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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Raily Aesthetic Medicine International Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”), together with the comparative unaudited figures for the six months ended 30 June 2021 and certain comparative audited figures as at 31 December 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2022*

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
REVENUE	4	94,397	91,492
Cost of sales		<u>(50,022)</u>	<u>(54,396)</u>
Gross profit		44,375	37,096
Other income and gains		2,445	1,618
Selling and distribution expenses		(24,265)	(25,231)
Administrative expenses		(18,567)	(16,597)
Other expenses		(240)	(1,367)
Finance costs		(1,612)	(1,068)
Share of loss of an associate		<u>(178)</u>	<u>–</u>
PROFIT/(LOSS) BEFORE TAX	5	1,958	(5,549)
Income tax credit/(expense)	6	<u>(1,898)</u>	<u>110</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>60</u>	<u>(5,439)</u>
Attributable to:			
Owners of the parent		1,482	(5,237)
Non-controlling interests		<u>(1,422)</u>	<u>(202)</u>
		<u>60</u>	<u>(5,439)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For profit/(loss) for the period		<u>RMB0.07 cents</u>	<u>RMB(0.25) cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	<u>60</u>	<u>(5,439)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>60</u>	<u>(5,439)</u>
Attributable to:		
Owners of the parent	1,482	(5,237)
Non-controlling interests	<u>(1,422)</u>	<u>(202)</u>
	<u>60</u>	<u>(5,439)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	36,674	32,200
Right-of-use assets		45,070	47,859
Goodwill		63,129	63,129
Intangible assets		32,237	34,008
Investment in an associate		3,170	3,348
Deferred tax assets		9,866	11,425
Pledged deposits		1,521	1,500
Other non-current assets		104	240
		<hr/>	<hr/>
Total non-current assets		191,771	193,709
CURRENT ASSETS			
Inventories and supplies		9,024	13,266
Trade receivables	10	7,175	6,094
Prepayments, other receivables and other current assets		18,212	9,937
Cash and bank balances		92,426	121,719
		<hr/>	<hr/>
Total current assets		126,837	151,016
CURRENT LIABILITIES			
Trade payables	11	12,933	12,565
Other payables and accruals		15,872	17,824
Due to independent directors		225	147
Contract liabilities		7,583	14,686
Interest-bearing bank borrowings		2,000	20,000
Refund liabilities		4,924	5,580
Contingent consideration		29,437	29,437
Lease liabilities		8,181	7,760
Tax payable		8,117	7,303
		<hr/>	<hr/>
Total current liabilities		89,272	115,302
		<hr/>	<hr/>
NET CURRENT ASSETS		37,565	35,714
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		229,336	229,423
		<hr/>	<hr/>

	30 June 2022	31 December 2021
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Lease liabilities	37,936	39,694
Deferred tax liabilities	7,000	7,375
	<hr/>	<hr/>
Total non-current liabilities	44,936	47,069
	<hr/>	<hr/>
Net assets	184,400	182,354
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	136,267	136,267
Reserves	45,422	41,954
	<hr/>	<hr/>
	181,689	178,221
	<hr/>	<hr/>
Non-controlling interests	2,711	4,133
	<hr/>	<hr/>
Total equity	184,400	182,354
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3,	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to IFRS Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:
- *IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
 - *IFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2022	Aesthetic medical services <i>RMB'000</i> (Unaudited)	Consulting services <i>RMB'000</i> (Unaudited)	Aesthetic medical equipment products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue (note 4):				
Sales to external customers	87,773	27	6,597	94,397
Intersegment sales	–	–	837	837
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Reconciliation:</i>				
Elimination of intersegment sales				(837)
				<hr/>
Revenue from continuing operations				94,397
				<hr/> <hr/>
Segment results	7,424	(510)	283	7,197
<i>Reconciliation:</i>				
Elimination of intersegment results				(112)
Other income and gains				2,445
Group and unallocated expenses				(7,400)
Finance costs (other than interest on lease liabilities)				(172)
				<hr/>
Profit before income tax				1,958
				<hr/> <hr/>
Six months ended 30 June 2021		Aesthetic medical services <i>RMB'000</i> (Unaudited)	Consulting services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue (note 4):				
Sales to external customers		89,194	2,298	91,492
		<hr/>	<hr/>	<hr/>
Segment results		3,187	309	3,496
<i>Reconciliation:</i>				
Other income and gains				1,618
Group and unallocated expenses				(10,339)
Finance costs (other than interest on lease liabilities)				(324)
				<hr/>
Loss before tax				(5,549)
				<hr/> <hr/>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2022 and 31 December 2021.

