year.

#### **Adjustment of the Consideration (the “Adjustment”)**

##### ***The Profit Guarantee (the “Profit Guarantee”)***

The Vendors irrevocably and unconditionally offer guarantees to the Purchaser that the actual net profit of the Target Company as determined with reference to the audited financial statements for each of the year ending 31 December 2022, 2023 and 2024 (the “**Actual Net Profit**”) shall not be less than the following guaranteed net profit for the respective guaranteed periods (the “**Guaranteed Net Profit**”).

<b>Relevant Period(s)</b>	<b>Guaranteed Net Profit (RMB) for the Relevant Period(s)</b>
1st Relevant Period	8,000,000
2nd Relevant Period	11,000,000
3rd Relevant Period	14,500,000
<b>The Relevant Periods</b>	<b>33,500,000</b>

In the event that the Completion does not take place by 2022, each of the Relevant Periods will be postponed by one year.

- (a) The Vendors shall appoint professional accountants to prepare the audited financial statements for each Relevant Period (the “**Audited Relevant Period Financial Statements**”). The Relevant Period Financial Statements shall be prepared in accordance with the International Financial Reporting Standards.

- (b) If the Actual Net Profit for each of the Relevant Periods is lower than the Guaranteed Net Profit for that Relevant Period, the Consideration will be adjusted in accordance with the following formula:

$$\frac{\text{Actual Net Profit for the Relevant Period}}{\text{Guaranteed Net Profit for the Relevant Period}} \times \text{Consideration payable for the Relevant Period}$$

- (c) Any Consideration following the completion of each of the Relevant Period shall be satisfied by the Company issuing to the Vendors the Consideration Shares for such Relevant Period at the issue price, or by payment of cash, at the discretion of the Purchaser, within thirty (30) business days after the date of the issue of the Audited Relevant Periods Financial Statements and obtaining approval(s) of the Company and the Stock Exchange (if required).
- (d) In the event that the cumulative Actual Net Profit for the Relevant Periods does not reach RMB33,500,000, the Purchaser is not under any obligation to pay the 4th Post-Completion Consideration.

#### **Basis of consideration**

The Consideration was agreed after arm's length negotiations between the Purchaser and the Vendors on normal commercial terms, without limitation, with reference to the following, among others:

- (i) the business and market outlook of the Target Company;
- (ii) the valuation determined with reference to price-to-earnings ratios of comparable listed companies in the market and the current business model of the Target Company;
- (iii) the Profit Guarantee given by the Vendors and the adjustment mechanism to the Consideration, details of which are set out in the paragraph headed "The Profit Guarantee" above;
- (iv) the Company's assessment on the prospect of the Target Company and the synergistic benefits that can be created between the Target Company and the Company, based on the Company's participation in the major business meetings and other material business negotiations involving the Target Company, subsequent to the Company's acquisition of 10% equity interest in the Target Company in December 2019 as a financial investor; and
- (v) other reasons as described under the paragraph headed "Reasons for and benefits of the Acquisition".

## **Consideration Shares**

The issue price of HK\$0.477 per Consideration Share represents:

- (i) a discount of approximately 1.68% to the closing price per Share of HK\$0.485 as quoted on the Stock Exchange on the SPA Date;
- (ii) a discount of approximately 4.79% to the average closing price per Share of approximately HK\$0.501 as quoted on the Stock Exchange for the 5 consecutive trading days immediately preceding the date of the Agreement; and
- (iii) a premium of approximately 1.27% to the average closing price per Share of approximately HK\$0.471 as quoted on the Stock Exchange for the 20 consecutive trading days immediately preceding the date of the Agreement.

The issue price was determined after arm's length negotiations with reference to the factors as mentioned in the paragraph headed "Basis of Consideration" above. Having regard to such factors, the Board considers that the issue price is fair and reasonable and the issue of the Consideration Shares at such issue price is in the interests of the Company and the Shareholders taken as a whole.

