
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beauty Farm Medical and Health Industry Inc.**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Beauty Farm Medical and Health Industry Inc.
美麗田園醫療健康產業有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2373)

MAJOR TRANSACTION
IN RELATION TO ACQUISITION OF 100% OF THE ISSUED
SHARES IN THE TARGET COMPANY INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser



A notice convening the extraordinary general meeting of Beauty Farm Medical and Health Industry Inc. to be held at Shanghai Meeting Room, 12th Floor, Raffles East Office Tower, No. 1089 Dongdaming Road, Hongkou District, Shanghai, PRC on Friday, December 5, 2025 at 9:30 a.m. is set out in this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete and sign the enclosed form of proxy for use at the Extraordinary General Meeting in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof (as the case maybe) (for Extraordinary General Meeting, i.e. not later than 9:30 a.m. on Wednesday, December 3, 2025. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting if they so wish. For the avoidance of doubt, holders of treasury Shares of the Company, if any, shall abstain from voting at the Company's general meeting in connection to such treasury Shares.

This circular together with the form of proxy are also published on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Investor Relations of the Company (<https://ir.beautyfarm.com.cn/cn/>).

References to times and dates in this circular are to Hong Kong time and dates.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

* For identification purposes only

November 17, 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the Purchasers’ proposed acquisition of the Target Company from the Vendors in accordance with the Share Purchase Agreement;
“Audit Committee”	the audit committee of the Board;
“Board”	the board of Directors;
“Cash Consideration”	cash consideration in the amount of RMB835.9 million (equivalent to approximately HK\$915.6 million) payable by Shanghai Beauty Farm Medical Healthcare to Shanghai Anyan and SYL Holding;
“Company” or “Beauty Farm”	Beauty Farm Medical and Health Industry Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands on February 10, 2022;
“Closing”	has the meaning as set out in the subsection headed of this Circular;
“Closing Date”	the date upon which all the Conditions Precedent have been fulfilled or waived or on such other date and in such other manner as may be separately agreed between the Purchasers and the Vendors;
“Closing Payment Amounts”	Offshore-to-Onshore Closing Payment Amounts and Onshore-to-Onshore Closing Payment Amounts;
“Conditions Precedent”	the conditions precedent to the Closing obligations of Vendors and the Purchasers and the mutual conditions precedent to the Acquisition as set out in the Share Purchase Agreement;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	RMB1,250.0 million (equivalent to approximately HK\$1,369.2 million), representing the consideration pursuant to the Share Purchase Agreement;
“Consideration Shares”	15,798,147 fully paid-up shares with a par value of US\$0.000005 per Share in the issued share capital of the Company to be allotted and issued at a price of HK\$28.71 per Share on the Closing Date to satisfy the Consideration (other than the Cash Consideration) in accordance with the Share Purchase Agreement;
“Director(s)”	the director(s) of the Company;

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“Dual Beauty + Dual Wellness (雙美+雙保健)”	the Group’s latest upgraded and iterative business model, whereby the Group attracts quality customers through premium beauty service stores and premium AI-Powered wellness services stores, thereby fostering customer loyalty to the brand and identifying their in-depth needs. The Company provides aesthetic medical services and sub-health medical services to meet the escalating needs of customers throughout their lifecycle;
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, to approve (i) the Share Purchase Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares;
“Enlarged Group”	the Group immediately after Closing, including, among others, the Company, its subsidiaries as at the Latest Practicable Date and the Target Group Companies;
“Escrow Deposit”	RMB18.0 million (equivalent to approximately HK\$19.7 million) to be deposited with the Purchasers in an escrow account by SYL Holding within one business day after receiving the Offshore-to-Onshore Closing Payment Amounts as security over certain indemnity obligations owed by the Vendors to the Purchasers under the Share Purchase Agreement;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at Shanghai Meeting Room, 12th Floor, Raffles East Office Tower, No. 1089 Dongdaming Road, Hongkou District, Shanghai, PRC on Friday, December 5, 2025 at 9:30 a.m. to consider and, if appropriate, to approve the resolution contained in the notice of the meeting which is set out on pages EGM-1 to EGM-3 of this circular, or any adjournment thereof;
“Group”, “our Group”, “our”, “we”, or “us”	the Company and its subsidiaries;
“HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Last Trading Day”	October 14, 2025;
“Latest Practicable Date”	November 14, 2025, being the latest practicable date prior to the publication of this circular for ascertaining certain information in this Circular;

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“Leakage”	has the meaning given to it in the Share Purchase Agreement and includes, without limitation, certain payments, distributions, transfers of assets (other than at fair market value and consistent with the past practice, for the benefit of the Leakage Parties and other activities expressly designated as “Leakage” under the terms of the Share Purchase Agreement (other than any Permitted Leakage);
“Leakage Party(ies)”	(i) members of the Vendors and their affiliates (excluding any Target Group Company); and (ii) directors, senior management, employees, or other service providers of any party referred to in (i) above;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Locked Box Date”	June 30, 2025;
“Long Stop Date”	the date falling six (6) months after the date of the Share Purchase Agreement (or such later date as may be agreed by the Vendors and the Purchasers);
“Naturade (奈瑞兒)”	Guangzhou Naturade Health Management Co., Ltd. (廣州奈瑞兒健康管理有限公司), a company incorporated in the PRC with limited liability on March 18, 2024 and a non-wholly owned subsidiary of the Group, which together with its subsidiaries operate the Group’s premium AI-powered wellness services under the Naturade brand;
“Offshore Acquisition”	the acquisition of 33.1% of the total issued shares of the Target Company;
“Offshore-to-Onshore Closing Payment Amounts”	The following amounts to be paid by Shanghai Beauty Farm Medical Healthcare to SYL Holding on the Closing Date: (i) RMB510.9 million (equivalent to approximately HK\$559.6 million); and (ii) <i>Less</i> the total amount of taxes paid (if any);
“Onshore Acquisition”	the acquisition of the remaining 66.9% of the total issued shares of the Target Company;

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“Onshore-to-Onshore Closing Payment Amounts”	The following amounts to be paid by Shanghai Beauty Farm Medical Healthcare to Shanghai Anyan on the Closing Date: (i) RMB325.0 million (equivalent to approximately HK\$356.0 million); (ii) <i>Less</i> the amount of the agreed Leakage before Closing (if any); (iii) <i>Less</i> the amount of the prepayments of RMB125.0 million (equivalent to approximately HK\$136.9 million) and the interest accrued thereon; (iv) <i>Less</i> the amount of the Escrow Deposit of RMB18.0 million (equivalent to approximately HK\$19.7 million); (v) <i>Less</i> any fees, costs or expenses (including taxes) incurred or borne by any Target Group Company as set out in the Share Purchase Agreement; (vi) <i>Less</i> any insurance premiums and related expenses incurred or borne by any Target Group Company in respect of the directors’ and officers’ liability insurance (if any); and (vii) <i>Less</i> the amount of the difference between RMB19.0 million (equivalent to approximately HK\$20.8 million) and the consideration for the sale of certain properties from the Target Company to Shanghai Anyan (the “Permitted Transfer”);
“Permitted Leakage”	(i) Dividends of not more than RMB25.0 million (equivalent to approximately HK\$27.4 million) declared and paid by relevant Target Group Company as set out in the Share Purchase Agreement; (ii) The Permitted Transfer; (iii) Any actions taken by the Vendors as expressly stipulated in the Share Purchase Agreement and other Leakage expressly agreed in advance in writing by the Purchasers; (iv) Any matters separately disclosed to the Purchasers in writing; and (v) Any taxes arising from Permitted Leakage items other than the taxes incurred for the purpose of items (i) and (ii) above;
“PRC” or “China”	the People’s Republic of China;

DEFINITIONS

“Purchasers”	The Company and Shanghai Beauty Farm Medical Healthcare, and each a Purchaser;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Anyan”	Shanghai Anyan Enterprise Management Co., Ltd. (上海安妍企業管理有限公司), a company incorporated in PRC with limited liability and a wholly-owned subsidiary of the SYL Holding;
“Shanghai Beauty Farm Medical Healthcare”	Shanghai Beauty Farm Medical Healthcare Industry (Group) Co., Ltd. (上海美麗田園醫療健康產業(集團)有限公司), a wholly-owned subsidiary of the Company engaged in investment holding;
“Share(s)”	the share(s) of the Company;
“Share Purchase Agreement”	the share purchase agreement dated October 15, 2025 entered into by the Company, Shanghai Beauty Farm Medical Healthcare, SYL Holding and Shanghai Anyan, in relation to the Acquisition;
“Shareholder(s)”	holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM to issue 15,798,147 Consideration Shares under the Acquisition;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“SYL Holding”	SYL Holding Limited, a company incorporated in Hong Kong with limited liability;
“Target Company” or “Shanghai Siyanli Industrial”	Shanghai Siyanli Industrial Co., Ltd.* (上海思妍麗實業股份有限公司), a joint stock company limited by shares incorporated in the PRC;
“Target Group Company(ies)” or “Target Group”	the Target Company and its subsidiaries;
“Valuation”	the appraised value of the Target Company as set out in the Valuation Report;
“Valuation Benchmark Date”	June 30, 2025, being the date to which the Valuation was based;

DEFINITIONS

“Valuation Report”	the asset valuation report dated October 15, 2025, in respect of the appraised value of the Target Group as at the Valuation Benchmark Date issued by the Valuer;
“Valuer”	JZ (Shanghai) Assets Appraisal Co., Ltd.* (金證(上海)資產評估有限公司), an independent third-party valuer appointed by the Purchaser;
“Vendors”	SYL Holding and Shanghai Anyan, and each a Vendor;
“%”	per cent.

For the purpose of this circular, the exchange rate of HK\$1.00 to RMB0.91296 has been used for currency translation, where applicable. Such conversion is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at this or any other rate.

LETTER FROM THE BOARD



Beauty Farm Medical and Health Industry Inc.

美麗田園醫療健康產業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2373)

Executive Directors:

Mr. LI Yang (*Chairman*)

Mr. LIAN Songyong

(Chief Executive Officer, Vice Chairman)

Non-executive Directors:

Ms. LI Fangyu

Mr. GAO Jianming

Ms. YI Lin

Independent Non-executive Directors:

Mr. FAN Mingchao

Mr. LIU Teng

Mr. JIANG Hua

Registered Office:

Floor 4, Willow House

Cricket Square

Grand Cayman

KY1-9010

Cayman Islands

*Headquarters and Principal Place
of Business in the PRC:*

Unit 1206, 12th Floor

No. 1089 Dongdaming Road

Hongkou District

Shanghai

PRC

*Principal Place of Business
in Hong Kong:*

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

November 17, 2025

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO ACQUISITION OF 100% OF THE ISSUED
SHARES IN THE TARGET COMPANY INVOLVING THE ISSUE
OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

* For identification purposes only

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the announcement of the Company dated October 15, 2025 in relation to the acquisition of 100% of issued shares in the Target Company involving issue of the Consideration Shares under Specific Mandate. The purpose of this circular is to provide you with further details of the foregoing matters and a notice convening the EGM.

2. THE ACQUISITION

The Acquisition

The principal terms of the Share Purchase Agreement in relation to the Acquisition are set out as follows:

- | | | |
|-----------------------|---|---|
| Date | : | October 15, 2025 (before trading hours of the Stock Exchange) |
| Parties | : | (i) the Company;
(ii) Shanghai Beauty Farm Medical Healthcare;
(iii) SYL Holding; and
(iv) Shanghai Anyan |
| Subject matter | : | 100% of the issued shares of the Target Company |
| Consideration | : | RMB1,250.0 million (equivalent to approximately HK\$1,369.2 million), comprising of the following:

(i) <i>Consideration for the Onshore Acquisition:</i> RMB325.0 million (equivalent to approximately HK\$356.0 million) in cash; and

(ii) <i>Consideration for the Offshore Acquisition:</i> (a) RMB510.9 million (equivalent to approximately HK\$559.6 million) in cash, and (b) the issue of the Consideration Shares. |

LETTER FROM THE BOARD

Consideration Shares : An aggregate of 15,798,147 Consideration Shares will be allotted and issued to SYL Holding as part of the Consideration for the Offshore Acquisition as set out in the section headed “Consideration” above, representing approximately 6.70% of the total issued Shares (including 605,500 treasury Shares) as at the Latest Practicable Date and approximately 6.28% of the total issued Shares (including 605,500 treasury Shares) as enlarged by the Consideration Shares (assuming the Acquisition is completed and the Consideration Shares are allotted). The Consideration Shares, when allotted and issued, shall rank *pari passu* with the Shares in issue.

The Issue Price of HK\$28.71 per Consideration Share represents:

- (i) a discount of approximately 19.67% to the closing price of HK\$35.74 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 21.13% to the average closing price of HK\$36.40 per Share as quoted on the Stock Exchange in the last five (5) consecutive trading days immediately prior to the date of the Share Purchase Agreement.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Lock-up Arrangement : (i) 50% of the Consideration Shares are subject to a lock-up period from the date of issue of such Consideration Shares to June 30, 2026, (ii) 25% of the Consideration Shares are subject to a lock-up period from the date of issue of such Consideration Shares to September 30, 2026, and (iii) the remaining 25% of the Consideration Shares are subject to a lock-up period from the date of issue of such Consideration Shares to December 31, 2026.

LETTER FROM THE BOARD

Basis of consideration : The Consideration was determined through arm's length negotiations among the parties to the Share Purchase Agreement with reference to the appraised value of the Target Company of approximately RMB1,395.0 million (equivalent to approximately HK\$1,528.0 million) as at the Valuation Benchmark Date according to the Valuation Report as appraised by the Valuer, the reputation, market position and historical performance of the Target Company, the growth potential and profitability of the Target Company after the Acquisition, and other factors set out in "Reasons for and Benefits of the Acquisition" below.

Valuation : *Valuation Methodology*

According to the Valuation Report, the Valuer used the market approach to calculate the market value of the Target Company's entire equity value as at the Valuation Benchmark Date. The market approach is the most direct valuation method, deriving the relevant value of the Target Company based on real and reliable market data obtained from the capital markets. Since the asset-based approach does not account for the future economic benefits of business ownership, the asset-based approach was not used for this valuation. And the financial projections under the income approach involve multiple assumptions, and any inappropriate assumptions could significantly impact the value. Therefore, the income approach was also not used for this valuation. Finally, the Valuer determined the market approach to be the most appropriate valuation method.

Key Valuation Assumptions

- The political, legal, economic, and social conditions in the locations where the Target Company currently or may potentially operate will not undergo significant changes.
- The relevant tax, credit policies, and other applicable government policies in the jurisdictions where the Target Company currently or will operate will not undergo significant changes, and the applicable corporate tax rate, interest rates, exchange rates, and policy-related levy rates will remain stable.

LETTER FROM THE BOARD

- The Target Company has complied and will continue to comply with all applicable laws and regulations, and no significant non-compliance events that would materially adversely affect the Target Company and its business will occur in the future.
- The Target Company's business premises can be continuously leased at prices close to the current or surrounding area rates.
- The supply and demand for the Target Company's services or similar services domestically and internationally will not differ materially from current or expected conditions.
- The market prices and related costs for the Target Company's services or similar services domestically and internationally will not differ materially from current or expected levels.
- The accounting policies adopted by the Target Company remain substantially consistent in all material aspects, and the existing management style and business structure remain without major changes, excluding potential unforeseen impacts due to changes in management, operational strategies, and the operating environment.
- There will be no other force majeure events or unforeseen factors that would have a material adverse impact on the Target Company.
- The financial, operational, and other information provided for this valuation purpose is true, accurate, and complete.
- The market data, industry consultations, and statistical figures obtained from public sources are true and accurate.

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Selection Criteria and Market Comparable Companies

For the purpose of this valuation, the valuer employed the comparable company method under the market approach, utilizing public data of listed companies similar to the Target Company for the calculation.

This valuation method requires researching the benchmark multiples of comparable companies and appropriately selecting suitable multiples to ultimately derive the market value of the Target Company. Therefore, with reference to the following selection criteria, the Valuer ultimately selected 5 listed companies as comparable companies for the calculation:

- Listed on the main board of the Shanghai Stock Exchange, Shenzhen Stock Exchange, or the Stock Exchange, and having been listed for at least two years as at the Valuation Benchmark Date.
- Operating in the beauty industry, with beauty services as a primary business characteristic.
- Profitable in the past two years.
- Based on public announcements, no significant asset restructuring or other major events that could cause abnormal stock price fluctuations occurred near the benchmark date.
- Shares of such companies were trading normally on the public market near the benchmark date and were not suspended or in any other non-normal trading status.

Based on the selection criteria above, the Valuer has identified a comprehensive list of 5 comparable companies as detailed in the table below.

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Comparable Company	Stock Code	Primary Business
Beauty Farm Medical And Health Industry Inc.	2373.HK	Beauty and Wellness Services, Medical Aesthetic Services, and Sub-health Medical Services
Perfect Medical Health Management Limited	1830.HK	Healthcare and Medical Aesthetic Services
Fameglow Holdings Limited	8603.HK	Beauty Treatment Services and Skincare Products
Water Oasis Group Ltd.	1161.HK	Operations of Beauty Salons, Spas, and Medical Aesthetic Centers
Lancy Co., Ltd.	002612.SZ	Medical Aesthetic Services and Clothing Sales

Selection of Market Approach Value Multiples

Considering the business characteristics of the Target Company, the valuation metrics selected for the comparable company method are the P/E multiple and the EV/Sales multiple. The reason is that the Target Company is in the beauty service industry, where key operating indicators include sales scale and profit level. Therefore, value multiples from both the profitability and sales scale dimensions were considered for the estimation.

LETTER FROM THE BOARD

Calculation of Value Multiples for Comparable Companies

P/E Multiple Calculation

Unit: Million

Comparable Company Name	Currency	Market Cap	Adjusted Market Cap	Net Profit Attributable to the Parent Company Owners Excluding Extraordinary Items (LTM)	P/E (LTM)
Beauty Farm Medical And Health Industry Inc.	HKD	7,133	7,304	274	26.6x
Perfect Medical Health Management Limited	HKD	2,136	2,248	203	11.1x
Fameglow Holdings Limited	HKD	1,080	1,078	42	25.7x
Water Oasis Group Ltd.	HKD	640	651	118	5.5x
Lancy Co., Ltd.	RMB	7,451	6,012	177	34.0x

Notes:

1. Market Capitalisation = Outstanding Shares × Share Price, data as at June 30, 2025.
2. Adjusted Market Capitalisation = Market Capitalisation — Non-operating Assets (based on the latest financial statements prior to the benchmark date).
3. Net Profit Attributable to the Parent Company Owners Excluding Extraordinary Items (LTM) = Net Profit Attributable to the Parent Company Owners — Extraordinary Gains and Losses (based on the latest financial statements prior to the benchmark date).

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EV/Sales Multiple Calculation

Unit: Million

Comparable Company Name	Currency	Adjusted Enterprise Value (EV)	Sales Revenue (LTM)	EV/Sales (LTM)
Beauty Farm Medical And Health Industry Inc.	HKD	5,408	3,173	1.7x
Perfect Medical Health Management Limited	HKD	1,852	1,128	1.6x
Fameglow Holdings Limited	HKD	1,050	435	2.4x
Water Oasis Group Ltd.	HKD	19	972	0.0x
Lancy Co., Ltd.	RMB	7,797	5,790	1.3x

Notes:

Adjusted Enterprise Value (EV) = Adjusted Market Capitalisation + Interest-bearing Debt + Minority Interest Value + Preferred Stock Value — Cash and Cash Equivalents.

Cash and Cash Equivalents include: Cash and bank balances, restricted cash, term deposits, wealth management products.

Exclusion of Outliers in Value Multiples

The Valuer observed that the market capitalisation of Water Oasis Group Ltd. (HKD640 million) was close to its cash and cash equivalents (HKD633 million), resulting in an enterprise value nearly zero. This led to significantly lower P/E and EV/Sales multiples for Water Oasis Group Ltd. compared to other comparable companies. An enterprise value near zero indicates that the market cap of Water Oasis Group Ltd. is primarily driven by its non-operating cash assets, and its market valuation no longer reflects the operational efficiency or growth prospects of its core business. Therefore, the Valuer deemed it unsuitable as a comparable reference for the Target Company's value and excluded it as an outlier.

Note: Cash and cash equivalents data for Water Oasis Group Ltd. is extracted from its interim report for 2025.

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After excluding the outlier, the value multiples of the selected comparable companies are as follows:

Comparable Company Name	Stock Code	P/E (LTM)	EV/Sales (LTM)
Beauty Farm Medical And Health Industry Inc.	2373.HK	26.6x	1.7x
Perfect Medical Health Management Limited	1830.HK	11.1x	1.6x
Fameglow Holdings Limited	8603.HK	25.7x	2.4x
Lancy Co., Ltd.	002612.SZ	<u>34.0x</u>	<u>1.3x</u>
Average		<u>24.4x</u>	<u>1.8x</u>

Adjustment of Value Multiples

Given the differences between the Target Company and the market comparable companies, the Valuer further adjusted the P/E and EV/Sales multiples. This adjustment referenced multiple indicators, including scale indicators, profitability indicators, operational capability indicators, solvency indicators, growth capability indicators, and other adjustment factors. The Valuer used the following equation to multiply the selected value multiples of the market comparable companies by an overall adjustment coefficient to derive the adjusted value multiples:

$$\text{Adjusted P/E Multiple} = \text{Comparable Company P/E Multiple} \times \text{Overall Adjustment Coefficient}$$

Comparable Company Name	Stock Code	P/E (LTM)	Adjustment Coefficient	Adjusted P/E
Beauty Farm Medical And Health Industry Inc.	2373.HK	26.6x	0.94	25.1x
Perfect Medical Health Management Limited	1830.HK	11.1x	1.00	11.1x
Fameglow Holdings Limited	8603.HK	25.7x	0.93	24.0x
Lancy Co., Ltd.	002612.SZ	<u>34.0x</u>	0.90	<u>30.6x</u>
Average		<u>24.4x</u>		<u>22.7x</u>

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**Adjusted EV/Sales Multiple = Comparable Company EV/
Sales Multiple × Overall Adjustment Coefficient**

Comparable Company Name	Stock Code	EV/Sales (LTM)	Adjustment Coefficient	Adjusted EV/Sales
Beauty Farm Medical And Health Industry Inc.	2373.HK	1.7x	1.01	1.7x
Perfect Medical Health Management Limited	1830.HK	1.6x	1.00	1.6x
Fameglow Holdings Limited	8603.HK	2.4x	0.92	2.2x
Lancy Co., Ltd.	002612.SZ	<u>1.3x</u>	0.99	<u>1.3x</u>
Average		<u>1.8x</u>		<u>1.7x</u>

Notes:

1. The P/E multiple is a profitability indicator, and the EV/Sales multiple is a sales scale indicator. To avoid duplicate adjustments, the P/E multiple adjustment coefficient excludes profitability adjustments, and the EV/Sales multiple adjustment coefficient excludes scale indicator adjustments. Hence, the adjustment coefficients differ.
2. As value multiples are displayed with one decimal place, the product of numbers in the table may not exactly match the listed data due to rounding.

Discount for Lack of Marketability (DLOM) and Control Premium

As the comparable companies are all listed, while the Target Company itself is unlisted, the Valuer considered the potential lack of marketability discount affecting the valuation. With reference to lack of marketability discount rates collected from various transaction platforms across different industries, the Valuer adopted a discount rate of 33.81% for the social services industry.

LETTER FROM THE BOARD

Furthermore, as the Acquisition is expected to confer control over the Target Company, and the equity value of the comparable listed companies is calculated based on the trading price of their freely traded shares, which represents a non-controlling equity value, a control premium needs to be considered for the Target Company's equity value. By analyzing and comparing the P/E ratios of minority equity transaction M&A cases and controlling equity transaction M&A cases across various industries using data released by Wind Information, the CVSource database, and property rights exchange websites, an average value of 13% was obtained for the past 15 years (2010–2024).

Key Input Data for Valuation

The valuation benchmark date is June 30, 2025. Unaudited financial data of the Target Company for the period from July 1, 2024, to June 30, 2025, was used.

(Unaudited)
(RMB in Thousands)

Item	Value
Net Profit Attributable to the Parent	
Company Owners Excluding	
Extraordinary Items (LTM)	72,675
Sales Revenue (LTM)	855,842
Cash and Cash Equivalents	357,549
Minority Interest	–2,575
Interest-bearing Debt	22,540
Non-operating Assets	27,731

Notes:

1. Cash and Cash Equivalents of the Target Company include cash and bank balances, restricted cash, wealth management products.
2. The Target Company's interest-bearing debt primarily includes short-term borrowings.
3. The Target Company's non-operating assets primarily include transactions with related parties, payables for merger and acquisition, deferred tax.

LETTER FROM THE BOARD

Valuation Results Using P/E Multiple for 100% Equity of Target Company

(Unaudited)
(RMB in Thousands)

Item	Value
Net Profit Attributable to Parent Company Owners of Target Company Excluding Extraordinary Items: 12-month period from July 1, 2024, to June 30, 2025	72,675
Average Adjusted P/E Multiple	<u>22.7x</u>
Equity Value Calculated Using P/E Multiple (Before DLOM)	1,649,359
Less: Discount for Lack of Marketability (33.81%)	557,584
Operating Equity Value Calculated Using P/E Multiple	1,091,776
Add: Value of Non-operating Assets as at June 30, 2025	27,731
Equity Value Calculated Using P/E Multiple (Before Control Premium)	1,119,507
Add: Control Premium (13%)	<u>145,536</u>
Market Value of 100% Equity of Target Company as at June 30, 2025, Using P/E Multiple	<u><u>1,270,000</u></u>

LETTER FROM THE BOARD

Valuation Results Using EV/Sales Multiple for 100% Equity of Target Company

(Unaudited)
(RMB in Thousands)

Item	Value
Sales Revenue of Target Company: 12-month period from July 1, 2024, to June 30, 2025	855,842
Average Adjusted EV/Sales Multiple	<u>1.7x</u>
Enterprise Value Calculated Using EV/Sales Multiple (Before DLOM)	1,482,746
Less: Discount for Lack of Marketability (33.81%)	501,258
Enterprise Value Calculated Using EV/Sales Multiple (Excluding Cash and Cash Equivalents)	981,488
Add: Cash and Cash Equivalents as at June 30, 2025	357,549
Enterprise Value Calculated Using EV/Sales Multiple (Including Cash and Cash Equivalents)	1,339,037
Less: Value of Preferred Stock as at June 30, 2025	0
Less: Value of Minority Interest as at June 30, 2025	-2,575
Less: Value of Interest-bearing Debt as at June 30, 2025	22,540
Operating Enterprise Value Calculated Using EV/Sales Multiple	1,319,072
Add: Value of Non-operating Assets as at June 30, 2025	27,731
Operating Enterprise Value Calculated Using EV/Sales Multiple (Before Control Premium)	1,346,803
Add: Control Premium (13%)	<u>175,084</u>
Market Value of 100% Equity of Target Company as at June 30, 2025, Using EV/Sales Multiple	<u><u>1,520,000</u></u>

Note: Due to rounding, the products and sums of numbers may not exactly equal the relevant totals.

LETTER FROM THE BOARD

Valuation Conclusion

The Valuer believes that among the two value multiples used, the EV/Sales multiple calculates the market value of entire equity of the Target Company based on sales scale, while the P/E multiple calculates the market value of the entire equity of the Target Company based on profitability. Both approaches align with industry practices for equity valuation. Therefore, the Valuer ultimately considered using the average of the valuation results from both multiples to determine the equity value of the Target Company.

(Unaudited)
(RMB in Thousands)

Item	Value
Market Value of 100% Equity of Target Company as at June 30, 2025, Using P/E Multiple	1,270,000
Market Value of 100% Equity of Target Company as at June 30, 2025, Using EV/Sales Multiple	<u>1,520,000</u>
Average Derived from the Two Multiples:	
Market Value of 100% Equity of Target Company as at June 30, 2025	<u>1,395,000</u>

The final equity value of the Target Company is RMB1,395.0 million.

For details of the Valuation, please refer to the Valuation Report as set out in the Appendix V to this circular.

The Board has discussed with the Valuer and reviewed the Valuation Report. After comprehensively considering the valuation approaches adopted by the Valuer (including the valuation assumptions), the Board is of the view that the Valuation is fair and reasonable.

LETTER FROM THE BOARD

Payment terms : The Consideration shall be paid by the Purchasers on the Closing Date in the following manner:

- (i) Shanghai Beauty Farm Medical Healthcare shall pay the Offshore-to-Onshore Closing Payment Amounts to the Vendor's escrow account via wire transfer in cash;
- (ii) Shanghai Beauty Farm Medical Healthcare shall pay the Onshore-to-Onshore Closing Payment Amounts to Shanghai Anyan's designated bank account via wire transfer in cash; and
- (iii) The Company shall allot and issue the Consideration Shares to SYL Holding.

The Cash Consideration for the Acquisition will be funded by the internal resources and not more than RMB501.54 million of bank facilities available to the Group.

Locked box mechanism : The Vendors undertake that, from the Locked Box Date to the Closing Date, except for the Permitted Leakage, no Leakage has occurred or will occur in respect of any Target Group Company, and further undertake to procure that no Target Group Company shall, from the date of the Share Purchase Agreement to the Closing Date, engage in any Leakage activity.

If any Vendor becomes aware that a payment or transaction constitutes or may constitute Leakage (excluding Permitted Leakage), it shall promptly notify the Purchasers in writing. If, after the date of the Share Purchase Agreement and prior to the Closing Date, the Purchasers become aware of any Leakage (excluding Permitted Leakage) and the Vendors' representative has acknowledged such Leakage in writing, the amount of such mutually acknowledged Leakage and the amount of Leakage notified to the Purchasers by the Vendors' representative shall be deducted from the Onshore-to-Onshore Closing Payment Amounts payable to the Vendors.

LETTER FROM THE BOARD

If, after the date of the Share Purchase Agreement, the Purchasers discover any Leakage (excluding Permitted Leakage) other than that already deducted from the Cash Consideration, the Purchasers shall be entitled to claim compensation from the Vendors on a joint and several basis for the amount of such Leakage, provided that the Purchasers send a written notice to the Vendor Representative within nine (9) months after the Closing Date, setting out the compensation claim and reasonable details of the relevant Leakage.

**Conditions
Precedent**

: The Closing is conditional on:

- (1) Conditions precedent to the Purchasers' Closing obligations, among others:
 - (i) The Vendors have settled all related party transactions and balances between the Target Company and its external related parties in accordance with the Share Purchase Agreement;
 - (ii) The Vendors have not committed any material breach under the Share Purchase Agreement that has caused substantial detriment to the commercial objective of the Acquisition; and
 - (iii) The Target Company has completed the relevant registration procedures for the change of its shareholders from the Vendors to the Company and Shanghai Beauty Farm Medical Healthcare.
- (2) Condition precedent to the Vendors' Closing obligations, i.e., the completion of prepayments of RMB125.0 million (equivalent to approximately HK\$136.9 million) by the Purchasers within two business days upon the date of the Share Purchase Agreement.

LETTER FROM THE BOARD

- (3) Mutual conditions precedent for both of the Vendors and the Purchasers:
- (i) The escrow account for the payment of the Offshore-to-Onshore Closing Payment Amounts has been opened by Shanghai Beauty Farm Medical Healthcare in accordance with the Share Purchase Agreement;
 - (ii) The shareholders of the Company have duly approved the Acquisition;
 - (iii) The Stock Exchange has approved the listing of, and permitted to deal in the Consideration Shares; and
 - (iv) There is no government order, law, regulation, policy, or regulatory provision that prohibits, restricts, or otherwise prevents the transaction.

The Purchasers may waive all or part of the conditions precedent set forth under paragraph (1) above in writing. The Vendors may waive all or part of the conditions precedent set forth under paragraph (2) in writing. The Vendors and the Purchasers may waive all or part of the mutual conditions precedent set forth under paragraph (3) above in writing.

Closing : Closing shall take place remotely via electronic exchange of documents on the Closing Date.

Termination : The Share Purchase Agreement may be terminated at or prior to Closing upon the occurrence of any of the following events:

- (i) The parties mutually agree in writing to terminate the Share Purchase Agreement;
- (ii) If any of the mutual conditions precedent is not satisfied or waived by 5:00 p.m. on the Long Stop Date, either the Vendors or the Purchasers may terminate the Share Purchase Agreement by giving written notice to the other party without incurring any liability.

LETTER FROM THE BOARD

The Purchasers may terminate the Share Purchase Agreement by giving written notice to the other parties without incurring any liability and the Vendors shall pay a total amount of RMB125.0 million (equivalent to HK\$136.9 million) for such termination if:

- (i) The Purchasers become aware at or prior to Closing of any fact, matter, or event (whether existing or occurring before or after the date of the Share Purchase Agreement) that the Vendors enter into or execute any written agreement, letter of intent or memorandum of understanding with any third party in respect of the sale, transfer, licensing, pledge or creation of any other encumbrance over substantially all of the issued shares or substantially all of the material assets of the Target Company; or
- (ii) The Vendors refuse to proceed with Closing (including, without limitation, the failure to perform their obligations on the Closing Date as stipulated in the Share Purchase Agreement) while all the Conditions Precedent are satisfied or waived before the Long Stop Date, except where they cannot proceed with Closing due to force majeure.

The Vendors may terminate the Share Purchase Agreement by giving written notice to the other parties without incurring any liability and the Purchasers shall pay a total amount of RMB125.0 million (equivalent to HK\$136.9 million) for such termination if, among other scenario as expressly set forth under the Share Purchase Agreement, the Purchasers refuse to proceed with Closing (including, without limitation, the failure to perform their obligations on the Closing Date as stipulated in the Share Purchase Agreement) while all the Conditions Precedent are satisfied or waived before the Long Stop Date, except where they cannot proceed with Closing due to force majeure.