	Aesthetic medical services <i>RMB'000</i>	Consulting services <i>RMB'000</i>	Aesthetic medical equipment products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets				
30 June 2022 (unaudited)	<u>114,171</u>	<u>645</u>	<u>89,240</u>	<u>204,056</u>
Corporate and other unallocated assets				<u>114,552</u>
Total assets				<u>318,608</u>
31 December 2021 (audited)	<u>99,218</u>	<u>1,965</u>	<u>36,455</u>	<u>137,638</u>
Corporate and other unallocated assets				<u>207,087</u>
Total assets				<u>344,725</u>
Segment liabilities				
30 June 2022 (unaudited)	<u>80,328</u>	<u>44</u>	<u>3,341</u>	<u>83,713</u>
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>50,495</u>
Total liabilities				<u>134,208</u>
31 December 2021 (audited)	<u>92,594</u>	<u>305</u>	<u>3,256</u>	<u>96,155</u>
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>66,216</u>
Total liabilities				<u>162,371</u>

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Aesthetic medical services	87,773	89,194
Aesthetic medical equipment products	6,597	–
Consulting services	27	2,298
	<u>94,397</u>	<u>91,492</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

Segments	Aesthetic medical services RMB'000 (Unaudited)	Consulting services RMB'000 (Unaudited)	Aesthetic medical equipment products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sale of products	–	–	6,597	6,597
Services	87,773	27	–	87,800
Total revenue from contracts with customers	<u>87,773</u>	<u>27</u>	<u>6,597</u>	<u>94,397</u>
Geographical market				
Mainland China	<u>87,773</u>	<u>27</u>	<u>6,597</u>	<u>94,397</u>
Timing of revenue recognition				
Goods transferred at a point in time	–	–	6,597	6,597
Services transferred at a point in time	61,970	–	–	61,970
Services transferred over time	25,803	27	–	25,830
Total revenue from contracts with customers	<u>87,773</u>	<u>27</u>	<u>6,597</u>	<u>94,397</u>

For the six months ended 30 June 2021

Segments	Aesthetic medical services <i>RMB'000</i> (Unaudited)	Consulting services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services			
Services	89,194	2,298	91,492
Geographical market			
Mainland China	89,194	2,298	91,492
Timing of revenue recognition			
Services transferred at a point in time	55,724	–	55,724
Services transferred over time	33,470	2,298	35,768
Total revenue from contracts with customers	89,194	2,298	91,492

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2022

Segments	Aesthetic medical services <i>RMB'000</i> (Unaudited)	Consulting services <i>RMB'000</i> (Unaudited)	Aesthetic medical equipment products <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers				
External customers	87,773	27	6,597	94,397
Intersegment sales	–	–	837	837
Intersegment adjustments and eliminations	87,773	27	7,434	95,234
	–	–	(837)	(837)
Total revenue from contracts with customers	87,773	27	6,597	94,397

For the six months ended 30 June 2021

Segments	Aesthetic medical services <i>RMB'000</i> (Unaudited)	Consulting services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers			
External customers	<u>89,194</u>	<u>2,298</u>	<u>91,492</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Cost of supplies consumed	28,791	28,725
Cost of inventories sold	1,325	–
Amortisation of intangible assets	1,772	270
Depreciation of property, plant and equipment	4,783	3,604
Depreciation of right-of-use assets	4,399	2,820
Lease payments not included in the measurement of lease liabilities	484	420
Auditor's remuneration	650	650
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	27,182	32,014
Equity-settled share option expense	1,892	–
Pension scheme contributions	1,178	2,944
Staff welfare expenses	915	1,050
Impairment of trade receivables, net	19	74
Impairment of financial assets included in prepayments, other receivables and other assets	–	182
Loss on disposal of items of property, plant and equipment	–	18
Promotion and marketing expenses	10,214	12,275
Professional fee	1,131	4,091
Exchange differences, net	(1,737)	1,005

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The majority of the Company's subsidiaries are domiciled in Mainland China. The provision for current income tax in Mainland China is based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI. The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2021: 16.5%) on any estimated assessable profits arising in Hong Kong. Pursuant to Caishui 2017 Circular No.43, 2019 circular No.13 and No. 2 announcement of the State Taxation Administration 2019, Ningbo Zhuerli, Ruian Raily, Raily Equipment, Shenzhen Ruiquan, Hangzhou Ruiquan, as small micro-enterprises, enjoyed a preferential tax rate of 2.5% (2021: 5%) for the six months ended 30 June 2022.

