
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Raily Aesthetic Medicine International Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

This Prospectus appears for information purposes only and does not constitute an invitation or offer to the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States of America. This Prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.



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)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) SHARES HELD ON THE RECORD DATE

Financial Adviser to the Company



Innovax Capital Limited

Underwriter



Innovax Securities Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus unless otherwise stated.

The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. In the event of under-subscription, 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 will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. 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.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company served prior to 4:00 p.m. on Thursday, 18 April 2024 to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this Prospectus. If the Underwriter terminates the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 5 April 2024 to Friday, 12 April 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 5 April 2024 to Friday, 12 April 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

The latest date and time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares is 4:00 p.m. on Wednesday, 17 April 2024.

2 April 2024

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Announcement”	the announcement of the Company dated 26 February 2024, in relation to, among other, the Rights Issue and the Underwriting Agreement
“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 in the Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed thereto 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)
“Excess Rights Share(s)”	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
“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 Prospectus
“Last Trading Day”	26 February 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement

DEFINITIONS

“Latest Practicable Date”	Friday, 22 March 2024, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained this Prospectus
“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, who is the ultimate beneficial owner of 221,856,692 Shares through Ruide Consultation Limited as at the Latest Practicable Date
“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
“Old Share(s)”	ordinary share(s) of nominal value of US\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“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

DEFINITIONS

“PRC”	the People’s Republic of China and for the purpose of this Prospectus, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Prospectus”	the prospectus (including any supplementary prospectus, if any) 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 Shareholder(s)”	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 Share for every three (3) 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

DEFINITIONS

“Ruide Consultation Limited”	Ruide Consultation Limited, a company incorporated in the British Virgin Islands, which is the legal and beneficial owner of 221,856,692 Shares as at the Latest Practicable Date and is wholly owned by Mr. Fu, the executive Director and the Controlling Shareholder
“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)”	ordinary share(s) of nominal value of US\$0.05 each in the share capital of the Company
“Share Consolidation”	the consolidation of every five (5) issued Old Shares into one (1) Share, which became effective on Tuesday, 19 March 2024
“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
“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

DEFINITIONS

“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

English translations of the Chinese names or words which are included in this Prospectus and marked with “” are for identification purposes only, and should not be regarded as the official English translation of such Chinese names or words. If there is any inconsistency, the Chinese names or words shall prevail.*

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which 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. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Event	Time and Date (Hong Kong time)
Despatch of the Prospectus Documents to the Qualifying Shareholders (in the case of the Excluded Shareholder(s), the Prospectus only)	Tuesday, 2 April 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the 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 Shares	4:00 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

EXPECTED TIMETABLE

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 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 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 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.

TERMINATION OF THE UNDERWRITING AGREEMENT

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 of 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Fu Haishu (*Chairman*)

Mr. Song Jianliang (*Chief Executive Officer*)

Mr. Wang Ying

Registered office in the Cayman Islands:

4th Floor, Harbour Place

103 South Church Street

P.O. Box 10240

Grand Cayman KY1-1002

Cayman Islands

Independent Non-executive Directors:

Mr. Cao Dequan

Ms. Yang Xiaofen

Mr. Liu Teng

Principal place of business in Hong Kong:

17/F., Leighton Centre

77 Leighton Road, Causeway Bay

Hong Kong

2 April 2024

To the Qualifying Shareholders and, for information only, the Excluded Shareholders

Dear Sir/Madam,

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

INTRODUCTION

References are made to the Announcement dated 26 February 2024 in relation to, among other things, the Rights Issue and the Underwriting Agreement.

On 26 February 2024, the Board announced that the Company proposed, among other things, to implement the Rights Issue on the basis of one (1) Rights Share for every three (3) Shares held on the Record Date at the Subscription Price of HK\$0.148 per Rights Share.

LETTER FROM THE BOARD

On 26 February 2024, 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.

The purpose of this Prospectus is to provide you with information relating to (i) the Rights Issue; (ii) the financial information of the Group; and (iii) general information of the Group.

PROPOSED RIGHTS ISSUE

Details of the Rights Issue are summarised below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every three (3) 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 Shares in issue as at the Latest Practicable Date	:	417,808,000 Shares
Number of Rights Shares to be issued	:	(i) Up to 139,269,333 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date) or (ii) Up to 140,728,521 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)

LETTER FROM THE BOARD

- Aggregate nominal value of the Rights Shares : (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
- (ii) Up to US\$7,036,426 (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)
- Number of Shares in issue immediately upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed) : (i) Up to 557,077,333 Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the Rights Shares) or
- (ii) Up to 562,914,084 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)
- 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 (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 and without taking into account the proceeds from the exercise of the exercisable Share Options)

LETTER FROM THE BOARD

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

As at the Latest Practicable Date, there are 41,099,999 outstanding Share Options granted by the Company, of which 4,377,563 Share Options are exercisable into 4,377,563 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 no further issue or repurchase of Shares on or before the Record Date, the maximum number of 139,269,333 Rights Shares to be issued represents (i) 33.3% of the Shares in issue as at the Latest Practicable Date; and (ii) approximately 25.0% of the number of Shares in issue immediately upon completion of the Rights Issues.

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, the maximum number of 140,728,521 Rights Shares to be issued represents (i) 33.7% of the Shares in issue as at the Latest Practicable Date; and (ii) approximately 25.0% of the number of Shares in issue immediately upon completion of the Rights Issues.

The Irrevocable Undertakings

As at the Latest Practicable Date, Ruide Consultation Limited (which is wholly-owned by Mr. Fu) was interested in 221,856,692 Shares, which represent approximately 53.10% of the issued 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 221,856,692 Shares representing its shareholding in the Company as at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 Latest Practicable Date.