LETTER FROM THE BOARD

Effect on the Shareholding Structure of the Company

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company and the effect of allotment and issue of the Consideration Shares on the shareholding structure of the Company upon the Closing (including 605,500 treasury Shares) is set out as below:

Name of Shareholder	As at the Latest Practicable Date ¹		Immediately after the Closing, the allotment and issue of all Consideration Shares ²	
	<i>Approximate % of number of Shares in issue</i>	<i>Approximate % of number of Shares in issue</i>	<i>Approximate % of number of Shares in issue</i>	<i>Approximate % of number of Shares in issue</i>
	<i>No. of Shares</i>	<i>(%)</i>	<i>No. of Shares</i>	<i>(%)</i>
Controlling Shareholders ³	114,987,000	48.77	114,987,000	45.70
Other Shareholders	120,808,568	51.23	120,808,568	48.02
SYL Holding	—	—	15,798,147	6.28
Total	<u>235,795,568</u>	<u>100.00</u>	<u>251,593,715</u>	<u>100.00</u>

Notes:

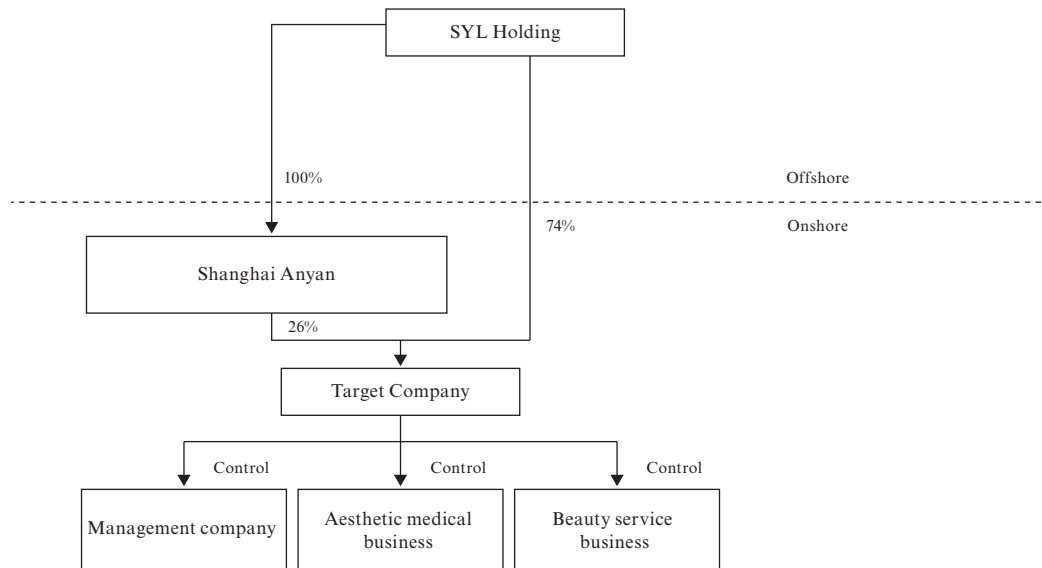
- (1) Assuming no change in total issued Shares (including 605,500 treasury Shares) other than allotment and issue of all Consideration Shares.
- (2) Assuming the Acquisition is completed and Consideration Shares are allotted and issued, and there is no other change in total issued Shares (including 605,500 treasury Shares) other than allotment and issue of all Consideration Shares.
- (3) The controlling Shareholders consist of Mr. Li Yang, Ms. Li Fangyu, Mr. Lian Songyong, Ms. Niu Guifen, Mr. Cui Yuanjun and Ms. Yuan Huimin, who are parties acting in concert pursuant to the concert agreement among them dated March 10, 2022 and have been collectively controlling the Group.

The Company expects that upon the issue of the Consideration Shares, it will continue to maintain the public float required under Rule 8.08(1) of the Listing Rules.

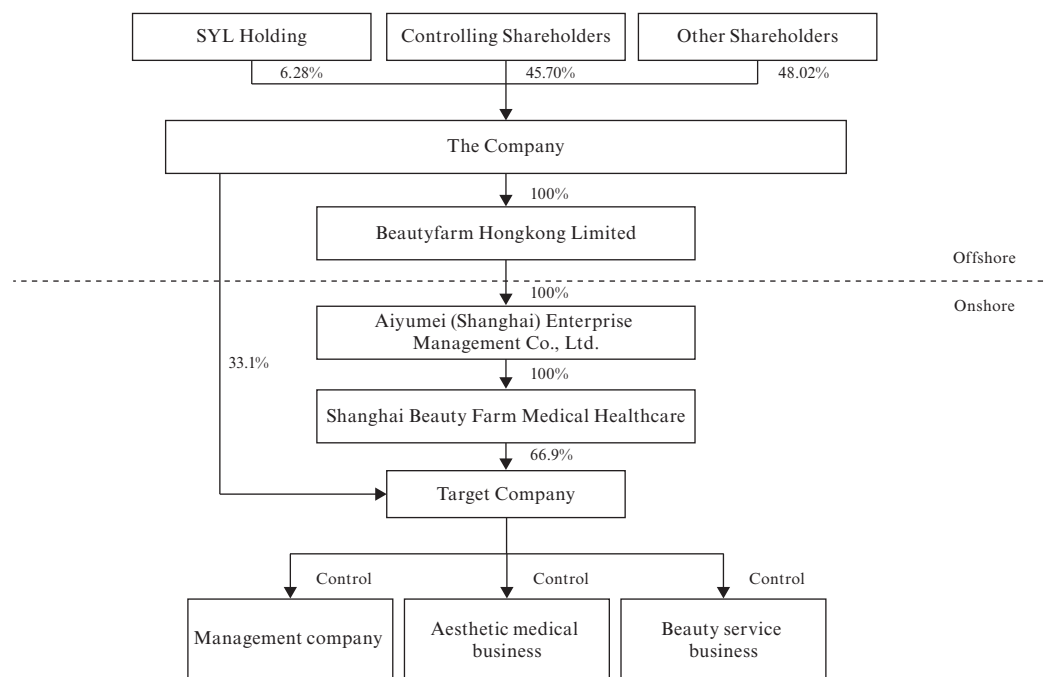
LETTER FROM THE BOARD

Transaction Structure

The following diagram sets forth the shareholding structure of the Target Company immediately prior to the Acquisition:



The following diagram sets forth the shareholding structure of the Target Company immediately upon Closing:



LETTER FROM THE BOARD

Information on the Parties

The Company is a leading beauty and health service brand in China. It is committed to providing high-quality beauty and wellness services, aesthetic medical services as well as sub-health medical services that are personalized to clients' desire.

Shanghai Beauty Farm Medical Healthcare is an investment holding company incorporated in the PRC on April 23, 2004, which is indirectly wholly-owned by the Company.

SYL Holding is a limited company incorporated in Hong Kong on March 1, 2018.

Shanghai Anyan is a limited company incorporated in the PRC on June 4, 2020 and is a wholly-owned subsidiary of SYL Holding as at the Latest Practicable Date.

As at the Latest Practicable Date, each of SYL Holding and Shanghai Anyan is an indirect subsidiary of MBK Partners Fund IV, L.P., which is an exempted limited partnership established under the laws of the Cayman Islands. The general partner of MBK Partners Fund IV, L.P. is MBK Partners GP IV, L.P., and the general partner of MBK Partners GP IV, L.P. is MBK GP IV, Inc., an affiliate of one of Asia's largest private equity sponsors, MBK Partners. Founded in 2005, MBK Partners is one of the largest private equity funds in Asia with over US\$31 billion of capital under management. MBK Partners focuses on North Asia and has developed expertise in various industries, including consumer and retail, telecommunications and media, financial services, healthcare, logistics and industrials. MBK Partners has 108 investment professionals across five offices in North Asia. Morgan Stanley Asia Limited is acting as financial advisor to an affiliate of MBK Partners Fund IV, L.P. in relation to the Acquisition.

The Target Company is a limited company incorporated in the PRC on December 31, 2009. Founded in 1996, SIYANLI (思妍麗) is a benchmark brand in China's premium beauty service industry under the Target Company. With its core philosophy of tech-powered, results-driven skincare, SIYANLI has meticulously developed its premium salon skincare products, focusing on delivering professional skincare and beauty experiences for women in top-tier cities. According to Frost & Sullivan, the Target Company's SIYANLI brand ranked the 3rd by market share among beauty service brands in China in terms of revenue for the year of 2024. As at June 30, 2025, the Target Company operated 163 lifestyle beauty stores (including 118 directly-operated stores and 45 franchised stores) and 19 aesthetic medical clinics across 48 cities nationwide, with over 90% of the total revenue contributed from its stores in top 20 tier-1 and new tier-1 cities in China in 2024. As at the Latest Practicable Date, the Target Company is owned as to 74.0% and 26.0% by SYL Holding and Shanghai Anyan, respectively.

LETTER FROM THE BOARD

Based on the audited financial statements of the Target Company, the key financial information of the Target Company for the three years ended December 31, 2024 and six months ended June 30, 2025:

	For the years ended December 31,			For the six months ended
	2022	2023	2024	June 30,
	(RMB'000)	(RMB'000)	(RMB'000)	2025
				(RMB'000)
Revenue	564,781	817,666	848,509	423,092
(Loss)/Profit before taxation	(41,562)	106,028	100,166	57,770
(Loss)/Profit after taxation	(36,366)	69,425	81,036	43,997
Net cash inflow from operating activities	130,806	273,670	263,194	102,466
Net assets as at the year/period	307,327	196,131	280,120	264,859

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors and their ultimate beneficial owner are third parties independent of the Company and its connected persons.

Reasons for and Benefits of the Acquisition

The Group has specialized in beauty and wellness industry for 32 years, consistently pursuing a dual-engine strategy of “organic growth and strategic acquisitions” (內生增長 + 外延收購). Since 2014, the Group has completed over 30 acquisitions within the industry, building market-leading experience in acquisitions and integration.

The Acquisition represents another significant milestone following the successful acquisition of Naturade (奈瑞兒) in 2024, and will reshape the competitive landscape of the premium beauty industry in high-tier cities in China. Upon Closing, the Group's store network will rapidly expand with the number of stores reaching 734, while simultaneously driving significant growth in our membership base. Leveraging its unique “Dual Beauty + Dual Wellness” (雙美 + 雙保健) business model, the Group will take a major leap forward in Beauty Farm's industry leadership and market share.

Upon Closing, the Group will fully empower the Target Company by deploying the Group's five core capabilities — chain enterprise management, full-lifecycle customer operations, medical service upgrades, AI-driven digital and intelligent transformation, and supply chain integration. This powerful alliance will maximize synergies, accelerate value realization of the Target Company, drive further growth in the Group's revenue and profit, and unleash growth potentials for high-quality development.

LETTER FROM THE BOARD

The Company considers that benefits for the Acquisition include:

1. Further increasing the Group's market share, solidifying industry leadership

China's beauty and wellness industry is undergoing accelerated consolidation. Industry leaders are steering this process and continuously expanding market share by leveraging proven acquisition and integration experience, robust business models, and listed-company platforms. According to Frost & Sullivan, the beauty service market size in China has reached RMB485 billion, and the Group's Beauty Farm brand, the Naturade brand, and the Target Company's SIYANLI brand ranked among the top three beauty service brands in China, in terms of revenue for 2024. Upon Closing, the consolidation of the three leading brands under the Beauty Farm brand is set to drive a transformative increase in market share, broader influence, and stronger competitiveness in the industry, and further solidifying its industry leadership.

In terms of regional market, according to Frost & Sullivan, China's top 20 tier-1 and new tier-1 cities¹ represent core hubs of wealth and consumer spending power, contributing nearly 40% of the national beauty service market share in 2024. These cities comprise the Group's strategic core region for expansion, which is reflected in revenue data: they contribute more than 90% of the revenue for both the Group and SIYANLI in 2024, closely aligning with the Group's strategic footprint.

Focusing on the four tier-1 cities of Beijing, Shanghai, Guangzhou, and Shenzhen, according to Frost & Sullivan, such cities contributed nearly 20% revenue of the beauty service market in China in 2024. In the first half of 2025, revenue from such cities accounted for over 60% of the total revenue for both the Group and the Target Company. Upon Closing, the Group expects a significant uplift in its market share of beauty service market across tier-1 and new tier-1 cities, redefining the competitive landscape.

Note 1: Including Shanghai, Beijing, Shenzhen, Chongqing, Guangzhou, Chengdu, Hangzhou, Wuhan, Nanjing, Ningbo, Tianjin, Qingdao, Changsha, Zhengzhou, Hefei, Xi'an, Changchun, Taiyuan, Haikou, and Sanya.

2. *Capturing premium beauty service dominance in top-tier cities, strengthening key commercial districts moats*

The premium commercial properties in high-tier cities represent fiercely contested territories for offline brand store networks. The Target Company precisely serves high-net-worth female customers in high-tier cities, establishing a premium network of stores centered around premium commercial properties, which is highly synergistic with the Group's strategic layout. According to the statistics from Winshang (赢商网), among the 456 high-end commercial properties across China's 20 tier-one and new tier-one cities², the Group and SIYANLI have an established presence in 191 locations, covering a substantial 42% footprint of these key properties. Upon Closing, the Group will further enhance its coverage in premium commercial properties, which will reshape the competitive landscape of the premium beauty service market in high-tier cities. Looking ahead, the Group will further expand its presence in prime commercial properties across tier-one and new tier-one cities, continuously strengthening its competitive edge in the premium beauty service industry.

3. *Comprehensively enhancing the Group's "Dual Beauty + Dual Wellness" business model, boosting both membership base and medical service value*

The Acquisition will comprehensively solidify the Group's business model along two fronts: strengthening its cornerstone business and enhancing its value-added service capabilities so as to address full-lifecycle beauty and wellness needs of its members.

Upon Closing, approximately 60,000 active members of directly-operated stores of the Target Company will be integrated into the Group's membership system, representing a significant increase of 44% in the number of active members of directly-operated stores of the Group compared for the year of 2024. This will create a high-quality traffic gateway for the Group's "Dual Beauty + Dual Wellness" business model and reinforce its cornerstone business.

Meanwhile, the highly overlapping business footprints of the Group and the Target Company will facilitate the deep integration and efficient allocation of medical resources within the same regions so as to comprehensively enhance the Group's capabilities in aesthetic medical and sub-health medical services and promote the upgrades of the Group's value-added service offerings.

Note 2: According to Winshang, such selection was based on comprehensive factors, including, among others, Winshang ratings, commercial scale, brand positioning, customer traffic, operational standards, surrounding population, and nearby housing prices.

LETTER FROM THE BOARD

4. Unlocking synergies through powerful alliance, enhancing the Group's financial performance and shareholder return

Leveraging 32 years of industry experience and more than 30 successful acquisitions, the Group has developed a market-tested, replicable integration playbook. In 2024, the Group strategically acquired Naturade, China's second-largest beauty service brand by market share. In the first half of 2025, Naturade's adjusted net margin increased to 10.4% from 6.5% in 2023, demonstrating the effectiveness of the Group's empowerment model and its excellence in M&A integration capabilities.

As one of the leading companies in the national premium beauty service industry, the Target Company has recorded revenue of RMB848.5 million with solid net profit of RMB81.0 million in 2024, which will further solidify the Group's revenue and profit upon Closing. Leveraging the successful experience from integrating Naturade, the Group will empower the Target Company's operations (i) by systematically exporting the Group's proven capabilities in aesthetics medical and sub-health medical services to enable comprehensive coverage of the Target Company's customers' beauty and wellness full-lifecycle needs, and (ii) by enhancing operational efficiency through refined customer operations, AI-driven digital and intelligent transformation, and supply chain integration. This is expected to fully unlock synergies and further scale up the Group's revenue, strengthen its profitability, and deliver enhanced long-term returns to the Shareholders.

The terms of the Share Purchase Agreement were determined after arm's length negotiations between the parties thereto and on normal commercial terms. The Directors are of the view that the terms of the Share Purchase Agreement and the proposed Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Effect of The Acquisition on the Earnings, Assets and Liabilities of the Company

Upon Closing, the Target Company will become an indirect wholly-owned subsidiary of the Company and accordingly, all the assets, operating performance and the financial position of the Target Company will be consolidated into the consolidated financial statements of the Group. The unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular has been prepared to illustrate the financial effect of the Acquisition.

LETTER FROM THE BOARD

1. Effect on assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, which is prepared as if the Closing took place on June 30, 2025, to illustrate the financial effect of the Acquisition, it is expected that the total assets of the Group would increase from approximately RMB4,311.6 million to approximately RMB6,267.7 million and the total liabilities of the Group would increase from approximately RMB3,382.6 million to approximately RMB4,920.0 million. As the expected increase in total assets is higher than the expected increase in total liabilities, the net assets of the Group would increase from approximately RMB929.0 million to approximately RMB1,347.7 million.

2. Effect on earnings

Upon Closing, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group. It is expected that the Company will be able to record additional revenue stream from the Target Company upon Closing.

Listing Rules Implications

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

3. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

There is no Shareholder who has any material interest in any of the resolution to be proposed at the EGM, and therefore none of the Shareholder is required to abstain from voting on such resolution. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) and Rule 13.39(5A) of the Listing Rules.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Investor Relations of the Company (<https://ir.beautyfarm.com.cn/cn/>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case maybe) (for EGM, i.e. not later than 9:30 a.m. on Wednesday, December 3, 2025). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM in person if you so wish. For the avoidance of doubt, holders of treasury Shares of the Company, if any, shall abstain from voting at the Company's general meeting in connection to such treasury Shares.

4. RECOMMENDATION

The Directors consider that the Share Purchase Agreement and the transactions contemplated thereunder, including, among others, issue of the Consideration Shares under the Specific Mandate, are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

Yours faithfully,
By Order of the Board
Beauty Farm Medical and Health Industry Inc.
LI Yang
Chairman and executive Director

1. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

The published audited financial statements of the Group for each of the three years ended December 31, 2022, 2023, 2024 and the published unaudited financial statements of the Group for the six months ended June 30, 2025 are set forth in the Company's annual reports for the three years ended December 31, 2022, 2023 and 2024 and interim report for the six months ended June 30, 2025, respectively.

Details of the financial statements have been published on the websites of the Stock Exchange (www.hkexnews.hk), and the Company (<https://ir.beautyfarm.com.cn/cn/>) and can be accessed by the direct hyperlinks below:

- Annual report of the Company for the year ended December 31, 2022 (pages 226 to 359):
<http://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401230.pdf>
- Annual report of the Company for the year ended December 31, 2023 (pages 110 to 252):
<http://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042402582.pdf>
- Annual report of the Company for the year ended December 31, 2024 (pages 122 to 261):
<http://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042401539.pdf>
- Interim report of the Company for six months ended June 30, 2025 (pages 52 to 97):
<http://www1.hkexnews.hk/listedco/listconews/sehk/2025/0926/2025092601009.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on September 30, 2025, which is the latest practicable date for the purpose of ascertaining certain information relating to the indebtedness statement, the Enlarged Group had outstanding borrowings and lease liabilities amounting to approximately RMB1,006.8 million, which were comprised of (i) unsecured and unguaranteed bank borrowings of approximately RMB7.9 million of the Target Group; (ii) bank borrowings of approximately RMB249.2 million of the Group, which were secured by guarantees from certain company of the Group and pledge of equity interests in certain subsidiaries of the Group; and (iii) lease liabilities of approximately RMB523.9 million and approximately RMB225.8 million of the Group and Target Group, respectively.

As at September 30, 2025, the Target Group provided a pledge of approximately RMB185.1 million for certain bank borrowings of its parent company.

As at September 30, 2025, except as disclosed above, the Enlarged Group did not have any contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on September 30, 2025, the Enlarged Group did not have any other outstanding indebtedness in respect of any borrowings, mortgages, charges or debentures, loan capital, bank loans and overdrafts, term loans or other loans, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, finance lease commitments, guarantees or other contingent liabilities or indebtedness.

3. WORKING CAPITAL SUFFICIENCY

The Directors have reviewed the Enlarged Group's cash flow projections covering a period of not less than twelve months from the date of this circular. The Company is in the process of negotiating loan of RMB501.54 million for financing part of the Cash Consideration with relevant bank. Based on the current negotiation between the Company and relevant bank, the Company is confident that such loan will be approved by the relevant bank and drawn down before the Completion. The Directors, after making due and careful enquiry, after taking into account the financial resources available to the Enlarged Group, including cash and cash equivalents, the loan of RMB501.54 million to be obtained and other available banking facilities, and cash flows from operating activities, are of the opinion that the Enlarged Group will have sufficient working capital for its normal business operation for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that up to the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since December 31, 2024, being the date to which the latest published audited accounts of the Company have been made up.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Maslow's hierarchy of needs suggests that in a consumer society, the highest form of demand points to the pursuit of self-actualization. For today's women, the quest for beauty and health has transcended outer beauty aspirations, evolving toward deeper exploration of personal growth and self-fulfilment. For 32 years, Beauty Farm has placed self-actualization at the heart of its mission and growth strategy, consistently aligning with women's needs and offering steadfast support through each stage of their personal growth journey.

Strategically, we remain firmly committed to driving growth through a internal and external strategy. Internally, we will continue to deepen our “dual beauty + dual wellness” model: horizontally, by expanding the coverage of our beauty and wellness services brand matrix, and vertically, by strengthening the penetration of our medical businesses, driving steady revenue growth. Meanwhile, we will consistently fortify our advantages across key cities, capturing a greater market share of beauty and health consumption in top-tier cities. Externally, we will replicate Naturade’s successful acquisition and integration as we actively explore industry consolidation opportunities, further catalyzing industry consolidation. Finally, we will lead the industry’s digital and intelligent transformation, harnessing our deep expertise in digital technologies and focusing on innovative, scenario-based AI applications in beauty and health services to accelerate the research, development, and launch of AI-powered, intelligent beauty service solutions.

Our comprehensive and coordinated execution of these strategic initiatives and our market capitalization enhancement plan will significantly bolster the Group’s corporate competitiveness and capital market appeal, creating sustainable value for our customers, shareholders, employees and partners.

The following is the text of a report set out on pages II-1 to II-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF
SHANGHAI SIYANLI INDUSTRIAL CO., LTD TO THE DIRECTORS OF BEAUTY
FARM MEDICAL AND HEALTH INDUSTRY INC.**

Introduction

We report on the historical financial information of Shanghai Siyanli Industrial Co., Ltd (the "Target Company") and its subsidiaries (together, the "Target Group") set out on pages II-4 to II-93, which comprises the balance sheets of the Target Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, the consolidated balance sheets of the Target Group as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-93 forms an integral part of this report, which has been prepared for inclusion in the circular of Beauty Farm Medical and Health Industry Inc. (the "Company") dated 17 November 2025 (the "Circular") in connection with the proposed acquisition of the Target Group by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Target Group for the Track Record Period ("Underlying Financial Statements"), on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRS Accounting Standards issued by the

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Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant’s responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant’s report, a true and fair view of the financial position of the Target Company and the consolidated financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “Stub Period Comparative Financial Information”). The

directors of the Company and the Target Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
17 November 2025

PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025*

		Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5	564,781	817,666	848,509	415,759	423,092
Cost of sales and services	8	<u>(391,849)</u>	<u>(463,209)</u>	<u>(468,901)</u>	<u>(226,708)</u>	<u>(233,256)</u>
Gross profit		172,932	354,457	379,608	189,051	189,836
Selling expenses	8	(98,399)	(119,539)	(132,794)	(61,481)	(63,120)
General and administrative expenses	8	(112,222)	(131,966)	(146,957)	(72,908)	(69,642)
Other income	6	14,230	10,937	6,472	3,653	3,863
Other expenses	6	(1,684)	(894)	(627)	(436)	(184)
Other gains	7	1,257	5,911	2,828	1,089	1,285
Provision for impairment losses on financial assets	21	<u>(1,107)</u>	<u>(1,643)</u>	<u>(215)</u>	<u>—</u>	<u>(680)</u>
Operating (loss)/profit		(24,993)	117,263	108,315	58,968	61,358
Finance income	10	546	2,388	3,762	1,896	1,885
Finance cost	10	<u>(17,115)</u>	<u>(13,623)</u>	<u>(11,911)</u>	<u>(5,963)</u>	<u>(5,473)</u>
Finance cost — net	10	<u>(16,569)</u>	<u>(11,235)</u>	<u>(8,149)</u>	<u>(4,067)</u>	<u>(3,588)</u>
(Loss)/profit before income tax		(41,562)	106,028	100,166	54,901	57,770
Income tax credit/(expenses)	11	<u>5,196</u>	<u>(36,603)</u>	<u>(19,130)</u>	<u>(11,512)</u>	<u>(13,773)</u>
(Loss)/profit for the year/period		<u><u>(36,366)</u></u>	<u><u>69,425</u></u>	<u><u>81,036</u></u>	<u><u>43,389</u></u>	<u><u>43,997</u></u>
(Loss)/profit attributable to:						
Owners of the Target Company		(36,021)	68,644	80,081	42,751	44,151
Non-controlling interests		<u>(345)</u>	<u>781</u>	<u>955</u>	<u>638</u>	<u>(154)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Losses)/profit for the year	(36,366)	69,425	81,036	43,389	43,997
Other comprehensive income/					
(loss)					
<i>Items that may not be</i>					
<i>reclassified to profit or loss</i>					
Changes in the fair value of					
equity investments at fair					
value through other					
comprehensive income	(23,792)	—	—	—	—
<i>Items that may be reclassified to</i>					
<i>profit or loss</i>					
Exchange differences on					
translation of foreign					
operation	2,317	662	993	316	472
Other comprehensive (losses)/					
income for the year, net of					
tax	(21,475)	662	993	316	472
Total comprehensive (losses)/					
income for the year	(57,841)	70,087	82,029	43,705	44,469
Total comprehensive (loss)/					
income attributable to:					
Owners of the Target					
Company	(57,496)	69,306	81,074	43,067	44,623
Non-controlling interests	(345)	781	955	638	(154)
	(57,841)	70,087	82,029	43,705	44,469

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2022, 2023 and 2024 and 30 June 2025

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	159,589	177,948	175,705	165,830
Investment properties	14	59,074	28,362	13,279	7,285
Right-of-use assets	15	210,468	247,446	228,050	202,770
Intangible assets	16	37,169	37,512	46,961	59,992
Goodwill	17	143,531	196,101	206,006	228,910
Prepayments, deposits and other receivables	21	22,789	22,076	21,821	19,051
Deferred income tax assets	27	<u>41,430</u>	<u>30,696</u>	<u>33,688</u>	<u>35,122</u>
Total non-current assets		<u>674,050</u>	<u>740,141</u>	<u>725,510</u>	<u>718,960</u>
Current assets					
Inventories	20	75,101	55,004	67,169	70,052
Trade receivables	21	9,331	17,165	21,260	21,912
Prepayments, deposits and other receivables	21	74,002	81,079	96,910	64,081
Financial assets at fair value through profit or loss	18	354,163	1,014	—	80,557
Restricted cash	22	2,057	187,858	188,586	191,090
Cash and cash equivalents	22	<u>81,184</u>	<u>80,286</u>	<u>126,703</u>	<u>85,902</u>
Total current assets		<u>595,838</u>	<u>422,406</u>	<u>500,628</u>	<u>513,594</u>
Total assets		<u><u>1,269,888</u></u>	<u><u>1,162,547</u></u>	<u><u>1,226,138</u></u>	<u><u>1,232,554</u></u>
EQUITY					
Share capital	23	33,333	33,333	33,333	33,333
Share premium	23	63,761	63,761	63,761	63,761
Other reserves	23	18,947	13,017	14,010	14,482
Retained earnings		<u>192,713</u>	<u>91,357</u>	<u>171,438</u>	<u>155,859</u>
Equity attributable to owners of the Target Company		308,754	201,468	282,542	267,435
Non-controlling interests		<u>(1,427)</u>	<u>(5,337)</u>	<u>(2,422)</u>	<u>(2,576)</u>
Total equity		<u><u>307,327</u></u>	<u><u>196,131</u></u>	<u><u>280,120</u></u>	<u><u>264,859</u></u>

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	15	146,997	159,013	148,262	130,937
Other payables and accruals	26	10,405	4,111	—	—
Deferred tax liabilities	27	<u>7,685</u>	<u>8,104</u>	<u>7,320</u>	<u>7,819</u>
Total non-current liabilities		<u>165,087</u>	<u>171,228</u>	<u>155,582</u>	<u>138,756</u>
Current liabilities					
Trade payables	26	7,572	1,782	3,582	4,792
Other payables and accruals	26	64,539	108,955	82,777	92,928
Borrowings	24	66,400	—	—	22,540
Contract liabilities	5	527,133	532,455	556,685	574,760
Current income tax liabilities		5,415	14,786	19,809	16,233
Lease liabilities	15	88,264	101,180	95,133	85,110
Other current liabilities	25	<u>38,151</u>	<u>36,030</u>	<u>32,450</u>	<u>32,576</u>
Total current liabilities		<u>797,474</u>	<u>795,188</u>	<u>790,436</u>	<u>828,939</u>
Total liabilities		<u>962,561</u>	<u>966,416</u>	<u>946,018</u>	<u>967,695</u>
Total equity and liabilities		<u>1,269,888</u>	<u>1,162,547</u>	<u>1,226,138</u>	<u>1,232,554</u>
Net current liabilities		<u>201,636</u>	<u>372,782</u>	<u>289,808</u>	<u>315,345</u>
Total assets less current liabilities		<u>472,414</u>	<u>367,359</u>	<u>435,702</u>	<u>403,615</u>

BALANCE SHEET OF SHANGHAI SIYANLI INDUSTRIAL CO., LTD*As at 31 December 2022, 2023 and 2024 and 30 June 2025*

		As at 31 December			As at
		2022	2023	2024	30 June
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS					
Non-current assets					
Property, plant and equipment		5,205	7,164	7,796	8,522
Investment properties	14	40,431	20,682	5,810	—
Right-of-use assets	15	11,686	29,250	22,312	18,752
Intangible assets		7,302	7,153	7,703	6,388
Prepayments, deposits and other receivables	21	865	865	200	200
Investment in subsidiaries	35	233,973	246,399	255,199	250,769
Deferred income tax assets		<u>2,316</u>	<u>3,335</u>	<u>3,478</u>	<u>2,675</u>
Total non-current assets		<u>301,778</u>	<u>314,848</u>	<u>302,498</u>	<u>287,306</u>
Current assets					
Inventories	20	45,434	32,380	32,354	33,946
Trade receivables	21	1,589	9,537	11,982	12,911
Prepayments, deposits and other receivables	21	19,352	26,614	54,664	7,458
Amount due from subsidiaries	35	96,522	98,188	127,651	153,242
Financial assets at fair value through profit or loss	18	352,653	—	—	75,494
Restricted cash	22	2,057	187,858	188,586	191,090
Cash and cash equivalents	22	<u>68,157</u>	<u>63,368</u>	<u>111,666</u>	<u>74,939</u>
Total current assets		<u>585,764</u>	<u>417,945</u>	<u>526,903</u>	<u>549,080</u>
Total assets		<u><u>887,542</u></u>	<u><u>732,793</u></u>	<u><u>829,401</u></u>	<u><u>836,386</u></u>
EQUITY					
Share capital	23	33,333	33,333	33,333	33,333
Share premium	23	150,787	150,787	150,787	150,787
Other reserves	23	33,811	33,811	33,811	33,811
Retained earnings		<u>177,812</u>	<u>21,812</u>	<u>150,636</u>	<u>175,797</u>
Total equity		<u><u>395,743</u></u>	<u><u>239,743</u></u>	<u><u>368,567</u></u>	<u><u>393,728</u></u>

		As at 31 December			As at
		2022	2023	2024	30 June
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	15	<u>10,679</u>	<u>21,354</u>	<u>20,341</u>	<u>18,104</u>
Total non-current liabilities		<u>10,679</u>	<u>21,354</u>	<u>20,341</u>	<u>18,104</u>
Current liabilities					
Trade payables	26	6,299	1,505	1,755	4,454
Other payables and accruals	26	13,315	37,333	9,972	26,210
Loan from subsidiaries	36	379,945	420,074	413,122	357,731
Borrowings	24	66,400	—	—	22,540
Contract liabilities		8,559	5,340	5,342	3,965
Current income tax liabilities		330	480	3,368	3,414
Lease liabilities	15	5,758	6,627	6,553	5,971
Other current liabilities		<u>514</u>	<u>337</u>	<u>381</u>	<u>269</u>
Total current liabilities		<u>481,120</u>	<u>471,696</u>	<u>440,493</u>	<u>424,554</u>
Total liabilities		<u>491,799</u>	<u>493,050</u>	<u>460,834</u>	<u>442,658</u>
Total equity and liabilities		<u>887,542</u>	<u>732,793</u>	<u>829,401</u>	<u>836,386</u>
Net current liabilities/ (assets)		<u>104,644</u>	<u>(53,751)</u>	<u>86,410</u>	<u>124,526</u>
Total assets less current liabilities		<u>406,422</u>	<u>261,097</u>	<u>388,908</u>	<u>411,832</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025