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax	714	55
Deferred tax	1,184	(165)
	<hr/>	<hr/>
Total tax charge for the period	<u>1,898</u>	<u>(110)</u>

7. DIVIDENDS

No dividends were paid or declared by the Company for the period ended 30 June 2022.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 2,089,040,000 (2021: 2,085,446,889) in issue during the period, as adjusted to reflect the rights issue during the period.

The weighted average number of ordinary shares used to calculate the basic loss per share amount for the period ended 30 June 2021 included the weighted average of 34,040,000 ordinary shares issued in connection with the partial exercise of over-allotment option and the 2,055,000,000 ordinary shares at the beginning of the period.

No adjustment has been made to the basic earnings per share amounts presented for the period ended 30 June 2022 in respect of a dilution as the impact of the option outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2021.

The calculation of basic and diluted earnings/(loss) per share is based on:

	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> <i>(Unaudited)</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted profit/(loss) per share calculation:	<u>1,482</u>	<u>(5,237)</u>
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	2,089,040,000	2,085,446,889
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>–</u>	<u>–</u>
Basic and diluted earnings/(loss) per share (<i>RMB</i>)	<u>0.07 cents</u>	<u>(0.25) cents</u>

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets at a cost of RMB9,257,000 (30 June 2021: RMB3,036,000).

During the six months ended 30 June 2022, no impairment loss (30 June 2021: Nil) was recognised for certain property, plant and equipment as a result of the significant loss incurred during the period.

10. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 <i>RMB'000</i> <i>(Audited)</i>
Within 3 months	6,568	5,886
4 to 6 months	499	36
7 to 12 months	53	172
1 to 2 years	<u>55</u>	<u>–</u>
	<u>7,175</u>	<u>6,094</u>

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Within 90 days	7,216	7,817
91 to 180 days	1,670	2,105
181 to 365 days	2,358	1,629
Over 365 days	1,689	1,014
	<hr/>	<hr/>
	12,933	12,565
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading aesthetic medical service provider located in the Yangtze River Delta region, the People's Republic of China (the "PRC"), and our main business is offering a number of high-quality aesthetic medical services to our clients, including aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology services. In addition, we are engaged in aesthetic medical management consulting services and sales of aesthetic medical equipment products.

For the Reporting Period, although our sales performance continued to be adversely affected by the COVID-19 (the "Pandemic"), due to the continuous improvement in the performance of our aesthetic medical service business segment, the positive impact of the exchange difference, the Group's newly launched sales of aesthetic medical equipment products, and the tight control of our costs especially the sales, promotion and marketing expenses, we achieved a turnaround in profit for the first half of the year. However, the operating condition of the medical institutions in the Yangtze River Delta region is still pessimistic due to the adverse impact of the Pandemic in Shanghai, PRC. Our revenue is approximately RMB94.4 million for the Reporting Period, representing an increase of 3.2% from approximately RMB91.5 million for the corresponding period in 2021. Our profit for the Reporting Period is approximately RMB0.1 million (six months ended 30 June 2021: loss of approximately RMB5.4 million) and profit attributable to shareholders of the parent is approximately RMB1.5 million (six months ended 30 June 2021: loss attributable to shareholders of the parent of approximately RMB5.2 million).

In response to the volatility of the PRC consumer market and the uncertain industry trend under the Pandemic, we gradually move forward with the following new development planning and strategic layout:

I. Brand and product innovation with aesthetic medical technology and medical quality as the core

1. Expand the scale of RAILY flagship stores in various regions, and introduce high-quality and advanced aesthetic medical technology and updated new products

The rapid development of the aesthetic medical industry in recent years has resulted in product diversification and drove the rapid growth of non-surgical products. In order to meet customers' demand for new products and technologies, the Group has enhanced the capacity of its non-surgical aesthetic medical services through renovation and expansion and introduction of new equipment in the past 12-18 months, especially increased the investment in minimally-invasive aesthetic services and aesthetic dermatology services rooms.

The following table sets forth certain operating data of our aesthetic medical institutions before and after the renovation and expansion as of 30 June 2022:

Aesthetic medical institution	Commencement date of operation	Approximate gross floor area (sq.m)	Before the renovation and expansion				After the renovation and expansion				
			Number of minimally-invasive aesthetic services rooms (Room)	Number of aesthetic surgery rooms (Room)	Number of other services rooms (Room)	Number of devices (Unit)	Approximate gross floor area (sq.m)	Number of minimally-invasive aesthetic services rooms (Room)	Number of aesthetic surgery services rooms (Room)	Number of other services rooms (Room)	Number of devices (Unit)
Hangzhou Raily	August 2013	2,800	5	13	4	59	7,300	18	25	16	80
Ruian Raily	March 2013	2,900	4	10	4	41	2,900	6	17	4	50
Raily Tiange	August 2008	1,000	2	5	3	40	1,000	3	10	5	50
Wuhu Raily	July 2015	1,400	2	6	3	26	2,900	8	18	10	38
Total		8,100	13	34	14	166	14,100	35	70	35	218

