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

**瑞麗醫美國際控股有限公司**

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

**(Stock Code: 2135)**

**(1) DISCLOSEABLE TRANSACTION  
IN RELATION TO ACQUISITION OF DISTRIBUTION RIGHT AND  
EQUITY INTEREST;  
AND  
(2) NON-COMPLIANCE OF LISTING RULES**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF DISTRIBUTION RIGHT AND EQUITY INTEREST**

The Board announces that on 24 January 2024, the Supply Agreement was entered into between the Company and Suneva, under which the Distribution Right and the Equity Interest are to be acquired by the Company. The principal terms of the Supply Agreement are set out below:

Date: 24 January 2024

Parties: (a) the Company; and

(b) Suneva

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Suneva and its ultimate beneficial owners are Independent Third Parties.

Term: The Supply Agreement shall remain in force until the fifteenth anniversary of 24 January 2024 ("**Initial Term**"). Following the Initial Term, the Supply Agreement will be extended for a successive term of five years upon mutual consent of the Company and Suneva.

Acquisition of  
Distribution Right:

Pursuant to the Supply Agreement, Suneva granted to the Company the Distribution Right, representing the exclusive right to use, sell, offer for sale, register, import, export and commercialize Bellafill in the field of medical aesthetics in the Greater China Region.

The consideration for the Distribution Right is USD5,000,000, which consists of two payments:

- (a) on or before 31 January 2024, the Company shall pay to Suneva USD3,000,000; and
- (b) on or before 5 July 2024, the Company shall pay to Suneva USD2,000,000.

The consideration for the Distribution Right was determined after arm's length negotiations between the Company and Suneva after taking into consideration, among others, the following factors: (i) the prospects of selling and distributing Bellafill in the Greater China Region; and (ii) the benefits that would be brought to the Company as a result of the acquisition of Distribution Right as described in the paragraph headed "Reasons for and Benefits of Entering into the Acquisition".

Acquisition of Equity  
Interest:

Pursuant to the Supply Agreement, the Equity Fee of USD500,000 has been paid by the Company to Suneva on 5 January 2024.

The Equity Fee, as earnest money, shall be automatically converted into equity securities issued by Suneva in its next round of financing or series of related financings with a total proceeds to Suneva of no less than USD10,000,000 in accordance with the same terms and conditions of such equity financing, including without limitation, the per share price of the equity securities purchased and sold at such equity financing, provided that however:

- (a) If the total proceeds in such equity financing is less than USD10,000,000, Suneva shall have the right to convert the Equity Fee into the equity securities issued by Suneva in such equity financing in accordance with the same terms and conditions of such equity financing, including without limitation, the per share price of the equity securities purchased and sold at such equity financing; or
- (b) If Suneva fails to sign definitive agreements for any equity financing by or before 30 November 2024, Suneva shall have the right to convert the Equity Fee paid by the Company into the common stock of Suneva based on Suneva's pre-money enterprise valuation of USD65,000,000.

The Company and Suneva proceeded with the transaction regarding the Equity Fee on the mutual understanding and intention that the valuation of Suneva shall not, in any event, be lower than USD65,000,000, and no next round of financing shall be carried out with valuation lower than USD65,000,000.

The Equity Fee was determined after arm's length negotiations between the Company and Suneva after taking into consideration, among others, the following factors: (i) the prospects of the business activities of Suneva; and (ii) the benefits that would be brought to the Company as a result of the acquisition of Equity Interest as described in the paragraph headed "Reasons for and Benefits of Entering into the Acquisition".

The consideration for the Acquisition was satisfied by internal resources of the Group.

## **INFORMATION ON THE PARTIES**

### **The Company**

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

### **The Group**

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

### **Suneva**

Suneva Medical, Inc., a company organized and existing under the laws of the State of Delaware, United States of America, which is principally engaged in aesthetics product manufacturing and sales business. To the best knowledge of the Company, as of the date of the Supply Agreement, more than 30% of the shareholding in Suneva is held by EW Healthcare Partner, a healthcare growth equity firm organized and existing under the laws of the State of New York, United States of America.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION**

The principal activities of the Group are provision of aesthetic medical services. Suneva owns or controls certain proprietary intellectual property rights related to Bellafill. The acquisition of Distribution Right was intended to secure the supply of Bellafill from Suneva to the Group during the term of the Supply Agreement and to grant the Group exclusive distribution rights for Bellafill in the Greater China Region. The acquisition of Equity Interest will strengthen the Group's collaboration with Suneva on a long-term basis. As such, the Group intends, through the Acquisition, to expand its supply chain in the aesthetic medical services industry and obtain a stable and reliable supply of Bellafill. The Directors are of the view that the Acquisition will facilitate the business operation of the Group and strengthen the supply of Bellafill to be sold by the Company in the Greater China Region.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Supply Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **NON-COMPLIANCE OF LISTING RULES**

### **Reasons for failure to comply with the requirements of the Listing Rules**

Due to inadvertent oversight of the management, the Company failed to report and announce the Acquisition. Hence, the Acquisition constituted non-compliance of Chapter 14 of the Listing Rules. The Company acknowledges its unintentional non-compliance of the Listing Rules was an oversight and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance. Responsible staff shall obtain necessary approval and/or consent prior to entering into any agreement that would constitute notifiable transaction for the Company going forward.

### **Remedial actions**

The Company takes the incident seriously. In order to prevent the occurrence of similar non-compliance incident in the future and to comply with the requirements under the Listing Rules on an on-going basis, the Company will (i) enhance regular training on regulatory compliance matters relating to notifiable transactions for responsible staff, including Directors, to ensure that they comprehend the requirements of the Listing Rules; and (ii) review its internal control and compliance system on an annual basis to identify any issues falling short of the standard. The Company would like to stress that the Company will use its best endeavours to carry out necessary measures and appropriate actions to ensure the full compliance with the Listing Rules on an on-going basis.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Distribution Right and the Equity Interest by the Company
“Bellafill”	a collagen injection product under the category of Class III medical equipment
“Board”	the board of Directors
“Company”	Raily Aesthetic Medicine International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 2135)
“Director(s)”	the director(s) of the Company
“Distribution Right”	means the exclusive right to use, sell, offer for sale, register, import, export and commercialize Bellafill in the field of medical aesthetics in the Greater China Region
“Equity Fee”	the equity fee of USD500,000 paid by the Company to Suneva on 5 January 2024
“Equity Interest”	means the equity interest in Suneva to be acquired by the Company under the terms of the Supply Agreement
“Greater China Region”	includes the PRC, Hong Kong, the Special Administrative Region of Macau and Taiwan
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suneva”	Suneva Medical, Inc., a company organized and existing under the laws of the State of Delaware, United States of America, which is principally engaged in aesthetics product manufacturing and sales business
“Supply Agreement”	the supply agreement dated 24 January 2024 entered into between the Company and Suneva in respect to the purchases and sales of Bellafill and the Acquisition
“USD”	United States dollar, the lawful currency of the United States
“%”	Per cent.

By order of the Board  
**Raily Aesthetic Medicine International Holdings Limited**  
**Mr. Fu Haishu**  
*Chairman*

Hangzhou, the PRC, 15 November 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.*