Note	Equity attributable to owners of the Target Company					Non-	Total
	Share capital RMB'000	Other reserves (Note 23) RMB'000	Share premium RMB'000	Retained earnings RMB'000	Total RMB'000	controlling interests RMB'000	equity RMB'000
Balance at 1 January 2022	<u>33,333</u>	<u>79,767</u>	<u>103,015</u>	<u>189,389</u>	<u>405,504</u>	<u>(1,082)</u>	<u>404,422</u>
Loss for the year	—	—	—	(36,021)	(36,021)	(345)	(36,366)
Changes in the fair value of equity investments at fair value through other comprehensive income	—	(23,792)	—	—	(23,792)	—	(23,792)
Exchange differences on translation	<u>—</u>	<u>2,317</u>	<u>—</u>	<u>—</u>	<u>2,317</u>	<u>—</u>	<u>2,317</u>
Total comprehensive income	<u>—</u>	<u>(21,475)</u>	<u>—</u>	<u>(36,021)</u>	<u>(57,496)</u>	<u>(345)</u>	<u>(57,841)</u>
Transactions with owners							
Distribution to SYL Holding Limited	33	—	(39,254)	—	(39,254)	—	(39,254)
Transfer of gain on disposal of equity investments at FVOCI to retained earnings (net of tax)		<u>—</u>	<u>(39,345)</u>	<u>39,345</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>—</u>	<u>(39,345)</u>	<u>39,345</u>	<u>(39,254)</u>	<u>—</u>	<u>(39,254)</u>
Balance at 31 December 2022	<u>33,333</u>	<u>18,947</u>	<u>63,761</u>	<u>192,713</u>	<u>308,754</u>	<u>(1,427)</u>	<u>307,327</u>
Balance at 1 January 2023	<u>33,333</u>	<u>18,947</u>	<u>63,761</u>	<u>192,713</u>	<u>308,754</u>	<u>(1,427)</u>	<u>307,327</u>
Profit for the year	—	—	—	68,644	68,644	781	69,425
Exchange differences on translation	<u>—</u>	<u>662</u>	<u>—</u>	<u>—</u>	<u>662</u>	<u>—</u>	<u>662</u>
Total comprehensive income	<u>—</u>	<u>662</u>	<u>—</u>	<u>68,644</u>	<u>69,306</u>	<u>781</u>	<u>70,087</u>
Transactions with owners							
Non-controlling interests on acquisition of subsidiary	31(a)	—	—	—	—	(4,675)	(4,675)
Recognition of redemption liability from put option		—	(4,111)	—	(4,111)	—	(4,111)
Transactions with non-controlling interests	23	—	(2,481)	—	(2,481)	(16)	(2,497)
Dividends declared	12	<u>—</u>	<u>—</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>—</u>	<u>(170,000)</u>
		<u>—</u>	<u>(6,592)</u>	<u>(170,000)</u>	<u>(176,592)</u>	<u>(4,691)</u>	<u>(181,283)</u>
Balance at 31 December 2023	<u>33,333</u>	<u>13,017</u>	<u>63,761</u>	<u>91,357</u>	<u>201,468</u>	<u>(5,337)</u>	<u>196,131</u>

	Note	Equity attributable to owners of the Target Company					Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves (Note 23) RMB'000	Share premium RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2024		<u>33,333</u>	<u>13,017</u>	<u>63,761</u>	<u>91,357</u>	<u>201,468</u>	<u>(5,337)</u>	<u>196,131</u>
Profit for the year		—	—	—	80,081	80,081	955	81,036
Exchange differences on translation		<u>—</u>	<u>993</u>	<u>—</u>	<u>—</u>	<u>993</u>	<u>—</u>	<u>993</u>
Total comprehensive income		<u>—</u>	<u>993</u>	<u>—</u>	<u>80,081</u>	<u>81,074</u>	<u>955</u>	<u>82,029</u>
Transactions with owners								
Capital injection from non-controlling interest		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,960</u>	<u>1,960</u>
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,960</u>	<u>1,960</u>
Balance at 31 December 2024		<u>33,333</u>	<u>14,010</u>	<u>63,761</u>	<u>171,438</u>	<u>282,542</u>	<u>(2,422)</u>	<u>280,120</u>
Balance at 1 January 2024		<u>33,333</u>	<u>13,017</u>	<u>63,761</u>	<u>91,357</u>	<u>201,468</u>	<u>(5,337)</u>	<u>196,131</u>
Profit for the period (unaudited)		—	—	—	42,751	42,751	638	43,389
Exchange differences on translation (unaudited)		<u>—</u>	<u>316</u>	<u>—</u>	<u>—</u>	<u>316</u>	<u>—</u>	<u>316</u>
Total comprehensive income		<u>—</u>	<u>316</u>	<u>—</u>	<u>42,751</u>	<u>43,067</u>	<u>638</u>	<u>43,705</u>
Transactions with owners								
Capital injection from non-controlling interest (unaudited)		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,960</u>	<u>1,960</u>
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,960</u>	<u>1,960</u>
Balance at 30 June 2024 (unaudited)		<u>33,333</u>	<u>13,333</u>	<u>63,761</u>	<u>134,108</u>	<u>244,535</u>	<u>(2,739)</u>	<u>241,796</u>
Balance at 1 January 2025		<u>33,333</u>	<u>14,010</u>	<u>63,761</u>	<u>171,438</u>	<u>282,542</u>	<u>(2,422)</u>	<u>280,120</u>
Profit/(loss) for the period		—	—	—	44,151	44,151	(154)	43,997
Exchange differences on translation		<u>—</u>	<u>472</u>	<u>—</u>	<u>—</u>	<u>472</u>	<u>—</u>	<u>472</u>
Total comprehensive income		<u>—</u>	<u>472</u>	<u>—</u>	<u>44,151</u>	<u>44,623</u>	<u>(154)</u>	<u>44,469</u>
Transactions with owners								
Dividends declared	12	<u>—</u>	<u>—</u>	<u>—</u>	<u>(59,730)</u>	<u>(59,730)</u>	<u>—</u>	<u>(59,730)</u>
		<u>—</u>	<u>—</u>	<u>—</u>	<u>(59,730)</u>	<u>(59,730)</u>	<u>—</u>	<u>(59,730)</u>
Balance at 30 June 2025		<u>33,333</u>	<u>14,482</u>	<u>63,761</u>	<u>155,859</u>	<u>267,435</u>	<u>(2,576)</u>	<u>264,859</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS*For the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025*

		Year ended 31 December			Six months ended	
		2022	2023	2024	30 June	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Cash flows from operating activities						
Cash generated from operations	28(a)	149,423	283,458	280,908	142,828	121,471
Income tax paid		<u>(18,617)</u>	<u>(9,788)</u>	<u>(17,714)</u>	<u>(15,447)</u>	<u>(19,005)</u>
Net cash generated from operating activities		<u>130,806</u>	<u>273,670</u>	<u>263,194</u>	<u>127,381</u>	<u>102,466</u>
Cash flows from investing activities						
Payment for acquisition of subsidiaries, net of cash acquired	31(b)	(32,550)	(47,789)	(1,460)	(860)	(4,935)
Purchases of property, plant and equipment and other non-current assets		(55,180)	(79,751)	(73,931)	(44,123)	(22,851)
Proceeds from sale of property, plant and equipment and investment properties		546	29,170	15,988	15,494	7,909
Proceeds from redemption of financial assets at FVPL	3.3	1,512,008	1,841,910	352,342	115,410	333,700
Purchase of financial assets at FVPL	3.3	(1,864,660)	(1,488,709)	(351,328)	(169,950)	(413,730)
Increase of restricted cash	22	—	(185,801)	—	—	—
Repayment of payment on behalf of related parties	29	—	—	—	—	43,575
Payment on behalf of related parties	29	—	(3,579)	(9,862)	(4,959)	—
Interest received		7,962	6,202	871	72	716
Repayment of loans to related parties	29	—	—	—	—	6,284
Loans to related parties	29	<u>—</u>	<u>(690)</u>	<u>(5,594)</u>	<u>(2,235)</u>	<u>—</u>
Net cash (used in)/generated from investing activities		<u>(431,874)</u>	<u>70,963</u>	<u>(72,974)</u>	<u>91,151</u>	<u>(49,332)</u>

		Year ended 31 December			Six months ended	
		2022	2023	2024	30 June	2025
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Cash flows from financing activities						
Proceed from borrowing		—	—	—	—	58,244
Repayment of borrowings	28(c)	(49,475)	(66,400)	—	—	(35,704)
Interest paid		(4,708)	(1,780)	—	—	(126)
Dividends paid	28(c)	—	(170,000)	—	—	(59,730)
Payment of lease liabilities	28(c)	(99,393)	(131,258)	(119,415)	(60,154)	(56,615)
Proceed from/(Repayment to) potential investors		—	26,366	(26,366)	(26,366)	—
Payment for purchasing non-controlling interests		—	(2,497)	—	—	—
Capital injection from non-controlling interests		—	—	1,960	1,960	—
Net cash used in financing activities		<u>(153,576)</u>	<u>(345,569)</u>	<u>(143,821)</u>	<u>(84,560)</u>	<u>(93,931)</u>
Net (decrease)/increase in cash and cash equivalents		(454,644)	(936)	46,399	(48,330)	(40,797)
Cash and cash equivalents at beginning of the year		535,545	81,184	80,286	80,286	126,703
Exchange gains/(losses) on cash and cash equivalents		<u>283</u>	<u>38</u>	<u>18</u>	<u>12</u>	<u>(4)</u>
Cash and cash equivalents at end of the year	22	<u><u>81,184</u></u>	<u><u>80,286</u></u>	<u><u>126,703</u></u>	<u><u>31,968</u></u>	<u><u>85,902</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

Shanghai Siyanli Industrial Co., Ltd. (the “Target Company”) is a foreign-invested limited liability company and was incorporated in Shanghai, the People’s Republic of China on December 31, 2009. The principal business scope of the Target Company and its subsidiaries (the “Target Group”) includes developing its premium salon skincare products, focusing on delivering professional skincare, beauty experiences and aesthetic medical services for women.

Before the completion of the Acquisition defined below, the Target Company was 74% held by SYL Holding Limited and 26% held by Shanghai Anyan Enterprise Management Co., Ltd., respectively.

On 15 October 2025, Beauty Farm Medical and Health Industry Inc. (the “Purchaser”), a company registered in Cayman Islands, and a wholly subsidiary of SYL holding limited (the “Company”) entered into a share purchase agreement, proposing to acquire 100% equity interests in the Target Company at a base purchase price of RMB1,250,000,000 (adjustable) (the “Acquisition”). The Acquisition is subject to the approval of the shareholders at the Purchaser’s Annual General Meeting and upon the completion of the Acquisition, the Purchaser will become the ultimate holding company of Shanghai Siyanli Industrial Co., Ltd.

These financial statements are presented in RMB, unless otherwise stated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of material accounting policies adopted in the preparation of the historical financial information. These policies have been consistently applied throughout the years ended 31 December 2022, 2023 and 2024 and the six month ended 30 June 2025 (“Reporting Periods”), unless otherwise stated.

2.1 Basis of preparation

The historical financial information of the Target Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) as issued by the Hong Kong Institute of Certified Public. The historical financial information have been prepared under the historical cost convention except for the revaluation of financial assets at fair value through profit or loss, which are stated at fair value.

The preparation of the historical financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4.

2.1.1 Going concern

As at 30 June 2025, the Target Group’s current liabilities exceeded its current assets by RMB315,345,000. The net current liabilities position was mainly due to the contract liabilities of RMB574,760,000 classified under current liabilities as at the end of the reporting period. These contract liabilities will be redeemed by providing services and selling products rather than repayment of cash. Taking into account the stable operating cash inflows to be generated from the provision of services and the sale of products, the directors of the Target Company and the Company consider the Target Group will have adequate resources to meet its liabilities, commitments and funding requirements as and when they fall due within one year from the end of the reporting period. Accordingly, the historical financial information have been prepared on a going concern basis.

2.1.2 New and amended standards and interpretations not yet adopted

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for Reporting Periods and have not been early adopted by the Target Group. The Target Group's assessment of the impact of these new standards and amendments is set out below.

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	HKFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Annual Improvements to HKFRS Accounting Standards	Volume 11	1 January 2027
Amendments to HKFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate	To be determined

According to the assessment made by the directors of the Target Company, these new and amended standards are either not relevant to the Target Group or not significant to the financial performance and positions of the Target Group when they become effective, except for HKFRS 18 which will mainly impact the presentation of the historical financial information of comprehensive loss.

HKFRS 18 sets out requirements on presentation and disclosures in historical financial information and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the historical financial information of comprehensive loss; provide disclosures on management — defined performance measures in the notes to the historical financial information and improve aggregation and disaggregation of information to be disclosed in the historical financial information. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the consolidated financial position of the Target Group but is expected to affect the presentation of the historical financial information of comprehensive loss and disclosures in the future historical financial information. The Target Group will continue to assess the impact of HKFRS 18 on the historical financial information of the Target Group.

2.2 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Target Group has control. The Target Group controls an entity where the Target Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Target Group and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Target Group not under common control (Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between the Target Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Changes in ownership interests in subsidiaries without change of control

The Target Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Target Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in other reserves within equity attributable to owners of the Target Company.

2.3 Business combinations not under common control

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Target Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Target Group recognises non-controlling interest in the acquired entities at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values of 0% to 5% over their estimated useful lives as follows:

Buildings	25–50 years
Electronic equipment and vehicles	5–10 years
Beauty equipment	5–10 years
Office furniture	5–10 years
Long-term leasehold improvement	Shorter of the lease term and the estimated useful life

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Construction-in-progress is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the assets are completed and are ready for operational use.

2.5 Intangible assets

(i) *Software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortised using the straight-line method over their estimated useful lives.

(ii) *Customer relationships*

Customer relationships, which are acquired during business combinations, are recognised at fair value at the acquisition date. Customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives.

(iii) *Amortisation methods and periods*

The Target Group amortises intangible assets with limited useful life using the straight-line method over the following periods:

Software	5–10 years
Customer relationships	10 years

Management estimated the useful life of the software based on license period, expected technical obsolescence and innovations. Management estimated the useful life of customer relationships based on their industry knowledge, experience and judgement and took into account the historical customers renewal pattern of the acquired subsidiaries.

2.6 Goodwill

Goodwill is measured as described in Note 2.3. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the brand, city or region of business that goodwill is attributable to.

2.7 Impairment of non-financial assets

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Investments and other financial assets***(i) Classification***

The Target Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Target Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Target Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Target Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Target Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Target Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Target Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Target Group subsequently measures all equity investments at fair value. Where the Target Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Target Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Target Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Target Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (Note 21). Expected credit losses of trade receivables from related parties are assessed individually.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Costs of purchased inventory comprise the purchase price (net off discounts), freight charges, duty and other miscellaneous charges. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Target Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1 for further information about the Target Group's accounting for trade and other receivable and Note 2.8 for a description of the Target Group's impairment policies.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Restricted cash is excluded from cash and cash equivalents.

2.12 Borrowings and borrowings cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Target Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Target Group are required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Target Group are required to comply with after the reporting period do not affect the classification at the reporting date.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Trade and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the regions where the Target Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Target Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.15 Employee benefits*(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(ii) Pension obligations

Full-time employees in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulae. The relevant government agencies are responsible for the pension liability to these retired employees. The Target Group contributes on a monthly basis to these pension plans. Under these plans, the Target Group has no further payment obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Target Group's future obligations to such defined contribution pension plans even if the employee leaves.

(iii) Housing funds, medical insurances and other social insurances

Employees of the Target Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Target Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Target Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iv) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Target Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2.16 Share-based payments

Share-based compensation benefits are provided to employees via the employee share award scheme and share option scheme. Information relating to these schemes is set out in Note 23. The fair value of awarded shares granted to employees under the employee share award and option schemes less amount paid by employees is recognised as an employee benefits expense over the relevant service period, being the vesting period of the shares, and the credit is recognised in equity in the share-based payment reserves. The fair value of the shares is measured at the grant date.

(i) Share award scheme

The Target Group operates an equity-settled, share-based compensation plan (the "Share Award Scheme"), under which the Target Group receives services from employees as consideration for equity instruments (shares) of the Target Group. The fair value of the employee services received in exchange for the grant of the shares or share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares or share options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- excluding the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Target Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.17 Revenue recognition

The Target Group is principally engaged in the provision of beauty and wellness services, subhealth medical services, aesthetic medical services. Revenue comprises the fair value of the consideration received or receivable for the sales of products and services rendered in the ordinary course of the Target Group's activities. Revenue is shown net of value-added tax, returns, refunds discounts and after eliminating sales within the Target Group.

Further details of the Target Group's revenue recognition policies are as follows:

(i) Sales of services

The Target Group sells prepaid cards to end customers, which gives the right to end customers to redeem multiple services. Contract liabilities are recognised when the Target Group receives cash consideration from end customers. The total consideration is allocated to multiple services under the prepaid cards based on their relative stand-alone selling prices.

Revenue is recognised when the services have been rendered to end customers or the likelihood of the end customers exercising the remaining rights under the prepaid cards becomes remote.

When there is a modification to the contract, for example, provision of additional distinct services to the end customer without any additional charge, the Target Group accounts for the modification prospectively. The contract consideration, which is the unrecognised consideration initially included in the transaction price of the contract before the modification, is allocated to the remaining performance obligations after the modification, including any unsatisfied performance obligations from the original contract.

The Target Group also pays sales commission to salesmen, which are treated as acquisition cost to obtain a contract. The Target Group applies the practical expedient to expense the acquisition cost because the amortization period is normally within one year or less.

(ii) Sales of products

The Target Group also generates revenue from sales of skincare products to customers. Revenue from the sale of skincare products is recognised when customers accept the products.

(iii) Franchise fee

The Target Group as the franchisor enters into franchise agreement with franchisee for 5 years. Franchise is a right to access license because the Target Group shall undertake activities that significantly affect the license, either positive or negative. Franchisee pays a fixed upfront fee and revenue from franchise fee is recognised over the franchise period. Training fee and other service fee are recognised when the services are rendered.

2.18 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Target Group.

Contracts may contain both lease and non-lease components. The Target Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Target Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments, less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Group under residual value guarantees;
- the exercise price of a purchase option if the Target Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Target Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Target Group's incremental borrowing rate, the LPR rates when the leases were signed. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Target Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

Lease income from operating leases where the Target Group is a lessor is recognised in income on a straight-line basis over the lease term.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Target Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance. The Target Group does not use any derivative financial instruments to hedge certain risk exposures during the current and prior years.

(a) Market risk

Foreign exchange risk

The Target Group mainly operates in the PRC and is exposed to foreign exchange risk arising from currency exposures with respect to HKD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Target Group does not hedge against any fluctuation in foreign currency.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, if RMB had weakened/strengthened by 5% against HKD with all other variables held constant, post-tax profit for the year would have been RMB205,000, RMB957,000, RMB1,232,000 and RMB16,000 respectively lower/higher mainly as a result of foreign exchange losses/gains on translation of cash and cash equivalents denominated in foreign currencies.

(b) Credit risk

The Target Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, trade receivables, deposit and other receivables and financial assets at FVPL. The carrying amounts of these balances represent the Target Group's maximum exposure to credit risk in relation to financial assets.

(i) Credit risk of cash and cash equivalents, restricted cash and wealth management products

To manage the risk arising from credit risk of cash and cash equivalents, restricted cash and wealth management products maintained in the PRC, they are mainly placed with banks and reputable institution which are high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss of these financial assets is close to zero.

(ii) Credit risk of trade receivables

The majority of the Target Group's sales are settled through credit cards or e-pay applications against payment without credit terms. The Target Group applies the HKFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. For trade receivable balances with objective evidence of impairment and significant different credit risk characteristics, individual provision was made based on a probability weighted estimation of the present value of the difference between the contractual cash flows that are due to the Target Group under the contract and the cash flows that the Target Group expects to receive.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before, 31 December 2022, 2023 and 2024 and 30 June 2025, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Target Group has identified the GDP and the unemployment rate of PRC to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Target Group assesses the credit quality of its customers by taking into account various factors including their financial position, past experience and other factors. The utilisation of credit terms is regularly monitored and management does not expect any losses from non-performance by these counterparties (Note 21).

(iii) Credit risk of deposits and other receivables

The directors of the Target Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the year. To assess whether there is a significant increase in credit risk:

- Financial instruments that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Target Group. The expected credit loss is measured on a 12-month basis.
- If a significant increase in credit risk (specifically, when the debtor is more than 30 day past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.
- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to 'Stage 3'. The expected credit loss is measured on lifetime basis.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, there was no significant increase in credit risk since initial recognition of deposits and other receivables. The assessment the Target Group made regarding the expected credit losses for these receivables in 12 months were disclosed in Note 21.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Target Group's objective is to maintain adequate committed credit lines to ensure sufficient and flexible funding is available to the Target Group.

The table below analyses the Target Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Borrowings	68,766	—	—	—	68,766
Lease liabilities	96,332	75,279	81,176	1,399	254,186
Trade payables	7,572	—	—	—	7,572
Other payables and accruals (excluding employee benefits payables, tax payables)	36,485	10,405	—	—	46,890
	<u>209,155</u>	<u>85,684</u>	<u>81,176</u>	<u>1,399</u>	<u>377,414</u>
As at 31 December 2023					
Lease liabilities	103,254	77,431	108,600	4,741	294,026
Trade payables	1,782	—	—	—	1,782
Other payables and accruals (excluding employee benefits payables, tax payables)	77,846	4,111	—	—	81,957
	<u>182,882</u>	<u>81,542</u>	<u>108,600</u>	<u>4,741</u>	<u>377,765</u>
As at 31 December 2024					
Lease liabilities	99,658	75,226	89,104	2,657	266,645
Trade payables	3,582	—	—	—	3,582
Other payables and accruals (excluding employee benefits payables, tax payables)	47,813	—	—	—	47,813
	<u>151,053</u>	<u>75,226</u>	<u>89,104</u>	<u>2,657</u>	<u>318,040</u>

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2025					
Borrowings	22,540	—	—	—	22,540
Lease liabilities	94,867	69,482	80,021	2,136	246,506
Trade payables	4,792	—	—	—	4,792
Other payables and accruals (excluding employee benefits payables, tax payables and dividend payable)	74,420	—	—	—	74,420
	<u>196,619</u>	<u>69,482</u>	<u>80,021</u>	<u>2,136</u>	<u>348,258</u>

3.2 Capital management

In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or finance through bank borrowings.

Due to the simple capital structure, the Target Group monitors capital on the basis of the operating cash flows and bank borrowings.

3.3 Fair value estimation

Financial assets and liabilities

The Target Group measures its financial assets at FVPL at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset 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 either in the principal market for the asset, or in the absence of a principal market, in the most advantageous market for the asset. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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 Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Target Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath.

Fair value measurements At 31 December 2022		Level 1	Level 2	Level 3	Total
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets					
Financial assets at FVPL	18				
— Wealth management products		—	—	354,163	354,163
Total financial assets		—	—	354,163	354,163
Fair value measurements At 31 December 2023					
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets					
Financial assets at FVPL	18				
— Wealth management products		—	—	1,014	1,014
Total financial assets		—	—	1,014	1,014
Fair value measurements At 31 December 2024					
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets					
Financial assets at FVPL	18				
— Wealth management products		—	—	—	—
Total financial assets		—	—	—	—
Fair value measurements At 30 June 2025					
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets					
Financial assets at FVPL	18				
— Wealth management products		—	—	80,557	80,557
Total financial assets		—	—	80,557	80,557

The fair value of financial assets at FVPL that are not traded in an active market is determined by using valuation techniques, which include the use of quoted prices from the relevant financial institutions.

These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year.

The carrying amounts of the Target Group's current financial assets, including cash at banks, trade receivables, deposits and other receivables; and the Target Group's current financial liabilities, including trade payables, borrowings, lease liabilities and accruals and other payables approximate their fair values due to their short maturities.

The following table presents the changes in level 3 items for Reporting Periods:

	Wealth management product RMB'000	Equity Investment RMB'000	Total RMB'000
Closing balance as at 31 December 2021	—	63,137	63,137
Acquisitions	1,864,660	—	1,864,660
Redemption upon maturity	(1,519,970)	—	(1,519,970)
Fair value change	9,473	—	9,473
Transfer from level 3 to level 1 (<i>Note</i>)	—	(63,137)	(63,137)
Closing balance as at 31 December 2022	354,163	—	354,163

Note: The equity investment was listed in February 2022 and was transferred from level 3 to level 1 and was disposed to SYL Holding Limited in December 2022 (Note 33). No other assets were transferred among level 1, level 2 and level 3.

	Wealth management product and Equity investment RMB'000
Closing balance as at 31 December 2022	354,163
Acquisitions	1,488,709
Redemption upon maturity	(1,848,112)
Fair value change	6,254
Closing balance as at 31 December 2023	1,014

	Wealth management product RMB'000
Closing balance as at 31 December 2023	1,014
Acquisitions	351,328
Redemption upon maturity	(353,213)
Fair value change	<u>871</u>
Closing balance as at 31 December 2024	<u>—</u>
Closing balance as at 31 December 2023	1,014
Acquisitions	169,950
Redemption upon maturity	(115,482)
Fair value change	<u>327</u>
Closing balance as at 30 June 2024	<u>55,809</u>
Closing balance as at 31 December 2024	—
Acquisitions	413,730
Redemption upon maturity	(334,416)
Fair value change	<u>1,243</u>
Closing balance as at 30 June 2025	<u>80,557</u>

Unrealised gains recognised for the three years ended 31 December 2022, 2023 and the six months ended 30 June 2025 and 30 June 2024 are RMB1,511,000, RMB52,000, RMB527,000 and RMB255,000.

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements of FVPL:

	Fair Value				Range of inputs		
	As at 31 December			As at 30 June	As at 31 December		As at 30 June
	2022	2023	2024	2025	2022	2023	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wealth management products	354,163	1,014	—	80,557	1.309% ~4.59%	1.660% ~2.388%	1.173% ~3.04%

If the expected rate of return had been 10% higher/lower with all other variables held constant, the fair value of wealth management products as at 31 December 2022, 2023, 2024 and 30 June 2025 would have been approximately RMB1,040,000, RMB2,000, RMB0 and RMB169,000 higher/lower, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the historical financial information requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Target Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of goodwill

During Reporting Periods, management conducted an impairment review on goodwill. For Reporting periods, the recoverable amount of cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rate as stated in Note 17. These growth rate are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge and key assumptions are disclosed in Note 17.

(b) Useful Life of Intangible Assets Arising from Customer Relationships

The management of the Target Group makes estimates of the expected useful life of intangible assets arising from customer relationships. Such estimates are based on market data analysis of the same industry and the expected revenue-generating period of the intangible assets. Different estimates may affect the amortization of intangible assets and the current period profits and losses.

(c) Fair value assessment of customer relationships and the recognition of goodwill arising from business combinations

Significant judgements and estimates were involved in the fair value assessment of the identified customer relationships and the recognition of goodwill arising from business combinations. These significant judgements and estimates include the adoption of appropriate valuation methodologies and the use of key assumptions in the valuation (mainly annual revenue growth rate, EBIT/Revenue rate, discount rate, long-term growth rate and expected useful lives of identified intangible assets).

(d) Current and deferred income tax

The Target Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(e) Depreciation of property, plant and equipment

The Target Group's management determines the estimated useful lives and related depreciation charges for the Target Group's property, plant and equipment with reference to the estimated periods that the Target Group intends to derive future economic benefits from the use of these assets.

Management performs periodic review of the estimated useful lives of property, plant and equipment, and will revise the depreciation charges where estimated useful lives are different than those previously estimated.

(f) Revenue recognised from unutilised prepaid packages

Most of Group's services are sold on a prepaid basis and offer a variety of prepaid packages. When a customer prepay for a service or product, the relevant payment is recorded as contract liabilities in the consolidated balance sheet until the Target Group recognise revenue from the relevant prepaid package. These prepayments give the customer a right to receive services or products in the future and oblige the Target Group to stand ready to provide services or products. However, customers may not exercise all of their contractual rights for various reasons. Those expected unexercised rights are referred to as "forfeited income".

The expected unexercised rights on prepaid packages are estimated by management based on historical customer behaviour and usage pattern and are recognised as revenue when the likelihood of the customer exercising its remaining rights becomes remote. Forfeited income will be recognised in the consolidated statement of profit or loss.

5 REVENUE & CONTRACT LIABILITIES**(a) Disaggregation of revenue from contracts with customers**

The Target Group derives revenue from the beauty and wellness services at a point in time, franchise revenue over time and transfer of goods at a point in time in the following major revenue streams:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Beauty and wellness services					
— Direct stores					
(at a point in time)					
— Services	293,455	438,973	483,712	226,668	230,644
— Product Sales	96,771	71,814	48,196	20,852	23,308
— Franchised and others					
— Product sales					
(at a point in time)	36,799	28,841	16,627	7,413	7,355
— Franchise fee					
(over time)	6,129	6,842	3,332	2,170	2,682
Subtotal	<u>433,154</u>	<u>546,470</u>	<u>551,867</u>	<u>257,103</u>	<u>263,989</u>
Aesthetic medical services					
— Services recognized					
at point in time	<u>131,627</u>	<u>271,196</u>	<u>296,642</u>	<u>158,656</u>	<u>159,103</u>
Total	<u><u>564,781</u></u>	<u><u>817,666</u></u>	<u><u>848,509</u></u>	<u><u>415,759</u></u>	<u><u>423,092</u></u>

Revenues from external customers come from the rendering of services, including beauty and wellness services, and aesthetic medical services, sales of products and franchise fee.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Rendering of services	425,082	710,169	780,354	385,324	389,747
Sales of products	133,570	100,655	64,823	28,265	30,663
Franchise fee	<u>6,129</u>	<u>6,842</u>	<u>3,332</u>	<u>2,170</u>	<u>2,682</u>
Total	<u><u>564,781</u></u>	<u><u>817,666</u></u>	<u><u>848,509</u></u>	<u><u>415,759</u></u>	<u><u>423,092</u></u>

No significant revenue comes from a single external customer. There is no customer contributing more than 10% of revenue. Most of the Target Group's customers are individuals, which are widely distributed.

The Target Group is domiciled in the PRC. The majority of its sales from external customers are generated in the PRC.

(b) Liabilities related to contracts with customers

(i) The Target Group has recognised the following liabilities related to contracts with customers:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities —				
services and product sales	<u>527,133</u>	<u>532,455</u>	<u>556,685</u>	<u>574,760</u>

The Target Group classified these contract liabilities as current because the Target Group does not have an unconditional right to defer for at least 12 months after the reporting period.

The services and products are sold on a prepaid basis. When the Target Group receives prepayment from consumers and franchised stores, the relevant payment is recorded as contract liabilities in the consolidated balance sheet until the Target Group recognizes revenue upon service rendered and delivery of products to consumers and franchised stores.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue recognized that was included in the contract liability balance at the beginning of the period-services and product sales	<u>251,926</u>	<u>314,616</u>	<u>319,427</u>	<u>154,131</u>	<u>166,729</u>

(iii) The following table shows the movement of contract liabilities for the periods indicated:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	525,423	527,133	532,455	556,685
Increase in contract liabilities due to the prepaid cards sold to end customers	561,074	788,018	844,706	405,694
Revenue recognised from provision of services and product sales to end customers and franchised stores	(563,628)	(816,643)	(847,783)	(422,836)
Payment to franchised stores due to the services provided to our members	(340)	(492)	(643)	(262)
Increase in contract liabilities due to the prepayments received from franchised stores and others	4,604	1,624	1,534	250
Acquisition of subsidiaries (Note 31(a))	<u>—</u>	<u>32,815</u>	<u>26,416</u>	<u>35,229</u>
	<u>527,133</u>	<u>532,455</u>	<u>556,685</u>	<u>574,760</u>

(c) Unsatisfied long-term contracts

Management expects that the proportion of approximately 60% of the transaction to unsatisfied obligations as of 30 June 2025 will be recognised as revenue within next one year. The remaining will be recognised in more than one year. And the contract liabilities is subject to be refundable.

6 OTHER INCOME AND OTHER EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other income					
Government grants	10,472	7,743	4,501	2,528	3,376
Rental income	3,624	3,091	1,566	985	320
Others	134	103	405	140	167
Total	<u>14,230</u>	<u>10,937</u>	<u>6,472</u>	<u>3,653</u>	<u>3,863</u>
Other expenses					
Direct cost in relation to the rental income (<i>Note 14</i>)	<u>1,684</u>	<u>894</u>	<u>627</u>	<u>436</u>	<u>184</u>

Government grants mainly represent subsidies from governments as industry support, contributions of the Target Group to employment stabilization and exemption on valued-added tax granted by the government authority in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

7 OTHER GAINS — NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Fair value gains on financial assets at FVPL (<i>Note 3.3</i>)	9,473	6,254	871	327	1,243
Impairment of investment property (<i>Note 14</i>)	(5,599)	(1,226)	(276)	—	—
Gains on disposal of investment property	—	578	670	670	1,159
Impairment losses on Goodwill (<i>Note 17</i>)	—	(1,887)	—	—	—
Gains on disposal of a subsidiary	—	3,318	—	—	—
Gains on lease early termination	469	476	609	484	504
Loss on disposal of property, plant and equipment	(2,752)	(501)	(700)	(311)	(657)
Net foreign exchange gains/loss	167	(421)	(589)	(202)	(688)
Negative goodwill	—	—	900	900	—
Others	<u>(501)</u>	<u>(680)</u>	<u>1,343</u>	<u>(779)</u>	<u>(276)</u>
Total	<u>1,257</u>	<u>5,911</u>	<u>2,828</u>	<u>1,089</u>	<u>1,285</u>

8 EXPENSES BY NATURE

The expenses charged to cost of sales and services, selling expenses, research and development expenses and general and administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Employee benefits expenses (Note 9)	247,624	301,861	330,835	162,525	160,744
Depreciation of right-of-use assets (Note 15)	98,626	103,032	103,672	51,180	48,918
Depreciation of property, plant and equipment (Note 13)	56,550	60,528	70,846	33,353	31,967
Amortisation of intangible assets (Note 16)	5,662	5,976	7,911	3,270	4,396
Products, consumables used and related cost	75,800	81,523	76,909	39,324	41,014
Store operating fee	51,566	77,825	75,617	34,572	38,625
Property management fee	24,653	30,278	33,295	15,978	18,463
Promotion and marketing related expenses	12,452	12,876	17,376	5,467	7,199
Travelling expenses	2,725	7,055	7,098	3,006	3,115
Energy cost	5,356	6,270	6,842	3,582	3,233
Products, consumables used and related cost	3,281	3,593	3,597	1,566	1,489
Office expenses	4,621	2,863	2,160	941	1,290
Bank charges	2,403	2,643	2,783	1,430	1,112
Taxes and surcharges	2,625	2,746	2,369	1,194	1,009
Professional service fee	1,962	1,081	988	70	94
Auditors' remuneration	1,395	1,191	1,163	633	590
— Audit services	1,248	1,120	1,120	590	590
— Permissible audit related and non-audit services	147	71	43	43	—
Provision/(Reversal) of impairment on inventories	140	2,981	(317)	—	—
Other expenses	5,029	10,392	5,508	3,006	2,760
Total	602,470	714,714	748,652	361,097	366,018

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wages, salaries and bonuses	209,268	248,375	279,480	137,164	134,956
Pension costs — defined contribution plans	17,041	25,143	24,809	12,097	12,408
Welfare and other expenses	2,463	1,521	1,080	429	788
Other social security costs	11,072	16,886	16,045	8,079	7,910
Housing benefits	<u>7,780</u>	<u>9,936</u>	<u>9,421</u>	<u>4,756</u>	<u>4,682</u>
Total employee benefit expense	<u>247,624</u>	<u>301,861</u>	<u>330,835</u>	<u>162,525</u>	<u>160,744</u>

(a) Pensions — defined contribution plans

The Target Group did not have any forfeited contribution for Reporting Periods in connection with the defined contribution plan operated by local governments.