In addition, we have qualified doctors and a stable medical core team, which enabled us to maintain a steady growth in average spending per client. The average spending per client of aesthetic medical services during the Reporting Period was approximately RMB2,906, representing an increase of approximately 41.1% from the average spending per client of approximately RMB2,059 for the six months ended 30 June 2021. We will accelerate the creation of various new aesthetic medical service patents to achieve the Group's goal of becoming the highest quality medical service technical team in the Yangtze River Delta region.

2. *Developing new concept brands in aesthetic medical industry*

In line with the national policy of encouraging the development of the medical industry, the Group has increased its efforts in developing diversified technology in aesthetic medical services. After passing through the project access review of the Boao Lecheng International Medical Tourism Pilot Zone of the Hainan Free Trade Port, PRC during the Reporting Period, the Group has started the process of setting up a new medical institution in Hainan, PRC and expects to obtain the relevant business licences and commence business in the next 12 months. At the same time, the Group has decided to build a new brand for this new project and has designated the second branch hospital in Hangzhou as the first benchmark hospital of the new brand. We will introduce to the customers the world's leading products to develop the non-surgical aesthetic medical consumer concept brand and to prepare for connecting international technologies and international products in the PRC and abroad.

3. *Initiate digital management model*

Since 2019, the Group has conducted a series of digital medical services management systems, which have achieved initial results. We relied on big data to make various marketing strategies. We have carried out precision marketing, digital marketing and thematic marketing and have established a data simulation model for the consumption of aesthetic medical services for the next five to ten years, so as to provide long-term and high quality aesthetic medical services. The development of these marketing strategies is based on an analysis of the consumer's historical data, i.e. the consumer's past behavior, the number, types and time of receiving services to determine the preference of the consumers and to develop a corresponding marketing strategy.

II. Promotion of the construction of its own aesthetic medical materials R&D and manufacturing center by the Group in line with the market demand for diversified products in the aesthetic medical industry

1. *Expand the market share of facial implants by taking advantage of the technical advantages of e-PTFE materials*

Through an acquisition effected in 2021, the Group has introduced from South Korea the Chuzhen facial implant, a brand of e-PTFE (expanded polytetrafluorethylene) facial implant, which has become the key product of our sales of aesthetic medical equipment products. Through synergy, the Group has accumulated sales experience in the industry and has built up an increasingly sophisticated sales team. China's facial plastic surgery industry is currently in a period of rapid development, especially in the field of e-PTFE medical implant materials. The related products have been well-recognized by consumers. It is expected that our market share will be further enhanced in the future. Moreover, we will accelerate the introduction of more new products through registered import agency, in-house research and distributor service to further increase the market share of the facial plastic surgery materials.

2. *Establish a R&D and manufacturing platform for advanced aesthetic medical materials*

During the Reporting Period, we have benefited from the supporting policy of the Suzhou Zhangjiagang Yangtze International Metallurgical Park (張家港揚子國際冶金工業園) (the “**Zhangjiagang Park**”), and have jointly developed new injection products with the technical team of well-known universities and colleges in PRC. The products of our future research will be manufactured in the Suzhou Zhangjiagang Park. We will continue to plan, research and develop and manufacture jointly with well-known universities and colleges in PRC to build up a R&D and manufacturing platform for aesthetic medical materials. Moreover, we will strive to build our own brand as a leading provider of non-surgical aesthetic medical product in the PRC by taking advantage of our strength in production-learning-research.

3. Enhance product sales channels through the establishment of the e-Mall

With insight in the new consumer trend, we have created the Raily Skincare Products Mall. In the second half of the year, we plan to launch a new platform entitled “潤色護膚品集合店” for the sales of medical skincare brands. This Mall will bring together professional skin care brands both in the PRC and abroad and is a retail platform for the new generation of daily and aesthetic medical skincare and lifestyle products. This Mall will adopt a new consumption model of online sales, offline experience, skincare consultation, medical director guidance and professional after-sales skincare to provide the customers with complete solutions for aesthetic medical post-surgery care and repair and daily skin maintenance. The establishment of the “潤色護膚品集合店” will help to expand the Group’s customer traffic and secure more sales for our products.

