

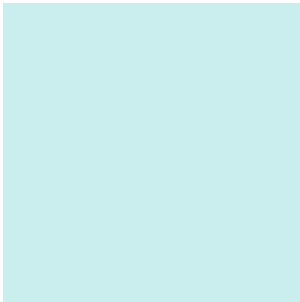
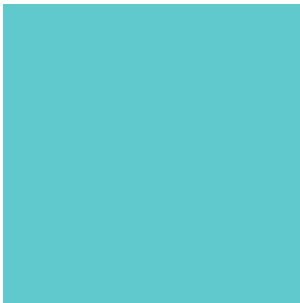
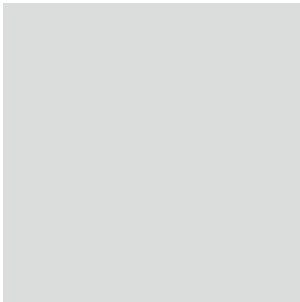


Raily Aesthetic Medicine International Holdings Limited

瑞麗醫美國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2135



2025  
Annual Report

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# COMPANY PROFILE

Raily Aesthetic Medicine International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is a leading aesthetic medical service provider in Zhejiang Province, the People’s Republic of China (the “PRC”). We principally engage in the provision of a broad range of aesthetic medical services to our customers to meet their different aesthetic and anti-aging objectives. We own and operate a network of four private for-profit aesthetic medical institutions, two of which are located in Zhejiang Province (Hangzhou City and Ruian City, Wenzhou), one is located in Anhui Province (Wuhu City), and the remaining one is located in Hong Kong. The flagship institution, Hangzhou Raily Aesthetic Medical Hospital Co., Ltd. (“Hangzhou Raily”) is our largest flagship institution, which has been repeatedly rated as a “5A” aesthetic medical institution by the Chinese Association of Plastics and Aesthetics (“CAPA”).

Our aesthetic medical services principally include (i) aesthetic surgery services, comprising aesthetic surgical procedures performed on various parts of the face or body; (ii) minimally-invasive aesthetic services, primarily comprising aesthetic injection procedures, whereby a drug is mixed with or proportional to a drug or a certain drug of a single unit is injected into the skin to perform the function of beauty or perplexing; and (iii) aesthetic dermatology services, primarily comprising various aesthetic energy-based procedures and photoelectric items, which can improve skin color, facial wrinkles, skin sagging and so on. By virtue of quality medical professionals and stringent safety controls, our medical institutions create a superior customer experience and provide one-stop bespoke services. At the same time, we also provide aesthetic medical management consulting services, and work steadily on the research and development (“R&D”), production, sales network of aesthetic medical equipment products, with a focus on the distribution of Class III aesthetic medical device and aesthetic medical skincare product.

Non-surgical aesthetic medical service procedures are gaining popularity and showing a clear growth momentum as they meet customers’ expectations for natural results, safety and quick recovery. Injectable aesthetic medical procedures, as the core segment within non-surgical aesthetic medical service procedures, have entered a phase of rapid growth, benefiting from their minimally invasive nature, short recovery period and reversible effects. To seize these opportunities, we have not only vigorously expanded our sales of collagen injection products but have also strategically invested in the R&D and production of subcutaneous injection products, moving into the upstream of the aesthetic medical industry.

The Group is the exclusive distributor in the Greater China region for Bellafill (a collagen injection product under the category of Class III medical equipment), and the cumulative domestic sales volume of Bellafill has reached approximately 40,000 units (including test needles). We have established an elite direct sales team and cooperated in sales with several agents across the country. Suzhou Ruiquan Biosciences Co., Ltd.\* (蘇州瑞泉生物醫藥科技有限公司) (“Suzhou Ruiquan”), a subsidiary of the Group, has reached collaboration with technology teams from well-known universities and colleges in China to jointly develop new subcutaneous injection filling products, and to build an R&D and manufacturing platform for aesthetic medical equipment products through joint planning, R&D and manufacturing. Suzhou Ruiquan is dedicated to the development, production and sales of subcutaneous injection products and is actively engaged in the preparation for the application for a Class III medical device registration certificate from the National Medical Products Administration (“NMPA”).

## Company Profile

### I. AESTHETIC MEDICAL SERVICES

#### 1. AESTHETIC SURGERY SERVICES

Our aesthetic surgery services involve the provision of aesthetic surgical procedures to enhance the aesthetic appearance of our customers. Aesthetic surgical procedures are invasive and are performed to alter the appearance of various parts of the face or body, such as eyes, nose, breast and facial shape and other parts of the body. Our main aesthetic surgical procedures include: eye surgery, improving the shape and appearance of the eyes or eyelids, and correcting eyelid deformities, e.g. double eyelid surgery, canthi correction, eye bag shaping and ptosis correction; rhinoplasty, changing the shape of the nose, and/or modifying the outer shape of the nose by implanting a prosthesis or cartilage extracted from other parts of the body; breast surgery, enlarging or reducing breasts, lifting sagging breasts or changing the shape of the breasts; lipoplasty/fat transfer, removing excess fat tissue from specific parts of the body which, at the request of customers, may or may not be further processed and then injected into other specific parts of the body; and linear shaping, implanting bio-protein lines under the skin at different parts of the body to promote skin blood circulation and to stimulate collagen proliferation to achieve the effects of lifting and firming of specific parts of the skin and sculpting body contours.

#### 2. MINIMALLY-INVASIVE AESTHETIC SERVICES

Our minimally-invasive aesthetic services are the provision of minimally-invasive procedures involving minimal penetration into the body tissue with no surgical incisions and short recovery period. Such procedures primarily comprise injection of botulinum toxin type A and dermal fillers (such as hyaluronic acid and collagen, etc.) into different parts of the body and face in order to reduce wrinkles and/or to achieve body or facial contouring. Our main minimally-invasive aesthetic procedures include injection of botulinum toxin type A, injection of botulinum toxin type A drugs to facial, subcutaneous or intramuscular layer in order to reduce wrinkles; and injection of dermal fillers, injection of dermal fillers to facial, subcutaneous or periosteal layer in order to reduce wrinkles, lift sagging skin and restore volume under the skin, with more natural effect.

#### 3. AESTHETIC DERMATOLOGY SERVICES

Our aesthetic dermatology services primarily comprise 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 and pigments removal, skin rejuvenation, whitening, skin lifting and tightening, and hair removal to stimulate collagen regeneration. We strive to provide safe and high-quality aesthetic dermatology services with our energy-based devices. Our major energy-based devices have been approved by the NMPA for their safety and effectiveness. In addition, we have implemented a number of safety protocols in relation to the use of the equipment, such as evaluating and assessing by our practitioners before deployment, providing operating brochures for our staff and implementing maintenance by our suppliers from time to time.

#### 4. OTHER SERVICES

We also provide other aesthetic medical services which primarily consist of aesthetic dental services. We provide aesthetic dental services in Hangzhou Raily, which focuses on improving the appearance of a person's teeth. Our services include orthodontics, dental implant and dental whitening. The provision of aesthetic dental services allows us to provide our customers a full range of aesthetic medical services. These services also facilitate cross-selling of our aesthetic medical services which we believe can improve customer experience and increase customer retention. Our aesthetic dental services are provided by qualified dentists. Beside aesthetic dental services, we also provide ancillary services such as anesthesiology services, nursing services for inpatients and physical examination services, being some of the key stages in the process of our aesthetic medical services. Generally, we provide anesthesiology services for all of our aesthetic surgical procedures.

## Company Profile

### II. AESTHETIC MEDICAL MANAGEMENT CONSULTING SERVICES

Leveraging our years of experience in managing aesthetic medical institutions and expertise in sales and marketing of aesthetic medical services, we also provide aesthetic medical management consulting services which include consultation and guidance on marketing content and communication channels, as well as operational consultation on issues such as brand positioning strategy, market management analysis, and personnel structure composition.

### III. SALES OF AESTHETIC MEDICAL EQUIPMENT PRODUCTS

We primarily focus on the sales of Class III aesthetic medical equipment products and are gradually beginning the R&D and production of new subcutaneous injection products. Approved by the U.S. Food and Drug Administration in 2006, granted market approval by China's NMPA in 2024, and having secured 22 international patents, Bellafill represents a key focus for our aesthetic medical equipment product sales. With over 1 million units sold globally, Bellafill is available in leading aesthetic medical markets, including the United States, Canada, South Korea, and Singapore. Its efficacy has been proven over time. We officially launched Bellafill in the domestic market in May 2024. The product is available in two specifications: 2 syringes per box and 5 syringes per box, with each syringe containing a dose of 0.8 ml. The launch and sales of Bellafill have made an important contribution to the growth of the sales of aesthetic medical equipment products. We have also compiled the "Bellafill Global SCI Literature Compilation (《貝麗菲爾全球SCI文獻薈萃》)" to serve as a reference for clinicians regarding safe usage.

Our Rinse Skin Care Products Collection Store (潤色護膚品集合店) is an aesthetic medical skincare products sales platform. Based on the principle of customer first and with the help of a team of senior skin experts, we have selected domestic and foreign aesthetic medical skincare products which are more effective, and have simpler and milder ingredients that can be used safely. This sales platform can meet the diverse skincare needs of the customers ranging from skincare for post aesthetic medical treatments or for daily skincare. Moreover, it has been authorized by many domestic and foreign brands. From product selection to user services, Rinse Skin Care Products Collection Store (潤色護膚品集合店) is dedicated to satisfy the needs of the customers. Customers are able to buy and collect our products at our shops or through online sales coupled with express post.

\* For identification purposes only

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Fu Haishu (*Chairman*)  
Mr. Song Jianliang (*Chief Executive Officer*)  
Mr. Wang Ying

### Independent Non-executive Directors

Dr. Lin Hai (appointed on 27 March 2026)  
Mr. Liu Teng  
Ms. Yang Xiaofen  
Mr. Cao Dequan (resigned on 27 March 2026)

## AUTHORISED REPRESENTATIVES

Mr. Fu Haishu  
Mr. Chan Oi Fat

## COMPANY SECRETARY

Mr. Chan Oi Fat

## AUDIT COMMITTEE

Mr. Liu Teng (*Chairman*)  
Dr. Lin Hai (appointed on 27 March 2026)  
Ms. Yang Xiaofen  
Mr. Cao Dequan (resigned on 27 March 2026)

## NOMINATION COMMITTEE

Mr. Fu Haishu (*Chairman*)  
Dr. Lin Hai (appointed on 27 March 2026)  
Ms. Yang Xiaofen  
Mr. Cao Dequan (resigned on 27 March 2026)

## REMUNERATION COMMITTEE

Dr. Lin Hai (appointed on 27 March 2026) (*Chairman*)  
Mr. Fu Haishu  
Mr. Liu Teng  
Mr. Cao Dequan (resigned on 27 March 2026)

## STRATEGIC INVESTMENT COMMITTEE

Mr. Fu Haishu (*Chairman*)  
Dr. Lin Hai (appointed on 27 March 2026)  
Ms. Yang Xiaofen  
Mr. Cao Dequan (resigned on 27 March 2026)

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3-5/F, Minhang Tower  
No. 290 North Zhongshan Road  
Gongshu District  
Hangzhou City  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop A2, 29/F, TML Tower  
3 Hoi Shing Road  
Tsuen Wan  
Hong Kong

## AUDITORS

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## HONG KONG LEGAL ADVISER

Tian Yuan Law Firm LLP  
Suites 3304-3309, 33/F  
Jardine House  
One Connaught Place  
Central, Hong Kong

## Corporate Information

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Harneys Fiduciary (Cayman) Limited  
4th Floor, Harbour Place  
103 South Church Street  
P.O. Box 10240  
Grand Cayman KY1-1002  
Cayman Islands

### STOCK CODE

2135

### INVESTOR RELATIONS

Email address:  
investor.relationship@raily.com

### COMPANY'S WEBSITE

<http://www.raily.com>

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F., Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL BANKS

Bank of Jiangsu  
Hangzhou Binjiang  
Small and Micro-enterprise Sub-branch  
8 Chunxiao Road  
Xixing Sub-District  
Binjiang District  
Hangzhou City  
PRC

China Merchants Bank  
Hangzhou, Yuhang Sub-branch  
1/F, Building 4  
Lvchuang Plaza  
84 Longyuan Road  
Yuhang District  
Hangzhou City  
PRC

# MILESTONES

01

In January 2025, Hangzhou Ruiquan Medical Equipment Co., Ltd. released the "Bellafill Global SCI Literature Compilation (《貝麗菲爾全球SCI 文獻薈萃》)"

02

In April 2025, Hangzhou Raily was appointed as the Vice President Unit of the Anti-aging Subcommittee of the CAPA

03

In June 2025, Bellafill made its debut at the "13th National Minimally Invasive Aesthetic Medicine Conference (第十三屆全國微創醫學美容大會)", attracting significant industry attention

04

In November 2025, Hangzhou Raily Beauty Consultation Co., Ltd. ("Raily Beauty Consultation") was recognized as a 2025 Hangzhou Headquarters Enterprise

05

In November 2025, Hangzhou Raily received the Outstanding Contribution Award for Development (發展卓越貢獻獎) from the Hangzhou Association of Plastics and Aesthetics

06

In December 2025, Bellafill won the "Annual Collagen Long-Acting Anti-Aging Excellence Award (《年度膠原長效抗衰卓越大獎》)" at the Spotlight Award (追光大賞) by ymguancha.com (醫美行業觀察)

Major achievements

# CHAIRMAN'S STATEMENT

Dear shareholders:

In recent years, consumer demand for beauty enhancement has grown increasingly strong, driving the rapid development of China's aesthetic medical industry and sustained expansion of the market size. Despite fluctuations in market growth rate due to the short-term impact of macroeconomic environment and stringent regulatory policies, the fundamentals supporting the long-term growth of the industry remain solid. With advancements in technology, the aesthetic medical industry has shifted from traditional surgical procedures toward non-surgical procedures, especially injection-based and laser-based therapies. These procedures have gained strong consumer preference due to their efficiency, safety and rapid recovery characteristics. The aesthetic medical industry is moving towards a new stage characterized by personalized solutions and technological advancement, and aesthetic medical procedures are expected to become increasingly intelligent and customized in the future. Furthermore, through intense competition among market players and the industry's evolution in a compliant manner, the Chinese aesthetic medical market is gradually moving away from unhealthy growth patterns toward a high-quality and brand-oriented development path. While this transformation presents numerous challenges, it also harbors substantial opportunities.

## BUSINESS REVIEW

For the year ended 31 December 2025 (the "Year"), the Company recorded a net profit attributable to shareholders of the Company (the "Shareholders") of approximately RMB1.9 million (2024: a net loss attributable to Shareholders of approximately RMB59.2 million), marking a turnaround from a loss to a profit. Our basic and diluted earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.34 cents (2024: loss per share attributable to ordinary equity holders of the parent of approximately RMB11.11 cents). In 2025, the gross profit margin of the Group was approximately 41.0% (2024: 35.8%), representing a year-on-year increase of approximately 14.5%, which serves as a testament to the Group's operational performance. In 2025, the Company recorded a total revenue of approximately RMB189.4 million, representing a year-on-year decrease of approximately 5.0% as compared to the total revenue of approximately RMB199.3 million in 2024, primarily due to the Company's business structural adjustments. Although the Group's total revenue decreased by approximately RMB9.9 million, the net loss for the year amounted to approximately RMB2.2 million (2024: a net loss for the year of approximately RMB63.3 million), representing an overall reduction in losses of approximately RMB61.1 million. The improvement in the results for the Year was primarily attributable to the following factors: (i) the average spending per customer for our aesthetic medical services was approximately RMB3,800 in 2025, representing an increase of approximately 26.67% as compared to the average spending per customer of approximately RMB3,000 in 2024, resulting in a rise in revenue from our aesthetic medical services of approximately RMB10.8 million as compared to the previous year, with a corresponding increase in gross profit of approximately RMB19.6 million as compared to the previous year; (ii) two significant non-operating items of other expenses and other income totalling approximately RMB36.5 million were recorded in 2024, including provisions for goodwill impairment and intangible asset impairment (offset by related deferred tax) of approximately RMB54.49 million, and reversal of contingent consideration of approximately RMB18.4 million, whereas there were no such items in 2025; (iii) the Group's share option expenses decreased to approximately RMB1.8 million in 2025 (2024: approximately RMB8.0 million); and (iv) the improvement in the Company's overall business profit margin also contributed to the improved results for 2025.

## Chairman's Statement

Non-surgical aesthetic medical procedures, utilising non-surgical or minimally invasive techniques to address consumer needs for anti-aging, skincare, and facial contouring in a safe, convenient, and natural manner, have become the primary driver of growth in the aesthetic medical market, with the minimally invasive injection segment accounting for an increasingly larger share. The Group is evolving its business model to align with market trends by continuously developing and marketing a diverse range of products. We not only maintained the steady development of our primary business of aesthetic medical services but also focused on the sales of aesthetic medical equipment products and increased investment in the R&D and production of new aesthetic medical equipment products. Technological innovation is a key driver of development in the aesthetic medical industry. In the field of aesthetic medical equipment, the process of domestic substitution has accelerated noticeably. Taking injection-based equipment as an example, domestic brands are upgrading from followers to leaders, with the technological gap with international brands steadily narrowing. We are making concerted efforts to move upstream in the aesthetic medical industry, actively collaborating with technology teams from renowned domestic universities and colleges to develop subcutaneous injection products and bring them into mass production.

As the elderly population grows, demand for anti-ageing, skincare and minimally invasive aesthetic enhancements is increasing. Anti-ageing treatments require regular maintenance, meaning users may undergo multiple treatments each year, establishing long-term consumption habits. This increase in the frequency of spending per user will drive the expansion of the market. Furthermore, technological advancements are leading to further segmentation of aesthetic medical demand – expanding from facial treatments to various other body areas, and from corrective procedures to preventive care. This growing diversification of demand is also driving the development of the aesthetic medical industry. In the future, the aesthetic medical market is set to maintain its rapid growth trajectory. With continuous technological advancements and evolving consumer demands, the aesthetic medical market will continue to innovate and expand.

### DEVELOPMENT STRATEGY

#### (i) Expanding the Network of Aesthetic Medical Service Institutions

As the aesthetic medical industry landscape gradually shifts from fragmentation to consolidation, consumers are increasingly gravitating towards leading institutions, driving higher market concentration. We will expand the geographic coverage of the Group's medical institutions based on feasibility in regions such as first and second-tier cities. Through mergers and acquisitions, new establishments, and the provision of a standardised and easily replicable store operating model, we aim to further increase our market share.

#### (ii) Strengthening the Sales Efforts of Aesthetic Medical Equipment Products

We will expand the size of our direct sales team and increase the number of sales agents, establish and improve management policies, and refine sales targets and assessment standards. In addition, we will further optimise our marketing strategies, strengthen promotional efforts, leverage online media platforms for precision marketing, increase interactive online media publicity, and boost brand exposure through participation in more product exhibitions, industry conferences, and professional forums.

## Chairman's Statement

### (iii) Optimising the R&D Roadmap for Aesthetic Medical Equipment Products

The collagen skin injection product developed by Suzhou Ruiquan, which is classified as a Class III medical equipment product, is currently undergoing third-party inspection and testing, as well as biological evaluation. In addition to enhancing internal production efficiency and improving factory management systems, we will continue to expand our investment in R&D, recruit and cultivate R&D talent, and strengthen collaborations with universities, research institutions and medical institutions to accelerate the development and planning of new aesthetic medical equipment products. Drawing on the successful experience gained from existing products, we are planning the R&D and production of several new products in the pipeline.

## FUTURE OUTLOOK

The development of China's aesthetic medical industry will place greater emphasis on personalised services and evolving consumer demands. Single-service consumption is expected to evolve into diversified, bundled purchases, driving continued increases in both repurchase rates and average spending per customer. Non-surgical procedures, characterised by low risk and high cost-effectiveness, are poised to become the primary growth driver in consumer spending. In response to these diverse consumer needs, we will continue our service transformation by offering personalised, customised aesthetic medical services and products to cater to the varying aesthetic aspirations of our customers. Furthermore, we will continue to expand our network of medical institutions, taking into account the distinct aesthetic medical needs of different regions such as first or second-tier cities. By closely monitoring local market conditions, we will allocate aesthetic medical service facilities and personnel tailored to each region. Looking ahead, the aesthetic medical industry will continue to present both challenges and opportunities. We are prepared to rise to these challenges and seize the valuable prospects offered by this era.

**Fu Haishu**

*Chairman*

27 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

We are an aesthetic medical service provider in the Yangtze River Delta region of the PRC. We offer our customers a broad range of aesthetic medical services which include aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology services. As of 31 December 2025, in addition to providing aesthetic medical services, we also engaged in aesthetic medical management consulting services and the sales of aesthetic medical equipment products, and invested in the R&D and production of aesthetic medical equipment products. This positions us across the upstream, midstream and downstream sectors of the aesthetic medical industry.

Driven by multiple dimensions, including the economy, demographics, technology, policy and socio-cultural factors, the aesthetic medical industry continues its growth momentum at present. Despite fierce competition and multifaceted challenges, the industry remains rich in opportunities and is advancing towards a more mature, regulated and technology-enabled stage of high-quality development. In 2025, through the efforts of all parties and thanks to effective improvements in sales strategies, the Group's revenue from aesthetic medical services increased; however, revenue from the sales of aesthetic medical equipment products declined due to the time required for promoting new products.

The following table sets forth the comparison of our revenue in 2024 and 2025:

	2025			2024		
	the first half RMB'000	the second half RMB'000	Total RMB'000	the first half RMB'000	the second half RMB'000	Total RMB'000
Aesthetic medical services	74,937	77,972	152,909	83,026	59,071	142,097
Sales of aesthetic medical equipment products	9,359	23,473	32,832	34,420	22,796	57,216
Aesthetic medical management consulting services	302	3,368	3,670	29	–	29
<b>Total</b>	<b>84,598</b>	<b>104,813</b>	<b>189,411</b>	117,475	81,867	199,342

For the Year, the Company recorded a net profit attributable to Shareholders of approximately RMB1.9 million (2024: a net loss attributable to Shareholders of approximately RMB59.2 million), marking a turnaround from a loss to a profit. Our basic and diluted earnings per share attributable to ordinary equity holders of the parent was approximately RMB0.34 cents (2024: loss per share attributable to ordinary equity holders of the parent was approximately RMB11.11 cents). In 2025, the gross profit margin of the Group was approximately 41.0% (2024: 35.8%), representing a year-on-year increase of approximately 14.5%, which serves as a testament to the Group's operational performance. In 2025, the Company recorded a total revenue of approximately RMB189.4 million, representing a year-on-year decrease of approximately 5.0% as compared to the total revenue of approximately RMB199.3 million in 2024, primarily due to the Company's business structural adjustments. Although the Group's total revenue decreased by approximately RMB9.9 million, the net loss for the year amounted to approximately RMB2.2 million (2024: a net loss for the year of approximately RMB63.3 million), representing an overall reduction in losses of approximately RMB61.1 million.

## Management Discussion and Analysis

The improvement in the results for the Year was primarily attributable to the following factors: (i) the average spending per customer of our aesthetic medical services was approximately RMB3,800 in 2025, representing an increase of approximately 26.67% as compared to the average spending per customer of approximately RMB3,000 in 2024, resulting in a rise in revenue from our aesthetic medical services of approximately RMB10.8 million as compared to the previous year, with a corresponding increase in gross profit of approximately RMB19.6 million as compared to the previous year; (ii) two significant non-operating items of other expenses and other income totalling approximately RMB36.5 million were recorded in 2024, including provisions for goodwill impairment and intangible asset impairment (offset by related deferred tax) of approximately RMB54.9 million, and reversal of contingent consideration of approximately RMB18.4 million, whereas there were no such items in 2025; (iii) the Group's share option expenses decreased to approximately RMB1.8 million in 2025 (2024: approximately RMB8.0 million); (iv) the improvement in the Company's overall business profit margin also contributed to the improved results for 2025.

We have gradually moved forward with the following development planning and strategic layout:

### 1. Enhance the productivity of non-surgical procedure services rooms

Non-surgical aesthetic medical procedure refers to professional aesthetic treatments that do not involve incisions, typically performed using photoelectric methods and injections. Examples include botulinum toxin and hyaluronic acid, as well as photoelectric treatments such as photon skin rejuvenation and high-intensity focused ultrasound, which are also highly favored by today's consumers. Compared to surgical aesthetic medical services, light aesthetic medicine (non-surgical aesthetic medicine) is increasingly preferred by more and more consumers due to its high safety, short recovery time and affordable pricing. The Group will continue to introduce cutting-edge aesthetic medical technologies, equipment and medications, and will expand the investment in minimally-invasive aesthetic services and aesthetic dermatology services rooms, thereby strengthening our capabilities in non-surgical aesthetic medical services, improving the utilisation efficiency of our aesthetic medical service institutions, meeting consumers' dual requirements for aesthetic effect and comfort, and providing consumers with safer, more efficient and easily accessible aesthetic medical services. At the same time, we will also launch more products and services targeted at different skin types and different age groups to satisfy personalized needs.

The following table sets forth certain operating data of our aesthetic medical institutions as of 31 December 2025:

Aesthetic medical institution	Date of establishment	Approximate gross floor area (sq.m.)	Number of services rooms
Hangzhou Raily	August 2013	5,900	73
Ruian Raily Aesthetic Medical Out-patient Department Co., Ltd. (瑞安瑞麗醫療美容門診部有限公司) ("Ruian Raily")	March 2013	2,800	31
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")	July 2015	2,900	38
	Total	11,600	142

## Management Discussion and Analysis

### 2. Control costs and optimise personnel structure

We will regularly review and assess all costs and expenses, including employee salaries, promotion expenses, equipment maintenance and material procurement, and then come up with reasonable budgets. We will negotiate for more favourable procurement prices and payment terms and rationalise procurement plans to reduce inventory backlogs. We will conduct evaluations for each position to appropriately set workload and requirements, introduce AI management to minimise human resource wastage, and adjust the remuneration structure based on market conditions and individual performance to reasonably incentivize employees and lower labour costs. In addition, we will provide comprehensive training to employees to enhance their work skills and capabilities, promote the use of AI to improve work efficiency, and establish incentive mechanisms that offer corresponding rewards and promotion opportunities to stimulate employees' motivation and initiative.

### 3. Expand diversified sales channels

Establishing diversified sales channels enables enterprises to expand market coverage, increase revenue streams, enhance customer experience and strengthen market competitiveness. In addition to continuing to utilize internet platforms to release product information, advertise through search engines, and interact with consumers via social media accounts to achieve precise marketing, we will also leverage third-party platforms for sales, strengthen cooperation with suppliers, distributors, agents, industry associations and organisations, and engage in joint marketing with other enterprises. We will also organise more promotional activities to jointly promote our products, and expand our sales channels and improve operational efficiency through resource integration and complementary advantages with partners. Furthermore, by monitoring market fluctuations and analysing data such as sales, customer conversion rates and customer satisfaction levels, we will gain insights into the strengths and weaknesses of each sales channel. This will enable us to optimise resource allocation, formulate appropriate targeted improvement measures for each channel, and achieve internal optimisation.

### 4. Optimise the R&D roadmap for aesthetic medical equipment products

Injectable aesthetic medical treatments, due to their relatively more noticeable effects, are more popular among consumers. Common types include hyaluronic acid, collagen, and regenerative products. Currently, the market share of collagen fillers remains relatively small, with limited brand competition, leaving significant room for growth. Suzhou Ruiquan, a subsidiary of the Company, is dedicated to developing and producing subcutaneous injection products. Its factory covers an area of approximately 4,660 sq.m. and is expected to officially commence operations in 2028. We will enhance internal production efficiency, refine factory management systems, and accelerate the R&D and production planning of new products.

## Management Discussion and Analysis

### 5. Expand the geographic coverage of aesthetic medical service institutions

In the face of intense market competition, in order to accelerate the broadening and deepening of the Group's aesthetic medical footprint and further consolidate our leading position in the aesthetic medical market, we will continue to establish new medical institutions in first or second-tier cities, identify suitable medical institution targets for acquisition, and flexibly adjust our merger and acquisition strategy in response to changes in the economic landscape. We may consider acquiring suitable aesthetic medical institutions at reasonable costs, whilst also assessing the feasibility of establishing new medical institutions ourselves.

Details of the expansion can be found in the section headed "Subsequent Events" in this annual report. This investment enables the Group to extend its business coverage in Hong Kong while promoting its brand in Hong Kong. In the face of increasingly intense market competition, we proactively adjust the network strategy to enhance our core competitiveness. The development of network in Hong Kong represents an important strategy for us to achieve service transformation. Over the past two years, we have also reorganised the resources of aesthetic medical service institutions by consolidating all operations of institutions in Hangzhou into the flagship institutions of Hangzhou Raily for upgrading. This has reduced operating costs, optimised resource allocation, improved operational efficiency of stores and enhanced store image. We will continue to optimise our network layout and promote the flagship institution model to other cities, so as to strengthen our brand value.

The following is a summary of the consolidated statement of profit or loss and other comprehensive income:

	Year ended 31 December		
	2025 RMB'000	2024 RMB'000	Change %
Revenue	<b>189,411</b>	199,342	(5.0)
Gross profit	<b>77,711</b>	71,407	8.8
Profit/(loss) before tax	<b>10</b>	(65,257)	(100.0)
Loss for the year	<b>(2,197)</b>	(63,263)	(96.5)
Attributable to:			
Owners of the parent	<b>1,873</b>	(59,212)	(103.2)
Non-controlling interests	<b>(4,070)</b>	(4,051)	0.5
	<b>(2,197)</b>	(63,263)	(96.5)

### NON-INTERNATIONAL FINANCIAL REPORTING STANDARDS MEASURES

We recognised non-recurring items in the Year. To supplement our consolidated financial statements which are prepared in accordance with International Financial Reporting Standards ("IFRSs"), we also present adjusted profit before tax and adjusted profit for the Year as non-IFRS measures.

## Management Discussion and Analysis

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the loss on investment in associates and share option expenses, which are considered not indicative for the evaluation of the actual performance of our business. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing our financial results across accounting periods and to those of our peer companies.

	Year ended 31 December		
	2025 RMB'000	2024 RMB'000	Change %
Profit/(loss) before tax	10	(65,257)	(100.0)
Loss for the year	(2,197)	(63,263)	(96.5)
Adjusted for:			
– Share option expense	1,823	7,984	(77.2)
– Loss on investment in associates	1,190	4	29,650.0
– Impairment of goodwill	–	38,672	(100.0)
– Impairment of intangible assets	–	21,703	(100.0)
– Reversal of contingent consideration	–	(18,436)	(100.0)
Adjusted profit/(loss) before tax	3,023	(15,330)	(119.7)
Impact of impairment of intangible assets on deferred tax	–	(5,426)	(100.0)
Adjusted profit/(loss) for the year	816	(18,762)	(104.3)

## PRINCIPAL RISKS AND UNCERTAINTIES

- Medical liability insurance. During 2025, we did not maintain medical liability insurance for our aesthetic medical institutions, physicians (including both employed and contracted physicians) or medical staff, which may expose us to potential liability claims arising from medical malpractice committed by physicians or medical staff at our aesthetic medical institutions.
- Performance of our physicians and other medical staff. The treatment outcomes delivered by our physicians and medical staff, as well as their communication and relationships with our customers, are of paramount importance to our business development and operating results.
- Brand recognition. We must maintain and enhance our brand image over the long term. Our corporate development and sustainable business growth depend significantly on our brand image, market reputation and client trust.
- Development of the cities where our medical institutions are located. A decline in the per capita consumption or a slowdown in regional economic growth in the cities where our medical institutions are located, namely Hangzhou, Ruian, Wuhu and Hong Kong, could adversely affect our operating results and profitability; changes in laws and regulations in these regions, as well as the occurrence of natural disasters, act of God, infectious diseases or other catastrophic events, could affect our business operations and revenue.
- Foreign exchange risk. Our businesses involve three currencies – RMB, HKD, and USD. Fluctuations in exchange rates between these currencies may result in additional foreign exchange losses for us.

## Management Discussion and Analysis

- Complaint risk. Customer complaints regarding our aesthetic medical services and after-sales complaints related to our aesthetic medical equipment products may lead to additional compensation liabilities.
- R&D risks. We have entered the R&D and production of aesthetic medical equipment products, which requires significant upfront investment in R&D. If the products fails to be developed, the initial investment might not yield the anticipated returns.
- The cost and timing of financing. Interest expense on bank loans and the ongoing availability of loans could affect the Company's business development.
- International trade stability. Factors such as foreign trade policies, changes in the international landscape, tariffs and exchange rates are critical to the sales results of our aesthetic medical equipment products.
- Production cycle of the original manufacturer. Our sales of collagen injection products (Bellafill) are dependent on a single supplier, the original manufacturer based in the United States. Any disruption or instability in the original manufacturer's production could result in our inability to fulfil sales.

## OUR CUSTOMERS AND CLIENTS

In 2025, the aesthetic medical service customers were primarily individual retail customers. Aesthetic medical institutions are clients for our aesthetic medical management consulting services whereas sales agents and individual retail customers are customers for our sales of aesthetic medical equipment products.

The following table sets forth the approximate number of aesthetic medical procedures we provided, the approximate average spending per procedure, the approximate number of active customers and the approximate average spending per active customer during the Year:

	Year ended 31 December	
	2025	2024
<b>Aesthetic surgery services</b>		
Number of procedures performed	1,500	1,300
Average spending per procedure <sup>(1)</sup> (RMB)	3,200	3,200
Number of active customers	1,000	900
Average spending per active customer <sup>(2)</sup> (RMB)	5,000	4,300
<b>Minimally-invasive aesthetic services</b>		
Number of procedures performed	47,000	52,800
Average spending per procedure <sup>(1)</sup> (RMB)	1,800	1,300
Number of active customers	15,900	14,900
Average spending per active customer <sup>(2)</sup> (RMB)	5,300	4,600
<b>Aesthetic dermatology services</b>		
Number of procedures performed <sup>(3)</sup>	170,400	219,900
Average spending per procedure <sup>(1)</sup> (RMB)	400	300
Number of active customers	23,700	32,200
Average spending per active customer <sup>(2)</sup> (RMB)	2,600	2,100

## Management Discussion and Analysis

Notes:

- (1) We calculate the average spending per procedure by dividing the revenue of each type of aesthetic medical services by the relevant number of procedures performed during the Year.
- (2) We calculate the average spending per active customer by dividing the revenue of each type of aesthetic medical services by their relevant number of active customers during the Year.
- (3) The number of procedures performed includes trial procedures, retouch procedures and procedures performed as promotional gifts.

### OUR SUPPLIERS

During 2025, the supplies required in our operations primarily include implants, injection materials, pharmaceuticals, other medical consumables and aesthetic medical skincare products. Our five largest suppliers include suppliers of injection materials, implants and medical consumables. During 2025, in addition to Suneva Medical, Inc., which has established a business relationship with us for two years, we have established good relationships with our other major suppliers over the years.

### FINANCIAL REVIEW

#### Revenue

The following table sets forth our revenue by service offerings in 2025:

	Year ended 31 December				
	2025		2024		Change
	Revenue RMB'000	% of total revenue %	Revenue RMB'000	% of total revenue %	
<b>Aesthetic medical services</b>	<b>152,909</b>	<b>80.7</b>	142,097	71.3	7.6
Minimally-invasive aesthetic services	<b>84,511</b>	<b>44.6</b>	68,459	34.4	23.4
Aesthetic dermatology services	<b>62,340</b>	<b>32.9</b>	68,075	34.2	(8.4)
Aesthetic surgery services	<b>4,822</b>	<b>2.5</b>	4,068	2.0	18.5
Others <sup>(Note)</sup>	<b>1,236</b>	<b>0.7</b>	1,495	0.7	(17.3)
<b>Sales of aesthetic medical equipment products</b>	<b>32,832</b>	<b>17.3</b>	57,216	28.7	(42.6)
<b>Aesthetic medical management consulting services</b>	<b>3,670</b>	<b>2.0</b>	29	–	12,555.2
	<b>189,411</b>	<b>100.0</b>	199,342	100.0	(5.0)

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

## Management Discussion and Analysis

We generated revenue primarily from the sales of aesthetic medical equipment products and the provision of aesthetic medical services. Aesthetic medical equipment products comprise principally (i) collagen injection products (Bellafill); and (ii) aesthetic medical skincare products. Bellafill, a Class III medical device product approved by the NMPA with the registration certificate number “Guo Xie Zhu Jin 20243130041(國械註進20243130041)” and the official name “Collagen and PMMA Subdermal Implant System for Plastic Surgery”, is designed for injection into the deep dermis to correct moderate to severe nasolabial folds.