Employees of the Target Group are required to participate in a defined contribution plan administrated and operated by the local municipal government in the PRC. The Target Group contributes funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

10 FINANCE COSTS — NET

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Finance income					
Interest income on bank deposits	<u>546</u>	<u>2,388</u>	<u>3,762</u>	<u>1,896</u>	<u>1,885</u>
Finance costs					
Interest expense					
— Interest charges on borrowings	(4,633)	(1,695)	—	—	(126)
— Interest charges for lease liabilities (<i>Note 15(b)</i>)	<u>(12,482)</u>	<u>(11,928)</u>	<u>(11,911)</u>	<u>(5,963)</u>	<u>(5,347)</u>
	<u>(17,115)</u>	<u>(13,623)</u>	<u>(11,911)</u>	<u>(5,963)</u>	<u>(5,473)</u>
Finance costs — net	<u>(16,569)</u>	<u>(11,235)</u>	<u>(8,149)</u>	<u>(4,067)</u>	<u>(3,588)</u>

11 INCOME TAX CREDIT/(EXPENSES)

This note provides an analysis of the Target Group's income tax expense, presenting how the income tax expense is affected by non-taxable and non-deductible items.

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current income tax	6,813	21,796	24,495	14,877	15,754
Current income tax filing					
difference of prior years	(128)	292	(889)	(889)	(326)
Deferred income tax (<i>Note 27</i>)	<u>(11,881)</u>	<u>14,515</u>	<u>(4,476)</u>	<u>(2,476)</u>	<u>(1,655)</u>
Income tax expense	<u>(5,196)</u>	<u>36,603</u>	<u>19,130</u>	<u>11,512</u>	<u>13,773</u>

(a) Hong Kong Profits Tax

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax, and the profits are taxed at 16.5% on any estimated assessable profits arising in Hong Kong.

(b) PRC corporate income tax ("CIT")

PRC CIT was calculated on the taxable profit for the Reporting Periods at the rates of taxation prevailing in the PRC.

During the six months ended 30 June 2025, were subsidiaries of the Target Group met the definition of STE (Small and Thin-profit Enterprises) and were entitled to a reduced corporate income tax rate of 5% (2024: 5%, 2023: 5%, 2022: 5%).

During the six months ended 30 June 2025, the Target Company and its subsidiaries, except for STE and those incorporated in Hong Kong, are generally subject to the PRC standard corporate income tax rate of 25% (2024: 25%, 2023: 25%, 2022: 25%).

The tax on the Target Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) before income tax	<u>(41,562)</u>	<u>106,028</u>	<u>100,166</u>	<u>54,901</u>	<u>57,770</u>
Tax calculated at the applicable statutory tax rate	(10,391)	26,507	25,042	13,725	14,443
Adjustment for tax effect of: Preferential income tax rates or policies applicable to certain companies comprising the Target Group	2,765	(4,067)	(5,422)	(1,481)	(597)
Tax effects of expenses not deductible for tax purposes	204	276	80	36	12
Current income tax filing difference of prior years	(128)	292	(889)	(889)	(326)
Utilization of tax losses for which no deferred tax asset has been recognised in prior years	—	—	(88)	—	—
Reverse previously recognised tax losses and temporary differences (<i>Note</i>)	1,839	12,388	211	—	—
Unrecognised tax losses and temporary difference	<u>515</u>	<u>1,207</u>	<u>196</u>	<u>121</u>	<u>241</u>
Tax charge	<u>(5,196)</u>	<u>36,603</u>	<u>19,130</u>	<u>11,512</u>	<u>13,773</u>

Note: From year 2023, The Target Company has successively established subsidiaries that qualify for small and micro enterprise tax policies, with the applicable tax rate reduced from 25% to 5%.

(c) Tax Losses

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Unused tax losses for which no deferred tax asset has been recognised	<u>7,492</u>	<u>16,064</u>	<u>13,643</u>	<u>15,928</u>
Expire Year:				
2024	—	1,021	—	—
2025	—	1,754	—	—
2026	866	866	866	866
2027	2,875	2,875	1,540	1,540
2028	—	3,858	1,856	1,856
2029	—	—	3,592	3,592
2030	—	—	—	2,285
No expire date (<i>Note</i>)	<u>3,751</u>	<u>5,690</u>	<u>5,789</u>	<u>5,789</u>
	<u>7,492</u>	<u>16,064</u>	<u>13,643</u>	<u>15,928</u>

The unused tax losses were incurred by certain subsidiaries that are not likely to generate taxable income in the foreseeable future and they can be carried forward in five years. See Note 27 for information about recognised tax losses and Note 4(c) for related significant judgements applied.

Note: Huanghe (Far East) Co., Ltd., a subsidiary of the Target Company, is registered in Hong Kong. The unrecognized deductible tax losses of this subsidiary have no expiration date.

12 DIVIDENDS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Dividends declared to the shareholders (a)	<u>—</u>	<u>170,000</u>	<u>—</u>	<u>—</u>	<u>59,730</u>

Notes:

(a) During the years ended 31 December 2023, the Target Company declared dividends of RMB170,000,000 respectively to the shareholders.

During the six months ended 30 June 2025, the Target Company declared dividends of RMB59,730,000 respectively to the shareholders.

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Electronic equipment and vehicles RMB'000	Beauty equipment RMB'000	Office furniture RMB'000	Long-term leasehold improvement RMB'000	Assets under construction RMB'000	Total RMB'000
At 1 January 2022							
Cost	14,571	16,074	175,169	16,223	184,513	2,698	409,248
Accumulated depreciation	(2,303)	(11,432)	(113,110)	(9,716)	(105,316)	—	(241,877)
Net book amount	<u>12,268</u>	<u>4,642</u>	<u>62,059</u>	<u>6,507</u>	<u>79,197</u>	<u>2,698</u>	<u>167,371</u>
Year ended 31 December 2022							
Opening net book amount	12,268	4,642	62,059	6,507	79,197	2,698	167,371
Additions	—	274	21,174	978	3,910	28,051	54,387
Transfers	—	245	12	464	22,790	(23,511)	—
Transferred to intangible assets (Note 16)	—	—	—	—	—	(2,321)	(2,321)
Disposals	—	(403)	(59)	(548)	(2,288)	—	(3,298)
Depreciation charge (Note 8)	(351)	(1,230)	(22,453)	(1,718)	(30,798)	—	(56,550)
Closing net book amount	<u>11,917</u>	<u>3,528</u>	<u>60,733</u>	<u>5,683</u>	<u>72,811</u>	<u>4,917</u>	<u>159,589</u>
At 31 December 2022							
Cost	14,571	14,493	183,254	15,913	229,824	4,917	462,972
Accumulated depreciation	(2,654)	(10,965)	(122,521)	(10,230)	(157,013)	—	(303,383)
Net book amount	<u>11,917</u>	<u>3,528</u>	<u>60,733</u>	<u>5,683</u>	<u>72,811</u>	<u>4,917</u>	<u>159,589</u>
At 1 January 2023							
Cost	14,571	14,493	183,254	15,913	229,824	4,917	462,972
Accumulated depreciation	(2,654)	(10,965)	(122,521)	(10,230)	(157,013)	—	(303,383)
Net book amount	<u>11,917</u>	<u>3,528</u>	<u>60,733</u>	<u>5,683</u>	<u>72,811</u>	<u>4,917</u>	<u>159,589</u>
Year ended 31 December 2023							
Opening net book amount	11,917	3,528	60,733	5,683	72,811	4,917	159,589
Additions	—	1,270	31,239	1,059	5,555	35,364	74,487
Transfers	—	—	—	—	30,394	(30,394)	—
Acquisition of subsidiaries (Note 31)	—	194	3,788	333	8,038	—	12,353
Transferred to intangible assets (Note 16)	—	—	—	—	—	(2,099)	(2,099)
Disposals	—	(10)	(417)	(74)	—	—	(501)
Deduction due to disposal of a subsidiary	—	(184)	(923)	(131)	(4,115)	—	(5,353)
Depreciation charge (Note 8)	(351)	(1,135)	(26,092)	(1,507)	(31,443)	—	(60,528)
Closing net book amount	<u>11,566</u>	<u>3,663</u>	<u>68,328</u>	<u>5,363</u>	<u>81,240</u>	<u>7,788</u>	<u>177,948</u>
At 31 December 2023							
Cost	14,571	12,132	196,391	14,459	322,242	7,788	567,583
Accumulated depreciation	(3,005)	(8,469)	(128,063)	(9,096)	(241,002)	—	(389,635)
Net book amount	<u>11,566</u>	<u>3,663</u>	<u>68,328</u>	<u>5,363</u>	<u>81,240</u>	<u>7,788</u>	<u>177,948</u>

APPENDIX II

ACCOUNTANTS' REPORT OF THE TARGET GROUP

	Buildings RMB'000	Electronic equipment and vehicles RMB'000	Beauty equipment RMB'000	Office furniture RMB'000	Long-term leasehold improvement RMB'000	Assets under construction RMB'000	Total RMB'000
At 1 January 2024							
Cost	14,571	12,132	196,391	14,459	322,242	7,788	567,583
Accumulated depreciation	(3,005)	(8,469)	(128,063)	(9,096)	(241,002)	—	(389,635)
Net book amount	<u>11,566</u>	<u>3,663</u>	<u>68,328</u>	<u>5,363</u>	<u>81,240</u>	<u>7,788</u>	<u>177,948</u>
Year ended 31 December 2024							
Opening net book amount	11,566	3,663	68,328	5,363	81,240	7,788	177,948
Additions	—	2,387	26,138	1,594	10,113	26,307	66,539
Transfers	—	—	—	—	28,090	(28,090)	—
Transferred to intangible assets (Note 16)	—	—	—	—	—	(3,240)	(3,240)
Acquisition of subsidiaries (Note 31)	—	70	5,237	46	—	1,789	7,142
Disposals	—	(75)	(1,575)	(188)	—	—	(1,838)
Depreciation charge (Note 8)	(351)	(1,160)	(35,101)	(1,164)	(33,070)	—	(70,846)
Closing net book amount	<u>11,215</u>	<u>4,885</u>	<u>63,027</u>	<u>5,651</u>	<u>86,373</u>	<u>4,554</u>	<u>175,705</u>
At 31 December 2024							
Cost	14,571	14,233	216,792	14,992	332,374	4,554	597,516
Accumulated depreciation	(3,356)	(9,348)	(153,765)	(9,341)	(246,001)	—	(421,811)
Net book amount	<u>11,215</u>	<u>4,885</u>	<u>63,027</u>	<u>5,651</u>	<u>86,373</u>	<u>4,554</u>	<u>175,705</u>
At 1 January 2025							
Cost	14,571	14,233	216,792	14,992	332,374	4,554	597,516
Accumulated depreciation	(3,356)	(9,348)	(153,765)	(9,341)	(246,001)	—	(421,811)
Net book amount	<u>11,215</u>	<u>4,885</u>	<u>63,027</u>	<u>5,651</u>	<u>86,373</u>	<u>4,554</u>	<u>175,705</u>
Period ended 30 June 2025							
Opening net book amount	11,215	4,885	63,027	5,651	86,373	4,554	175,705
Additions	—	1,442	3,792	819	58	14,772	20,883
Transfers	—	—	—	—	13,422	(13,422)	—
Acquisition of subsidiaries (Note 31)	—	33	2,183	23	567	—	2,806
Disposals	—	(19)	(11)	(136)	(1,431)	—	(1,597)
Depreciation charge (Note 8)	(175)	(807)	(11,952)	(663)	(18,370)	—	(31,967)
Closing net book amount	<u>11,040</u>	<u>5,534</u>	<u>57,039</u>	<u>5,694</u>	<u>80,619</u>	<u>5,904</u>	<u>165,830</u>
At 30 June 2025							
Cost	14,571	15,018	226,191	15,370	355,663	5,904	632,717
Accumulated depreciation	(3,531)	(9,484)	(169,152)	(9,676)	(275,044)	—	(466,887)
Net book amount	<u>11,040</u>	<u>5,534</u>	<u>57,039</u>	<u>5,694</u>	<u>80,619</u>	<u>5,904</u>	<u>165,830</u>

The amounts of depreciation expense charged to profit or loss are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Cost of sales and services	51,009	56,332	67,175	31,625	30,324
General and administrative expenses	<u>5,541</u>	<u>4,196</u>	<u>3,671</u>	<u>1,728</u>	<u>1,643</u>
	<u>56,550</u>	<u>60,528</u>	<u>70,846</u>	<u>33,353</u>	<u>31,967</u>

14 INVESTMENT PROPERTIES

The Target Group:

	As at 31 December			As at 30 June	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Leasehold land and buildings					
Opening net book amount	66,357	59,074	28,362	13,279	
Depreciation charge	(1,684)	(894)	(627)	(184)	
Disposals	—	(28,592)	(14,180)	(5,810)	
Impairment provision	<u>(5,599)</u>	<u>(1,226)</u>	<u>(276)</u>	<u>—</u>	
	<u>59,074</u>	<u>28,362</u>	<u>13,279</u>	<u>7,285</u>	
Closing net book amount					
Cost	78,820	45,942	25,737	16,516	
Accumulated depreciation	(14,147)	(10,860)	(6,361)	(3,134)	
Impairment provision	<u>(5,599)</u>	<u>(6,720)</u>	<u>(6,097)</u>	<u>(6,097)</u>	
Net book value	<u>59,074</u>	<u>28,362</u>	<u>13,279</u>	<u>7,285</u>	

As at 31 December 2022, 2023 and 2024, and 30 June 2025 the Target Group assessed the fair values of investment properties with reference to valuation reports. The valuation method is the market approach, which takes into account the comparable sales price of such portion of the property derived in the existing market. The fair value as at 31 December 2022, 2023 and 2024, and 30 June 2025 approximated their net book value at respective year/period end dates.

During Reporting Periods, rental income of the Target Group's investment properties recognised as "other income" (Note 6) amounted to RMB3,624,000, RMB3,091,000, RMB1,566,000, RMB320,000 and RMB985,000 respectively. Depreciation of the Target Group's investment properties recognised as "other expenses" amounted to RMB1,684,000, RMB894,000 and RMB627,000, RMB184,000 and RMB436,000 respectively.

The investment properties are leased to tenants under operating leases with rentals receivables quarterly.

As at 31 December 2022, 2023 and 2024, and the six months ended 30 June 2025, the fair value of investment properties are approximately its carry amounts.

The Target Company:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Leasehold land and buildings				
Opening net book amount	42,313	40,431	20,682	5,810
Depreciation charge	(1,000)	(775)	(416)	—
Disposals	—	(18,138)	(14,180)	(5,810)
Impairment provision	(882)	(836)	(276)	—
	<u>40,431</u>	<u>20,682</u>	<u>5,810</u>	<u>—</u>
Closing net book amount				
Cost	50,065	27,999	9,221	—
Accumulated depreciation	(8,752)	(5,599)	(2,091)	—
Impairment provision	(882)	(1,718)	(1,320)	—
	<u>40,431</u>	<u>20,682</u>	<u>5,810</u>	<u>—</u>
Net book value				
	<u>40,431</u>	<u>20,682</u>	<u>5,810</u>	<u>—</u>

15 LEASES

The Target Group:

The historical financial information show the following amounts relating to leases:

(a) Right-of-use assets

	Properties <i>RMB'000</i>
Year ended 31 December 2022	
Opening net book amount	238,651
Additions	72,928
Lease modification	(2,485)
Depreciation charged to profit or loss (<i>Note 8</i>)	<u>(98,626)</u>
Closing net book amount	<u><u>210,468</u></u>
At 31 December 2022	
Cost	449,500
Accumulated depreciation	<u>(239,032)</u>
Net book amount	<u><u>210,468</u></u>
Year ended 31 December 2023	
Opening net book amount	210,468
Acquisition of subsidiaries (<i>Note 31</i>)	37,351
Additions	96,615
Lease modification	14,892
Disposal of the subsidiary	(4,596)
Depreciation capitalized to property	(4,252)
Depreciation charged to profit or loss (<i>Note 8</i>)	<u>(103,032)</u>
Closing net book amount	<u><u>247,446</u></u>
At 31 December 2023	
Cost	538,393
Accumulated depreciation	<u>(290,947)</u>
Net book amount	<u><u>247,446</u></u>
Year ended 31 December 2024	
Opening net book amount	247,446
Additions	105,611
Lease modification	(14,905)
Depreciation capitalized to property	(6,430)
Depreciation charged to profit or loss (<i>Note 8</i>)	<u>(103,672)</u>
Closing net book amount	<u><u>228,050</u></u>
At 31 December 2024	
Cost	519,932
Accumulated depreciation	<u>(291,882)</u>
Net book amount	<u><u>228,050</u></u>

	Properties <i>RMB'000</i>
The six months ended 30 June 2025	
Opening net book amount	228,050
Acquisition of subsidiaries (<i>Note 31</i>)	2,131
Additions	24,036
Lease modification	(1,743)
Depreciation capitalized to property	(786)
Depreciation charged to profit or loss (<i>Note 8</i>)	<u>(48,918)</u>
Closing net book amount	<u><u>202,770</u></u>
At 30 June 2025	
Cost	493,420
Accumulated depreciation	<u>(290,650)</u>
Net book amount	<u><u>202,770</u></u>

(b) Lease liabilities

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities				
Current	88,264	101,180	95,133	85,110
Non-current	<u>146,997</u>	<u>159,013</u>	<u>148,262</u>	<u>130,937</u>
	<u><u>235,261</u></u>	<u><u>260,193</u></u>	<u><u>243,395</u></u>	<u><u>216,047</u></u>

The historical financial information contain the following amounts relating to leases:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(i) Profit or loss:					
Depreciation of right-of-use assets, charged to cost of sales and services and general and administrative expenses	98,626	103,033	103,672	51,180	48,918
Interest expenses relating to lease liabilities, charged to finance costs	12,482	11,928	11,911	5,963	5,347
Gains on early termination	<u>469</u>	<u>476</u>	<u>609</u>	<u>484</u>	<u>504</u>
	<u><u>111,577</u></u>	<u><u>115,437</u></u>	<u><u>116,192</u></u>	<u><u>57,627</u></u>	<u><u>54,769</u></u>
(ii) Cash flow:					
The cash outflow for leases as financing activities	<u><u>99,393</u></u>	<u><u>131,258</u></u>	<u><u>119,415</u></u>	<u><u>60,154</u></u>	<u><u>56,615</u></u>

The Target Company:

(a) Right-of-use assets

	Properties RMB'000
Year ended 31 December 2022	
Opening net book amount	12,693
Additions	4,138
Depreciation	<u>(5,145)</u>
Closing net book amount	<u><u>11,686</u></u>
At 31 December 2022	
Cost	44,035
Accumulated depreciation	<u>(32,349)</u>
Net book amount	<u><u>11,686</u></u>
Year ended 31 December 2023	
Opening net book amount	11,686
Additions	23,038
Depreciation	<u>(5,474)</u>
Closing net book amount	<u><u>29,250</u></u>

	Properties <i>RMB'000</i>
At 31 December 2023	
Cost	67,073
Accumulated depreciation	<u>(37,823)</u>
Net book amount	<u><u>29,250</u></u>
Year ended 31 December 2024	
Opening net book amount	29,250
Depreciation	<u>(6,938)</u>
Closing net book amount	<u><u>22,312</u></u>
At 31 December 2024	
Cost	67,073
Accumulated depreciation	<u>(44,761)</u>
Net book amount	<u><u>22,312</u></u>
The six months ended 30 June 2025	
Opening net book amount	22,312
Depreciation (<i>Note 8</i>)	<u>(3,560)</u>
Closing net book amount	<u><u>18,752</u></u>
At 30 June 2025	
Cost	67,073
Accumulated depreciation	<u>(48,321)</u>
Net book amount	<u><u>18,752</u></u>

(b) Lease liabilities

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities				
Current	5,758	6,627	6,553	5,971
Non-current	<u>10,679</u>	<u>21,354</u>	<u>20,341</u>	<u>18,104</u>
	<u><u>16,437</u></u>	<u><u>27,981</u></u>	<u><u>26,894</u></u>	<u><u>24,075</u></u>

16 INTANGIBLE ASSETS

	Software RMB'000	Franchise RMB'000	Customer relationships RMB'000	Total RMB'000
At 1 January 2022				
Cost	9,382	1,351	34,284	45,017
Accumulated amortisation and impairment	(2,690)	(276)	(1,755)	(4,721)
Net book amount	6,692	1,075	32,529	40,296
Year ended 31 December 2022				
Opening net book amount	6,692	1,075	32,529	40,296
Transferred from assets under construction (<i>Note 13</i>)	2,321	—	—	2,321
Other acquisitions	214	—	—	214
Amortisation charge (<i>Note 8</i>)	(2,084)	(150)	(3,428)	(5,662)
Closing net book amount	7,143	925	29,101	37,169
At 1 January 2023				
Cost	11,917	1,351	34,284	47,552
Accumulated amortisation and impairment	(4,774)	(426)	(5,183)	(10,383)
Net book amount	7,143	925	29,101	37,169
Year ended 31 December 2023				
Opening net book amount	7,143	925	29,101	37,169
Transferred from assets under construction (<i>Note 13</i>)	2,099	—	—	2,099
Acquisition of subsidiaries (<i>Note 31</i>)	—	—	4,967	4,967
Other acquisitions	8	—	—	8
Deduction due to disposal of a subsidiary	(755)	—	—	(755)
Amortisation charge (<i>Note 8</i>)	(2,107)	(150)	(3,719)	(5,976)
Closing net book amount	6,388	775	30,349	37,512
At 1 January 2024				
Cost	13,193	1,351	39,251	53,795
Accumulated amortisation and impairment	(6,805)	(576)	(8,902)	(16,283)
Net book amount	6,388	775	30,349	37,512

	Software RMB'000	Franchise RMB'000	Customer relationships RMB'000	Total RMB'000
Year ended 31 December 2024				
Opening net book amount	6,388	775	30,349	37,512
Transferred from assets under construction (<i>Note 13</i>)	3,240	—	—	3,240
Acquisition of subsidiaries (<i>Note 31</i>)	—	—	14,000	14,000
Other acquisitions	120	—	—	120
Amortisation charge (<i>Note 8</i>)	<u>(2,553)</u>	<u>(150)</u>	<u>(5,208)</u>	<u>(7,911)</u>
Closing net book amount	<u>7,195</u>	<u>625</u>	<u>39,141</u>	<u>46,961</u>
At 1 January 2025				
Cost	16,553	1,352	53,251	71,156
Accumulated amortisation and impairment	<u>(9,358)</u>	<u>(727)</u>	<u>(14,110)</u>	<u>(24,195)</u>
Net book amount	<u>7,195</u>	<u>625</u>	<u>39,141</u>	<u>46,961</u>
Year ended 30 June 2025				
Opening net book amount	7,195	625	39,141	46,961
Additions	337	—	—	337
Acquisition of subsidiaries (<i>Note 31</i>)	—	—	17,090	17,090
Amortisation charge (<i>Note 8</i>)	<u>(1,428)</u>	<u>(70)</u>	<u>(2,898)</u>	<u>(4,396)</u>
Closing net book amount	<u>6,104</u>	<u>555</u>	<u>53,333</u>	<u>59,992</u>
At 30 June 2025				
Cost	16,890	1,352	70,341	88,583
Accumulated amortisation and impairment	<u>(10,786)</u>	<u>(797)</u>	<u>(17,008)</u>	<u>(28,591)</u>
Net book amount	<u>6,104</u>	<u>555</u>	<u>53,333</u>	<u>59,992</u>

The amounts of amortisation expenses charged to profit or loss are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
General and administrative expenses	<u>5,662</u>	<u>5,976</u>	<u>7,911</u>	<u>3,270</u>	<u>4,396</u>

- (i) During Reporting Period, management conducted an impairment review on the intangible assets of customers relationships together with goodwill. The key assumptions used in the impairment review were disclosed in Note 17.

17 GOODWILL

	Goodwill <i>RMB'000</i>
Year ended 31 December 2022	
Opening and closing net book amount	<u>143,531</u>
At 31 December 2022	
Cost	143,531
Accumulated impairment	<u>—</u>
Net book amount	<u>143,531</u>
Year ended 31 December 2023	
Opening net book amount	143,531
Acquisition of business (<i>Note 31</i>)	54,457
Impairment	<u>(1,887)</u>
Closing net book amount	<u>196,101</u>
At 31 December 2023	
Cost	197,988
Accumulated impairment	<u>(1,887)</u>
Net book amount	<u>196,101</u>
Year ended 31 December 2024	
Opening net book amount	196,101
Acquisition of business (<i>Note 31</i>)	<u>9,905</u>
Closing net book amount	<u>206,006</u>
At 31 December 2024	
Cost	207,893
Accumulated impairment	<u>(1,887)</u>
Net book amount	<u>206,006</u>
Period ended 30 June 2025	
Opening net book amount	206,006
Disposal of a subsidiary	(645)
Acquisition of business (<i>Note 31</i>)	<u>23,549</u>
Closing net book amount	<u>228,910</u>
At 30 June 2025	
Cost	230,797
Accumulated impairment	<u>(1,887)</u>
Net book amount	<u>228,910</u>

(a) Impairment tests of goodwill

Goodwill, customer relationships and other related assets are allocated to group of CGUs by cities located in PRC.

The management performed impairment test applying “value-in-use” method as at 31 December 2022, 2023 and 2024 and 30 June 2025 by using the discounted cash flow model. The value-in-use calculations use cash flow projections based on financial budgets approved by management for the purposes of impairment reviews. The forecast period is 5 years.

The recoverable amount of the CGUs based on the estimated value-in-use calculations was lower than the carrying amount at 31 December 2023. Accordingly, the Target Group recognize impairment loss for goodwill amounted RMB1,887,000.

(b) Key assumptions

The following table sets forth key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill and intangible assets of customer relationships as at 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
Revenue next 5 year				
(% annual growth rate)	0%–38%	0%–39%	0%–26%	0%–6%
EBIT/Revenue (%)	0%–35%	0%–22%	0%–32%	0%–20%
Long term growth rate (%)	2%	2%	2%	2%
Pre-tax discount rate (%)	11%–14%	11%–14%	11%–14%	11%–14%
Carry amount of CGUs	3,457–134,225	3,894–131,655	4,352–133,663	4,886–141,505

The long term growth rates were estimated based on the overall long-term business development plan of the Target Group and the inflation rate of the PRC as a whole during the Year.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue growth rate	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
EBIT/Revenue	Based on past performance and management's expectations for the future.
Long term growth rate	The basis used to determine the value assigned to the long-term growth rate is the forecast price indices during the budget year from where the main services are located.
Pre-tax discount rate	Reflect specific risks relating to the operation of the business in the PRC.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Target Group:

Financial assets measured at FVPL include the following:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Wealth management products (i)	354,163	1,014	—	80,557
	<u>354,163</u>	<u>1,014</u>	<u>—</u>	<u>80,557</u>

- (i) The Target Group purchases low-risk investments for cash management purposes, which mainly included wealth management products from licensed commercial banks and state-owned trust companies. The products are standardised and short-term wealth management products with maturity day within one year. Wealth management products are all held for trading and classified as financial assets at FVPL. For information about the methods and assumptions used in determining fair value, see Note 3.3.

Financial assets measured at FVPL were mainly placed with high-credit-quality financial institutions and therefore, the credit risk of these financial assets is low.

Amounts recognised in profit or loss:

	Year ended 31 December			Year ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net unrealized fair value gains on financial assets at FVPL	1,511	52	—	255	527
	<u>1,511</u>	<u>52</u>	<u>—</u>	<u>255</u>	<u>527</u>

The Target Company:

Financial assets measured at FVPL include the following:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Wealth management products (i)	352,653	—	—	75,494
	<u>352,653</u>	<u>—</u>	<u>—</u>	<u>75,494</u>

19 FINANCIAL INSTRUMENTS BY CATEGORY

The Target Group holds the following financial instruments:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost				
Cash and cash equivalents				
<i>(Note 22)</i>	81,184	80,286	126,703	85,902
Restricted cash <i>(Note 22)</i>	2,057	187,858	188,586	191,090
Trade receivables <i>(Note 21)</i>	9,331	17,165	21,260	21,912
Deposits, other receivables and amount due from related parties				
<i>(Note 21)</i>	63,018	78,665	94,562	61,187
Financial assets at FVPL				
<i>(Note 18)</i>	354,163	1,014	—	80,557
	<u>509,753</u>	<u>364,988</u>	<u>431,111</u>	<u>440,648</u>
Financial liabilities at amortised cost				
Borrowings <i>(Note 24)</i>	66,400	—	—	22,540
Lease liabilities <i>(Note 15)</i>	235,261	260,193	243,395	216,047
Trade payables <i>(Note 26)</i>	7,572	1,782	3,582	4,792
Other payables and accruals excluding employee benefits payables, tax payables				
<i>(Note 26)</i>	46,890	81,957	47,813	74,420
	<u>356,123</u>	<u>343,932</u>	<u>294,790</u>	<u>317,799</u>

The Target Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20 INVENTORIES

The Target Group:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Body and skin care products and medical consumables	85,083	66,959	76,420	73,956
Less: provision for inventory	<u>(9,982)</u>	<u>(11,955)</u>	<u>(9,251)</u>	<u>(3,904)</u>
	<u>75,101</u>	<u>55,004</u>	<u>67,169</u>	<u>70,052</u>

The provision for inventory as at 31 December 2022, 2023, 2024 and the six months ended 30 June 2025 reconciles to the opening balance of the provision as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
As at the beginning of year	19,303	9,982	11,955	9,251
Increase/(decrease) in loss allowance recognised in profit or loss during the year	140	2,981	(317)	—
Written off	(9,461)	(1,008)	(2,387)	(5,347)
As at the end of year	<u>9,982</u>	<u>11,955</u>	<u>9,251</u>	<u>3,904</u>

The costs of individual items of inventory are determined using weighted average costs. See Note 2.8 for the Target Group's accounting policies for inventories.

During Reporting Periods, the cost of inventories recognised as expense and included in “cost of sales and services” amounted to RMB75,800,000, RMB81,523,000, RMB76,909,000 and RMB41,014,000 respectively (Note 8).

The Target Company:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Body and skin care products and medical consumables	53,252	42,967	37,762	36,723
Less: provision for inventory	(7,818)	(10,587)	(5,408)	(2,777)
	<u>45,434</u>	<u>32,380</u>	<u>32,354</u>	<u>33,946</u>

The provision for inventory as at 31 December 2022, 2023, 2024 and the six months ended 30 June 2025 reconciles to the opening balance of the provision as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
As at the beginning of year	16,832	7,818	10,587	5,408
Increase/(decrease) in loss allowance recognised in profit or loss during the year	446	2,769	(2,792)	—
Written off	(9,460)	—	(2,387)	(2,631)
As at the end of year	<u>7,818</u>	<u>10,587</u>	<u>5,408</u>	<u>2,777</u>

21 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Target Group:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables ((i) and (ii))				
Trade receivables	9,971	19,315	23,497	24,720
Less: provision for impairment	(640)	(2,150)	(2,237)	(2,808)
Total trade receivables	<u>9,331</u>	<u>17,165</u>	<u>21,260</u>	<u>21,912</u>
Included in current assets				
Prepayments, deposits and other receivables				
Prepayments for procurement of inventories and operating expenses (vi)	26,361	20,701	21,383	20,061
Amount due from related parties (Note 29(c))	16,727	33,314	49,142	17,102
Deposits — current portion (iii)	18,262	19,716	20,464	21,882
Other current assets (iv)	7,412	3,789	2,786	1,884
Other receivables	5,569	4,021	3,725	3,851
Less: provision for impairment (v)	(329)	(462)	(590)	(699)
	<u>74,002</u>	<u>81,079</u>	<u>96,910</u>	<u>64,081</u>
Included in non-current assets				
Deposits and other receivables				
Deposits — non-current portion (iii)	<u>22,789</u>	<u>22,076</u>	<u>21,821</u>	<u>19,051</u>
Total	<u>106,122</u>	<u>120,320</u>	<u>139,991</u>	<u>105,044</u>

(i) Aging analysis of trade receivables

The majority of the Target Group's sales are settled through credit cards or third-party electronic payment platforms. The aging analysis of the trade receivables from contracts with customers receivables as at the balance sheet dates based on invoice date was as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 1 year	9,519	18,753	22,068	23,293
Between 1 and 2 years	150	174	993	991
Between 2 and 3 years	102	150	148	253
Over 3 years	<u>200</u>	<u>238</u>	<u>288</u>	<u>183</u>
	<u>9,971</u>	<u>19,315</u>	<u>23,497</u>	<u>24,720</u>

(ii) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value.

(iii) Deposits

The current portion of deposits mainly represented the deposits for short-term lease of stores and buildings, and the non-current portion of deposits represented the deposits for long-term lease of stores and buildings.

(iv) Other current assets

Other current assets include deductible input VAT and prepayment of PRC corporate income tax.