FINANCIAL REVIEW

Revenue

The following table sets forth our revenue by service offerings for the Reporting Period:

	Six months ended 30 June				
	2022		2021		Change
	Revenue	% of the total	Revenue	% of the total	
RMB'000 (unaudited)	revenue %	RMB'000 (unaudited)	revenue %		
Aesthetic medical services	87,773	93.0	89,194	97.5	(1.6)
Aesthetic surgery services	6,243	6.6	9,082	9.9	(31.3)
Minimally-invasive aesthetic services	42,979	45.6	34,546	37.8	24.4
Aesthetic dermatology services	36,263	38.4	40,911	44.7	(11.4)
Others <i>(Note)</i>	2,288	2.4	4,655	5.1	(50.8)
Aesthetic medical management consulting services	27	–	2,298	2.5	(98.8)
Sales of aesthetic medical equipment products	6,597	7.0	–	–	–
	94,397	100.0	91,492	100.0	3.2

Note: Others primarily consist of aesthetic dental services and ancillary services such as anesthesiology services, nursing services for inpatients and physical examination services.

We generated revenue primarily from the provision of aesthetic medical services which principally include (i) aesthetic surgery services, which are invasive and are performed to alter the appearance of one or more parts of the face or body, such as eyelids, nose, facial and breast shape; (ii) minimally-invasive aesthetic services, which involve minimal penetration into the body tissue with no surgical incisions in a convenient and rapid manner. Such procedures primarily comprise injection of botulinum toxin type A and dermal fillers into different parts of the face and body in order to reduce wrinkles and/or to achieve facial and body contouring; and (iii) aesthetic dermatology services, which primarily comprise aesthetic energy-based procedures performed with equipment that utilize various forms of energy such as laser, radiofrequency and intense pulsed light for various purposes such as acne, scar and pigments removal, skin whitening, skin rejuvenation, skin lifting and tightening, and hair removal.

For the Reporting Period, our total revenue was approximately RMB94.4 million, representing an increase of 3.2% as compared with approximately RMB91.5 million for the six months ended 30 June 2021. For the Reporting Period, our total revenue from aesthetic medical services was approximately RMB87.8 million, representing a decrease of approximately 1.6% from approximately RMB89.2 million for the six months ended 30 June 2021. For the Reporting Period, the revenue from our newly launched sales business of aesthetic medical equipment products was approximately RMB6.6 million.

Our revenue from minimally-invasive aesthetic services for the Reporting Period was approximately RMB43.0 million, representing a significant increase of approximately 24.4% from approximately RMB34.5 million for the six months ended 30 June 2021, after we strengthened the marketing and promotion of minimally-invasive aesthetic services in 2022. Our revenue from aesthetic dermatology services for the Reporting Period was approximately RMB36.3 million, representing a decrease of approximately 11.4% from approximately RMB40.9 million for the six months ended 30 June 2021. Our revenue from aesthetic surgery services for the Reporting Period was approximately RMB6.2 million, representing a decrease of approximately 31.3% from approximately RMB9.1 million for the six months ended 30 June 2021. The decrease was primarily due to the continuation of the Pandemic and the implementation of prevention and control policies by the PRC Government which changed the habits of our clients' consumption of aesthetic medical services. Customers tend to prefer faster and safer minimally-invasive aesthetic services and aesthetic dermatology services.

Cost of sales

Our cost of sales mainly includes cost of supplies consumed and staff costs. Our cost of sales for the Reporting Period was approximately RMB50.0 million, representing a decrease of approximately 8.0% from approximately RMB54.4 million for the six months ended 30 June 2021. The decrease in our cost of sales was primarily attributable to the decrease in labour costs for medical personnel.

Our cost of sales classified by nature is as follows:

	2022		2021		Change %
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%	
Cost of supplies consumed	28,791	57.6	28,725	52.8	0.2
Cost of inventories sold	1,325	2.6	–	–	–
Staff costs	13,997	28.0	20,075	36.9	(30.3)
Others	5,909	11.8	5,596	10.3	5.6
	<u>50,022</u>	<u>100.0</u>	<u>54,396</u>	<u>100.0</u>	<u>(8.0)</u>

Gross Profit

For the Reporting Period, our gross profit amounted to approximately RMB44.4 million, representing an increase of approximately 19.6% from approximately RMB37.1 million for the six months ended 30 June 2021. Our gross profit margin was approximately 47.0%, representing an increase of approximately 6.5 percentage points from approximately 40.5% for the six months ended 30 June 2021, mainly due to the high gross profit margin of 79.9% from the sales of the newly launched aesthetic medical equipment products and the increase in the gross profit margin of our aesthetic medical services.