Aesthetic medical services primarily include (i) minimally-invasive aesthetic services, which involve minimal penetration into the body tissue with no surgical incisions; (ii) 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 and pigments removal, skin rejuvenation, skin lifting and tightening, and hair removal; and (iii) aesthetic surgery services, which are invasive and are performed to alter the appearance of various parts of the face or body, such as eyes, nose, face and breast.

In 2025, our total revenue was approximately RMB189.4 million, representing a decrease of approximately 5.0% from approximately RMB199.3 million in 2024. For the Year, our revenue from the aesthetic medical services was approximately RMB152.9 million, representing an increase of approximately 7.6% from approximately RMB142.1 million of the revenue from aesthetic medical services in 2024.

In 2025, our revenue from the minimally-invasive aesthetic services was approximately RMB84.5 million, representing an increase of approximately 23.4% from approximately RMB68.5 million of the revenue from the minimally-invasive aesthetic services in 2024. The increase was mainly attributable to the increase in the number of active customers for minimally-invasive aesthetic services and the increase in average spending of active customers.

In 2025, our revenue from the aesthetic dermatology services was approximately RMB62.3 million, representing a decrease of approximately 8.4% from approximately RMB68.1 million of the revenue from the aesthetic dermatology services in 2024. The decrease was mainly attributable to the decrease in the number of active customers for aesthetic dermatology services.

In 2025, our revenue from the aesthetic surgery services was approximately RMB4.8 million, representing an increase of approximately RMB0.7 million from approximately RMB4.1 million of the revenue from the aesthetic surgery services in 2024.

In 2025, our revenue from the sales of aesthetic medical equipment products was approximately RMB32.8 million, representing a decrease of approximately RMB24.4 million from approximately RMB57.2 million of the revenue from sales of aesthetic medical equipment products in 2024. The decrease was primarily attributable to the adjustments in our product mix and the time required to market new products.

In 2025, our revenue from aesthetic medical management consulting services was approximately RMB3.7 million, representing a substantial increase from the revenue from aesthetic medical management consulting services in 2024. The increase was mainly driven by higher revenue from marketing and promotion services provided to customers for the sales of aesthetic medical equipment products, reflecting effective market development efforts.

## Management Discussion and Analysis

### COST OF SALES

Our cost of sales mainly includes cost of supplies consumed, cost of inventories sold, and staff costs. In 2025, our cost of sales was approximately RMB111.7 million, representing a decrease of about 12.7% from approximately RMB127.9 million of cost of sales in 2024. The change was primarily attributable to adjustments in the product mix of our aesthetic medical equipment, as sales volumes of new products were still ramping up and required more time for promotion, leading to a decrease in cost of inventories sold. In addition, the gross profit margin on aesthetic medical services increased by approximately 46.8% as compared to the previous year, while cost of supplies consumed decreased.

Our cost of sales by nature is as follows:

	Year ended 31 December				
	2025		2024		Change
	RMB'000	%	RMB'000	%	%
Cost of supplies consumed	<b>61,290</b>	<b>54.9</b>	65,611	51.2	(6.6)
Staff costs	<b>26,788</b>	<b>24.0</b>	28,082	22.0	(4.6)
Cost of inventories sold	<b>10,983</b>	<b>9.8</b>	19,447	15.2	(43.5)
Others	<b>12,639</b>	<b>11.3</b>	14,795	11.6	(14.6)
	<b>111,700</b>	<b>100.0</b>	127,935	100.0	(12.7)

Cost of supplies consumed was the largest component of cost of sales in 2025, which included the cost of our medical consumables which mainly represents implants and auxiliary materials used in our aesthetic surgery services, hyaluronic acid, collagen and regenerative products used in our minimally-invasive aesthetic services, laser consumables and auxiliary materials and aesthetic medical equipment products used in our aesthetic dermatology services.

Staff costs were the second largest component of our cost of sales in 2025, which mainly represent salaries and bonuses paid to our physicians and medical staff. All our aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology procedures are performed by qualified personnels with necessary clinical work experience in accordance with the relevant PRC laws and regulations.

Cost of inventories sold was the main cost of the business of sales of aesthetic medical equipment products, mainly representing the procurement costs of collagen injection products (Bellafill) and aesthetic medical skincare products.

Other cost of sales mainly includes rental, depreciation and the transportation expenses for medical equipment and beauty products.

## Management Discussion and Analysis

### GROSS PROFIT

In 2025, our gross profit amounted to approximately RMB77.7 million, representing an increase of approximately 8.8% from approximately RMB71.4 million of the gross profit in 2024. During 2025, our gross profit margin was approximately 41%, representing an increase of approximately 14.5% from approximately 35.8% of the gross profit margin in 2024.

The following table sets forth our gross profit and gross profit margin by service offered in 2025:

	Year ended 31 December					
	2025		2024		Change in gross profit	Change in gross profit margin
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %		
<b>Aesthetic medical services</b>	<b>53,245</b>	<b>34.8</b>	33,667	23.7	58.2	46.8
Minimally-invasive aesthetic services	38,135	45.1	20,949	30.6	82.0	47.4
Aesthetic dermatology services	20,915	33.5	20,011	29.4	4.5	13.9
Aesthetic surgery services	(2,752)	(57.1)	(3,427)	(84.2)	(19.7)	(32.2)
Others <sup>(Note)</sup>	(3,053)	(247.0)	(3,866)	(258.6)	(21.0)	(4.5)
<b>Sales of aesthetic medical equipment products</b>	<b>21,934</b>	<b>66.8</b>	37,711	65.9	(41.8)	1.4
<b>Aesthetic medical management consulting services</b>	<b>2,532</b>	<b>69.0</b>	29	100.0	8,631.0	(31.0)
	<b>77,711</b>	<b>41.0</b>	71,407	35.8	8.8	14.5

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

In 2025, the total gross profit and total gross profit margin of our aesthetic medical services were approximately RMB53.2 million and 34.8%, respectively, representing an increase of approximately 58.2% and 46.8% compared with the total gross profit and total gross profit margin of approximately RMB33.7 million and 23.7% in 2024.

In 2025, the gross profit and gross profit margin of our minimally-invasive aesthetic services were approximately RMB38.1 million and 45.1%, respectively, representing an increase of approximately 82.0% and 47.4% compared with the gross profit and gross profit margin of approximately RMB20.9 million and 30.6% in 2024. The primary reasons for these increases were as follows: (i) the average revenue per customer for our minimally-invasive aesthetic services was approximately RMB5,300 in the Year, representing an increase of approximately 15.2% as compared to the previous year; (ii) the number of customers increased from approximately 14,900 in the previous year to approximately 15,900 in the Year; (iii) the Company improved its marketing strategy by placing greater emphasis on precision sales to customers, thereby enhancing sales efficiency per customer; and (iv) the Company's upstream deployment achieved a synergistic effect with our minimally-invasive aesthetic services.

## Management Discussion and Analysis

In 2025, the gross profit and gross profit margin of our aesthetic dermatology services were approximately RMB20.9 million and 33.5%, respectively, representing an increase of approximately 4.5% and 13.9% compared with the gross profit and the gross profit margin of approximately RMB20.0 million and 29.4% in 2024. The primary reasons for these increases were as follows: (i) the average revenue per customer for our aesthetic dermatology services in the Year was approximately RMB2,600, representing an increase of approximately 23.8% as compared to the previous year; and (ii) the new equipment products and new projects launched by the Company contributed to the growth in the gross profit margin.

In 2025, the gross profit and gross profit margin of our aesthetic surgery services were approximately RMB(2.8) million and (57.1)%, respectively, representing a decrease of approximately 19.7% and 32.2% compared with the gross profit and gross profit margin of approximately RMB(3.4) million and (84.2)% in 2024. The primary reason for these decreases was that the Company continued to reduce the costs of our aesthetic surgery services, leading to a decline in gross loss.

In 2025, the total gross profit and total gross profit margin of our sales of aesthetic medical equipment products were approximately RMB21.9 million and 66.8%, respectively, representing a decrease of approximately 41.8% and an increase of approximately 1.4% compared with the total gross profit and total gross profit margin of approximately RMB37.7 million and 65.9% in 2024. The decrease in gross profit was primarily attributable to the decline in revenue from the sales of aesthetic medical equipment products.

Taking into account the combined impact of our segments, our gross profit margin for the Year was approximately 41.0%, representing an increase of approximately 14.5% compared with the gross profit margin of approximately 35.8% in 2024.

### OTHER INCOME AND GAINS

In 2025, our other income and gains amounted to approximately RMB2.3 million, representing a decrease of approximately 88.7% from approximately RMB20.3 million in 2024. Such decrease was mainly attributable to the decrease in gains on contingent consideration.

### SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses primarily comprised of promotion and marketing expenses and staff costs. In 2025, our selling and distribution expenses amounted to approximately RMB37.8 million, representing a decrease of approximately 20.8% from approximately RMB47.7 million in 2024. The decrease was mainly attributable to the structural adjustments to our medical equipment products, which resulted in a decrease in market investment and share option expenses.

### ADMINISTRATIVE EXPENSES

Our administrative expenses primarily comprised of intermediary team service expenses, staff costs, rental related expenses, utility, depreciation expenses and other administrative office expenses. In 2025, our administrative expenses amounted to approximately RMB31.3 million, representing a decrease of approximately 25.1% from approximately RMB41.8 million in 2024. The decrease of expenses was primarily attributable to the decrease in share option expenses and intermediary team service expenses, together with lower rental related expenses resulting from a decrease in the managed operational space.

### FINANCE COSTS

Our finance costs primarily comprised of interest on lease liabilities and interest on borrowings. In 2025, our finance costs amounted to approximately RMB2.7 million (2024: RMB2.8 million).

## Management Discussion and Analysis

### INCOME TAX EXPENSE/CREDIT

Our income tax expense/credit mainly represented our total current income tax and deferred tax expense/credit under the relevant PRC income tax policies and regulations. We recorded income tax expense of approximately RMB2.2 million in 2025 (2024: income tax credit of RMB2.0 million), mainly due to an increase in current income tax arising from higher profitability.

### TOTAL COMPREHENSIVE LOSS FOR THE YEAR

We recorded a loss of approximately RMB2.2 million in 2025 (2024: loss of RMB63.3 million). Among them, loss on investment in associates and share option expenses in total in 2025 amounted to approximately RMB3.0 million (2024: the impairment of non-current assets, offset by related deferred tax, reversal of contingent consideration, loss on investment in associates, and share option expenses in total of approximately RMB44.5 million). Excluding these factors, the adjusted net profit under the non-IFRS measures was approximately RMB0.8 million (2024: the adjusted net loss under the non-IFRS measures of approximately RMB18.8 million).

### LIQUIDITY AND CAPITAL RESOURCES

Our cash and bank balances and time deposits amounted to approximately RMB57.8 million as at 31 December 2025 (31 December 2024: RMB28.9 million). Our net current liabilities were approximately RMB29.2 million as at 31 December 2025 (31 December 2024: net current liabilities of RMB33.2 million). Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operating activities 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 of the Company (the "Directors") are of the view that the Group has sufficient working capital required for the Group's operations at present. As at 31 December 2025, our Group has unutilised banking facilities of approximately RMB8.0 million (31 December 2024: RMB13.0 million) for working capital purposes.

### LEASE LIABILITIES

As at 31 December 2025, the Group had lease liabilities of approximately RMB37.7 million (31 December 2024: RMB35.6 million).

### COMMITMENTS

As at 31 December 2025, the Group had no contracted, but not provided for commitments (31 December 2024: Nil).

### CAPITAL EXPENDITURES

During 2025, the Group purchased long-term asset amounting to approximately RMB12.1 million (2024: RMB44.6 million).

## Management Discussion and Analysis

### INDEBTEDNESS

#### Interest-bearing Bank Borrowings

As at 31 December 2025, our Group had approximately RMB18.0 million outstanding interest-bearing bank borrowings (31 December 2024: RMB13.0 million), of which RMB18.0 million are at fixed interest rates (31 December 2024: RMB13.0 million).

As at 31 December 2025, all the bank borrowings are repayable within one year and all the borrowings are denominated in RMB.

#### Secured Loans

As at 31 December 2025, our Group had approximately RMB3.5 million outstanding secured loans (31 December 2024: RMB7.8 million), of which RMB3.5 million are at fixed interest rates (31 December 2024: RMB7.8 million).

As at 31 December 2025, secured loans of RMB3.5 million are repayable within one year. All the borrowings are denominated in RMB.

#### Contingent Liabilities and Guarantees

As at 31 December 2025, our Group had no significant contingent liabilities and guarantees (31 December 2024: Nil).

### PLEDGE OF ASSETS

As at 31 December 2025, the lease arrangements were secured by the Group's pledged deposits of RMB1.5 million (31 December 2024: lease arrangements secured by the Group's pledged deposits of RMB1.5 million).

As at 31 December 2025, secured loans were secured by the Group's mortgages over the Group's machinery equipment, which had a net carrying value at the end of the reporting period of approximately RMB0.8 million (31 December 2024: RMB1.8 million).

### TOTAL LIABILITIES TO NET ASSETS

Total liabilities to net assets is calculated by dividing total liabilities by net assets as at 31 December 2025 and multiplying the result by 100%. As at 31 December 2025, the Group had total liabilities of approximately RMB139.4 million (31 December 2024: RMB154.4 million) and the total liabilities to net assets is about 141.8% (31 December 2024: 161.7%).

### INTEREST RATE RISK

The Group has no significant interest rate risk as all of its borrowings bore interest at fixed rates.

## Management Discussion and Analysis

### 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.

### 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 of Directors (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.

### SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this annual report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures, during the Year.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the section headed "Subsequent Events" in this annual report, the Group did not have plans for making material investments or acquiring capital assets as at 31 December 2025.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, we had 264 employees in the PRC (31 December 2024: 290).

Function	Number of Employees	
	31 December 2025	31 December 2024
Management	7	6
Physicians and medical staff	101	121
Sales, marketing, client service and other business staff	117	128
Finance and administration staff	39	35
Total	264	290

During the Year, our staff costs amounted to approximately RMB58.6 million, the share option expenses amounted to approximately RMB1.8 million, and the total staff costs amounted to approximately RMB60.4 million, representing a decrease of approximately RMB6.3 million as compared to the total staff costs of approximately RMB66.7 million in 2024, accounting for approximately 31.9% of the total revenue in 2025 (2024: 33.5%).

## Management Discussion and Analysis

We believe that we provide our physicians and medical staff with competitive compensation packages, continued medical education opportunities and a professional work environment. We 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 later be taken into consideration in the determination of salary, bonus awards and promotion. The human resources department at our headquarters maintains the license records of our physicians and medical staff and regularly reviews their profile to ensure compliance with relevant laws and regulations in the PRC. Our Directors' remuneration will be reviewed by the remuneration committee of the Company (the "Remuneration Committee") once a year to ensure that it is comparable to the market.

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

The employees of the Group in the PRC are required to participate in a central pension scheme operated by local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the 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.

During the Year, there were no forfeited contributions (by the Group on behalf of employees who leave the pension scheme prior to vesting fully in such contributions) which has been utilised by the Group to reduce the existing level of contributions. At 31 December 2025, there were no forfeited contributions available to reduce the level of contributions to the pension schemes in future years.

## Management Discussion and Analysis

### USE OF PROCEEDS

The Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 December 2020 (the "Listing Date") (the "Listing"). The net proceeds from the Listing (including exercise of over-allotment options and after deducting the underwriting fees, commission and all related expenses in connection with 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. The Net Proceeds were used and intended to be utilised in the manner as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 15 December 2020 (the "Prospectus"). As at 31 December 2025, details of the use of Net Proceeds and the expected timeline for utilising the unutilised Net Proceeds are as follows:

Purpose	Percentage to total amount	Planned use of Net Proceeds HK\$'million	Actual use of proceeds up to 31 December 2025 HK\$'million	Unutilised amount as at 31 December 2025 HK\$'million	Expected timeline of full utilisation of the remaining proceeds
<b>Expanding our aesthetic medical institutions network</b>	<b>71.0%</b>	<b>58.0</b>	<b>49.6</b>	<b>8.4</b>	<b>31 December 2025 (Note)</b>
– Renovation and expansion of existing aesthetic medical institutions	28.0%	22.9	22.9	–	
– Organic growth	28.0%	22.9	14.5	8.4	31 December 2025 (Note)
– Strategic acquisitions	15.0%	12.2	12.2	–	
<b>Acquire new aesthetic medical service equipment and treatment consumables to extend the spectrum of our treatment services offered in our current aesthetic medical institutions</b>	<b>11.0%</b>	<b>9.0</b>	<b>9.0</b>	<b>–</b>	
<b>Actively promote our brand</b>	<b>8.0%</b>	<b>6.5</b>	<b>6.5</b>	<b>–</b>	
<b>General working capital</b>	<b>10.0%</b>	<b>8.2</b>	<b>8.2</b>	<b>–</b>	
<b>Total</b>	<b>100.0%</b>	<b>81.7</b>	<b>73.3</b>	<b>8.4</b>	

## Management Discussion and Analysis

### Note:

*After assessing the current market condition, the Board is of the view that it may not be the best option to utilise the Net Proceeds for organic growth. Originally, it is believed that establishing an aesthetic medical hospital in Shanghai City can boost client's confidence, enhance brand influence and further reinforce the Company's corporate profile, which in turn allows the Company to further attract clients and expand its business in China. However, COVID-19 during the aforesaid period has impacted the aesthetic industry in Shanghai City resulting in limited business opportunity and growth. As of 31 December 2025, the aesthetic market conditions in Shanghai City remain weak, and no suitable aesthetic medical institution was identified in Shanghai City. In addition, it is crucial and necessary to ensure sufficient working capital is available for the Company's existing operations. Therefore, to better utilise the financial resources, on 2 January 2026, the Board resolved to extend the expected timeline for utilising the unutilised Net Proceeds amounting to approximately HK\$8.4 million (the "Unutilised Net Proceeds") from on or before 31 December 2025 to on or before 31 December 2026 and change the use of the Unutilised Net Proceeds to general working capital to allow the Company to utilise its financial resources in a more flexible, beneficial and effective way and meet its operational needs and provide more buffer to cope with the economic uncertainties in the future. For more details, please refer to the announcement of the Company dated 2 January 2026.*

As at the date of this annual report, HK\$8.4 million out of the Unutilised Net Proceeds remains unutilised, while other proceeds have been fully utilised.

On 26 February 2024, the Company proposed to raise gross proceeds of up to approximately HK\$20.8 million before expenses, by way of rights issue, by issuing up to 140,728,521 rights shares (the "Rights Shares") (assuming no further issue or repurchase of shares of the Company on or before 28 March 2024 (the "Record Date"), other than the full exercise of the exercisable share options of the Company and all the Rights Shares will be taken up and without taking into account the proceeds from the exercise of the exercisable share options of the Company) with an aggregate nominal value of approximately HK\$54.8 million at the subscription price of HK\$0.148 per Rights Share (net price of HK\$0.138 per Rights Share) on the basis of one (1) Rights Share for every three (3) consolidated shares held by the qualifying Shareholders at the close of business on the Record Date (the "Rights Issue"). The Rights Issue became effective on 25 April 2024. The Company issued and allotted 139,269,333 new shares pursuant to the Rights Issue. In view of the Group's business expansion plans and the unsatisfactory financial performance over the past few years due to the COVID-19 pandemic, the Directors consider that it is commercially reasonable and justifiable to obtain external financing to develop and expand its business with a view to achieving improvement of the Group's financial performance and future business prospects.

The gross proceeds from the Rights Issue are approximately HK\$20.6 million and the net proceeds from the Rights Issue after expenses are approximately HK\$19.0 million.

## Management Discussion and Analysis

The following table sets forth a summary of the utilisation of the net proceeds from the Rights Issue as at 31 December 2025:

Purpose	Percentage to total amount	Planned use of net proceeds HK\$'million	Actual use of Proceeds up to 31 December 2025 HK\$'million	Unutilised amount as at 31 December 2025 HK\$'million	Expected timeline of full utilisation of the remaining proceeds
Acquisition of equipment and raw materials necessary to initiate the manufacturing process	50.0%	9.5	9.5	-	
Registration filing of aesthetic medical equipment products with the NMPA, including clinical trials which are integral to the registration process	40.0%	7.6	-	7.6	31 March 2026
General working capital	10.0%	1.9	1.9	-	
<b>Total</b>	<b>100.0%</b>	<b>19.0</b>	<b>11.4</b>	<b>7.6</b>	

As at the date of this annual report, HK\$7.6 million out of the net proceeds from the Rights Issue remains unutilised, while other proceeds have been fully utilised.

### EVENTS DURING THE REPORTING PERIOD

On 7 March 2025 (after trading hours), Suzhou Ruiquan, an indirect non wholly-owned subsidiary of the Company, and Suzhou Maldi Jinggang Technology Co., Ltd. ("Suzhou Maldi"), entered into an agreement (the "Agreement"), pursuant to which Suzhou Ruiquan agreed to acquire and Suzhou Maldi agreed to sell, the property situated at Units 101, 201, 301, 401, Building 7, 26 Jinxing Road, Jinfeng Town, Zhangjiagang, Suzhou, Jiangsu Province, PRC with a gross floor area of approximately 4,660.22 sq.m. at the consideration of RMB21,437,012. The Agreement has been approved by the Shareholders on the annual general meeting of the Company held on 30 May 2025. The consideration was funded by the Group's internal resources and external financing. For details, please refer to the Company's announcements dated 7 March 2025, 17 April 2025, 24 April 2025 and 30 May 2025 and the circular of the Company dated 24 April 2025.

## Management Discussion and Analysis

On 4 July 2025, a number of investors entered into the investment agreement (the “Investment Agreement”) with Hangzhou Raily and Hainan Beilifeier Out-patient Department Co., Ltd. (“Hainan Beilifeier”), pursuant to which: (i) the first investor agreed to subscribe RMB715,000 of the equity interest in Hainan Beilifeier, and the second investor agreed to subscribe RMB4,290,000 of the equity interest in Hainan Beilifeier. Upon completion of the capital injection of RMB5,005,000 by the investors to Hainan Beilifeier (the “Capital Injection”), the equity interest in Hainan Beilifeier held by the first investor and the second investor would be 7.14% and 42.88%, respectively, and Hangzhou Raily’s equity interest in Hainan Beilifeier would be changed from 100.00% to 49.98%; and (ii) Hangzhou Raily agreed to reduce registered capital of RMB2,855,000 in Hainan Beilifeier to reduce the accumulated loss for previous years (the “Capital Reduction”). Upon completion of the Capital Reduction, the equity interest in Hainan Beilifeier held by Hangzhou Raily would be further changed from 49.98% to 30.00%, and the equity interest in Hainan Beilifeier held by the first investor and the second investor would be changed to 10.00% and 60.00%, respectively. As the Company’s interest in Hainan Beilifeier would decrease from 100.00% to 30.00% upon completion of the Capital Injection and the Capital Reduction, the transactions contemplated under the Investment Agreement constitute a deemed disposal of equity interest in Hainan Beilifeier under Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). For details, please refer to the Company’s announcement dated 4 July 2025.

As Hangzhou Beilifeier Biopharmaceutical Co., Ltd. (“Hangzhou Beilifeier”) decides to have strategic focus on the business of the sales of aesthetic medical equipment products and plans to apply for the medical device business licence, and the business of aesthetic medical services together with the medical practice licence of Hangzhou Beilifeier has been ceased by the Company in accordance with PRC laws and regulations, the restrictions on foreign ownership in the business of providing aesthetic medical services are no longer applicable to Hangzhou Beilifeier. On 15 August 2025, Hangzhou Beilifeier, Raily Beauty Consultation and Mr. Fu Haishu have entered into agreements to (i) transfer all equity interests held by Mr. Fu Haishu in Hangzhou Beilifeier to Raily Beauty Consultation; and (ii) unwind the agreements entered into by Hangzhou Beilifeier, Raily Beauty Consultation and Mr. Fu Haishu on 1 January 2019, comprising the business cooperation agreement, the exclusive option agreement, the equity pledge agreement and the voting rights proxy agreement. For details, please refer to the Company’s announcement dated 15 August 2025.

### SUBSEQUENT EVENTS

On 2 January 2026, the Board resolved to update the expected timeline for utilising the Unutilised Net Proceeds from the Listing from on or before 31 December 2025 to on or before 31 December 2026 and change the use of the Unutilised Net Proceeds to general working capital to allow the Company to utilise its financial resources in a more flexible, beneficial and effective way and meet its operational needs and provide more buffer to cope with the economic uncertainties in the future. For details, please refer to the Company’s announcement dated 2 January 2026.

## Management Discussion and Analysis

On 6 January 2026 (after trading hours), Miusee Beauty Group Limited (“Miusee Beauty”), Raily Aesthetics Limited (the “First Investor”), Biff Co., Limited (the “Second Investor”, together with the First Investor, the “Investors”), Raily Medical Limited, HongKong Fanxi Information Service Limited and Raily Aesthetic Medical Limited (the “Target Company”) entered into a subscription agreement (the “Subscription Agreement”), pursuant to which (i) the First Investor agreed to subscribe for, and Miusee Beauty and the Target Company agreed to issue to the First Investor, an aggregate of 170,000 shares at the subscription price of HK\$2,550,000; and (ii) the Second Investor agreed to subscribe for, and Miusee Beauty and the Target Company agreed to issue to the Second Investor, an aggregate of 63,335 shares at the subscription price of HK\$950,000, subject to the terms and conditions set out in the Subscription Agreement. Upon Completion, Miusee Beauty, the First Investor and the Second Investor will hold 30.0%, 51.0% and 19.0% of the Target Company’s shares, respectively. For details, please refer to the Company’s announcement dated 6 January 2026.

Save as disclosed above, there has been no significant event which occurred after the Year and up to the date of this annual report.

## PROSPECTS

With the improvement in people’s living standards and an increasingly strong pursuit of beauty, medical aesthetics is no longer a niche choice but has gradually become part of daily life for the general public. China’s aesthetic medical industry remains in a phase of expansion and adjustment. Non-surgical aesthetic services projects, characterized by their low invasiveness and high convenience, have emerged as the primary engine of market growth. In particular, anti-aging procedures have become the core driver of medical aesthetics consumption. Technological innovation and diversified consumer demands are collectively reshaping the industry’s new landscape. We plan to prioritise the development of non-surgical aesthetic medical services and products, increase investment in technology and research, expand the geographic coverage of aesthetic medical service institutions, and make more efforts in the sales, R&D and production of Class III aesthetic medical equipment products.

## DIVIDEND

The Board resolved not to declare any final dividend for 2025 (2024: Nil).

# INVESTOR RELATIONS AND FINANCIAL JOURNALS

We highly support our investor relations activities. We have appointed a professional investor relations team to be responsible for investor relations affairs, to establish a communication bridge between the Company and investors, and to ensure that Shareholders, investors, financial media and potential investors can maintain stable and smooth communications. We attach great importance to the opinions and feedback of investors on the Company, which helps us to better formulate the Company's development strategies to enhance Shareholders' value.

With the development of our business, we will continue to update and improve the investor relations system and strive to maintain a high level of investor relations.

Investors can access to the Company's website (<http://www.raily.com>) to obtain the Company's latest developments, or communicate with us via email [investor.relationship@raily.com](mailto:investor.relationship@raily.com).

## INFORMATION ABOUT SHARES

Company name	Raily Aesthetic Medicine International Holdings Limited (瑞麗醫美國際控股有限公司)
Place of listing	Main Board of the Stock Exchange
Stock code	2135.HK
Listing date	28 December 2020
Whole board lot	10,000 shares
Number of issued shares	557,077,333 shares

## FINANCIAL JOURNALS

The last day of the transfer of registration for 2026 annual general meeting of the Company (the "2026 AGM")	22 June 2026
Closure of register of members for 2026 AGM	23 to 26 June 2026 (both days inclusive)
2026 AGM	26 June 2026

# BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Fu Haishu** (傅海曙), aged 52, is the founder of our Group, executive Director and the chairman of the Board (the "Chairman"). Mr. Fu is also the chairman of each of the nomination committee of the Company (the "Nomination Committee") and the strategic investment committee of the Company (the "Strategic Investment Committee") and a member of the Remuneration Committee. Mr. Fu is responsible for the overall management, decision-making and strategic planning of our Group. He was appointed as our Director on 2 January 2018 and redesignated as our executive Director and Chairman on 30 May 2019. Mr. Fu is currently a director of Raily Beauty Consultation, Wuhu Raily, Ningbo Zhuerli Beauty Consulting Service Co., Ltd. ("Ningbo Zhuerli"), Wuhu Raily Medical Equipment Trading Co., Ltd. ("Raily Equipment"), Suzhou Ruiquan and Shenzhen Ruiquan Management Consulting Co., Ltd. ("Shenzhen Ruiquan").

Mr. Fu graduated from the Shanghai Medical College (上海醫科大學) (currently known as Shanghai Medical College of Fudan University (復旦大學上海醫學院)) major in Clinical Medicine in July 1999.

Being the founder of our Group, Mr. Fu has more than 17 years of experience in the aesthetic medical industry. Prior to founding our Group, he had served as a surgeon in Ruian Red Cross Hospital (瑞安市紅十字醫院) from December 1996 to December 2007.

Mr. Fu became a member of the First Minimally Invasive and Anti-ageing Expert Committee of the Beauty and Plastic Surgeons Branch of the Chinese Medical Doctor Association (中國醫師協會美容與整形醫師分會) in July 2007. He was a special member of the 6th and 7th editorial board of the Chinese Journal of Aesthetic and Plastic Surgery (中國美容整形外科雜誌) from May 2009 to August 2016. He became the managing director of the Translational Medicine Association of Zhejiang (浙江省轉化醫學學會) from April 2015 to June 2018. He previously served as the chairman of the Financial Investment Branch of the CAPA from September 2016 to December 2025 and was appointed as the managing director of the Standing Council of the CAPA in October 2016. Since November 2017, he was appointed as the deputy director of the Brand Construction and Hospital Operation Management Subcommittee (品牌建設與醫院運營管理分委會) of the Plastics and Aesthetics Professional Committee (整形與美容專業委員會) of the Association of China Non-Public Medical Institutions (中國非公立醫療機構協會). He was appointed as the supervisor of the board of the CAPA on 31 May 2021.

**Mr. Song Jianliang** (宋建良), aged 71, is the chief executive officer of the Company (the "CEO"), executive Director and the Dean of our Company's aesthetic medical institutions. Mr. Song is responsible for assisting in the overall management and strategic planning of our Group as well as managing our Company's aesthetic medical institutions. He was appointed as our executive Director on 30 May 2019. He is currently a supervisor of Raily Beauty Consultation, Hangzhou Raily and the Dean of our Company's aesthetic medical institutions.

Mr. Song obtained his Bachelor's Degree in Medicine from the Suzhou Medical College (蘇州醫學院) (currently known as the Medical College of Soochow University (蘇州大學醫學部)) in January 1978.

Mr. Song has over 39 years of experience in aesthetic medical clinical work and hospital management. Prior to joining our Group, he had served as a combat medic in the Wuhan Military Region General Hospital (武漢軍區總醫院) (currently known as the People's Liberation Army Central Military Region General Hospital (中國人民解放軍中部戰區總醫院)) from January 1985. He then worked at the Hangzhou Plastic Surgery Hospital (杭州整形醫院) from January 1987 to September 2005 with his last position being the Dean of the hospital, where he was responsible for its overall management. He joined our Group in January 2008 and has been working as the Dean of our Company's aesthetic medical institutions.

## Biographies of Directors and Senior Management

Mr. Song was awarded the title of Outstanding Young and Middle-aged Science and Technology Worker of Zhejiang Province (浙江省醫學傑出中青年科技人員) in June 1995, and 1995–1996 Outstanding Contribution Science and Technology Worker of Hangzhou (杭州市有突出貢獻的優秀科技工作者). He received special allowance from the State Council of PRC in December 1998 in reward for his contribution to the healthcare industry. He was appointed as a member of the Hand Surgery Subcommittee of the Chinese Medical Association (中華醫學會手外科分會) in October 1997 and May 2000, respectively. He was also appointed as a member of the Aesthetics Medical and Cosmetology Subcommittee of the Chinese Medical Association (中華醫學會) in September 2000. In addition, he was a member of the Reparative and Reconstructive Surgery Committee of the Chinese Association of Rehabilitation Medicine (中國康復醫學會) from October 1996 to September 2000 and from May 2004 to April 2008, respectively. He was appointed as the vice-chairperson of the Plastic Surgery Subcommittee of the Zhejiang Medical Association in July 2000. He was also appointed as the vice chairperson of the Aesthetics Medical and Cosmetology Subcommittee of Zhejiang Medical Association in August 2009, Anti-aging Subcommittee of CAPA in October 2014, and Aesthetics and Plastics Medical Doctors Subcommittee of the Zhejiang Association of Plastic and Aesthetics (浙江省整形美容行業協會) (“ZAPA”) in June 2014, respectively. He was appointed as the managing director of the first council of the ZAPA in May 2017, the vice president of the first council of Rhinoplasty Subcommittee of the ZAPA in April 2018, and the vice president of the first council of the ZAPA in September 2018, respectively. He became a member of the first session of the Standardization Committee of the CAPA in September 2019. He was also appointed as the vice president of the second committee of the Aesthetics and Plastics Medical Doctors Subcommittee of the Zhejiang Medical Doctors Association in October 2019. He was appointed as the vice president of the Anti-aging Subcommittee of CAPA in April 2021. He was also awarded as the Advanced Individual of the ZAPA in December 2021.

**Mr. Wang Ying (王瀛)**, aged 49, was appointed as our executive Director on 28 December 2021. He joined the Group in October 2008 and had over 17 years of experiences in the aesthetic medical industry. From October 2008 to March 2015, Mr. Wang was an executive manager of Hangzhou Beilifeier, during which he was responsible for overseeing the construction of Hangzhou Raily Aesthetic Medical Hospital\* (杭州瑞麗醫療美容醫院) between October 2012 and October 2013. From April 2015 to July 2019, Mr. Wang was the general manager and executive manager of Ruian Raily. Mr. Wang then worked as the general manager of Hangzhou Desi Medical Technology Co., Ltd.\* (杭州德斯醫療科技有限公司) and Hangzhou Feihong Investment Management Co., Ltd.\* (杭州妃弘投資管理有限公司) between August 2019 and October 2019 and between November 2019 and June 2020, respectively. From July 2020 to December 2020, he was appointed as a manager of Hangzhou Lingmao Cloud Technology Co., Ltd.\* (杭州靈貓雲科技有限公司). From January 2021, he acts as the general manager of the business development department of Raily Beauty Consultation, our wholly owned subsidiary. Mr. Wang also holds several positions within our Group, including (a) general manager and legal representative of Wuhu Raily and Raily Equipment; (b) executive director, general manager and legal representative of Hangzhou Raily, Hangzhou Beilifeier, Ruian Raily and Hangzhou Ruiyan Network Technology Co., Ltd.\* (杭州瑞顏網絡科技有限公司) (“Hangzhou Ruiyan Network Technology”) respectively; and (c) director of Hainan Beilifeier and Biotrisse.