(v) Impairment and risk exposure

The movements in the loss allowance of impairment of trade receivables are as below:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	(403)	(640)	(2,150)	(2,237)
Provision of receivables impairment	(237)	(1,510)	(87)	(571)
As at 31 December	<u>(640)</u>	<u>(2,150)</u>	<u>(2,237)</u>	<u>(2,808)</u>

Set out below is the information about the credit risk exposure on the Target Group's trade receivables using a provision matrix:

(a) Individual basis

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Excepted credit loss rate	100%	100%	100%	100%
Gross carrying amount	<u>—</u>	<u>1,411</u>	<u>1,408</u>	<u>1,408</u>
Expected credit losses	<u>—</u>	<u>1,411</u>	<u>1,408</u>	<u>1,408</u>

*(b) Group assessment**As at 31 December 2022*

	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	3%	33%	100%	100%	6%
Gross carrying amount	<u>9,519</u>	<u>150</u>	<u>102</u>	<u>200</u>	<u>9,971</u>
Expected credit losses	<u>289</u>	<u>49</u>	<u>102</u>	<u>200</u>	<u>640</u>

As at 31 December 2023

	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	1%	54%	100%	100%	7%
Gross carrying amount	<u>17,342</u>	<u>174</u>	<u>150</u>	<u>238</u>	<u>17,904</u>
Expected credit losses	<u>256</u>	<u>95</u>	<u>150</u>	<u>238</u>	<u>739</u>

As at 31 December 2024

	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	1%	17%	100%	100%	5%
Gross carrying amount	<u>20,660</u>	<u>993</u>	<u>148</u>	<u>288</u>	<u>22,089</u>
Expected credit losses	<u>228</u>	<u>165</u>	<u>148</u>	<u>288</u>	<u>829</u>

As at 30 June 2025

	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	2%	44%	100%	100%	6%
Gross carrying amount	<u>21,885</u>	<u>991</u>	<u>253</u>	<u>183</u>	<u>23,312</u>
Expected credit losses	<u>530</u>	<u>434</u>	<u>253</u>	<u>183</u>	<u>1,400</u>

The movements in the loss allowance of impairment of deposits and other receivables including current and non-current portion are as below:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January	(552)	(329)	(462)	(590)
Reversal/(Provision) for other receivables impairment	(870)	(133)	(128)	(109)
Written off	1,093	—	—	—
As at 31 December	(329)	(462)	(590)	(699)

On the basis as described in Note 3.1(b)(iii), the loss allowance for deposits and other receivables as at Reporting Periods are determined as follows:

	As at 31 December					
	2022			2023		
	Expected loss rate	Gross Carrying amount	Loss Allowance provision	Expected loss rate	Gross Carrying amount	Loss Allowance provision
		RMB'000	RMB'000		RMB'000	RMB'000
Deposits and other receivables						
Amount due from related parties	0.0%	16,727	—	0.0%	33,314	—
Deposits	0.5%	18,262	97	1.2%	19,716	230
Other receivables	4.2%	5,569	232	5.8%	4,021	232
		40,558	329		57,051	462

	As at 31 December			As at 30 June		
	2024			2025		
	Expected loss rate	Gross Carrying amount	Loss Allowance provision	Expected loss rate	Gross Carrying amount	Loss Allowance provision
		RMB'000	RMB'000		RMB'000	RMB'000
Deposits and other receivables						
Amount due from related parties	0.0%	49,142	—	0.0%	17,102	—
Deposits	1.3%	20,464	264	1.6%	21,882	349
Other receivables	8.8%	3,725	326	9.1%	3,851	350
		73,331	590		42,835	699

Deposits and other receivables are considered to have a low risk of default and each of the counterparties has a strong capacity to meet its contractual cash flow obligations in the near term, hence the Target Group considers them to have low credit risk, and thus the impairment provision recognised is limited to 12-month expected losses. For trade receivables, the Target Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(vi) Prepayments

The Target Group makes prepayments for property management fees and utility fees of stores and buildings, certain purchases of inventories, marketing fees, etc.

The carrying amounts of the Target Group's trade receivables, prepayments, deposits and other receivables are primarily denominated in RMB.

The Target Company:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables				
Trade receivables	2,059	11,648	14,219	15,402
Less: provision for impairment	<u>(470)</u>	<u>(2,111)</u>	<u>(2,237)</u>	<u>(2,491)</u>
Total trade receivables	<u>1,589</u>	<u>9,537</u>	<u>11,982</u>	<u>12,911</u>
Included in current assets				
Prepayments, deposits and other receivables				
Prepayments for procurement of inventories and operating expenses	14,861	10,738	12,984	4,242
Amount due from related parties	—	13,695	35,921	—
Deposits — current portion	1,084	244	1,127	1,548
Other current assets	2,858	1,064	1,293	459
Other receivables	573	1,067	3,704	1,507
Less: provision for impairment	<u>(24)</u>	<u>(194)</u>	<u>(365)</u>	<u>(298)</u>
	<u>19,352</u>	<u>26,614</u>	<u>54,664</u>	<u>7,458</u>
Included in non-current assets				
Deposits and other receivables				
Deposits — non-current portion	<u>865</u>	<u>865</u>	<u>200</u>	<u>200</u>
Total	<u>865</u>	<u>865</u>	<u>200</u>	<u>200</u>

22 CASH AND BANK BALANCES

The Target Group:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances				
— Cash on hand	—	87	6	6
— Cash at bank	83,241	268,057	315,283	276,986
	83,241	268,144	315,289	276,992
Less: restricted cash (<i>note a</i>)	(2,057)	(187,858)	(188,586)	(191,090)
Cash and cash equivalents	81,184	80,286	126,703	85,902

- (a) As at 31 December 2023, 2024 and 30 June 2025, the time deposits of three months or more in the Target Group's bank deposits amounting to RMB185,060,000 were provided for pledge guarantee for the bank loan of RMB 170,000,000 of SYL Cayman Ltd, the parent company of the Target Group.

As of 31 December 2022 and 2023, RMB2,057,000 and RMB2,037,000 of restricted cash in the Target Group's bank deposits was the margin deposit placed by the Target Group for applying to the bank to open a letter of credit.

- (b) The cash and bank balances are denominated in the following currencies:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	79,496	266,624	314,984	276,547
HKD	2,950	1,403	186	326
USD	795	117	119	119
	83,241	268,144	315,289	276,992

The Target Company:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances				
— Cash on hand	—	87	6	6
— Cash at bank	<u>70,214</u>	<u>251,139</u>	<u>300,246</u>	<u>266,023</u>
	70,214	251,226	300,252	266,029
Less: restricted cash (<i>note a</i>)	<u>(2,057)</u>	<u>(187,858)</u>	<u>(188,586)</u>	<u>(191,090)</u>
Cash and cash equivalents	<u>68,157</u>	<u>63,368</u>	<u>111,666</u>	<u>74,939</u>

- (a) As of 31 December 2023, 2024 and 30 June 2025, the time deposits of three months or more in the Target Group's bank deposits amounting to RMB185,060,000 were provided for pledge guarantee for the bank loan of SYL Cayman Ltd, the parent company of the Target Group, with a bank loan amount of RMB170,000,000.

As of 31 December 2022 and 2023, RMB2,057,000 and RMB2,037,000 of restricted cash in the Target Group's bank deposits was the margin deposited by the Target Group for applying to the bank to open a letter of credit.

23 SHARE CAPITAL, SHARE PREMIUM AND OTHER RESERVES

	No. of share '000	Share capital RMB'000
At 31 December 2022, 2023, 2024 and 30 June 2025	<u>33,333</u>	<u>33,333</u>
		Share Premium RMB'000
At 31 December 2022, 2023, 2024 and 30 June 2025		<u>63,761</u>

	Capital surplus — others	Other Comprehensive income	Capital reserve	Total
At 1 January 2022	(17,801)	63,757	33,811	79,767
Changes in the fair value of equity investments at fair value through other comprehensive income	—	(23,792)	—	(23,792)
Exchange differences on translation	—	2,317	—	2,317
Transfer of gain on disposal of equity investments at FVOCI to retained earnings (net of tax)	—	(39,345)	—	(39,345)
At 31 December 2022	<u>(17,801)</u>	<u>2,937</u>	<u>33,811</u>	<u>18,947</u>
At 1 January 2023	(17,801)	2,937	33,811	18,947
Recognition of redemption liability from put option	(4,111)	—	—	(4,111)
Exchange differences on translation	—	662	—	662
Transactions with non-controlling interests (<i>Note</i>)	(2,481)	—	—	(2,481)
At 31 December 2023	<u>(24,393)</u>	<u>3,599</u>	<u>33,811</u>	<u>13,017</u>

Note: On February 28, 2023, the Target Company acquired the 49% non-controlling interest in its subsidiary, Taiyuan Yansili Beauty Co., Ltd., at a consideration of RMB2,497,000.

	Capital surplus — others	Other Comprehensive income	Capital reserve	Total
At 1 January 2024	(24,393)	3,599	33,811	13,017
Exchange differences on translation	—	993	—	993
At 31 December 2024	<u>(24,393)</u>	<u>4,592</u>	<u>33,811</u>	<u>14,010</u>
At 1 January 2025	(24,393)	4,592	33,811	14,010
Exchange differences on translation	—	472	—	472
At 30 June 2025	<u>(24,393)</u>	<u>5,064</u>	<u>33,811</u>	<u>14,482</u>

24 BORROWINGS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loan-secured (a)	66,400	—	—	—
Bank loan-unsecured (b)	—	—	—	22,540

- (a) As at 31 December 2022, bank borrowings of RMB66,400,000, were secured by the Target Company's 100% equity shares in Wuhan Siyanni Cosmetics Co., Ltd., and Beijing Siyanni Beauty Co., Ltd.. The bank borrowings were denominated in RMB, carried interest of 4.75% and were repayable in 2023.
- (b) As at 30 June 2025, bank borrowings of RMB22,540,000 from Bank of Ningbo were denominated in RMB and repayable in the second half of 2025.

At 31 December 2022, the Target Group's and the Target Company's borrowings were repayables as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	<u>66,400</u>	<u>—</u>	<u>—</u>	<u>22,540</u>

25 OTHER CURRENT LIABILITIES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
VAT recognised in relation to the contract liabilities	<u>38,151</u>	<u>36,030</u>	<u>32,450</u>	<u>32,576</u>

26 TRADE AND OTHER PAYABLES AND ACCRUALS

The Target Group:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables — Third parties	<u>7,572</u>	<u>1,782</u>	<u>3,582</u>	<u>4,792</u>
Included in current liabilities				
Other payables and accruals				
Employee benefits payables (a)	26,771	28,016	31,506	22,142
Payables for purchasing of property, plant and equipment	5,493	7,085	6,417	2,058
Advance of investment payment from potential investors (b)	—	26,366	—	—
Acquisition related payables	—	—	1,630	4,695
Amount due to a related party (Note 29(c))	—	462	146	19,165
Redemption liability from put option (c)	10,405	20,810	24,921	24,921
Accrual expenses	12,269	14,638	12,200	15,522
Taxes payables	1,283	3,093	3,427	1,277
Others	<u>8,318</u>	<u>8,485</u>	<u>2,530</u>	<u>3,148</u>
	<u>64,539</u>	<u>108,955</u>	<u>82,777</u>	<u>92,928</u>
Included in non-current liabilities				
Other payables and accruals				
Redemption liability from put option (c)	<u>10,405</u>	<u>4,111</u>	<u>—</u>	<u>—</u>
	<u>74,944</u>	<u>113,066</u>	<u>82,777</u>	<u>92,928</u>

The aging analysis of trade payables as at 31 December 2022, 2023, 2024 and 30 June 2025 based on invoice date was follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	<u>7,572</u>	<u>1,782</u>	<u>3,582</u>	<u>4,792</u>

(a) Employee benefits payables

The employee benefits payables represented payables for employee salaries, accrual for bonuses and social welfare benefits as at 31 December 2022, 2023, 2024 and 30 June 2025.

The carrying amounts of trade and other payables and accruals are considered to approximate their fair values due to their short-term nature.

(b) Acquisition related payables

On December 31, 2023, the Target Group entered into a share subscription agreement with Shanghai Weimao Economic Development Co., Ltd., and received RMB26,366,000 from Shanghai Weimao Economic Development Co., Ltd. for subscribing 1.323% of the Target Company's shares. In February 2024, the Target Group entered into a share subscription termination agreement with Shanghai Weimao Economic Development Co., Ltd., and returned RMB26,366,000 to Shanghai Weimao Economic Development Co., Ltd.

(c) Redemption liability from put option

The Target Group recognized redemption liability of RMB20,811,000 in respect of put option granted to non-controlling interest upon the acquisition of 80% equity interest of Zhejiang siyanli Health Culture Management Co., Ltd in 2021 and equivalent redemption liability of RMB4,111,000 upon the acquisition of 80% equity interest of Shanghai Yancu Enterprise Management Co., Ltd in 2023 (Note 31).

The Target Company:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables — Third parties	<u>6,299</u>	<u>1,505</u>	<u>1,755</u>	<u>4,454</u>
Other payables and accruals				
Employee benefits payables	4,593	3,122	3,483	545
Advance of investment payment				
from potential investors	—	26,366	—	—
Amount due to a related party	—	452	90	22,158
Accrual expenses	3,268	3,258	1,452	1,262
Taxes payables	1,206	1,949	1,925	958
Others	<u>4,248</u>	<u>2,186</u>	<u>3,022</u>	<u>1,287</u>
Total other payables and accruals	<u>13,315</u>	<u>37,333</u>	<u>9,972</u>	<u>26,210</u>

27 DEFERRED INCOME TAX

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income tax assets	41,430	30,696	33,688	35,122
Deferred income tax liabilities	<u>(7,685)</u>	<u>(8,104)</u>	<u>(7,320)</u>	<u>(7,819)</u>
	<u>33,745</u>	<u>22,592</u>	<u>26,368</u>	<u>27,303</u>

The analysis of deferred income tax assets & liabilities is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income tax assets to be recovered after more than 12 months	56,585	39,159	35,876	45,737
Deferred income tax assets to be recovered within 12 months	<u>31,520</u>	<u>28,157</u>	<u>28,559</u>	<u>17,733</u>
	88,105	67,316	64,435	63,470
Deferred income tax assets				
Net-off of deferred income tax liabilities	<u>(46,675)</u>	<u>(36,618)</u>	<u>(30,747)</u>	<u>(28,348)</u>
Net deferred tax assets	<u>41,430</u>	<u>30,696</u>	<u>33,688</u>	<u>35,122</u>
Deferred income tax liabilities to be settled after more than 12 months	35,594	29,222	25,363	25,353
Deferred income tax liabilities to be settled within 12 months	<u>18,766</u>	<u>15,500</u>	<u>12,704</u>	<u>10,814</u>
	54,360	44,722	38,067	36,167
Deferred income tax liabilities				
Net-off of deferred income tax assets	<u>(46,675)</u>	<u>(36,618)</u>	<u>(30,747)</u>	<u>(28,348)</u>
Net deferred tax liabilities	<u>7,685</u>	<u>8,104</u>	<u>7,320</u>	<u>7,819</u>

The net movement on the deferred income tax account is as follows:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year	819	33,745	22,592	26,368
Acquisition of subsidiaries	—	3,362	(700)	(720)
Charged to income tax expense	11,881	(14,515)	4,476	1,655
Charged to OCI	7,929	—	—	—
Dispose of financial assets at fair value through comprehensive income	13,116	—	—	—
At end of the year	<u>33,745</u>	<u>22,592</u>	<u>26,368</u>	<u>27,303</u>

The gross movements in deferred income tax assets and deferred income tax liabilities during the year are as follows:

(1) Deferred income tax assets:

	Lease liabilities	Accumulated losses	Unrealised profit	Allowance on doubtful debts	Fair value change	Business combination not under common control	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	<u>65,973</u>	<u>14,174</u>	<u>5,244</u>	<u>4,902</u>	<u>—</u>	<u>—</u>	<u>90,293</u>
(Charged)/credited to the profit or loss	<u>(14,131)</u>	<u>13,104</u>	<u>1,023</u>	<u>(2,640)</u>	<u>456</u>	<u>—</u>	<u>(2,188)</u>
At 31 December 2022	<u>51,842</u>	<u>27,278</u>	<u>6,267</u>	<u>2,262</u>	<u>456</u>	<u>—</u>	<u>88,105</u>
Acquisition of subsidiaries	—	3,574	—	—	—	1,276	4,850
(Charged)/credited to the profit or loss	<u>(10,983)</u>	<u>(16,162)</u>	<u>626</u>	<u>1,067</u>	<u>19</u>	<u>(206)</u>	<u>(25,639)</u>
At 31 December 2023	<u>40,859</u>	<u>14,690</u>	<u>6,893</u>	<u>3,329</u>	<u>475</u>	<u>1,070</u>	<u>67,316</u>
(Charged)/credited to the profit or loss	<u>(7,169)</u>	<u>549</u>	<u>4,999</u>	<u>(1,102)</u>	<u>94</u>	<u>(252)</u>	<u>(2,881)</u>
At 31 December 2024	<u>33,690</u>	<u>15,239</u>	<u>11,892</u>	<u>2,227</u>	<u>569</u>	<u>818</u>	<u>64,435</u>
Acquisition of subsidiaries	—	—	—	—	—	2	2
(Charged)/credited to the profit or loss	<u>(2,878)</u>	<u>2,347</u>	<u>(308)</u>	<u>(399)</u>	<u>311</u>	<u>(41)</u>	<u>(967)</u>
At 30 June 2025	<u>30,812</u>	<u>17,586</u>	<u>11,584</u>	<u>1,828</u>	<u>880</u>	<u>779</u>	<u>63,470</u>

(2) Deferred income tax liabilities:

	Right-of-use assets <i>RMB'000</i>	Business combination not under common control <i>RMB'000</i>	Depreciation of property, plant and equipment <i>RMB'000</i>	FVPL <i>RMB'000</i>	FVTOCI <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	<u>59,663</u>	<u>7,755</u>	<u>1,011</u>	<u>—</u>	<u>21,045</u>	<u>89,474</u>
Charged to profit or loss	(13,618)	(813)	(14)	376	—	(14,069)
Charged to OCI	—	—	—	—	(7,929)	(7,929)
Dispose of financial assets at fair value through comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13,116)</u>	<u>(13,116)</u>
At 31 December 2022	<u>46,045</u>	<u>6,942</u>	<u>997</u>	<u>376</u>	<u>—</u>	<u>54,360</u>
Acquisition of subsidiaries	—	1,488	—	—	—	1,488
Charged/(Credited) to profit or loss	<u>(9,426)</u>	<u>(1,032)</u>	<u>(295)</u>	<u>(373)</u>	<u>—</u>	<u>(11,126)</u>
At 31 December 2023	<u>36,619</u>	<u>7,398</u>	<u>702</u>	<u>3</u>	<u>—</u>	<u>44,722</u>
Acquisition of subsidiaries	—	700	—	—	—	700
Charged/(Credited) to profit or loss	<u>(5,874)</u>	<u>(1,178)</u>	<u>(300)</u>	<u>(3)</u>	<u>—</u>	<u>(7,355)</u>
At 31 December 2024	<u>30,745</u>	<u>6,920</u>	<u>402</u>	<u>—</u>	<u>—</u>	<u>38,067</u>
Acquisition of subsidiaries	—	722	—	—	—	722
Charged/(Credited) to profit or loss	<u>(2,400)</u>	<u>(66)</u>	<u>(156)</u>	<u>—</u>	<u>—</u>	<u>(2,622)</u>
At 30 June 2025	<u>28,345</u>	<u>7,576</u>	<u>246</u>	<u>—</u>	<u>—</u>	<u>36,167</u>

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

28 CASH FLOW INFORMATION

(a) Reconciliation of profit before income tax to cash generated from operations

	As at 31 December			As at 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Profit before income tax	(41,562)	106,028	100,166	54,901	57,770
Adjustments for:					
Depreciation of property, plant and equipment (Note 13)	56,550	60,528	70,846	33,353	31,967
Depreciation of investment properties (Note 14)	1,684	894	627	436	184
Amortisation of intangible assets (Note 16)	5,662	5,976	7,911	3,270	4,396
Depreciation of right-of-use asset (Note 15)	98,626	103,033	103,672	51,180	48,918
Provision for loss allowance on trade and other receivables (Note 21)	1,107	1,643	215	—	681
Provision of impairment on inventory (Note 20)	140	2,981	(317)	—	—
Loss on disposal of property, plant and equipment (Note 7)	2,752	501	700	311	657
Gains on disposal of investment properties (Note 7)	—	(578)	(670)	(670)	(1,159)
Gains on lease early termination (Note 7)	(469)	(476)	(609)	(484)	(504)
Impairment losses on Goodwill (Note 7)	—	1,887	—	—	—
Gains on business combination not under common control (Note 7)	—	—	900	900	—
Gains on disposal of the subsidiary (Note 7)	—	(3,318)	—	—	—
Finance costs (Note 10)	17,115	13,623	11,911	5,963	5,473
Impairment of investment properties (Note 7)	5,599	1,226	276	—	—
Fair value gains on financial assets at FVPL (Note 7)	(9,473)	(6,254)	(871)	(327)	(1,243)
Operating profit before working capital changes	<u>137,731</u>	<u>287,694</u>	<u>294,757</u>	<u>148,833</u>	<u>147,140</u>

	As at 31 December			As at 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Changes in working capital:					
Restricted cash	601	(185,801)	(728)	(458)	(2,504)
Inventories	4,123	17,105	(8,157)	(4,987)	(2,379)
Trade receivables, other receivables and prepayments	1,205	(33,863)	(12,597)	(10,382)	34,266
Contract liabilities	6,433	7,597	(13,662)	(832)	(17,154)
Trade payables, other payables and accruals	<u>(670)</u>	<u>190,726</u>	<u>21,295</u>	<u>10,654</u>	<u>(37,898)</u>
Net cash generated from operating activities	<u>149,423</u>	<u>283,458</u>	<u>280,908</u>	<u>142,828</u>	<u>121,471</u>

(b) Major non-cash financing activities

	As at 31 December			As at 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Addition of right of use assets	<u>72,928</u>	<u>133,966</u>	<u>105,611</u>	<u>52,208</u>	<u>26,167</u>

(c) Net debt reconciliation

	Note	As at 31 December			As at 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash and cash equivalents	22	81,184	80,286	126,703	31,968	85,902
Borrowing	24	(66,400)	—	—	—	(22,540)
Lease liabilities	15	<u>(235,261)</u>	<u>(260,193)</u>	<u>(243,395)</u>	<u>(252,488)</u>	<u>(216,047)</u>
Net debt		<u>(220,477)</u>	<u>(179,907)</u>	<u>(116,692)</u>	<u>(220,520)</u>	<u>(152,685)</u>

	Liabilities from financing activities			Other assets	Total
	Leases RMB'000	Dividend payable RMB'000	Borrowings RMB'000	Cash and cash equivalents RMB'000	
Net debt as at 1 January 2022	<u>(252,313)</u>	<u>—</u>	<u>(115,875)</u>	<u>535,545</u>	<u>167,357</u>
Cash flows	99,393	—	49,475	(454,644)	(305,776)
Exchange (losses)/gain	—	—	—	283	283
New leases	(72,928)	—	—	—	(72,928)
Finance costs recognised	(12,482)	—	—	—	(12,482)
Lease modification	<u>3,069</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,069</u>
Net debt as at 31 December 2022	<u>(235,261)</u>	<u>—</u>	<u>(66,400)</u>	<u>81,184</u>	<u>(220,477)</u>
Cash flows	131,258	170,000	66,400	(936)	366,722
Exchange gain/(losses)	—	—	—	38	38
Acquisition of subsidiaries (Note 31)	(37,351)	—	—	—	(37,351)
New leases	(96,615)	—	—	—	(96,615)
Dividends declared	—	(170,000)	—	—	(170,000)
Finance costs recognised	(11,928)	—	—	—	(11,928)
Lease modification	<u>(10,296)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,296)</u>
Net debt as at 31 December 2023	<u>(260,193)</u>	<u>—</u>	<u>—</u>	<u>80,286</u>	<u>(179,907)</u>
Cash flows	119,415	—	—	46,399	165,814
Exchange gain/(losses)	—	—	—	18	18
New leases	(105,611)	—	—	—	(105,611)
Finance costs recognised	(11,911)	—	—	—	(11,911)
Lease modification	<u>14,905</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,905</u>
Net debt as at 31 December 2024	<u>(243,395)</u>	<u>—</u>	<u>—</u>	<u>126,703</u>	<u>(116,692)</u>
Cash flows	56,615	59,730	(22,666)	(40,797)	52,882
Exchange gain/(losses)	—	—	—	(4)	(4)
Acquisition of subsidiaries (Note 31)	(2,131)	—	—	—	(2,131)
New leases	(24,036)	—	—	—	(24,036)
Dividends declared	—	(59,730)	—	—	(59,730)
Finance costs recognised	(5,347)	—	126	—	(5,221)
Lease modification	<u>2,247</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,247</u>
Net debt as at 30 June 2025	<u>(216,047)</u>	<u>—</u>	<u>(22,540)</u>	<u>85,902</u>	<u>(152,685)</u>

29 RELATED PARTY TRANSACTIONS

(a) Related parties of the Target Group during the Year

Name of related parties	Relationship
SYL Holding Limited	Parent Company
SYL Cayman Ltd	Parent Company
Shanghai Anyan Enterprise Management Co., Ltd	Shareholder of the Target Company with significant influence
Chengdu Fanyan Information Technology Co., LTD	Controlled by parent company from January 2025
Shanghai Weierqin Brand Management Co., Ltd	Controlled by parent company from January 2023
Hangzhou Weierqin Brand Management Co., Ltd	Controlled by parent company from January 2023
Shanghai Yueyanmei Brand Management Co., Ltd	Controlled by parent company from January 2023
Jianhong Co., LTD	Controlled by parent company from December 2022

The following is a summary of the significant transactions carried out between the Target Group and its related parties in the ordinary course of business during Reporting Periods, since it changed from a subsidiary to related party, and balances with related parties as at the respective balance sheet dates.

(b) Transactions with related parties

	Year ended 31 December			Six months ended 30 June	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
(i) Product sales					
Shanghai Weierqin Brand Management Co., Ltd	—	1,093	688	541	—
Hangzhou Weierqin Brand Management Co., Ltd	—	2,189	472	343	—
Shanghai Yueyanmei Brand Management Co., Ltd	—	—	228	—	114
SYL Holding Limited	—	7,629	22	9	—
Chengdu Fanyan Information Technology Co., LTD	—	—	—	—	109
	—	10,911	1,410	893	223
(ii) Purchase of goods					
SYL Holding Limited	—	705	1,164	1,162	1

		Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)				
(iii)	lend funds of Shanghai Anyan Enterprise Management Co., Ltd	<u>—</u>	<u>690</u>	<u>5,594</u>	<u>2,235</u>	<u>—</u>
(iv)	Payment on behalf of Shanghai Anyan Enterprise Management Co., Ltd	<u>—</u>	<u>955</u>	<u>—</u>	<u>—</u>	<u>—</u>
	Shanghai Weierqin Brand Management Co., Ltd	<u>—</u>	<u>2,624</u>	<u>6,040</u>	<u>4,270</u>	<u>—</u>
	Shanghai Yueyanmei Brand Management Co., Ltd	<u>—</u>	<u>—</u>	<u>3,822</u>	<u>689</u>	<u>—</u>
		<u>—</u>	<u>3,579</u>	<u>9,862</u>	<u>4,959</u>	<u>—</u>
(v)	Disposal of the subsidiary SYL Holding Limited	39,254	—	—	—	—
	Shanghai Anyan Enterprise Management Co., Ltd	<u>—</u>	<u>12,050</u>	<u>—</u>	<u>—</u>	<u>2,061</u>
		<u>39,254</u>	<u>12,050</u>	<u>—</u>	<u>—</u>	<u>2,061</u>
(vi)	Repayment of loans to related parties Shanghai Anyan Enterprise Management Co., Ltd	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,284</u>

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(vii) Repayment of payment on behalf of related parties					
Hangzhou Weierqin Brand Management Co., Ltd	—	—	—	—	8,785
Shanghai Yueyanmei Brand Management Co., Ltd	—	—	—	—	6,851
Shanghai Anyan Enterprise Management Co., Ltd	—	—	—	—	27,939
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>43,575</u>
(viii) Guarantee					
SYL Cayman Ltd	<u>—</u>	<u>185,060</u>	<u>185,060</u>	<u>185,060</u>	<u>185,060</u>
(ix) Dividend distribution					
Shanghai Anyan Enterprise Management Co., Ltd	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>59,730</u>

(c) Balances with related parties

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Amount due from related parties				
Trade				
Chengdu Fanyan Information Technology Co., LTD	—	—	—	460
SYL Holding Limited	8	6,850	6,973	7,186
	8	6,850	6,973	7,646
Non-trade				
Shanghai Anyan Enterprise Management Co., Ltd	—	13,695	19,289	—
Jianhong Co., LTD	16,727	16,995	17,367	17,102
Shanghai Weierqin Brand Management Co., Ltd	—	2,624	8,664	—
Shanghai Yueyanmei Brand Management Co., Ltd	—	—	3,822	—
	16,727	33,314	49,142	17,102
Amount due to a related party				
Trade				
SYL Holding Limited	—	553	1,572	1,573
	—	553	1,572	1,573
Non-trade				
Chengdu Fanyan Information Technology Co., LTD	—	—	—	1,177
Hangzhou Weierqin Brand Management Co., Ltd	—	10	121	—
Shanghai Yueyanmei Brand Management Co., Ltd	—	452	25	3,054
Shanghai Anyan Enterprise Management Co., Ltd	—	—	—	14,934
	—	462	146	19,165

30 COMMITMENTS

Significant capital expenditure commitments are set out below:

	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for:				
Property, plant and equipment	4,836	6,099	6,241	4,166

31 BUSINESS COMBINATION

(a) Summary of acquisition

During Reporting Periods, the Target Group acquired business from third parties to enlarge the Target Group's market share in the industry.

During the six months ended 30 June 2025, the Target Group completed the acquisition of 100% equity interest in Shishuya (Shanghai) Beauty Enterprise Management Co., Ltd. for a total consideration of RMB8 million.

During the year ended 31 December 2024, the Target Group completed the acquisition of 100% equity interest in Shanghai Zhuojing Beauty Service Co., LTD for cash consideration of RMB2,190,000 and Nanchang Honggutan Fucai Beauty Co., Ltd for cash consideration of RMB900,000 respectively.

During the year ended 31 December 2023, the Target Group completed the acquisition of 80% equity interest in Shanghai Yancu Enterprise Management Co., Ltd for a total cash consideration of RMB21,978,000 and the acquisition of 100% equity interest in Beijing Guangze Mingyan Medical Beauty Clinic Co., Ltd, Wuhan Hanxiu Medical Beauty Hospital Co., Ltd, Xi'an Guangze Medical Beauty Consulting Co., Ltd for a total cash consideration of RMB26,366,000.

Details of the purchase consideration, the net liabilities acquired and goodwill are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase consideration (refer to (b) below):			
Cash paid			
— Shishuya (Shanghai) Beauty Enterprise Management Co., Ltd.	—	—	8,000
— Shanghai Zhuojing Beauty Service Co., LTD	—	2,190	—
— Nanchang Honggutan Fucai Beauty Co., Ltd	—	900	—
— Shanghai Yancu Enterprise Management Co., Ltd	21,978	—	—
— Beijing Guangze Mingyan Medical Beauty Clinic Co., Ltd	11,500	—	—
— Wuhan Hanxiu Medical Beauty Hospital Co., Ltd	10,866	—	—
— Xi'an Guangze Medical Beauty Consulting Co., Ltd	4,000	—	—
Total purchase consideration	<u>48,344</u>	<u>3,090</u>	<u>8,000</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

30 June 2025	Shishuya (Shanghai) Beauty Enterprise Management Co., Ltd. RMB'000		Total RMB'000
Inventories	504		504
Property, plant and equipment	2,806		2,806
Intangible assets	17,090		17,090
Right-of-use assets	2,131		2,131
Contract liabilities	(35,229)		(35,229)
Lease liabilities	(2,131)		(2,131)
Deferred income tax liabilities	(720)		(720)
Acquisition of net identifiable assets	(15,549)		(15,549)
Add: goodwill	23,549		23,549
Total purchase consideration	8,000		8,000
2024	Shanghai Zhuojing Beauty Service Co., Ltd RMB'000	Nanchang Honggutan Fucui Beauty Co., Ltd RMB'000	Total RMB'000
Inventories	—	59	59
Property, plant and equipment	2,190	4,952	7,142
Intangible assets	14,000	—	14,000
Contract liabilities	(23,205)	(3,211)	(26,416)
Deferred income tax liabilities	(700)	—	(700)
Acquisition of net identifiable assets	(7,715)	1,800	(5,915)
Add: goodwill/(other gains)	9,905	(900)	9,005
Total purchase consideration	2,190	900	3,090

The assets and liabilities recognised as a result of the acquisition are as follows:

2023	Shanghai Yancu Enterprise Management Co., Ltd <i>RMB'000</i>	Beijing Guangze Mingyan Medical Beauty Clinic Co., Ltd <i>RMB'000</i>	Wuhan Hanxiu Medical Beauty Hospital Co., Ltd <i>RMB'000</i>	Xi'an Guangze Medical Beauty Consulting Co., Ltd <i>RMB'000</i>	Total <i>RMB'000</i>
Cash and cash equivalents	—	329	8	218	555
Inventories	1,136	—	3	—	1,139
Property, plant and equipment	3,570	2,943	2,980	2,860	12,353
Other receivables	—	419	632	3,002	4,053
Intangible assets	4,967	—	—	—	4,967
Right-of-use assets	15,036	6,085	7,195	9,035	37,351
Deferred income tax assets	—	18	4,285	547	4,850
Contract liabilities	(32,815)	—	—	—	(32,815)
Trade Payables	—	—	—	(14)	(14)
Other payables	—	(614)	(80)	(3,694)	(4,388)
Lease liabilities	(15,036)	(6,085)	(7,195)	(9,035)	(37,351)
Deferred income tax liabilities	(233)	(558)	—	(697)	(1,488)
Acquisition of net identifiable assets	(23,375)	2,537	7,828	2,222	(10,788)
Less: non-controlling interests	4,675	—	—	—	4,675
Add: goodwill	40,679	8,963	3,037	1,778	54,457
Total purchase consideration	21,979	11,500	10,865	4,000	48,344

(b) Purchase consideration — cash outflow

The goodwill of approximately RMB23,549,000 arising from the acquisition for the six months ended 30 June 2025 is attributable to the synergy of business expansion through Shishuya (Shanghai) Beauty Enterprise Management Co., Ltd. None of the goodwill recognised is expected to be deductible for income tax purpose.

Shishuya (Shanghai) Beauty Enterprise Management Co., Ltd. contributed revenue of RMB3,177,000 to the Target Group for the six months ended 30 June 2025. If the acquisition had occurred on 1 January 2025, the impact on the revenue and net profit of the impact on the revenue and net profit to the Target Group will be limited.