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 53.0% to the closing price of HK\$0.315 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 74.04% to the theoretical closing price of HK\$0.57 per Share based on the closing price of HK\$0.114 per Old Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 75.25% to the theoretical average of the closing price of HK\$0.598 per Share based on the average closing price of HK\$0.1196 per Old Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 75.56% to the theoretical average of the closing price of approximately HK\$0.6055 per Share based on the average closing price of HK\$0.1211 per Old Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 69.25% to the theoretical ex-rights price of approximately HK\$0.4855 per Share based on the theoretical ex-rights price of approximately of HK\$0.0971 per Old Share based on the closing price of HK\$0.114 per Old Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM THE BOARD

- (vi) 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 Share to the theoretical benchmarked price of approximately HK\$0.598 per Share (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 Old Share and the average closing prices of approximately HK\$0.1196 per Old Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day); and
- (vii) a discount of approximately 66.7% to the audited consolidated net asset value per 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 Shares in issue as at the Latest Practicable Date).

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 Prospectus.

In determining the Subscription Price, which represents a discount of approximately 74.04% to the theoretical closing price of HK\$0.57 per Share based on closing price of HK\$0.114 per Old 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 Old 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 Share based on the average closing price of approximately HK\$0.1018 per Old 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.

LETTER FROM THE BOARD

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. 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.

In order to be registered as members of the Company on the Record Date, a Shareholder must have lodged the 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.

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.

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.

LETTER FROM THE BOARD

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.

Rights of Overseas Shareholders

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 as at the Latest Practicable Date, the Company does not have any Overseas Shareholders. As disclosed in the Announcement, the register of members of the Company was closed from Friday, 22 March 2024 to Thursday, 28 March 2024 (both days inclusive), therefore, the Company will not have Overseas Shareholders as at the Record Date.

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. Receipt of the Prospectus does not and will not constitute an offer to the Excluded Shareholder(s).

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.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every three (3) 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) 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.

LETTER FROM THE BOARD

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 the Rights Shares

The PALs and the EAFs relating to the Rights Shares will be enclosed with this Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein and application by Qualifying Shareholders shall be made by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

Procedures for acceptance and payment or transfer – PAL

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Wednesday, 17 April 2024. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**TRICOR TRUST (HONG KONG) LIMITED – A/C NO. 43**” and crossed “**Account Payee Only**”.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 17 April 2024, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

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If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Tuesday, 9 April 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate the Underwriting Agreement, or if the conditions of the Underwriting Agreement as set out in the paragraph headed "Conditions of the Underwriting Agreement" below are not fulfilled or waived (as applicable) before the Latest Time for Termination, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Thursday, 25 April 2024.

No receipt will be given in respect of any PAL and/or remittances received.

LETTER FROM THE BOARD

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.

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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.

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for Excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the application for Excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “EXPECTED TIMETABLE” as the latest time for application and payment for Excess Rights Shares and otherwise in accordance with the requirements of your intermediary, in order to allow your intermediary sufficient time to ensure that your instructions are given effect.

Beneficial owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for Excess Rights Shares. HKSCC Nominees Limited will allocate the Excess Rights Shares it receives to the relevant CCASS Participants pro rata to the number of Excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited

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considers fair and appropriate. The procedures for application for Excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Wednesday, 17 April 2024. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**TRICOR TRUST (HONG KONG) LIMITED – A/C NO. 44**” and crossed “**Account Payee Only**”.

An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Wednesday, 24 April 2024. If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at risk of such Qualifying Shareholder on or before Thursday, 25 April 2024. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to such Qualifying Shareholder without any interest by means of cheque(s) despatched by ordinary post and at risk of such Qualifying Shareholder on or before Thursday, 25 April 2024.

All cheques or banker’s cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for Excess Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

Completion and return of the EAF together with a cheque or a banker’s cashier order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker’s cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereto, the

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Company reserves the right to reject any EAF in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation, and in that event, all rights thereunder will be deemed to have been declined and will be cancelled.

The EAF is for use only by the Qualifying Shareholders to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If the Underwriter exercises the right to terminate Underwriting Agreement or if any of the conditions of the Underwriting Agreement as set out in the paragraph headed "Conditions of the Underwriting Agreement" below is not fulfilled or waived (as applicable) before the Latest Time for Termination, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheque(s) despatched by ordinary post and at risk of such Qualifying Shareholder on or before Thursday, 25 April 2024.

It should be noted that no receipt will be issued in respect of any EAF and/or remittances received.

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

Subject to 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 Underwriting Agreement is terminated or not becoming unconditional, 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.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around Thursday, 25 April 2024.

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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 has made an application 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 both 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.

LETTER FROM THE BOARD

Odd lots arrangements and matching services

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, the Company has appointed Innovax Securities Limited as the designated broker 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 odd lots of the Shares who wish to take advantage of this arrangement either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. Wen (Settlement Department) at (852) 2311 0287, Unit A-C, 20/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong 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 arrangement.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date 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 Shares 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 Underwriters 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.

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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 Rights 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 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 Underwriting Agreement

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;

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- (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.

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Apart from the condition 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 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 any of the conditions (save and except those having been waived in accordance with 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.

As at the Latest Practicable Date, the above conditions (i) and (ii) have been fulfilled and all the other conditions remain unfulfilled.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming all Rights Shares are subscribed by the Qualifying Shareholders; (iii) immediately after completion of the 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 (iv) immediately after completion of 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

	Immediately after completion of the Rights Issue							
	As at the Latest Practicable Date		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 Share	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Ruide Consultation Limited (Note 1)	221,856,692	53.10	295,808,922	53.10	295,808,922 (Note 3)	60.15	295,808,922 (Note 3)	53.10
Beauty Milkway (HK) Limited	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)	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	<u>147,676,668</u>	<u>35.35</u>	<u>196,902,224</u>	<u>35.35</u>	<u>147,676,668</u>	<u>30.03</u>	<u>147,676,668</u>	<u>26.51</u>
Total	<u><u>417,808,000</u></u>	<u><u>100.00</u></u>	<u><u>557,077,333</u></u>	<u><u>100.00</u></u>	<u><u>491,760,230</u></u>	<u><u>100.00</u></u>	<u><u>557,077,333</u></u>	<u><u>100.00</u></u>

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

	As at the Latest Practicable Date		Assuming all Rights Shares are subscribed by the Qualifying Shareholders		Immediately after completion of the 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		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 Share	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Ruide Consultation Limited (Note 1)	221,856,692	52.55	295,808,922	52.55	295,808,922 (Note 3)	59.62	295,808,922 (Note 3)	52.55
Beauty Milkway (HK) Limited	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)	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
Other public Shareholders	147,676,668	34.98	196,902,224	34.98	147,676,668	29.77	147,676,668	26.23
Total	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, 22,448,891 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.