\* For identification purposes only

## Biographies of Directors and Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Lin Hai (林海)**, aged 43, was appointed as our independent non-executive Director on 27 March 2026. Dr. Lin is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Company (the "Audit Committee"), the Nomination Committee and the Strategic Investment Committee. He is primarily responsible for supervising and providing independent advice to our Board.

Dr. Lin obtained a Bachelor's degree in Light Chemical Engineering from Sichuan University in July 2003, a Master's degree in Leather Chemistry and Engineering from Sichuan University in June 2006, and subsequently obtained his Ph.D. in Engineering (Light Industry Technology and Engineering, Biomass Chemical Engineering) from Sichuan University in June 2011.

Dr. Lin has extensive experience in the research, product development, and clinical application of tissue-inductive biomaterials and medical implants, with a particular focus on natural polymers such as collagen (including recombinant collagen) and hyaluronic acid. Throughout his career, he has led numerous national key research projects, including special projects under the 13th and 14th Five-Year National Key R&D Programs of China. He has published over 30 SCI-indexed papers, filed more than 25 national invention patents with successful commercialization records, and served as a core drafter for multiple industry and group standards.

Dr. Lin is currently a researcher and doctoral Supervisor at the College of Biomedical Engineering of Sichuan University (四川大學生物醫學工程學院) and the National Engineering Research Center for Biomaterials (國家生物醫學材料工程技術研究中心). He is a prominent expert in the biomedical field, currently serving as a technical review expert for medical devices at the NMPA of the PRC (國家藥品監督管理局). Dr. Lin holds several key leadership positions in professional organizations, including the vice chairman of the Regenerative Biomaterials Branch (整復生物材料分會) of the Chinese Society for Biomaterials (中國生物材料學會), and the deputy director of the Shanxi Key Laboratory of Functional Proteins (功能蛋白質山西省重點實驗室).

**Mr. Liu Teng (劉騰)**, aged 56, was appointed as our independent non-executive Director on 4 December 2020. Mr. Liu is also the chairman of the Audit Committee and a member of the Remuneration Committee. He is primarily responsible for supervising and providing independent advice to our Board.

Mr. Liu obtained a Master of Arts in Professional Accounting and Information Systems from the City University of Hong Kong in November 2004. He was admitted as a member of the Association of Chartered Certified Accountants ("ACCA") in October 2006, and became a certified public accountant of the Hong Kong Institute of Certified Public Accountants ("HKICPA") in February 2007.

Mr. Liu has extensive experience in financial management and investment banking. He worked in Taikang Asset Management (Hong Kong) Company Limited as executive director from August 2008 to October 2010. He then worked as an executive general manager in China Orient International Asset Management Limited from February 2012 to March 2015. From October 2015 to September 2018, he worked in China Universal Asset Management (Hong Kong) Company Limited as a deputy chief executive officer. He is currently the chairman of China Eagle Asset Management Co., Ltd.

Mr. Liu is currently an independent non-executive director of Beauty Farm Medical and Health Industry Inc. (stock code: 2373), the shares of which are listed on the Main Board of the Stock Exchange.

## Biographies of Directors and Senior Management

**Ms. Yang Xiaofen (楊小芬)**, aged 48, was appointed as our independent non-executive Director on 4 December 2020. Ms. Yang is also a member of each of the Audit Committee, the Nomination Committee and the Strategic Investment Committee. She is responsible for supervising and providing independent advice to our Board.

Ms. Yang obtained a Master of Law from the Tongji University in June 2013. Ms. Yang has over 19 years of experience in the PRC legal industry. She worked in Zhe Jiang Zhehang Law Firm (浙江浙杭律師事務所) from August 2006 to August 2014 with her last position held as a lawyer. She worked as a lawyer at Zhejiang Dingya Law Firm (浙江鼎亞律師事務所) from August 2014 to March 2018. She worked as a lawyer and the executive head at Zhejiang Zhong Xin Da Law Firm (浙江眾信達律師事務所) from March 2018 to July 2023. She worked as a lawyer at Zhejiang Z&T Law Firm (浙江卓特律師事務所) from July 2023 to December 2023. Since December 2023, she has been a lawyer at Zhejiang Redsun Law Firm (浙江紅太陽律師事務所) and was assigned by Zhejiang Redsun Law Firm in January 2024 to establish Zhejiang Redsun (Hangzhou) Law Firm (浙江紅太陽(杭州)律師事務所) and worked as the head of the branch office.

## SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The following table sets forth certain information on our senior management members.

Name	Age	Position(s)	Roles and responsibilities	Date of joining our Group	Relationship with other Directors and senior management
Mr. Fu Haishu (傅海曙)	52	Chairman and executive Director	Overall management, decision-making and strategic planning	7 August 2008	N/A
Mr. Song Jianliang (宋建良)	71	CEO, executive Director and Dean of our Company's aesthetic medical institutions	Assist in overall management, strategic planning and managing our Company's aesthetic medical institutions	1 January 2008	N/A
Mr. Wang Ying (王瀛)	49	Executive Director and general manager of business development department	Oversee the business development of Raily Beauty Consultation	1 October 2008	N/A
Ms. Zhang Chunxiu (章春秀)	45	Chief Financial Officer	Oversee our Group's financial matters	1 January 2006	N/A

## Biographies of Directors and Senior Management

**Ms. Zhang Chunxiu (章春秀)**, aged 45, is the Chief Financial Officer of our Group. Ms. Zhang is primarily responsible for overseeing our Group's financial matters.

Ms. Zhang obtained a Diploma in Finance from the Shanghai Normal University (上海師範大學) in June 2000 and subsequently obtained a Bachelor in Accounting from the Hangzhou Dianzi University (杭州電子科技大學) in January 2009.

Ms. Zhang has over 19 years of experience in financial management. She joined Raily Beauty Consultation as a financial officer from January 2006 to December 2007. Since January 2008, she has been the financial director of Raily Beauty Consultation, Hangzhou Raily, Hangzhou Beilifeier, Ruian Raily, Wuhu Raily, Ningbo Zhuerli, Raily Equipment, Hangzhou Ruiquan Medical Equipment Co., Ltd.\* (杭州瑞泉醫療器械有限公司) ("Hangzhou Ruiquan"), Suzhou Ruiquan, Shenzhen Ruiquan and Hangzhou Ruiyan Network Technology, where she is responsible for overseeing the financial matters.

For biographical details of Mr. Fu Haishu, Mr. Song Jianliang and Mr. Wang Ying, please see the section headed "Executive Directors" above.

## COMPANY SECRETARY

**Mr. Chan Oi Fat (陳愛發)**, aged 48, was appointed as the company secretary of the Company (the "Company Secretary") on 27 November 2020. Mr. Chan obtained his Bachelor's Degree of Business Administration (Accountancy) from the City University of Hong Kong in November 2000. He is a member of the ACCA. He is also a member of the HKICPA and a life member of the Hong Kong Independent Non-Executive Director Association.

Mr. Chan has over 17 years of experience in providing professional corporate secretarial services and financial advice to listed companies. From September 2000 to January 2008, Mr. Chan worked in Deloitte Touche Tohmatsu with his last position as audit manager. From January 2008 to March 2018, he served as financial controller and was responsible for the financial and accounting management and company secretarial affairs in Ta Yang Group Holdings Limited (大洋集團控股有限公司), a company whose shares are listed on the Stock Exchange (stock code: 1991.HK). From June 2014 to January 2021, he served as the independent non-executive director of Shanghai Prime Machinery Company Limited (上海集優機械股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 2345.HK). Since February 2018, he serves as the company secretary of China Leon Inspection Holding Limited (中國力鴻檢驗控股有限公司), a company whose shares are listed on the Stock Exchange (stock code: 1586.HK). In April 2018, he joined SML (Hong Kong) Limited, and served as its financial controller and was later promoted to the position of chief financial officer in April 2019. From July 2020 to December 2023, he served as the independent non-executive director of China Saftower International Holding Group Limited (中國蜀塔國際控股集團有限公司), a company whose shares are listed on GEM of the Stock Exchange (stock code: 8623.HK). Since May 2024 and March 2025, he serves as an independent non-executive director of UBoT Holding Limited (優博控股有限公司), a company whose shares are listed on GEM of the Stock Exchange (stock code: 8529.HK) and an independent non-executive director of Huajin International Holdings Limited (華津國際控股有限公司), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2738.HK), respectively.

\* For identification purposes only

# CORPORATE GOVERNANCE REPORT

## 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 as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

During the Year, the Company has complied with all applicable code provisions in Part 2 of the CG Code.

## CORPORATE CULTURE, VALUE AND STRATEGY

The Group has clear business cultures and corporate values to maintain high standards of business ethics and corporate governance and to act lawfully, ethically and responsibly. Integrity is the guiding principle for the Group's employees to behave and act without compromising its stringent standards. In addition, the Group treasures and practices the vision of commitment to workforce development, workplace safety and health, diversity, and sustainability, which serves to attract, develop and retain talents and bring about quality services. Through these, the Group strives to achieve long-term, steady and sustainable growth, while having due considerations from environmental, social and governance aspects. The Group's culture also aligns with its strategy and forms one of its strategic focuses. Adequate training in relation to the above will be provided to new employees, and regular update training will be provided to existing employees.

Meanwhile, it is the Group's rigorous and ongoing strategic planning process to identify short-term and long-term opportunities and challenges which the Group may face and to deliver due and timely responses in order to generate sustainable value for Shareholders.

Ongoing management efforts will continue to be made to achieve the above and to assess the effectiveness of and level of compliance with the Group's corporate cultures, principles and values by, for instance, evaluating the impact of the same on the business developments of the Group and monitoring the status of employees' compliance with applicable laws, regulations and internal policies. The management of the Company will measure the success of the implementation of corporate cultures, principles and values based on various factors, including the number of non-compliance incidents of employees and the overall improvement of business performance. The Group also provides whistle-blowing channels for all stakeholders of the Group to share concerns on any misconduct or non-compliance with applicable laws, regulations and internal policies, upon receipt of which the Group will conduct investigation and take remedial measures, if needed, in a timely manner.

As an incentive to support the implementation of the Group's cultures, principles and values, the Group encourages its employees to act with integrity and strictly follow its standards and internal policies, and will specifically consider an employee's compliance record and performance in this regard when considering his/her promotion and salary adjustment.

## Corporate Governance Report

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to 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 Year.

### BOARD OF DIRECTORS

#### Composition of the Board of Directors

The composition of the Board during 2025 and up to the date of this report is as follows:

#### Executive Directors

Mr. Fu Haishu (*Chairman*)  
Mr. Song Jianliang (*CEO*)  
Mr. Wang Ying

#### Independent Non-executive Directors

Dr. Lin Hai (appointed on 27 March 2026)  
Ms. Yang Xiaofen  
Mr. Liu Teng  
Mr. Cao Dequan (resigned on 27 March 2026)

The Board currently consists of three executive Directors and three independent non-executive Directors (the “INED(s)”). The Board considers this composition to be balanced and to reinforce a stronger independent review and monitoring function on overall management practices. The Company has adopted a board diversity policy (the “Board Diversity Policy”), the purpose of which is to enhance the effectiveness of the Board and maintain the highest standards of corporate governance and to recognize and maintain the benefits of diversity of the Board. The biographical details and relevant relationships of the Directors are set out in the section headed “Biographies of Directors and Senior Management” on pages 32 to 36 of this annual report.

### INDEPENDENT VIEWS MECHANISM

The Company attaches great importance to the independence of Directors and believes that independence is the key to fairness and impartiality. The INEDs play a significant role in balancing the interests of the public and the Company, and the diverse background of the INEDs can bring a broader mix of experience and broader perspectives to the Board. Therefore, the Group has adopted various methods to assess the independence of the INEDs and is committed to fair and transparent methods in selecting suitable Directors.

In assessing the independence and suitability of a candidate for the position of INEDs, the candidate nominated as an INED must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules. Where applicable, the Nomination Committee should also evaluate the candidate’s education background, qualifications and experience in order to consider whether he/she has the appropriate professional qualifications or accounting or related financial management expertise to meet the office of an INED.

## Corporate Governance Report

If the proposed INED fails to meet any of the independence guidelines set out in Rule 3.13 of the Listing Rules, the Group must first demonstrate that the individual is independent before the proposed appointment. The Group must also disclose in its announcement of the appointment of such Director and in its first annual report thereafter the reasons why it considers such Director to be independent.

Each INED is required to inform the Group and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his/her independence and to confirm his/her independence to the Group on an annual basis. The Group is required to confirm in its annual report whether it still considers the INEDs to be independent. Each person who has any financial or other interest in the business of the Group in the past or present or is connected with any connected person (as defined in the Listing Rules) must make a true disclosure. The Nomination Committee is responsible for assessing the independence of all INEDs on an annual basis and confirming whether each of them meets the independence criteria as set out in the Listing Rules and that there are no relationships or circumstances which are likely to affect or appear to affect their independent judgment. Each member of the Nomination Committee will not be involved in assessing his/her own independence. In assessing the independence of INEDs on an annual basis, the Company will in particular ascertain the character and judgment required from such Director to remain as an INED and continue to bring independent, objective and constructive judgment and advice to the assumptions and opinions made by the management and the Board.

Where the Board proposes a resolution to elect an individual as an INED at the general meeting, it should set out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Board believes he/she should be elected and the reasons why they consider him/her to be independent.

INEDs can share their views and opinions by holding meetings with the head of a core department. Specific business departments shall also attend the meetings at the request of the INEDs. Where necessary, the Chairman can hold meetings with the INEDs without the presence of other Directors to provide a useful platform for the Chairman to obtain independent advice on various issues of the Group. Upon reasonable request of the INEDs, the Company will provide them with independent professional advice to assist them in performing their duties.

The Board is satisfied with the implementation and effectiveness of the independent view policy for the Year.

### BOARD MEETINGS

The Board conducts meeting on a regular basis and also as and when required. Board meetings are scheduled in advance to facilitate maximum attendance by Directors. The Company Secretary assists the Chairman in preparing the meeting agenda, and each Director may request inclusion of items in the agenda. Senior management members may be invited to attend all Board meetings to enhance communications between the Board and management. Meeting agendas and other relevant information are provided to the Directors in advance of Board or Board committee meetings. During the Year, save for meetings held between executive Directors during the normal course of business of the Company, the Board held four Board meetings.

Directors who have conflicts of interest in a resolution are required to abstain from voting.

## Corporate Governance Report

### DIRECTORS' ATTENDANCE AT BOARD/BOARD COMMITTEE/GENERAL MEETINGS

During the Year, the attendance of each member of the Board committee meetings, the Board meetings and general meetings are recorded as below:

Name of Directors	Number of meetings attended/Number of meetings entitled to attend					
	Board Meetings	Audit Committee Meetings	Remuneration Committee Meeting	Nomination Committee Meeting	Strategic Investment Committee Meetings	General Meeting
<i>Executive Directors</i>						
Mr. Fu Haishu	4/4	–	1/1	1/1	2/2	1/1
Mr. Song Jianliang	4/4	–	–	–	–	1/1
Mr. Wang Ying	4/4	–	–	–	–	1/1
<i>INEDs</i>						
Mr. Cao Dequan (resigned on 27 March 2026)	4/4	2/2	1/1	1/1	2/2	1/1
Mr. Liu Teng	4/4	2/2	1/1	–	–	1/1
Ms. Yang Xiaofen	4/4	2/2	–	1/1	2/2	1/1

### RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership and control of the Group and overseeing the Group's business, strategic decisions and performance. The Board has the functions of considering and approving the strategies, financial objectives, annual budget and investment proposals of the Group. The INEDs, who offer diverse industry expertise, serve the important function of advising the management on strategy and ensuring that the Board maintains high standards of financial and others mandatory reporting requirements as well as providing adequate checks and balances for safeguarding the interests of the Shareholders and the Company as a whole. Significant transactions are approved by the Board.

Save as disclosed in the section headed "Biographies of Directors and Senior Management" on pages 32 to 36 of this annual report, the members of the Board have no financial, business, family or other material/relevant relationship with each other.

The Board also performs its corporate governance functions in accordance with code provision A.2.1 of Part 2 of the CG Code. A summary of the works performed by the Board on corporate governance functions during the Year is as follows:

- (a) Develop and review the corporate governance policies and practices;
- (b) Review and monitor the training and continuous professional development of the Directors and senior management;
- (c) Review and monitor the policies and practices related to compliance with statutory and regulatory requirements;
- (d) Review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) Review whether the Company has complied with the disclosure requirements of the CG Code and the corporate governance report.

## Corporate Governance Report

### Delegation to Management

Day-to-day operational responsibilities are specifically delegated by the Board to the management under the leadership of the CEO. The main duties of the management include implementation of the strategies and decisions approved by the Board, and the management assumes full responsibility to the Board for the business operations of the Group.

### Participation of Directors in Continuous Professional Training

Principle C.1 of Part 2 of the CG Code stipulates that all Directors must participate in continuous professional development to develop and refresh their knowledge and skills, with the purpose of ensuring that they can continue to make informed and relevant contributions to the Board. The Company is responsible for arranging and funding appropriate training, and placing an appropriate emphasis on the roles, functions and responsibilities of directors of listed companies. All Directors are provided with necessary training and information to ensure that they have a proper understanding of the Company's operations, businesses and market in which it operates as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole to discharge their duties. The Directors and senior management also meet on a regular basis or as necessary to discuss issues such as operation of the Company, corporate governance policies, and regulatory compliance. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company Secretary has from time to time updated and provided written training materials relating to the roles, functions and duties of a Director. During the Year, all Directors have participated in continuous professional development by attending seminars or reading materials to develop and refresh their knowledge and skills and provided a record of training to the Company.

## CHAIRMAN AND CEO

During the Year, Mr. Fu Haishu is the Chairman and Mr. Song Jianliang is the CEO. Code provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive shall be separated and shall not be performed by the same individual. The Company has complied with such code provision and the power of management is not concentrated in any one individual.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of the INEDs in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Each INED shall inform the Company as soon as practicable if there is any change that may affect his/her independence. The Company confirms that it still considers each INED to be an independent person.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Mr. Fu Haishu and Mr. Song Jianliang have each entered into a service agreement with the Company for a term of three years commencing from 28 December 2023, which upon expiry shall be automatically renewed for a further three years following the approval of their re-elections by the Shareholders at the annual general meeting of the Company. Mr. Wang Ying entered into a service agreement with the Company for a term of three years commencing from 28 December 2021, which upon expiry was automatically renewed for a further three years following the approval of his re-election by the Shareholders at the annual general meeting of the Company held on 28 June 2024.

Mr. Liu Teng and Ms. Yang Xiaofen have each entered into a letter of appointment with the Company for a term of three years commencing from 28 December 2023. Dr. Lin Hai entered into a letter of appointment with the Company for a term of three years commencing from 27 March 2026. All Directors are subject to re-election as and when required under the Company's articles of association (the "Articles of Association").

## Corporate Governance Report

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing Board composition, monitoring the appointment of Directors and assessing the independence of the INEDs.

According to Article 109 of the Articles of Association, at each annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting of the Company shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

According to Article 113 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director, provided that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting of the Company. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election. Any Director appointed under Article 113 shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting of the Company.

### BOARD COMMITTEES

The Board has established the following committees with defined terms of reference, which are on no less exacting terms than those set out in the CG Code:

- Remuneration Committee
- Nomination Committee
- Audit Committee
- Strategic Investment Committee

Each committee has authority to engage outside consultants or experts as it considers necessary to discharge the committee's responsibilities. Minutes of all committees meetings are circulated to their members.

### REMUNERATION COMMITTEE

The composition of the Remuneration Committee during the Year is as follows:

#### **Independent Non-executive Directors**

Mr. Cao Dequan (*Chairman*) (resigned on 27 March 2026)

Mr. Liu Teng

#### **Executive Director**

Mr. Fu Haishu

## Corporate Governance Report

The Board has established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and Principle E.1 of Part 2 of the CG Code. The primary duties of the Remuneration Committee are to make recommendations to the Board regarding our policy and structure for the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies, to make recommendations to the Board on the remuneration packages of our Directors and senior management in accordance with code provision E.1.2(c)(ii) of Part 2 of the CG Code and on the employee benefit arrangement, to assess performance of executive Directors, to approve the terms of executive Directors' service contracts and to review and/or approve matters relating to the share scheme under Chapter 17 of the Listing Rules.

During 2025, the Remuneration Committee held one meeting. Details of the attendance of members of the Remuneration Committee at the above-mentioned meeting are set out in the sub-section headed "Directors' Attendance at Board/Board Committee/General Meetings" above.

A summary of the work performed by the Remuneration Committee is as follows:

- a. reviewed the 2025 remuneration package of the senior management of the Company; and
- b. reviewed the 2025 remuneration package of the Directors.

## NOMINATION COMMITTEE

The composition of the Nomination Committee during the Year is as follows:

### Executive Director

Mr. Fu Haishu (*Chairman*)

### Independent Non-executive Directors

Mr. Cao Dequan (resigned on 27 March 2026)

Ms. Yang Xiaofen

The Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and Principle B.3 of Part 2 of the CG Code. The primary duties of the Nomination Committee are mainly reviewing the structure, size and composition of the Board, identifying individuals who are suitably qualified to become a member of the Board, assessing the independence of the INEDs, selecting or making recommendations on the selection of individuals nominated for directorships and succession planning for the Directors, in particular, the Chairman and the CEO.

During 2025, the Nomination Committee held one meeting. Details of the attendance of members of the Nomination Committee at the above-mentioned meeting are set out in the sub-section headed "Directors' Attendance at Board/Board Committee/General Meetings" above.

A summary of the work performed by the Nomination Committee is as follows:

- a. reviewed the structure, size and composition of the Board and succession plan;
- b. assessed the independence of INEDs;
- c. reviewed the Board Diversity Policy and the progress on achieving the measurable objectives; and
- d. made recommendation to the Board on the re-election of the retiring Directors.

## Corporate Governance Report

### AUDIT COMMITTEE

The composition of the Audit Committee during the Year is as follows:

#### Independent non-executive Directors

Mr. Liu Teng (*Chairman*)

Mr. Cao Dequan (resigned on 27 March 2026)

Ms. Yang Xiaofen

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and Principle D.3 of Part 2 of 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, appointment of external auditors and perform further duties and responsibilities as assigned by our Board from time to time.

During 2025, the Audit Committee held two meetings. Details of the attendance of members of the Audit Committee at the above-mentioned meetings are set out in the sub-section headed "Directors' Attendance at Board/Board Committee/General Meetings" above.

A summary of the work performed by the Audit Committee is as follows:

#### a. Financial Reporting

- Reviewed and approved the audited consolidated financial statements for the Year in conjunction with the Company's external auditors, Ernst & Young, and the unaudited financial statements for 6 months ended 30 June 2025 prior to approval by the Board;
- Reviewed the accounting principles and practices adopted by the Group;
- Reviewed the auditing and financial reporting matters, including the key audit matters of the consolidated financial statements for the Year which are set out in the annual report of the Company for the Year;
- Reviewed the audit planning for the Year in conjunction with the Company's external auditors; and
- Previewed the financial status for the Year;

#### b. External Auditors

- Approved the remuneration and terms of engagement of the Company's external auditors;
- Reviewed the independence and objectivity of the Company's external auditors and the effectiveness of audit procedures according to applicable standards;
- Reviewed the re-appointment of Company's external auditors and was satisfied with their work, their independence, and their objectivity, and therefore recommended the re-appointment of Ernst & Young (which had indicated their willingness to continue in office) as the Company's external auditors for Shareholders' approval in the annual general meeting which was held on 30 May 2025; and
- Met with the Company's external auditors without the attendance from the executive Directors;

## Corporate Governance Report

### c. Internal Audit

- Reviewed the audit procedures and risk management and internal control systems of the internal audit department (the “Internal Audit Department”); and

### d. Risk Management and Internal Controls

- Reviewed the effectiveness of risk management and internal control systems.

The Audit Committee has reviewed and approved the annual results of the Group for the Year prior to approval by the Board, which was of the view that the preparation of such annual results have complied with the requirements of the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

The Audit Committee has recommended to the Board the re-appointment of Ernst and Young, Certified Public Accountants, as auditor of the Company and the Company will propose a resolution for the re-appointment of Ernst & Young as the Company’s auditor at the 2026 AGM.

## STRATEGIC INVESTMENT COMMITTEE

The composition of the Strategic Investment Committee during the Year is as follows:

### Executive Director

Mr. Fu Haishu (*Chairman*)

### Independent Non-executive Directors

Mr. Cao Dequan (resigned on 27 March 2026)

Ms. Yang Xiaofen

The Board has established the Strategic Investment Committee with written terms of reference. The primary duties of the Strategic Investment Committee are mainly reviewing and making suggestions for the long-term development strategies and major events of the Company, major business restructuring, merger, division, and dissolution of the Company, projects such as major capital operations that are subject to the approval of the Board under the Articles of Association, the business model and business development direction of the Company, the targeted projects of merge and acquisition of the Company and any major events which may have an impact on the development of the Company.

During 2025, the Strategic Investment Committee held two meetings. Details of the attendance of members of the Strategic Investment Committee at the above-mentioned meetings are set out in the sub-section headed “Directors’ Attendance at Board/Board Committee/General Meetings” above.

A summary of the work performed by the Strategic Investment Committee is as follows:

- a. discussed the potential subscription of shares of the Target Company; and
- b. reported the 2025 investment budget in relation to the factory of Suzhou Ruiquan.

## Corporate Governance Report

### AUDITORS' REMUNERATION

During the Year, the remuneration paid/payable to Ernst & Young, the Company's external auditors, for the provision of audit and other services is set out below:

	<b>Fees paid/payable</b> RMB'000
Audit and audit-related services	2,200
Non-audit services	–

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the Year, the remuneration of senior management members by band is set out below:

<b>Remuneration Band (HK\$)</b>	<b>Number of individuals</b>
HK\$nil to HK\$1,000,000	4
HK\$1,000,001 to HK\$2,000,000	–

Further particulars regarding the Directors' remuneration and the five highest paid employees are set out in Note 8 and Note 9 to the financial statements, respectively.

### DIRECTORS' RESPONSIBILITIES ON FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the Year, which give a true and fair view. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 113 to 117 of this report.

### INTERNAL CONTROL AND RISK MANAGEMENT

The Board has reviewed the effectiveness of the risk management and internal control systems of the Group, and confirms that the Company's risk management and internal control systems are appropriate and effective for the purposes set out in Principle D.2 of Part 2 of the CG Code.

The Board acknowledges and is responsible for ensuring that the Group maintains a sound and effective risk management and internal control system and reviewing its effectiveness through the Audit Committee. The system is used to manage (rather than eliminate) the risk of failing to achieve the Company's goals, and aims to provide reasonable but not absolute guarantees about avoiding major misstatements, losses or frauds.

The Company has established the Internal Audit Department, and reviewed the risk management and internal control system at least once during the Year to ensure that they are effective and adequate. The Company confirms that there are no significant changes during the Year in (i) the Company's assessment of risks (including ESG risks) and (ii) the risk management and internal control systems.

## Corporate Governance Report

The Internal Audit Department at our headquarters is generally responsible for approving all the risk management procedures and internal control systems. Our departments at the headquarters oversee the implementation of such procedures and systems by our aesthetic medical institutions, while the respective departments of our aesthetic medical institutions are responsible for daily affairs in respect of implementation of such procedures and systems. Our employees receive mandatory training on relevant policies, standards, protocols and procedures from time to time and are required to strictly follow them in daily operations. The Internal Audit Department at our headquarters is overseen by the Audit Committee.

The Board has adopted an enterprise risk management framework for the Company. If any significant risks are noticed in daily operations, the Group's business units, support functions and individuals will review, share experiences and report to senior management. The Internal Audit Department communicates and assesses the Group's risk portfolio and significant risks at the group level. The Board authorizes the executive management to design, implement and continuously assess these risk management and internal control systems; at the same time, the Board, through the Audit Committee, monitors and reviews the adequacy and effectiveness of established procedures for the monitoring and risk management of financial, operational and compliance matters.

Based on the assessment results and statements made by senior management, the Audit Committee is satisfied that:

- there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that threaten the achievement of its business objectives; and
- appropriate systems of internal control and risk management have been in place for the Year and up to the date of this report and there are no significant control failings or weaknesses identified during the Year, or that were previously reported but remained unresolved.

### Procedures and Internal Controls for Handling and Dissemination of Discloseable Information

In handling and dissemination of inside information, the Group:

- requires the discloseable information, including inside information and other information required to prevent a false market in the Company's securities, to be reported to the Board and the Company Secretary;
- will conduct immediate dissemination once discloseable information is available and/or respective decision is made, except the inside information falling into the Safe Harbours of Securities and Futures Ordinance (the "SFO") that allow non-disclosure;
- complies with applicable laws, rules and Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission; and
- communicates with relevant persons about corporate information disclosure practices with respective training.

### BOARD DIVERSITY POLICY

In recognition of the particular importance of gender diversity, we are committed to promote gender diversity at the Company at all levels, including without limitation, at the Board and senior management levels, to enhance the effectiveness of the corporate governance. We have taken and will continue to take steps to promote gender diversity of the Company, including the appointment of one female non-executive Director, INED and senior management member. Subject to availability of experienced management personnel in the industry, we have also adopted measures to promote gender diversity in developing a pipeline of female senior management and potential successors to the Board, including putting gender diversity as a strategic priority when sourcing for the Director candidates, leveraging the community resources including relevant associations, networking groups and publications, and forging and keeping relationship with the potential candidates, as well as engaging more resources in training female staff who have long and relevant experience in our business, with the aim of promoting them to the senior management or directorship of the Group.

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted the Board Diversity Policy to ensure that the Company will, when determining the composition of the Board, consider Board diversity in terms of, among other things, age, gender, cultural and educational background, professional and industry experience, skills and knowledge, insight, and the potential contributions that such candidate could bring to the Board. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires being effective. The structure, size and composition (including, for example, gender, age, and length of service) of the Board will be reviewed from time to time by the Nomination Committee to ensure that the Board has a balance of skills, expertise and diversity of perspective for providing effective leadership to the Company and meeting the needs of the Group.

The Company recognizes and embraces the benefits of having a diverse Board, and considers diversity at Board level as an essential element in maintaining a competitive advantage. The Company also recognizes the importance of being able to attract, retain and motivate employees from the widest pool of available talent, and is committed to diversity at all levels, including gender, age, cultural and educational background, and professional experience. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

At present, the Board consists of five male Directors and one female Director and the Nomination Committee considered that the Board is sufficiently diverse in terms of gender and the Board has not set any measurable objective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In reviewing and assessing the composition of the Board, the Nomination Committee considers the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board. Factors to be taken into account include: gender, age, ethnicity, cultural and educational background, professional skills, experience and knowledge. Due regard is to be given to the business model and specific needs of the Company.

## Corporate Governance Report

### Principles

The Board believes in the benefits of diversity and recognizes that diversified thinking can create prudent business ideas, namely:

- Have competitive advantages;
- Really understand the opportunities, problems and risks;
- Include different opinions, ideas and relationships;
- Strengthen decision-making and exchange of opinions; and
- Improve the ability to supervise the Company and its governance.

### Factors and Reasons Behind

In terms of achieving diversity of Board members, factors to be considered include but not limited to:

- (1) Business and practical experiences;
- (2) Professional skills and expertise;
- (3) Gender;
- (4) Age; and
- (5) Cultural and educational background.

The principal business of the Group is the provision of aesthetic medical services, which are highly competitive businesses and activities. Experiences in business or activities or other businesses or activities are essential for understanding and operating the business and activities of the Group. Professional (such as law, accounting) skills and professional knowledge are particularly important to minimize the risks of the Group's business and activities. In terms of customers' requirements and feedback on the services provided by the Group and the needs of Shareholders and investors, gender and age diversity and cultural and educational diversity will generate different opinions.

## PROGRESS ON AND STATUS OF GENDER DIVERSITY

As at the date of this annual report, the Board comprises five male Directors and one female Director. The Nomination Committee considered that the Board had achieved gender diversity and possessed skill and expertise and a diverse mix appropriate for the business of the Company and will review the composition and diversity of the Board annually to ensure its continued effectiveness. The Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

As at the date of this annual report, the total number of employees (including the senior management) of the Group was 264 (31 December 2024: 290) with 46 male staff and 218 female staff. The gender ratio of the Group's workforce was 17% male and 83% female while the gender ratio of the senior management was 43% male and 57% female. Details of workforce composition were disclosed under Environmental, Social and Governance Report in this annual report.

## Corporate Governance Report

From the perspective of sociology, female's cognition of beauty is relatively higher than that of male. From the perspective of marketing, female representatives with better external performance are also a consumption implication. Combined with the characteristics of the aesthetic medical industry, the gender ratio of employees of the Company is relatively imbalanced, and the proportion of female employees is higher. With the rise of internet celebrity economy, better external performance men are also more popular, and the impressions of men and women are no longer solidified, especially the potential of male consumption is huge. The Company plans to increase the number of male employees to recruit, strengthen the cultivation of professional quality of male employees, and promote gender diversity of employees. With increasingly fierce market competition, corporate organizations are facing the impact of rapid changes in the environment. The gender diversity of employees can promote information exchange within the organization and become the key to the organization's competitive advantage. The Group is able to properly address gender issues and has a wider range of talent choices and a competitive advantage.

### NOMINATION POLICY

The Board has adopted a director nomination policy (the "Nomination Policy"), which sets out the criteria, procedures and processes for selecting and recommending candidates to serve on the Board.

#### Selection Criteria

A number of factors should be considered when selecting and recommending candidates for the Directors, including but not limited to:

- (1) Personal ability: Each candidate must abide by the highest ethical standards, demonstrate solid business judgment, and possess strong interpersonal skills.
- (2) Comply with the Board Diversity Policy.
- (3) Comply with the Company's memorandum and Articles of Association and the Listing Rules.
- (4) Specific skills and experiences:
  - (a) Leadership experience in an organization or company of similar size and complexity to the Company;
  - (b) Past board experience;
  - (c) Able to read and interpret financial statements;
  - (d) Experience in legal affairs;
  - (e) Experience or expertise in the beauty industry or beauty service field;
  - (f) Understand and share the Company's vision; and
  - (g) Able to commit time and contribution to the Board and the Company's good governance and improvement, as well as the director's ability to discharge his or her responsibilities effectively, taking into account professional qualifications and work experiences, existing directorships of issuers listed on the Main Board or GEM and other significant external time commitments of such director and other factors or circumstances relevant to the director's character, integrity, independence and experience.

## Corporate Governance Report

### Procedures and Processes

- (1) Any Board member may nominate a candidate for new appointment as a Director or re-appoint any existing Director.
- (2) The Nomination Committee may convene a meeting to review the nomination of relevant candidates.
- (3) The Nomination Committee shall conduct due diligence on the candidates in identifying and selecting suitable candidates for directorships and conduct an assessment in accordance with the candidate's relevant criteria as set out in the Nomination Policy, before making recommendations to the Board to consider and approve.
- (4) The Shareholders may elect any individual to serve as a Director through ordinary resolutions.

The Nomination Policy will be reviewed from time to time.

### DIVIDEND POLICY

In determining whether to propose the payment of dividends and the amount of dividends, the Company will consider the Group's future operations and strategies, financial performance, cash flow, market conditions, capital requirements and any other factors deemed relevant by the Board.

The declaration and payment of dividends by the Company are subject to the sole discretion of the Board from time to time, and shall also comply with any restrictions imposed by the Cayman Islands Company Law and the Articles of Association. The Board confirms that all dividend decisions will be made in accordance with its dividend policy, and any deviations from the policy will be followed by an explanation.

This policy will be reviewed from time to time. The reason for the Board's decision of not declaring any dividend this Year is to conserve sufficient funding for future needs of the Company. The Company intends to take measures to enhance investor's return by continuous business growth.

### DIRECTORS' REMUNERATION POLICY

The remuneration policy of the Directors (the "Policy") aims to set out the Group's criteria and guidelines in determining the remuneration packages of individual Directors and employees. High-quality and dedicated employees are one of the valuable assets contributing to the success of the Group. To ensure our ability to attract and retain talents, the Policy aims to provide fair and market-competitive, adequate but not excessive remuneration packages to support performance culture and achieve strategic business goals.

