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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)

**(1) PROPOSED SHARE CONSOLIDATION; AND**  
**(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF**  
**ONE (1) RIGHTS SHARE FOR EVERY**  
**THREE (3) CONSOLIDATED SHARES HELD ON THE RECORD DATE**

**Financial Adviser to the Company**



**Innovax Capital Limited**

**Underwriter**



**Innovax Securities Limited**

**(1) PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

**Shareholders and potential investors of the Company should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## **(2) PROPOSED RIGHTS ISSUE**

The Company proposes to raise gross proceeds of up to approximately HK\$20.8 million before expenses, by way of Rights Issue, by issuing up to 140,728,521 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the full exercise of the exercisable Share Options and all the Rights Shares will be taken up) at the Subscription Price of HK\$0.148 per Rights Share on the basis of one (1) Rights Share for every three (3) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

The net proceeds from Rights Issue are estimated to be not more than approximately HK\$19.4 million (assuming no further issue or repurchase of Shares on or before the Record Date other than the full exercise of the exercisable Share Options and all the Rights Shares will be taken up). The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$9.7 million, representing 50.0% of the net proceeds, will be used for the acquisition of equipment and raw materials necessary to initiate the manufacturing process; (ii) approximately HK\$7.8 million, representing 40.0% of the net proceeds, will be used for the registration filing of aesthetic medical equipment products with the NMPA, including clinical trials which are integral to the registration process; and (iii) approximately HK\$1.9 million, representing 10.0% of the net proceeds, will be used for general working capital of the Group.

### **Irrevocable Undertakings**

As at the date of this announcement, Ruide Consultation Limited (which is wholly owned by Mr. Fu) was interested in 1,109,283,463 Existing Shares, which represent approximately 53.10% of the issued Existing Shares.

Pursuant to the Irrevocable Undertakings, (i) Ruide Consultation Limited has undertaken to the Company that it will subscribe for 73,952,230 Rights Shares, representing its full acceptance of its provisional entitlement under the Rights Issue; (ii) Ruide Consultation Limited has undertaken to the Company that it will lodge the duly completed and signed PALs and all relevant documents with the Registrar, accompanied by payment in full therefor in accordance with the terms of the Prospectus Documents by the Latest Time for Acceptance; and (iii) Ruide Consultation Limited has undertaken to the Company that it will, from the date of the Irrevocable Undertakings to the date of completion of the Rights Issue, remain the registered and beneficial owners of the 1,109,283,463 Existing Shares (or 221,856,692 Consolidated Shares upon the Share Consolidation becoming effective) representing its shareholding in the Company as at the date of this announcement, and will not sell, transfer, charge or create any encumbrance or grant any option over or otherwise dispose of, nor enter into any agreement for the sale, transfer, charge or creation of an encumbrance or grant of any option over or otherwise dispose of, any of such Shares or any interest in them, save with the prior written consent of the Company and the Underwriter.

## **Underwriting Agreement**

On 26 February 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter will subscribe or procure the subscription, on a best-effort and non-fully underwritten basis, for the Underwritten Shares that are not otherwise taken up subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained in the Underwriting Agreement.

**The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions of the Rights Issue and the Underwriting Agreement, the Rights Issue shall proceed regardless of the ultimate subscription level, and up to 140,728,521 Rights Shares are available to be subscribed.**

**In the event the Rights Issue is under-subscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of Nil-paid Rights, and not subscribed by the Underwriter or subscribers procured by it pursuant to the Underwriting Agreement will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

## **LISTING RULES IMPLICATIONS**

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **GENERAL**

The register of members of the Company will be closed from Monday, 11 March 2024 to Friday, 15 March 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Share Consolidation.

A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 29 February 2024.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations and the Underwriting Agreement not having been terminated by the time thereof, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on or about Tuesday, 2 April 2024. The Prospectus will be despatched to the Excluded Shareholder(s) (if any) for information only. A copy of the Prospectus will also be made available on the websites of the Company ([www.raily.com](http://www.raily.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Shareholders and potential investors should exercise caution in dealing in the Shares.

### **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “Conditions of the Rights Issue” and “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.**

**Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

## **(1) PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share.

### **Effect of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company amounted to US\$30,000,000 divided into 3,000,000,000 ordinary Shares of US\$0.01 each, of which 2,089,040,000 Existing Shares had been allotted and issued as fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become US\$30,000,000 divided into 600,000,000 ordinary Shares of US\$0.05 each, of which 417,808,000 whole Consolidated Shares will be in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the fulfilment of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders by way of poll to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

None of the above conditions can be waived and the Share Consolidation will become effective on the second Business Day after the fulfilment of the above conditions of the Share Consolidation, which is expected to be on or about Tuesday, 19 March 2024.

## **Application for listing of the Consolidated Shares**

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by the HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made by the Company for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **Fractional entitlement to the Consolidated Shares**

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but will be aggregated (rounded down to the nearest whole number) and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the matching services will be provided in the circular of the Company to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots trading arrangement, is recommended to consult his/her/its own professional advisers.

**Shareholders or potential investors of the Company should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

#### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period expected to be from Tuesday, 19 March 2024 to Monday, 29 April 2024 (both days inclusive), submit share certificates for Existing Shares to the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) by Shareholders for each share certificate for Existing Shares submitted for cancellation or each new share certificate issued for Consolidated Shares, whichever number of share certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 25 April 2024, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of five (5) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Existing Shares which are in blue colour.

