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Raily Aesthetic Medicine International Holdings Limited

瑞麗醫美國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2135)

DISCLOSEABLE TRANSACTION SUPPLEMENTAL AGREEMENT IN RELATION TO CAPITAL INJECTION IN THE TARGET COMPANY

Reference is made to the announcements of Raily Aesthetic Medicine International Holdings Limited (the “**Company**”) in relation to Capital Injection in the Target Company dated 10 January 2023 and 18 January 2023 (the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

On 2 January 2024, the Investor entered into a supplemental agreement (the “**Supplemental Agreement**”) to the LOI with the Existing Shareholders and the Target Company, pursuant to which the parties agreed that:

- (i) a fund (the “**Raily Development Fund**”) shall be set up by the Investor within six months from the date of the Supplemental Agreement to assume all the rights and obligations of the Investor under the LOI and to undertake and complete the Capital Injection;
- (ii) upon signing of the formal capital injection agreement (the “**Formal Agreement**”), if the Investor so elects, the earnest money of RMB20.0 million paid by the Investor to the Target Company under the LOI shall be applied to settle the equivalent amount of the Capital Injection by Raily Development Fund under the Formal Agreement. Otherwise the Target Company shall return the full amount of the earnest money to the Investor directly within ten days from the date of the Formal Agreement and Raily Development Fund shall pay the full agreed amount of the Capital Injection to the Target Company according to the terms of the Formal Agreement;
- (iii) within three months from the date of establishment, Raily Development Fund shall complete its due diligence on the Target Company and the parties shall enter into the Formal Agreement;

- (iv) assuming the results of the due diligence do not reveal any material irregularity or non-compliance, the total amount of Capital Injection and equity interest in the Target Company to be subscribed for shall follow the terms of the LOI; and
- (v) if the Investor cannot set up Raily Development Fund in accordance with the terms of the Supplemental Agreement, it shall enter into the Formal Agreement with the Existing Shareholders and the Target Company by 1 October 2024.

REASONS FOR THE SUPPLEMENTAL AGREEMENT

The Board considers that the Supplemental Agreement (i) allows the Group to set up Raily Development Fund which gives flexibility to the Group to invite and pool up funding from other potential investors for investing in the Target Company; (ii) provides a better investment structure to the Group to make further capital injections into the Target Company in the future if appropriate with the combined funding of prospective investors of Raily Development Fund; and (iii) allow more time for the Group to conduct due diligence on the Target Company. The Board is therefore of the view that the Supplemental Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will issue further announcement to provide updates to the Shareholders in relation to the Capital Injection and the Formal Agreement as and when appropriate.

By Order of the Board
Raily Aesthetic Medicine International Holdings Limited
Mr. Fu Haishu
Chairman and Executive Director

Hangzhou, the PRC, 2 January 2024

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