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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the Unaudited Management Accounts and the information currently available to the Board, the Group is expected to record a loss attributable to the shareholders of the parent of approximately RMB18 million for the year ended 31 December 2021.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Raily Aesthetic Medicine International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the “**Unaudited Management Accounts**”) and the information currently available to the Board:

1. the Board expects the Group to record a revenue of approximately RMB188 million for the year ended 31 December 2021 (2020: revenue of approximately RMB165 million); and
2. the Board expects the Group to record a loss attributable to the shareholders of the parent of approximately RMB18 million for the year ended 31 December 2021 (2020: profit of approximately RMB4 million).

The Board considers that the increase in revenue and turnaround from profit to loss are mainly attributable to the followings:

- (a) the businesses of medical institutions in Hangzhou and Zhejiang were affected by the new travel restrictions and strict control policies (the “**New Control Measures**”) imposed by the Hangzhou and Zhejiang governments for nearly a month since November 2021, resulting in (i) the cancellation of the “double 11” event online sales order in November and December of approximately RMB21 million; and (ii) the Company was unable to adjust its staff structure (a new marketing team) ready for the “double 11” and “double 12” events within a short period of time, resulting in an increase in our staff costs compared to 2020;
- (b) in order to speed up the recovery of the Group’s sales performance to a pre-pandemic level and to support the Group’s business development, our selling and distribution expenses were approximately RMB54 million for the year ended 31 December 2021 (2020: expenses of approximately RMB33 million), representing a year-on-year increase of RMB21 million. The increase in expenses did not achieve the expected results during the year, mainly due to the impacts of the New Control Measures on the marketing activities of “double 11” and “double 12” and the Group’s brand promotion; and
- (c) the proceeds raised from the listing of the Company’s securities on the Stock Exchange of Hong Kong Limited are denominated in Hong Kong dollars, and incurred an exchange loss of approximately RMB2 million for the year ended 31 December 2021 (2020: loss of approximately RMB0.3 million).

The information contained in this announcement is only based on the preliminary assessment by the Company’s management according to the Unaudited Management Accounts and with reference to the information currently available, which have not been finalized or independently reviewed by the Company’s auditors or the audit committee, and are subject to amendments and adjustments where necessary. Shareholders of the Company and potential investors should refer to and review the annual results of the Company for the year ended 31 December 2021, which are expected to be published in March 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hangzhou, the PRC, 28 January 2022

As at the date of this announcement, the Board comprises Mr. Fu Haishu, Mr. Song Jianliang and Mr. Wang Ying as executive Directors; Ms. Fan Qirui as non-executive Director; and Mr. Cao Dequan, Ms. Yang Xiaofen and Mr. Liu Teng as independent non-executive Directors.