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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 of the Group for the six months ended 30 June 2023 (the “**Unaudited Management Accounts**”) and the information currently available to the Board, the Board expects the Group to record:

- (i) a revenue of approximately RMB98 million for the six months ended 30 June 2023 (six months ended 30 June 2022: revenue of approximately RMB94 million); and
- (ii) a loss attributable to owners of the parent of approximately RMB2 million for the six months ended 30 June 2023 (six months ended 30 June 2022: profit attributable to owners of the parent of approximately RMB1.5 million).

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

- (a) during the first month of the reporting period, 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;
- (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 Biosciences 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. For the six months ended 30 June 2023, research and development expenses, factory construction expenses and research and development personnel's remuneration expenses of Suzhou Yonglan amounted to approximately RMB3 million. Such expenses had not yet been recovered by the economic benefits to be derived therefrom during the reporting period; and
- (c) during the six months ended 30 June 2023, share option expenses increased to approximately RMB3 million (six months ended 30 June 2022: approximately RMB2 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 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 interim results of the Company for the six months ended 30 June 2023, which are expected to be published by the end of August 2023.

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, 4 August 2023

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 purposes only*