#### **Adjustments in relation to other securities of the Company**

As at the date of this announcement, the Company has 205,500,000 outstanding Share Options, of which 21,887,814 Share Options are exercisable which entitle the holders thereof to subscribe for an aggregate of 21,887,814 Existing Shares under the Share Option Scheme. Under the relevant terms and conditions of the Share Option Scheme, the Share Consolidation may lead to adjustments to the exercise price and the number of shares falling to be issued upon exercise of the Share Options. The Company will make further announcement(s) on such adjustment(s) as and when appropriate.

Reference is also made to the announcements (the “**Announcements**”) of the Company dated 20 August 2021, 25 August 2021 and 10 March 2023 in relation to the acquisition (the “**Acquisition**”) of 90% equity interest in Shenzhen Jumei Xinhe Medical Equipment Co., Ltd.\* (深圳市九美信禾醫療器械有限公司) (the “**Target Company**”). As disclosed in the Announcements, part of the consideration of the Acquisition of the Target Company, being RMB70.0 million, may be settled by the allotment and issue of up to 176,272,671 Shares at the issue price of HK\$0.477 per Share or by cash at the discretion of the Group subject to the satisfaction of the relevant profit guarantee. As at the date of this announcement, no Share had been issued. The Share Consolidation may lead to adjustment(s) to the issue price and the number of Shares falling to be issued. The Company will communicate with the relevant parties in the Acquisition on a possible adjustment(s) to be made and make further announcement(s) on such adjustment(s) as and when appropriate.

Save for the aforesaid, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into, or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be, as at the date of this announcement.

#### **No change in board lot size**

The Existing Shares are currently traded on the Stock Exchange in board lot size of 10,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain unchanged at 10,000 Consolidated Shares per board lot.

Based on the closing price of HK\$0.114 per Existing Share (equivalent to the theoretical closing price of HK\$0.57 per Consolidated Share) as at the Last Trading Day, (i) the value of each board lot of 10,000 Existing Shares is HK\$1,140; and (ii) the estimated value of each board lot of 10,000 Consolidated Shares would be HK\$5,700 assuming that the Share Consolidation has become effective.

#### **Shareholders’ approval**

The Share Consolidation is conditional upon approval by the Shareholders by way of poll at the EGM. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their associates has any interest in the Share Consolidation, and no Shareholder will be required to abstain from voting in favour of the resolution approving the Share Consolidation at the EGM.

## **REASONS FOR THE SHARE CONSOLIDATION**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with consolidation or splitting of its securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited has further stated that (i) the market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.114 per Existing Share as at the date of this announcement, and the theoretical ex-rights price as adjusted for the effect of the Rights Issue of approximately HK\$0.0971 per Existing Share (calculated based on the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.114 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.1196 per Existing Share) of HK\$0.1196 per Existing Share), the value per board lot of 10,000 Existing Shares is HK\$1,140 and HK\$971 respectively which is less than HK\$2,000.

The Directors consider that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. With the view to complying with the trading requirements under the Listing Rules and facilitating the Rights Issue (as will be elaborated below), the Board resolved to propose the Share Consolidation, which will result in the theoretical ex-rights price as adjusted for the effect of the Rights Issue of approximately HK\$0.4855 per Consolidated Share and HK\$4,855 per board lot of 10,000 Consolidated Shares.

Furthermore, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade. It is also intended that the Share Consolidation can make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company.

In view of the above reasons, the Company considers the Share Consolidation are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Other corporate actions and fundraising activities in the next 12 months**

As at the date of this announcement, save for the Rights Issue as set out in this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any substantive agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) to conduct any fund-raising activities which will involve issue of equity securities of the Company. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

### **WARNING**

**Shareholders and potential investors of the Company should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## **(2) PROPOSED RIGHTS ISSUE**

The Board proposes the Rights Issue, details of which are summarised below:

### **Issue statistics**

Basis of the Rights Issue:	One (1) Rights Share (in nil-paid form) for every three (3) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription price:	HK\$0.148 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated expenses incurred in relation to the Rights Issue):	Approximately HK\$0.138 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	2,089,040,000 Existing Shares

Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	417,808,000 Consolidated Shares (assuming no further issue or repurchase of Shares up to the effective date of the Share Consolidation)
Number of Rights Shares to be issued pursuant to the Rights Issue:	<p>(i) Up to 139,269,333 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) or</p> <p>(ii) Up to 140,728,521 (<i>Note</i>) Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date other than the full exercise of the exercisable Share Options)</p>
Aggregate nominal value of the Rights Shares:	<p>(i) Up to US\$6,963,467 (equivalent to approximately HK\$54,271,869) (assuming no further issue or repurchase of Shares on or before the Record Date) or</p> <p>(ii) Up to US\$7,036,426 (<i>Note</i>) (equivalent to approximately HK\$54,840,497) (assuming no further issue or repurchase of the Shares on or before the Record Date other than the full exercise of the exercisable Share Options)</p>
Number of Consolidated Shares in issue upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed):	<p>(i) Up to 557,077,333 Consolidated Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the Rights Shares) or</p> <p>(ii) Up to 562,914,084 (<i>Note</i>) Consolidated Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the Rights Shares and the full exercise of the exercisable Share Options)</p>
Number of Rights Shares undertaken to be taken up:	Pursuant to the Irrevocable Undertakings, Ruide Consultation Limited has undertaken to the Company that it will subscribe for 73,952,230 Rights Shares, representing its full entitlement under the Rights Issue.
Gross proceeds from the Rights Issue:	(i) Up to approximately HK\$20,611,861 (assuming no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up) or

- (ii) Up to approximately HK\$20,827,821 (*Note*) (assuming no further issue or repurchase of Shares on or before the Record Date other than the full exercise of the exercisable Share Options and all the Rights Shares will be taken up)

Right of excess applications: Qualifying Shareholders are entitled to apply for the Rights Shares in excess of their provisional allotment.

