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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 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 board (the “**Board**”) of directors (the “**Directors**”) 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 (the “**Unaudited Management Accounts**”) of the Group for the year ended 31 December 2023 (“**FY2023**”) and the information currently available to the Board, the Board expects the Group to record:

1. a revenue of approximately RMB189 million for the year ended 31 December 2023 (2022: revenue of approximately RMB165 million); and
2. a loss attributable to owners of the parent of approximately RMB32 million for the year ended 31 December 2023 (2022: loss attributable to owners of the parent of approximately RMB16 million).

The Board considers that the continued loss is mainly attributable to the following:

- (a) during the first month of FY2023, the business of medical institutions in Zhejiang and Anhui regions was still affected by the widespread outbreak of the COVID-19 pandemic, resulting in the difficulty of most customers in visiting the Group’s institutions, which affected the results of the Group for the first half of the year and led to an increase in marketing costs;

- (b) in order to accelerate the Group’s research and development and production of new medical equipment products, the Group increased its investment in the research and development activities of Suzhou Yonglan Biotechnology Science and Technology Co., Ltd.* (蘇州詠藍生物醫藥科技有限公司) (“**Suzhou Yonglan**”), an indirect non wholly-owned subsidiary of the Company. During FY2023, research and development expenses, factory construction expenses and research and development personnel’s remuneration expenses of Suzhou Yonglan amounted to approximately RMB8 million. Such expenses had not yet been recovered by the economic benefits to be derived therefrom during FY2023;
- (c) during FY2023, the Group continued to record share option expenses of approximately RMB4 million (2022: approximately RMB4 million);
- (d) the impairment of goodwill of certain subsidiaries of the Group, including:
 - (i) the impairment of goodwill and derecognition of deferred tax assets of Hangzhou Bellafill Aesthetic Medical Out-patient Department Co., Ltd.* (杭州貝麗菲爾醫療美容門診部有限公司) (“**Hangzhou Bellafill**”), an indirect wholly-owned subsidiary of the Company, and Wuhu Raily Aesthetic Medical Out-patient Department Co., Ltd.* (蕪湖瑞麗醫療美容門診部有限公司) (“**Wuhu Raily**”), an indirect non wholly-owned subsidiary of the Company, in an aggregate amount of approximately RMB7 million and RMB5 million respectively, as affected by the intensified industry competition, both Hangzhou Bellafill and Wuhu Raily recorded loss for FY2023; and
 - (ii) the impairment of goodwill of Shenzhen Jiumei Xinhe Medical Equipment Co., Ltd. (深圳市九美信禾醫療器械有限公司) (“**Shenzhen Jiumei**”), an indirect wholly-owned subsidiary of the Company, in the amount of approximately RMB4 million, attributable to the fact that the downward trend in Shenzhen Jiumei’s performance for the year has not seen timely improvement;
- (e) the impairment of long term equity investment of approximately RMB3 million of the investment in Biotrisse Aesthetic Medicine (Beijing) Trading Co., Ltd* (比奧瑞思醫美(北京)商貿有限公司) attributable to the fact that product launch cycle was delayed during the COVID-19 pandemic, resulting in the loss.

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 finalised or independently reviewed by the auditors of the Group or the audit committee of the Company, 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 FY2023, which are expected to be published in March 2024.

Shareholders and potential investors of the Company 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, 6 March 2024

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

* *For identification purpose only*