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3. It represents the total numbers of 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.
4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

INFORMATION ON THE UNDERWRITER

The Underwriter, Innovax Securities Limited, is a company incorporated in Hong Kong with limited liability. It is principally engaged in dealing in securities and its ordinary course of business includes underwriting of securities. As at the Latest Practicable Date, it is a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO.

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

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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 Latest Practicable Date, 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.

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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.

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POSSIBLE ADJUSTMENT IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Company has 41,099,999 outstanding Share Options, of which 4,377,563 Share Options are exercisable which entitle the holders thereof to subscribe for an aggregate of 4,377,563 Shares under the Share Option Scheme. The Rights Issue may lead to adjustments (the “**Share Option Adjustments**”) to, among others, the exercise price, the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme and/or the scheme mandate limit of the Share Option Scheme (the “**Scheme Mandate Limit**”). The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding the Share Option Adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Subject to the certification and confirmation to be obtained from an independent financial adviser or auditors of the Company (as the case may be), if after the Share Option Adjustments the number of Shares falling to be issued upon exercise of the outstanding Share Options under the Share Option Scheme cannot be met by the Scheme Mandate Limit, which has been fully utilised as at the Latest Practicable Date, the Company will seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit.

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 Old Shares (or 35,254,534 Shares) at the issue price of HK\$0.477 per Old Share (or HK\$2.385 per Share) or by cash at the discretion of the Group subject to the satisfaction of the relevant profit guarantee. As at the Latest Practicable Date, no Share had been issued. The Rights Issue will not lead to adjustment(s) to the issue price and the number of Shares falling to be issued.

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 Latest Practicable Date.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the 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.

WARNING OF THE RISKS OF DEALING IN THE 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 Underwriting Agreement” and “Termination of the Underwriting Agreement” in this Prospectus). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue 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 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).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

1. FINANCIAL STATEMENTS OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 respectively and the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.raily.com).

- annual report of the Company for the year ended 2020:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0416/2021041600467.pdf>
- annual report of the Company for the year ended 2021:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0414/2022041400381.pdf>
- annual report of the Company for the year ended 2022:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100651.pdf>
- interim report of the Company for the six months ended 30 June 2023:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0919/2023091900448.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 29 February 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

- i) We had unsecured interest-bearing bank borrowings of approximately RMB10 million; and
- ii) We had interest-bearing lease liabilities of approximately RMB43.2 million. As a lessee, the Group recognised lease liabilities to make lease payments and right-of use assets representing the right to use the underlying assets.

Contingent liabilities:

As at 29 February 2024, the Group did not have any material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 29 February 2024, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save for profit warning announcements dated 4 August 2023 and 6 March 2024, respectively, and so far as was known to the Directors, there are no material adverse change in the financial or trading position of the Group as at 31 December 2022, the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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.

As disclosed in the interim report for the Company for the six months ended 30 June 2023, the Group recorded a revenue of approximately RMB97.6 million for the six months ended 30 June 2023, representing a slight increase of 3.4% from approximately RMB94.4 million for the six months ended 30 June 2022. Such increase was primarily attributable to the increase in revenue generated from sales of aesthetic medical equipment products and partially net off by the decrease in revenue generated from aesthetic medical services which was materially affected by the pandemic during the first month of 2023. The Group recorded a net loss of approximately RMB4.1 million for the six months ended 30 June 2023 as compared with a thin net profit of approximately RMB0.1 million for the six months ended 30 June 2022, which primarily due to decrease in gross profit as result of the increase in fixed costs of aesthetic medical services segment and the increase in cost of materials consumed by mid-to-high-end medical services.

As disclosed in the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”), the Group recorded a revenue of approximately RMB164.5 million for year ended 31 December 2022, representing a decrease of 12.7% from approximately RMB188.4 million in 2021. Such decrease was primarily due to COVID-19 pandemic and changes in national prevention and control measure resulted in restrictions on the normal operation of medical institutions. The Group recorded a net loss of approximately RMB20.2 million for the year ended 31 December 2022, representing an increase of 10.8% as compared with a net loss of approximately RMB18.3 million in 2021. The continuous loss was mainly due to (i) the decrease in revenue as aforementioned; (ii) the profit guarantee of Shenzhen Jumei

Xinhe Medical Equipment Co., Ltd. failed to realise; (iii) the increase in investment in the research and development activities of Suzhou Yonglan; and (iv) the impairment of goodwill of Hangzhou Bellafill Aesthetic Medical Outpatient Department Co., Ltd.

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 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 longterm 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.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group immediately after completion of the Share Consolidation and Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial positions at the relevant time.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules is set out to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 as if the Rights Issue had been completed on 30 June 2023.