*Note:* Assuming the number of Shares to be issued upon exercise of the exercisable Share Options are adjusted on the basis of every five (5) Shares being consolidated into one (1) Consolidated Share.

As at the date of this announcement, there are 205,500,000 outstanding Share Options granted by the Company, of which 21,887,814 Share Options are exercisable into 21,887,814 Existing Shares. Save for the foregoing, the Company has no other outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

Assuming that there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the 139,269,333 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents approximately 33.3% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 25.0% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

Assuming that there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date other than the full exercise of the exercisable Share Options, the 140,728,521 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents approximately 33.3% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 25.0% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

**The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions of the Rights Issue and the Underwriting Agreement, the Rights Issue shall proceed regardless of the ultimate subscription level, and up to 140,728,521 Rights Shares are available to be subscribed.**

**In the event the Rights Issue is under-subscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of Nil-paid Rights, and not subscribed by the Underwriter or subscribers procured by it pursuant to the Underwriting Agreement will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

## **The Irrevocable Undertakings**

As at the date of this announcement, Ruide Consultation Limited (which is wholly-owned by Mr. Fu) was interested in 1,109,283,463 Existing Shares, which represent approximately 53.10% of the issued Existing Shares. Pursuant to the Irrevocable Undertakings, (i) Ruide Consultation Limited has undertaken to the Company that it will subscribe for 73,952,230 Rights Shares, representing its full acceptance of its provisional entitlement under the Rights Issue; (ii) Ruide Consultation Limited has undertaken to the Company that it will lodge the duly completed and signed PALs and all relevant documents with the Registrar, accompanied by payment in full therefor in accordance with the terms of the Prospectus Documents by the Latest Time for Acceptance; and (iii) Ruide Consultation Limited has undertaken to the Company that it will, from the date of the Irrevocable Undertakings to the date of completion of the Rights Issue, remain the registered and beneficial owners of the 1,109,283,463 Existing Shares (or 221,856,692 Consolidated Shares upon the Share Consolidation becoming effective) representing its shareholding in the Company as at the date of this announcement, and will not sell, transfer, charge or create any encumbrance or grant any option over or otherwise dispose of, nor enter into any agreement for the sale, transfer, charge or creation of an encumbrance or grant of any option over or otherwise dispose of, any of such Shares or any interest in them, save with the prior written consent of the Company and the Underwriter.

Save for the Irrevocable Undertakings, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Nil-paid Rights or Rights Shares to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

## **Subscription Price**

The Subscription Price is HK\$0.148 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of the Rights Shares and, where applicable, application for the Excess Rights Shares under the Rights Issue or when a transferee of Nil-Paid Rights applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 74.04% to the theoretical closing price of HK\$0.57 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.114 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 75.25% to the theoretical average of the closing price of HK\$0.598 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.1196 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 75.56% to the theoretical average of the closing price of approximately HK\$0.6055 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.1211 per Existing Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 69.52% to the theoretical ex-rights price of approximately HK\$0.4855 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately of HK\$0.0971 per Existing Share based on the closing price of HK\$0.114 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 18.81%, represented by the theoretical diluted price of approximately HK\$0.4855 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price of approximately HK\$0.598 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.114 per Existing Share and the average closing prices of approximately HK\$0.1196 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of this announcement); and
- (vi) a discount of approximately 66.7% to the audited consolidated net asset value per Consolidated Share of approximately HK\$0.444 as at 31 December 2022 (based on the latest published audited consolidated net asset value attributable to Shareholders of approximately RMB165,877,000 (equivalent to approximately HK\$185,696,373) as at 31 December 2022 and 417,808,000 Consolidated Shares in issue upon the Share Consolidation becoming effective).

The Subscription Price was determined with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the financial position of the Group; and (iii) the reasons as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” in this announcement.

In determining the Subscription Price, which represents a discount of approximately 74.04% to the theoretical closing price of HK\$0.57 per Consolidated Share based on the closing price of HK\$0.114 per Existing Share as quoted on the Stock Exchange on the Last Trading Day, the Directors have considered, among other things as mentioned above, market price of the Shares traded on the Stock Exchange in the past three months prior to and including the Last Trading Day (the “**Relevant Period**”), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with an average closing price of approximately HK\$0.1018 per Existing Share. The Subscription Price of HK\$0.148 per Rights Share represents a discount of approximately 70.92% to the theoretical average closing price of approximately HK\$0.509 per Consolidated Share based on the average closing price of approximately HK\$0.1018 per Existing Shares for the Relevant Period. All Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at a relatively low price as compared to the historical market price of the Shares and at a discount to the recent closing prices of the Shares. Accordingly, the Directors believe that the discount of the Subscription Price will encourage the Qualifying Shareholders to participate in the Rights Issue and the future growth of the Group. The Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the Nil-Paid Rights in the market. As such, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

## **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Excluded Shareholders on the Record Date. Subject to the Share Consolidation having become effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, despatch the Prospectus (without the PAL or the EAF) to the Excluded Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder:

- (i) must be registered as a member of the Company at the close of business on the Record Date; and
- (ii) is not an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date so as to qualify for the Rights Issue, any transfer of Shares (together with the relevant share certificates) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 21 March 2024.

It is expected that the last day of dealing in the Shares on a cum-rights basis is Tuesday, 19 March 2024 and the Shares will be dealt with on an ex-rights basis from Wednesday, 20 March 2024. The latest time for acceptance of and payment for the Rights Shares and application for and payment for the Excess Rights Shares is expected to be at 4:00 p.m. on Wednesday, 17 April 2024.

**Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

#### **Closure of register of members**

The register of members of the Company will be closed from Friday, 22 March 2024 to Thursday, 28 March 2024, both days inclusive, for determining to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

#### **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company currently available to the Company, as well as to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Company does not have any Overseas Shareholders.

The Board will take steps to ascertain whether there are any Overseas Shareholders as at the Record Date. The Board will comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant overseas regulatory bod(ies) or stock exchange(s) in such place(s), no provisional allotment of the Nil-Paid Rights or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders (if any) from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send the PAL and/or EAF(s) to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the Nil-Paid Rights commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, net of expenses and stamp duty, will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.**

#### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of one (1) Rights Share for every three (3) Consolidated Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than three (3) Consolidated Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the section headed "Fractional entitlements to the Rights Shares" below.

#### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and rounded down to the nearest whole number. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the section headed "Application for Excess Rights Shares" below. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fraction of the Rights Shares will be available for subscription by the Underwriter or subscribers procured by it.

#### **Application for Excess Rights Shares**

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares represent:

- (i) any Nil-paid Rights provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance;

- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold; and
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the sum payable for the excess Rights Shares being applied for.

The Company will allocate the Excess Rights Shares (if any) at their discretion on a fair and equitable basis under the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no reference will be made to the Rights Shares comprised in applications by the PALs or the existing number of Shares held by the Qualifying Shareholders;
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of Nil-paid Rights under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to applications for topping up odd lots to whole board lots.

If the aggregate number of Excess Rights Shares is greater than the aggregate number of Excess Rights Shares being applied for under EAFs, the Directors will usually allocate to each Qualifying Shareholder who applies for Excess Rights Shares the actual number of excess Rights Shares being applied for. However, in the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for the Excess Rights Shares may be rejected at the sole discretion of the Board.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholders or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for Excess Rights Shares to the extent that the total number of Excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Any Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration by no later than 4:30 p.m. on Thursday, 21 March 2024.

### **Share certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Thursday, 25 April 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Rights Issue does not proceed, refund cheques will be posted on or before Thursday, 25 April 2024 by ordinary post, at the respective Shareholders' own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the Excess Rights Shares (if any) are expected to be posted on or before Thursday, 25 April 2024, by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Nil-paid Rights or the fully-paid Rights Shares and, regarding the Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the Nil-paid Rights otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in same board lot size as the Shares, i.e., 10,000 shares in one board lot. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

### **Stamp duty and other applicable fees**

Dealings in the Rights Shares (in both their nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt.

### **Odd lots arrangements and matching services**

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 5 April 2024 to 4:00 p.m. on Thursday, 25 April 2024 (both days inclusive). Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility. Further details in respect of the odd lots arrangement will be set out in the Prospectus.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

## THE UNDERWRITING AGREEMENT

On 26 February 2024 (after trading hours), the Company and the Underwriter (each a “**Party**” and collectively, the “**Parties**”) entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Further details of the Underwriting Agreement are set out below:

### Underwriting Agreement

Date: 26 February 2024 (after trading hours)

Issuer: The Company

Underwriter: Innovax Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Number of Rights Shares underwritten by the Underwriter: The number of Rights Shares underwritten by the Underwriter shall be equivalent to the difference between (i) the total number of Rights Shares available for subscription as at the Record Date; and (ii) the total number of Rights Shares taken up by the Qualifying Shareholders whether under the PAL(s) and/or EAF(s). Excluding the Rights Shares which Ruide Consultation Limited will take up in accordance with the Irrevocable Undertakings, and assuming (i) there is no change in the total number of issued Shares other than the full exercise of the exercisable Share Options from the date of this announcement up to and including the Record Date; and (ii) no Qualifying Shareholders subscribes for any Rights Shares, the maximum number of the Underwritten Shares will be 66,776,291 Rights Shares, representing approximately 11.86% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares.

Underwriting Commission: 0.5% of the aggregate subscription amount in respect of the Rights Shares actually subscribed by the Underwriter or subscribers procured by it

Subject to the fulfilment (or any waiver, as the case may be, by the Underwriter) of all the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter will subscribe or procure the subscription, on a best-effort and non-fully underwritten basis, for the Underwritten Shares that are not otherwise taken up.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscription for the Underwritten Shares, the Underwriter shall confirm with the Company the actual number of Underwritten Shares which have not been accepted by the Shareholders or for which duly completed PAL(s) and/or EAF(s) have not been received as at the Latest Time for Acceptance, and shall procure for subscription therefor on the best effort basis whilst using its best endeavors to ensure that (i) each of the subscribers of the Underwritten Shares procured by the Underwriter shall be an Independent Third Party; and (ii) the Underwriter or each subscriber procured by the Underwriter (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 10% or more of the voting rights of the Company immediately after the Right Issue.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the historical trend of Existing Shares' trading price, financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing underwriting commission of the market. The Directors consider that the terms of the Underwriting Agreement including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Underwriting Agreement.

### **Conditions of the Rights Issue**

The Underwriting Agreement is conditional upon the fulfilment (or waiver, if applicable, by the Underwriter) of the following conditions:

- (i) the passing by the Shareholders at the EGM of an ordinary resolution to approve the Share Consolidation by no later than the Prospectus Posting Date;
- (ii) the Share Consolidation having become effective no later than the Prospectus Posting Date;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Prospectus Posting Date;

- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (v) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms;
- (vi) the Underwriting Agreement not having been terminated in accordance with its terms;
- (vii) the Company having complied with and performed all undertakings and obligations, and representations and warranties of the Company under the Underwriting Agreement;
- (viii) the compliance with and performance of all the undertakings and obligations of Ruide Consultation Limited or any of its nominee(s), under the Irrevocable Undertakings;
- (ix) the Company having complied with the requirements under all applicable laws and regulations;
- (x) the entering into of binding agreements by the Underwriter with certain subscriber(s) procured by the Underwriter and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriter nor any of the subscriber(s) procured by the Underwriter and/or sub-underwriter(s) and/or party or parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Rights Issue; and
- (xi) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused.