The following table sets forth our gross profit and gross profit margin by service offerings for the Reporting Period:

	2022		2021		Change of Gross Profit %
	Gross Profit <i>RMB'000</i> (unaudited)	Gross Profit Margin %	Gross Profit <i>RMB'000</i> (unaudited)	Gross Profit Margin %	
Aesthetic medical services	39,188	44.6	35,703	40.0	9.8
Aesthetic surgery services	2,912	46.6	1,982	21.8	46.9
Minimally-invasive aesthetic services	19,186	44.6	14,515	42.0	32.2
Aesthetic dermatology services	18,948	52.3	20,200	49.4	(6.2)
Others <i>(Note)</i>	(1,858)	(81.2)	(994)	(21.4)	86.9
Aesthetic medical management consulting services	(85)	(314.8)	1,393	60.6	(106.1)
Sales of aesthetic medical equipment products	5,272	79.9	–	–	–
	<u>44,375</u>	<u>47.0</u>	<u>37,096</u>	<u>40.5</u>	<u>19.6</u>

Note: Others primarily consist of aesthetic dental services and ancillary services such as anesthesiology services, nursing services for inpatients and physical examination services.

For the Reporting Period, the total gross profit of our aesthetic medical services was approximately RMB39.2 million, representing an increase of approximately 9.8% from RMB35.7 million for the six months ended 30 June 2021, of which the gross profit of our minimally-invasive aesthetic services was approximately RMB19.2 million, representing a significant increase of approximately 32.2% from RMB14.5 million for the six months ended 30 June 2021. The total gross loss of our aesthetic medical management consulting services for the Reporting Period was approximately RMB0.1 million, while there was a gross profit of approximately RMB1.4 million for the six months ended 30 June 2021. The decrease in the revenue of the aesthetic medical management consulting services is due to the negative impact of the Pandemic whilst our staff cost in the related services remain unchanged. The total gross profit of the newly launched aesthetic medical equipment during the Reporting Period was approximately RMB5.3 million.

For the Reporting Period, the total gross profit margin of our aesthetic medical services was approximately 44.6%, representing an increase of approximately 4.6 percentage points from 40.0% for the six months ended 30 June 2021. The gross profit margin of our newly launched aesthetic medical equipment was approximately 79.9%.

Other Income and Gains

Our other income and gains for the Reporting Period amounted to approximately RMB2.4 million, representing an increase of approximately 50.0% from approximately RMB1.6 million for the six months ended 30 June 2021.

Selling and Distribution Expenses

Our selling and distribution expenses for the Reporting Period amounted to approximately RMB24.3 million, representing a decrease of approximately RMB0.9 million from approximately RMB25.2 million for the six months ended 30 June 2021.

Administrative Expenses

Our administrative expenses for the Reporting Period amounted to approximately RMB18.6 million representing an increase of approximately RMB2.0 million from approximately RMB16.6 million for the six months ended 30 June 2021. Such increase was primarily attributable to the increase in the expenses for management personnel required for new operations and the increase in rent during the renovation.

Finance Costs

Our finance costs for the Reporting Period amounted to approximately RMB1.6 million (six months ended 30 June 2021: approximately RMB1.1 million). Our finance costs primarily comprised interest on lease liabilities and interest on bank borrowings.

Income Tax Expenses

Our income tax expenses/credit represents our total current income tax and deferred tax expenses/credit under the relevant PRC income tax policies and regulations. We recorded an income tax expenses of approximately RMB1.9 million for the Reporting Period (six months ended 30 June 2021: income tax credit of approximately RMB0.1 million).

Total Comprehensive Profit for the Reporting Period and Total Profit Attributable to Owners of the Parent

The Group recorded a profit of approximately RMB0.1 million for the Reporting Period (six months ended 30 June 2021: loss of approximately RMB5.4 million). Profit for the Reporting Period attributable to owners of the parent was approximately RMB1.5 million (six months ended 30 June 2021: loss attributable to owners of the parent of approximately RMB5.2 million).

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

We maintain a strong financial position with cash and bank balance and time deposits of approximately RMB92.4 million as at 30 June 2022 (31 December 2021: approximately RMB121.7 million). Our net current assets were approximately RMB37.6 million as at 30 June 2022 (31 December 2021: approximately RMB35.7 million). Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operations and available facilities of the Group, and the net proceeds from the issuance of ordinary shares relating to the initial public offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present. As at 30 June 2022, our Group had unutilised banking facilities for working capital purposes of approximately RMB18.0 million (31 December 2021: approximately RMB20.0 million).