The Remuneration Committee is responsible for formulating the Group's remuneration policy for the Board's approval, and making recommendations to the Board on the annual salary adjustment and annual performance bonus of the Group. The appropriate remuneration offered to the Directors is mainly to ensure that an appropriate level of remuneration is maintained so as to attract and retain experienced and high-caliber talent to assist and manage the business and development of the Company. The remuneration will be reviewed annually with reference to factors such as the Company's performance and market trends.

The remuneration of INEDs, subject to Shareholders' approval, should be fixed by the Board and should be commensurate with their contribution to the Company. The Remuneration Committee should conduct regular reviews of the remuneration policies of the executive Directors and senior management independently from executive management.

## Corporate Governance Report

In approving and determining the remuneration package, the Remuneration Committee shall consider and evaluate the performance of the Group and the key financial and operational performance targets of the Group. The remuneration package and structure should be based on a fair reward system to all participants and include the following key components:

### Consideration of fixed remuneration

- Basic salaries and allowances
- Level of remuneration in line with general norms and/or market trends in the industry in which the Group operates
  - Market benchmarks relevant to the function and scope of work of the relevant Directors or employees
  - Company performance and financial performance
  - Individual performance and contribution (which can be measured by the achievement of individual annual financial and operating targets)
  - Other factors considered by the Remuneration Committee

### Consideration of variable remuneration

- Performance bonus (if any)
- Company performance and financial performance
  - Individual performance and contribution (which can be measured by the achievement of individual annual financial and operating targets)
  - Other factors considered by the Remuneration Committee

## SHAREHOLDERS COMMUNICATION POLICY

The Company attaches great importance to communicate with Shareholders and recognizes its responsibility to create maximum value for Shareholders. To ensure a two-way communication channel between the senior management of the Company and the Shareholders and investors, the Group has adopted various means to enhance communication and dialog with each other. The Group is committed to enhancing investor relations through timely, fair and transparent communication with Shareholders and investors. The Company is committed to maintaining effective and transparent communication with its Shareholders and investors in a proactive manner and ensuring that information is disseminated to Shareholders and potential investors in an accurate, consistent and timely manner.

The Company has established different communication channels to ensure that all stakeholders have public access to corporate information. The Company will issue corporate communications (which include financial reports, results announcements, announcements and circulars) containing regulatory disclosures and notices of the Company in accordance with applicable laws and regulatory requirements.

## Corporate Governance Report

The annual general meeting (the “AGM”) and the extraordinary general meeting (the “EGM”) of the Company provide an important and open platform for Shareholders to discuss and communicate with the management of the Group. Shareholders are encouraged to attend the general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. The chairman of the general meeting will provide reasonable time for Shareholders to raise questions and express their opinions.

The senior management of the Group may answer questions raised by Shareholders at the AGM/EGM, at which separate resolutions are proposed on significant matters. An explanation of the detailed procedures of conducting a poll will be provided to Shareholders at the commencement of the AGM/EGM to ensure that Shareholders are familiar with the procedures. The poll results in respect of the resolutions proposed at the meeting will be published on the websites of the Company and the Stock Exchange after the conclusion of the AGM/EGM.

In order to improve the accuracy and transparency of public disclosure, the Group attaches great importance to the preparation of interim and annual reports. The Group’s report provides in-depth analysis and discussion of key areas, including financial and operating results. On the other hand, the Group will keep the Shareholders informed of any material events or inside information by way of announcement. For any matters requiring Shareholders’ approval, the Group will convene an AGM/EGM and publish a circular in accordance with the requirements of the Stock Exchange before a specified date to inform the Shareholders so that they have sufficient time to prepare for the voting.

All published annual reports, interim reports, announcements and circulars have been uploaded to the Stock Exchange’s website and the Company’s corporate website.

The Company maintains a dedicated investor relations section on its corporate website. The Group regularly provides investors, Shareholders and the media with the latest information through press releases, financial statements and announcements, in order to provide the latest business progress, financial and operational information to the market and enhance corporate interaction, communication and transparency. In order to protect the environment and maintain effective communication with Shareholders, all Shareholders are encouraged to visit the Group’s corporate website for up-to-date information.

Shareholders may at any time make a request for the Company’s information to the extent that such information is publicly available. Shareholders should direct their questions about their shareholdings to the Company’s branch share registrar, whose contact details are set out below:

### **Tricor Investor Services Limited**

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

The Board has reviewed the implementation of the shareholders’ communication policy of the Company (the “Shareholders’ Communication Policy”) and its effectiveness for the Year. The Company has provided appropriate communication channels to the Shareholders in accordance with the Shareholders’ Communication Policy and therefore the existing Shareholders’ Communication Policy is appropriate to the Company.

## Corporate Governance Report

### COMPANY SECRETARY

Mr. Chan Oi Fat has been appointed as the Company Secretary on 27 November 2020. During the Year, Mr. Chan Oi Fat has taken not less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

### PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

If a Shareholder wishes to put forward proposals at a Shareholders' meeting, the Shareholder, who has satisfied the shareholding requirements set out in the following paragraph headed "SHAREHOLDERS' RIGHTS", may follow the same procedures by sending a written requisition to the Board. The Shareholder should state his/her proposals in the written requisition and submit the written requisition as early as practicable to enable the Company to make necessary arrangement.

### SHAREHOLDERS' RIGHTS

#### The Way by Which Shareholders Can Convene EGM

According to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. One or more Shareholders holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an EGM and add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### PROCEDURES FOR MAKING ENQUIRIES TO THE BOARD

Any enquiries to be put to the Board are welcomed and can be addressed to the Company's securities affairs department via email ([investor.relationship@raily.com](mailto:investor.relationship@raily.com)) or by mail to the following address:

#### **Raily Aesthetic Medicine International Holdings Limited**

5/F, Minhang Tower  
No. 290 North Zhongshan Road  
Gongshu District  
Hangzhou PRC

Attn: Securities Affairs Department

### AMENDMENTS TO CONSTITUTIONAL DOCUMENT

There had been no changes in constitutional documents of the Company during the Year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. ABOUT THIS REPORT

Raily Aesthetic Medicine International Holdings Limited (the “Company”) is pleased to present the Environmental, Social and Governance (“ESG”) Report (the “Report”). This ESG Report describes the performance, policies, and strategies of the Company and its subsidiaries (collectively referred to as the “Group” or “We”) in terms of sustainable development, environmental protection, employee care, and corporate responsibility. We hope to demonstrate our concern for sustainable development and related issues through this ESG Report, listen to the opinions of various stakeholders, and establish a long-term and close relationship with them.

### 1.1 Reporting Scope

This ESG Report covers the environmental and social performance of the Group from 1 January 2025 to 31 December 2025 (the “Year”). Regarding the key performance indicators (KPIs) in environmental and social aspects, the Group focuses on the performance of the following business segment i) aesthetic medical services (include one aesthetic medical hospital in Hangzhou, and two aesthetic medical out-patient departments in Rui’an and Wuhu, respectively), ii) aesthetic medical management consulting services (include one office in operation in Hangzhou), iii) the medical device sales office at headquarters in Hangzhou, and iv) biomedical technology services in Suzhou operated in the People’s Republic of China (the “PRC”). This scope is based on whether the actual business premises and the office premises have a significant impact on the Group. Compared with last year, due to the adjustments to the scope of business, the office that provides aesthetic medical management consulting services in Shenzhen is not included in this report this year.

### 1.2 Reporting Standard

This ESG Report is prepared by the Company in accordance with the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), and has been reported and disclosed according to the provisions of “Mandatory Disclosure” and “Comply or Explain” therein.

### 1.3 Reporting Principles

The contents covered in this report are in compliance with the four reporting principles of materiality, quantification, balance and consistency required in Appendix C2 to the Listing Rules and their referred documentations as set out by the Stock Exchange, so as to ensure quality and proper presentation of the reported information.

- **Materiality:** The scope and content of this Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders’ opinions, assessing the materiality of ESG-related issues on the Group. This ESG Report covers all key issues that different stakeholders have raised concerns.
- **Quantification:** This ESG Report discloses environmental and social KPIs in a quantitative manner to enable stakeholders to have a more comprehensive understanding of the Group’s ESG performance. All standards, methodologies, references and emission and conversion factors calculated these KPIs are stated in this report.

## Environmental, Social and Governance Report

- **Balance:** The Group's performance during the reporting period has been presented in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.
- **Consistency:** In order to enhance comparability of ESG performances in future years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. If there are any changes in the reporting and the calculation methodologies or specific standards, the Group will explain in detail in this ESG Report.

### 1.4 Information and Feedback

The Group attaches great importance to your opinion on the ESG performance of the Group. If you have any comments or suggestions, please contact us through the following methods:

Address: 5/F, Minhang Tower, No. 290 North Zhongshan Road, Gongshu District, Hangzhou, PRC  
Tel: 0571-88826555  
Fax: 0571-88827555  
Email: service@raily.com

## 2. ESG GOVERNANCE

The Group understands the key significance of ESG governance to corporate sustainable development, and firmly believes that the opinions and participation of stakeholders are critically important to ESG governance. For these reasons, the Group is committed to continuously enhancing its ESG governance level and practical performance by actively engaging in various channels to understand the stakeholders' expectations and requirements for the Group and ESG issues of particular concern. In order to efficiently facilitate the processes of the ESG-related issues, the Group has established policies related to environmental, social and corporate governance responsibilities, and has formulated appropriate ESG risk management measures and internal control systems to ensure that the Group can effectively respond to potential ESG risks and take corrective measures when necessary.

### 2.1 Statement from the Board

The Group firmly believes that robust ESG governance strategies and practical initiatives are critical for the long-term sustainable development of its business and help to enhance its investment value and returns. To this end, the Board has clearly defined ESG duties and responsibilities, designating executive directors to oversee the implementation of the Group's ESG work. The Board will also pay close attention to the preparation process of the ESG report and closely follow up the progress of the preparation and finalization of ESG report. To ensure seamless progress of the ESG-related issues, the Board also regularly meets with department heads and establishes cross-departmental and effective communication channels to improve execution efficiency of ESG-related work.

During the Year, the Group has commissioned a third-party ESG professional consultant (the "ESG Consultant") to assist in stakeholder communication and materiality assessment. By collecting and analyzing the opinions of various stakeholders on different ESG issues, and comprehensively considering material ESG issues in the aesthetic medical industry to identify ESG issues that are significant to the Group. In addition, the Group has reviewed and discussed the results of the materiality assessment with the ESG Consultant to ensure that the assessment results are highly in line with the Group's development direction.

To promote the Group's orderly development in the ESG field, the Board will gradually set specific goals for various ESG issues of the Group. Subsequently, the Board will continue to follow up, coordinate and manage the progress of ESG work carried out by different departments, in accordance with the goals set. Meanwhile, the management's performance-based compensation is also linked to the achievement of sustainability objectives, which will motivate the proactive engagement of the management, and promote the effective implementation of ESG management of the Group.

## Environmental, Social and Governance Report

### 2.2 Stakeholder Engagement

The Group understands the importance of stakeholders to business development and therefore attaches great importance to the participation of stakeholders and takes their opinions as the core part of the preparation of this ESG Report. During the Year, we have set up appropriate communication channels for stakeholders to maintain close communication with them and listen to their opinions and expectations. This will also help us to determine the potential risks in our business operations, identify ESG issues of concern to our stakeholders, and improve ESG management standards at all levels.

Stakeholders	Expectations	Management response/ communication methods
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>Comply with national policies and laws and regulations</li> <li>Pay taxes on time</li> </ul>	<ul style="list-style-type: none"> <li>Regular information reporting</li> <li>Inspection and supervision</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Enhance the Company's value</li> <li>Transparent information and efficient communication</li> </ul>	<ul style="list-style-type: none"> <li>General meetings</li> <li>Email, telephone communication and company website</li> </ul>
<b>Business Partners</b>	<ul style="list-style-type: none"> <li>Operation with integrity</li> <li>Performance of contracts</li> <li>Mutual benefit</li> </ul>	<ul style="list-style-type: none"> <li>Business communication</li> <li>Engagement and cooperation</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Quality products and services</li> <li>Operation with integrity</li> </ul>	<ul style="list-style-type: none"> <li>Customer service center and hotline</li> <li>Social media platforms</li> </ul>
<b>Environmental authority</b>	<ul style="list-style-type: none"> <li>Entrust qualified third-party institutions to recycle and process medical waste</li> </ul>	
<b>Industry</b>	<ul style="list-style-type: none"> <li>Promote industry development</li> </ul>	<ul style="list-style-type: none"> <li>Participation in industry forums</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Occupational health</li> <li>Career development</li> </ul>	<ul style="list-style-type: none"> <li>Staff meetings</li> <li>Training and workshops</li> </ul>
<b>Public and the Community</b>	<ul style="list-style-type: none"> <li>Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>Company website</li> </ul>

## Environmental, Social and Governance Report

### 2.3 Materiality Assessment

In order to plan the direction of ESG management and development more clearly, the ESG Consultant appointed by the Group has assisted in collecting and analyzing the opinions of the stakeholders on the Group's ESG-related issues. Specifically, through questionnaire, the Group scored and ranked the stakeholders' concern towards various ESG issues. For a more comprehensive and detailed review of the ESG issues that are material to the Group's business, the ESG Consultant has also assisted in reviewing internal and external documents and media reports, as well as referring to the materiality map provided by external authoritative agencies to identify the ESG issues that are of major concern to the industry <sup>(Note 1)</sup>. Based on the above scoring and screening results, and in conjunction with the professional opinions of the management and the ESG Consultant, the Group has finalized and identified 13 major ESG issues, which will help the Group to carry out ESG-related work in a more targeted manner and enhance its sustainability capability.

ESG aspects	Material ESG issues	Corresponding section
<b>Environmental</b>	Waste Management	3.1 Pollution and Emission Control
	Energy Consumption	3.2 Resource Usage
	Greenhouse Gas Emission	3.3 Addressing Climate Change
<b>Employment and Labour Practices</b>	Employment Compliance	4.1 Employment Rights and Benefits
	Occupational Health and Safety	4.3 Occupational Health and Safety
	Training and Development	4.4 Staff Development and Training
<b>Operation Management</b>	Operational Compliance	5. Operating Practices
	Quality Management	5.2 Quality Management
	Customer Health and Safety	5.2 Quality Management
	Customer Service Management	5.2 Quality Management
	Information Security	5.3 Intellectual Property Rights and Customer Data Protection
	Customer Privacy Protection	5.3 Intellectual Property Rights and Customer Data Protection
	Responsible Marketing and Promotion	5.3 Intellectual Property Rights and Customer Data Protection
	5.4 Advertising and Marketing	

Note 1: The materiality assessment has referred to the ESG industry materiality map provided by MSCI Inc. and the materiality map provided by the Sustainability Accounting Standards Board (SASB).

## Environmental, Social and Governance Report

### 3. ENVIRONMENTAL PROTECTION

The Group recognizes the importance of environmental protection to the sustainable development of the Group and society as a whole. Therefore, the Group has always been fully committed to environmental protection, integrating environmental protection concepts into all aspects of business management and decision-making processes. The Group also strictly complies with national environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) and the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), to fulfill the corporate environmental responsibility with practical actions, and to contribute to the creation of a good ecological environment.

#### 3.1 Pollution and Emission Control

##### 3.1.1 Air pollutant control

The business of the Group is mainly conducted in aesthetic medical institutions and offices, thus no industrial exhaust gases are generated during operational processes. Although vehicles utilized for daily office activities emit a small amount of air pollutants, the Group implements regular vehicle maintenance and technical servicing to avoid excessive fuel consumption caused by performance degradation and prevent additional air pollutant emissions, thereby ensuring sustained good working order of the vehicles.

In promoting green mobility, the Group actively advocates the use of new energy vehicles. As electric vehicles do not generate air pollutants during operation, this contributes to the improvement of roadside air quality. The Group also encourages its employees to take public transportation or adopt ride-sharing when commuting to reduce the frequency of driving private cars, which effectively reduces the emission of air pollutants.

During the Year, the air pollutant emissions generated by the Group when using vehicles are as follows:

Vehicle air pollutants (Note 1)	2025	2024
Nitrogen oxides (kg)	2.32	2.56
Sulfur oxides (kg)	0.06	0.05
Particulate matter (kg)	0.17	0.19

Note:

1. Air pollutants generated by vehicles are calculated based on the Reporting Guidance on Environmental KPIs (《環境關鍵績效指標匯報指引》) published by the Hong Kong Stock Exchange.

##### 3.1.2 Wastewater control

As the Group operates aesthetic medical hospitals and out-patient departments, it is possible that wastewater containing pathogens may be generated during the operation, which will pollute the environment and endanger public health if the wastewater is not treated in a proper manner. Therefore, the Group strictly abides by relevant laws and regulations, such as the Urban Drainage and Wastewater Treatment Regulations (《城鎮排水與污水處理條例》) and Discharge Standard of Water Pollutants for Medical Organization (《醫療機構水污染物排放標準》), and adopts the sewage discharge standards of relevant laws and regulations as the Group's discharge targets for water pollutants.

## Environmental, Social and Governance Report

To ensure that the sewage is discharged in a compliant manner, the Group will require that the sewage discharged by its hospitals must be stringently disinfected at the internal sewage treatment station and meet the established discharge standards before being discharged into the municipal sewage treatment system. In order to minimize the possible negative impacts on the environment by sewage discharge, the Groups has set up a real-time sewage monitoring system and conducted regular pathogen testing to ensure that the pH value, residual chlorine content and pathogen content, such as Salmonella and Shigella of the sewage discharged, meet the emission standards.

### 3.1.3 Waste management

Different kinds of non-hazardous wastes and hazardous wastes are generated in the aesthetic medical business of the Group. The Group has adopted corresponding management and control measures for different kinds of wastes to mitigate the environmental impact caused by business operations. In particular, we attach great importance to the treatment of medical waste, because improper treatment will seriously endanger public health and the environment.

The Group generates medical waste in its aesthetic medical business which include used disposable medical supplies and instruments such as needles, suturing needles, cotton pads and other wound dressings, waste blood and serum, expired drugs and other discarded human tissues generated in the course of our aesthetic surgical procedures, other procedures and medical examinations. In order to ensure proper disposal of medical waste, the Group strictly complies with relevant laws and regulations such as the Regulations on the Management of Medical Waste (《醫療廢物管理條例》) and the Administrative Measures for Medical Waste of Medical and Health Institutions (《醫療衛生機構醫療廢物管理辦法》) of the PRC, and has set up a Hospital Infection Management Committee to formulate clear management procedures for medical waste. We have also formulated a series of internal management systems, including Medical Waste Management System (《醫療廢物管理制度》), a Medical Waste Recycling Registration System (《醫療廢物回收登記制度》) and a Medical Waste Storage Management System (《醫療廢物儲存管理制度》). Specifically, we require all the departments to correctly classify medical wastes according to the Medical Waste Classification Catalogue (《醫療廢物分類目錄》) and put them into corresponding special packaging bags or containers. Medical waste will be transferred to the temporary storage place for medical waste in the hospital by the prescribed route after registration. At last, we will regularly transfer the collected medical waste to qualified third party medical waste treatment companies for subsequent treatment. In order to prevent potential emergencies, the Group has formulated the Emergency Treatment Plan for the Loss, Leakage and Spread of Medical Waste and Accidents (《醫療廢物發生流失、洩露擴散和意外事故的應急處理預案》), which clarifies the procedures for various emergencies and the specific division of responsibilities of each department in emergencies, which ensure that effective control measures can be quickly taken in the event of medical waste leakage, proliferation, and other accidents and to report to the relevant government departments in a timely manner. Moreover, the Group's hazardous wastes include waste ink cartridges and waste batteries generated during daily office operations. The relevant hazardous wastes will be collected and recycled by qualified institutions.

The Group generates non-hazardous waste in the course of its operations, mainly general domestic waste. All non-hazardous wastes are properly disposed of by recycling, incineration or landfill. The Group is committed to promoting resource conservation and environmental awareness among employees, enhancing their eco-consciousness, and actively implementing various waste reduction measures to reduce the generation of unnecessary waste. For example, it sets up waste sorting and recycling bins to recycle recyclable waste such as waste paper, scrap metal and waste plastics; encourages the employees to reuse stationery such as envelopes and folders and reduces the use of disposable and non-recyclable products, etc.

In order to ensure the effective classification and collection of hazardous waste and non-hazardous waste, the Group regularly trains all its employees to improve their understanding of the management of hazardous waste such as medical waste. We also post waste classification reminder tips in medical premises to promote to customers and their family members the correct classification of medical waste and domestic waste.

## Environmental, Social and Governance Report

During the Year, the amount of hazardous waste and non-hazardous waste generated by the Group is as follows:

Waste	2025	2024
Hazardous waste (tonnes) (Note 1)	4	5
Intensity of hazardous waste (tonnes/million RMB revenue)	0.02	0.03
Non-hazardous waste (tonnes)	81	77
Intensity of non-hazardous waste (tonnes/million RMB revenue)	0.43	0.39

Note:

1. Hazardous waste includes medical waste generated during operations and the hazardous waste generated in offices.

### 3.2 Resource Usage

The Group is fully aware of the scarcity of resources and its business operations are required to make the best use of resources as efficiently as possible to avoid unnecessary wastage. Therefore, the Group is committed to saving resources in different aspects. In order to make ensure the long-term and effective implementation of energy-saving and emission-reduction measures, improve resource efficiency and promote sustainable development, the Group has specially formulated the Energy Conservation and Emission Reduction Management Policy (《節能減排管理制度》) in accordance with the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》).

In terms of electricity consumption, the Group fully implements energy-saving measures in its daily operations. For example, the Group maintains a good habit of turning off lights when leaving offices, adjusts the air-conditioners to the appropriate temperature, and designates a person responsible for the management of public equipment, to ensure that equipment not in use is turned off after office hours to maintain energy efficiency and reduce unnecessary energy use. The aesthetic medical hospitals and out-patient departments of the Group have also formulated their own energy-saving management systems, for example, office equipment is set to enter a low-energy sleep state when not in use, turning off the lights when the office is empty, and no use of air-conditioning with the windows open. The Group also encourages all the departments to actively develop and apply technological transformation projects for energy conservation and emission reduction to gradually phase out technologies and equipment with high energy consumption, and starts energy conservation in the course of business operations.

In terms of water consumption, the Group regularly carries out inspection and maintenance of water equipment, installs or replaces water-saving taps, and posts water-saving signs to minimize and avoid the phenomenon of running, spraying, dripping and leaking of tap water, and to eliminate the phenomenon of "long running of water". We also advocate "multi-purpose water", such as water could be used for wiping the desktop before mopping the floor, etc. It is strictly prohibited to use the tap to directly rinse rags and mops.

## Environmental, Social and Governance Report

During the Year, the consumption of energy and water resources of the Group is as follows:

Resource usage	2025	2024
<strong>Energy</strong>		
Total energy consumption (MWh)	<strong>1,831</strong>	1,839
Vehicle fuel consumption (MWh) (Note 1)	<strong>42</strong>	36
Purchased electricity (MWh)	<strong>1,789</strong>	1,803
Energy consumption intensity (MWh/million RMB revenue)	<strong>9.67</strong>	9.23
<strong>Water resources</strong>		
Total water consumption (cubic meters)	<strong>8,386</strong>	10,232
Water consumption intensity (cubic meters/million RMB revenue)	<strong>44.28</strong>	51.34

Note:

1. Calculated based on the fuel consumption, relevant national standards for vehicle fuel, and the conversion factors provided by the National Development and Reform Commission of the PRC.

For office consumables, the Group has implemented electronic communication to reduce paper consumption by using an electronic office system (OASystem) to replace the office administration system which is mainly based on paper records, and making full use of network communication tools such as WeChat groups and emails to transmit documents to reduce the printing and circulation of documents. In addition, for documents that must be printed on paper, we also advocate staff to reuse paper or double sided paper as far as possible, and require printing documents in smaller fonts and line spacing to minimize paper consumption.

The Group will continue to step up publicity and education on energy saving and emission reduction, and will launch various activities to further enhance employees' awareness of saving electricity, water and office consumables, and to help them develop good saving habits. At the same time, the Group regularly conducts detailed inspections on the energy usage of office premises and the actual implementation of various energy saving and emission reduction measures. Departments with outstanding performance and achievements in energy saving and emission reduction will be rewarded accordingly. Departments that do not follow the principle of energy saving and fail to effectively implement energy saving and emission reduction will be penalized in accordance with the relevant requirements, so as to promote the active participation of all departments in the work of energy saving and emission reduction, and to jointly push forward the realization of the Group's energy saving and emission reduction targets.

### 3.3 Addressing Climate Change

The Group deeply understands that climate change has become a major global challenge at present, and therefore pays close attention to various impacts brought by climate change and fully integrates climate-related considerations into the strategic planning of the Group. Starting from this report, the Group will, in accordance with the relevant requirements of Appendix C2 to the Listing Rules, disclose climate-related information based on the four-pillar framework of "Governance, Strategy, Risk Management, and Metrics and Targets".

## Environmental, Social and Governance Report

### I GOVERNANCE

The Group has fully integrated climate-related risks and opportunities into its governance structure at all levels. As the highest governance body, the Board is responsible for formulating and implementing sustainable development management policies and strategies, and fully assumes the responsibilities for the review, decision-making, management and supervision of relevant matters. To ensure the orderly management of climate-related issues, the Board includes them in the agenda of its regular meetings for review at least once a year. The meetings focus on exploring the climate-related risks and opportunities faced by the Group, and evaluate whether the management has implemented effective response measures to mitigate the impacts brought by climate change. At the same time, the Board reviews and oversees the progress of advancing climate targets annually, and revises relevant strategies in a timely manner to ensure that the execution direction is consistent with the overall strategy of the Group. In addition, in the process of overseeing the strategies, major transaction decisions, risk management procedures and relevant policies of the Group, the Board actively conducts evaluations in conjunction with the identified climate-related risks and opportunities, and specifically considers the trade-offs related to such risks and opportunities.

To ensure that the Board possesses the professional capabilities required to perform its supervisory functions, the Group actively supports the Directors in enhancing their knowledge and ability to discharge duties in climate-related fields. Specific measures include providing professional learning resources and assisting the Directors in participating in climate-related trainings and lectures organized by external professional institutions, so as to continuously enhance the Board's ability to judge climate risks and opportunities and enable them to grasp the latest development trends of climate risks and opportunities in a timely manner.

On the basis of the strategic oversight by the Board, it has delegated the day-to-day climate-related governance responsibilities to the management. The core responsibilities of the management include implementing relevant strategic targets, monitoring the implementation progress of various climate-related actions and plans of the Group in accordance with such strategy, and reporting the progress of advancing climate-related assessment work, thereby enhancing the climate resilience of the Group. Various control requirements and implementation processes have been fully integrated into the relevant policies of various business departments of the Group, assisting the Group in actively identifying potential climate-related risks and opportunities, making decisions based on data, and driving the implementation of specific and executable climate action plans.

### II STRATEGY

The Group is committed to enhancing the capability of its business to address climate change. To this end, the Group has refined the risk assessment process to analyze the potential impacts of climate change on its business and value chain, thereby evaluating and formulating the optimal response measures. To drive the advancement of relevant initiatives and overcome the limitations of previous risk assessment processes in identifying the long-term impacts of climate change, the Group conducted a comprehensive climate scenario analysis for the first time during the Year. Such analysis covers physical risks, transition risks and opportunities, conducting detailed screening and assessment of various risks and opportunities.

- **Physical risks:** risks related to the physical impacts of climate change. These risks may be driven by sudden events (acute risks) or caused by long-term shifts in climate patterns (chronic risks).
- **Transition risks:** risks related to the transition to a low-carbon economy. This may involve changes in policies, laws, technologies and markets to address the mitigation and adaptation needs associated with climate change.

To comprehensively analyze the climate-related risks and opportunities that may arise during the course of business development, the Group considers factors such as global temperature pathways, changes in climate policies and impact time horizons. Therefore, the Group has selected scenario assumption models and relevant parameters from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) and the Phase V public reports of the Network for Greening the Financial System (NGFS). The selected climate scenarios are consistent with the industry nature and strategic objectives of the Group, and also align with China's "Dual Carbon" strategy and the goal of "Achieving Carbon Neutrality Before 2050" of the Hong Kong SAR Government. In addition, the Group expects that the scope of impact of climate-related risks and opportunities will generate significant effects in the short, medium and long term, covering up to 2030, 2040 and 2050, respectively. These timeframes are determined based on the operating budget cycle and business planning cycle of the Group.

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In this scenario analysis, the Group assumes that within the time horizons of the potential impacts of the risks, emission reduction-related policies and reporting scope will remain unchanged. The table below sets out the climate scenario models selected for this exercise, covering both low-emission and high-emission scenarios, so as to gain a more comprehensive understanding of the various impacts of climate change on the Group.

<b>Scope</b>	Consistent with the reporting scope, covering the Group's operating businesses in Mainland China, which encompass aesthetic medical services, aesthetic medical management consulting services and biomedical technology services.
<b>Scenario Analysis Models Adopted</b>	<p>Physical risk analysis adopts the IPCC scenario framework:</p> <ul style="list-style-type: none"><li>• <b>Shared Socio-economic Pathway (SSP) 1-2.6 scenario:</b> The global temperature rise reaches 2.0 degrees Celsius. The social, economic and clean energy transition progress of governments aligns with historical trends. Stringent policies will exacerbate the transition risks faced by enterprises, while physical risks remain at a significant level.</li><li>• <b>Shared Socio-economic Pathway (SSP) 5-8.5 scenario:</b> The global temperature rise exceeds 4.0 degrees Celsius. Governments' climate actions are delayed, emission reduction and adaptation efforts stagnate, and supporting policies are inadequate, ultimately triggering extreme climate impacts and heightening both short-term and long-term physical risks faced by enterprises.</li></ul> <p>Transition risk analysis adopts the NGFS scenario framework:</p> <ul style="list-style-type: none"><li>• <b>Net Zero 2050 scenario:</b> Governments introduce stringent climate policies early. Through measures such as reducing energy demand and developing low-carbon technologies, they strive to limit global warming to within 1.5 degrees Celsius and achieve the global target of net-zero carbon dioxide emissions by 2050.</li><li>• <b>Current Policies scenario:</b> Merely maintaining the currently implemented climate policies, which leads to a continuous growth in greenhouse gas emissions. It is projected that the global temperature rise will exceed 3.0 degrees Celsius, triggering severe physical risks.</li></ul>

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The Group is well aware that integrating quantitative and qualitative analyses is conducive to a more comprehensive assessment of climate-related risks and opportunities. However, as the relevant operational data are dispersed across various business units and there are currently no recognized and unified calculation standards in the industry, the Group is unable to reliably compile various cross-industry climate metrics in a reasonable and cost-effective manner. In addition, the Group's climate-related actions have been integrated into daily business operations (such as the continuous monitoring of emerging climate regulations), with no separately identifiable portion solely dedicated to addressing climate-related risks and opportunities. Therefore, the Group is unable to provide quantitative data on the current and anticipated financial impacts.

Nevertheless, the Group has identified the core financial impacts of major climate-related risks and opportunities, providing detailed qualitative disclosures in the table below. Meanwhile, the Group is actively optimizing its internal data integration systems and scenario modeling capabilities to gradually enhance the granularity of climate-related quantitative disclosures. Should there be any material adjustments to our operating strategies in the future, the Group will promptly disclose the quantitative impacts on its financial position, operational performance and cash flows.

Through the selected high/low-carbon scenarios and the defined time horizons (2030 to 2050), the Group conducted an assessment and analysis, identifying the following six climate-related risks and opportunities. For detailed qualitative assessment results concerning these risks and opportunities, please refer to the table below.

Qualitative descriptions of the risk and opportunity assessment results:

Risk Category		Main Scope Affected	Physical Risks			Impact on Business	Impact on Financial Performance
			Significance Level <sup>1</sup>				
			Short - term	Medium - term	Long - term		
Acute	Extreme weather events	The Group's operating sites in Mainland China				<b>Business Model:</b> <ul style="list-style-type: none"> <li>Disruptions to daily operations and hindered employee commutes result in manpower shortages at operating sites, hindering the normal operations of the aesthetic medical business.</li> </ul> <b>Value Chain:</b> <ul style="list-style-type: none"> <li>Extreme weather leads to supply chain disruptions for aesthetic medical raw materials, thereby adversely affecting customer experience and brand image.</li> </ul>	<ul style="list-style-type: none"> <li><b>Increased costs:</b> Climate-related disasters disrupt clinic operations, driving up emergency repair and operational contingency costs.</li> <li><b>Revenue loss:</b> Clinic closures and delays in the delivery of aesthetic medical services result directly in a decline in revenue.</li> </ul>
Chronic	Changes in precipitation patterns						

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Transition Risks						
Risk Category	Main Scope Affected	Significance Level			Impact on Business	Impact on Financial Performance
		Short-term	Medium-term	Long-term		
Changes in market demand	Consumer preferences are gradually shifting towards more sustainable products, services and consumption patterns, which directly influences their purchasing decisions and poses the market risk of existing services being replaced by low-carbon aesthetic medical services.	The Group's operating sites in Mainland China				<p><b>Business Model:</b></p> <ul style="list-style-type: none"> <li>Loss of eco-conscious customers and the risk of low-carbon substitution for relevant products and services, creating impacts on our core business.</li> </ul> <p><b>Value Chain:</b></p> <ul style="list-style-type: none"> <li>Existing cooperation and product selection standards, as well as service protocols, fail to meet the market's low-carbon demands, leading to a decline in business competitiveness.</li> </ul> <p>• <b>Increased costs:</b> Increased investments in product selection adjustments, service upgrades and technology development drive up operating costs.</p> <p>• <b>Revenue decline:</b> Customer attrition and product substitution lead to a decrease in revenue.</p>
Tightening of policies and regulations	Newly added regulatory requirements for ESG information disclosure and sustainability in the market.					<p><b>Business Model:</b></p> <ul style="list-style-type: none"> <li>Need to comply with local low-carbon and ESG compliance requirements. Non-compliance may trigger a reputational crisis, weaken customer trust, and subsequently impede business operations.</li> </ul> <p><b>Value Chain:</b></p> <ul style="list-style-type: none"> <li>Suppliers may raise prices due to their own increased carbon costs.</li> <li>Mandatory carbon emissions tracking and disclosure must be implemented throughout the entire operational process, introducing greater management difficulty.</li> </ul> <p>• <b>Compliance fines:</b> Failure to meet disclosure requirements may result in financial fines, directly increasing business costs.</p> <p>• <b>Increased governance costs:</b> Procurement of carbon accounting tools, upgrading of reporting systems and replacement with sustainable packaging drive up governance costs.</p> <p>• <b>Increased business costs:</b> Suppliers raise prices due to increased carbon costs. These costs are passed on to the Group, pushing up procurement and related business costs and squeezing profit margins.</p>

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Opportunity Category	Main Scope Affected	Opportunities			Impact on Business	Impact on Financial Performance
		Short term	Medium term	Long term		
Optimization of operational energy efficiency	The Group's operating sites in Mainland China				<p><b>Business Model:</b></p> <ul style="list-style-type: none"> <li>Reduce reliance on grid energy and enhance operational resilience.</li> </ul> <p><b>Value Chain:</b></p> <ul style="list-style-type: none"> <li>Optimize office operations through energy-saving systems.</li> <li>Incorporate equipment energy efficiency ratings and life-cycle carbon footprints into procurement standards, which also helps address increasingly stringent policies and regulations.</li> </ul>	<ul style="list-style-type: none"> <li><b>Utility cost savings:</b> Reduction in electricity fees improves operational profit margins.</li> </ul>
Expansion of green product promotion services					<p><b>Business Model:</b></p> <ul style="list-style-type: none"> <li>Build a sustainable brand image, attract target customers focused on low-carbon development through differentiated competition, and elevate the overall business brand positioning.</li> </ul> <p><b>Value Chain:</b></p> <ul style="list-style-type: none"> <li>Expand partnerships with sustainable attributes to diversify business-related product portfolios and align with changing market demands. Simultaneously optimize related business promotional contents.</li> </ul>	<ul style="list-style-type: none"> <li><b>Revenue growth:</b> Precisely address target customer needs, drive up revenues from related product businesses, and stimulate overall performance growth.</li> </ul>

Note:

1. Explanation of significance definitions:

Light shade: addressed through existing standard procedures;

Regular shade: requires continuous monitoring;

Dark shade: requires the formulation of management strategies and tracking of implementation progress.