Apart from the conditions as set out in (vii) above which can be waived in whole or in part by the Underwriter unilaterally (but not by the Company) by notice in writing to the Company prior to the Latest Time for Termination, all other conditions are incapable of being waived. The Parties shall use all reasonable endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Parties may agree in writing and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares (in their nil-paid or fully-paid forms) and to give effect to the Rights Issue and the arrangements contemplated in the Underwriting Agreement.

If the conditions (save and except that having been waived as mentioned in the above paragraph) are not satisfied in whole by the Latest Time for Termination or such other date as the Parties may agree in writing, the Underwriting Agreement shall terminate (save and except certain clauses which shall remain in full force and effect) and no Party shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breaches.

### **Termination of the Underwriting Agreement**

The Underwriter may in its absolute discretion terminate the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination, if at or prior to such time:

- (A) the Underwriter becomes aware of the fact that there shall develop, occur, exist or come into effect:
  - (i) any new law or regulation or any change in existing laws or regulations in Hong Kong or any other place that is the place of incorporation of the Company, or in which the Company conducts or carries on business; or
  - (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions; or
  - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions (any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise) or exchange controls; or
  - (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

and in the reasonable opinion of the Underwriter, such change has or would have a material and adverse effect on the business, financial or trading position or prospects of the Company or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue; or

- (B) there comes to the notice of the Underwriter that the Company has committed any breach of or omits to observe any of its obligations or undertakings under the Underwriting Agreement, and such breach or omission will have a material and adverse effect on the business, financial or trading position or prospects of the Company or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation; (iii) immediately after completion of the Share Consolidation and the Rights Issue, assuming all Rights Shares are subscribed by the Qualifying Shareholders; (iv) immediately after completion of the Share Consolidation and Rights Issue, assuming none of the Qualifying Shareholder (other than Ruide Consultation Limited pursuant to the Irrevocable Undertakings) and the Underwriter has taken up any of the Rights Shares; and (v) immediately after completion of the Share Consolidation and the Rights Issue, assuming no Qualifying Shareholder (other than Ruide Consultation Limited pursuant to the Irrevocable Undertakings) has taken up any of the Rights Shares and the Underwriter has taken up all Underwritten Shares pursuant to the Underwriting Agreement:

### Scenario 1: assuming no exercise of the exercisable Share Options on or before the Record Date

	As at the date of this announcement		Immediately after the completion of Share Consolidation		Immediately after Share Consolidation and completion of the Rights Issue					
					Assuming all Rights Shares are subscribed by the Qualifying Shareholders		Assuming none of the Qualifying Shareholder (other than Ruide Consultation Limited pursuant to the Irrevocable Undertakings) and the Underwriter has taken up any of the Rights Shares		Assuming no Qualifying Shareholder (other than Ruide Consultation Limited pursuant to the Irrevocable Undertakings) has taken up any of the Rights Shares and the Underwriter has taken up all Underwritten Shares	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Ruide Consultation Limited (Note 1)	1,109,283,463	53.10	221,856,692	53.10	295,808,922	53.10	295,808,922	60.15	295,808,922	53.10
							(Note 3)	(Note 3)		
Beauty Milkway (HK) Limited	129,128,745	6.18	25,825,749	6.18	34,434,332	6.18	25,825,749	5.25	25,825,749	4.64
Shanghai Donghua Health Management Partnership (Limited Liability Partnership) (Note 2)	112,244,454	5.37	22,448,891	5.37	29,931,855	5.37	22,448,891	4.57	22,448,891	4.03
The Underwriter and/or the subscriber(s) procured by it	-	-	-	-	-	-	-	-	65,317,103	11.72
Other public Shareholders	738,383,338	35.35	147,676,668	35.35	196,902,224	35.35	147,676,668	30.03	147,676,668	26.51
<b>Total</b>	<b>2,089,040,000</b>	<b>100.00</b>	<b>417,808,000</b>	<b>100.00</b>	<b>557,077,333</b>	<b>100.00</b>	<b>491,760,230</b>	<b>100.00</b>	<b>557,077,333</b>	<b>100.00</b>

## Scenario 2: assuming all exercisable Share Options are exercised in full on or before the Record Date

	Immediately after Share Consolidation and completion of the Rights Issue									
	As at the date of this announcement		Immediately after the completion of Share Consolidation assuming all exercisable Share Options are exercised in full		Assuming all Rights Shares are subscribed by the Qualifying Shareholders		Assuming none of the Qualifying Shareholder (other than Ruide Consultation Limited pursuant to the Irrevocable Undertakings) and the Underwriter has taken up any of the Rights Shares		Assuming no Qualifying Shareholder (other than Ruide Consultation Limited pursuant to the Irrevocable Undertakings) takes up any of the Rights Shares and the Underwriter takes up all Underwritten Shares	
							No. of Shares	Approx. %	No. of Shares	Approx. %
Ruide Consultation Limited (Note 1)	1,109,283,463	53.10	221,856,692	52.55	295,808,922	52.55	295,808,922	59.62	295,808,922	52.55
Beauty Milkway (HK) Limited	129,128,745	6.18	25,825,749	6.12	34,434,332	6.12	25,825,749	5.21	25,825,749	4.59
Shanghai Donghua Health Management Partnership (Limited Liability Partnership) (Note 2)	112,244,454	5.37	22,448,891	5.32	29,931,855	5.32	22,448,891	4.52	22,448,891	3.99
The Underwriter and/or the subscriber(s) procured by it	-	-	-	-	-	-	-	-	66,776,291	11.86
Share Options Holders	-	-	4,377,563	1.03	5,836,751	1.03	4,377,563	0.88	4,377,563	0.78
			(Note 4)							
Other public Shareholders	738,383,338	35.35	147,676,668	34.98	196,902,224	34.98	147,676,668	29.77	147,676,668	26.23
Total	2,089,040,000	100.00	422,185,563	100.00	562,914,084	100.00	496,137,793	100.00	562,914,084	100.00