The Unaudited Pro Forma Financial Information has been prepared based on the judgments, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 June 2023 or any further dates following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2023, as extracted from the Group's condensed consolidated financial statements for the six months ended 30 June 2023 set out in the published interim report of the Company, on which no audit or review report has been published, with adjustments described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue	Unaudited consolidated net tangible assets of the Group before completion of the Share Consolidation	Unaudited consolidated net tangible assets of the Company immediately after completion of the Share Consolidation	Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company immediately after completion of the Share Consolidation and Rights Issue
RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	RMB (Note 4)	RMB (Note 5)
Based on the issue of 139,269,333 Rights Shares	80,914	17,727	98,641	0.04	0.19
	<u>80,914</u>	<u>17,727</u>	<u>98,641</u>	<u>0.04</u>	<u>0.19</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 of approximately RMB80,914,000 is based on the consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2023 of approximately RMB166,392,000, after deducting the goodwill and intangible assets of the Group attributable to the owners of the Company as at 30 June 2023 of approximately RMB85,478,000 as extracted from the published interim report of the Company for the six months ended 30 June 2023, on which no audit or review report has been published.
2. The estimated gross proceeds from the Rights Issue of approximately HK\$20,612,000 (equivalent to RMB18,983,000) is calculated based on 139,269,333 Rights Shares (assuming no further issue or repurchase of Shares on or before Rights Issue Record Date) to be issued, pursuant to the Rights Issue (in the proportion of one (1) Rights Share for every three (3) consolidated shares held by the Shareholders on the Rights Issue Record Date) at the subscription price of HK\$0.148 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,364,000 (equivalent to RMB1,256,000), resulting in the net proceeds from the Rights Issue of approximately HK\$19,248,000 (equivalent to RMB17,727,000) assuming that the Rights Issue had been completed on 30 June 2023.
3. The unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company before completion of the Share Consolidation as at 30 June 2023 is approximately RMB0.04, which is calculated based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 of approximately RMB80,914,000 divided by 2,089,040,000 shares in issue as at 30 June 2023 (the “**Old Shares**”) without taking into account of consolidation of every five (5) issued and unissued Old Shares into one consolidated share (the “**Share Consolidation**”).
4. The unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company immediately after completion of the Share Consolidation is approximately RMB0.19, which is calculated based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 of approximately RMB80,914,000 divided by 417,808,000 consolidated shares (equivalent to 2,089,040,000 Old Shares immediately before completion of the Rights Issue, as if the Share Consolidation had been completed on 30 June 2023).
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company immediately after completion of the Share Consolidated and Rights Issue is approximately RMB0.18, which is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately RMB98,641,000 divided by 557,077,033 consolidated shares (assuming no further issue or repurchase of Shares on or before the Rights Issue Record Date other than the Rights Shares).

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

Assuming no further issue or repurchase of Shares on or before the Rights Issue Record Date other than the full exercise of the Share Options and all the related Rights Shares will be taken up and without taking into account the proceeds from the exercise of the exercisable Share Options, the gross proceeds from the Rights Issue is of approximately HK\$20,828,000 (equivalent to RMB19,182,000), after deduction of the estimated related expenses of approximately HK\$1,364,000 (equivalent to RMB1,256,000), resulting in the net proceeds from the Rights Issue of approximately HK\$19,464,000 (equivalent to RMB17,926,000) assuming that the Rights Issue had been completed on 30 June 2023, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue is of approximately RMB98,840,000 which is divided by 562,914,084 consolidated shares (assuming no further issue or repurchase of Shares on or before the Rights Issue Record Date other than the Rights Shares and the full exercise of the exercisable Share Option), the unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company immediately after completion of the Share Consolidated and Rights Issue is approximately RMB0.18.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 RMB'000	Estimated net proceeds from the Rights Issue RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company immediately after completion of the Share Consolidation and Rights Issue RMB	
Based on the issue of				
140,728,521 Rights Shares	80,914	17,926	98,840	0.18

6. For the purpose of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company, the figures stated in Hong Kong dollars are translated into Renminbi at the approximately exchange rate of RMB1.0 to HK\$1.0858 which was the prevailing exchange rate as at 28 February 2024 for illustration purpose only, and such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.
7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2023.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Kenswick CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this Prospectus.



KENSWICK CPA LIMITED

華普(香港)會計師事務所有限公司

Unit 603A, 6/F, Tower 1, Admiralty Centre,

18 Harcourt Road, Hong Kong

香港夏愨道18號海富中心第一座六字樓603A室

Tel 電話: 2155 5101 Fax 傳真: 2155 5103

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Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro
Forma Financial Information

To the directors of Raily Aesthetic Medicine International Holdings Limited

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Raily Aesthetic Medicine International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2023 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-3 of the prospectus dated 2 April 2024 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-3 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of up to 139,269,333 rights shares at HK\$0.148 per rights share (the “**Rights Shares**”) on the basis of one Rights Share for every three existing consolidated shares of the Company held on the rights issue record date (the “**Rights Issue**”) on the Group's unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2023 as if the Rights Issues had taken place at 30 June 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 June 2023 set out in the published interim report of the Company, on which no audit or review report has been published.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Professional Ethics and Quality Management

We have complied with the ethical requirements of the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”) and the independence requirements in Part 4A, Chapter A of the Code 9, 10.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Kenswick CPA Limited

Certified Public Accountants

Fung Tze Wa

Practicing Certificate Number P01138

Hong Kong, 2 April 2024

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue (assuming no further issue of the Shares from the Latest Practicable Date up to completion of the Rights Issue) were and will be as follows:

i. As at the Latest Practicable Date:

Authorised:		US\$
<u>600,000,000</u>	Shares of US\$0.05 each	<u>30,000,000</u>

Issued and fully paid up:

<u>417,808,000</u>	Shares of US\$0.05 each	<u>20,890,400</u>
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ii. Immediately after completion of the Rights Issue (assuming the Rights Issue is fully subscribed and no further issue or repurchase of Shares on or before the Record Date other than the Rights Shares):

Authorised:		US\$
<u>600,000,000</u>	Shares of US\$0.05 each	<u>30,000,000</u>

Issued and fully paid up:

<u>557,077,333</u>	Shares of US\$0.05 each	<u>27,853,867</u>
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All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the Shares in issue on the date of allotment of the Rights Shares in fully-paid form.