Assuming the Post-Completion Considerations, with a maximum cap of RMB70,000,000, will be fully settled by the issuance and allotment of the Consideration Shares, the maximum number of the Consideration Shares will be 176,272,671 Shares. The Consideration Shares represent approximately 8.44% of the number of issued Shares as at the date of this announcement and represent approximately 7.78% of the number of issued Shares as enlarged by the allotment and issue of the Consideration Shares, subject to Completion and assuming that there will be no change in the issued share capital of the Company save for the allotment and issue of the Consideration Shares.

### **Mandate to issue the Consideration Shares and application for listing**

The Consideration Shares for the 1st Post-Completion Consideration, which will not exceed 50,363,620 Shares, will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 417,808,000 Shares. As the date of this announcement, no Share has been issued under the General Mandate. Accordingly, the issuance of the Consideration Shares for the 1st Post-Completion Consideration is not subject to the approval of the Shareholders.

The Consideration Shares for the 2nd Post-Completion Consideration, the 3rd Post-Completion Consideration and the 4th Post-Completion Consideration, which will not exceed 50,363,620 Shares, 50,363,620 Shares and 25,181,811 Shares respectively, are expected to be allotted and issued pursuant to the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the Company's annual general meeting held in the respective Relevant Periods. In the event that any part of the

Consideration Shares for the 2nd Post-Completion Consideration, the 3rd Post-Completion Consideration or the 4th Post-Completion Consideration cannot be allotted and issued pursuant to the general mandate, the Company will, in accordance with the terms of the SP Agreement, settle the corresponding part of the Consideration by cash.

The Consideration Shares, when allotted and issued, rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares. The aggregate nominal value of the Consideration Shares is approximately US\$1,762,726.71.

The Company will make application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal, in the Consideration Shares.

### **Conditions Precedent**

Unless otherwise waived by either of the Purchaser or the Vendors in writing (where applicable), the Completion and payment of the Consideration as set out above shall be subject to the satisfaction of certain Conditions Precedent including, amongst others:

- a) the SP Agreement being signed and having been effective;
- b) all requisite consents, authorizations and approvals which are required on or before the Completion Date having been obtained by the Purchaser, the Vendors, the Target Company and the Company;
- c) the Purchaser being reasonably satisfied with the due diligence results in relation to financial, business and such other aspects as the Purchaser considers appropriate of the Target Company;
- d) each of the Vendors having resigned from the directorship in the Target Company and save as aforesaid, there are no other resignation or termination of service in relation to all core senior management staff of the Target Company; and the Vendors and the core senior management staff of the Target Company having entered into employment contracts, non-disclosure agreements and non-compete agreements with the Target Company;
- e) the Target Company and the Vendors having performed and complied in all material respects with all covenants, agreements, obligations and conditions contained in the SP Agreement;
- f) the shareholders of the Target Company having waived any pre-emptive rights to acquire the Equity Interest; and
- g) The Target Company and the Vendors having delivered to the Purchaser a letter confirming that all Conditions Precedent are fulfilled.

## **Completion**

Completion shall take place on the Completion Date after all the conditions precedent of the SP Agreement have been fulfilled (or waived as the case may be) or such date as the Vendor and the Purchaser may agree in writing.

As at the date of this announcement, the Target Company is owned as to 60%, 30% and 10% by the First Vendor, the Second Vendor and the Purchaser, respectively. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial results of the Company.

## **INFORMATION ABOUT THE PURCHASER, THE COMPANY, THE GROUP, THE VENDORS AND THE TARGET COMPANY**

### **INFORMATION OF THE PURCHASER, THE COMPANY AND THE GROUP**

#### **The Purchaser**

The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal business includes the provision of management consulting services and marketing and sales of medical equipment for aesthetic medical institutions outside the Company.

#### **The Company**

The Company, Raily Aesthetic Medicine International Holdings Limited, is a company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 2135). The principal activity of the Company is investment holding.