### Notes:

- Ruide Consultation Limited is wholly owned by Mr. Fu.
- According to information available to the Company, 112,244,454 Shares are held by Shanghai Donghua Health Management Partnership (Limited Liability Partnership)\* (上海東燿健康管理合夥企業(有限合夥)) in the capacity of beneficial owner. Shanghai Donghua Health Management Partnership (Limited Liability Partnership) is owned as to approximately 99.81% and approximately 0.19% by Qinghai Dongfang Tibetan Medicine Industry Development Fund (Limited Liability Partnership)\* (青海省東方藏醫藥產業發展基金(有限合夥)) and Qinghai Dongfang Tibetan Medicine Industry Investment Management Co., Ltd.\* (青海省東方藏醫藥產業投資管理有限公司), respectively. Qinghai Dongfang Tibetan Medicine Industry Development Fund (Limited Liability Partnership) is owned as to approximately 48.78% and approximately 2.44% by Shenzhen Dongfang Venture Capital Co., Ltd.\* (深圳東方創業投資有限公司) and Qinghai Dongfang Tibetan Medicine Industry Investment Management Co., Ltd., respectively. Qinghai Dongfang Tibetan Medicine Industry Investment Management Co., Ltd. is owned as to approximately 51% by Shenzhen Qianhai Fortune Dongfang Investment Fund Management Co., Ltd.\* (深圳前海財富東方股權投資基金管理有限公司). Shenzhen Dongfang Venture Capital Co., Ltd. is wholly-owned by Orient Asset Management (China) Holdings Co., Ltd.\* (東方資產管理(中國)控股有限公司). Shenzhen Qianhai Fortune Dongfang Investment Fund Management Co., Ltd. and Orient Asset Management (China) Holdings Co., Ltd. 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.
- It represents the total numbers of Consolidated Shares to be held by Ruide Consultation Limited assuming subscription of all the Rights Shares undertaken to be taken up by it according to the Irrevocable Undertakings.
- Assuming the number of Shares to be issued upon exercise of the exercisable Share Options are adjusted on the basis of every five (5) Shares being consolidated into one (1) Consolidated Share.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

## REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of wide range of high-quality aesthetic medical services to meet the different aesthetic and anti-aging objectives of its clients, including aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology services. The Group is also engaged in the sales of aesthetic medical equipment products.

In recent years, there has been a noticeable shift in client preferences within the aesthetic medical services industry. Technological advancements have paved the way for a growing inclination towards safer and pain-free procedures, with a notable surge in the demand for non-surgical options like photon rejuvenation. This trend can be attributed to the increasing concerns among clients regarding the potential risks associated with traditional aesthetic surgeries.

It is against this background that clients increasingly tend to prioritise minimally-invasive options that offer effective results with reduced healing time, with rising expectations to fulfil their aesthetic needs while achieving a higher level of safety and convenience. Among these options, aesthetic injection procedures and energy-based aesthetic treatments are gaining prominence due to their shorter recovery time and comparatively lower risks of complications. It is anticipated that these preference and expectations will continue to shape the industry landscape in the future.

In order to remain competitive in and capitalise on the changing aesthetic medical industry landscape, the Company proactively explores business opportunities in relation to minimally-invasive aesthetic medical products. According to the Company's annual report for the year ended 31 December 2022 ("**2022 Annual Report**"), while actively developing its core business of providing aesthetic medical services, the Group has also striven to expand into the upstream aesthetic medical industry, and has broadened the scope of aesthetic medical equipment products. In pursuit of this goal, the Group has forged strategic long-term collaboration with renowned universities and colleges to engage in the research and development of innovative aesthetic medical equipment products. Notably, in August 2021, the Group established Suzhou Yonglan, primarily dedicated to the R&D and manufacturing of non-surgical medical materials and equipment products. The investment into Suzhou Yonglan also includes the implementation of a dedicated factory, signifying a key strategic initiative. The ultimate objective is to solidify the Group's position as a leading supplier of non-surgical aesthetic medical products in the upstream segment of the industry.

As of the date of this announcement, Suzhou Yonglan has completed the construction of the factory dedicated to manufacture of aesthetic medical equipment products. This facility includes a production line specifically designed for collagen products. Furthermore, Suzhou Yonglan has collaboratively developed innovative skin injection products in conjunction with renowned universities in the PRC having the relevant technical expertise. Presently, Suzhou Yonglan is actively engaged in the preparation for the application for the domestic manufacturing certificates and registration of three types of medical treatment equipment products with the National Medical Products Administration ("**NMPA**").

Apart from the challenges posed by evolving industry trends and clients' expectations, the Group has also seen unsatisfactory financial performance over the past few years due to the COVID-19 pandemic. For instance, the Group recorded a loss attributable to owners of the parent of approximately RMB2.3 million for the six months ended 30 June 2023, as opposed to a profit attributable to owners of the parent of approximately RMB1.5 million for the six months ended 30 June 2022, which was partly attributable to impact of the COVID-19 on the business of medical institutions in Zhejiang and Anhui regions.