The Company has applied to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has 41,099,999 outstanding Share Options of which 4,377,563 Share Options are exercisable which entitle the holders thereof to subscribe for an aggregate of 4,377,563 Shares under the Share Option Scheme. Details of the outstanding Share Options were as follows:

Category/ Name of grantee	Date of grant	Exercise price	Number of Share Options outstanding	Exercisable period of Share Options
Employee	29 August 2022	HK\$0.839	57,563	29 August 2023 – 28 August 2032
		HK\$0.839	57,563	29 August 2024 – 28 August 2032
		HK\$0.839	86,344	29 August 2025 – 28 August 2032
		HK\$0.839	86,344	29 August 2026 – 28 August 2032
Hong Rudao (Note 1)		HK\$0.839	720,000	29 August 2023 – 28 August 2032
		HK\$0.839	720,000	29 August 2024 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2025 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2026 – 28 August 2032
Zhang Zuhua (Note 1)		HK\$0.839	720,000	29 August 2023 – 28 August 2032
		HK\$0.839	720,000	29 August 2024 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2025 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2026 – 28 August 2032
Xie Zidan (Note 2)		HK\$0.839	720,000	29 August 2023 – 28 August 2032
		HK\$0.839	720,000	29 August 2024 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2025 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2026 – 28 August 2032
Chen Lei (Note 3)		HK\$0.839	720,000	29 August 2023 – 28 August 2032
		HK\$0.839	720,000	29 August 2024 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2025 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2026 – 28 August 2032
Chen Xiaodan (Note 4)		HK\$0.839	720,000	29 August 2023 – 28 August 2032
		HK\$0.839	720,000	29 August 2024 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2025 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2026 – 28 August 2032

Category/ Name of grantee	Date of grant	Exercise price	Number of Share Options outstanding	Exercisable period of Share Options
Liu Jing (<i>Note 5</i>)		HK\$0.839	720,000	29 August 2023 – 28 August 2032
		HK\$0.839	720,000	29 August 2024 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2025 – 28 August 2032
		HK\$0.839	1,080,000	29 August 2026 – 28 August 2032
Employees	26 January 2024	HK\$0.575	9,726,092	26 January 2025 – 25 January 2034
Employees	23 February 2024	HK\$0.61	9,286,093	23 February 2025 – 22 February 2034
		HK\$0.61	<u>200,000</u>	23 February 2026 – 22 February 2034
			<u>41,099,999</u>	

Notes:

- Hong Rudao and Zhang Zuhua have provided consulting services to the Group in relation to the construction, development and management of Suzhou Yonglan.
- Xie Zidan has provided consulting services to the Group in relation to sales of products under the new brand name Bellafill.
- Chen Lei has provided consulting services to the Group in relation to advertising and promotion of the new brand name Bellafill.
- Chen Xiaodan has provided consulting services to the Group in relation to the sales of medical equipment products.
- Liu Jing has provided consulting services to the Group in relation to the license applications, operation and management of Hainan Bellafill.

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 Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

a. Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

(i) Directors' and chief executive's interests in securities of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Section XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

Long position

Name	Capacity/ Nature of interests	Number of Shares Interested	Approximate percentage of the interest in the Company
Mr. Fu Haishu	Interest in a controlled corporation (<i>Note</i>)	221,856,692	53.10%

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

(ii) Directors' interests in securities of the associated corporations of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of ordinary share(s) interested	Approximate percentage of the total issued shares of the associated corporation
Mr. Fu Haishu	Ruide Consultation Limited	Beneficial owner	50,000	100.00%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to be owned under the relevant provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

b. Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date so far as is known to any Director or chief executive of the Company, other than the interests disclosed above in respect of certain Directors and chief executive of the Company, the interests and short positions of persons in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Long position

Name of Shareholders	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of interest in Company
Ruide Consultation Limited	Beneficial owner	221,856,692	53.10%
Jin Chunmiao (<i>Note 1</i>)	Interest of spouse	221,856,692	53.10%
Beauty Milkway (HK) Limited	Beneficial owner	25,825,749	6.18%
China Orient Asset Management (International) Holding Limited (<i>Note 2</i>)	Interest in a controlled corporation	22,448,891	5.37%
China Orient Asset Management Co., Ltd. (<i>Note 2</i>)	Interest in a controlled corporation	22,448,891	5.37%
Dong Yin Development (Holdings) Limited (<i>Note 2</i>)	Interest in a controlled corporation	22,448,891	5.37%
Wise Leader Assets Ltd. (<i>Note 2</i>)	Interest in a controlled corporation	22,448,891	5.37%

Name of Shareholders	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of interest in Company
Shanghai Donghua Health Management Partnership (Limited Liability Partnership) (Note 2)	Beneficial owner	22,448,891	5.37%
Orient Asset Management (China) Holdings Co., Ltd. (Note 2)	Interest in a controlled corporation	22,448,891	5.37%
Shenzhen Dongfang Venture Capital Co., Ltd. (Note 2)	Interest in a controlled corporation	22,448,891	5.37%
Shenzhen Qianhai Fortune Dongfang Investment Fund Management Co., Ltd. (Note 2)	Interest in a controlled corporation	22,448,891	5.37%
Qinghai Dongfang Tibetan Medicine Industry Development Fund (Limited Liability Partnership) (Note 2)	Interest in a controlled corporation	22,448,891	5.37%
Qinghai Dongfang Tibetan Medicine Industry Investment Management Co., Ltd. (Note 2)	Interest in a controlled corporation	22,448,891	5.37%

Notes:

- (1) Ms. Jin Chunmiao is the spouse of Mr. Fu Haishu, and is therefore deemed to be interested in the shares deemed or taken to be owned by Mr. Fu Haishu under the SFO.
- (2) According to information available to the Company, 22,448,891 Shares are held by Shanghai Donghua Health Management Partnership (Limited Liability Partnership)* (上海東燼健康管理合夥企業(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.

Each of Shanghai Donghua Health Management Partnership (Limited Liability Partnership), Qinghai Dongfang Tibetan Medicine Industry Development Fund (Limited Liability Partnership), Qinghai Dongfang Tibetan Medicine Industry Investment Management Co., Ltd., Shenzhen Qianhai Fortune Dongfang Investment Fund Management Co., Ltd., Shenzhen Dongfang Venture Capital Co., Ltd., Orient Asset Management (China) Holdings Co., Ltd., China Orient Asset Management (International) Holding Limited, Dong Yin Development (Holdings) Limited, Wise Leader Assets Ltd. and China Orient Asset Management Co., Ltd. is deemed to be interested in 22,448,891 Shares held by Shanghai Donghua Health Management Partnership (Limited Liability Partnership) under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. DIRECTOR'S SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or Controlling Shareholders or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. MATERIAL CONTRACTS