The goodwill of approximately RMB9,905,000 arising from the acquisition for the year ended 31 December 2024 is attributable to the synergy of business expansion through Shanghai Zhuojing Beauty Service Co., LTD. Other gain of approximately RMB900,000 arising from the acquisition for the year ended 31 December 2024 is attributable to the synergy of business expansion through Nanchang Honggutan Fucai Beauty Co., Ltd. None of the goodwill recognised is expected to be deductible for income tax purpose.

Shanghai Zhuojing Beauty Service Co., LTD and Nanchang Honggutan Fucai Beauty Co., Ltd contributed revenue of RMB3,336,000 and net loss of RMB1,185,000 to the Target Group for the year ended 31 December 2024. If the acquisition had occurred on 1 January 2024, the impact on the revenue and net profit of the impact on the revenue and net profit to the Target Group will be limited.

The goodwill of approximately RMB54,457,000 arising from the acquisition for the year ended 31 December 2023 is attributable to the synergy of business expansion through Shanghai Yancu Enterprise Management Co., Ltd, Beijing Guangze Mingyan Medical Beauty Clinic Co., Ltd, Wuhan Hanxiu Medical Beauty Hospital Co., Ltd and Xi'an Guangze Medical Beauty Consulting Co., Ltd. None of the goodwill recognised is expected to be deductible for income tax purpose.

Shanghai Yancu Enterprise Management Co., Ltd, Beijing Guangze Mingyan Medical Beauty Clinic Co., Ltd, Wuhan Hanxiu Medical Beauty Hospital Co., Ltd and Xi'an Guangze Medical Beauty Consulting Co., Ltd contributed revenue of RMB67,350,000 and net profit of RMB15,063,000 to the Target Group for the year ended 31 December 2023. If the acquisition had occurred on 1 January 2023, the impact on the revenue and net profit of the impact on the revenue and net profit to the Target Group will be limited.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	—	—	—	—
Cash consideration	—	48,344	3,090	8,000
Cash consideration for the acquisition in 2021	32,550	—	—	—
Less: Cash balances acquired	—	(555)	—	—
Less: Consideration unpaid as of the end of the year	—	—	(1,630)	(4,200)
Net outflow of cash — investing activities	<u>32,550</u>	<u>47,789</u>	<u>1,460</u>	<u>3,800</u>

32 DETAILS OF SUBSIDIARIES

The Target Company held direct or indirect equity interests in the following subsidiaries.

Company name	Country/Place of incorporation/establishment	Registered/ Issued and paid-up capital ('000, in RMB unless otherwise stated)	As at 31 December			As at		Principle activities and place of operation
			2022	2023	2024	30 June 2025		
Shanghai Siyanli Industrial Company Limited 上海思妍麗實業股份有限公司	PRC, limited liability company	33,333 33,333	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Shenzhen Siyanli Beauty Company Limited 深圳市思妍麗美容有限公司	PRC, limited liability company	1,000 1,000	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Chengdu Ruiheng Beauty Company Limited 成都瑞恒美容有限公司	PRC, limited liability company	500 —	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Changsha Liyan Beauty Services Company Limited 長沙市麗妍美容服務有限公司	PRC, limited liability company	300 300	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Chongqing Siyanli Cosmetics Company Limited 重慶思妍麗化妝品有限公司	PRC, limited liability company	100 100	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Jinan Liyan Beauty Company Limited 濟南麗妍美容有限公司	PRC, limited liability company	100 100	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Qingdao Siyanli Cosmetics Company Limited 青島思妍麗化妝品有限公司	PRC, limited liability company	500 500	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Harbin Siyanli Beauty Company Limited 哈爾濱思妍麗美容有限公司	PRC, limited liability company	500 —	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Taiyuan Yansili Beauty Company Limited 太原市妍思麗美容有限公司	PRC, limited liability company	30 30	51%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Xi'an Yansili Beauty and Body Care Co., Ltd. 西安妍思麗美容美體有限公司	PRC, limited liability company	2,500 —	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Shaanxi Siyanli Beauty Company Limited 陝西思妍麗美容美體有限公司	PRC, limited liability company	3,000 3,000	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Shanghai Sibaiqi Nail Art Co., LTD 上海思柏琦美甲有限公司 (ii)	PRC, limited liability company	500 500	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Beijing Shiren Technology Development Co., LTD 北京石人科技發展有限公司 (ii)	PRC, limited liability company	30 —	100%	100%	100%	—		Provision of beauty and wellness services in the PRC
Shanghai Aiyanwei Health Management Co., Ltd. 上海愛妍蔚健康管理有限公司	PRC, limited liability company	3,000 3,000	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC

APPENDIX II

ACCOUNTANTS' REPORT OF THE TARGET GROUP

Company name	Country/Place of incorporation/ establishment	Registered/ Issued and paid-up capital		As at 31 December			As at 30 June 2025	Principle activities and place of operation
				2022	2023	2024		
		('000, in RMB unless otherwise stated)						
Shanghai Liyansi Business Co., Ltd. 上海麗妍思商貿有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Siyanli Health Management Co., Ltd. 上海思妍麗健康管理有限公司	PRC, limited liability company	10,000	10,000	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Shanghai Shensi Beauty Care Co., Ltd. 上海莘思美容護理有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of beauty and wellness services in the PRC
Shenyang Siyanli Beauty Company Limited 瀋陽思妍麗美容有限公司	PRC, limited liability company	500	—	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Shenyang Yisi Beauty Co., Ltd. 瀋陽宜思美容有限責任公司 (vi)	PRC, limited liability company	500	—	—	100%	100%	100%	Provision of beauty and wellness services in the PRC
Guangzhou Hongyan Beauty Company Limited 廣州紅妍美容有限公司	PRC, limited liability company	100	—	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Guangzhou Siyanli Beauty Service Co., Ltd. 廣州思妍麗美容服務有限公司 (ix)	PRC, limited liability company	1,000	—	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Shanghai Yianze Hospital Management Co., Ltd. 上海妍澤醫院管理有限公司	PRC, limited liability company	20,000	20,000	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shenzhen Sibeiya Medical Beauty Clinic 深圳思蓓雅醫療美容門診部	PRC, limited liability company	2,936	2,936	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Nuodi Xintiandi Center Medical Cosmetic Clinic Company Limited 上海諾迪新天地醫療美容門診部有限公司	PRC, limited liability company	6,000	6,000	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Wuhan Siyanli Medical Cosmetic Clinic Company Limited 武漢思妍麗醫療美容門診部有限公司	PRC, limited liability company	1,000	1,000	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shenzhen Siyanli Medical Beauty Clinic 深圳思妍麗醫療美容診所	PRC, limited liability company	1,000	1,000	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Chengdu Gaoxin Siyanli Medical Beauty Clinic Co., Ltd. 成都高新思妍麗醫療美容診所有限公司	PRC, limited liability company	1,000	1,000	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Shencaisuyan Beauty Service Co., Ltd. 上海神采素妍美容服務有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC

APPENDIX II

ACCOUNTANTS' REPORT OF THE TARGET GROUP

Company name	Country/Place of incorporation/ establishment	Registered/ Issued and		As at 31 December			As at 30 June 2025	Principle activities and place of operation
		paid-up capital		2022	2023	2024		
		('000, in RMB unless otherwise stated)						
Shanghai Yanmeiruoyan Beauty Service Co., Ltd. 上海煙眉若妍美容服務有 限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Suyanxiuya Beauty Service Co., Ltd. 上海素妍秀雅美容服務有 限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Changsha Baierya Medical Beauty Clinic Co., Ltd. 長沙市百爾雅醫療美容診 所有限公司 (ix)	PRC, limited liability company	1,000	1,000	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Wuhan Hansiu Medical Beauty Hospital Co., Ltd. 武漢漢秀醫療美容 醫院有限責任公司 (vi)	PRC, limited liability company	21,100	21,100	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Beijing Guangzemingyan Medical Beauty Clinic Co., Ltd. 北京光澤明顏 醫療美容診所有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Qingyaliyan Beauty Service Co., Ltd. 上海清雅麗妍美容服務有 限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Suliyayan Beauty Service Co., Ltd. 上海素 麗雅妍美容服務有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Qingxiumoyan Beauty Service Co., Ltd. 上海清秀墨妍美容服務有 限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shenyang Hepingyianze Medical Beauty Clinic Co., Ltd. 瀋陽和平妍澤 醫療美容診所有限責任公 司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Meimeiruhua Health Service Co., Ltd. 上海眉眉如畫健康服務有 限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Aiyuejian Health Service Co., Ltd. 上海艾 悅健健康服務有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Aiyueli Health Service Co., Ltd. 上海愛 躍麗健康服務有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Saisersi Health Service Co., Ltd. 上海賽 爾思健康服務有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Meiyyanyulu Health Service Co., Ltd. 上海美妍如祿健康服務有 限公司 (vi)	PRC, limited liability company	1,000	1,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC

APPENDIX II

ACCOUNTANTS' REPORT OF THE TARGET GROUP

Company name	Country/Place of incorporation/ establishment	Registered/ Issued and paid-up capital		As at 31 December			As at 30 June 2025	Principle activities and place of operation
				2022	2023	2024		
		('000, in RMB unless otherwise stated)						
Beijing Xiansi Xiumei Art Design Consulting Co., Ltd. 北京纖思秀美藝術設計顧問有限公司 (ix)	PRC, limited liability company	1,000	—	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Xinxiu Art Design Co., Ltd. 上海心繡藝術設計有限公司 (ix)	PRC, limited liability company	1,000	1,000	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Xian Guangze Medical Beauty Advisory Co., Ltd. 西安光澤醫療美容諮詢有限責任公司 (vi)	PRC, limited liability company	2,627	2,627	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Xi'an Guangze Medical Beauty Consulting Limited Liability Company Gaoxin Medical Beauty Clinic., Ltd. 西安光澤醫療美容諮詢有限責任公司高新醫療美容診所 (vi)	PRC, limited liability company	—	—	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Beijing Siyanli Beauty Company Limited 北京思妍麗美容有限公司	PRC, limited liability company	970	970	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Beijing Liyanyayun Beauty Company Limited 北京麗顏雅韻美容有限公司	PRC, limited liability company	200	—	51%	51%	51%	51%	Provision of beauty and wellness services in the PRC
Beijing Zhiquanmeiyuan Beauty Company Limited 北京智泉美源美容有限公司	PRC, limited liability company	200	200	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Beijing Huisi Beauty Co., Ltd. 北京薈思美容有限公司 (ix)	PRC, limited liability company	500	—	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Beijing Yisi Beauty Co., Ltd. 北京宜思美容有限公司 (ix)	PRC, limited liability company	500	—	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Beijing Siyanli Beiyuan Beauty Co., Ltd. 北京思妍麗北苑美容有限公司 (vi)	PRC, limited liability company	500	500	—	100%	100%	100%	Provision of beauty and wellness services in the PRC
Beijing Siyanliyanmei Culture Communication Co., LTD 北京思妍麗妍美文化傳播有限公司	PRC, limited liability company	1,500	1,500	100%	100%	100%	100%	Provision of aesthetic medical services in the PRC
Wuhan Siyanli Cosmetics Company Limited 武漢思妍麗化妝品有限公司	PRC, limited liability company	1,000	1,000	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Wuhan Youyan Beauty Co., Ltd. 武漢佑妍美容有限公司 (ix)	PRC, limited liability company	500	—	100%	100%	100%	100%	Provision of beauty and wellness services in the PRC
Zhejiang Siyanli Health Culture Management Co., Ltd 浙江思妍麗健康文化管理有限公司	PRC, limited liability company	10,000	10,000	80%	80%	80%	80%	Provision of beauty and wellness services in the PRC

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ACCOUNTANTS' REPORT OF THE TARGET GROUP

Company name	Country/Place of incorporation/ establishment	Registered/ Issued and paid-up capital ('000, in RMB unless otherwise stated)	As at 31 December			As at		Principle activities and place of operation
			2022	2023	2024	30 June 2025		
Hangzhou Sibeya Medical Beauty Clinic Co., Ltd. 杭州思蓓雅醫療美容門診部有限公司 (ix)	PRC, limited liability company	3,000 3,000	80%	80%	80%	80%		Provision of aesthetic medical services in the PRC
Gold River (Far East) Limited 黄河(遠東)有限公司	Hong Kong, China, limited liability company	31,128 31,128	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Suzhou Meiyue beauty and skin care Co., Ltd. 蘇州每悅美容護膚有限公司	PRC, limited liability company	16,500 16,500	80%	80%	80%	80%		Provision of beauty and wellness services in the PRC
Suzhou Meiyue Beauty Service Co., Ltd. 蘇州每悅美容服務有限公司 (ix)	PRC, limited liability company	1,000 1,000	100%	80%	80%	80%		Provision of beauty and wellness services in the PRC
Suzhou Meiyue Health Management Co., Ltd. 蘇州每悅健康管理有限公司 (vi)	PRC, limited liability company	500 500	—	80%	80%	80%		Provision of beauty and wellness services in the PRC
Shanghai Yanqili Consulting Management Co., Ltd. 上海妍綺麗諮詢管理有限公司	PRC, limited liability company	100 —	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Shanghai Siyanli Vocational and Technical Training School 上海思妍麗職業技術培訓學校	PRC, limited liability company	3,200 3,200	100%	100%	100%	100%		Provision of beauty and wellness services in the PRC
Shanghai Yancu Corporate Management Co., Ltd. 上海妍簇企業管理有限公司 (vi)	PRC, limited liability company	5,020 5,020	—	80%	80%	80%		Provision of beauty and wellness services in the PRC
Nanjing Aixiyian Health Management Co., Ltd. 南京愛思妍健康管理有限公司 (vi)	PRC, limited liability company	1,500 1,500	—	80%	80%	80%		Provision of beauty and wellness services in the PRC
Nanjing Yuekaiyan Health Management Co., Ltd. 南京悅開妍健康管理有限公司 (vi)	PRC, limited liability company	300 300	—	80%	80%	80%		Provision of beauty and wellness services in the PRC
Nanjing Chengxi Health Management Co., Ltd. 南京橙曦健康管理有限公司 (vi)	PRC, limited liability company	300 300	—	80%	80%	80%		Provision of beauty and wellness services in the PRC
Ningbo Weili Beauty Hair Co., Ltd. 寧波威麗美容美髮有限公司 (vi)	PRC, limited liability company	800 800	—	80%	80%	80%		Provision of beauty and wellness services in the PRC
Ningbo Xinze Beauty Hair Co., Ltd. 寧波芯澤美容美髮有限公司 (vi)	PRC, limited liability company	1,000 1,000	—	80%	80%	80%		Provision of beauty and wellness services in the PRC
Nanjingshi Xuanwaqu Xiyan Medical Beauty Clinic Co., Ltd. 南京市玄武區汐妍醫療美容診所有限公司 (vi)	PRC, limited liability company	800 800	—	80%	80%	80%		Provision of aesthetic medical services in the PRC

APPENDIX II
ACCOUNTANTS' REPORT OF THE TARGET GROUP

Company name	Country/Place of incorporation/ establishment	Registered/ Issued and paid-up capital		As at 31 December			As at 30 June 2025	Principle activities and place of operation
				2022	2023	2024		
		('000, in RMB unless otherwise stated)						
Ningbo Haishu Yanze medical Beauty Clinic Co., Ltd. 寧波海曙顏澤 醫療美容診所有限公司 (vi)	PRC, limited liability company	300	300	—	80%	80%	80%	Provision of aesthetic medical services in the PRC
Ningbo Xiyan Beauty Hair Co., Ltd. 寧波汐顏美容 美髮有限公司 (vi)	PRC, limited liability company	1,000	1,000	—	80%	80%	80%	Provision of beauty and wellness services in the PRC
Shanghai Xinxiansi Medical Technology Co., Ltd. 上海欣妍思醫 療科技有限公司 (vi)	PRC, limited liability company	5,000	5,000	—	100%	100%	100%	Provision of aesthetic medical services in the PRC
Zhengzhou Siyanli Medical Beauty Co., Ltd. 鄭州思 妍麗醫療美容有限公司 (vi)	PRC, limited liability company	4,000	4,000	—	51%	51%	51%	Provision of aesthetic medical services in the PRC
Shanghai Siyanli Beauty Company Limited 上海 思妍麗美容有限公司 (iv)	PRC, limited liability company	1,000	500	—	—	100%	100%	Provision of beauty and wellness services in the PRC
Nanjing Honggutan District Fucai Beauty Co., Ltd. 南昌紅谷灘區 賦財美容有限公司 (iv)	PRC, limited liability company	1,800	1,800	—	—	100%	100%	Provision of beauty and wellness services in the PRC
Shanghai Siruiyan Business Co., Ltd. 上海思芮妍商 貿有限公司 (iv)	PRC, limited liability company	1,000	1,000	—	—	100%	100%	Provision of beauty and wellness services in the PRC
Shanghai Dakesi Health Management Co., Ltd. 上海達科斯健康管理有限 公司 (iv)	PRC, limited liability company	1,000	1,000	—	—	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Shengbangning Health Management Co., Ltd. 上海盛邦寧健 康管理有限公司 (iv)	PRC, limited liability company	1,000	1,000	—	—	100%	100%	Provision of aesthetic medical services in the PRC
Guangzhou Siyanli Medical Beauty Clinic Co., Ltd. 廣州思妍麗醫療美容診所 有限公司 (iv)	PRC, limited liability company	1,000	—	—	—	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Sibiya Clinic Co., LTD 上海思蓓雅全 科診所有限公司 (iv)	PRC, limited liability company	1,000	1,000	—	—	100%	100%	Provision of aesthetic medical services in the PRC
Shanghai Yi'anwoke Health Management Co., Ltd. 上海億安沃克健康管理有 限公司 (iv)	PRC, limited liability company	1,000	1,000	—	—	100%	100%	Provision of aesthetic medical services in the PRC
Wuhan Wuchang Sibiya Medical Beauty Clinic Co., Ltd. 武漢武昌思蓓 雅醫療美容診所有限公司 (iv)	PRC, limited liability company	1,000	10	—	—	100%	100%	Provision of aesthetic medical services in the PRC
Suzhou Industrial Park Siyanli Meiyue Medical Beauty Clinic Co., Ltd. 蘇州工業園區思妍麗每悅 醫療美容診所有限公司 (iv)	PRC, limited liability company	1,000	1,000	—	—	80%	80%	Provision of aesthetic medical services in the PRC

Company name	Country/Place of incorporation/ establishment	Registered/ Issued and paid-up capital		As at 31 December			As at 30 June 2025	Principle activities and place of operation
				2022	2023	2024		
		('000, in RMB unless otherwise stated)						
Wuhan Jiangnan District Siyanli Western Medicine Internal Medicine Clinic Co., Ltd. 武漢江漢區思妍麗 西醫內科診所有限公司 (i)	PRC, limited liability company	1,000	—	—	—	—	100%	Provision of aesthetic medical services in the PRC
Chengdu Gaoxin Sibeiya Integrated Traditional Chinese and Western Medicine Clinic Co., Ltd. 成都高新思蓓雅中 西醫結合診所有限公司 (i)	PRC, limited liability company	1,000	—	—	—	—	100%	Provision of aesthetic medical services in the PRC
Ningbo Jiayi Beauty Co., Ltd. 寧波嘉沙美容有限 公司 (i)	PRC, limited liability company	300	—	—	—	—	80%	Provision of beauty and wellness services in the PRC
Shanghai Ruisiyue Trading Co., LTD 上海芮思悅商 貿有限公司 (i)	PRC, limited liability company	1,000	—	—	—	—	100%	Provision of beauty and wellness services in the PRC
Chengdu Fanyan Information Technology Co., LTD 成都帆妍信息 科技有限公司 (iii)	PRC, limited liability company	5,000	180	100%	100%	100%	—	Provision of beauty and wellness services in the PRC
Shanghai Xiansi Xiumei Art Design Co., LTD 上 海纖思秀美藝術設計有限 公司 (vii)	PRC, limited liability company	1,000	1,000	100%	—	—	—	Provision of beauty and wellness services in the PRC
Tianjin Siyanli Beauty Co., LTD 天津思妍麗美容有 限公司 (viii)	PRC, limited liability company	200	200	100%	—	—	—	Provision of beauty and wellness services in the PRC
Shanghai Yueyanmei Brand Management Co., Ltd 上 海悅妍美品牌管理有限公 司 (viii)	PRC, limited liability company	10,000	10	100%	—	—	—	Provision of beauty and wellness services in the PRC
Shanghai Weierqin Brand Management Co., Ltd 上 海維爾沁品牌管理有限公 司 (viii)	PRC, limited liability company	10,000	—	100%	—	—	—	Provision of aesthetic medical services in the PRC
Hangzhou Weierqin Brand Management Co., Ltd 杭 州維爾沁品牌管理有限公 司 (viii)	PRC, limited liability company	1,000	1,000	100%	—	—	—	Provision of aesthetic medical services in the PRC
Chengdu Branch of Shanghai Weierqin Brand Management Co., LTD 上海維爾沁品牌管 理有限公司成都分公司 (viii)	PRC, limited liability company	N/A	N/A	100%	—	—	—	Provision of aesthetic medical services in the PRC
Guangzhou Najia Medical Aesthetic Clinic Co., LTD 廣州娜加醫療美容 門診部有限公司 (v)	PRC, limited liability company	5,050	5,050	100%	100%	—	—	Provision of aesthetic medical services in the PRC

Notes:

- i. These entities were newly established or acquired in 2025.
- ii. These entities were deregistered in 2025.
- iii. These entities were sold in 2025.
- iv. These entities were newly established or acquired in 2024.
- v. These entities were sold in 2024.
- vi. These entities were newly established or acquired in 2023.
- vii. These entities were deregistered in 2023.
- viii. These entities were sold in 2023.
- ix. These entities were newly established or acquired in 2022.

33 DISPOSAL OF SUBSIDIARIES

In December 2022, the Target Group entered into an equity transfer agreement with SYL Holding Limited, pursuant to which the Target Group transferred total equity interest in its subsidiary Jianhong Co., LTD, at the total consideration of HK \$10,000. The consideration was determined based on agreement with the ultimate parent company.

In January 2023, the Target Group entered into an equity transfer agreement with Shanghai Anyan Enterprise Management Co., Ltd., pursuant to which the Target Group transferred total equity interest in its subsidiary Shanghai Yueyanmei Brand Management Co., Ltd. and Shanghai Weierqin Brand Management Co., Ltd., at the total consideration of RMB12,050,000 (Note 7).

In January 2025, the Target Group entered into an equity transfer agreement with Shanghai Anyan Enterprise Management Co., Ltd., pursuant to which the Target Group transferred total equity interest in its subsidiary Chengdu Fanyan Information Technology Co., LTD., at the total consideration of RMB2,061,000.

The Target Group derecognised the assets and liabilities of Shanghai Yueyanmei Brand Management Co., Ltd., Shanghai Weierqin Brand Management Co., Ltd., and Jianhong Co., LTD from its consolidated balance sheets upon losing control. The consideration was determined based on arm's length negotiation between the parties by reference to the net asset of Shanghai Yueyanmei Brand Management Co., Ltd., Shanghai Weierqin Brand Management Co., Ltd., at the time of the disposal.

34 EVENTS AFTER THE BALANCE SHEET DATE

There were no material subsequent events during the period from 30 June 2025 to the approval date of these historical financial information by the Board of Directors.

35 INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries	<u>233,973</u>	<u>246,399</u>	<u>255,199</u>	<u>250,769</u>

The amounts due from subsidiaries are denominated in RMB, unsecured, interest free and receivable on demand.

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from subsidiaries	<u>96,522</u>	<u>98,188</u>	<u>127,651</u>	<u>153,242</u>

The Target Company held direct or indirect equity interests in the subsidiaries as showed in Note 32.

36 LOANS FROM SUBSIDIARIES

The Target Company, together with several subsidiaries (as the “Participants”) and Industrial and Commercial Bank of China Limited Shanghai Branch (the “ICBC”), have entered into a cash pool service agreement. Pursuant to the agreement, ICBC shall conduct fund management and transfers under the instructions of the Target Company. The balances of such borrowings are unsecured and have no fixed repayment terms.

37 OTHER ACCOUNTING POLICIES**37.1 Separate financial statements**

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Target Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the historical financial information of the investee’s net assets including goodwill.

37.2 Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of each of the Target Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The Target Company’s functional currency is Hong Kong Dollars (“HKD”). As the majority of the assets and operations of the Target Group are located in the PRC, the historical financial information are presented in Renminbi (RMB).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

37.3 Investment properties

Investment properties, principally leasehold office buildings, are held for long-term rental yields and are not occupied by the Target Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at cost less accumulated depreciation and impairment losses.

Depreciation of the investment properties is calculated using the straight-line method to allocate cost over their estimated useful lives of 20 to 50 years.

37.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

37.5 Provisions

Provisions for legal claims are recognised when the Target Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

37.6 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 18.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

37.7 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

37.8 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Target Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

Set out below is the management discussion and analysis of the Target Group for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 (the “**Relevant Periods**”).

BUSINESS REVIEW

The Target Company is a limited company incorporated in the PRC on December 31, 2009. Founded in 1996, SIYANLI (思妍麗) is a benchmark brand in China’s premium beauty service industry under the Target Company. With its core philosophy of tech-powered, results-driven skincare, SIYANLI has meticulously developed its premium salon skincare products, focusing on delivering professional skincare and beauty experiences for women in top-tier cities.

FINANCIAL REVIEW

The financial information of the Target Group as extracted from its Accountants’ Report is set out below:

Revenue

The revenue of the Target Group for the three years ended December 31, 2022, 2023 and 2024 was approximately RMB564.8 million, RMB817.7 million and RMB848.5 million, respectively. The revenue has increased by approximately 44.8% from 2022 to 2023 and such increase was primarily attributable to the lifting of pandemic lockdowns, an increase in the number of stores, higher customer traffic, and growth in medical aesthetics business. The revenue has increased by approximately 3.8% from 2023 to 2024, remaining relatively stable.

The revenue of the Target Group for the six months ended June 30, 2025 was approximately RMB423.1 million, which remained relatively stable as compared to that of RMB415.8 million for the same period in 2024.

(Loss)/Profit

The (loss)/profit before tax of the Target Group for the three years ended December 31, 2022, 2023 and 2024 was approximately RMB(41.6) million, RMB106.0 million and RMB100.2 million, respectively. Although the Target Group recorded a loss for the year of RMB41.6 million in 2022, mainly due to the impact of pandemic lockdowns, resulting in a decline in customer traffic, it turned from a loss of RMB41.6 million to a profit of RMB106.0 million in 2023, mainly because as the number of stores increased and pandemic lockdowns were lifted, revenue recovery drove profit growth. The profit before tax for the years ended December 31, 2023 and 2024 remained relatively stable.

The profit before for the six months ended June 30, 2025 was approximately RMB57.8 million, compared to RMB54.9 million for the same period in 2024, remaining relatively stable.

Liquidity and financial resources

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the net assets of the Target Group was approximately RMB307.3 million, RMB196.1 million, RMB280.1 million, and RMB264.9 million, respectively.

As of June 30, 2025, the cash and cash equivalents of the Target Group totaled RMB357.5 million, among which, cash and cash equivalents, restricted cash, and financial assets at fair value through profit or loss were RMB85.9 million, RMB191.1 million, and RMB80.6 million, respectively.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the bank borrowings of the Target Group was approximately RMB66.4 million, nil, nil, and RMB22.5 million, respectively. As of June 30, 2025, the Target Group had a loan of approximately RMB22.5 million without interest rate and is repayable in the second half of 2025.

Gearing ratio

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the gearing ratio (being borrowings divided by total equity) of the Target Group was approximately 21.6%, nil, nil, and 8.5%, respectively.

Contingent liabilities

The Target Company did not have any contingent liabilities as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Financial risk management

For the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the Target Group was mainly exposed to market risk (including foreign exchange risk), credit risk and liquidity risk arising in the normal course of business.

The Target Group mainly operates in the PRC and is exposed to foreign exchange risk arising from currency exposures with respect to HKD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Funding and treasury policy

The Target Group has adopted a prudent financial management approach towards its treasury policy. The Target Group closely monitored its liquidity position to ensure that the liquidity structure of its assets, liabilities and other commitments can meet its funding requirements.

Significant investment

The Target Group did not have any significant investments for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025.

Charge of assets

There was no charge on the assets of the Target Group as of December 31, 2022; as of December 31, 2023 and 2024, and June 30, 2025, the time deposits with a term of three months or more in the bank deposits of the Target Group amounted to RMB185.1 million, which were pledged as collateral for the bank loans of the Target Group's parent company, SYL Cayman Ltd.

Future plan for material investments or capital assets

The Target Group has no future plan for material investments or capital assets as of June 30, 2025.

Employees and remuneration policy

As of June 30, 2025, the Target Group had approximately 1,923 employees.

The employee benefit expenses of the Target Group for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 were approximately RMB247.6 million, RMB301.9 million, RMB330.8 million and RMB160.7 million, respectively.

The employees were remunerated based on their working performance and experience, with consideration to the prevailing market conditions.

(A) BASIS OF PREPARATION OF THE PRO FORMA FINANCIAL INFORMATION

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the “**unaudited pro forma financial information**”), which has been prepared on the basis of the notes set out below and in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effects of the Acquisition on the Group for inclusion in this circular.

The unaudited pro forma financial information has been prepared to illustrate the effect of the Acquisition on the Group’s financial position at 30 June 2025 as if the Acquisition had taken place and had been completed on 30 June 2025.

The unaudited pro forma financial information has been prepared using accounting policies consistent with those of the Group as set out in the Company’s published annual report for the year ended 31 December 2024.

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group is prepared based on the unaudited consolidated statement of financial position of the Group at 30 June 2025 as extracted from the Company’s published interim report for the period ended 30 June 2025 and the audited statement of financial position of the Target Group at 30 June 2025 as extracted from the accountant’s report on the financial information of the Target Group as set out in Appendix II to this circular, as if the Acquisition had been completed on 30 June 2025.

The unaudited pro forma financial information should be read in conjunction with other financial information contained in this circular, including the accountant’s report on the financial information of the Target Group as set out in Appendix II to this circular.

The unaudited pro forma financial information has been prepared by the Directors for illustrative purpose only and is based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group notwithstanding the assumption that the Acquisition had been completed on 30 June 2025 or if the Acquisition had been completed on any future date.

**(B) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE ENLARGED GROUP**

	Unaudited consolidated statement of assets and liabilities of the Group at 30 June 2025	Audited consolidated statement of assets and liabilities of the Target Group at 30 June 2025			Pro forma adjustments				Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	
Non-current assets									
Property, plant and equipment	332,120	165,830	—	—	(10,113)	—	—	—	487,837
Investment properties	62,670	7,285	—	—	(7,285)	—	—	—	62,670
Right-of-use assets	493,315	202,770	—	—	—	—	27,423	—	723,508
Intangible assets	336,719	59,992	—	—	—	—	400,667	—	797,378
Goodwill	653,954	228,910	—	—	—	—	703,644	—	1,586,508
Prepayments, deposits and other receivables	66,044	19,051	—	—	—	—	—	—	85,095
Other non-current assets	2,098	—	—	—	—	—	—	—	2,098
Financial assets at fair value through other comprehensive income	37	—	—	—	—	—	—	—	37
Financial assets at fair value through profit or loss	7,517	—	—	—	—	—	—	—	7,517
Deferred income tax assets	29,787	35,122	—	—	—	—	—	—	64,909
Total non-current assets	1,984,261	718,960	—	—	(17,398)	—	1,131,734	—	3,817,557
Current assets									
Inventories	149,989	70,052	—	—	—	—	—	—	220,041
Trade receivables	33,073	21,912	—	(7,646)	—	—	—	—	47,339
Prepayments, deposits and other receivables	118,128	64,081	—	(17,102)	17,745	—	—	—	182,852
Financial assets at fair value through profit or loss	924,665	80,557	—	—	—	—	—	—	1,005,222
Restricted cash	28,722	191,090	—	—	—	—	—	—	219,812
Cash and cash equivalents	459,741	85,902	(330,833)	(20,990)	—	(24,921)	—	(7,051)	161,848

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	Unaudited consolidated statement of assets and liabilities of the Group at 30 June 2025	Audited consolidated statement of assets and liabilities of the Target Group at 30 June 2025	Pro forma adjustments						Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	RMB'000 Note 1	RMB'000 Note 2	RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	RMB'000 Note 6	RMB'000 Note 7	RMB'000 Note 8	RMB'000
Current assets									
Term deposits with initial terms of over three months	613,045	—	—	—	—	—	—	—	613,045
Total current assets	2,327,363	513,594	(330,833)	(45,738)	17,745	(24,921)	—	(7,051)	2,450,159
Total assets	4,311,624	1,232,554	(330,833)	(45,738)	347	(24,921)	1,131,734	(7,051)	6,267,716
Current liabilities									
Trade payables	35,076	4,792	—	(1,573)	—	—	—	—	38,295
Other payables and accruals	319,950	92,928	—	(19,165)	—	(24,921)	—	—	368,792
Contract liabilities	2,018,096	574,760	—	—	—	—	(3,813)	—	2,589,043
Current tax liabilities	28,480	16,233	—	—	—	—	—	—	44,713
Borrowings	37,671	22,540	50,154	—	—	—	—	—	110,365
Lease liabilities	201,227	85,110	—	—	—	—	1,586	—	287,923
Other current liabilities	123,961	32,576	—	—	—	—	—	—	156,537
Total current liabilities	2,764,461	828,939	50,154	(20,738)	—	(24,921)	(2,227)	—	3,595,668
Net current liabilities/(assets)	437,098	315,345	380,987	25,000	(17,745)	—	(2,227)	7,051	1,145,509
Total assets less current liabilities	1,547,163	403,615	(380,987)	(25,000)	347	—	1,133,961	(7,051)	2,672,048
Non-current liabilities									
Borrowings	211,500	—	451,386	—	—	—	—	—	662,886
Lease liabilities	328,678	130,937	—	—	—	—	12,560	—	472,175
Deferred tax liabilities	77,969	7,819	—	—	—	—	103,486	—	189,274
Total non-current liabilities	618,147	138,756	451,386	—	—	—	116,046	—	1,324,335
Total liabilities	3,382,608	967,695	501,540	(20,738)	—	(24,921)	113,819	—	4,920,003
NET ASSETS	929,016	264,859	(832,373)	(25,000)	347	—	1,017,915	(7,051)	1,347,713

**(C) NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED GROUP**

1. The financial information in the unaudited consolidated statement of assets and liabilities of the Group is extracted from the published interim report of the Company for the period ended 30 June 2025.
2. The financial information in the audited consolidated statement of assets and liabilities of the Target Group is extracted from the accountant's report on the financial information of the Target Group as set out in Appendix II to this circular.
3. Pursuant to the Share Purchase Agreement, the consideration payable by the Purchasers to the Vendors for the Acquisition consists of Cash Consideration and Consideration Shares. The Cash Consideration is approximately RMB835,913,000 which is subject to adjustments by reference to (i) the expenses and taxes incurred in settlement of related party balances of RMB2,285,000; and (ii) the difference between RMB19,000,000 and the consideration of the properties which is estimated to be RMB17,745,000, as disclosed in Note 5 below. The net Cash Consideration to be paid by the Purchasers is therefore estimated to be RMB832,373,000, which is assumed to be partially funded through bank borrowings of approximately RMB501,540,000, with the remaining balance to be settled by the Company's available cash on hand.