In view of the aforementioned business expansion plans and the unsatisfactory financial performance over the past few years due to the COVID-19 pandemic, the Directors consider that it is commercially reasonable and justifiable to obtain external financing to develop and expand its business with a view to achieving improvement of the Group's financial performance and future business prospects. Besides the Rights Issue, the Directors have considered other fundraising methods available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares or open offer. In respect of debt financing, the Directors are of the view that the Group does not have material fixed assets which are satisfactory to the banks to be served as collaterals. Therefore, debt financing may not be achievable on favourable terms in a timely manner or may require pledge of other kinds of assets or securities which may reduce the Group's flexibility. The Board also notes that bank borrowings, even if available, would result in substantial interest burden, higher gearing ratio and greater liquidity pressure of the Company. In respect of equity financing, the Directors are of the view that placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. The Directors consider that rights issue would be more attractive and flexible to the Shareholders than open offer because the Shareholders would have a choice to sell their entitled Nil-paid Rights when they do not wish to participate in the Rights Issue.

Given the above, the Directors are of the view that the Rights Issue will allow the Group to strengthen its capital structure to support its business operation and development, without incurring additional debt financing cost. Furthermore, the Rights Issue will afford the Qualifying Shareholders the equal opportunity to subscribe for their respective pro rata provisional entitlement to the Rights Shares and hence avoid dilution of their shareholding interests in the Company. All the Qualifying Shareholders will have a chance to further increase their interests in the Company through excess applications. Therefore, the Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The expenses in relation to the Rights Issue (excluding the underwriting commission which is subject to the final number of Shares subscribed by the Underwriter or subscribers procured by it) are estimated to be approximately HK\$1.4 million and will be payable by the Company.

The net proceeds from the Rights Issue are estimated to be not more than approximately HK\$19.4 million (assuming no further issue or repurchase of Shares on or before the Record Date other than the full exercise of the exercisable Share Options and all the Rights Shares will be taken up). The Company intends to apply such net proceeds for the following purposes:

- (i) approximately HK\$9.7 million, representing 50.0% of the net proceeds, will be used for the acquisition of equipment and raw materials necessary to initiate the manufacturing process;
- (ii) approximately HK\$7.8 million, representing 40.0% of the net proceeds, will be used for the registration filing of aesthetic medical equipment products with NMPA, including clinical trials which are integral to the registration process; and
- (iii) approximately HK\$1.9 million, representing 10.0% of the net proceeds, will be used for general working capital of the Group.

In the event that (i) there is an under-subscription by Qualifying Shareholders whether under the PAL(s) and/or EAF(s); and (ii) the Underwritten Shares would not be taken up by the Underwriter or subscriber(s) procured by it eventually, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Assuming no further issue or repurchase of Shares on or before the Record Date other than the full exercise of the exercisable Share Options, the net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares are expected to be approximately HK\$0.138.

#### **POSSIBLE ADJUSTMENT TO SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

Pursuant to the terms of the Share Option Scheme, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Scheme may be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional. The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme.

#### **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has not conducted any equity fund raising activities in the past 12 months immediately before the date of this announcement.

## EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Rights Issue set out below is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

<b>Event</b>	<b>Time and Date (Hong Kong time)</b>
Publication of this announcement . . . . .	On or before Monday, 26 February 2024
Expected despatch date of circular together with notice and form of proxy for the EGM . . . . .	On or before Thursday, 29 February 2024
Latest time and date for lodging transfers document in order to qualify for attendance and voting at the EGM . . . . .	4:30 p.m. on Friday, 8 March 2024
Closure of register of members of the Company for attending the EGM (both days inclusive) . . . . .	Monday, 11 March 2024 to Friday, 15 March 2024
Latest time and date for lodging forms of proxy for the EGM . . . . .	3:00 p.m. on Wednesday, 13 March 2024
Record date for determining attendance and voting at the EGM . . . . .	Friday, 15 March 2024
Expected date and time of the EGM . . . . .	3:00 p.m. on Friday, 15 March 2024
Announcement of poll results of the EGM . . . . .	Friday, 15 March 2024
Register of members of the Company re-opens . . . . .	Monday, 18 March 2024
<b>The following events are conditional on the fulfilment of the conditions relating to the implementation of the Share Consolidation and the Rights Issue and therefore the dates are tentative only.</b>	
Effective date for the Share Consolidation . . . . .	Tuesday, 19 March 2024
Commencement of dealing in the Consolidated Shares . . . . .	9:00 a.m. on Tuesday, 19 March 2024

Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . . 9:00 a.m. on Tuesday, 19 March 2024

Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens . . . . . 9:00 a.m. on Tuesday, 19 March 2024

First day of free exchange of existing share certificates for new share certificate for Consolidated Shares commences . . . . . Tuesday, 19 March 2024

Last day of dealing in the Consolidated Shares on a cum-right basis relating to the Rights Issue . . . . . Tuesday, 19 March 2024

First day of dealing in the Consolidated Shares on an ex-right basis relating to the Rights Issue . . . . . Wednesday, 20 March 2024

Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue. . . . . 4:30 p.m. on Thursday, 21 March 2024

Closure of register of members of the Company for the Rights Issue (both dates inclusive) . . . . . Friday, 22 March 2024 to Thursday, 28 March 2024

Record Date for determining entitlements to the Rights Issue . . . . . Thursday, 28 March 2024

Register of members of the Company re-opens . . . . . Tuesday, 2 April 2024

Despatch of the Prospectus Documents to the Qualifying Shareholders (in the case of the Excluded Shareholder(s), the Prospectus only) . . . . . Tuesday, 2 April 2024

Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens. . . . . 9:00 a.m. on Friday, 5 April 2024

Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences . . . . . 9:00 a.m. on Friday, 5 April 2024

Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . . Friday, 5 April 2024

First day of dealings in nil-paid Rights Shares in board lots of 10,000 Rights Shares . . . . .	Friday, 5 April 2024
Latest time for splitting of PAL . . . . .	4:30 p.m. on Tuesday, 9 April 2024
Last day of dealings in nil-paid Rights Shares in board lots of 10,000 Rights Shares . . . . .	Friday, 12 April 2024
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares . . . . .	4:00 p.m. on Wednesday, 17 April 2024
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Thursday, 18 April 2024
Announcement of allotment results of the Rights Issue. . . . .	Wednesday, 24 April 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	4:00 p.m. on Thursday, 25 April 2024
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes. . . . .	4:10 p.m. on Thursday, 25 April 2024
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends. . . . .	4:10 p.m. on Thursday, 25 April 2024
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if any) for wholly and partially unsuccessful excess applications to be posted . . . . .	Thursday, 25 April 2024
Commencement of dealings in fully-paid Rights Shares. . . . .	9:00 a.m. on Friday, 26 April 2024
Latest time for free exchange of existing share certificates for new share certificates . . . . .	Monday, 29 April 2024

## **EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION FOR AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoon as announced by the Government of Hong Kong, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Wednesday, 17 April 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

## **LISTING RULES IMPLICATIONS**

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## GENERAL

The register of members of the Company will be closed from Monday, 11 March 2024 to Friday, 15 March 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Share Consolidation.

A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 29 February 2024.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations and the Underwriting Agreement not having been terminated by the time thereof, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on or about Tuesday, 2 April 2024. The Prospectus will be despatched to the Excluded Shareholder(s) (if any) for information only. A copy of the Prospectus will also be made available on the websites of the Company ([www.raily.com](http://www.raily.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Shareholders and potential investors should exercise caution in dealing in the Shares.

## **WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sections headed “Conditions of the Rights Issue” and “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.**

**Any Shareholder or other person dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Existing Shares, the Consolidated Shares and/or the Nil-paid Rights. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

## DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Act”	the Companies Act (Revised) of the Cayman Islands
“Company”	Raily Aesthetic Medicine International Holdings Limited ( 瑞麗醫美國際控股有限公司 ), a company incorporated in the Cayman Island with limited liability whose issued shares are listed on the Stock Exchange (stock code: 2135)
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary shares of the Company immediately after the Share Consolidation becoming effective
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company for the time being
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the Excess Rights Share(s)
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Share Consolidation
“Excess Rights Shares”	any Nil-paid Rights provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of Nil-paid Rights prior to the Latest Time for Acceptance, any entitlements of the Excluded Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall (for avoidance of any doubt) include any of the Rights Shares created from the aggregation of fractions of the Rights Shares
“Excluded Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	ordinary shares of the Company before the Share Consolidation becoming effective
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual(s) or company(ies) independent of the Company and its connected persons and not connected with any of them or their respective associate(s)
“Irrevocable Undertakings”	the irrevocable undertakings executed by Ruide Consultation Limited in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertakings” in this announcement
“Last Trading Day”	26 February 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement

“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 17 April 2024 or such later time or date as may be agreed between the Company and the Underwriter in writing, being the latest time for acceptance of, and payment for, the Rights Shares and application for and payment for Excess Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on Thursday, 18 April 2024 or such later time or date as may be agreed between the Company and the Underwriter in writing, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fu”	Mr. Fu Haishu, the executive Director and the Controlling Shareholder of the Company, who is the ultimate beneficial owner of 1,109,283,463 Existing Shares through Ruide Consultation Limited as at the date of this announcement
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil paid form) before the Subscription Price is paid
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Tuesday, 2 April 2024 or such other date as may be agreed in writing between the Company and the Underwriter, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Excluded Shareholder(s), the Prospectus only)

“Qualifying Shareholders”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Thursday, 28 March 2024, or on such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of one (1) Rights Shares for every three (3) Consolidated Shares in issue and held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“Ruide Consultation Limited”	Ruide Consultation Limited, a company incorporated in the British Virgin Islands, which is the legal and beneficial owner of 1,109,283,463 Existing Shares as at the date of this announcement and is wholly owned by Mr. Fu, the executive Director and the Controlling Shareholder of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) (whichever shall be appropriate)
“Share Consolidation”	the consolidation of every five (5) issued Existing Shares into one (1) Consolidated Share
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 4 December 2020

“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.148 per Rights Share
“Suzhou Yonglan”	Suzhou Yonglan Biotechnology Science and Technology Co., Ltd., a subsidiary of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Innovax Securities Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
“Underwriting Agreement”	the underwriting agreement dated 26 February 2024 entered into between the Company and the Underwriter in relation to the Rights Issue, and as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 66,776,291 Rights Shares to be underwritten by the Underwriter on a best-effort and non-fully underwritten basis pursuant to the terms and conditions of the Underwriting Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By the order the Board  
**Raily Aesthetic Medicine International Holdings Limited**  
**FU Haishu**  
*Chairman and Executive Director*

Hangzhou, the PRC, 26 February 2024

*As at the date of this announcement, the Board comprises Mr. Fu Haishu, Mr. Song Jianliang and Mr. Wang Ying as Executive Directors; and Mr. Cao Dequan, Ms. Yang Xiaofen and Mr. Liu Teng as Independent Non-executive Directors.*

\* *For identification purpose only*