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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)**

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

Reference is made to the announcement (the “**Announcement**”) of Raily Aesthetic Medicine International Holdings Limited (the “**Company**”) dated 20 August 2021, in relation to, among other things, the acquisition of 90% equity interest in the Target Company. Unless stated otherwise, capitalised terms used in this announcement have the same meaning as defined in the Announcement.

The Board would like to provide the following additional information in relation to the Acquisition:

## VALUE OF THE SUBJECT OF THE TRANSACTION

The Consideration were arrived at after arm's length negotiations between the parties to the SP Agreement with reference to the valuation of the 90% equity interest in the Target Company (the "Valuation") in the value of approximately RMB95,000,000 (equivalent to approximately HK\$114.11 million), the details of which are as follows:

- (i) The consideration of RMB70.00 million to be settled by four instalments in the Relevant Periods mainly represents an effective price-to-earnings ratio ("P/E ratio") on the Guaranteed Net Profit to be generated from the Target Company. The Consideration of each instalment and the corresponding effective P/E ratio are set out as follows:

Relevant Period(s)	Cash Consideration paid (RMB'000)	+	Consideration to be paid subject to Guaranteed Net Profit (RMB'000)	=	Guaranteed Net Profit (RMB'000)	×	90%	×	Effective P/E ratio
1st Relevant Period <sup>(1)</sup>	25,000	+	20,000	=	8,000	×	90%	×	6.25
2nd Relevant Period <sup>(1)</sup>	25,000	+	20,000	=	11,000	×	90%	×	4.55
3rd Relevant Period <sup>(1)</sup>	25,000	+	20,000	=	14,500	×	90%	×	3.45
Upon completion of all the Relevant Periods <sup>(2)</sup>	25,000	+	70,000 (being the cumulative figure for the Relevant Periods)	=	11,167 (being the average of figure for the Relevant Periods)	×	90%	×	9.45

*Notes:*

- (1) The P/E ratio is calculated on the basis that the Guaranteed Net Profit can be achieved by the Target Company for that particular Relevant Period.
- (2) The P/E ratio is calculated on the basis that the Guarantee Net Profit can be achieved by the Target Company in each of the 1st, 2nd and 3rd Relevant Period.

- (ii) In respect of the cash consideration of RMB25.00 million to be settled within 15 business days from the SPA Date, the Board made valuation reference to the revenue of the Target Company for the year ended 31 December 2020 (i.e. approximately RMB3.185 million), the financial conditions, operation and business of Target Company are experiencing a growth stage, and the favourable prospect of the Target Company that it is in the process of negotiating and obtaining authorisation for distributorship of breast implant products from one of the leading global healthcare companies.

The Directors are of the view that, for the purpose of minimising the risks involved in the Acquisition for the Group, the Consideration is subject to Adjustment in the event that the Target Company fails to meet the Profit Guarantee. For details, please refer to the paragraph headed “Adjustment of the Consideration (the “**Adjustment**”)” in the Announcement.

Accordingly, the Directors believe that the total consideration of RMB95 million for the Acquisition is fair and reasonable and is in the interests of the shareholders as a whole.

Save as disclosed above, all other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes. This supplemental announcement is supplemental to and should be read in conjunction with the Announcement.

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

Hangzhou, the PRC, 25 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.*