Lease Liabilities

As at 30 June 2022, the Group had lease liabilities of approximately RMB46.1 million (31 December 2021: approximately RMB47.5 million).

Capital Commitments

As at 30 June 2022, the Group's contracted, but not provided for commitments amounted to approximately RMB2.5 million, mainly for leasehold improvements (31 December 2021: approximately RMB4.7 million, mainly for leasehold improvements, plant and machinery).

Capital Expenditures

During the Reporting Period, the Group acquired equipment and leasehold improvements amounting to approximately RMB9.3 million (six months ended 30 June 2021: items of plant and equipment amounting to approximately RMB3.0 million).

Interest-bearing Bank Borrowings

As at 30 June 2022, our Group had approximately RMB2.0 million outstanding interest-bearing bank borrowings (31 December 2021: approximately RMB20.0 million) of which approximately RMB2.0 million are at fixed interest rates (31 December 2021: approximately RMB20.0 million).

As at 30 June 2022, all of the bank borrowings were repayable within one year and there was no other borrowing as at 30 June 2022. All the borrowings are denominated in RMB.

Treasury Policies

The Group adopts a prudent approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2022, our Group had no significant contingent liabilities and guarantees (31 December 2021: Nil).

PLEDGE OF ASSETS

As at 30 June 2022, the bank loans and lease arrangements were secured by the Group's pledged deposits of RMB10.5 million and RMB1.5 million, respectively (31 December 2021: RMB10.5 million and RMB1.5 million respectively).

GEARING RATIO

Gearing ratio is calculated by dividing total liabilities by total equity as at 30 June 2022 and multiplying the result by 100%. As at 30 June 2022, the Group had total debt of approximately RMB134.2 million (31 December 2021: approximately RMB162.4 million) and the gearing ratio is 72.8% (31 December 2021: approximately 89.0%).

INTEREST RATE RISK

The Group has no significant interest rate risk.

EXCHANGE RATE FLUCTUATION RISK

As we have deposited with licensed banks certain financial assets that are denominated in Hong Kong dollars, we may be exposed to the risk of exchange rate fluctuations between Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy. However, the management will monitor foreign exchange exposure closely and will consider to adopt a proactive but prudent approach to minimize the relevant exposure when necessary.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement and in the prospectus of the Company dated 15 December 2020 (the “**Prospectus**”), the Group did not have plans for making material investments or acquiring capital assets as at 30 June 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, we have 382 employees in the PRC (31 December 2021: 395).

Function	Number of Employees	
	30 June 2022	31 December 2021
Management	11	11
Physicians and medical Staff	148	175
Sales, marketing and client service Staff	141	140
Finance and administration Staff	82	69
Total	382	395

Our total staff costs for the Reporting Period amounted to approximately RMB30.2 million (six months ended 30 June 2021: approximately RMB37.3 million), accounting for approximately 32.0% (six months ended 30 June 2021: approximately 40.8%) of our total revenue for the Reporting Period.

We believe that we have provided our physicians and medical staff with competitive compensation packages, medical education opportunities and a professional work environment. We will review the performance of our physicians and medical staff at least once a year. According to our internal control policy, the results of such reviews will be taken into consideration in the determination of salary, bonus awards and promotion. The Human Resource Department at our headquarters maintains the license records of our physicians and medical staff and regularly reviews their profiles to ensure compliance with the relevant laws and regulations in the PRC. Our Directors’ remuneration will be reviewed by our Remuneration Committee once a year to ensure that it is comparable to the market.

Remuneration is determined based on factors such as comparable market salaries, work performance, time investment and the individual responsibilities. The Group provides the employees with relevant internal and/or external training from time to time. In addition to basic salaries, we also provide year-end bonuses to outstanding employees in order to attract and retain qualified employees, so that they can contribute more to the Group.

The employees of the Group in the PRC are required to participate in the central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its payroll to this central pension scheme. The contributions vest fully once made and are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

As of 30 June 2022, there were no forfeited contributions (by the Group on behalf of employees who leave the pension scheme prior to vesting fully in such contributions) and utilised by the Group to reduce the existing level of contributions. As at 30 June 2022, there were no forfeited contributions available to reduce the level of contributions to the pension schemes in future years.

USE OF PROCEEDS

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2020 (the “**Listing**”). The net proceeds of the Listing (including exercise of the over-allotment option and after deducting the underwriting fees, commissions and all related expenses in connection to the Listing) amounted to approximately HK\$81.7 million (the “**Net Proceeds**”), which was based on the issuing price of HK\$0.4 per share and the actual expenses related to the Listing. As at the date of this announcement, except for those disclosed in the following paragraph, there is no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The time for use of the amount designated for renovation and expansion of our aesthetic medical institutions and the amount designated for promotion of our brands have been utilised in advance by HK\$10.3 million and HK\$4.7 million respectively. The amounts designated for organic growth and strategic acquisitions of HK\$11.5 million and HK\$1.0 million respectively have not been utilized.