The Consideration Shares consists of 15,798,147 ordinary shares with a par value of US\$0.000005 per share of the Company to be allotted and issued at a price of HK\$28.71 per share. The Directors assume the shares were issued on 30 June 2025 and the share consideration is measured at approximately RMB428,324,000, based on the market price of approximately RMB27.11 (equivalent to HK\$29.73) per share as at 30 June 2025. The share price as at the date of the Acquisition may have a material difference from market share price used in computation in pro forma financial information.

4. Pursuant to the pre-condition set out in the Share Purchase Agreement, the adjustment reflects the dividends payable of RMB25,000,000 to the Target Group's shareholders, SYL Holding and Shanghai Anyan, for the settlement of net related party balances due to the Target Group amounting to approximately RMB22,715,000. The Target Group will pay the expenses and taxes, amounted to approximately RMB2,285,000, incurred in dividends distribution and settlement.

The remaining net related party balances due from the Target Group of approximately RMB18,705,000 are to be fully settled by cash prior to the completion of the Acquisition.

5. Pursuant to the clause set out in the Share Purchase Agreement, Shanghai Anyan or its designated third party have the right to purchase certain property, plant and equipment and investment property of the Target Group at a consideration not less than the carrying amount as at 31 December 2024. The adjustment reflects the sale of the Target Group's property, plant and equipment of and investment properties with carrying amount of RMB10,113,000 and RMB7,285,000 as at 30 June 2025 respectively, with an estimated total consideration of approximately RMB17,745,000.
6. Pursuant to the pre-condition set out in the Share Purchase Agreement, the adjustment reflects the settlement of put options over non-controlling equity interests of Zhejiang Siyanli Health Culture Management Co., Ltd. and Shanghai Yancu Corporate Management Co., Ltd. by the Target Group, amounting to RMB20,810,000 and RMB4,111,000 respectively, prior to the completion of the Acquisition.
7. Upon Completion, the identifiable assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Enlarged Group at their fair values as required by the acquisition method in accordance with HKFRS 3 "Business Combinations".

For the purpose of the unaudited pro forma financial information of the Enlarged Group and for illustrative purpose only, the Group has carried out a provisional purchase price allocation exercise in accordance with HKFRS 3.

Details of the identifiable assets and liabilities of the Target Group used in the preparation of the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group and the calculation of goodwill are as follows:

	Carrying amount RMB'000	Fair value adjustment RMB'000	Fair value RMB'000
Property, plant and equipment (note (i))	155,717	—	155,717
Investment properties (note (i))	—	—	—
Right-of-use assets (note (ii))	202,770	27,423	230,193
Intangible assets (note (iii))	59,992	400,667	460,659
Prepayments, deposits and other receivables — Non-current portion	19,051	—	19,051
Deferred income tax assets	35,122	—	35,122
Inventories	70,052	—	70,052
Trade receivables (note (i))	14,266	—	14,266
Prepayments, deposits and other receivables — Current portion (note (i))	64,724	—	64,724

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	Carrying amount RMB'000	Fair value adjustment RMB'000	Fair value RMB'000
Financial assets at fair value through profit or loss	80,557	—	80,557
Restricted cash	191,090	—	191,090
Cash and cash equivalents (<i>note (i)</i>)	39,991	—	39,991
Trade payables (<i>note (i)</i>)	(3,219)	—	(3,219)
Other payables and accruals (<i>note (i)</i>)	(48,842)	—	(48,842)
Contract liabilities	(574,760)	3,813	(570,947)
Current tax liabilities	(16,233)	—	(16,233)
Borrowings	(22,540)	—	(22,540)
Lease liabilities — Current portion (<i>note (ii)</i>)	(85,110)	(1,586)	(86,696)
Other current liabilities	(32,576)	—	(32,576)
Lease liabilities — Non-current portion (<i>note (ii)</i>)	(130,937)	(12,560)	(143,497)
Deferred tax liabilities (<i>notes (ii) and (iii)</i>)	<u>(7,819)</u>	<u>(103,486)</u>	<u>(111,305)</u>
Identifiable net assets of the Target Group	<u>11,296</u>	<u>314,271</u>	<u>325,567</u>
			RMB'000
Total consideration (<i>Note 3</i>)			1,260,697
Less: Fair value of identifiable net assets			(325,567)
Less: non-controlling interest in the Target Group			<u>(2,576)</u>
Goodwill			<u>932,554</u>

Note (i): The balance of these financial statement items are net of financial impacts of the pro forma adjustments as explained in notes 4, 5 and 6 above.

Note (ii): The Group recognises the acquired lease liabilities and right-of-use assets as if the lease contract was a new lease at 30 June 2025 in accordance with HKFRS 3 “Business Combinations”. Deferred tax liabilities related to lease liabilities and right-of-use assets is calculated using the statutory tax rate 25% for the Target Group as RMB3,319,000.

Note (iii): The identifiable intangible assets comprise mainly the trademark of the Target Group and the customer relationship in relation to the Target Group’s business, valued as RMB275,000,000 and RMB179,000,000 respectively. Deferred tax liabilities related to the identifiable intangible asset is calculated using the statutory tax rate 25% for the Target Group as RMB100,167,000.

Since the fair values and the carrying amounts of the identifiable assets and liabilities of the Target Group and the total consideration as at the Completion Date may be materially different from the values used in the preparation of the unaudited pro forma financial information of the Enlarged Group, the actual amounts of the assets, liabilities and goodwill to be recognised in the consolidated financial statements of the Enlarged Group upon the Completion may be materially different from the estimated amounts as shown above, accordingly, this Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the Acquisition.

For the purpose of the unaudited pro forma financial information of the Enlarged Group, the Group's management made preliminary assessment, with reference to Hong Kong Accounting Standard 36, Impairment of Assets, issued by the HKICPA, as to whether or not, based on the above information, there is any indicator of impairment on goodwill arising from the Acquisition. Based on such assessment, the Directors did not identify any impairment indicator in respect of the goodwill arising from the Acquisition.

The management will follow the Group's accounting policy in respect of assets impairment assessment, including the assessment of the impairment of goodwill arising from the Acquisition when preparing the Group's consolidated financial statements covering the period in which the Acquisition is completed. The Group's consolidated financial statements will be subject to the annual audit by the Group's auditors in accordance with Hong Kong Standards of Auditing.

8. This adjustment represents legal and professional fees and other expenses of approximately RMB7,051,000 incurred directly attributable to the Acquisition. The Directors assume that these fees are settled by cash as if the Acquisition had been completed on 30 June 2025.
9. Other than the above adjustments, no other adjustment had been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions that the Enlarged Group entered into subsequent to 30 June 2025.

**(D) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

羅兵咸永道

**Independent Reporting Accountant's Assurance Report on the Compilation of Unaudited
Pro Forma Financial Information**

To the Directors of Beauty Farm Medical and Health Industry Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beauty Farm Medical and Health Industry Inc. (the “**Company**”) and its subsidiaries (collectively the “**Group**”), and Shanghai Siyanli Industrial Co., Ltd. and its subsidiaries (the “**Target Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2025, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages IV-1 to IV-7 of the Company's circular dated 17 November 2025, in connection with the proposed acquisition of the Target Group (the “**Transaction**”) by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-7 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2025 as if the Transaction had taken place at 30 June 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2025, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 17 November 2025

**All Shareholder's Equity Value of Shanghai Siyanli Industrial Co., Ltd.
involved in the Proposed Equity Acquisition by Beauty Farm Medical and
Health Industry Inc., and its subsidiary**

JZ Consulting Report [2025] No.0124
(Volume 1 of 1)



**JZ (Shanghai) Asset Appraisal Co., Ltd.
October 15th, 2025**

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STATEMENT

1. The valuation services and valuation report are consultative in nature, and do not constitute asset appraisal activities or statutory appraisal reports defined by the Law of the People's Republic of China on Asset Appraisal and the Chinese Valuation Standard.
2. The opinions in this valuation report are based solely on the review and analysis of materials collected from the client, the valued party, other relevant parties, and third parties within the scope defined in the valuation engagement letter. Industry-standard valuation models were applied for calculation. The scope of work does not include consideration of commercial, legal, tax, regulatory, or other environmental factors, nor does it involve: Audit of the valued party's financial information, Legal due diligence, Financial due diligence, Tax due diligence, IT due diligence. The client and relevant parties are solely responsible for the authenticity, completeness, and legality of the provided materials under applicable laws. This report does not guarantee the accuracy, completeness, or appropriateness of the information and data supplied by the client, valued party, other relevant parties or third parties.
3. The Client or other users of the valuation report must use the valuation report in accordance with the applicable laws and administrative regulations, as well as the intended purpose and usage specified in the valuation report. If the Client or other users violate these terms and use the valuation report improperly, the valuation institution and its professional valuers shall not bear any responsibility.
4. This valuation report is intended solely for use by the parties specified in the valuation engagement letter. No other organizations or individuals are permitted to use the valuation report.
5. Users of the valuation report shall correctly interpret and use the valuation conclusion. The valuation conclusion shall not be equivalent to the attainable price of the valuation subject and shall not be deemed as a guarantee for the attainable price of the valuation subject.
6. We have no existing or anticipated interest relationship with the valuation subject in this valuation report; we have no existing or anticipated interest relationship with the relevant parties and have no prejudice against the relevant parties.
7. The analysis, judgment and conclusion of this report is drawn under the stated assumptions and constraints. Users of the valuation report must fully consider the influence to the valuation conclusion by the assumptions, restriction terms, extraordinary issues and others.
8. Without the valuation institution's prior consent, the contents of the valuation report shall not be excerpted, quoted, or disclosed in any public media, except as otherwise required by laws or administrative regulations or as otherwise agreed upon by the relevant parties.
9. The original valuation report is expressed in Chinese. Where there are inconsistencies between Chinese and foreign version of the same reports issued simultaneously, the Chinese version shall prevail.

All Shareholder's Equity Value of Shanghai Siyanli Industrial Co., Ltd. involved in the Proposed Equity Acquisition by Beauty Farm Medical and Health Industry Inc., and its subsidiary

Abstract

Notice: The following content is extracted from the main body of the Valuation Report. The full text of Valuation Report should be read to understand the details of the valuation project and to reasonably understand the valuation conclusion.

JZ (Shanghai) Asset Appraisal Co., Ltd. entrusted by Shanghai Yigao Industrial Co., Ltd., and valued the Market value of All Shareholder's Equity Value of Shanghai Siyanli Industrial Co., Ltd. ("Shanghai Siyanli Industrial" or "Target Company") with Market Approach at June 30, 2025. The valuation is summarized below:

The Client: Shanghai Yigao Industrial Co., Ltd.

The Valued party: Shanghai Siyanli Industrial.

The Acquisition: Beauty Farm Medical and Health Industry Inc., and its subsidiary intend to acquire 100% of the issued shares of Shanghai Siyanli Industrial Co., Ltd.

Valuation Purpose: Equity Acquisition.

Valuation Subject: All Shareholder's Equity Value of Shanghai Siyanli Industrial.

Valuation Scope: All assets and liabilities of Shanghai Siyanli Industrial, including current assets, property, plant and equipment, investment properties, right-of-use assets, intangible assets, goodwill, deposits (non-current portion), and deferred income tax assets and liabilities. The book value of total assets in the consolidated financial statements RMB1,232,555 thousand, the book value of total liabilities RMB942,774 thousand, the book value of owners' equity is RMB289,781 thousand, the book value of equity attributable to the company owners is RMB292,356 thousand.

Bases of Value: Market value.

Valuation Benchmark Date: June 30, 2025.

Valuation Approach: Market Approach.

Conclusion: The report adopted the result of Market Approach as valuation conclusion. Through our valuation, the Market value of All Shareholder's Equity Value of Shanghai Siyanli Industrial as of the valuation benchmark date is RMB1,395.0 Million, SAY:RMB One Billion Three Hundred Ninety-Five Million.

Period of Validity: The validity of the conclusion last for one year since The Valuation Benchmark Date, i.e., valid till June 29, 2026.

Explanations of Special Matters: This valuation involves special matters such as post-valuation-date tax supplementary payments by comparable companies that may affect the valuation conclusion. For details, please refer to the “Extraordinary Issues” section in the main text of this report.

**All Shareholder's Equity Value of Shanghai Siyanli Industrial Co., Ltd. involved in
the Proposed Equity Acquisition by Beauty Farm Medical and
Health Industry Inc., and its subsidiary**

Text

Shanghai Yigao Industrial Co., Ltd.:

JZ (Shanghai) Asset Appraisal Co., Ltd., was engaged by your party, has conducted a valuation of the Market value of the All Shareholder's Equity Value of Shanghai Siyanli Industrial as of June 30, 2025 through applying Market Approach. Hereby report our valuation work:

I. Overview of the Client and the Valued party

1. Client

Company Name: Shanghai Yigao Industrial Co., Ltd.

Enterprise Type: Limited Liability Company (Wholly-owned by a legal person invested and held by natural persons)

Registered Address: Unit 1205, 12th Floor, No. 1089 East Daming Road, Hongkou District, Shanghai

Legal Representative: Li Yang

Registered Capital: RMB1,000,000

Licensed items: Living beauty services. (For projects that require approval in accordance with the law, business activities can only be carried out after approval by the relevant departments; the specific business items shall be subject to the approval documents or permits of the relevant departments.)

General items: Nail art services; food sales (only pre-packaged food); health care services (non-medical); etiquette services; conference and exhibition services; enterprise management consulting; advertising production; advertising release; advertising design and agency; goods import and export; technology services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; technology import and export; retail of cosmetics; sales of knitted and woven products; sales of arts and crafts and etiquette supplies (excluding ivory and its products); sales of electronic products; retail of computer software and auxiliary equipment; sales of Class I medical devices; online sales (excluding commodities that require licenses for sales); sales of daily necessities; sales of health food (pre-packaged); sales of household appliances; retail of sports goods and equipment; sales of outdoor

products; commercial agency services; retail of jewelry and jade. (Except for projects that require approval in accordance with the law, business activities can be carried out independently with the business license.)

2. *The valued party*

Company Name: Shanghai Siyanli Industrial Co., Ltd.

Enterprise Type: Joint Stock Co., Ltd. (Investment from Hong Kong, Macao and Taiwan, unlisted)

Registered Address: No. 100 Fahuazhen Road, Changning District, Shanghai

Legal Representative: Wang Li

Registered Capital: RMB33,333,334

Licensed items: lifestyle beauty services; food sales; goods import and export. (For projects that require approval in accordance with the law, business activities can only be carried out after approval by the relevant departments; the specific business items shall be subject to the approval documents or permits of the relevant departments.)

General items: Entrusted by the parent company, its authorized managed domestic enterprises and affiliated enterprises to provide consulting services, marketing services, technical support and R&D services, information services, employee training and management services; undertake shared services within the group and service outsourcing of overseas companies; provide supply chain management services; nail art services; sales of cosmetics, daily necessities, household appliances, hair accessories, leather products, clothing and apparel, maternal and child products, labor protection products; enterprise management consulting; health care services (non-medical); commercial activities in the form of franchising. (Except for projects that require approval in accordance with the law, business activities can be carried out independently with the business license.)

(1) Shareholder Information

As of June 30, 2025, the equity structure of the valued party is as follows:

Unit: RMB10,000

Serial No.	Shareholder	Registered capital	Shareholding
1	SYL Holding Limited	2,466.6667	74.00%
2	Shanghai Anyan Enterprise Management Co., Ltd.	866.6667	26.00%
	Total	<u>3,333.3334</u>	<u>100.00%</u>

(2) Business Overview

The brand of SIYANLI was founded in 1996, Siyanli provides consumers with lifestyle beauty and aesthetic medical services. As of June 30, 2025, it has 118 directly-operated lifestyle beauty stores, 19 aesthetic medical clinics, as well as 45 franchised lifestyle beauty stores.

Directly-operated lifestyle beauty stores provide consumers with services such as skin management, body care, comfort care, and SPA care, and sell beauty products. Meanwhile, to expand service items, they cooperate with external teams to carry out beauty projects such as eyebrow tattooing and bone carving. Under the franchising business model, the Target Company provides franchisees with support including training, promotion, new customer development, and operation guidance. The profit model includes collecting fixed franchise fees and management fees, and selling beauty products to franchisees. Consumers' prepaid cards are applicable in directly-operated lifestyle beauty stores, franchised lifestyle beauty stores, and aesthetic medical clinics.

With the accumulation of customer scale and the enhancement of brand influence, the Target Company began to provide aesthetic medical services in 2011, and opened hospitals, clinics, and medical offices in cities such as Shanghai, Beijing, Guangzhou, and Shenzhen through self-establishment and acquisition.

In addition to the above-mentioned businesses, the company also engages in wholesale and sales of products (selling beauty products agented by the Target Company to third-party customers in the Chinese mainland and Hong Kong), nail art business, and earns rental income by leasing self-owned properties, but the overall scale is relatively small.

(3) Investment Structure

As of June 30, 2025, the subsidiaries controlled by Target Company are as follows:

Unit: RMB1,000

Rial No.	Company Name	Date of Establishment	Registered Capital	Shareholding Ratio	
				Direct	Indirect
1	Beijing Siyanli Beauty Co., Ltd.	2010-09-13	970	100%	
2	Beijing Liyan Yayun Beauty Co., Ltd.	2012-03-26	200		51%
3	Beijing Zhiquan Meiyuan Beauty Co., Ltd.	2014-03-28	200		100%
4	Beijing Siyanli Yanmei Culture Communication Co., Ltd.	2016-02-04	1,500		100%
5	Beijing Huis Beauty Co., Ltd.	2022-04-21	500		100%
6	Beijing Yisi Beauty Co., Ltd.	2022-06-16	500		100%
7	Beijing Siyanli Beiyuan Beauty Co., Ltd.	2023-06-19	500		100%
8	Shanghai Yanze Hospital Management Co., Ltd.	2010-11-16	20,000	100%	
9	Wuhan Siyanli Medical Beauty Clinic Co., Ltd.	2011-06-15	1,000		100%
10	Shanghai Nuodi Xintiandi Medical Beauty Clinic Co., Ltd.	2011-08-29	6,000		100%
11	Shenzhen Siyanli Medical Beauty Clinic	2012-07-04	1,000		100%
12	Beijing Guangze Mingyan Medical Beauty Clinic Co., Ltd.	2014-12-16	1,000		100%
13	Chengdu Gaoxin Siyanli Medical Beauty Clinic Co., Ltd.	2015-07-17	1,000		100%
14	Shenzhen Sibeiya Medical Beauty Clinic	2016-05-16	2,936		100%
15	Wuhan Hanxiu Medical Beauty Hospital Co., Ltd.	2018-04-24	21,100		100%
16	Xi'an Guangze Medical Beauty Consulting Co., Ltd.	2019-02-26	2,627		100%
17	Beijing Xiansixiumei Art Design Consulting Co., Ltd.	2022-04-24	1,000		100%
18	Shanghai Xinxiu Art Design Co., Ltd.	2022-10-09	1,000		100%
19	Changsha Baierya Medical Beauty Clinic Co., Ltd.	2022-12-01	1,000		100%
20	Shanghai Shencai Suyan Beauty Service Co., Ltd.	2023-03-14	1,000		100%
21	Shanghai Yanmei Ruoyan Beauty Service Co., Ltd.	2023-03-14	1,000		100%
22	Shanghai Suyan Xiuya Beauty Service Co., Ltd.	2023-03-14	1,000		100%
23	Shanghai Suli Yayan Beauty Service Co., Ltd.	2023-03-24	1,000		100%
24	Shanghai Qingya Liyan Beauty Service Co., Ltd.	2023-03-29	1,000		100%
25	Shanghai Qingxiu Moyan Beauty Service Co., Ltd.	2023-04-03	1,000		100%
26	Shenyang Heping Yanze Medical Beauty Clinic Co., Ltd.	2023-05-19	1,000		100%

Rial No.	Company Name	Date of Establishment	Registered Capital	Shareholding Ratio	
				Direct	Indirect
27	Zhengzhou Siyanli Medical Beauty Co., Ltd.	2023-06-16	4,000		51%
28	Shanghai Aiyuejian Health Service Co., Ltd.	2023-09-01	1,000		100%
29	Shanghai Meimei Ruhua Health Service Co., Ltd.	2023-09-01	1,000		100%
30	Shanghai Meiyan Rulu Health Service Co., Ltd.	2023-09-04	1,000		100%
31	Shanghai Saiersi Health Service Co., Ltd.	2023-09-04	1,000		100%
32	Shanghai Aiyueli Health Service Co., Ltd.	2023-09-04	1,000		100%
33	Shanghai Xinyanshi Medical Technology Co., Ltd.	2023-10-25	5,000		100%
34	Shanghai Dakesi Health Management Co., Ltd.	2024-01-29	1,000		100%
35	Shanghai Shengbangning Health Management Co., Ltd.	2024-01-29	1,000		100%
36	Wuhan Wuchang Sibeiya Medical Beauty Clinic Co., Ltd.	2024-01-31	1,000		100%
37	Guangzhou Siyanli Medical Beauty Clinic Co., Ltd.	2024-03-12	1,000		100%
38	Shanghai Sibeiya General Clinic Co., Ltd.	2024-04-08	1,000		100%
39	Shanghai Yi'anwoke Health Management Co., Ltd.	2024-05-20	1,000		100%
40	Chengdu Gaoxin Sibeiya Integrated Traditional Chinese and Western Medicine Clinic Co., Ltd.	2025-03-13	1,000		100%
41	Wuhan Jiangnan District Siyanli Western Medicine Internal Medicine Clinic Co., Ltd.	2025-05-27	1,000		100%
42	Wuhan Siyanli Cosmetics Co., Ltd.	2010-07-27	1,000	100%	
43	Wuhan Youyan Beauty Co., Ltd.	2022-06-21	500		100%
44	Shenzhen Siyanli Beauty Co., Ltd.	2010-10-08	1,000	100%	
45	Chongqing Siyanli Cosmetics Co., Ltd.	2011-10-31	100	100%	
46	Shenyang Siyanli Beauty Co., Ltd.	2012-06-06	500	100%	
47	Shenyang Yisi Beauty Co., Ltd.	2023-05-16	500		100%
48	Chengdu Ruiheng Beauty Co., Ltd.	2012-06-14	500	100%	
49	Shaanxi Siyanli Beauty and Body Co., Ltd.	2012-09-04	3,000	100%	
50	Xi'an Yansili Beauty and Body Co., Ltd.	2016-08-09	2,500		100%
51	Changsha Liyan Beauty Service Co., Ltd.	2013-01-14	300	100%	
52	Taiyuan Yansili Beauty Co., Ltd.	2013-04-16	30	100%	
53	Harbin Siyanli Beauty Co., Ltd.	2013-08-26	500	100%	
54	Qingdao Siyanli Cosmetics Co., Ltd.	2014-05-29	500	100%	
55	Jinan Liyan Beauty Co., Ltd.	2014-12-09	100	100%	
56	Guangzhou Hongyan Beauty Co., Ltd.	2015-08-11	100	100%	
57	Guangzhou Siyanli Beauty Service Co., Ltd.	2022-09-28	1,000		100%
58	Shanghai Aiyunwei Health Management Co., Ltd.	2018-12-14	3,000	100%	
59	Shanghai Siyanli Health Management Co., Ltd.	2020-04-15	10,000	100%	

Rial No.	Company Name	Date of Establishment	Registered Capital	Shareholding Ratio	
				Direct	Indirect
60	Shanghai Xinsi Beauty Care Co., Ltd.	2023-01-09	1,000		100%
61	Suzhou Meiyue Beauty and Skincare Co., Ltd.	2020-09-21	16,500	80%	
62	Suzhou Meiyue Beauty Service Co., Ltd.	2022-05-12	1,000		80%
63	Suzhou Meiyue Health Management Co., Ltd.	2023-09-13	500		80%
64	Suzhou Industrial Park Siyanli Meiyue Medical Beauty Clinic Co., Ltd.	2024-01-12	1,000		80%
65	Zhejiang Siyanli Health Culture Management Co., Ltd.	2021-09-28	10,000	80%	
66	Hangzhou Sibeiya Medical Beauty Clinic Co., Ltd.	2018-12-07	3,000		80%
67	Shanghai Liyansi Trading Co., Ltd.	2023-03-14	1,000	100%	
68	Shanghai Yancu Enterprise Management Co., Ltd.	2023-05-18	5,020	80%	
69	Ningbo Weili Beauty and Hairdressing Co., Ltd.	2016-08-11	800		80%
70	Nanjing Xuanwu District Xiyan Medical Beauty Clinic Co., Ltd.	2018-06-25	800		80%
71	Ningbo Xinze Beauty and Hairdressing Co., Ltd.	2023-05-31	1,000		80%
72	Nanjing Chengxi Health Management Co., Ltd.	2023-05-26	300		80%
73	Nanjing Aisiyan Health Management Co., Ltd.	2023-05-24	1,500		80%
74	Nanjing Yuekaiyan Health Management Co., Ltd.	2023-05-24	300		80%
75	Ningbo Xiyan Beauty and Hairdressing Co., Ltd.	2023-07-10	1,000		80%
76	Ningbo Haishu Yanze Medical Beauty Clinic Co., Ltd.	2023-07-27	300		80%
77	Ningbo Jiayi Beauty Co., Ltd.	2025-06-17	300		80%
78	Nanchang Honggutan District Fucui Beauty Co., Ltd.	2024-02-29	1,800	100%	
79	Shanghai Siruiyan Trading Co., Ltd.	2024-05-09	1,000	100%	
80	Shanghai Siyanli Beauty Co., Ltd.	2024-09-14	1,000	100%	
81	Shanghai Ruisiyue Trading Co., Ltd.	2025-02-17	1,000	100%	
82	Gold River (Far East) Limited	2008-02-11	31,128	100%	
83	Shanghai Yanqili Consulting Management Co., Ltd.	2020-04-15	100	100%	
84	Shanghai Siyanli Vocational and Technical Training School	2008-07-24	3,200	100%	

Note:

Shanghai Yanqili Consulting Management Co., Ltd.(No.83) and Shanghai Siyanli Vocational and Technical Training School(No.84) are subsidiaries controlled through contractual arrangements.

(4) Business Regions and Store Overview

In the 1990s, the Target Company opened a lifestyle beauty salon focusing on imported French aromatherapy essential oils in Shanghai, introducing the concepts of plant essential oils and aromatic SPA. After nearly 30 years of development, it has focused on professional beauty care services and formed a store network covering three major business segments: directly-operated lifestyle beauty, franchised lifestyle beauty, and aesthetic medicine.

Geographically, its business is mainly concentrated in the three national-level economic planning regions of the Yangtze River Delta, Beijing-Tianjin-Hebei, and the Pearl River Delta.

Directly-operated Lifestyle Beauty Stores: Initially focusing on the direct operation model, it has laid out high-end beauty stores in first-tier cities such as Shanghai, Beijing, Guangzhou, and Shenzhen. Currently, it has gradually expanded to cover major provincial capitals and economically developed cities across the country, including Hangzhou, Nanjing, Chengdu, Wuhan, and Chongqing.

Franchised Lifestyle Beauty Stores: With the enhancement of brand influence, the company has gradually launched franchising business, attracting many investors to join. Franchised stores have now spread across most second- and third-tier cities in the country, such as Suzhou, Wuxi, Qingdao, Xiamen, Zhengzhou, and Hefei, expanding the brand's market coverage.

Aesthetic Medical Clinics: In response to consumption upgrading and the development trend of the aesthetic medicine industry, the company opened its first three aesthetic medical clinics in 2011 (located in Shanghai, Shenzhen, and Wuhan), and has gradually expanded since then. Currently, the company's aesthetic medical clinics rely on professional doctor teams and medical equipment, and their customer groups are mainly members attracted from its own lifestyle beauty business.

(5) Assets, finances and operations in recent years

The financial status and operating results of the enterprise (on consolidated basis) are summarized as follows:

Unit: RMB1,000

Item	Dec 31, 2023	Dec 31, 2024	Jun 30, 2025
Total Assets	1,162,547	1,226,138	1,232,555
Total Liabilities	941,495	921,097	942,774
Total Owners' Equity	221,052	305,041	289,781
Total Equity Attributable to the Company Owners	226,389	307,463	292,356

Item	2023	2024	Jan-Jun 2025
Operating Income	817,666	848,509	423,092
Total Profit	106,028	100,166	57,770
Net Profit	69,425	81,036	43,997
Net Profit Attributable to the Company Owners	68,644	80,081	44,151

The financial data of the valued party for the recent two years and the first half of 2025 are extracted from the unaudited financial statements provided by the management as of the valuation report date.

II. Other Users of the Valuation Report

The valuation engagement letter stipulates that other users of the valuation report is Beauty Farm Medical and Health Industry Inc., and Shanghai Beauty Farm Medical Healthcare Industry (Group) Co., Ltd.

Except for the client, other users specified in the valuation engagement letter and users stipulated by laws and administrative regulations, any other organizations or individuals are not permitted to use the valuation report.

III. Valuation Purpose

Beauty Farm Medical and Health Industry Inc., and its subsidiary intend to acquire 100% equity of Shanghai Siyanli Industrial Co., Ltd. For this purpose, it is necessary to value the all shareholder's equity value Shanghai Siyanli Industrial Co., Ltd. to provide a value reference for the above-mentioned acquisition.

IV. Valuation Subject and Valuation Scope

1. Overview of Valuation Subject and Valuation Scope

The valuation subject is the entire shareholder's equity value of Shanghai Siyanli Industrial.

The valuation scope includes all assets and liabilities of Shanghai Siyanli Industrial, including current assets, property, plant and equipment, investment properties, right-of-use assets, intangible assets, goodwill, deposits (non-current portion), and deferred income tax assets and liabilities. The book value of total assets in the consolidated financial statements RMB1,232,555 thousand, the book value of total liabilities RMB942,774 thousand, the book value of owners' equity is RMB289,781 thousand, the book value of equity attributable to the company owners is RMB292,356 thousand.

2. Overview of Major Assets in the Valuation Scope

The major assets in the valuation scope include current assets, property, plant and equipment, investment properties, right-of-use assets, intangible assets, goodwill, deposits (non-current portion), and deferred income tax assets.

Current assets mainly include inventories, trade receivables, prepayments, deposits and other receivables, financial assets at fair value through profit or loss, restricted cash, and cash and cash equivalents.

Property, plant and equipment include buildings and structures, electronic equipment and vehicles, beauty equipment, office furniture, long-term leased property renovations, and assets under construction.

Investment properties are office buildings held for rental purposes.

Right-of-use assets are mainly the right-of-use assets of leased properties.

Intangible assets mainly include computer software, franchise rights, and customer relationships.

Goodwill mainly represents the portion of the acquisition price that exceeds the fair value of the identifiable net assets at the time of business combinations not under common control.

Deposits (non-current portion) mainly refer to deposits with a recovery period of more than one year.

Deferred income tax assets are mainly deductible temporary differences arising from lease liabilities, loss carry-forwards, unrealized profits, bad debt provisions, fair value changes, and business combinations not under common control.

V. Bases of Value

In consultation with the client and considering the valuation purpose, market conditions, and specific circumstances of the valuation subject, the market value is defined as value base this time.

Market value is defined as the estimated amount for which the valuation subject would exchange between a willing buyer and a willing seller, both acting rationally and without compulsion, in an arm's length transaction as of the valuation date.

VI. Valuation Benchmark Date

The Valuation Benchmark Date of this project is June 30, 2025.

VII. Valuation Basis

1. The central parity rate of RMB exchange rates announced by the China Foreign Exchange Trade System authorized by the People's Bank of China;
2. Statistical and analytical data on national macroeconomics, industries, regional markets, and enterprises;
3. Publicly available information on comparable listed companies in the same industry;
4. Other relevant bases for price determination.

VIII. Other Reference Bases

1. Unaudited financial statements of the valued party for two years and one interim period ended June 30, 2025 provided by the management as of the valuation report date;
2. Financial Due Diligence Report (seller's Side) from Ernst & Young (China) Consulting Co., Ltd.;
3. Financial Due Diligence Report for the Satin Project (Buyer's Side) from PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. Shanghai Branch;
4. Legal Due Diligence Report for the Satin Project (Seller's Side) issued by Fangda Law Firm;
5. Special Legal Analysis Memorandum on the Investment of Shanghai Yigao Industrial Co., Ltd. in Shanghai Siyanli Industrial Co., Ltd. issued by Grandall Law Firm (Shanghai);
6. Technical database of Jinzheng (Shanghai) Asset Appraisal Co., Ltd.;

7. Enterprise accounting standards and application guidelines effective as of the valuation base date;
8. Other relevant reference bases.

IX. Valuation Approach

1. *Selection of Valuation Method*

The basic methods for enterprise valuation mainly include the income approach, market approach, and Asset-Based Approach.

Income Approach: A valuation method that capitalizes or discounts expected income to determine the value of the valuation object. The specific methods commonly used in the income approach include the dividend discount method and the discounted cash flow method.