Save for the following contracts, no contract (not being contract(s) entered into in the ordinary course of business carried on or intended to be carried on by the Group) was entered into by the members of the Group during two years preceding the date of the Announcement and up to the Latest Practicable Date:

- (i) the legally binding letter of intent dated 10 January 2023 entered into among Hangzhou Raily Beauty Cosmetology Consulting Service Co., Ltd.* (杭州瑞麗美容諮詢服務有限公司), being an indirect wholly-owned subsidiary of the Company, Zhang Chunde, Liu Lijun and Hangzhou Tianxin Aesthetic Medical Hospital Co., Ltd.* (杭州天鑫醫療美容醫院有限公司)(the “LOI”) in relation to the subscription of up to 9.0% of the registered capital of Hangzhou Tianxin Aesthetic Medical Hospital Co., Ltd. at the consideration of up to RMB25.0 million;
- (ii) the supplemental agreement dated 2 January 2024 to the LOI in relation to, among others, setting up a fund;
- (iii) the Underwriting Agreement; and
- (iv) the Irrevocable Undertakings.

9. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions or advice which are contained in this Prospectus:

Name	Qualifications
Kenswick CPA Limited	Certified Public Accountants

The above expert has given and confirmed that it has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. EXPENSES

The expenses in connection with the Rights Issue, excluding underwriting commission but including professional fees payable to financial adviser, legal advisers, financial printer and other parties involved in the Rights Issue are estimated to amount to approximately HK\$1.4 million and are payable by the Company, subject to the final subscription level.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THIS RIGHTS ISSUE

Registered Office	4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Head office and principal place of business in the PRC	3-5/F, Minhang Tower No. 290 North Zhongshan Road Gongshu District Hangzhou City PRC
Principal place of business in Hong Kong	17/F., Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Company secretary	Mr. Chan Oi Fat
Authorised representatives	Mr. Fu Haishu Mr. Chan Oi Fat
Cayman Islands principal share registrar and transfer office	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands

Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banks	Bank of Jiangsu Hangzhou Binjiang Small and Micro-enterprise Sub-branch 8 Chunxiao Road Xixing Sub-District Binjiang District Hangzhou City PRC China Merchants Bank Hangzhou, Yuhang Sub-branch 1/F, Building 4 Chuangxin Time Plaza 84 Longyuan Road Yuhang District Hangzhou City PRC
Auditors	Kenwsick CPA Limited Certified Public Accountants Unit 603A, 6/F., Tower 1 Admiralty Centre, 18 Harcourt Road Hong Kong
Legal advisor to the Company as to Hong Kong laws	TC& Co. Units 2201-3, 22/F Tai Tung Building 8 Fleming Road Wanchai, Hong Kong
Financial adviser to the Company	Innovax Capital Limited Room B, 13/F, Neich Tower 128 Gloucester Road Wanchai, Hong Kong
Underwriter	Innovax Securities Limited Unit A-C, 20/F, Neich Tower 128 Gloucester Road Wanchai, Hong Kong

12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT**Executive Directors**

Mr. Fu Haishu (“**Mr. Fu**”), aged 50, is the founder of the Group, Executive Director and Chairman. Mr. Fu is also the chairman of the nomination committee of the Board (the “**Nomination Committee**”) and a member of the remuneration committee of the Board (the “**Remuneration Committee**”). Mr. Fu is responsible for the overall management, decision-making and strategic planning of the Group. He was appointed as the Director on 2 January 2018 and redesignated as the Executive Director and Chairman on 30 May 2019. Mr. Fu is currently a director of Hangzhou Raily Beauty Consultation Co., Ltd. (“**Raily Beauty Consultation**”), Wuhu Raily Aesthetic Medical Outpatient Department Co., Ltd. (“**Wuhu Raily**”), Ningbo Zhuerli Beauty Consulting Service Co., Ltd. (“**Ningbo Zhuerli**”), Wuhu Raily Medical Equipment Trading Co., Ltd. (“**Raily Equipment**”), Suzhou Yonglan, Jumei Xinhe and Shenzhen Ruiquan Management Consulting Co., Ltd. (“**Shenzhen Ruiquan**”).

Mr. Fu graduated from the Shanghai Medical College (上海醫科大學)(currently known as Shanghai Medical College of Fudan University (復旦大學上海醫學院)) major in Clinical Medicine in July 1999.

Being the founder of the Group, Mr. Fu has more than 14 years of experience in the aesthetic medical industry. Prior to founding the Group, he had served as a surgeon in Ruian Red Cross Hospital (瑞安市紅十字醫院) from December 1996 to December 2007.

Mr. Fu became a member of the First Minimally Invasive and Anti-ageing Expert Committee of the Beauty and Plastic Surgeons Branch of the Chinese Medical Doctor Association (中國醫師協會美容與整形醫師分會) in July 2007. He was a special member of the 6th and 7th editorial board of the Chinese Journal of Aesthetic and Plastic Surgery (中國美容整形外科雜誌) from May 2009 to August 2016. He became the managing director of the Translational Medicine Association of Zhejiang (浙江省轉化醫學學會) from April 2015 to June 2018. He was appointed as the chairman of the Financial Investment Branch of the CAPA in September 2016 and was appointed as the managing director of the Standing Council of the CAPA in October 2016. Since November 2017, he was appointed as the deputy director of the Brand Construction and Hospital Operation Management Subcommittee (品牌建設與醫院運營管理分委會) of the Plastics and Aesthetics Professional Committee (整形與美容專業委員會) of the Association of China Non-Public Medical Institutions (中國非公立醫療機構協會). As at 31 May 2021, he was appointed as the supervisor of Board of the Chinese Association of Plastic and Aesthetics (中國整形美容協會).

Mr. Song Jianliang (“**Mr. Song**”), aged 69, is a Chief Executive Officer of the Company, Executive Director and the Dean of the Group’s four aesthetic medical institutions. Mr. Song is responsible for assisting in the overall management and strategic planning of the Group as well as managing the Group’s four aesthetic medical institutions. He was appointed as the Executive Director on 30 May 2019. He is currently a supervisor of Raily Beauty Consultation, Hangzhou Raily and the Dean of the Group’s four aesthetic medical institutions.