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Mitigation measures for climate-related risk and opportunity assessment results:

<b>Risk Category</b>	<b>Mitigation Measures</b>
Extreme weather events	<ul style="list-style-type: none"> <li>Formulate relevant crisis and emergency management plans and special work arrangements</li> </ul>
Changes in precipitation patterns	<ul style="list-style-type: none"> <li>Regularly review special work arrangements relating to severe weather conditions</li> </ul>
Changes in market demand	<ul style="list-style-type: none"> <li>Evaluate and optimize parameters for cooperation partners and product selection standards, and explore directions to align service protocols with the market's low-carbon demands</li> <li>Consider conducting surveys on customers' demands for low-carbon services to provide references for business adjustments</li> </ul>
Tightening of policies and regulations	<ul style="list-style-type: none"> <li>Closely monitor international climate governance trends as well as relevant policies and regulations relating to business operations, and regularly identify, assess and oversee various potential climate-related risks and opportunities</li> <li>Strengthen communication and negotiation with suppliers to jointly share the pressure of rising carbon costs</li> </ul>
<b>Opportunity Category</b>	<b>Response Measures</b>
Optimization of operational energy efficiency	<ul style="list-style-type: none"> <li>Optimize the operating schemes of systems such as air conditioning and lighting at operating sites to reduce energy consumption</li> <li>Assess the feasibility of adopting renewable energy to reduce reliance on conventional grid energy</li> </ul>
Expansion of green product promotion services	<ul style="list-style-type: none"> <li>Assess the potential of expanding low-carbon partnerships and optimize the layout direction of green businesses</li> <li>Study the feasibility of participating in industry green certifications to enhance the brand's low-carbon image</li> </ul>

As of now, the Group has not yet formulated a dedicated climate-related transition plan, but has allocated human resources and internal funding to implement the aforementioned mitigation and response measures; the resource use measures disclosed in the previous Reporting Period have also been fully implemented. During the Reporting Period, the Group clearly identified material Scope 3 categories relevant to its operations and comprehensively promoted decarbonisation actions and climate resilience building efforts. During the Reporting Period, the Group did not have any capital expenditure, financing, or investment specifically dedicated to addressing climate-related risks and opportunities.

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Despite the proactive actions taken, the Group still faces several significant uncertainties that may impact the effective future implementation of climate resilience plans. These factors include the uncertain pace of updates to global and regional climate policies, shifts in market consumer demand for green products, the ongoing fluctuations in the evolutionary pace and severity of physical impacts from climate change, as well as the unclear implementation timeline and regulatory stringency of future climate-related regulatory requirements applicable to the Group. Despite these variables, the Group possesses robust adaptive capacity to flexibly adjust its strategy and business model over the short, medium and long term in response to climate change issues. This adaptive capacity has been integrated into the Group's daily strategic planning and operational management systems to ensure that the Group can promptly optimize its business priorities, operational processes and supply chain collaboration models in response to the evolution of climate risks, regulatory policy adjustments and changes in market dynamics.

Looking ahead, the Group will continue to monitor climate-related risks and opportunities, assess the effectiveness of its emission reduction measures and adjust its strategy based on operational performance, while tracking the progress of various climate-related initiatives through routine monitoring. The Group will also optimize its emission reduction and response measures as necessary, taking into account its actual operational performance and external climate development trends. These arrangements will guide the orderly implementation of climate response actions, further strengthening the Group's resilience in adapting to the challenges posed by climate change.

### III RISK MANAGEMENT

The Group has fully integrated the processes for identifying, assessing, prioritising and managing climate-related risks and opportunities into its overarching risk management framework and systems, thereby embedding climate risk management into daily operations to ensure that the Group effectively addresses the challenges posed by climate change. This integration remains consistent with the Group's existing risk management architecture, and no material adjustments were made to the risk management processes during the Reporting Period.

Throughout the risk management process, the Group considers parameters such as asset locations, asset types, historical impacts of extreme weather and energy consumption patterns, while conducting analysis utilizing public climate scenario data alongside internal data such as operational logs. The following sets out the Group's management process for climate-related risks and opportunities:

<b>1. Identification</b>	By investigating climate change trends and stakeholder feedback, coupled with its own operational conditions and business characteristics, the Group conducts climate-related scenario analyses. Through various research, benchmarking and analysis efforts, the Group comprehensively and objectively understands the potential climate risks and opportunities faced by all its operating locations in Mainland China, ensuring that the inventory of climate risks and opportunities covers all key stages across the entire business process.
<b>2. Assessment</b>	The Group conducts comprehensive assessments to analyse the potential impacts of climate-related risks and opportunities on its business model, value chain and financial performance, as well as the likelihood of occurrence and magnitude of impact of such risks and opportunities.
<b>3. Prioritisation</b>	Based on the assessment results of climate-related risks and opportunities, the Group prioritises the identified items according to their likelihood of occurrence and magnitude of impact. This prioritisation process remains consistent with the Group's overarching risk management framework.
<b>4. Monitoring</b>	The management of the Group regularly evaluates and monitors the identified climate-related risks and opportunities, as well as the effectiveness of the corresponding mitigation and response measures. Concurrently, the management regularly reports the results of the identification, assessment and management of climate-related risks and opportunities to the Board, thereby strengthening the Board's oversight of risk and opportunity management and ensuring the practical implementation of risk response measures and initiatives to capture opportunities.

## Environmental, Social and Governance Report

### IV METRICS AND TARGETS

The Group identifies enhancing climate resilience and implementing sustainable operating models as core strategic priorities, and is committed to aligning its sustainability goals and action plans with global standards. Specifically, the Group prioritises benchmarking against China’s “Dual Carbon” strategy and the carbon peaking and carbon neutrality targets of the Hong Kong region, which are key pillars supporting China’s fulfillment of its obligations under the Paris Agreement.

To maintain alignment with these climate frameworks, the Group continuously drives decarbonisation through the optimisation of its operational processes. At this stage, the Group has no plans to adopt carbon credits for carbon offsetting; although its various climate targets have not been verified by a third party or set based on industry-specific decarbonisation methodologies, the Group has formulated climate-related targets internally. The Board will conduct annual reviews to monitor the implementation of ESG Key Performance Indicators (KPIs) and the effectiveness of implemented decarbonisation measures, while continuously evaluating the maturity of the Group’s decarbonisation efforts. Furthermore, the Board will closely monitor developments in the carbon credit market and related policies to explore the use of such instruments as auxiliary means at an appropriate juncture to advance the achievement of the Group’s long-term carbon neutrality goals.

Decarbonisation goals for the Group’s operating sites:

Target Category	Description
Greenhouse Gas Emissions	Using 2023 as the baseline year, achieve a 3% reduction in greenhouse gas emissions by 2026
Resource Use	Using 2023 as the baseline year, achieve a 2% reduction in electricity and water consumption by 2026
Waste Management	Using 2023 as the baseline year, achieve a 2% reduction in waste generation by 2026

Furthermore, during the Reporting Period, the Group conducted greenhouse gas (“GHG”) identification, assessment and inventorying to effectively manage its GHG emissions. These efforts cover the Group’s operations in Mainland China, where the accounting of Scope 1 and Scope 2 emissions has been completed in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). The Group also completed the data collation of Scope 3 emission sources with reference to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

In consideration of the Group’s core operations, estimated emission scales, data availability and peer benchmarking results, the following categories have been included in the Group’s Scope 3 emission accounting scope:

- Category 5: Waste generated in operations
- Category 6: Business travel

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During the Reporting Period, GHG emissions were as follows:

GHG emissions (Notes 1-2)	Unit	2025
Total GHG emissions	Tonnes of carbon dioxide equivalent	968
Scope 1: Direct emissions (Note 3)	Tonnes of carbon dioxide equivalent	10
Scope 2: Indirect emissions (Note 4)	Tonnes of carbon dioxide equivalent	949
Scope 3: Other indirect emissions (Note 5)	Tonnes of carbon dioxide equivalent	9
Category 5: Waste generated in operations	Tonnes of carbon dioxide equivalent	5
Category 6: Business travel	Tonnes of carbon dioxide equivalent	4
GHG emissions intensity	Tonnes of carbon dioxide equivalent/ million RMB revenue	5.11

Notes:

1. The Group adopts the operational control approach for its greenhouse gas ("GHG") emission calculations. This approach defines the reporting boundary based on the Group's control over the implementation of operating policies for various business activities. It not only more accurately reflects the Group's actual responsibilities in carbon emission management but also facilitates the monitoring and governance of GHG emissions, ensuring that the results remain consistent with the Group's sustainable development goals.
2. The Group's GHG emission calculation methodology is formulated in accordance with "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)". The emission factors used in the calculations refer to the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" jointly issued by the Environmental Protection Department and the Electrical and Mechanical Services Department. The types of GHGs accounted for by the Group include carbon dioxide, methane and nitrous oxide. To enhance data readability, emissions are presented uniformly in tonnes of carbon dioxide equivalent.
3. Scope 1 direct emissions are derived from the Group's daily use of motor vehicle fuels. The emission factors used in the calculations refer to the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
4. Scope 2 energy indirect emissions are derived from the indirect GHG emissions generated by the Group's purchased energy. The emission factors used for the calculations are provided by The Hongkong Electric Co., Ltd.
5. Scope 3 other indirect emissions cover other indirect emissions generated outside the Group, including "Category 5: Waste generated in operations" and "Category 6: Business travel". The emission factors for Category 5 refer to the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, while the emission factors for Category 6 refer to a comprehensive set of supply chain emission factors developed by the U.S. Environmental Protection Agency (EPA).

The Group's strategic focus lies in optimizing core business performance and creating long-term value, which is consistent with the Group's current risk management approach. At present, the Group has not incorporated internal carbon pricing mechanisms or climate-related factors into its remuneration policies or governance framework. This is primarily because these factors have not yet demonstrated a direct and significant materiality to the Group's industry, current operational priorities, or financial decision-making needs. The Group will continue to monitor developments in climate-related metrics, industry best practices, and the application of internal carbon pricing, and will actively evaluate the feasibility of integrating these factors into the Group's governance framework and remuneration policies as conditions mature.

### 4. TALENT MANAGEMENT

The Group has always regarded its employees as its most valuable core assets and firmly believes that they are the key to the Group's sustainable development and success. The Group endeavors to create a comfortable working environment for its employees, provides them with generous welfare benefits, while fully protecting their legitimate rights and interests, attaching great importance to their safety at work, paying close attention to their physical and mental health, and actively providing them with rich and diversified training and professional development opportunities.

#### 4.1 Employment rights and benefits

The rights and benefits of employees have always been the top priority of the Group. In order to protect the rights and interests of the employees, the Group strictly abides by the relevant labour laws and regulations, including but not limited to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), in terms of employees' recruitment, promotion, remuneration and dismissal. The Group has also formulated a sound human resources system to regulate talent recruitment, employee promotion, compensation and dismissal.

The Group has established the Human Resources Recruitment and Employment System (《人力資源招聘錄用制度》). During the recruitment process, we will first advocate promoting or deploying talents internally, and then recruiting externally. We adhere to a fair and open principle, and purely arrange interviews for candidates based on the requirements of the relevant positions and the level of experience, professional knowledge and skills of the candidates, regardless of factors such as age, gender, skin color, nationality and religious belief. In order to prevent misuse of child labour, the Group will check the applicant's identify card, education certificate and other documents to ensure that the applicant's age, identity, education background and appearance correspond with the documents provided, and meet the minimum legal working age required by the PRC labour laws. If any such case is found, the Group will immediately dismiss the relevant personnel who have made irregular recruitment, and properly handle the personnel recruited, and transfer them to the judicial authority if necessary.

As an equal opportunity and anti-discrimination employer, the Group is committed to providing equal and fair promotion opportunities, training and treatment for its staff, and has an Equal Employment Policy (《平等僱傭政策》) in place to ensure that its employees are not discriminated against on the basis of gender, pregnancy, marital status, disability, family status or race in any way. In the event that an employee is being discriminated against, harassed or vilified during employment, he/she may bring the matter to the attention of the Group through the complaint channels. The Group solemnly pledges to maintain strict confidentiality regarding all complaint details, related records, and interview transcripts. Concurrently, all complaints will be handled properly in accordance with the principles of fairness, objectivity, and impartiality to safeguard employees' legitimate rights and interests. Furthermore, the Group has established specific management policies to ensure equitable treatment and benefits for disabled individuals, protect their legitimate rights and interests, foster an inclusive employment environment, and promote employment opportunities for disabled individuals.

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In order to fully realize our care for our employees and motivate them to actively engage in their work, the Group provides its employees with competitive remuneration packages and diversified welfare. In terms of social security, the Group strictly follows the requirements to provide five basic social insurances of pension, medical, maternity, unemployment and work-related injuries, as well as housing provident fund for its employees, so as to comprehensively protect the basic rights and interests of its employees. For regular employees, the Group arranges a comprehensive medical check-up every two years to take care of their health. In healthcare benefits, the Group provides regular employees with free non-material medical treatments and surgeries, and only charges the relevant cost of materials for material treatment and surgeries, effectively alleviating employees' healthcare financial burdens. The Group provides free meals and food and beverage subsidies for the employees at its aesthetic medical hospitals and out-patient departments. Regarding leave policies, the Group fully respects employees' statutory rest entitlements and administers all legally mandated leaves including personal leave, sick leave, marriage leave, maternity leave, funeral leave and annual leave, in strict compliance with relevant laws and regulations. Meanwhile, the weekly and daily working hours of employees are clearly stipulated in the employee handbook. For employees who need to work overtime, compensatory leave or overtime allowance will be arranged in a timely manner, and the occurrence of forced labor will be resolutely eliminated.

In terms of employee care and team building, the Group provides employees with holiday pay for every important holiday, so that employees can feel the warmth of the holiday. In addition, it also regularly conducts long service reward activities and organizes team building activities or get-togethers to enhance communication among employees and strengthen their sense of belonging and identity with the Company.

### Case sharing – Team Building Activities

The Group organizes a wide variety of group activities on a regular basis, which not only promotes communication and interaction among employees, enabling them to know each other better and enhance their friendship, but also promotes teamwork, improves work efficiency and creates a positive and pleasant working environment.



Picture: The Company hosted nurse's day event



Picture: The Company hosted physician's day event

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If an employee resigns, the Group will follow with the appropriate resignation procedures in accordance with the Management System for Employee Resignation (《員工離職管理制度》) and conduct an exit interview with the employee to understand his/her reasons for resignation and his/her comments and suggestions on the Group.

During the Year, the Group did not engage in any major violations related to employment laws and regulations.

### 4.2 Employment Statistics

As at the end of the Year, the Group had a total of 264 employees. The detailed employment data by different categories are as follows:

Employment Information	2025 Number of employees (% of total employees)	2024 Number of employees (% of total employees)
<b>Gender</b>		
Male	46 (17)	49 (17)
Female	218 (83)	241 (83)
<b>Age</b>		
Below 30	99 (38)	118 (41)
30 to 50	151 (57)	153 (53)
Above 50	14 (5)	19 (6)
<b>Geographical location</b>		
The PRC	264 (100)	290 (100)
Hong Kong	0 (0)	0 (0)
<b>Employment type</b>		
Permanent employees	264 (100)	290 (100)
Temporary employees	0 (0)	0 (0)

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During the Year, the Group's turnover rate of employees is as follows:

	2025 (%)	2024 (%)
<b>Turnover of employees (Note 1)</b>		
<b>Gender</b>		
Male	48	53
Female	39	48
<b>Age</b>		
Below 30	51	52
30 to 50	36	47
Above 50	18	39
<b>Geographical location</b>		
The PRC	41	49
Hong Kong	0	0

Note:

1. The turnover rate is calculated with reference to Reporting Guidance on Social KPIs issued by the Hong Kong Stock Exchange. The calculation formula is: the number of resigned employees during the reporting period/average of the sum of the number of employees at of the end of the 2024 reporting period and the 2025 reporting period  $\times$  100%. In addition, due to the Group's business nature, resigned employees include services staff who were unable to pass their probation periods, therefore resulting in a higher turnover rate.

### 4.3 Occupational Health and Safety

The Group recognizes the importance of occupational safety of the employees to the operation of the Group, thus it has strictly abided by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and other occupational health and safety related laws and regulations, and has provided the employees responsible for diagnosis and treatment and the use of treatment equipment operating safety guidelines, covering occupational safety issues such as personal protective equipment, emergency response procedures and disease prevention.

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In order to safeguard the occupational safety of medical staff and effectively prevent medical staff from contracting diseases through occupational exposure at work, the Group has formulated the Occupational Safety Protection Policy (《職業安全保護制度》) to strengthen the protective measures for medical staff to prevent and respond to occupational safety hazards. For infection prevention precautions, medical staff should follow the standard prevention principle and take appropriate protective measures for all pathogenic materials. For example, during diagnostic, treatment, or nursing procedures where there is a risk of disease transmission, medical staff should wear gloves, impervious masks, goggles and face shields. If there is a possibility of bodily contamination, they should also don impervious isolation gowns or aprons. When performing invasive treatment or nursing procedures, medical staff must ensure adequate lighting and take special care to avoid being stabbed or scratched by sharp instruments such as needles, suture needles or blades. Used sharps should be dropped directly into puncture-resistant and anti-leakage sharp boxes. Medical sharps such as syringes and infusion set with safety features can also be used to prevent puncture wounds. It is prohibited to recap used disposable needles, and touch used needles, blades and other sharp instruments directly with hands.

Medical waste management is a matter of human health and environmental safety. Therefore, the Group has put in place a stringent system. In terms of the division of responsibilities, the Hospital Infection Management Committee has formulated a system and an emergency plan, and the infection supervisor of each department is responsible for the implementation and supervision of specific tasks. In terms of the handling process, medical waste generated by each department is immediately categorized and collected, packaged and transferred to temporary storage sites in accordance with the requirements, with a storage time of no more than 48 hours, and then disposed of qualified suppliers. At the same time, the hospital pays attention to safety and protection, disinfects temporary storage sites every day, provides protective equipment and knowledge training for relevant staff, and activates the emergency plan in case of accidental leakage, so as to ensure that the handling of medical waste is safe and standardized.

In addition, the Group has established an emergency response management program aimed at preventing or mitigating the risks of emergencies and reducing losses. It covers operational activities and various types of emergencies with significant risks and a high incidence. The Logistics Management Department is responsible for formulating the overall emergency response plan, which includes the Company's situation, the purpose of the emergency response policy, the responsibilities of personnel, the allocation of resources, the handling procedures and recovery measures, etc. The plan is communicated to the employees and stakeholders, and emergency tests and drills are organized on a regular basis, usually at least twice a year, in conjunction with fire drills when there are many new employees or during peak seasons. The Logistics Management Department also reviews and revises the emergency response plan based on the results of drills and changes in relevant factors to ensure the effectiveness of emergency response.

## Environmental, Social and Governance Report

During the Year, the Group's number of working days lost due to work-related injuries is 0, and the data of the Group's work-related fatalities in the last three years is as follows:

<b>Work-related fatalities</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Number of work-related fatalities (person)	<b>0</b>	0	0
Rate of work-related fatalities (%)	<b>0</b>	0	0

### 4.4 Staff Development and Training

The Group understands that the career development of the employees is an important cornerstone for the success of its business. Therefore, the Group attaches great importance to the individual development of the employees. We not only create a clear career development path for all types of talents, but also encourage our talents to grow through performance evaluation, job selection and training, and contribute to the sustainable corporate development.

The Group has formulated a staff management system covering various aspects such as personnel recruitment, employment, resignation, attendance and performance. Personnel recruitment is based on the principle of fairness and merit-based selection. Upon hiring, employees are required to complete multiple formalities and sign a contract. The attendance policy specifies working hours, clock-in/clock-out procedures, and entitlements for various types of leave. The performance management system is based on the objectives set for the position and upholds the principle of fairness in evaluating the work of the staff. The results of the evaluation are used for the promotion of ranks and salary adjustments, etc., and employees who do not meet the standards may be demoted or advised to leave. In terms of salary and benefits, wages and bonuses are paid on time, and employees are entitled to social insurance and holiday benefits. The Group also provides a variety of communication channels to encourage employees to give feedback, while handling inappropriate complaints seriously to ensure a good relationship between employees and the Group.

The Group provides its employees with diversified training opportunities which aims at assisting their overall development, improving their management capabilities and work efficiency and enhancing the competitiveness of the Group. Based on the six training principles of all-staff, pertinence, planning, whole process, comprehensiveness and follow-up, the Human Resources Department is responsible for the development of systems, scheduling of programs, etc. Departments are required to submit training plans and provide information. Training is divided into various types, such as new employee training and training for all staff. Training is implemented in accordance with the plan and evaluated afterwards in terms of training instructors, effectiveness, and organization. The system is drafted, revised and interpreted by the Human Resources Department, and approved by the general manager before promulgation. The Group also provides professional trainings on aesthetic medical knowledge, medical safety management, and safe use of medical supplies to the medical staff of its aesthetic medical hospitals and aesthetic medical out-patient departments to enhance their professional knowledge and skills.

## Environmental, Social and Governance Report

The Group formulates training plans every year. Staff training is mainly divided into the following six categories:

1. New employee training: introduce information such as corporate background, corporate culture and relevant internal systems to new recruits.
2. All-employee training: provide training for all employees on quality and management capability improvement or popularization of development strategies, new systems, new policies, etc.
3. TTT training: provide training by external lecturers mainly for our internal trainer teams on training system construction, teaching skills, course development, courseware production, etc.
4. Talent echelon training: provide training mainly for college students and internal reserve cadres on career planning for the purpose of building the talent echelon, which consists of internal training and external training.
5. Department training: provide job skills improvement training by each department based on the practical work of the department.
6. External training: arrange external learning for the employees holding management positions or the employees recommended by departments, covering various forms of full-time learning, MBA programs, skill upgrading classes, etc.

## Environmental, Social and Governance Report

During the Year, the training record of the Group is as follows:

	<b>2025</b>	2024
<b>Training</b>	<b>Average training hours for employees (% of employees trained)</b>	Average training hours for employees (% of employees trained)
<b>Gender</b>		
Male	<b>8 (100)</b>	40 (100)
Female	<b>8 (100)</b>	40 (100)
<b>Employee Function</b>		
Management	<b>8 (100)</b>	40 (100)
Physicians and medical staff	<b>8 (100)</b>	40 (100)
Sales, marketing and customer service staff	<b>8 (100)</b>	40 (100)
Finance, human resources and administration staff	<b>8 (100)</b>	40 (100)

### Case sharing 1 – CPR Operation Drill and Training

During the Year, the Group's aesthetic medical out-patient departments in Wuhu organized cardiopulmonary resuscitation ("CPR") operation drilled training for their staff, aiming to enhance the safety of medical work and to equip medical staff with CPR operation skills and the knowledge to respond to emergency situations. During the training process, in order to ensure that the trainees can get sufficient training, it not only provided the trainees with CPR operation exercise clips, but also prepared designated props for the trainees to carry out operation exercises. The training was successfully conducted, and all participants passed the assessment and successfully mastered the CPR operation skills and methods.

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### Case sharing 2 – “Haibaoli Whitening Cream (海寶莉淨白瓶)” Training

During the Year, the Group organized a training session on the product “Haibaoli Whitening Cream”. The training was about the product “Haibaoli Whitening Cream” and aimed to enhance the staff’s understanding and mastering of the product. The effectiveness of the training showed that it effectively increased the purchase rate of customers. Feedback from the trainees indicated that the training not only contributed to more customer purchases, but also helped them to become more familiar with the effects of the product. This training had a positive effect on the sales performance of the product, which is conducive to promoting the market share of the product.



Picture: an on-site training course

### Case sharing 3 – Fire Safety Training

During the Year, the Group organized a fire safety training aimed at enhancing the fire prevention awareness and emergency response capability of hospital staff, safeguarding the safety of patients and staff, and strengthening the hospital’s emergency rescue and disaster management capability. The training included training on fire safety knowledge, simulated fire scene and fire extinguishing, evacuation and escape. Before the training, preparations were made for the inspection of firefighting facilities, training of staff knowledge and use of equipment, etc. During the training, various safety measures were implemented, with a view to effectively enhancing the staff’s fire prevention and emergency response capability.

### 5. OPERATING PRACTICES

The major business of the Group is the provision of aesthetic medical services, and the provision of quality services to customers is the Group's top priority. Therefore, the Group is committed to properly managing the supply chain, providing high-quality services and maintaining good professional ethics.

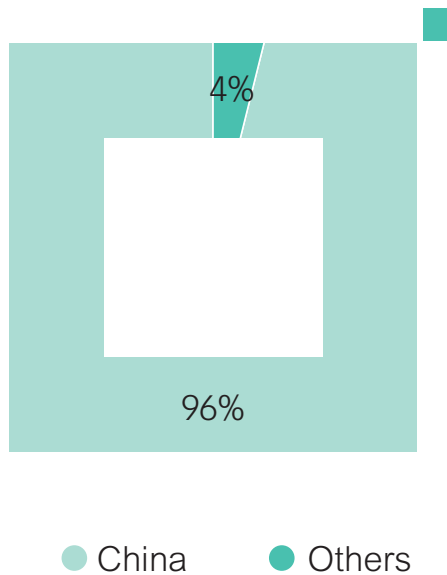
#### 5.1 Supply Chain Management

Given the close connection between the Group's aesthetic medical services and client's health and safety, the Group maintains rigorous supply chain management. To standardize procurement operations, the Procurement Management System (《採購管理制度》) has been established. This system applies to the procurement of both medical and non-medical supplies, clearly defining duties and responsibilities. It states in detail that processes ranging from procurement planning and application to supplier selection and contract signing, adhering to multiple procurement principles. Inspection and warehousing are handled according to material categories. The system also includes provisions for returns, exchanges and transfer of goods, as well as requirements for account checking, payment and settlement, which aims to reduce procurement risks, enhance procurement quality, and improve economic efficiency.

In the process of selecting suppliers, the Group comprehensively takes into account a wide range of factors, including product quality, supply capacity, pricing strategy, market reputation, standard of service and delivery timeline. At the same time, the Group strictly requires suppliers to hold various requisite licenses and permits for conducting relevant business, such as GMP certificate, GSP certificate, and authorization letters from product agency manufacturers, etc. The Group actively promotes the concept of green procurement by giving priority to products and services with energy-efficient labels or signs as well as higher recycling efficiency, simple packaging, long expiry dates, and other products and services with minimum environmental impacts when selecting products and services. Also, the Group attaches great importance to the environmental and social risk management of the suppliers. In terms of protection of environment, the Group prefers to have cooperation relationships with suppliers who are committed to sustainable development, and gives priority to suppliers with ISO 50001 energy management system certification, ISO 14001 environmental management system certification and low-carbon product certification. In terms of social aspects, suppliers that have well-established supply chain management system and comply with international standards related to social risk management, such as ISO 26000, will be given priority. The Group regularly identifies, assesses and monitors the environmental and social risks of the suppliers. Once a supplier is found to fail to meet the Group's standards of cooperation, it will be removed from the list of qualified suppliers. The Group insists on only selecting suppliers that meet the selection criteria to ensure that the purchased materials are of good quality, reduce the environmental and social risks and the negative impacts brought by the supply chain to the Group, therefore providing customers with high-quality, safe and reliable services.

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During the Year, the Group had a total of 71 suppliers (of which 96% are from China and 4% are from the rest of the world) and all the suppliers are required to comply with the Group's supplier management system. When purchasing aesthetic medical equipment and supplies from foreign manufacturers, the Group chooses to purchase them from their licensed distributors in China in order to safeguard the quality of the purchased materials and to ensure that the materials come from legitimate supply channels. For most of the medical supplies, the Group has a list of certain alternative suppliers. The Group closely monitors the performance of these suppliers with the aim of effectively managing the risks associated with the quality and stability of the supplies.



### 5.2 Quality Control

#### 5.2.1 Material acceptance and storage

In order to safeguard the safe use of aesthetic medical equipment and supplies, the Group has formulated the Drugs and Inventory Management Policy (《藥品及庫存物資管理制度》) in accordance with the requirements on quality control of medical drugs. In respect of procurement management, centralized management is implemented, with activities incorporated into the budget and conducted in accordance with the application and approval system, clearly defining approval authorities. In terms of inspection and acceptance management, independent inventory management personnel inspect and accept goods and verify all information in accordance with contracts and invoices, and provide timely feedback or return any unqualified products. Material storage adheres to the principle of restricted access, with dedicated warehouses and assigned personnel, as well as defined access permissions and usage limits. For the disposal of pharmaceuticals and inventory materials, processes such as returns and handling of substandard products are in place, while reporting losses and destruction require approval in accordance with the requirements. Additionally, the Group emphasizes inventory management, with the finance department promptly recording transactions and reconciling accounts with the centralized management department. An inventory team is set up to conduct regular inventories, at least once a month for expensive drugs and once a quarter for other drugs. After the inventory, a report is filled out with reasons for the discrepancies based on the results, and the accounts are processed in accordance with the approval to ensure that the accounts are in line with the facts and to ensure that the standardization and safety of the management of the supplies are fully protected. If substandard drugs are found during the workflow or inventory process, the Group will stop using them immediately. At the same time, the Group's quality controller will conduct in-depth investigations into the causes of the drug failures and take prompt corrective measures to resolve the immediate problems, as well as put in place preventive measures to prevent the recurrence of similar problems. As for all items that have passed their expiry dates and aesthetic medical equipment that is out of its useful lives, the Group will handle them in a safe and secure manner in accordance with applicable laws and regulations and revoke the relevant records accordingly as required.

In addition, the Group's medical device trading companies have formulated the Medical Device Quality Acceptance Procedures (《醫療器械質量驗收程序》) to standardize the entire acceptance process. During the acceptance process, employees will carefully check whether the products are in good condition, whether the packaging is standardized, whether the labels are clear and complete, whether the instruction manuals are detailed and accurate, and whether the relevant supporting documents are complete. In addition, the Group has also commissioned a third-party medical device testing center with professional qualifications to take samples according to scientific sampling methods and conduct comprehensive quality inspection of medical supplies. The purpose is to ensure that the medical supplies accepted meet in full the requirements of a range of relevant laws, regulations and statutory standards such as the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》) and the Regulations on the Administration of Instructions and Labels for Medical Devices (《醫療器械說明書和標籤管理規定》). If any medical supplies are found to fail quality standards upon inspection, the Group will immediately contact the supplier and arrange for the return of medical supplies in a proper manner, ensuring that no substandard medical supplies enter the market.

## Environmental, Social and Governance Report

### 5.2.2 Service quality control system

Quality is the foundation of the development of the Group, and high-quality medical services brings good social and economic benefits to the Group. In view of the above, the Group strictly abides by a series of laws and regulations related to the quality of esthetic medical services, such as the Administrative Measures for Aesthetic Medical Services (《醫療美容服務管理辦法》), Basic Standards for Aesthetic Medical Institutions and Aesthetic Medical Departments (Rooms) (Implementation) (《美容醫療機構·醫療美容科(室)基本標準(實行)》). To ensure the safety and quality of our esthetic medical services, our Group has established a comprehensive quality control system targeted for its esthetic medical hospitals and out-patient departments, details of which are as follows:

- Formulate a set of quality control processes in accordance with the 18 core policies relating to the quality of aesthetic medical diagnosis and treatment promulgated by the National Health and Family Planning Commission of the PRC, which include initial diagnosis, ward inspections, consultations, discussions involving customers safety incidents, medical record preservation, preoperative discussion and shift system, etc., and fully implement the quality control process in our aesthetic medical hospitals and out-patient departments;
- unify the operation procedures of customer services, complaints and feedback in our aesthetic medical hospitals and out-patient departments;
- Recruit and retain qualified physicians and medical staff. When recruiting physicians and medical staff, we will evaluate their academic and professional qualifications, relevant work experience and integrity. We will review the performance of the physicians and medical staff every year to ensure that they have comprehensive professional knowledge, have passed the training and received recognition for diagnosis and treatment operations, and are able to provide customers with the necessary combination of diagnosis and treatment recommendations to achieve ideal cosmetic results. We will continue to closely monitor our qualification registration and licensing records to ensure that our physicians and medical staff comply with PRC laws and regulations;
- Each aesthetic medical hospital is required to conduct quality and safety self-examination, assessment and scoring on a regular basis. The Group conducts assessment on various aspects, ranging from the quality of medical records to the medical procedures of each medical room, the operation safety, system and the management, so as to improve the deficiencies in the service process, thereby improving the overall service quality of the Group.

In addition, the Group will formulate annual medical quality management and continuous improvement plans. The objective of the plans is to implement standardized medical quality management in a more accurate and effective manner, so as to ensure that the Group maintains its competitive advantages in the aesthetic medical market, and continues to develop, therefore providing customers with better services.

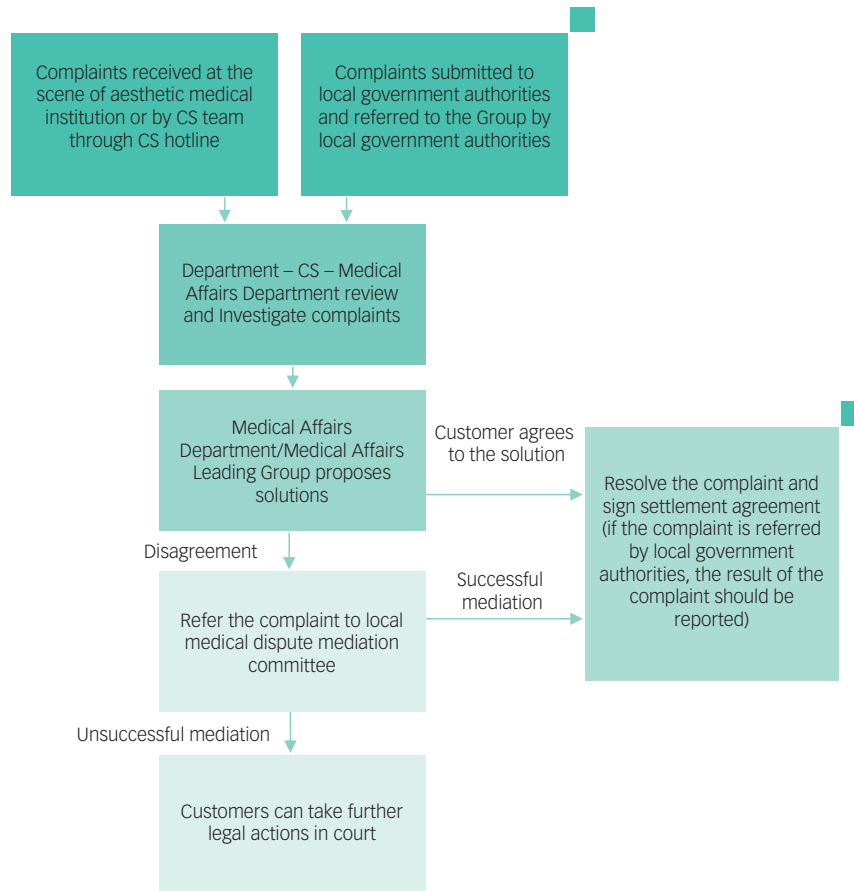
### **5.2.3 Customer feedback system**

The Group mainly operates in a service industry where frequent communication with customers is essential. The Group has long been striving for excellence and continuously improving the quality of its services. To this end, the Group has established a comprehensive and robust customer feedback management system to accurately capture customer satisfaction with the Group's services and proactively manage and respond to customer feedback. The Group's aesthetic medical hospitals and out-patient departments will arrange for customer service representatives to conduct follow-ups with clients via telephone or WeChat after the completion of the provision of services, with the aim of gaining an in-depth understanding of the customers' views and suggestions on the services provided.