#### **The Group**

The principal activities of the Group are provision of aesthetic medical services. The Company's aesthetic medical services principally include (i) aesthetic surgery services, comprising aesthetic surgical procedures performed on various parts of the face or body; (ii) minimally-invasive aesthetic services, primarily comprising aesthetic injection procedures; and (iii) aesthetic dermatology services, primarily comprising various aesthetic energy-based procedures.

## **INFORMATION OF THE VENDORS**

The First Vendor is Mr. Peng Xiaonan, a PRC citizen, who directly holds 60% of the equity interests in Target Company; and

The Second Vendor is Mr. Ruan Zhiling, a PRC citizen, who directly holds 30% of the equity interests in Target Company.

## INFORMATION OF THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability on 6 November 2013. It is the exclusive distributor in the PRC of Chuzhen Facial Implant, a brand of e-PTFE facial implant imported from South Korea. As at the date of this announcement, the Target Company is owned as to 60%, 30% and 10% by the First Vendor, the Second Vendor and the Purchaser, respectively.

Set out below is the summary of the key financial information of the Target Company:

	<b>Year ended</b> <b>31 December 2019</b> <i>RMB'000</i> <i>(unaudited)</i>	<b>Year ended</b> <b>31 December 2020</b> <i>RMB'000</i> <i>(unaudited)</i>
Revenue	—	3,185
Net loss before taxation	831	422
Net loss after taxation	831	422

The unaudited total assets and the unaudited net liabilities of the Target Company as at 31 December 2020 were approximately RMB2,239,316 and approximately RMB1,810,454, respectively.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activities of the Group are provision of aesthetic medical services. The Purchaser is an indirect wholly-owned subsidiary of the Company and its principal business includes marketing and sales of medical equipment for aesthetic medical institutions outside the Company. Immediately before the Acquisition, the Group owned 10% equity interest of the Target Company. The Acquisition will enable the Group to fully control the Target Company and the financial results of the Target Company will be consolidated into the financial results of the Group. The Target Company is the exclusive distributor in the PRC of Chuzhen Facial Implant, a brand of e-PTFE facial implant imported from South Korea, which are synergistic products for the aesthetic medical services provided by the Group. As such, the Group intends, through the Acquisition, to vertically expand its supply chain in the aesthetic medical services industry and obtain a more stable and reliable supply of e-PTFE facial implant. The Directors are of the view that the Acquisition will provide opportunities for the Group to facilitate the vertical integration of the business operation and thus strengthen its revenue stream by more effective control of the supply of facial implant products.

The Directors (including the independent non-executive Directors) are of the view that each of the Acquisition and the transactions contemplated under the SP Agreement is on normal commercial terms, and such terms are fair and reasonable and that the Acquisition is in the interests of the Company and its Shareholders as a whole.

## EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 2,089,040,000 Shares in issue. For illustration purpose only, assuming (i) there is no Adjustment of the Consideration for the Relevant Periods of RMB70,000,000; (ii) such part of the Consideration will be fully settled by allotment and issue of Consideration Shares (accordingly 176,272,671 Shares will be allotted and issued as the Consideration Shares pursuant to the SP Agreement); and (iii) there is no other change in the shareholding structure of the Company after the date of this announcement, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issuance of 50,363,620 Shares as the 1st Post-Completion Consideration after the Guaranteed Net Profit for the 1st Relevant Period is met; (iii) immediately after the allotment and issuance of 50,363,620 Shares as the 2nd Post-Completion Consideration after the Guaranteed Net Profit for the 2nd Relevant Period is met; (iv) immediately after the allotment and issuance of 50,363,620 Shares as the 3rd Post-Completion Consideration after the Guaranteed Net Profit for the 3rd Relevant Period is met; (v) immediately after the allotment and issuance of 25,181,811 Shares as the 4th Post-Completion Consideration after the Guaranteed Net Profit for each of the Relevant Period is met:

	As of the date of this announcement		Immediately after the allotment of 50,363,620 as the 1st Post-Completion Consideration		Immediately after the allotment of 50,363,620 as the 2nd Post-Completion Consideration		Immediately after the allotment of 50,363,620 as the 3rd Post-Completion Consideration		Immediately after the allotment of 25,181,811 Shares as the 4th Post-Completion Consideration	
	Number of Shares		Number of Shares		Number of Shares		Number of Shares		Number of Shares	
		%		%		%		%		%
Mr. Fu Haishu (Note 1)	1,109,283,463	53.10	1,109,283,463	51.85	1,109,283,463	50.66	1,109,283,463	49.52	1,109,283,463	48.97
Beauty Milkway (HK) Limited	129,128,745	6.18	129,128,745	6.04	129,128,745	5.90	129,128,745	5.76	129,128,745	5.70
上海東燴健康管理合夥 企業 (有限合夥) (Note 2)	112,244,454	5.37	112,244,454	5.25	112,244,454	5.13	112,244,454	5.01	112,244,454	4.95
Huamei Medical Investment Fund Limited (Note 3)	112,244,454	5.37	112,244,454	5.25	112,244,454	5.13	112,244,454	5.01	112,244,454	4.95
The First Vendor	—	—	33,575,747	1.57	67,151,494	3.07	100,727,241	4.5	117,515,114	5.19
The Second Vendor	—	—	16,787,873	0.78	33,575,746	1.53	50,363,619	2.25	58,757,557	2.59
Other Shareholders	626,138,884	29.98	626,138,884	29.26	626,138,884	28.58	626,138,884	27.95	626,138,884	27.65
<b>Total</b>	<b>2,089,040,000</b>	<b>100.00</b>	<b>2,139,403,620</b>	<b>100.00</b>	<b>2,189,767,240</b>	<b>100.00</b>	<b>2,240,130,860</b>	<b>100.00</b>	<b>2,265,312,671</b>	<b>100.00</b>

### Notes:

- These shares are held by Ruide Consultation Limited, a company wholly-owned by Mr. Fu Haishu.

2. According to information available to the Company, 112,244,454 Shares are held by 上海東燿健康管理合夥企業（有限合夥） in the capacity of beneficial owner. 上海東燿健康管理合夥企業（有限合夥） is owned as to approximately 99.81% and approximately 0.19% by 青海省東方藏醫藥產業發展基金（有限合夥） and 青海省東方藏醫藥產業投資管理有限公司 respectively. 青海省東方藏醫藥產業發展基金（有限合夥） is owned as to approximately 48.78% and approximately 2.44% by 深圳東方創業投資有限公司 and 青海省東方藏醫藥產業投資管理有限公司 respectively. 青海省東方藏醫藥產業投資管理有限公司 is owned as to approximately 51% by 深圳前海財富東方股權投資基金管理有限公司. 深圳東方創業投資有限公司 is wholly-owned by 東方資產管理（中國）有限公司. 深圳前海財富東方股權投資基金管理有限公司 and 東方資產管理（中國）有限公司 is wholly-owned by China Orient Asset Management (International) Holding Limited. Each of Dong Yin Development (Holdings) Limited and Wise Leader Assets Ltd. owns 50% of China Orient Asset Management (International) Holding Limited. Wise Leader Assets Ltd. is wholly-owned by Dong Yin Development (Holdings) Limited, which is wholly-owned by China Orient Asset Management Co., Ltd.
3. According to information available to the Company, 112,244,454 Shares are held by Huamei Medical Investment Fund Limited in the capacity of investment manager. Huamei Medical Investment Fund Limited is indirectly wholly owned by Wonderland International Financial Holdings Company which is directly owned by Hua Zhi Investment Limited as to approximately 57.09%. Hua Zhi Investment Limited is ultimately owned by Mr. Li Gang as to approximately 51.73%.

## LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but are all less than 25%, and the Consideration for the Acquisition will be partially satisfied by the allotment and issue of the Consideration Shares, the Acquisition constitutes a discloseable transaction and share transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

As the Acquisition is subject to the fulfillment of certain conditions precedent set out in the SP Agreement, the transactions contemplated thereunder may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the securities in the Company.

## DEFINITIONS

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

“Acquisition”	the acquisition of by the Purchaser from the Vendors of the Equity Interest, pursuant to the SP Agreement;
“Associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day(s)”	any day(s) (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business;
“Chuzhen Facial Implant”	e-PTFE Facial Implant 初真, a brand of e-PTFE manufactured by ICM Co. LTD
“Company”	Raily Aesthetic Medicine International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board;
“Completion”	completion of the Acquisition in accordance with the terms of the SP Agreement;
“Completion Date”	the day on which Completion takes place in accordance with the terms of the SP Agreement;
“Connected person(s)”	having the same meaning ascribed to it under the Listing Rules;
“Consideration”	The total consideration in the sum of RMB95,000,000, to be settled partly by cash and partly by way of allotment and issue of the Consideration Shares by the Company at the Consideration Share Price;
“Consideration Shares”	up to 176,272,671 new Shares to be issued to the Vendors at an issue price of HK\$0.477 for partial settlement of the Consideration in accordance with the SP Agreement;
“Director(s)”	the director(s) of the Company;

“e-PTFE”	expanded polytetrafluoroethylene, a subcutaneous implant for shaping, which is mainly used for augmentation of nasal dorsum and chin;
“Equity Interest”	90% of the equity interest of Target Company immediately prior to the Completion;
“First Vendor”	Mr. Peng Xiaonan (彭曉南), a PRC citizen, who directly holds 60% of the equity interests in Target Company;
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the Company’s annual general meeting held on 18 June 2021, which mandate allowed the Directors to allot, issue and otherwise deal with up to 417,808,000 Shares (representing 20% of the total number of Shares in issue as at the date of grant of such general mandate);
“Group”	The Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	Individual(s) or company(ies) who is (are) not a connected person(s) of the Company within the meaning ascribed under the Listing Rules;
“Listing Committee”	The Listing Committee of the Stock Exchange;
“Listing Rules”	Rules governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	the date as shall be agreed among the parties to the SP Agreement;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

“Purchaser”	Shenzhen Ruiquan Management Consulting Co., Ltd. (深圳瑞泉管理諮詢有限公司), a company established under the laws of the PRC with limited liability (Taiwan, Hong Kong or Macau legal person sole investment) on 29 August 2019, and an indirect wholly owned subsidiary of our Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Vendor”	Mr. Ruan Zhiling (阮志靈), a PRC citizen, who directly holds 30% of the equity interests in Target Company;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	Ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“SP Agreement”	the sale and purchase agreement dated 20 August 2021 and entered into between the Purchaser and the Vendors in relation to, among other things, the Acquisition;
“SPA Date”	20 August 2021, being the date on which the SP Agreement is entered into;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company/Jiumei Xinhe”	Shenzhen Jiumei Xinhe Medical Equipment Co. Ltd. (深圳市九美信禾醫療器械有限公司), a company established under the laws of the PRC with limited liability on 6 November 2013, which is, as of the date of this announcement, owned as to 60%, 30% and 10% by the First Vendor, the Second Vendor and the Purchaser, respectively;

“Vendors” collectively, the First Vendor and the Second Vendor;  
“%” per cent.

By Order of the Board  
**Raily Aesthetic Medicine International Holdings Limited**  
**FU Haishu**  
*Chairman and executive Director*

Hangzhou, the PRC, 20 August 2021

*As at the date of this announcement, the Board comprises Mr. Fu Haishu, Mr. Yu Kai and Mr. Song Jianliang as executive Directors; Ms. Fan Qirui as a non-executive Director; and Mr. Cao Dequan, Ms. Yang Xiaofen and Mr. Liu Teng as independent non-executive Directors.*