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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)

ANNOUNCEMENT REGARDING PROVISION FOR ASSET IMPAIRMENT

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Raily Aesthetic Medicine International Holdings Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) pursuant to Rule 13.09(2) 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. OVERVIEW OF THE PROVISION FOR ASSETS IMPAIRMENT

To objectively reflect the financial positions and operating results of the Company and ensure the reliability of the accounting information, the Company performed an impairment test on the assets of the Group in accordance with the International Financial Reporting Standards (the “**IFRS**”) and the accounting policies of the Company, and proposed to make provisions for impairment on the assets which had indications of impairment.

After an assessment of the impairment losses on assets of the Group, the Board of the Company considered and approved on 30 October 2024 that a total provision for assets impairment of approximately RMB47.1 million was made.

II. DETAILS OF PROVISION FOR ASSET IMPAIRMENT

Shenzhen Jiumei Xinhe Medical Equipment Co., Ltd. (深圳市九美信禾醫療器械有限公司), an indirect wholly-owned subsidiary of the Company, was no longer engaged in distribution of and ceased to be registered as a distributor for e-PTFE facial implant in the PRC. Therefore, an impairment provision of goodwill of approximately RMB38.7 million and an impairment provision of intangible asset of approximately RMB8.4 million were made.

III. IMPACT OF PROVISIONS FOR ASSET IMPAIRMENT ON THE COMPANY

The aforementioned provision for asset impairment is expected to result in a decrease of approximately RMB45.0 million in the total profit of the Company for the year ending 31 December 2024 and a decrease in the Company's net profit attributable to the owners of the parent of approximately RMB45.0 million for the year ending 31 December 2024.

The expected financial impact of the provision for asset impairment set forth in this announcement is only a preliminary assessment based on the information currently available to the Company and has not been audited and is subject to the amount as confirmed by the auditors of the Company after annual audit.

IV. EXPLANATION OF REASONABLENESS OF THE BOARD REGARDING THE PROVISION FOR IMPAIRMENT OF ASSETS OF THE COMPANY

The Board is of the view that the provision for impairment of assets of the Company is in accordance with the relevant requirements of the IFRS, and is based on the principle of prudence, which fairly reflects the assets position of the Company and is in line with the actual situation of the Company.

The Company will make further announcements in relation to major updates of the provision for asset impairment in the future if necessary. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hangzhou, the PRC, 30 October 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.