The Group attaches importance to customer feedback. When soliciting feedback, the Group will explain in detail to address customers' concerns and questions, such as customers' requests for refunds. For customers who are dissatisfied with the Group's services, the Group has formulated a complaint management system and procedures, providing three complaint channels, namely, online and telephone, on-site complaints (medical department and consulting department) and third-party platforms. Upon receipt of a medical complaint from a customer, it will be handled in accordance with the principles of openness, fairness, legality, harmony and efficiency, and in accordance with the first complaint responsibility system. If the online customer service or department staff can handle the complaint, it will be handled immediately; otherwise, it will be referred to the customer service representatives for a reply within 5 working days. Resolution methods include mediation and explanation by consultation staff, coordination by the Customer Service Department and Medical Affairs Department, and handling according to the law, etc. In addition, the Group holds regular (quarterly) medical safety meetings to analyze the causes of complaints and propose countermeasures and improvement plans. The Medical Affairs Department summarizes and analyzes the complaints and supervises rectification. At the same time, the Group has established a complaint file management system that keeps relevant materials, and implemented a system of accountability based on the results of the handling of complaints.

## Environmental, Social and Governance Report

The main procedures of the Group’s complaint management for medical service:



During the Year, the Group received a total of 29 customer complaints, the Group has made arrangements such as refund, free repair and complimentary treatment, and all customer complaints have been properly resolved.

For the Group’s medical device trading business, we also provide customers with high-quality after sales services to answer their inquiries, and regularly visit customers to understand their evaluation on the quality of the relevant medical supplies. When customers’ request is for product return due to quality issues of medical supplies, the Group’s quality control inspectors will carefully check the product name, batch number, quantity and other relevant data, and also evaluate the damaged packaging or contamination of the products. The Group will promptly contact the suppliers to arrange for return if there are quality issues with the medical supplies after verification. During the Year, there is no cases of recall of medical supplies sold by the Group due to safety and health reasons, and the Group did not receive any complaints about medical supplies.

## Environmental, Social and Governance Report

### 5.3 Intellectual Property and Customer Data Protection

Although the Group does not have a proprietary aesthetic medical R&D business, it is fully aware of the importance of protecting intellectual property (IP) rights such as trademark rights and trade secrets, and actively protects and enforces its IP rights when potential infringements are detected. The Group strictly complies with laws and regulations relating to IP rights and has formulated and implemented a number of protection measures. Firstly, it has established a specialized IP management department to take charge of IP management and formulate strategies to enhance the value of its intangible assets. Secondly, it has strengthened the staff training on IP rights, and organized relevant courses internally to enhance the employees' awareness of protection, so that they can protect the interests of the Group in accordance with the laws. Furthermore, in the event of infringement of IP rights, the Group will take legal proceedings to defend its rights and resolve disputes in a reasonable manner, thereby building up a strong image of corporate protection. In addition, the Group undertakes to use authentic software and requires its employees to apply for the installation of software beforehand to avoid infringing on the IP rights of others and to protect IP rights from being infringed upon in all aspects.

The Group has formulated the Customer Data Security Management Policy (《客戶資料安全管理制度》), which is applicable to the Group and its branch offices and subsidiaries, for the purpose of safeguarding the security of customers' personal information and medical records, etc., when they are stored and used, and to reduce the risk of their illegal use and leakage. The policy specifies that the collection of customer information shall follow the principles of legality, reasonableness and necessity, and that the purpose and manner of collection shall be clearly stated and accepted by customers, and that strict confidentiality shall be maintained. The use of customer information shall also be governed by the principles, and "whoever uses the information is responsible for it", and customer information shall not be handled illegally. When the information is used for specific reasons, internal procedures should be performed. For the management of customer information, it requires to use information technology systems that are subject to security level control and require authorization. Measures such as encryption and encapsulation shall be taken for the transmission of information. Confidentiality management of computers storing customer information shall be strengthened, and paper documents shall be managed in special cabinets. All levels of the organization shall ensure the security of customer information during handling. In the event of actual or potential loss, damage, leakage, or tampering of customer information, immediate remedial measures shall be taken, customers must be promptly informed, and relevant departments must be reported to, ensuring comprehensive protection of customer data security.

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### 5.4 Advertising and Marketing

In order to increase the Group's brand awareness and to promote its esthetic medical services to more customers, the Group uses different media channels to promote its brand and services. The Group understands that medical advertising is strictly regulated in the PRC, therefore, it strictly complies with the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》) and the Measures for the Administration of Medical Advertising (《醫療廣告管理辦法》) and other advertising-related laws and regulations. In order to regulate and legally publish medical advertisements, the Group strictly implements the Release of Medical Advertisement Review Policy (《發佈醫療廣告審核制度》), which sets out the specifications and terms for publishing medical advertisements in detail. All advertising contents must undergo multiple audits to ensure that it complies with legal requirements and does not contain inaccurate or misleading information. In addition, the Group regularly invites legal advisers to conduct trainings on advertising-related legal knowledges for its employees, aiming to enhance their legal knowledges and ensure that all advertisements produced by its employees comply with the regulatory requirements.

The Group attaches great importance to its corporate sales and marketing strategies. In order to improve and standardize the Group's sales and marketing practices, in addition to the regulation and management of advertisements, the Group has also implemented the following internal control measures to regulate the sales and marketing activities of its employees:

- The price of services involved in the marketing activities must be determined with reference to the price list approved by the Group and the person in charge of each aesthetic medical hospital and out-patient department;
- The discounts offered to the customers must be approved by the head of sales and marketing team before offering;
- Sales and marketing activities must be approved by the Group in advance, and the services provided must be derived from the service catalog approved by the head of the sales and marketing team;
- After the end of sales and marketing activities, the remaining gifts and registration forms must be collected and returned to the warehouse for safekeeping after checking in detail.

## Environmental, Social and Governance Report

### ***Managing Inappropriate and Excessive Sales Practices***

The Group remunerates its employees, such as physicians, medical staff and customer service personnel, with bonuses based on performance and sales. As such, the Group is well aware of its exposure to the risk of inappropriate and excessive sales practices, such as the possibility that employees may recommend to customers the purchase of unnecessary or unsuitable or inadequate aesthetic medical procedures in an attempt to boost sales figures. And such acts will cause serious damage to the Group's reputation in the market, lowering consumer recognition of the Group, which will in turn weaken brand affinity and cause a significant decline in the trust of the Group's existing and potential customers in the Group's services.

In order to avoid unscrupulous, inappropriate, and excessive sales practices, the Group has adopted a series of control measures, details are as follows:

1. in principle, only provide aesthetic surgery services to adults over the age of 18 (for limited aesthetic surgical procedures preferentially conducted at a younger age such as orthodontics and cosmetic dentistry services. For this type of treatment, persons under the age of 18 are required to be accompanied by their guardians);
2. require customers to complete and sign a registration form to state in detail their personal information as well as the reasons for accepting aesthetic medical services of the Group;
3. verify the identity of the client, explain in detail to the client the objective, process, existing medical risks, potential side effects that may occur, normal recovery period of the operation, and answer all questions patiently that the client may raise and require the client to sign a consent letter prior to the performance of any procedure by the attending physician;
4. strictly prohibit sales on credit or any kind of loans to clients in respect of the service fees, in order to avoid the sale of excessive and unnecessary aesthetic medical procedures to clients; and
5. provide regular trainings regarding proper sales practices to the Group's sales and marketing team to enhance sales professionalism of the employees.

## Environmental, Social and Governance Report

### 5.5 Anti-corruption

In order to safeguard its stable development and maintain customers' confidence, the Group has formulated the Anti-corruption and Other Fraud Policy (《反贪污腐败等舞弊制度》) to regulate the behavior of employees and combat unethical behaviors such as corruption. The policy clearly defines fraud and its forms, including two types of fraudulent behaviors, such as accepting bribes, misappropriating company funds, and making false reports, which are detrimental to the Company's interests and seeking improper company interests. It emphasizes the focus of anti-fraud work, covering misappropriation of assets, financial fraud, abuse of power by senior management and collusion in fraud. In terms of duties and responsibilities, the Company's management, the Board, the Internal Audit Department and various business units have their respective roles and responsibilities. Fraud prevention and control relies on anti-fraud mechanisms, including the creation of an integrity culture, assessment of fraud risks and the establishment of standing organizations. For example, we promote a culture of integrity through various means and encourage whistleblowing by employees and stakeholders. The policy also establishes a comprehensive whistleblowing, investigation and reporting system. The Internal Audit Department has established a whistleblowing channel. Upon receipt of whistleblowing, a joint investigation team or a special investigation team will be formed to carry out an investigation as appropriate, the results of which will be reported to the relevant departments, and the whistleblowing materials will be filed in a timely manner. If fraudulent behavior is discovered, the Group will immediately take remedial measures to review internal control loopholes and improve internal controls. The Group will also impose financial and administrative penalties in accordance with internal regulations on employees who have committed fraud, regardless of whether or not they have committed a crime; in case of a criminal offense, they will be transferred to the judicial authorities. In short, the Group is committed to preventing fraudulent behavior in all aspects to safeguard its interests and market reputation.

The Group provided a total of 20 hours of anti-corruption training to 5 directors and 15 members of senior management during the Year, and the Group's anti-fraud policy and business code of conduct have been published internally to ensure that the employees fully understand professional ethics and anti-fraud related policies. In the future, the Group will carry out various anti-corruption-related activities and trainings to further strengthen its internal anti-corruption awareness. Notably, during the Year, the Group did not experience any case of violation of relevant laws and regulations on bribery, corruption, extortion, fraud and money laundering.

## 6. COMMUNITY INVESTMENT

As a community-caring company, the Group attaches great importance to the overall well-being of the surrounding communities where it operates, and sincerely hopes that the Group's business can grow together with the community. The Group always actively participates in social welfare undertakings, fully fulfills its responsibilities and mission as a corporate citizen, and gives back to the society and the people.

The Group pays special attention to the rights and interests of disabled individuals, and is dedicated to helping them integrate into the society without discrimination. Therefore, the Group has carefully formulated comprehensive management measures for the employment of disabled individuals to provide them with equal job opportunities, reasonable treatments and well-rounded benefits. During the Year, the Group has employed three disabled individuals to work at its office in Hangzhou (headquarters), the aesthetic medical hospital in Hangzhou and Wuhu Raily Aesthetic Medical Out-patient Department, respectively, providing them with up to three years of work experience opportunities. During this period, the Group actively listened to the real feelings of the disabled individuals in order to improve the relevant employment policies and welfare system.

Looking ahead, the Group plans to explore new areas of community investment, aiming to benefit more individuals in need and contribute further to the harmonious development of the community.

## Environmental, Social and Governance Report

### 7. APPENDIX I: CONTENT INDEX OF THE “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE”

ESG Indicator	Description	Chapter	Page
<b>A. ENVIRONMENT</b>			
<b>A1 Emissions</b>			
<b>General Disclosure</b>	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3. Environmental Protection	59
<b>A1.1</b>	The types of emissions and respective emissions data.	3.1 Pollution and Emission Control	59
<b>A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	(deleted on 1 January 2025)	–
<b>A1.3</b>	Total hazardous waste produced and intensity.	3.1 Pollution and Emission Control	61
<b>A1.4</b>	Total non-hazardous waste produced and intensity.	3.1 Pollution and Emission Control	61
<b>A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	3.1 Pollution and Emission Control; 3.2 Resource Usage	61
<b>A1.6</b>	Description of how hazardous and non-hazardous waste are handled. No waste reduction targets.	3.1 Pollution and Emission Control	60
<b>A2 Use of Resources</b>			
<b>General Disclosure</b>	Policies on the effective use of resources.	3.2 Resource Usage	61
<b>A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	3.2 Resource Usage	62
<b>A2.2</b>	Water consumption in total and intensity.	3.2 Resource Usage	62
<b>A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.2 Resource Usage	62
<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target (s) set and steps taken to achieve them.	3.2 Resource Usage	62
<b>A2.5</b>	Total packaging material used for finished products and with reference to per unit produced.	Since the major business of the Group is to provide aesthetic-related services and related management consulting services, it does not involve the use of any packaging materials.	–

## Environmental, Social and Governance Report

ESG Indicator	Description	Chapter	Page
<b>A. ENVIRONMENT</b>			
<b>A3 The Environment and Natural Resources</b>			
<b>General Disclosure</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3. Environmental Protection	59
<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3. Environmental Protection	59
<b>A4 Climate Change</b>			
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	(deleted on 1 January 2025)	–
<b>A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	(deleted on 1 January 2025)	–
<b>B. Social</b>			
<b>B1 Employment</b>			
<b>General Disclosure</b>	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Employment rights and benefits	73
<b>B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	4.2 Employment Statistics	75
<b>B1.2</b>	Employee turnover by gender, age group and geographical region.	4.2 Employment Statistics	76

## Environmental, Social and Governance Report

ESG Indicator	Description	Chapter	Page
<b>B. Social</b>			
<b>B2 Health and Safety</b>			
<b>General Disclosure</b>	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.3 Occupational Health and Safety	76
<b>B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years.	4.3 Occupational Health and Safety	78
<b>B2.2</b>	Lost days due to work injury.	4.3 Occupational Health and Safety	78
<b>B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Occupational Health and Safety	76
<b>B3 Development and Training</b>			
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.4 Staff Development and Training	78
<b>B3.1</b>	The percentage of employees trained by gender and employment category.	4.4 Staff Development and Training	80
<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	4.4 Staff Development and Training	80
<b>Labour Standards</b>			
<b>General Disclosure</b>	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	4.1 Employment rights and benefits	73
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	4.1 Employment rights and benefits	73
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered.	4.1 Employment rights and benefits	73

## Environmental, Social and Governance Report

ESG Indicator	Description	Chapter	Page
<b>B. Social</b>			
<b>B5 Supply Chain Management</b>			
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	5.1 Supply Chain Management	82
<b>B5.1</b>	Number of suppliers by geographical region.	5.1 Supply Chain Management	83
<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.1 Supply Chain Management	82
<b>B5.3</b>	Description of practices to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Supply Chain Management	82
<b>B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Supply Chain Management	82
<b>B6 Product Responsibility</b>			
<b>General Disclosure</b>	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	5. Operating Practices 5.2 Quality Control 5.3 Intellectual Property Rights and Customer Data Protection 5.4 Advertising and Marketing	84
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.2 Quality Control	84
<b>B6.2</b>	Number of product and service related complaints received and how they are dealt with.	5.2 Quality Control	85
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	5.3 Intellectual Property Rights and Customer Data Protection	88
<b>B6.4</b>	Description of quality assurance process and recall procedures.	5.2 Quality Control	84
<b>B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.3 Intellectual Property Rights and Customer Data Protection	88

## Environmental, Social and Governance Report

ESG Indicator	Description	Chapter	Page
<b>B. Social</b>			
<b>B7 Anti-corruption</b>			
<b>General Disclosure</b>	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.5 Anti-corruption	91
<b>B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.5 Anti-corruption	91
<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.5 Anti-corruption	91
<b>B7.3</b>	Description of anti-corruption training provided to directors and staff.	The Group has not held anti-corruption related trainings during the Year.	–
<b>B8 Community Investment</b>			
<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6. Community Investment	91
<b>B8.1</b>	Focus areas of contribution.	6. Community Investment	91
<b>B8.2</b>	Resources contributed to the focus area.	6. Community Investment	91

## Environmental, Social and Governance Report

Climate-related Disclosures		Chapter
<b>Governance</b>	Governance	63
<b>Strategy</b>	Climate-related risks and opportunities	66
	Business model and value chain	66
	Strategy and decision-making	64
	Financial position, financial performance and cash flows	66
	Climate resilience	69
	Financial implications on climate-related risks and opportunities	68
<b>Risk Management</b>	Risk management	70
<b>Metrics and Targets</b>	Greenhouse gas emissions	72
	Climate-related transition risks	72
	Climate-related physical risks	72
	Climate-related opportunities	72
	Capital deployment	72
	Internal carbon prices	72
	Remuneration	72
	Industry-based metrics	72
	Climate-related targets	72
	Applicability of cross-industry metrics and industry-based metrics	72

# DIRECTORS' REPORT

The Board is pleased to submit the Group's annual report and the audited consolidated financial statements for the Year.

## PRINCIPAL ACTIVITIES

The Group is a leading aesthetic medical service provider in Zhejiang Province, the PRC, providing clients with a broad range of aesthetic medical services to meet their different aesthetic and anti-aging objectives. In 2025, the main business of the Group was the provision of aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology services. Details of the key subsidiaries of the Group in 2025 are set out in Note 1 to the financial statements.

## SUMMARY OF RESULTS

The results of the Group in 2025 are set out in the consolidated statement of profit or loss on page 118 of this annual report.

The Group's revenue and results are mainly derived from the aesthetic medical services provided by 3 aesthetic medical institutions. A detailed review of the business development of the Group in 2025 and the possible future outlook are set out in the section headed "Management Discussion and Analysis" of this annual report.

## FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group is set out on page 203 of this annual report. This summary does not form part of the audited consolidated financial statements.

## BUSINESS REVIEW

The business review of the Group for 2025 is set out in the section headed "Management Discussion and Analysis" on pages 11 to 30 of this annual report.

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During 2025, the Group is not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company recognises its responsibility to protect the environment from its business activities. The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with the laws and regulations regarding environmental protection and adopted effective environmental practices to ensure that our business meets the required standards and ethics in respect of environmental protection. Information on environmental policies and performance of the Group are set out in the Environment, Social and Governance Report on pages 55 to 97 of this annual report.

## RELATIONSHIP WITH STAKEHOLDERS

The success of the Group relies on the support of key stakeholders, including the Directors and senior management members, employees, clients and suppliers.

## Directors' Report

### Employees

As of 31 December 2025, the Group has 264 employees, all of whom are located in the PRC. Specifically, there are 7 management staff, 101 physicians and medical staff, 117 sales, marketing, client service and other business staff, 39 finance and administration staff. We believe we have a good relationship with our employees. Our employees are not represented by a labour union. During the Year, we have not experienced any material disruptions to our business operations due to labour disputes or strikes. We contribute to social security insurance and housing provident funds for our employees under relevant PRC laws, rules and regulations.

We value the importance of providing a safe, healthy and efficient work environment for all of our employees. We also place significant emphasis on employee trainings and development, and we invest in education and training programs for our employees with the purpose of upgrading their knowledge on the latest development of the aesthetic medical industry.

### Customers

During 2025, all of our aesthetic medical service clients are individual retail clients, the clients of our aesthetic medical management consulting services are aesthetic medical institutions, and the clients of our sales of medical aesthetic equipment and products are sales agencies and individual retail clients. Our high quality services and stringent safety controls have translated into our low number of client complaints and high number of repeat clients.

### Suppliers

The supplies required in our operations primarily include those who provide implants, injection materials, pharmaceuticals, other medical consumables and medical aesthetic skincare products.

## MAJOR CUSTOMERS AND SUPPLIERS

In 2025, the total revenue or sales attributable to the five largest clients of the Group accounted for approximately 17.1% of the total revenue of the Group. In particular, the total revenue or sales attributable to the largest client of the Group accounted for approximately 7.5% of the total revenue of the Group.

In 2025, the purchase amount from the five largest suppliers of the Group accounted for approximately 41.6% of the Group's total purchase amount; and the purchase amount from the largest supplier of the Group accounted for approximately 11.0% of the Group's total purchase amount.

In 2025, to the best knowledge of the Directors, none of the Directors, their close associates, or any shareholder who owns more than 5% of our issued share capital (excluding treasury shares of the Company) had any interest in any of our five largest clients or suppliers.

## PROPERTIES AND EQUIPMENT

Details of the changes in the properties and equipment of the Group for the Year are set out in Note 13 to the financial statements.

## ANNUAL GENERAL MEETING

The 2026 AGM will be held on Friday, 26 June 2026. A notice convening the 2026 AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

## Directors' Report

### CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the 2026 AGM. To be eligible for attending and voting at the 2026 AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 22 June 2026.

### RESERVES

The changes in the Group's reserves during 2025 are set out in the consolidated statement of changes in equity on page 121.

### DIVIDENDS

During 2025, the Board did not distribute dividends to the Shareholders (2024: Nil).

### SUBSIDIARIES

Details of the Company's subsidiaries are set out in Note 1 to the financial statements.

### DISCLOSURE UNDER RULES 13.20, 13.21 AND 13.22 OF THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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

During 2025, neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any listed securities (including sale of treasury shares of the Company for cash other than under the share option scheme adopted by the Shareholders on 4 December 2020 (the "Share Option Scheme")) of the Company.

### SECURITIES ISSUED AND/OR GRANTED

Save as disclosed in this annual report, no equity securities, convertible securities, options, warrants or similar rights were issued or granted by the Company or any of its subsidiaries during the Year.

### SHARE CAPITAL

Details of the changes in the Company's share capital during the Year are set out in Note 29 to the financial statement.

### EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" of this annual report, no equity-linked agreements have been entered into during the Year or subsisted at the end of 2025.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the 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.

### TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

## Directors' Report

### PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted.

The Company has maintained appropriate liability insurance for its Directors and senior management.

### USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on 28 December 2020, and after exercising the over-allotment option, a total of 376,540,000 shares were issued. After deducting the underwriting fees, commission and all related expenses, the Net Proceeds raised from the Listing was approximately HK\$81.7 million. We gradually used the Net Proceeds from the global offering in the manner set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. For details of the utilisation of the Net Proceeds, please refer to the section headed "Management Discussion and Analysis" of this annual report.

### DIRECTORS

The Directors during 2025 and up to the date of this annual report are as follows:

#### Executive Directors

Mr. Fu Haishu (*Chairman*)  
Mr. Song Jianliang (*CEO*)  
Mr. Wang Ying

#### Independent Non-executive Directors

Dr. Lin Hai (appointed on 27 March 2026)  
Ms. Yang Xiaofen  
Mr. Liu Teng  
Mr. Cao Dequan (resigned on 27 March 2026)

### DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with the Company which is not determinable by the Company and any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

### EMOLUMENT POLICY

Our Remuneration Committee was established in compliance with the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board regarding our policy and structure for the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies, and to make recommendations to the Board on the remuneration packages of our Directors and senior management and on the employee benefit arrangement.

Under the Policy, the Remuneration Committee will consider factors such as corporate and individual key performance, remuneration paid by comparable companies and other economic factors. Details of the Directors' remuneration and the five highest paid individuals are set out in Notes 8 and 9 to the financial statements, respectively.

In 2025, none of the Directors has agreed with the Company to waive any emoluments.

## Directors' Report

### MANAGEMENT CONTRACTS

In 2025, the Company did not enter into any contract, other than the service contracts with the Directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

### DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

During the Year, save as disclosed in this annual report, there were no transactions, arrangements or contracts of significance in which any Director or any entity connected with a Director is or was materially interested directly or indirectly subsisted at any time during or at the end of the Year, nor was there any contract of significance between the Group and a controlling Shareholder or any of its subsidiaries, or any contract of significance for the provision of services to the Group by a controlling Shareholder or any of its subsidiaries.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors had any interest in any business which competes or may compete, either directly or indirectly, with the business of the Group.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### Long Positions in Shares, Underlying Shares and Debentures of the Company

Name	Capacity/Nature of interests	Number of shares held	Approximate percentage of the interest in the Company <sup>1</sup>
Mr. Fu Haishu <sup>2</sup>	Interest in a controlled corporation	295,808,923	53.10%

Notes:

- <sup>1</sup> The percentage is calculated based on the total number of issued shares of the Company as at 31 December 2025 (i.e. 557,077,333 shares).
- <sup>2</sup> These shares are held by Ruide Consultation Limited, a company wholly-owned by Mr. Fu Haishu.

## Directors' Report

### Long Positions in Shares, Underlying Shares and Debentures in the Associated Corporation

Name of Director	Name of the associated corporation	Capacity/Nature of interests	Number of ordinary share(s) held	Approximate percentage of the total issued shares of the associated corporation
Mr. Fu Haishu	Ruide Consultation Limited	Beneficial owner	50,000	100%

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to be owned under the relevant provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO PURCHASE SHARES OR BONDS

Save as disclosed in this annual report and the Prospectus, none of the Company, any of its holding companies, subsidiaries or fellow subsidiaries have entered into any arrangement at any time during the Year, so that the Directors or chief executives of the Company or any of their respective spouses or children under the age of 18 may gain benefits by purchasing shares or bonds of the Company or any other corporate.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the interests or short positions of substantial Shareholders and other persons in the shares or underlying shares of the Company as recorded in the register maintained by the Company under Section 336 of the SFO, or otherwise notified to the Company were as follows:

#### Substantial Shareholders' and Other Person's Long Positions in Shares and Underlying Shares of the Company

Name	Capacity/Nature of interests	Number of shares held	Approximate percentage of the interest in the Company <sup>1</sup>
Ruide Consultation Limited	Beneficial owner	295,808,923	53.10%
Jin Chunmiao <sup>2</sup>	Interest of spouse	295,808,923	53.10%
Youxin Management Co., Ltd.	Beneficial owner	46,133,008	8.28%

## Directors' Report

Notes:

1. *The percentage is calculated based on the total number of issued shares of the Company as at 31 December 2025 (i.e. 557,077,333 shares).*
2. *Ms. Jin Chunmiao is the spouse of Mr. Fu Haishu, and is therefore deemed to be interested in the shares deemed or taken to be owned by Mr. Fu Haishu under the SFO.*

Save as disclosed above, as at 31 December 2025, there are no other interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO.

## SHARE OPTION SCHEME

The Share Option Scheme is established to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new shares of the Company (the "Shares") as the Board may determine at an exercise price<sup>(Remark)</sup>:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, agents, suppliers, clients, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company and/or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1 to our Company by way of consideration for the grant of the option. This payment must be made on or before the acceptance date specified in the offer document, which shall be a date not later than 30 days after the date of the offer. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

## Directors' Report

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the Listing, being 205,500,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of our Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board.

The total number of Shares available for issue upon exercise of the outstanding share options is 47,276,437 Shares, representing approximately 8.49% of the total number of Shares in issue as at the date of this annual report.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of our Shareholders in general meeting with such Eligible Participant and his/her close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of:

- (i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

## Directors' Report

Any grant of options to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the INEDs (excluding any INED who is the grantee of the options). If the Board proposes to grant options to a substantial Shareholder or any INED or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of our Company in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue on the date of such grant; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time<sup>(Remark)</sup>.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time commencing the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period commencing on the Listing Date and ending on the tenth anniversary of the Listing Date (both dates inclusive), after which no further options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

## Directors' Report

Name or category of grantees	Date of grant of share options	Exercise price		Closing price of the shares immediately before the date on which the options were granted (HK\$)	Fair value of options at the date of grant (HK\$)	Vesting period	Exercise period	Number of share options					Balance as at 31 December 2025
		during 1 January 2024 to 24 April 2024 (HK\$)	during 25 April 2024 to 30 June 2024 (HK\$)					Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year		
<b>Other employees</b>													
In aggregate													
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2023	29/08/2023-28/08/2032	66,214	-	-	-	-	66,214
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2024	29/08/2024-28/08/2032	66,213	-	-	-	-	66,213
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2025	29/08/2025-28/08/2032	99,320	-	-	-	-	99,320
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2026	29/08/2026-28/08/2032	99,320	-	-	-	-	99,320
	26/01/2024	0.1150	0.4999	0.112	0.079	26/01/2024-25/01/2025	26/01/2025-25/01/2034	11,187,713	-	-	-	-	11,187,713
	23/02/2024	0.1220	0.5303	0.122	0.082	23/02/2024-22/02/2025	23/02/2025-22/02/2034	10,681,591	-	-	-	-	10,681,591
	23/02/2024	0.1220	0.5303	0.122	0.082	23/02/2024-22/02/2026	23/02/2026-22/02/2034	230,056	-	-	-	-	230,056
<b>Service Providers</b>													
In aggregate													
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2023	29/08/2023-28/08/2032	4,969,202	-	-	-	-	4,969,202
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2024	29/08/2024-28/08/2032	4,969,202	-	-	-	-	4,969,202
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2025	29/08/2025-28/08/2032	7,453,803	-	-	-	-	7,453,803
	29/08/2022	0.1678	0.7294	0.167	0.076	29/08/2022-28/08/2026	29/08/2026-28/08/2032	7,453,803	-	-	-	-	7,453,803
<b>Total</b>								<b>47,276,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,276,437</b>

As at the beginning of 2025 and at the end of the Year, no options will be available for grant under the Share Option Scheme. The number of Shares that may be issued in respect of options granted under all share option schemes of the Company during the Year divided by the weighted average number of issued Shares for the Year is 0.0849.

## Directors' Report

The model used to calculate the fair value of the options granted on 29 August 2022, 26 January 2024 and 23 February 2024 is binomial option pricing model. The model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option. Further details are set out in Note 30 to the financial statements.

Remarks:

- Pursuant to Rule 17.03A of the Listing Rules, the participants of a scheme shall only comprise directors and employees of the issuer or any of its subsidiaries, directors and employees of the holding companies, fellow subsidiaries or associated companies of the issuer and the persons who provide services to the issuer group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the issuer group.*
- Pursuant to Rule 17.03F of the Listing Rules, the vesting period for options shall not be less than 12 months.*
- Pursuant to Rule 17.04(3) of the Listing Rules, where any grant of options or awards to an independent non-executive director or a substantial shareholder of the listed issuer, or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of options or awards must be approved by shareholders of the listed issuer in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. Pursuant to Rule 17.04(4) of the Listing Rules, the listed issuer must send a circular to the shareholders. The grantee, his/her associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting. The listed issuer must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.*

## RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during 2025 are set out in note 36 to the financial statements. Such transactions were either (i) fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules; or (ii) did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

## NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

### Contractual Arrangements

#### Background and Reasons

We are a leading aesthetic medical service provider in Zhejiang Province, the PRC. According to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (the "2021 Negative List"), medical institutions may not be held 100% by foreign investments, and foreign investments are restricted to the form of sino-foreign equity joint venture. In view of the foreign ownership restriction, our provision of aesthetic medical services is subject to foreign investment restriction in accordance with the 2021 Negative List. The entities that we controlled certain percentage of their shareholding through the contractual arrangements (the "VIE Entities") were Hangzhou Beilifeier, Hangzhou Raily and Ruian Raily, which were established under the laws of the PRC. We do not directly own 100% equity interest in the VIE Entities. Hangzhou Beilifeier was held as to 70% by Raily Beauty Consultation and 30% by Mr. Fu Haishu while each of Hangzhou Raily and Ruian Raily is currently owned as to 70% by Raily Beauty Consultation and 30% by Ningbo Ruixuan Investment Management Partnership (LLP)\* (寧波瑞炫投資管理合夥企業(有限合夥)) ("Ningbo Ruixuan").

\* For identification purposes only

## Directors' Report

In light of the foreign investment restriction, in order to comply with PRC laws and regulations and maintain effective control over all of our operations as well as to obtain the maximum economic benefits of the VIE Entities, a series of contractual arrangements (the "Contractual Arrangements") have been entered into by, among others, Hangzhou Raily, Hangzhou Beilifeier, Ruian Raily and the Registered Shareholders (as defined below) on 1 January 2019. Through shareholdings and the Contractual Arrangements, we have maintained effective control over the financial and operational policies of the VIE Entities and have become entitled to all the economic benefits from their operations.

The existing agreements underlying such Contractual Arrangements with each of the VIE Entities include: (1) Business Cooperation Agreements (as defined below), (2) Exclusive Option Agreements (as defined below), (3) Equity Pledge Agreements (as defined below), and (4) Voting Rights Proxy Agreements (as defined below). Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into by and among Raily Beauty Consultation, the VIE Entities and the Registered Shareholders (as defined below); (ii) by entering into the Business Operation Agreements (as defined below) with Raily Beauty Consultation, the VIE Entities will enjoy better management, consultancy and technical support from us as well as better market reputation after the Listing; and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the VIE Entities through: (i) our Group's right (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the VIE Entities at the minimum amount of consideration permitted by applicable PRC laws and regulations; (ii) the business structure under which the profit generated by the VIE Entities is substantially retained by our Group; and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the VIE Entities.

We owned 70% equity interest in each of the VIE Entities and as a result of the aforementioned Contractual Arrangements. We have obtained control of the remaining equity interest of the VIE Entities through Raily Beauty Consultation. As such, our Company can receive all of the economic interests returns generated by the VIE Entities.

As Hangzhou Beilifeier decides to have strategic focus on the business of the sales of aesthetic medical equipment products and plans to apply for the medical device business licence, and the business of aesthetic medical services together with the medical practice licence of Hangzhou Beilifeier has been ceased by the Company in accordance with PRC laws and regulations, the restrictions on foreign ownership in the business of providing aesthetic medical services are no longer applicable to Hangzhou Beilifeier. On 15 August 2025, Hangzhou Beilifeier, Raily Beauty Consultation and Mr. Fu Haishu have entered into agreements to (i) transfer all equity interests held by Mr. Fu Haishu in Hangzhou Beilifeier to Raily Beauty Consultation; and (ii) unwind its part of the Contractual Arrangements (as defined below).

### ***Contractual Arrangements overview***

#### **1. Details of the VIE Entities and Registered Shareholders**

VIE Entities: Hangzhou Raily, Hangzhou Beilifeier and Ruian Raily

Registered Shareholders: the shareholders of Hangzhou Beilifeier, Hangzhou Raily and Ruian Raily including Mr. Fu Haishu and Ningbo Ruixuan

#### **2. Description of the VIE Entities' business**

Our VIE Entities are aesthetic medical services provider in the PRC, according to the 2021 Negative List, medical institutions are restricted to the form of sino-foreign equity joint venture.

### 3. Summary of terms of Contractual Arrangements

Save for the unwinding of the Contraction Arrangement of Hangzhou Beilifeier with effect from 15 August 2025, the Contractual Arrangements which were in place during 2025 are as follows:

- (i) Pursuant to the business cooperation agreements dated 1 January 2019 entered into by each of the VIE Entities, its Registered Shareholders and Raily Beauty Consultation (each a "Business Cooperation Agreement", and collectively the "Business Cooperation Agreements"), each of the VIE Entities agreed to engage Raily Beauty Consultation as its exclusive provider of technical support, consultation and other services, including (1) asset and business management consultation; (2) human resources consultation; (3) marketing consultation; (4) advertising support; (5) technical support; (6) medical technical consultation; (7) product quality control support; (8) service quality control support; (9) system integration; (10) material contracts consultation; (11) mergers and acquisitions consultation; and (12) other relevant services requested by each of the VIE Entities from time to time to the extent permitted under PRC laws.
- (ii) Pursuant to the Business Cooperation Agreements, Raily Beauty Consultation has the ownership of any and all intellectual property rights developed or created by the VIE Entities during the performance of the Business Cooperation Agreements.
- (iii) Each of the VIE Entities, its Registered Shareholders and Raily Beauty Consultation entered into the voting rights proxy agreements (each a "Voting Rights Proxy Agreement", and collectively, the "Voting Rights Proxy Agreements") on 1 January 2019, pursuant to which, each Registered Shareholder, irrevocably appoints Raily Beauty Consultation or its designated directors and their successors (including a liquidator replacing our Directors) but excluding those who are non-independent or those who may give rise to conflict of interests, as his attorney-in-fact to exercise such shareholder's rights in the VIE Entities.
- (iv) Raily Beauty Consultation, each of the VIE Entities and its Registered Shareholders entered into the exclusive option agreements (each an "Exclusive Option Agreement", and collectively the "Exclusive Option Agreements") on 1 January 2019, pursuant to which each of the Registered Shareholders agreed to grant Raily Beauty Consultation or its designated third party an exclusive option to transfer their equity interests and/or assets in the VIE Entities to Raily Beauty Consultation and/or a third party designated by it, in whole or in part at any time and from time to time, at the consideration of RMB1 or a minimum purchase price permitted under the PRC laws and regulations.
- (v) Raily Beauty Consultation, each of the VIE Entities and its Registered Shareholders entered into the equity pledge agreements (each an "Equity Pledge Agreement", and collectively the "Equity Pledge Agreements") on 1 January 2019, pursuant to which each of the Registered Shareholders agreed to pledge all of their respective equity interests in the VIE Entities to Raily Beauty Consultation as a first priority security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements.