Mr. Song obtained his Bachelor’s Degree in Medicine from the Suzhou Medical College (蘇州醫學院)(currently known as the Medical College of Soochow University (蘇州大學醫學部)) in January 1978.

Mr. Song has over 37 years of experience in aesthetic medical clinical work and hospital management. Prior to joining the Group, he had served as a combat medic in the Wuhan Military Region General Hospital (武漢軍區總醫院) (currently known as the People’s Liberation Army Central Military Region General Hospital (中國人民解放軍中部戰區總醫院)) from January 1985. He then worked at the Hangzhou Plastic Surgery Hospital (杭州整形醫院) from January 1987 to September 2005 with his last position being the Dean of the hospital, where he was responsible for its overall management. He joined the Group in January 2008 and has been working as the Dean of the Group’s four aesthetic medical institutions.

Mr. Song was awarded the title of Outstanding Young and Middle-aged Science and Technology Worker of Zhejiang Province (浙江省醫學傑出中青年科技人員) in June 1995, and 1995-1996 Outstanding Contribution Science and Technology Worker of Hangzhou (杭州市有突出貢獻的優秀科技工作者). He received special allowance from the State Council of PRC in December 1998 in reward for his contribution to the healthcare industry. He was appointed as a member of the Hand Surgery Subcommittee of the Chinese Medical Association (中華醫學會手外科分會) in October 1997 and May 2000, respectively. He was also appointed as a member of the Aesthetics Medical and Cosmetology Subcommittee of the Chinese Medical Association (中華醫學會) in September 2000. In addition, he was a member of the Reparative and Reconstructive Surgery Committee of the Chinese Association of Rehabilitation Medicine (中國康復醫學會) from October 1996 to September 2000 and from May 2004 to April 2008, respectively. He was appointed as the vice-chairperson of the Plastic Surgery Subcommittee of the Zhejiang Medical Association in July 2000. He was also appointed as the vice chairperson of the Aesthetics Medical and Cosmetology Subcommittee of Zhejiang Medical Association in August 2009, Anti-aging Subcommittee of CAPA in October 2014, and Aesthetics and Plastics Medical Doctors Subcommittee of the ZAPA in June 2014, respectively. He was appointed as the managing director of the first council of the ZAPA in May 2017, the vice president of the first council of Rhinoplasty Subcommittee of the ZAPA in April 2018, and the vice president of the first council of the ZAPA in September 2018, respectively. He became a member of the first session of the Standardization Committee of the CAPA in September 2019. He was

also appointed as the vice president of the second committee of the Aesthetics and Plastics Medical Doctors Subcommittee of the Zhejiang Medical Doctors Association in October 2019. He was appointed as the vice president of the Anti-aging Subcommittee of CAPA in April 2021. He was also awarded as the Advanced Individual of the ZAPA in December 2021.

Mr. Wang Ying (“**Mr. Wang**”), aged 47, was appointed as an Executive Director on 28 December 2021. He joined the Group in October 2008 and had over 15 years of experiences in the aesthetic medical industry. From October 2008 to March 2015, Mr. Wang was an executive manager of Hangzhou Bellafill Aesthetic Medical Outpatient Department Co., Ltd. (formerly “Hangzhou Raily Tiange Plastic Surgery Outpatient Department Co., Ltd.”) (“**Hangzhou Bellafill**”) (杭州貝麗菲爾醫療美容門診部有限公司, formerly 杭州瑞麗天鵝整形外科門診部有限公司), during which he was responsible for overseeing the construction of Hangzhou Raily Aesthetic Medical Hospital* (杭州瑞麗醫療美容醫院) between October 2012 and October 2013. From April 2015 to July 2019, Mr. Wang was the general manager and executive manager of Ruian Raily Aesthetic Medical Outpatient Department Co., Ltd. (formerly “Ruian Raily Aesthetic Medical Hospital Co., Ltd.”) (“**Ruian Raily**”) (瑞安瑞麗醫療美容門診部有限公司, formerly 瑞安瑞麗醫療美容醫院有限公司). Mr. Wang then worked as the general manager of Hangzhou Desi Medical Technology Co., Ltd.* (杭州德斯醫療科技有限公司) and Hangzhou Feihong Investment Management Co., Ltd.* (杭州妃弘投資管理有限公司) between August 2019 and October 2019 and between November 2019 and June 2020, respectively. From July 2020 to December 2020, he was appointed as a manager of Hangzhou Lingmao Cloud Technology Co., Ltd.* (杭州靈貓雲科技有限公司). From January 2021, he acts as the general manager of the Business Development Department of Raily Beauty Consultation, the wholly owned subsidiary of the Group. Mr. Wang also holds several positions within the Group, including (a) general manager and legal representative of Jiumei Xinhe, Wuhu Raily and Raily Equipment; (b) executive director, general manager and legal representative of Hangzhou Raily, Hangzhou Bellafill, Ruian Raily, Hainan Bellafill Outpatient Department Co., Ltd. (“**Hainan Bellafill**”) (海南貝麗菲爾門診部有限公司) and Hangzhou Ruiyan Network Technology Co., Ltd.* (“**Hangzhou Ruiyan**”) (杭州瑞顏網絡科技有限公司), respectively; and (c) director of Biotrisse.

Independent Non-Executive Directors

Mr. Cao Dequan (“**Mr. Cao**”), aged 47, was appointed as an Independent Non-executive Director on 4 December 2020. Mr. Cao is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Board (the “**Audit Committee**”) and Nomination Committee. Mr. Cao is responsible for supervising and providing independent advice to the Board.

Mr. Cao obtained a Bachelor’s Degree of Health Management from the Anhui Medical University in July 2001. He then obtained a Master of Public Health from Chinese Centre for Disease Control and Prevention (中國疾病預防控制中心) in July 2008. He completed the Public Health Leadership Professional Development Program offered by the Griffith University in June 2010.