The following table sets forth a summary of the utilization of the Net Proceeds as at 30 June 2022:

Purpose	Percentage to total amount	Planned use of net proceeds <i>HK\$'million</i>	Actual use of proceeds up to 30 June 2022 <i>HK\$'million</i>	Unutilised amount as at 30 June 2022 <i>HK\$'million</i>	Expected timeline of full utilisation of the remaining proceeds
Expanding our aesthetic medical institutions network	71.0%	58.0	20.5	37.5	31 December 2023
— Renovation and expansion of existing aesthetic medical institutions	28.0%	22.9	20.5	2.4	31 December 2023
— Organic growth	28.0%	22.9	–	22.9	31 December 2023
— Strategic acquisitions	15.0%	12.2	–	12.2	31 December 2023
Acquire new aesthetic medical service equipment and treatment consumables to extend the spectrum of our treatment services offered in our current aesthetic medical institutions	11.0%	9.0	9.0	–	31 December 2022
Actively promote our brand	8.0%	6.5	6.5	–	31 December 2023
General working capital	10.0%	8.2	3.1	5.1	31 December 2023
Total	100.0%	81.7	39.1	42.6	

PROSPECTS

In China, a large market with population of 1.4 billion, consumers in the aesthetic medical industry are mainly between the ages of 21 and 40. According to statistics, the market size of China's aesthetic medical market will maintain double-digit growth, with a higher growth rate than other markets in the world. With the growing demand for aesthetic medical services, it is expected that the age group of the consumers will continue to expand. With a large consumer base in China's aesthetic medical market, there is still ample room for the development of the market. With the increasing consumer demand for beauty and the growth of disposable income, China's aesthetic medical industry will continue to prosper in the future.

Despite the adverse impact of the Pandemic on the aesthetic medical industry, and the continued uncertainties caused by the Pandemic until it ends, the overall external environment of the industry remains stable and developed, and consumer acceptance and penetration rate will continue to rise along with the normalization of the Pandemic control and prevention measures. The rapid development of the aesthetic medical industry is also accompanied by the increased and strengthened regulations, steadily improving industry self-regulation, and increasingly standardized and transparent operation of medical institutions, which is more conducive to accelerating the elimination of unqualified industry players and promoting the high-quality development of the aesthetic medical industry.

In the past two years, there were significant changes in consumers' aesthetic medical consumption preferences, from aesthetic surgery services to non-surgical aesthetic medical services in terms of injection micro-shaping and skin anti-aging, with the advantages of wide audience base, low price, small trauma, shorter recovery time, low risk, and high repurchase rate, which have promoted the development of minimally-invasive aesthetic services and aesthetic dermatology services. In addition to the introduction of international advanced innovative technologies and products, we will increase investments in non-surgical aesthetic medical services, to further develop international aesthetic medical brands. Details of the Group's future development plan and strategic layouts are set out on pages 16 to 19 to this section of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2021: Nil).

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code of conduct for securities transactions by the Directors.

The Company has made specific enquiries with all Directors, and all Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value, which emphasise transparency, accountability and independence.

The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix 14 (the "**CG Code**") to the Listing Rules.

During the Reporting Period, the Company has complied with all applicable code provisions in the CG Code.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

AUDIT COMMITTEE

The composition of the audit committee of the Board (the “**Audit Committee**”) is as follows:

Independent Non-executive Directors

Mr. Liu Teng (*Chairman*)

Mr. Cao Dequan

Ms. Yang Xiaofen

The Board has established the Audit Committee with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to provide oversight of the financial reporting process, the audit process, the mechanism of internal control and compliance with laws and regulations and perform further duties and responsibilities as assigned by our Board from time to time.

The Audit Committee has reviewed and approved the unaudited condensed consolidated financial information of the Group for the Reporting Period and the interim report and this announcement of the Group for the Reporting Period prior to approval by the Board. The Audit Committee has no disagreement with the accounting treatment in unaudited interim financial statements and this announcement. The Company’s Auditor, Ernst and Young LLP, has reviewed the unaudited interim financial information of the Group for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent event after the Reporting Period and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the Company’s website (<http://www.raily.com>) and the Stock Exchange’s website (<https://www.hkex.com.hk>). The interim report for the Reporting Period containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the same websites in due course.

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

Hangzhou, China, 26 August 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.