For the Year, the VIE Entities paid the service fee of approximately RMB1.7 million to Raily Beauty Consultation under the Business Cooperation Agreements.

## Directors' Report

The revenue and net profit of the VIE Entities subject to the Contractual Arrangements amounted to approximately RMB137.5 million and RMB3.2 million for the Year, respectively. The total assets and total liabilities of the VIE Entities subject to the Contractual Arrangements amounted to approximately RMB102.9 million and RMB74.7 million as at 31 December 2025, respectively.

Please refer to the section headed "Contractual Arrangements" of the Prospectus and the announcement of the Company dated 15 August 2025 for details. Up to the date of this annual report, there is no further update in relation to the foreign ownership restriction.

### Risks associated with the Contractual Arrangements

For risks associated with the Contractual Arrangements, please see the section headed "Risk Factors" in the Prospectus for details.

### Material change in relation to the Contractual Arrangements

Save for the unwinding of the Contractual Arrangement of Hangzhou Beilifeier with effect from 15 August 2025, during 2025, there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

### Unwinding the Contractual Arrangements

As regards to the Contractual Arrangements, if and when the Ministry of Commerce, PRC ("MOFCOM") and/or other relevant governmental departments promulgate any measures for the administration of foreign-invested enterprises engaging in aesthetic medical services business or such entities invested by foreign investors, depending on the limit of the percentage equity interest permitted to be held by foreign investors (if any), we will partially unwind the Contractual Arrangements and hold (directly or indirectly) equity interest in the VIE Entities up to the percentage limit prescribed by such measures; and if there is no prescribed limit of the percentage equity interest permitted to be held by foreign investors and that our Company would be allowed to directly hold 100% of the equity interests in the VIE Entities, we will fully unwind the Contractual Arrangements and directly hold the entire equity interest in the VIE Entities.

As disclosed above, the Contractual Arrangements with Hangzhou Beilifeier has been unwound on 15 August 2025 as one of the restrictions that led to the adoption of the Contractual Arrangement(s) has been removed.

### Waiver from the Stock Exchange

The Stock Exchange has granted a waiver to the Company from strict compliance with the connected transactions requirements under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements. For details, please refer to the section "Connected Transactions" in the Prospectus.

### Confirmation from Independent Non-executive Directors

The INEDs have reviewed the Contractual Arrangements and confirmed that during 2025 that (i) the transactions carried out during 2025 have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by the VIE Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the VIE Entities during the relevant financial period are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Shareholders as a whole.

## Directors' Report

### Confirmations from the Company's independent auditor

Ernst and Young, the Company's auditor, has carried out procedures annually to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions* under the Listing Rules issued by the HKICPA. For the purpose of Rule 14A.56 of the Listing Rules, Ernst and Young has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into during the Year:

- (a) nothing has come to their attention that causes the Company's auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (b) nothing has come to their attention that causes the Company's auditor to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Contractual Arrangements governing such transactions; and
- (c) nothing has come to their attention that causes the Company's auditor to believe that any dividends or other distributions have been made by the VIE Entities to its registered equity shareholders which are not otherwise subsequently assigned or transferred to the Group.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, at least 25% of the Company's total number of issued Shares were held by the public at all times since the Listing Date.

### DONATION

During 2025, the Group did not make any donation (2024: Nil).

### AUDIT COMMITTEE

Before the Group's annual results for 2025 were approved by the Board, the Audit Committee had reviewed and approved the relevant annual results. The work of the Audit Committee and its composition information are set out in the corporate governance report on pages 44 to 45 of this annual report.

### CORPORATE GOVERNANCE

The corporate governance practices of the Company are set out in the corporate governance report on page 37 of this annual report.

### AUDITORS

Ernst & Young, Certified Public Accountants, has audited the financial statements for 2025 and will retire at the 2026 AGM and is eligible for re-election. The Company will propose a resolution for the re-appointment of Ernst & Young as the Company's auditor at the 2026 AGM. There has been no change in auditor during the years ended 31 December 2025, 31 December 2024 and 31 December 2023.

By order of the Board

**Raily Aesthetic Medicine International Holdings Limited**

**Fu Haishu**

*Chairman and Executive Director*

Hong Kong, 27 March 2026

# INDEPENDENT AUDITOR'S REPORT



Ernst & Young  
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979 King's Road,  
Quarry Bay, Hong Kong

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## To the shareholders of Raily Aesthetic Medicine International Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Raily Aesthetic Medicine International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 118 to 203, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKASs") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## Independent Auditor's Report

### KEY AUDIT MATTERS (CONTINUED)

#### Key audit matter

##### *Impairment of goodwill*

As at 31 December 2025, the carrying value of goodwill in the consolidated financial statements amounted to RMB6,150,000. In accordance with IAS 36 *Impairment of Assets*, the Group is required to perform impairment assessment for goodwill at least on an annual basis. In performing the impairment assessment, the goodwill has been allocated to the corresponding subsidiaries acquired as the acquired subsidiaries are the only cash-generating units that can benefit from the synergy of the acquisition. The impairment assessment is based on the recoverable amount of the acquired subsidiaries to which the goodwill is allocated. The recoverable amount of the subsidiaries is determined as their value in use using cash flow projections based on a financial budget covering a 5-year period. This matter was significant to our audit because the impairment assessment process included reviewing profit forecasts, growth rate and discount rate which was complex and involved significant judgements and estimates.

The disclosures about impairment of goodwill are included in note 2.4 "Material Accounting Policies", note 3 "Significant Accounting Judgement and Estimates" and note 15 "Goodwill" to the financial statements, which specifically explain the key assumptions management used for the calculation of the recoverable amount.

#### How our audit addressed the key audit matter

Our audit procedures included among others, considering the appropriateness of the allocation of the goodwill to the cash-generating unit ("CGU") and evaluating the key assumptions and methodologies used by the Group.

We involved our internal valuation specialists to assist us in the assessment of cash flow forecasts against business development and operation data. We checked future revenues and operating results by comparing the forecasts with the historical performance of the respective CGU and the business development plan.

We assessed the assumptions used in the cash flow forecasts, in particular, the discount rate and the long-term growth rates. We performed sensitivity analyses around the key assumptions used in the models.

We also assessed the adequacy of the Group's disclosures about those assumptions that had a significant effect on the determination of the recoverable amounts of goodwill in the consolidated financial statements.

## Independent Auditor's Report

### KEY AUDIT MATTERS (CONTINUED)

#### Key audit matter

##### *Recognition of aesthetic medical services revenue*

The Group provides aesthetic medical services to customers. During the year ended 31 December 2025, the Group recognised the revenue from aesthetic medical services of RMB152,909,000, representing approximately 81% of the total revenue of the Group.

We focused on this area as significant efforts were spent on auditing the revenue recognised for the rendering of services due to the magnitude of the revenue amount and the huge volume of revenue transactions.

The disclosures about recognition of aesthetic medical services revenue are included in note 2.4 "Material Accounting Policies", note 3 "Significant Accounting Judgement and Estimates" and note 5 "Revenue, other income and gains" to the financial statements.

#### How our audit addressed the key audit matter

Our audit procedures included among others, understanding, evaluating and testing the Group's internal controls over the revenue recognition for the rendering of aesthetic medical services.

We tested, on a sample basis, cash receipts from the customers during the year by comparing such receipts with bank statements.

We tested, on a sample basis, the details of the supporting documents of the revenue recognised during the reporting period. For revenue recognised at a point in time, we checked the aesthetic medical service contracts and attendance records. For revenue recognised over time, we additionally checked the calculation of the progress towards complete satisfaction of the performance obligation and the underlying documents.

We also focused on the adequacy of the disclosures in the consolidated financial statements.

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditor's Report

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent Auditor's Report

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Wai Ling (practising certificate number: P05274).

#### **Ernst & Young**

*Certified Public Accountants*

Hong Kong  
27 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
REVENUE	5	<b>189,411</b>	199,342
Cost of sales		<b>(111,700)</b>	(127,935)
Gross profit		<b>77,711</b>	71,407
Other income and gains	5	<b>2,283</b>	20,266
Selling and distribution expenses		<b>(37,828)</b>	(47,659)
Administrative expenses		<b>(31,273)</b>	(41,810)
Impairment losses on financial assets		<b>(1,360)</b>	(93)
Other expenses		<b>(4,099)</b>	(63,769)
Research and development expenses		<b>(2,070)</b>	(717)
Finance costs	7	<b>(2,748)</b>	(2,806)
Share of losses of:			
Associates	18	<b>(593)</b>	(4)
A joint venture	17	<b>(13)</b>	(72)
PROFIT/(LOSS) BEFORE TAX	6	<b>10</b>	(65,257)
Income tax (expense)/credit	10	<b>(2,207)</b>	1,994
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<b>(2,197)</b>	(63,263)
Attributable to:			
Owners of the parent		<b>1,873</b>	(59,212)
Non-controlling interests		<b>(4,070)</b>	(4,051)
		<b>(2,197)</b>	(63,263)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
For profit/(loss) for the year (RMB)		<b>0.34 cents</b>	(11.11) cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>34,569</b>	45,951
Right-of-use assets	14(a)	<b>33,639</b>	32,365
Goodwill	15	<b>6,150</b>	6,150
Other intangible assets	16	<b>40,498</b>	43,906
Investment in a joint venture	17	<b>415</b>	428
Investments in associates	18	<b>596</b>	702
Deferred tax assets	28	<b>9,975</b>	9,998
Pledged deposits	22	<b>1,526</b>	1,504
Other non-current assets	21	<b>13,736</b>	18,485
<b>Total non-current assets</b>		<b>141,104</b>	159,489
<b>CURRENT ASSETS</b>			
Inventories and supplies	19	<b>7,083</b>	14,370
Trade receivables	20	<b>2,222</b>	1,538
Prepayments, other receivables and other assets	21	<b>29,449</b>	45,656
Cash and bank balances	22	<b>57,793</b>	28,870
<b>Total current assets</b>		<b>96,547</b>	90,434
<b>CURRENT LIABILITIES</b>			
Trade payables	23	<b>6,586</b>	7,779
Other payables and accruals	24	<b>25,903</b>	35,515
Interest-bearing bank and other borrowings	25	<b>21,471</b>	17,282
Contract liabilities	26	<b>34,932</b>	38,829
Refund liabilities	27	<b>1,291</b>	2,302
Lease liabilities	14(b)	<b>27,693</b>	12,225
Tax payable		<b>7,879</b>	9,656
<b>Total current liabilities</b>		<b>125,755</b>	123,588
<b>NET CURRENT LIABILITIES</b>		<b>(29,208)</b>	(33,154)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>111,896</b>	126,335

## Consolidated Statement of Financial Position

31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	<i>14(b)</i>	<b>9,990</b>	23,389
Other non-current liabilities	<i>24</i>	<b>3,648</b>	3,957
Interest-bearing bank and other borrowings	<i>25</i>	–	3,471
<b>Total non-current liabilities</b>		<b>13,638</b>	30,817
<b>Net assets</b>		<b>98,258</b>	95,518
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>29</i>	<b>185,748</b>	185,748
Deficits	<i>31</i>	<b>(77,918)</b>	(81,614)
<b>Non-controlling interests</b>	<i>32</i>	<b>107,830</b> <b>(9,572)</b>	104,134 (8,616)
<b>Total equity</b>		<b>98,258</b>	95,518

**Fu Haishu**  
*Director*

**Song Jianliang**  
*Director*

**Wang Ying**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent								
		Share capital	Capital reserves*	Share option reserve*	Statutory surplus reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	Notes	RMB'000 note 29	RMB'000 note 31	RMB'000 note 30	RMB'000 note 31	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024		136,267	28,787	9,300	9,351	(45,590)	138,115	(5,525)	132,590
Loss for the year		-	-	-	-	(59,212)	(59,212)	(4,051)	(63,263)
Capital contribution from non-controlling shareholders of a subsidiary		-	-	-	-	-	-	960	960
Issue of shares		49,481	(27,330)	-	-	(3,447)	18,704	-	18,704
Share issue expenses		-	(1,457)	-	-	-	(1,457)	-	(1,457)
Equity-settled share option arrangements	30	-	-	7,984	-	-	7,984	-	7,984
At 31 December 2024		185,748	-	17,284	9,351	(108,249)	104,134	(8,616)	95,518
At 1 January 2025		185,748	-	17,284	9,351	(108,249)	104,134	(8,616)	95,518
Profit/(loss) for the year		-	-	-	-	1,873	1,873	(4,070)	(2,197)
Transfer to statutory surplus reserve		-	-	-	1,257	(1,257)	-	-	-
Capital contribution from non-controlling shareholders of a subsidiary		-	-	-	-	-	-	3,114	3,114
Equity-settled share option arrangements	30	-	-	1,823	-	-	1,823	-	1,823
At 31 December 2025		185,748	-	19,107	10,608	(107,633)	107,830	(9,572)	98,258

\* These reserve accounts comprise the consolidated deficits of RMB77,918,000 (2024: deficits of RMB81,614,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> RMB'000	2024 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		<b>10</b>	(65,257)
Adjustments for:			
Finance costs	7	<b>2,748</b>	2,806
Share of losses of associates and a joint venture		<b>606</b>	76
Loss on disposal of items of property, plant and equipment	6	<b>362</b>	493
Gain on sublease	14	–	(490)
Gain on disposal of right-of-use assets	6	<b>(150)</b>	–
Gain on revision of lease terms	14	–	(189)
Investment income	5	<b>(151)</b>	(47)
Interest income	5	<b>(408)</b>	(348)
Depreciation of right-of-use assets	6, 14	<b>8,659</b>	10,750
Depreciation of property, plant and equipment	6, 13	<b>10,437</b>	12,279
Provision for impairment of trade receivables and other receivables	6	<b>1,360</b>	93
Impairment of goodwill	15	–	38,672
Amortisation of intangible assets	6, 16	<b>3,415</b>	5,129
Equity-settled share option expense	30	<b>1,823</b>	7,984
Fair value change in contingent consideration	5	–	(18,436)
Loss/(gain) on foreign exchange differences		<b>20</b>	(201)
Impairment of inventories and supplies	19	–	(146)
Provision for impairment of investment in an associate	6, 18	<b>597</b>	–
Provision for impairment of intangible assets	16	–	21,703
Provision for impairment of items of property, plant and equipment	6, 13	<b>1,357</b>	–
Loss on disposal of subsidiaries	33	<b>971</b>	740
		<b>31,656</b>	15,611
Decrease/(increase) in inventories and supplies		<b>7,255</b>	(2,786)
Increase in trade receivables		<b>(923)</b>	(4,052)
Decrease/(increase) in prepayments, other receivables and other assets		<b>7,639</b>	(28,376)
Decrease in trade payables		<b>(1,193)</b>	(672)
(Decrease)/increase in contract liabilities		<b>(3,897)</b>	17,852
Decrease in refund liabilities		<b>(1,011)</b>	(902)
Decrease in other long-term payables		–	(392)
Increase in other payables and accruals		<b>1,138</b>	10,179
Cash generated from operations		<b>40,664</b>	6,462
Income tax paid		<b>(3,956)</b>	(456)
<b>Net cash flows generated from operating activities</b>		<b>36,708</b>	6,006

## Consolidated Statement of Cash Flows

Year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		–	254
Purchases of items of property, plant and equipment		<b>(2,727)</b>	(8,644)
Purchases of items of intangible assets		<b>(9,371)</b>	(35,956)
Purchase of financial investments		<b>(30,000)</b>	(3,000)
Proceeds from disposal of financial investments		<b>30,139</b>	3,220
Proceeds from disposal of items of property, plant and equipment	<i>6, 13</i>	<b>189</b>	37
Proceeds from sublease	<i>14</i>	<b>400</b>	975
Placement of time deposits		<b>(5,000)</b>	–
Redemption of time deposits		<b>5,012</b>	23,593
Proceeds from withdrawal of the prepayment for an equity investment		<b>6,500</b>	4,000
Receipt of government grants for property, plant and equipment	<i>24</i>	–	3,500
Disposal of subsidiaries		<b>3,305</b>	(174)
Prepayment for an equity investment		<b>(169)</b>	–
Capital injection to a joint venture		–	(500)
<b>Net cash flows used in investing activities</b>		<b>(1,722)</b>	(12,695)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital injections from a non-controlling shareholder of a subsidiary		<b>3,114</b>	960
New bank loans		<b>20,000</b>	32,800
Repayments of bank and other borrowings		<b>(19,282)</b>	(19,148)
Interest paid		<b>(1,092)</b>	(483)
Payments for lease liabilities	<i>14(b)</i>	<b>(8,783)</b>	(11,391)
Proceeds from issue of shares		–	18,704
Share issue expense		–	(1,457)
Deposits for leases		–	(117)
Deposits for other loans		–	(440)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(6,043)</b>	19,428
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>28,943</b>	12,739
Effect of foreign exchange rate changes, net		<b>(20)</b>	201
Cash and cash equivalents at beginning of the year		<b>28,870</b>	15,930
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<i>22</i>	<b>57,793</b>	28,870
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	<i>22</i>	<b>57,793</b>	28,870
<b>Cash and cash equivalents as stated in the statement of cash flows</b>		<b>57,793</b>	28,870

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Raily Aesthetic Medicine International Holdings Limited is a limited liability company incorporated in the Cayman Islands on 2 January 2018. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the provision of aesthetic medical services, sale of aesthetic medical equipment products and provision of consulting services. The Company was listed on the Hong Kong Stock Exchange on 28 December 2020.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Ruide Consultation Limited, which is incorporated in the British Virgin Islands.

### Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name <sup>1</sup>	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Raily Aesthetic Medical Hospital Co., Ltd. ("Hangzhou Raily") <sup>2</sup> 杭州瑞麗醫療美容醫院有限公司	PRC/Chinese Mainland	RMB20,000,000	–	100%	Aesthetic medical services
Ruian Raily Aesthetic Medical Out-patient Department Co., Ltd. ("Ruian Raily") <sup>2</sup> 瑞安瑞麗醫療美容門診部有限公司	PRC/Chinese Mainland	RMB20,000,000	–	100%	Aesthetic medical services
Wuhu Raily Aesthetic Medical Out-patient Department Co., Ltd. ("Wuhu Raily") 蕪湖瑞麗醫療美容門診部有限公司	PRC/Chinese Mainland	RMB685,800	–	70%	Aesthetic medical services
Hangzhou Ruiquan Medical Equipment Co., Ltd. ("Hangzhou Ruiquan") 杭州瑞泉醫療器械有限公司	PRC/Chinese Mainland	RMB10,000,000	–	100%	Medical equipment trading
Hainan Beilifeier Out-patient Department Co., Ltd. ("Hainan Beilifeier") <sup>3</sup> 海南貝麗菲爾醫學中心有限公司	PRC/Chinese Mainland	RMB5,715,000	–	30%	Aesthetic medical services
Suzhou Ruiquan Biosciences Equipment Co., Ltd. ("Suzhou Ruiquan") 蘇州瑞泉生物醫藥科技有限公司	PRC/Chinese Mainland	USD20,000,000	–	51%	Medical equipment manufacturing

## Notes to Financial Statements

31 December 2025

### 1. CORPORATE AND GROUP INFORMATION (CONTINUED)

#### Information about subsidiaries (Continued)

- <sup>1</sup> *The English names of these entities registered in the People's Republic of China ("PRC") represent the best efforts made by the management of the Company to directly translate their Chinese names as they have not registered with any official English names.*
- <sup>2</sup> *Since 1 January 2019, the 30% equity interest in this entity has been attributable to the Company through a variable interest entity ("VIE") agreement.*
- <sup>3</sup> *Hainan Beilifeier was disposed of by the Group on 10 July 2025. Further details of this disposal are included in note 32 to the financial statements.*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

### 2. ACCOUNTING POLICIES

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group had net current liabilities of RMB29,208,000 as at 31 December 2025. Having taken into account the unused banking facilities amounting to RMB8,000,000 as at 31 December 2025 and the expected cash flows from operating activities, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### ***Basis of consolidation (Continued)***

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 Changes in accounting policies and disclosures (Continued)

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The amendments did not have any significant impact on the Group's financial statements.

### 2.3 Issued but not yet effective IFRS accounting standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
<i>Amendments to IAS 21</i>	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.3 Issued but not yet effective IFRS accounting standards (Continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective IFRS accounting standards (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

*Annual Improvements to IFRS Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **IFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **IFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 Issued but not yet effective IFRS accounting standards (Continued)

- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

### 2.4 Material accounting policies

#### ***Investments in associates and joint ventures***

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Material accounting policies (Continued)

##### ***Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### ***Business combinations and goodwill (Continued)***

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### ***Fair value measurement***

The Group measures its investments at fair value and its derivative financial instruments at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Material accounting policies (Continued)

##### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and supplies, properties under development, completed properties for sales, contract assets, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

##### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Material accounting policies (Continued)

##### ***Related parties (Continued)***

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Material accounting policies (Continued)

##### **Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery equipment	4.75% to 32.00%
Office and other equipment	9.50% to 32.33%
Leasehold improvements	20.00% to 33.33%
Motor vehicles	19.00% to 23.75%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### ***Intangible assets (other than goodwill)***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with definite useful lives are amortised on the straight-line basis over the following useful economic lives.

Exclusive distribution agreement	6 to 15 years
Software and others	3 to 10 years

#### ***Research and development costs***

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

#### ***Leases***

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### ***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### **Leases (Continued)**

#### **Group as a lessee (Continued)**

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Working spaces	2 to 20 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of rental properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Leases (Continued)*

##### **Group as a lessor**

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

#### **Investments and other financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for "Revenue recognition".

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Material accounting policies (Continued)

##### ***Investments and other financial assets (Continued)***

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

##### ***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Material accounting policies (Continued)

##### *Impairment of financial assets (Continued)*

###### **General approach**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Impairment of financial assets (Continued)*

##### **Simplified approach**

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### **Financial liabilities**

###### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as loans and borrowings, contingent consideration and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, contingent consideration and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, lease liabilities, other payables and accruals, contingent consideration, amounts due to an independent director.

###### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### ***Inventories and supplies***

Inventories and supplies are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### ***Cash and cash equivalents***

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### ***Income tax***

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### ***Income tax (Continued)***

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

#### **Revenue recognition**

##### **Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Rendering of aesthetic medical services

Revenue from one-off aesthetic medical services is recognised at the point in time when services are rendered.

Revenue from aesthetic medical services by course of treatment is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measures of the value of individual service transferred to the customer.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group adopts the most likely amount method to estimate the variable considerations.

(b) Sales of aesthetic medical equipment products

Revenue from the sales of aesthetic medical equipment products is recognised at the points in time when control of asset is transferred to the customer, generally on the delivery of the aesthetic medical equipment products.

(c) Rendering of consulting services

Revenue from consulting service contracts with fixed terms is recognised over time by reference to the progress towards complete satisfaction of the performance obligation. Revenue from consulting service contracts for training courses, generally within one day, is recognised at the point in time when courses are delivered.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### *Revenue recognition (Continued)*

##### **Other income**

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

##### **Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

##### **Refund liabilities**

A refund liability is the constructive obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

##### **Employee benefits**

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

##### **Share-based payments**

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 30 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

## Notes to Financial Statements

31 December 2025

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.4 Material accounting policies (Continued)

#### **Share-based payments (Continued)**

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

#### **Dividends**

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

## Notes to Financial Statements

31 December 2025

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.4 Material accounting policies (Continued)

##### **Foreign currencies**

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### **Judgement**

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

##### **Lease commitments – Group as lessee**

The Group has entered into leases of properties with various lessors. The Group has determined the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

## Notes to Financial Statements

31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

#### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### ***Variable consideration for refund to customers***

The Group estimates variable considerations to be included in the transaction price for the refund to customers in respect of unsatisfactory services rendered.

The Group has developed a statistical model for estimating the refund which is based on the Group's past experience with various groups of customers. Any significant changes in experience as compared to historical patterns will impact the expected refund estimated by the Group. The Group updates its assessment of the expected refund on a regular basis and the refund liabilities are adjusted accordingly.

#### ***Impairment of goodwill***

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB6,150,000 (2024: RMB6,150,000). Further details are given in note 15.

#### ***Provision for expected credit losses on trade receivables and financial assets included in prepayments, other receivables and other assets***

The Group uses external credit ratings and historical credit loss experience of the industry to calculate ECLs for trade receivables under the simplified approach and for deposits and other receivables under the general approach.

The observed default rates of the industry are adjusted with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements. The information about the ECLs on the Group's deposits and other receivables is disclosed in note 21 to the financial statements.

## Notes to Financial Statements

31 December 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

#### **Estimation uncertainty (Continued)**

##### ***Impairment of non-financial assets (other than goodwill)***

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### ***Useful lives of intangible assets (other than goodwill)***

The Group determines the estimated useful lives for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions. It could change significantly as a result of technical innovations, or competitor actions in response to severe industry cycles. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

##### ***Deferred tax assets***

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 28.

## Notes to Financial Statements

31 December 2025

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

- Aesthetic medical services comprise principally inpatient services including surgical services and outpatient services including injection service, dermatology service and others.
- Aesthetic medical equipment products comprise principally sales of collagen injection products, surgical implants and aesthetic medical skincare products.
- Consulting services comprise principally management consulting services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profit which is calculated based on gross profit less selling and marketing expenses and general and administrative expenses allocated excluding other income and gains, corporate and unallocated expenses, and finance costs (other than interest on lease liabilities).

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude contingent consideration, interest-bearing bank borrowings (other than lease liabilities), an amount due to an independent director, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## Notes to Financial Statements

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2025	Aesthetic medical services RMB'000	Aesthetic medical equipment products RMB'000	Consulting services RMB'000	Total RMB'000
<b>Segment revenue</b> (note 4):				
Sales to external customers	152,909	32,832	3,670	189,411
Intersegment sales	–	6,427	–	6,427
	152,909	39,259	3,670	195,838
<i>Reconciliation:</i>				
Elimination of intersegment sales				(6,427)
Revenue from continuing operations				189,411
<b>Segment results</b>	2,761	16,365	(544)	18,582
<i>Reconciliation:</i>				
Elimination of intersegment results				(10)
Other expenses				(19)
Corporate and unallocated expenses				(17,451)
Finance costs (other than interest on lease liabilities)				(1,092)
Profit before income tax				10
<b>Segment assets</b>	49,337	65,569	3,124	118,030
<i>Reconciliation:</i>				
Corporate and other unallocated assets				119,621
Total assets				237,651
<b>Segment liabilities</b>	74,060	3,866	472	78,398
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				60,995
Total liabilities				139,393
<b>Other segment information:</b>				
Share of losses of associates	(486)	(107)	–	(593)
Impairment losses recognised in profit or loss, net	1,949	1,238	127	3,314
Depreciation and amortisation	17,772	3,978	761	22,511
Capital expenditure*	2,416	9,682	–	12,098

\* Capital expenditure consists of additions to property, plant and equipment, other non-current assets and intangible assets.

## Notes to Financial Statements

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2024	Aesthetic medical services RMB'000	Aesthetic medical equipment products RMB'000	Consulting services RMB'000	Total RMB'000
<b>Segment revenue</b> (note 4):				
Sales to external customers	142,097	57,216	29	199,342
Intersegment sales	–	1,866	–	1,866
	142,097	59,082	29	201,208
<i>Reconciliation:</i>				
Elimination of intersegment sales				(1,866)
Revenue from continuing operations				199,342
<b>Segment results</b>	(19,015)	(16,569)	(1,288)	(36,872)
<i>Reconciliation:</i>				
Elimination of intersegment results				(346)
Other income and gains				(1,657)
Corporate and unallocated expenses				(25,798)
Finance costs (other than interest on lease liabilities)				(584)
Loss before income tax				(65,257)
<b>Segment assets</b>	80,270	76,337	8,850	165,457
<i>Reconciliation:</i>				
Corporate and other unallocated assets				84,466
Total assets				249,923
<b>Segment liabilities</b>	91,427	18,723	1,026	111,176
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				43,229
Total liabilities				154,405
<b>Other segment information:</b>				
Share of losses of an associate	–	(4)	–	(4)
Impairment losses recognised in profit or loss, net	–	60,404	15	60,419
Depreciation and amortisation	23,128	5,030	–	28,158
Capital expenditure*	7,694	35,956	–	43,650

\* Capital expenditure consists of additions to property, plant and equipment, other non-current assets and intangible assets.

## Notes to Financial Statements

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Geographical information

All significant external customers and non-current assets of the Group are located in Chinese Mainland. Accordingly, no geographical information of external customers or non-current assets is presented.

#### Information about a major customer

Revenue from continuing operations of approximately RMB17,245,000 (2024: RMB46,731,000) was derived from sales by the aesthetic medical equipment products segment to a single customer.

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Aesthetic medical services	152,909	142,097
Aesthetic medical equipment products	32,832	57,216
Consulting services	3,670	29
	189,411	199,342

## Notes to Financial Statements

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

For the year ended 31 December 2025

Segments	Aesthetic medical services RMB'000	Aesthetic medical equipment products RMB'000	Consulting services RMB'000	Total RMB'000
<b>Types of goods or services</b>				
Sale of products	–	32,832	–	32,832
Services	152,909	–	3,670	156,579
Total	152,909	32,832	3,670	189,411
<b>Geographical market</b>				
Chinese Mainland	152,909	32,832	3,670	189,411
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	–	32,832	–	32,832
Services transferred at a point in time	91,032	–	–	91,032
Services transferred over time	61,877	–	3,670	65,547
Total	152,909	32,832	3,670	189,411

## Notes to Financial Statements

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

#### Revenue from contracts with customers (Continued)

##### (a) Disaggregated revenue information (Continued)

For the year ended 31 December 2024

Segments	Aesthetic medical services RMB'000	Aesthetic medical equipment products RMB'000	Consulting services RMB'000	Total RMB'000
<b>Types of goods or services</b>				
Sale of products	–	57,216	–	57,216
Services	142,097	–	29	142,126
<b>Total</b>	<b>142,097</b>	<b>57,216</b>	<b>29</b>	<b>199,342</b>
<b>Geographical market</b>				
Chinese Mainland	142,097	57,216	29	199,342
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	–	57,216	–	57,216
Services transferred at a point in time	95,223	–	–	95,223
Services transferred over time	46,874	–	29	46,903
<b>Total</b>	<b>142,097</b>	<b>57,216</b>	<b>29</b>	<b>199,342</b>

## Notes to Financial Statements

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

#### Revenue from contracts with customers (Continued)

##### (a) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period	18,849	18,587
Revenue recognised from performance obligations satisfied in previous periods:		
Sale of services not previously recognised due to constraints on variable consideration	1,122	720

##### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

###### Rendering of aesthetic medical services

According to the nature of service, the performance obligation is satisfied over time or at a point in time when the service is rendered and payment in advance is normally required.

###### Sale of aesthetic medical equipment products

The performance obligation is satisfied upon delivery of the aesthetic medical equipment products and payment in advance is normally required. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

###### Rendering of consulting services

The performance obligation of consulting contracts with fixed terms is satisfied over time when the services are rendered.

## Notes to Financial Statements

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

#### Revenue from contracts with customers (Continued)

##### (b) Performance obligations (Continued)

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	34,932	38,829

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
<b>Other income</b>		
Interest income	445	348
Investment income	151	47
Government subsidies	69	107
Others	450	540
	<b>1,115</b>	1,042
<b>Gains</b>		
Gain on write-off of payables	758	–
Gain on disposal of right-of-use assets	252	–
Fair value gains on contingent consideration	–	18,436
Gain on sublease	–	490
Gain on revision of lease terms	–	189
Gain on disposal of subsidiaries	–	68
Gain on derecognition of financial liabilities measured at amortised cost	–	6
Others	158	35
	<b>1,168</b>	19,224
	<b>2,283</b>	20,266

## Notes to Financial Statements

31 December 2025

### 6. PROFIT/(LOSS) BEFORE TAX

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

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 RMB'000
Cost of supplies consumed		<b>61,290</b>	65,611
Cost of inventories and supplies sold		<b>10,983</b>	19,447
Amortisation of intangible assets	<i>16</i>	<b>3,415</b>	5,129
Depreciation of property, plant and equipment	<i>13</i>	<b>10,437</b>	12,279
Depreciation of right-of-use assets	<i>14(a)</i>	<b>8,659</b>	10,750
Research and development costs		<b>2,070</b>	717
Lease payments not included in the measurement of lease liabilities	<i>14(c)</i>	<b>698</b>	487
Auditor's remuneration		<b>2,350</b>	2,359
Employee benefit expense (excluding Directors' and chief executive's remuneration ( <i>note 8</i> )):			
Wages and salaries		<b>49,686</b>	50,128
Equity-settled share option expense		<b>1,704</b>	7,299
Pension scheme contributions		<b>6,163</b>	5,852
Staff welfare expenses		<b>935</b>	811
Impairment of trade receivables, net	<i>20</i>	<b>239</b>	2
Impairment of financial assets included in prepayments, other receivables and other assets	<i>21</i>	<b>1,121</b>	91
Impairment of goodwill	<i>15</i>	–	38,672
Impairment of property plant and equipment	<i>13</i>	<b>1,357</b>	–
Provision for impairment of investment in an associate	<i>18</i>	<b>597</b>	–
Loss on disposal of items of property, plant and equipment		<b>362</b>	493
Gain on sublease	<i>5</i>	–	(490)
Gain on revision of lease terms	<i>5</i>	–	(189)
Gain on disposal of right-of-use assets		<b>(150)</b>	–
Promotion and marketing expenses		<b>10,488</b>	11,625
Professional fee		<b>2,756</b>	4,029
Foreign exchange differences, net		<b>277</b>	276
Fair value gains on contingent consideration	<i>5</i>	–	(18,436)
Impairment of intangible asset	<i>16</i>	–	21,703
Loss on disposal of subsidiaries	<i>32</i>	<b>971</b>	740

## Notes to Financial Statements

31 December 2025

### 7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	1,656	2,222
Interest on bank borrowings	1,092	584
	<b>2,748</b>	2,806

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,154	1,148
Other emoluments:		
Salaries, allowances and benefits in kind	1,554	1,685
Pension scheme contributions	208	196
Equity-settled share option expense	119	685
	<b>1,881</b>	2,566
	<b>3,035</b>	3,714

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 30 to the financial statements. The fair value of such options, which has been recognised over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

## Notes to Financial Statements

31 December 2025

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

#### (a) Independent non-executive directors

The fees to independent non-executive directors during the year were as follows:

	2025 RMB'000	2024 RMB'000
Mr. Cao Dequan	165	164
Mr. Liu Teng	165	164
Ms. Yang Xiaofen	165	164
	<b>495</b>	492

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

#### (b) Executive directors, non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension Scheme contributions RMB'000	Total remuneration RMB'000
2025					
Executive directors:					
Mr. Fu Haishu	549	225	-	82	856
Mr. Song Jianliang	-	600	-	-	600
Mr. Wang Ying	110	374	-	40	524
Chief financial officer:					
Ms. Zhang Chunxiu	-	355	119	86	560
	<b>659</b>	<b>1,554</b>	<b>119</b>	<b>208</b>	<b>2,540</b>

## Notes to Financial Statements

31 December 2025

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED) (b) Executive directors, non-executive directors (Continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension Scheme contributions RMB'000	Total remuneration RMB'000
2024					
Executive directors:					
Mr. Fu Haishu	547	240	–	79	866
Mr. Song Jianliang	–	693	–	–	693
Mr. Wang Ying	109	337	–	31	477
Chief financial officer:					
Ms. Zhang Chunxiu	–	415	685	86	1,186
	656	1,685	685	196	3,222

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one directors (2024: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,635	2,617
Pension scheme contributions	144	98
	3,779	2,715

## Notes to Financial Statements

31 December 2025

### 9. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$2,000,000	1	–
	4	3

### 10. 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.

	2025	2024
	RMB'000	RMB'000
Current tax		
Charge for the year	2,396	4,483
Overprovision in prior years	(212)	–
Deferred ( <i>note 28</i> )	23	(6,477)
Total tax charge/(credit) for the year	2,207	(1,994)

## Notes to Financial Statements

31 December 2025

### 10. INCOME TAX (CONTINUED)

The majority of the Company's subsidiaries are domiciled and operate in Chinese Mainland. A reconciliation of the tax expenses applicable to profit/(loss) before tax at the statutory rate for Chinese Mainland to the tax charge/(credit) at the Group's effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit/(loss) before tax	10	(65,257)
Tax at the PRC statutory income tax rate*	3	(16,314)
Effect of different tax rates of subsidiaries**	(335)	(284)
Adjustments in respect of current tax of previous periods	(212)	–
Losses attributable to an associate and a joint venture	151	(6)
Expenses not deductible for tax	909	9,157
Deductible temporary differences and tax losses not recognised	1,691	5,453
	<b>2,207</b>	<b>(1,994)</b>

\* The provision for current income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profit 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% on any estimated assessable profits arising in Hong Kong. Pursuant to Caishui 2017 Circular No. 43, 2019 Circular No.13, 2021 Circular No.12 and 2022 Circular No. 13 announcement of the State Taxation Administration, Ruian Raily, Wuhu Raily, Ningbo Zhuerli Beauty Consulting Service Co., Ltd., Shenzhen Ruiquan Management Consulting Co., Ltd ("Shenzhen Ruiquan"), Hangzhou Ruiyan Network Technology Co., Ltd., and Wuhu Raily Medical Equipment Trade Co., Ltd. as small micro-enterprises, enjoyed preferential tax rate of 5% (2024: ranging from 5%) for the year ended 31 December 2025.