Mr. Cao has over 14 years of experience in the aesthetic medical industry. He worked as an assistant researcher in Chinese Centre for Disease Control and Prevention (中國疾病預防控制中心) from May 2003. From September 2009 to August 2014, Mr. Cao became the director of the office of the Chinese Association of Plastic and Aesthetics (中國整形美容協會). He was then appointed as a full-time deputy secretary general of the association in January 2015 and the executive deputy secretary general of the association in May 2021.

Mr. Liu Teng (“**Mr. Liu**”), aged 54, was appointed as an Independent Non-executive Director on 4 December 2020. Mr. Liu is also the chairman of the Audit Committee and a member of Remuneration Committee. He is primarily responsible for supervising and providing independent advice to the Board.

Mr. Liu obtained a Master of Arts in Professional Accounting and Information Systems from the City University of Hong Kong in November 2004. He was admitted as a member of the Association of Chartered Certified Accountants in October 2006, and became a certified public accountant of the Hong Kong Institute of Certified Public Accountants in February 2007.

Mr. Liu has extensive experience in financial management and investment banking. He worked in Taikang Asset Management (Hong Kong) Company Limited as executive director from August 2008 to October 2010. He then worked as an executive general manager in China Orient International Asset Management Limited from February 2012 to March 2015. From October 2015 to September 2018, he worked in China Universal Asset Management (Hong Kong) Company Limited as a deputy chief executive officer.

Mr. Liu is currently an independent non-executive director of Beauty Farm Medical and Health Industry Inc. (stock code: 2373), the shares of which are listed on the Main Board of the Stock Exchange.

Ms. Yang Xiaofen (“**Ms. Yang**”), aged 46, was appointed as an Independent Non-executive Director on 4 December 2020. Ms. Yang is also a member of each of the Audit Committee and Nomination Committee. She is responsible for supervising and providing independent advice to the Board.

Ms. Yang obtained a Master of Law from the Tongji University in June 2013. Ms. Yang has over 17 years of experience in the PRC legal industry. She worked in Zhe Jiang Zhehang Law Firm (浙江浙杭律師事務所) from August 2006 to August 2014 with her last position held as a lawyer. She then worked as a lawyer at Zhejiang Dingya Law Firm (浙江鼎亞律師事務所) from August 2014 to March 2018. From March 2018 to July 2023, she worked as a lawyer and the executive head of Zhejiang Zhong Xin Da Law Firm (浙江眾信達律師事務所). From July 2023 to December 2023, she worked as a lawyer at Zhejiang Dingya Law Firm. Since December 2023, she has worked as a lawyer at Zhejiang Redsun Law Firm*(浙江紅太陽律師事務所) and was assigned by Zhejiang Redsun Law Firm in January 2024 to establish Zhejiang Redsun (Hangzhou) Law Firm*(浙江紅太陽(杭州)律師事務所) and worked as the head of the branch office.

Senior Management

Ms. Zhang Chunxiu (“**Ms. Zhang**”), aged 43, is the Chief Financial Officer of the Group. Ms. Zhang is primarily responsible for overseeing the Group’s financial matters.

Ms. Zhang obtained a Diploma in Finance from Shanghai Normal University (上海師範大學) in June 2000 and subsequently obtained a Bachelor in Accounting from the Hangzhou Dianzi University (杭州電子科技大學) in January 2009.

Ms. Zhang has over 17 years of experience in financial management. She joined Raily Beauty Consultation as a financial officer from January 2006 to December 2007. Since January 2008, she has been the financial director of Raily Beauty Consultation, Hangzhou Raily, Hangzhou Bellafill, Ruian Raily, Wuhu Raily, Ningbo Zhuerli, Raily Equipment, Hangzhou Ruiquan, Suzhou Yonglan, Jiumei Xinhe, Shenzhen Ruiquan, Hainan Bellafill, Hainan Jiumei Xinhe and Hangzhou Ruiyan, where she is responsible for overseeing the financial matters.

For biographical details of Mr. Fu Haishu and Mr. Song Jianliang, see the paragraph headed “Executive Directors” above.

Company Secretary

Mr. Chan Oi Fat (“**Mr. Chan**”), aged 45, was appointed as a Company Secretary on 27 November 2020. Mr. Chan obtained his Bachelor’s Degree of Business Administration (Accountancy) from the City University of Hong Kong in November 2000. He is a member of the Association of Chartered Certified Accountants. He is also a member of the Hong Kong Institute of Certified Public Accountants and a life member of the Hong Kong Independent Non-Executive Director Association.

Mr. Chan has over 15 years of experience in providing professional corporate secretarial services and financial advice to listed companies. From September 2000 to January 2008, Mr. Chan worked in Deloitte Touche Tohmatsu with his last position as audit manager. From January 2008 to March 2018, he served as financial controller and was responsible for the financial and accounting management and company secretarial affairs in Ta Yang Group Holdings Limited (大洋集團控股有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 1991.HK). From June 2014 to January 2021, he serves as the independent non-executive director of Shanghai Prime Machinery Company Limited (上海集優機械股份有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 2345.HK). Since February 2018, he serves as the company secretary of China Leon Inspection Holding Limited (中國力鴻檢驗控股有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 1586.HK). In April 2018, he joined SML (Hong Kong) Limited, and served as its financial controller and was later promoted to the position of chief financial officer in April 2019. From July 2020 to December 2023, he serves as the independent non-executive director of China Saftower International Holding Group Limited (中國蜀塔國際控股集團有限公司), a company whose shares are listed on the Hong Kong Stock Exchange (stock code: 8623.HK).

Business address of the Directors and Senior Management of the Company

The business address of the Directors and senior management of the Company is the same as the principal place of business in the Hong Kong of the Company located at 17/F., Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong.

13. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. EXPERT AND CONSENT” in this appendix, have been delivered to the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.raily.com) for the period of 14 days from the date of this Prospectus:

- (i) the letter issued by Kenswick CPA Limited regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (ii) the written consent as referred to in the paragraph headed “9. Expert and Consent” in this appendix; and
- (iii) the material contracts referred to in the paragraph headed “8. Material Contracts” in this appendix.

16. MISCELLANEOUS

In the case of any discrepancies, the English version of the Prospectus Documents shall prevail over their respective Chinese version.

As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.