## Notes to Financial Statements

31 December 2025

### 11. DIVIDENDS

No dividend was paid or declared by the Company for the year ended 31 December 2025.

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 557,077,333 (2024: 532,837,181) outstanding during the year.

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

	2025 RMB'000	2024 RMB'000
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	<b>1,873</b>	(59,212)
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	<b>557,077,333</b>	532,837,181
<b>Basic and diluted</b>		
For profit/(loss) for the year (RMB)	<b>0.34 cents</b>	(11.11) cents

Because the diluted earnings/(loss) per share amount is increased/decreased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings/(loss) per share for the year ended 31 December 2025 and were ignored in the calculation of diluted earnings/(loss) per share.

## Notes to Financial Statements

31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT

31 December 2025

	Machinery equipment RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2025:						
Cost	30,996	7,628	37,470	3,209	20,613	99,916
Accumulated depreciation	(22,834)	(6,466)	(21,845)	(2,820)	-	(53,965)
Net carrying amount	8,162	1,162	15,625	389	20,613	45,951
At 1 January 2025, net of accumulated depreciation and impairment						
	8,162	1,162	15,625	389	20,613	45,951
Additions	2,118	325	49	60	435	2,987
Disposals	(284)	(71)	-	(81)	(129)	(565)
Disposal of a subsidiary	(200)	-	(1,810)	-	-	(2,010)
Impairment	-	-	(1,357)	-	-	(1,357)
Depreciation provided during the year	(2,851)	(484)	(6,937)	(165)	-	(10,437)
Transfer	-	-	6,393	-	(6,393)	-
At 31 December 2025, net of accumulated depreciation						
	6,945	932	11,963	203	14,526	34,569
At 31 December 2025:						
Cost	30,091	6,690	39,430	1,701	14,526	92,438
Accumulated depreciation	(23,146)	(5,758)	(26,110)	(1,498)	-	(56,512)
Impairment	-	-	(1,357)	-	-	(1,357)
Net carrying amount	6,945	932	11,963	203	14,526	34,569

## Notes to Financial Statements

31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 December 2024

	Machinery equipment RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:						
Cost	37,267	7,751	41,331	3,424	17,433	107,206
Accumulated depreciation	(27,948)	(6,101)	(20,307)	(2,559)	–	(56,915)
Net carrying amount	9,319	1,650	21,024	865	17,433	50,291
At 1 January 2024, net of accumulated depreciation and impairment	9,319	1,650	21,024	865	17,433	50,291
Additions	3,090	177	2,015	41	3,322	8,645
Disposals	(478)	(15)	–	(37)	–	(530)
Disposal of subsidiaries	(61)	–	(115)	–	–	(176)
Depreciation provided during the year	(3,708)	(650)	(7,441)	(480)	–	(12,279)
Transfer	–	–	142	–	(142)	–
At 31 December 2024, net of accumulated depreciation	8,162	1,162	15,625	389	20,613	45,951
At 31 December 2024:						
Cost	30,996	7,628	37,470	3,209	20,613	99,916
Accumulated depreciation	(22,834)	(6,466)	(21,845)	(2,820)	–	(53,965)
Net carrying amount	8,162	1,162	15,625	389	20,613	45,951

At 31 December 2025, certain of the Group's machinery equipment with a net carrying amount of approximately RMB844,000 (2024: RMB1,821,000) were pledged to secure other loans provided to the Group (note 25).

## Notes to Financial Statements

31 December 2025

### 14. LEASES

#### Group as a lessee

The Group has lease contracts for working spaces used in its operations. Leases of working spaces generally have lease terms between 2 and 10 years. There are several lease contracts that include extension and termination options, which are further discussed below.

#### (a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	<b>Working spaces</b> RMB'000
As at 1 January 2024	44,335
Additions	2,579
Sublease	(1,499)
Revision of lease terms arising from changes in the non-cancellable period of leases	(1,480)
Disposal of subsidiaries	(820)
Depreciation charge	(10,750)
As at 31 December 2024 and 1 January 2025	<b>32,365</b>
Additions	<b>22,067</b>
Revision of lease terms	<b>(5,257)</b>
Disposal of right-of-use assets	<b>(6,877)</b>
Depreciation charge	<b>(8,659)</b>
As at 31 December 2025	<b>33,639</b>

## Notes to Financial Statements

31 December 2025

### 14. LEASES (CONTINUED)

#### Group as a lessee (Continued)

##### (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	35,614	44,784
New leases	22,067	2,579
Accretion of interest recognised during the year	1,656	2,222
Payments	(8,783)	(11,391)
Revision of lease terms arising from changes in the non-cancellable period of leases	(5,257)	(1,669)
Disposal of right-of-use assets	(7,171)	–
Disposal of subsidiaries	(443)	(911)
Carrying amount at 31 December	37,683	35,614
Analysed into:		
Current	27,693	12,225
Non-current	9,990	23,389

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest charge on lease liabilities	1,656	2,222
Depreciation charge of right-of-use assets	8,659	10,750
Expense relating to short-term leases	698	487
Gain on disposal of right-of-use assets	(150)	–
Gain on sublease	–	(490)
Gain on revision of lease terms	–	(189)
Total amount recognised in profit or loss	10,863	12,780

##### (d) Extension and termination options

The Group has several lease contracts that include extension and termination options but the Group did not expect to exercise such options as at 31 December 2025.

(e) The total cash outflow for leases is disclosed in note 34(c) to the financial statements.

## Notes to Financial Statements

31 December 2025

### 15. GOODWILL

	RMB'000
At 1 January 2024:	
Cost	63,129
Accumulated impairment	(18,307)
Net carrying amount	44,822
Cost at 1 January 2024, net of accumulated impairment	44,822
Impairment during the year	(38,672)
Disposal during the year:	
Cost	(42,919)
Accumulated impairment	42,919
At 31 December 2024:	
Cost	20,210
Accumulated impairment	(14,060)
Cost and net carrying amount at 1 January 2025 and 31 December 2025, net of accumulated impairment	6,150
At 31 December 2025:	
Cost	20,210
Accumulated impairment	(14,060)
Net carrying amount	6,150

## Notes to Financial Statements

31 December 2025

### 15. GOODWILL (CONTINUED)

#### Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the aesthetic medical services CGU for impairment testing.

The recoverable amount of the CGU had been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections for 31 December 2025 was 12.56% (2024: 12.39%). The growth rate used to extrapolate the cash flows of the aesthetic medical services CGU beyond the five-year period is 2.50% (2024: 3.00%), which is also an estimate of the long-term rate of inflation.

Assumptions were used in the value in use calculation of the CGU for 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Discount rates* – The discount rates used are before tax and reflect specific risks relating to the relevant units.
- Long-term growth rates* – The basis used to determine the value assigned to the long-term growth rates are the forecast price indices during the budget year from where the main services are located.

The values assigned to the key assumptions on market development of the aesthetic medical services industry, discount rates and consumer price indexes are based on the long-term growth rates in the industry and the Group's historical experience.

The headroom was RMB16,194,000 as at 31 December 2025. In the opinion of the directors of the Company, for the aesthetic medical services CGU, no possible change in the key assumptions of the cash flow projections would cause its carrying amount to exceed its recoverable amount.

## Notes to Financial Statements

31 December 2025

### 16. OTHER INTANGIBLE ASSETS

	Exclusive distribution agreement RMB'000	Software RMB'000	Others RMB'000	Total RMB'000
<b>31 December 2025</b>				
Cost at 1 January 2025, net of accumulated amortisation	43,620	252	34	43,906
Additions	–	7	–	7
Amortisation provided during the year	(3,332)	(72)	(11)	(3,415)
At 31 December 2025	40,288	187	23	40,498
At 31 December 2025:				
Cost	46,866	783	143	47,792
Accumulated amortisation	(6,578)	(596)	(120)	(7,294)
Net carrying amount	40,288	187	23	40,498
<b>31 December 2024</b>				
Cost at 1 January 2024, net of accumulated amortisation	23,500	269	53	23,822
Additions	46,866	50	–	46,916
Impairment during the year	(21,703)	–	–	(21,703)
Amortisation provided during the year	(5,043)	(67)	(19)	(5,129)
At 31 December 2024	43,620	252	34	43,906
At 31 December 2024:				
Cost	46,866	776	143	47,785
Accumulated amortisation	(3,246)	(524)	(109)	(3,879)
Net carrying amount	43,620	252	34	43,906

## Notes to Financial Statements

31 December 2025

### 17. INVESTMENT IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Share of net assets	415	428

The following table illustrates the aggregate financial information of the Group's joint venture that is not individually material:

	2025 RMB'000	2024 RMB'000
Share of the joint venture's loss for the year	(13)	(72)
Share of the joint venture's total comprehensive loss	(13)	(72)
Aggregate carrying amount of the Group's investment in the joint venture	415	428

The Group's shareholding in the joint venture is held through a wholly-owned subsidiary of the Company.

### 18. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	596	702

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' loss for the year	(593)	(4)
Share of the associates' total comprehensive loss	(593)	(4)
Addition (note 33)	1,084	–
Impairment	(597)	–
Aggregate carrying amount of the Group's investments in the associates	596	702

The Group's shareholding in the associates is held through wholly-owned subsidiaries of the Company.

## Notes to Financial Statements

31 December 2025

### 19. INVENTORIES AND SUPPLIES

	2025	2024
	RMB'000	RMB'000
Medical consumables	3,416	4,476
Pharmaceuticals	3,382	2,830
Aesthetic medical equipment products	285	7,064
	<b>7,083</b>	14,370

At 31 December 2025, the Group did not have any inventories or supplies (2024: Nil) that have been pledged.

### 20. TRADE RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	2,471	1,548
Impairment	(249)	(10)
	<b>2,222</b>	1,538

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	2025	2024
	RMB'000	RMB'000
Within 3 months	2,222	1,537
Over 3 months	–	1
	<b>2,222</b>	1,538

## Notes to Financial Statements

31 December 2025

### 20. TRADE RECEIVABLES (CONTINUED)

An impairment analysis is performed at each reporting date using the simplified approach to measure expected credit losses. The provision rates are based on days past due for the customers, external credit ratings and historical credit loss experience. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

#### As at 31 December 2025

	Past due				Total
	Current	Less than 3 month	3 to 6 months	Over 6 months	
Expected credit loss rate	0.76%	–	–	100.00%	10.08%
Gross carrying amount (RMB'000)	2,239	–	–	232	2,471
Expected credit losses (RMB'000)	17	–	–	232	249

#### As at 31 December 2024

	Past due				Total
	Current	Less than 3 month	3 to 6 months	Over 6 months	
Expected credit loss rate	0.65%	–	–	–	0.65%
Gross carrying amount (RMB'000)	1,547	–	1	–	1,548
Expected credit losses (RMB'000)	10	–	–	–	10

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	10	65
Impairment losses, net ( <i>note 6</i> )	239	2
Disposal of subsidiaries	–	(57)
At end of year	249	10

## Notes to Financial Statements

31 December 2025

### 21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Deposits	22,856	29,482
Prepayments for inventories and supplies	16,770	16,532
Other receivables	3,363	16,410
Prepayments for services	2,846	1,815
Prepayment for an equity investment	169	–
	46,004	64,239
Impairment allowance	(2,819)	(98)
Total	43,185	64,141
Analysed into:		
Current	29,449	45,656
Non-current	13,736	18,485

Deposits and other receivables mainly represent rental deposits, deposits with suppliers, and petty cash to employees. Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

An impairment analysis is performed at the end of each reporting period. The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. The Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate.

## Notes to Financial Statements

31 December 2025

### 21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

As at 31 December 2025, the Group estimated the expected losses for other receivables to be RMB1,121,000 (2024: RMB91,000). The movements in the loss allowance for impairment of other receivables were as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	98	7
Impairment losses ( <i>note 6</i> )	1,121	91
Disposal of a subsidiary	1,600	–
At end of year	2,819	98

### 22. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	57,793	28,870
Pledged deposits	1,526	1,504
	59,319	30,374
Less:		
Pledged deposits for lease arrangements	(1,526)	(1,504)
Cash and cash equivalents	57,793	28,870

At the end of the reporting period, the cash and bank balances of the Group mainly denominated in Renminbi ("RMB") amounted to RMB57,793,000 (2024: RMB28,870,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group made a three-year deposit amounting to RMB1,526,000 for the lease arrangements for working spaces, which will be due in December 2027 respectively and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## Notes to Financial Statements

31 December 2025

### 23. 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:

	2025 RMB'000	2024 RMB'000
Within 90 days	5,022	7,062
91 to 180 days	751	636
181 to 365 days	425	58
Over 365 days	388	23
	<b>6,586</b>	<b>7,779</b>

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

### 24. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Other payables*	10,413	19,803
Payroll payable	10,003	9,290
Advances received	3,802	4,357
Deferred revenue	3,500	3,500
Tax liabilities (other than income tax)	1,833	2,522
	<b>29,551</b>	<b>39,472</b>
Analysed into:		
Current	25,903	35,515
Non-current	3,648	3,957

\* Other payables are non-interest-bearing and repayable on demand.

## Notes to Financial Statements

31 December 2025

### 25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	3.4-3.6	2026	18,000	3.6-4.3	2025	13,000
Other loans – secured	7.8	2026	3,471	7.8	2025	4,282
Total current			21,471			17,282
Non-current						
Other loans – secured			–	7.8	2026	3,471
			21,471			20,753

	2025 HK\$'000	2024 HK\$'000
Analysed into:		
Bank loans		
Within one year	18,000	13,000
Other borrowings repayable:		
Within one year	3,471	4,282
In the second year	–	3,471
Subtotal	3,471	7,753
Total	21,471	20,753

*Notes:*

- (a) The Group's interest-bearing bank borrowings were repayable within one year at the end of the reporting period. The Group's overdraft facilities amounted to RMB23,000,000 (2024: RMB26,000,000), of which RMB15,000,000 (2024: RMB13,000,000) were utilised as at the end of the reporting period.
- (b) Other loans carry a weighted average effective interest rate at 7.8% (2024: 7.8%) and will mature during 2026 (2024: during the years from 2025 to 2026), which are secured by mortgages over the Group's machinery equipment, had a net carrying value at the end of the reporting period of approximately RMB844,000 (2024: RMB1,821,000).
- (c) All borrowings are denominated in RMB.

## Notes to Financial Statements

31 December 2025

### 26. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	<b>31 December 2025 RMB'000</b>	31 December 2024 RMB'000	1 January 2024 RMB'000
Short-term advances received from customers			
Aesthetic medical services	<b>32,910</b>	30,951	20,977
Aesthetic equipment products	<b>2,022</b>	7,878	–
<b>Total</b>	<b>34,932</b>	38,829	20,977

Contractual liabilities include advances received for the provision of aesthetic medical services and aesthetic equipment products. The fluctuation in contract liabilities in 2025 and 2024 was mainly due to the short-term advances received from customers in relation to the sale of aesthetic medical services and aesthetic equipment products at the end of the year.

### 27. REFUND LIABILITIES

	<b>Refund liabilities RMB'000</b>
At 1 January 2024	3,204
Additions	3,830
Amounts utilised during the year	(4,732)
At 31 December 2024 and 1 January 2025	2,302
Additions	2,408
Amounts utilised during the year	(3,419)
At 31 December 2025	1,291

With reference to the dissatisfied clients and complaints received historically, the Group included refund liabilities in the financial statements. The amount of the provision for the refund liabilities is estimated based on sales volumes and past experience of the level of returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

## Notes to Financial Statements

31 December 2025

### 28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

#### Deferred tax liabilities

	<i>Note</i>	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2025		2,609	214	2,823
Deferred tax credited to profit or loss during the year	10	(1,684)	(138)	(1,822)
Gross deferred tax liabilities at 31 December 2025		925	76	1,001

#### Deferred tax assets

	<i>Note</i>	Provision and accruals RMB'000	Loss available for offsetting against future profit RMB'000	Lease liabilities RMB'000	Amortisation RMB'000	Refund liabilities RMB'000	Total RMB'000
At 1 January 2025		717	8,021	3,105	666	312	12,821
Deferred tax credited/(charged) to profit or loss during the year	10	821	(618)	(1,805)	(113)	(130)	(1,845)
Gross deferred tax assets at 31 December 2025		1,538	7,403	1,300	553	182	10,976

## Notes to Financial Statements

31 December 2025

### 28. DEFERRED TAX (CONTINUED)

#### Deferred tax liabilities

	Note	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Depreciation RMB'000	Total RMB'000
At 1 January 2024		5,875	7,820	528	14,223
Deferred tax charged/(credited) to profit or loss during the year	10	(5,875)	(5,211)	(314)	(11,400)
Gross deferred tax liabilities at 31 December 2024		–	2,609	214	2,823

#### Deferred tax assets

	Note	Advertising expenses for offsetting against future profit RMB'000	Provision and accruals RMB'000	Loss available for offsetting against future profit RMB'000	Lease liabilities RMB'000	Amortisation RMB'000	Refund liabilities RMB'000	Total RMB'000
At 1 January 2024		91	653	6,530	9,191	778	501	17,744
Deferred tax credited/(charged) to profit or loss during the year	10	(91)	64	1,491	(6,086)	(112)	(189)	(4,923)
Gross deferred tax assets at 31 December 2024		–	717	8,021	3,105	666	312	12,821

## Notes to Financial Statements

31 December 2025

### 28. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	9,975	9,998

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the following items can be utilised:

	2025 RMB'000	2024 RMB'000
Tax losses	9,955	38,766

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

As at 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investments in these subsidiaries in the PRC for which deferred tax liabilities have not been recognised was RMB1,476,000 (2024: RMB994,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## Notes to Financial Statements

31 December 2025

### 29. SHARE CAPITAL

#### Shares

	2025 RMB'000	2024 RMB'000
Issued and full paid: 557,077,333 (2024: 557,077,333) ordinary shares	<b>185,748</b>	185,748

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue RMB'000	Share capital RMB'000
At 1 January 2024 and 31 December 2024	557,077,333	185,748
At 31 December 2025	557,077,333	185,748

There was no change in shares during the year ended 31 December 2025.

Details of the Company's share option scheme and the share options issued under the scheme are included in note 30 to the financial statements.

## Notes to Financial Statements

31 December 2025

### 30. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group. The Scheme became effective on 4 December 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to four years and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, whichever is earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

## Notes to Financial Statements

31 December 2025

### 30. SHARE OPTION SCHEME (CONTINUED)

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At 1 January	0.629	47,276	0.265	156,870
Granted during the year	-	-	0.118	96,061
Adjustments as a result of completion of the Share consolidation	-	-	-	(164,400)
Adjustments as a result of completion of the Rights issue	-	-	0.009	6,176
Forfeited during the year	-	-	0.492	(47,431)
At 31 December	0.629	47,276	0.629	47,276

No share options were exercised during the year ended 31 December 2025 (2024: Nil).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### As at 31 December 2025

Number of options '000	Exercise price HK\$ per share	Exercise period
5,035	0.729	29-8-2023 to 28-8-2032
5,035	0.729	29-8-2024 to 28-8-2032
7,553	0.729	29-8-2025 to 28-8-2032
7,553	0.729	29-8-2026 to 28-8-2032
11,188	0.500	26-1-2025 to 26-1-2034
10,682	0.530	23-2-2025 to 23-2-2034
230	0.530	23-2-2026 to 23-2-2034
47,276		

## Notes to Financial Statements

31 December 2025

### 30. SHARE OPTION SCHEME (CONTINUED)

As at 31 December 2024

Number of options '000	Exercise price HK\$ per share	Exercise period
5,035	0.729	29-8-2023 to 28-8-2032
5,035	0.729	29-8-2024 to 28-8-2032
7,553	0.729	29-8-2025 to 28-8-2032
7,553	0.729	29-8-2026 to 28-8-2032
11,188	0.500	26-1-2025 to 26-1-2034
10,682	0.530	23-2-2025 to 23-2-2034
230	0.530	23-2-2026 to 23-2-2034
47,276		

The Group recognised a share option expense of RMB1,823,000 during the year ended 31 December 2025 (2024: RMB7,984,000), with no share options granted during the year.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2025	2024
Dividend yield (%)	N/A	–
Expected volatility (%)	N/A	56
Historical volatility (%)	N/A	56
Risk-free interest rate (%)	N/A	3
Weighted average share price (HK\$ per share)	N/A	0.118

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 47,276,437 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 47,276,437 additional ordinary shares of the Company and additional share capital of RMB16,615,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 47,276,437 share options outstanding under the Scheme, which represented approximately 8.49% of the Company's shares in issue as at that date.

## Notes to Financial Statements

31 December 2025

### 31. DEFICITS

The amounts of the Group's deficits and the movements therein for the year are presented in the consolidated statement of changes in equity on page 121 of the financial statements.

#### Capital reserve

The capital reserve of the Group represents the paid-up capital of the companies comprising the Group prior to the incorporation of the Company and the reserve arising from the reorganisation during the initial public offering process and the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interest in a subsidiary. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

#### Statutory surplus reserve

In accordance with the Company Law of the PRC, a subsidiary of the Group which is a domestic enterprise is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC accounting standards, to its statutory surplus reserve until the reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

#### Distributable reserves

At 31 December 2025, the Company do not have reserves available for distribution, calculated in accordance with the provisions of sections 291, 297 and 299 of the Hong Kong Companies Ordinance.

### 32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Wuhu Raily	30%	30%
Suzhou Ruiquan	49%	49%
	2025	2024
	RMB'000	RMB'000
Loss for the year allocated to non-controlling interests:		
Wuhu Raily	(2,075)	(1,825)
Suzhou Ruiquan	(1,995)	(2,226)
Accumulated balances of non-controlling interests at the reporting date:		
Wuhu Raily	(6,628)	(4,553)
Suzhou Ruiquan	(2,944)	(4,063)

## Notes to Financial Statements

31 December 2025

### 32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

#### 2025

	Wuhu Raily RMB'000	Suzhou Ruiquan RMB'000
Revenue	15,480	–
Total expenses	(22,397)	(4,071)
Loss for the year	(6,917)	(4,071)
Total comprehensive loss for the year	(6,917)	(4,071)
Current assets	1,695	7,341
Non-current assets	7,674	35,536
Current liabilities	(24,652)	(25,306)
Non-current liabilities	(6,187)	(3,500)
Net cash flows from/(used in) operating activities	1,483	(2,840)
Net cash flows used in investing activities	(18)	(239)
Net cash flows (used in)/from financing activities	(2,152)	10,139
Net (decrease)/increase in cash and cash equivalents	(687)	7,060

## Notes to Financial Statements

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### 32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

2024

	Wuhu Raily RMB'000	Suzhou Ruiquan RMB'000
Revenue	20,917	–
Total expenses	(27,000)	(4,544)
Loss for the year	(6,083)	(4,544)
Total comprehensive loss for the year	(6,083)	(4,544)
Current assets	3,051	7,341
Non-current assets	16,606	35,536
Current liabilities	(22,907)	(25,306)
Non-current liabilities	(11,303)	(3,500)
Net cash flows used in operating activities	(2,780)	(1,250)
Net cash flows (used in)/from investing activities	(819)	316
Net cash flows from financing activities	1,583	942
Net (decrease)/increase in cash and cash equivalents	(2,016)	8

## Notes to Financial Statements

31 December 2025

### 33. DISPOSAL OF A SUBSIDIARY

On 10 July 2025, the Group disposed of 70% of the equity interests in a subsidiary, Hainan Beilifeier, under an investment agreement which constituted a deemed disposal. The retained investment at fair value was RMB1,084,000 as at 10 July 2025.

	<i>Note</i>	<b>2025 RMB'000</b>
Net assets disposed of:		
Property, plant and equipment	13	2,010
Cash and bank balances		415
Inventories and supplies		3
Prepayments and other receivables		153
Accruals and other payables		(1,683)
Lease liabilities		(443)
Subtotal		455
Impaired outstanding balance due from the subsidiary		1,600
Loss on disposal of a subsidiary		(971)
Total		1,084
Satisfied by:		
Cash		–

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>2025 RMB'000</b>
Cash and bank balances disposed of	(415)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(415)

## Notes to Financial Statements

31 December 2025

### 34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB22,067,000 (2024: RMB2,579,000) and RMB22,067,000 (2024: RMB2,579,000), respectively, in respect of lease arrangements for plant and equipment.

#### (b) Changes in liabilities arising from financing activities

2025

	Notes	Bank and other loans RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2025		20,753	35,614	56,367
Changes from financing cash flows		(374)	(8,783)	(9,157)
New leases	14(b)	–	22,067	22,067
Revision of lease terms	14(b)	–	(12,428)	(12,428)
Decrease arising from disposal of a subsidiary	14(b)	–	(443)	(443)
Interest expense	7	1,092	1,656	2,748
At 31 December 2025		21,471	37,683	59,154

2024

	Notes	Bank and other loans RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024		7,000	44,784	51,784
Changes from financing cash flows		13,169	(11,391)	1,778
New leases	14(b)	–	2,579	2,579
Revision of lease terms	14(b)	–	(1,669)	(1,669)
Decrease arising from disposal of subsidiaries	14(b)	–	(911)	(911)
Interest expense	7	584	2,222	2,806
At 31 December 2024		20,753	35,614	56,367

## Notes to Financial Statements

31 December 2025

### 34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	698	487
Within financing activities	8,783	11,391
	<b>9,481</b>	11,878

### 35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's other borrowings and for the lease arrangements for working spaces are included in notes 13, 22 and 25, respectively, to the financial statements.

## Notes to Financial Statements

31 December 2025

### 36. RELATED PARTY TRANSACTIONS

- (a) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Short term employee benefits	1,554	1,685
Pension scheme contributions	208	196
Equity-settled share option expense	119	685
Total compensation paid to key management personnel	1,881	2,566

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of item (a) above do not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Outstanding balances with related parties:

During this year, the Group disposed of a subsidiary, Hainan Beilifeier, as disclosed in note 33 to the financial statements, and had an outstanding balance due from Hainan Beilifeier amounting to RMB1,600,000 as at the end of the reporting period, which was fully impaired as at 31 December 2025 since it is deemed to be not collectable.

## Notes to Financial Statements

31 December 2025

### 37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**2025**

#### Financial assets

	<b>Financial assets at amortised cost RMB'000</b>
Trade receivables	2,222
Financial assets included in prepayments, other receivables and other assets	14,833
Other non-current assets	8,567
Pledged deposits	1,526
Cash and bank balances	57,793
	<b>84,941</b>

#### Financial liabilities

	<b>Financial liabilities at amortised cost RMB'000</b>
Trade payables	6,586
Interest-bearing bank borrowings	21,471
Financial liabilities included in other payables and accruals	10,265
Financial liabilities included in other non-current liabilities	148
	<b>38,470</b>

## Notes to Financial Statements

31 December 2025

### 37. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024

#### Financial assets

	Financial assets at amortised cost RMB'000
Trade receivables	1,538
Financial assets included in prepayments, other receivables and other assets	32,309
Other non-current assets	13,485
Pledged deposits	1,504
Cash and bank balances	28,870
	77,706

#### Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	7,779
Interest-bearing bank borrowings	20,753
Financial liabilities included in other payables and accruals	19,346
Financial liabilities included in other non-current liabilities	457
	48,335

## Notes to Financial Statements

31 December 2025

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals, an amount due to directors and the current portion of lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the Chief Financial Officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of pledged deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

## Notes to Financial Statements

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### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and contingent consideration. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

#### Interest rate risk

The Group's interest-bearing bank borrowings bore interest at fixed rates as at 31 December 2025, therefore the Group did not have exposure to the risk of changes in market interest rates.

#### Foreign currency risk

The Group has transactional currency exposures. These exposures arise from other payables and other deposits balances denominated in foreign currencies held by the units whose functional currency is the RMB.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HK\$ exchange rates, with all other variables held constant, of the Group's loss before tax.

	Change in foreign currency rate %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
<b>2025</b>			
If RMB weakens against USD	<b>5</b>	<b>176</b>	<b>176</b>
If RMB strengthens against USD	<b>(5)</b>	<b>(176)</b>	<b>(176)</b>
If RMB weakens against HK\$	<b>5</b>	<b>19</b>	<b>14</b>
If RMB strengthens against HK\$	<b>(5)</b>	<b>(19)</b>	<b>(14)</b>
<b>2024</b>			
If RMB weakens against USD	5	(287)	(287)
If RMB strengthens against USD	(5)	287	287
If RMB weakens against HK\$	5	876	657
If RMB strengthens against HK\$	(5)	(876)	(657)

## Notes to Financial Statements

31 December 2025

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

#### Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

#### As 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	2,222	2,222
Financial assets included in prepayments, other receivables and other assets					
– Normal**	12,349	-	-	-	12,349
– Doubtful**	-	-	2,484	-	2,484
Other non-current assets	8,567	-	-	-	8,567
Pledged deposits	1,526	-	-	-	1,526
Cash and cash balances	57,793	-	-	-	57,793
	80,235	-	2,484	2,222	84,941

## Notes to Financial Statements

31 December 2025

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED) Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	1,538	1,538
Financial assets included in prepayments, other receivables and other assets					
– Normal**	32,309	–	–	–	32,309
Other non-current assets	13,485	–	–	–	13,485
Pledged deposits	1,504	–	–	–	1,504
Cash and cash balances	28,870	–	–	–	28,870
	76,168	–	–	1,538	77,706

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit loss rate is disclosed in note 20 to the financial statements.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. As 31 December 2025, the Group had no concentrations of credit risk.

## Notes to Financial Statements

31 December 2025

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025				
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	28,216	10,628	394	39,238
Trade payables	6,586	–	–	–	6,586
Interest-bearing bank and other borrowings	–	21,586	–	–	21,586
Financial liabilities included in other payables and accruals	10,265	–	–	–	10,265
Financial liabilities included in other non-current liabilities	–	–	148	–	148
	<b>16,851</b>	<b>49,802</b>	<b>10,776</b>	<b>394</b>	<b>77,823</b>

	2024				
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	–	13,615	26,321	1,050	40,986
Trade payables	7,779	–	–	–	7,779
Interest-bearing bank and other borrowings	–	17,734	3,586	–	21,320
Financial liabilities included in other payables and accruals	19,346	–	–	–	19,346
Financial liabilities included in other non-current liabilities	–	–	457	–	457
	<b>27,125</b>	<b>31,349</b>	<b>30,364</b>	<b>1,050</b>	<b>89,888</b>

## Notes to Financial Statements

31 December 2025

### 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade and bills payables, and certain other payables and accruals, less cash and cash equivalents. Capital includes equity attributable to owners of the parent.

The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings	21,471	20,753
Trade payables	6,586	7,779
Other payables and accruals	10,413	19,803
Less: Cash and cash equivalents	(57,793)	(28,870)
Net debt	(19,323)	19,465
Equity attributable to owners of the parent	107,830	104,134
Capital and net debt	88,507	123,599
Gearing ratio	N/A	16%

### 40. EVENTS AFTER THE REPORTING PERIOD

On 6 January 2026, the Group entered into a subscription agreement to acquire an aggregate of 170,000 shares of Miusee Medical Limited (presently known as Raily Aesthetic Medical Limited) at the subscription price of HK\$2,550,000. For details, please refer to the Company's announcement dated 6 January 2026.

## Notes to Financial Statements

31 December 2025

### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSET		
Investments in subsidiaries	14,690	13,501
Other intangible assets	38,820	41,806
Total non-current assets	53,510	55,307
CURRENT ASSETS		
Prepayments, other receivables and other assets	2,875	3,960
Due from subsidiaries	120,214	127,964
Cash and cash equivalents	1,205	1,632
Total current assets	124,294	133,556
CURRENT LIABILITIES		
Due to subsidiaries	2,405	2,419
Other payables and accruals	68	9,626
Total current liabilities	2,473	12,045
NET CURRENT ASSETS	121,821	121,511
TOTAL ASSETS LESS CURRENT LIABILITIES	175,331	176,818
NET ASSETS	175,331	176,818
EQUITY		
Equity attributable to owners of the parent		
Share capital	185,748	185,748
Deficits	(10,417)	(8,930)
Total equity	175,331	176,818

## Notes to Financial Statements

31 December 2025

### 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's deficits is as follows:

	<i>Note</i>	<b>Capital reserve</b> RMB'000	<b>Share option reserve</b> RMB'000	<b>Accumulated losses</b> RMB'000	<b>Total</b> RMB'000
At 1 January 2024		41,078	9,300	(30,175)	20,203
Loss for the year		–	–	(4,883)	(4,883)
Issue of shares		(30,777)	–	–	(30,777)
Share issue expenses		(1,457)	–	–	(1,457)
Equity-settled share option arrangements	<i>30</i>	–	7,984	–	7,984
At 31 December 2024		8,844	17,284	(35,058)	(8,930)
At 1 January 2025		8,844	17,284	(35,058)	(8,930)
Loss for the year		–	–	(3,310)	(3,310)
Equity-settled share option arrangements	<i>30</i>	–	1,823	–	1,823
At 31 December 2025		8,844	19,107	(38,368)	(10,417)

The share option reserve comprises the fair value of share options granted which were yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount would either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

### 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

# FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>Results</b>					
Revenue	<b>189,411</b>	199,342	189,384	164,522	188,367
Profit/(loss) before tax	<b>10</b>	(65,257)	(35,010)	(22,101)	(22,948)
Income tax (expense)/credit	<b>(2,207)</b>	1,994	(2,769)	1,854	4,682
<b>LOSS FOR THE YEAR</b>	<b>(2,197)</b>	(63,263)	(37,779)	(20,247)	(18,266)
	As at 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
<b>Assets and liabilities</b>					
Total assets	<b>237,651</b>	249,923	273,599	302,651	344,725
Total liabilities	<b>139,393</b>	154,405	141,009	136,774	162,371
Equity attributable to owners of the Company	<b>98,258</b>	95,518	132,590	165,877	178,221