Market Approach: A valuation method that compares the valuation object with comparable listed companies or comparable transaction cases to determine the value of the valuation object. The two specific methods commonly used in the market approach are the comparable listed company method and the comparable transaction method.

Asset-Based Approach: A valuation method that takes the balance sheet of the valued party as of the valuation base date as the basis, reasonably values the assets and liabilities on and off the balance sheet of the enterprise that can be identified, and determines the value of the valuation object.

Reasons for selecting the valuation method:

The Market Approach is the most direct valuation method, deriving the relevant value of the Target Company based on real and reliable market data obtained from the capital markets. Since the Asset-Based Approach does not account for the future economic benefits of business ownership, the Asset-Based Approach was not used for this valuation. And the financial projections under the Income Approach involve multiple assumptions, and any inappropriate assumptions could significantly impact the value. Therefore, the Income Approach was also not used for this valuation. Finally The Valuer determined the Market Approach to be the most appropriate valuation method.

2. *Introduction of Market Approach*

The market approach in Enterprise Valuation refers to a valuation method that compares the valuation object with comparable listed companies or comparable transaction cases to determine the value of the valuation object. The two specific methods commonly used in the market approach are the comparable listed company method and the comparable transaction method.

The Public Company Comparison Method: A specific method that obtains and analyzes the operating and financial data of comparable listed companies, calculates value multiples, and determines the value of the valuation object based on the comparative analysis with the valued party.

Transaction Comparison Method: A specific method that obtains and analyzes the data of purchase, sale, and merger cases of comparable enterprises, calculates value multiples, and determines the value of the valuation object based on the comparative analysis with the valued party.

Since at least three comparable listed companies in the same industry as the valuation object can be collected, and the relevant data of comparable listed companies are easy to collect, the **comparable listed company method** is adopted for this valuation.

The basic steps of the comparable listed company method are as follows:

(1) Selection of Comparable Companies

Select listed companies on Main Board of the Shanghai Stock Exchange, Shenzhen Stock Exchange, or the Hong Kong Stock Exchange that belong to the same industry as the valued party or are affected by the same economic factors. After comparing the business structure, business model, business scale, profitability, transaction status, and other factors between the valued party and the above-mentioned listed companies, further screen to obtain comparable enterprises for comparative analysis with the valued party.

(2) Analysis and Adjustment of Financial Statements

Compare and analyze the business conditions and financial conditions of the valued party and the comparable enterprises, and make necessary adjustments to ensure that the data calibers of the comparable enterprises and the valued party are more consistent and comparable.

(3) Selection, Calculation, and Adjustment of Valuation Multiples

Based on factors such as the industry characteristics and business stage of the valued party, select applicable value multiples from profit multiples, asset multiples, income multiples, and other specific multiples, and calculate the value multiples of each comparable listed company. Next, analyze the main difference factors between the comparable enterprises and the valued party, establish an index adjustment system, compare the relevant financial data and operating indicators between the comparable enterprises and the valued party, and quantitatively adjust the difference factors to revise the value multiples of the comparable enterprises to the level applicable to the valued party.

(4) Application of Value Multiples

For the equity value multiples, multiply the adjusted value multiples by the corresponding financial data or indicators of the valued party, and adjust for the non-operating assets, liabilities, and redundant assets of the valued party to calculate the value of all equity interests of the valued party.

For the enterprise value multiples, multiply the adjusted value multiples by the corresponding financial data or indicators of the valued party, deduct the value of interest-bearing debts and minority interests, and adjust for the non-operating assets, liabilities, and redundant assets of the valued party to calculate the value of all equity interests of the valued party.

3. Valuation Process by Market Approach*(1) Selection of Comparable Listed Companies*

- Listed on the Main Board of the Shanghai Stock Exchange, Shenzhen Stock Exchange, or the Hong Kong Stock Exchange, and having been listed for at least two years as of the benchmark date.
- Operating in the beauty industry, with beauty services as a primary business characteristic.
- Profitable in the past two years.
- Based on public announcements, no significant asset restructuring or other major events that could cause abnormal stock price fluctuations occurred near the benchmark date.
- Shares of such companies were trading normally on the public market near the benchmark date and were not suspended or in any other non-normal trading status.

Based on the selection criteria above, the valuer has identified a comprehensive list of 5 comparable companies as detailed in the table below.

Comparable Company	Stock Code	Primary Business
Beauty Farm Medical And Health Industry Inc.	2373.HK	Beauty and Wellness Services, Medical Aesthetic Services, and Sub-health Medical Services
Perfect Medical Health Management Limited	1830.HK	Healthcare and Medical Aesthetic Services
Fameglow Holdings Limited	8603.HK	Beauty Treatment Services and Skincare Products
Water Oasis Group Ltd.	1161.HK	Operations of Beauty Salons, Spas, and Medical Aesthetic Centers
Lancy Co., Ltd.	002612.SZ	Medical Aesthetic Services and Clothing Sales

(2) *Calculation of Value Multiples for Comparable Companies*

P/E Multiple Calculation

Unit: Million

Comparable Company Name	Currency	Market Cap	Adjusted Market Cap	Net Profit Attributable to the Parent Company Owners Excluding Extraordinary Items (LTM)	P/E (LTM)
Beauty Farm Medical And Health Industry Inc.	HKD	7,133	7,304	274	26.6x
Perfect Medical Health Management Limited	HKD	2,136	2,248	203	11.1x
Fameglow Holdings Limited	HKD	1,080	1,078	42	25.7x
Water Oasis Group Ltd.	HKD	640	651	118	5.5x
Lancy Co., Ltd.	RMB	7,451	6,012	177	34.0x

Notes:

- Market Capitalisation = Outstanding Shares × Share Price, data as at June 30, 2025.
- Adjusted Market Capitalisation = Market Capitalisation — Non-operating Assets (based on the latest financial statements prior to the benchmark date).

- Net Profit Attributable to the Parent Company Owners Excluding Extraordinary Items (LTM) = Net Profit Attributable to the Parent Company Owners — Extraordinary Gains and Losses (based on the latest financial statements prior to the benchmark date).

EV/Sales Multiple Calculation

Unit: Million

Comparable Company Name	Currency	Adjusted Enterprise Value (EV)	Sales Revenue (LTM)	EV/Sales (LTM)
Beauty Farm Medical And Health Industry Inc.	HKD	5,408	3,173	1.7x
Perfect Medical Health Management Limited	HKD	1,852	1,128	1.6x
Fameglow Holdings Limited	HKD	1,050	435	2.4x
Water Oasis Group Ltd.	HKD	19	972	0.0x
Lancy Co., Ltd.	RMB	7,797	5,790	1.3x

Notes:

- Adjusted Enterprise Value (EV) = Adjusted Market Capitalisation + Interest-bearing Debt + Minority Interest Value + Preferred Stock Value — Cash and Cash Equivalents.
- Cash and Cash Equivalents include: Cash and bank balances, restricted cash, term deposits, wealth management products.

Exclusion of Outliers in Value Ratios

The valuer observed that the market cap of Water Oasis Group Ltd. (HKD640 million) was close to its cash and cash equivalents (HKD633 million), resulting in an enterprise value nearly zero. This led to significantly lower P/E and EV/Sales multiples for Water Oasis Group Ltd. compared to other comparable companies. An enterprise value near zero indicates that the market cap of Water Oasis Group Ltd. is primarily driven by its non-operating cash assets, and its market valuation no longer reflects the operational efficiency or growth prospects of its core business. Therefore, the valuer deemed it unsuitable as a comparable reference for the Target Company's value and excluded it as an outlier.

Note: Cash and cash equivalents data for Water Oasis Group Ltd. is extracted from its interim report for 2025.

After excluding the outlier, the value multiples of the selected comparable companies are as follows:

Comparable Company Name	Stock Code	P/E (LTM)	EV/Sales (LTM)
Beauty Farm Medical And Health Industry Inc.	2373.HK	26.6x	1.7x
Perfect Medical Health Management Limited	1830.HK	11.1x	1.6x
Fameglow Holdings	8603.HK	25.7x	2.4x
Lancy Co., Ltd.	002612.SZ	34.0x	1.3x
Average		24.4x	1.8x

(3) *Adjustment of Value Multiples*

Given the differences between the Target Company and the market comparable companies, the Valuer further adjusted the P/E and EV/Sales multiples. This adjustment referenced multiple indicators, including scale indicators, profitability indicators, operational capability indicators, solvency indicators, growth capability indicators, and other adjustment factors. The Valuer used the following equation to multiply the selected value multiples of the market comparable companies by an overall adjustment coefficient to derive the adjusted value multiples:

$$\text{Adjusted P/E Multiple} = \text{Comparable Company P/E Multiple} \times \text{Overall Adjustment Coefficient}$$

Comparable Company Name	Stock Code	P/E (LTM)	Adjustment Coefficient	Adjusted P/E
Beauty Farm Medical And Health Industry Inc.	2373.HK	26.6x	0.94	25.1x
Perfect Medical Health Management Limited	1830.HK	11.1x	1.00	11.1x
Fameglow Holdings	8603.HK	25.7x	0.93	24.0x
Lancy Co., Ltd.	002612.SZ	34.0x	0.90	30.6x
Average		24.4x		22.7x

Adjusted EV/Sales Multiple = Comparable Company EV/Sales Multiple × Overall Adjustment Coefficient

Comparable Company Name	Stock Code	EV/Sales (LTM)	Adjustment Coefficient	Adjusted EV/Sales
Beauty Farm Medical And Health Industry Inc.	2373.HK	1.7x	1.01	1.7x
Perfect Medical Health Management Limited	1830.HK	1.6x	1.00	1.6x
Fameglow Holdings	8603.HK	2.4x	0.92	2.2x
Lancy Co., Ltd.	002612.SZ	1.3x	0.99	1.3x
Average		1.8x		1.7x

Notes:

- The P/E multiple is a profitability indicator, and the EV/Sales multiple is a sales scale indicator. To avoid duplicate adjustments, the P/E multiple adjustment coefficient excludes profitability adjustments, and the EV/Sales multiple adjustment coefficient excludes scale indicator adjustments. Hence, the adjustment coefficients differ.
- As value multiples are displayed with one decimal place, the product of numbers in the table may not exactly match the listed data due to rounding.

(4) Discount for Lack of Marketability (DLOM) and Control Premium

As the comparable companies are all listed, while the Target Company itself is unlisted, the Valuer considered the potential lack of marketability discount affecting the valuation. With reference to lack of marketability discount rates collected from various transaction platforms across different industries, the Valuer adopted a discount rate of 33.81% for the social services industry.

Furthermore, as the planned acquisition stake is expected to confer control over the Target Company, and the equity value of the comparable listed companies is calculated based on the trading price of their freely traded shares, which represents a non-controlling equity value, a control premium needs to be considered for the Target Company's equity value. By analyzing and comparing the P/E ratios of minority equity transaction M&A cases and controlling equity transaction M&A cases across various industries using data released by Wind Information, the CVSource database, and property rights exchange websites, an average value of 13% was obtained for the past 15 years (2010–2024).

(5) Key Input Data for Valuation

The valuation benchmark date is June 30, 2025. Unaudited financial data of the Target Company for the period from July 1, 2024, to June 30, 2025, was used.

(Unaudited)
(RMB in Thousands)

Item	Value
Net Profit Attributable to the Parent Company Owners Excluding Extraordinary Items (LTM)	72,675
Sales Revenue (LTM)	855,842
Cash and Cash Equivalents	357,549
Minority Interest	-2,575
Interest-bearing Debt	22,540
Non-operating Assets	27,731

Notes:

- Cash and Cash Equivalents of the Target Company include cash and bank balances, restricted cash, wealth management products.
- The Target Company's interest-bearing debt primarily includes short-term borrowings.
- The Target Company's non-operating assets primarily include transactions with related parties, payables for merger and acquisition, deferred tax.

(6) Valuation Results

Valuation Results Using P/E Multiple for 100% Equity of Target Company

(Unaudited)
(RMB in Thousands)

Item	Value
Net Profit Attributable to Parent Company Owners of Target Company Excluding Extraordinary Items: 12-month period from July 1, 2024, to June 30, 2025	72,675
Average Adjusted P/E Multiple	<u>22.7x</u>
Equity Value Calculated Using P/E Multiple (Before DLOM)	1,649,359
Less: Discount for Lack of Marketability (33.81%)	<u>557,584</u>
Operating Equity Value Calculated Using P/E Multiple	1,091,776
Add: Value of Non-operating Assets as at June 30, 2025	<u>27,731</u>
Equity Value Calculated Using P/E Multiple (Before Control Premium)	1,119,507
Add: Control Premium (13%)	<u>145,536</u>
Market Value of 100% Equity of Target Company as at June 30, 2025, Using P/E Multiple	<u><u>1,270,000</u></u>

Valuation Results Using EV/Sales Multiple for 100% Equity of Target Company

(Unaudited)
(RMB in Thousands)

Item	Value
Sales Revenue of Target Company: 12-month period from July 1, 2024, to June 30, 2025	855,842
Average Adjusted EV/Sales Multiple	<u>1.7x</u>
Enterprise Value Calculated Using EV/Sales Multiple (Before DLOM)	1,482,746
Less: Discount for Lack of Marketability (33.81%)	<u>501,258</u>
Enterprise Value Calculated Using EV/Sales Multiple (Excluding Cash and Cash Equivalents)	981,488
Add: Cash and Cash Equivalents as at June 30, 2025	<u>357,549</u>
Enterprise Value Calculated Using EV/Sales Multiple (Including Cash and Cash Equivalents)	1,339,037
Less: Value of Preferred Stock as at June 30, 2025	0
Less: Value of Minority Interest as at June 30, 2025	-2,575
Less: Value of Interest-bearing Debt as at June 30, 2025	<u>22,540</u>
Operating Enterprise Value Calculated Using EV/Sales Multiple	1,319,072
Add: Value of Non-operating Assets as at June 30, 2025	<u>27,731</u>
Operating Enterprise Value Calculated Using EV/Sales Multiple (Before Control Premium)	1,346,803
Add: Control Premium (13%)	<u>175,084</u>
Market Value of 100% Equity of Target Company as at June 30, 2025, Using EV/Sales Multiple	<u><u>1,520,000</u></u>

Note: Due to rounding, the products and sums of numbers may not exactly equal the relevant totals.

(7) Valuation Conclusion

The Valuer believes that among the two value multiples used, the EV/Sales multiple calculates the market value of entire equity of the Target Company based on sales scale, while the P/E multiple calculates the market value of the entire equity of the Target Company based on profitability. Both approaches align with industry practices for equity valuation. Therefore, the Valuer ultimately considered using the average of the valuation results from both multiples to determine the equity value of the Target Company.

(Unaudited)
(RMB in Thousands)

Item	Value
Market Value of 100% Equity of Target Company as at June 30, 2025, Using P/E Multiple	1,270,000
Market Value of 100% Equity of Target Company as at June 30, 2025, Using EV/Sales Multiple	<u>1,520,000</u>
Average Derived from the Two Multiples: Market Value of 100% Equity of Target Company as at June 30, 2025	<u><u>1,395,000</u></u>

Through our valuation, the Market value of All Shareholder's Equity Value of Shanghai Siyanli Industrial as of the valuation benchmark date is **RMB1,395.0 Million** (Say Renminbi One Billion Three Hundred Ninety-Five Million Only).

X. Implementation Process and Status of Valuation Procedures

The process and status of implementation of the major valuation procedures from engagement acceptance to the issuance of the valuation report are as follows:

1. Defining Engagement Fundamentals

Initial discussions were held with the client to clarify essential aspects of the engagement including (1) The client, rights holder and other users of the valuation report; (2) Valuation purpose; (3) Valuation subject and valuation scope; (4) Bases of Value; (5) Valuation benchmark date; (6) Approval status of the economic transaction requiring authorization related to the valuation project; (7) Scope of use of the valuation report; (8) Deadline and method of submitting the valuation report; (9) Valuation service fees and payment terms; (10) Key matters requiring clarification, including cooperation and assistance between the client or other relevant parties, and the valuation institution with its valuation professionals.

2. *Executing the Engagement Agreement*

Based on the essential aspects of the engagement, analyze and evaluate whether to undertake the project. Upon deciding to proceed, a formal valuation engagement agreement was executed with the client. This agreement outlined the rights and obligations of both parties, breach liabilities, and mechanisms for dispute resolution.

3. *Preparation of Valuation Plans*

Prepare a valuation plan based on the specifics of the valuation operation, including the main processes and time schedules, staffing arrangements and so on.

4. *Survey Valuation Subjects*

Use appropriate means to investigate the valuation subject, obtain information needed for valuation, and understand the status of the valuation subject.

5. *Collection and Organization of Valuation Information*

According to the specific conditions of the valuation business, collect the information required for the valuation, mainly including: (1) Information provided by the client or other relevant parties concerning the subject and scope of valuation; (2) Information obtained from government departments, various professional organizations or the market. The collected information is analyzed, summarized and organized according to the specific conditions of the valuation to form the basis for assessment, estimation and preparation of the valuation report.

6. *Formation of Valuation Conclusions*

The applicability of each valuation method is analyzed, and valuation methods are selected based on the purpose of valuation, valuation subject, base of value, and collection of information. On this basis, according to the valuation methods adopted, the corresponding formulas and parameters are selected for analysis, calculation and judgment to form the measurement results, and the measurement results formed are comprehensively analyzed to form the valuation conclusion.

7. *Preparation and Issuance of Valuation Report*

The valuation professional prepares a preliminary valuation report after forming a valuation conclusion through assessment and estimation. The valuation institution conducts internal review of the preliminary valuation report in accordance with the internal quality control system. After revising and improving the preliminary valuation report according to the internal audit opinions, the project leader communicates with the client or other relevant parties

agreed by the client on the contents of the valuation report without affecting the independent judgment of the valuation conclusions, and issues and submits the formal valuation report after making reasonable improvements to the valuation report according to the communication results.

XI. Valuation Assumptions

The analysis and calculations in this valuation report are based on the following assumptions:

1. General Assumptions

- (1) **Transaction Assumption:** This assumes that all assets to be valued are already in the process of being transacted, and appraisers estimate their value by simulating market conditions based on the transaction terms of the subject assets. The transaction assumption is the most fundamental prerequisite for valuation.
- (2) **Open Market Assumption:** This assumes that assets can be freely bought and sold in a competitive market, and their prices are determined by the independent judgments of willing buyers and sellers regarding the asset's value, given the prevailing supply and demand conditions in that market.
- (3) **Going Concern Assumption:** This assumes that a business entity will continue its operations indefinitely and that, within a foreseeable future period, the entity's operations will not cease or terminate.

2. Special Assumptions

- (1) The political, legal, economic, and social conditions in the locations where the Target Company currently or may potentially operate will not undergo significant changes.
- (2) The relevant tax, credit policies, and other applicable government policies in the jurisdictions where the Target Company currently or will operate will not undergo significant changes, and the applicable corporate tax rate, interest rates, exchange rates, and policy-related levy rates will remain stable.
- (3) The Target Company has complied and will continue to comply with all applicable laws and regulations, and no significant non-compliance events that would materially adversely affect the Target Company and its business will occur in the future.
- (4) The Target Company's business premises can be continuously leased at prices close to the current or surrounding area rates.

- (5) The supply and demand for the Target Company's services or similar services domestically and internationally will not differ materially from current or expected conditions.
- (6) The market prices and related costs for the Target Company's services or similar services domestically and internationally will not differ materially from current or expected levels.
- (7) The accounting policies adopted by the Target Company remain substantially consistent in all material aspects, and the existing management style and business structure remain without major changes, excluding potential unforeseen impacts due to changes in management, operational strategies, and the operating environment.
- (8) There will be no other force majeure events or unforeseen factors that would have a material adverse impact on the Target Company.
- (9) The financial, operational, and other information provided for this valuation purpose is true, accurate, and complete.
- (10) The market data, industry consultations, and statistical figures obtained from public sources are true and accurate.

The valuation conclusions presented in this report are valid as of the valuation date under the aforementioned assumptions. Should these assumptions undergo significant changes, valuation institution shall not be held responsible for any differing valuation conclusions resulting from such changes in the assumptions.

XII. Valuation Conclusions

The Market value of All Shareholder's Equity Value of Shanghai Siyanli Industrial as of The Valuation Benchmark Date is valued RMB1,395.0 Million, SAY:RMB One Billion Three Hundred Ninety-Five Million.

Validity period for the use of the valuation conclusions

The valuation conclusion disclosed in this valuation report is only valid for the economic activity described in the valuation report. The validity period of the valuation conclusion is one year from the valuation base date, i.e., from the valuation base date of June 30, 2025 to June 29, 2026.

XIII. Extraordinary issues

“Langzi Co., Ltd.”, a comparable listed company selected in this market approach, issued the Announcement on Tax Supplementary Payment Matters of Subsidiaries on September 5, 2025 after the valuation base date. The tax supplementary payment matters of the wholly-owned subsidiary of Langzi Co., Ltd. are expected to reduce the net profit attributable to the shareholders of the listed company in 2025 by approximately RMB30,821,400. The calculation of the P/E multiple in this market approach is based on the rolling net profit attributable to the parent company of Langzi Co., Ltd. for the 12 months before the valuation base date, and the impact of this post-valuation-date event is not considered in this valuation. Users of the report are requested to pay attention to this.

In this valuation report, if there is a tail difference between the total amount and the sum of the individual items in any table or text description with the amount unit of ten thousand yuan or one thousand yuan, it is caused by rounding.

The purpose of the valuation personnel performing the valuation business is to estimate the value of the valuation object and issue a professional opinion, and they do not bear the responsibility for the decision-making of the relevant parties.

The materials provided by the client and the valued party are the basis for this valuation. The client and the valued party shall be responsible for the authenticity, legality, and completeness of the provided materials.

XIV. Notes on limitations on the use of valuation reports

This valuation report is of a consultative nature. It is NOT a statutory appraisal report as regulated by the Law of the People’s Republic of China on Asset Appraisal or the Chinese Valuation Standard, and shall not be used as an asset appraisal report.

The scope of use of this valuation report is as follows: It is solely for use by the parties specified in the valuation engagement letter; It is solely serving the valuation purpose stated in this valuation report; The conclusion of this report shall not be used beyond the validity period of the valuation conclusion; Without the valuation institution’s prior consent, the contents of the valuation report shall not be excerpted, quoted, or disclosed in any public media, except as otherwise required by laws or administrative regulations or as otherwise agreed upon by the relevant parties.

The Client or other users of the valuation report must use the valuation report in accordance with the applicable laws and administrative regulations, as well as the purpose and usage specified in the valuation report. If the Client or other users violate these terms and use the valuation report improperly, the valuation institution and its professional valuers shall not bear any responsibility.

Except for the client, other users specified in the valuation engagement letter and users stipulated by laws and administrative regulations, any other organizations or individuals are not permitted to use the valuation report.

Users of the valuation report shall correctly interpret and use the valuation conclusion. The valuation conclusion shall not be equivalent to the attainable price of the valuation subject and shall not be deemed as a guarantee for the attainable price of the valuation subject.

This valuation report can be officially used only after the seal of the valuation institution is affixed.

XV. Report Date

The report date of this valuation report is October 15, 2025.

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Valuation Institution: JZ (Shanghai) Asset Appraisal Co., Ltd.

Report Date: October 15th, 2025

Address: 7F, T3, MU Center, No.277 Longlan Road, Xuhui District, Shanghai

Zip Code: 200232

Tel: 021-63081130

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ANNEX

Annex I: Business licenses of the Client and the Rights Holder

Annex II: Business license of JZ (Shanghai) Asset Appraisal Co., Ltd.

Annex III: Documents for record or qualification of JZ (Shanghai) Asset Appraisal Co., Ltd.

Annex IV: Summary Valuation Table

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive in any material aspect, and there are no other facts the omission of which would render any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of the Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or 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 have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding in issued share capital ⁽¹⁾
Li Yang	Interest in a controlled corporation ⁽²⁾	2,000,000	0.85%
	Adviser of a trust ⁽³⁾	35,560,000	15.08%
	Interest jointly held with another person ⁽⁴⁾	77,427,000	32.84%
	Interest of spouse ⁽⁵⁾	27,000	0.01%
Li Fangyu	Beneficial owner	7,000	0.003%
	Adviser of a trust ⁽⁶⁾	42,400,000	17.98%
	Interest jointly held with another person ⁽⁴⁾	72,580,000	30.78%
Lian Songyong	Adviser of a trust ⁽⁷⁾	35,020,000	14.85%
	Interest jointly held with another person ⁽⁴⁾	79,967,000	33.91%

Notes:

- (1) The percentage of shareholding was calculated based on the Company's 235,795,568 Shares in issue (including treasury shares) as at September 30, 2025.
- (2) Mr. Li Yang ("**Mr. Li**") is interested in the entire share capital of LIY Holdings Limited which holds 2,000,000 Shares in the Company.
- (3) Mr. Li is the power holder of Tiantian Trust and is able to exercise the voting rights of 35,560,000 Shares held by LIY Management Holdings Limited, which is in turn owned as to 99.99% by LYBF Management Holdings Limited and is wholly owned by Tiantian Trust.
- (4) Mr. Li, Ms. Li Fangyu ("**Ms. Li**"), Mr. Lian Songyong ("**Mr. Lian**"), Ms. Niu Guifen, Mr. Cui Yuanjun and Ms. Yuan Huimin have entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group, as such, each of them are deemed to be interested in the Shares each other is interested in. They are collectively interested in the voting rights of 114,987,000 Shares.
- (5) Mr. Li's spouse, Ms. Chen Xiaomei, beneficially owns 27,000 Shares in the Company.
- (6) Ms. Li is the power holder of Meimei Trust and is able to exercise the voting rights of 42,400,000 Shares held by LIFY Management Holdings Limited, which is in turn owned as to 99.99% by LFYE Management Holdings Limited and is wholly owned by Meimei Trust.
- (7) Mr. Lian is the power holder of EffieA Trust and is able to exercise the voting rights of 35,020,000 Shares held by Meiyao Holdings Limited, which is in turn owned as to 69.63% by LIANSY Family Holdings Limited and is wholly owned by EffieA Trust.

Save as disclosed above, as at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (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, to be entered in the register referred to in section 352 of the SFO pursuant to the requirements therein, and/or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Interests of the substantial Shareholders

As at the Latest Practicable Date, so far as the Directors were aware, the following persons (other than the Directors or chief executive of the Company) had interests and/or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares held⁽¹⁾	Approximate percentage of shareholding in issued share capital⁽²⁾
Chen Xiaomei	Beneficial owner	27,000	0.01%
	Interest of spouse	114,987,000	48.77%
Niu Guifen	Interest jointly held with another person ⁽³⁾	114,987,000	48.77%
Cui Yuanjun	Interest jointly held with another person ⁽³⁾	114,987,000	48.77%
Yuan Huimin	Interest jointly held with another person ⁽³⁾	114,987,000	48.77%
LIY Management Holdings Limited	Beneficial owner ⁽⁴⁾	35,560,000	15.08%
LYBF Management Holdings Limited	Interest of corporation controlled ⁽⁴⁾	35,560,000	15.08%
LIFY Management Holdings Limited	Beneficial owner ⁽⁴⁾	42,400,000	17.98%
LFYE Management Holdings Limited	Interest of corporation controlled ⁽⁴⁾	42,400,000	17.98%
Meiyao Holdings Limited	Beneficial owner ⁽⁴⁾	35,020,000	14.85%
LIANSY Family Holdings Limited	Interest of corporation controlled ⁽⁴⁾	35,020,000	14.85%
Trident Trust Company (HK) Limited	Interest of corporation controlled ⁽⁴⁾	112,980,000	47.91%
CPIC Health Care Private Investment Fund (Shanghai) Partnership (Limited Partnership)	Interest of corporation controlled	14,834,890	6.29%

Name	Capacity/nature of interest	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in issued share capital ⁽²⁾
Hainan Fumei Shibei Equity Investment Fund Partnership (Limited Partnership)	Interest of corporation controlled	14,834,890	6.29%
Guangzhou Defu Phase III Investment Consulting Partnership (Limited Partnership)	Interest of corporation controlled	14,834,890	6.29%
Guangzhou GL Capital GP L.P.	Investment manager	14,834,890	6.29%
Hou Ming	Interest of corporation controlled	14,834,890	6.29%
Li Zhenfu	Interest of corporation controlled; Interest of spouse	22,900,989	9.71%
NATURADE HEALTH TECHNOLOGY COMPANY LIMITED	Beneficial owner	16,998,000	7.21%
Naturade Forever Company Limited	Interest of corporation controlled	16,998,000	7.21%
Naturade Beauty Technology Company Limited	Interest of corporation controlled	16,998,000	7.21%
Naturade First Company Limited	Interest of corporation controlled	16,998,000	7.21%
Yao Qian	Interest of corporation controlled	16,998,000	7.21%

Notes:

- (1) Short position are denoted as “(S)”.
- (2) The percentage of shareholding was calculated based on the Company’s 235,795,568 Shares in issue (including treasury shares) as at September 30, 2025.
- (3) Mr. Li, Ms. Li, Mr. Lian, Ms. Niu Guifen, Mr. Cui Yuanjun and Ms. Yuan Huimin have entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group, as such, each of them are deemed to be interested in the Shares each other is interested in. They are collectively interested in the voting rights of 114,987,000 Shares.

- (4) Trident Trust Company (HK) Limited is interested in the Shares beneficially held by LIY Management Holdings Limited (through their control of LYBF Management Holdings Limited), LIFY Management Holdings Limited (through their control of LFYE Management Holdings Limited) and MeiYao Holdings Limited (through their control of LIANSY Family Holdings Limited).

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than a Director or chief executive of the Company) who had an interest and/or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract entered or to be entered into between the Company and any Director or proposed Director (excluding service contracts that would expire or may be terminated by the Company within a year without payment of any non-statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the Group's business.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group, nor did any Director have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since December 31, 2024, being the date to which the latest published audited financial statements of the Group were made up.

6. LITIGATION

The Group was not involved in any material litigation or arbitration during the year ended December 31, 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2024.

7. MATERIAL CONTRACT

Set forth below is the contract, not being contract entered into in the ordinary course of business by the members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the Share Purchase Agreement.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
JZ (Shanghai) Assets Appraisal Co., Ltd.* (金證(上海)資產評估有限公司)	A qualified independent valuer
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

As at the Latest Practicable Date, the experts named above did not have any interest, direct or indirect, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the experts named above had no direct or indirect interest in any assets which had been, since December 31, 2024 (being the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

Each of the experts named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name included herein in the form and context in which it appears.

9. MISCELLANEOUS

- (i) The registered office of the Company is at Floor 4, Willow House, Cricket Square, Grand Cayman, KY1-9010, Cayman Islands. The Company is an investment holding company. The headquarters and principal place of business in the PRC is at Unit 1206, 12th Floor, No. 1089 Dongdaming Road, Hongkou District, Shanghai, PRC. The principal place of business in Hong Kong is at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (ii) The joint company secretaries of the Company are Ms. ZHOU Min and Ms. KWOK Siu Ying Sarah, among whom, Ms. KWOK Siu Ying Sarah has been an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom since 2018. She is also an affiliate member of The Society of Trust and Estate Practitioners.
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (iv) In any event of inconsistency, the English version of this circular and the accompanying proxy form shall prevail over the Chinese version to the extent of such inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://ir.beautyfarm.com.cn/cn/>) for a period of 14 days from the date of this circular:

- (i) the Share Purchase Agreement;
- (ii) the letter from the Board, the text of which is set out on pages 7 to 34 of this circular;
- (iii) the accountants' report of the Target Company, the text of which is set out in Appendix II to this circular;
- (iv) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;
- (v) the Valuation Report of the Target Company, the text of which is set out in Appendix V to this circular; and
- (vi) the written consent of the experts as referred to in the section headed "8. Qualification and Consent of Experts" in this Appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Beauty Farm Medical and Health Industry Inc.

美麗田園醫療健康產業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2373)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Beauty Farm Medical and Health Industry Inc. (the “**Company**”) will be held at Shanghai Meeting Room, 12th Floor, Raffles East Office Tower, No. 1089 Dongdaming Road, Hongkou District, Shanghai, PRC on Friday, December 5, 2025 at 9:30 a.m. for considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) the share purchase agreement (the “**Share Purchase Agreement**”) dated October 15, 2025 entered into among the Company, Shanghai Beauty Farm Medical Healthcare Industry (Group) Co., Ltd. (上海美麗田園醫療健康產業(集團)有限公司, together with the Company, the “**Purchasers**”), SYL Holding Limited (“**SYL Holding**”) and Shanghai Anyan Enterprise Management Co., Ltd.* (上海安妍企業管理有限公司 together with SYL Holding, the “**Vendors**”) in relation to the acquisition of the 100% issued shares in the Shanghai Siyanli Industrial Co., Ltd.* (上海思妍麗實業股份有限公司) by the Purchasers from the Vendors, details of which are set forth in the circular of the Company dated November 17, 2025 (a copy of which marked “A” is produced to the EGM and signed by the chairman of the EGM for identification purpose), the execution thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (ii) the allotment and issue of 15,798,147 shares (the “**Consideration Shares**”) of the Company at the issue price of HK\$28.71 per Consideration Share to the Vendors pursuant to the terms of the Share Purchase Agreement be and are hereby approved (the “**Specific Mandate**”);
- (iii) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited having granted the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby granted the specific mandate and any one Director be and is hereby specifically authorised to exercise all the powers of the Company to allot, issue and credit as fully paid the Consideration Shares, on and subject to the terms and conditions of the Share Purchase Agreement, provided that such authority granted to the Directors shall

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

be in addition to, and shall not prejudice or revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior or subsequent to the passing of this resolution; and

- (iv) each of the Directors be and is hereby authorised to do all such acts and things, sign, ratify and execute all such documents and take all such steps as the Director may in his/her discretion consider necessary, appropriate, desirable and/or expedient for the purpose of implementing or giving effect to or otherwise in connection with the Share Purchase Agreement, the Specific Mandate and/or any of the transactions contemplated thereunder, and be and is further authorised to agree to all such variations and amendments to any document and to give all such waivers of the obligations under any document as are, in his/her opinion, in the interests of the Company and its shareholders.”

By Order of the Board
Beauty Farm Medical and Health Industry Inc.
LI Yang
Chairman and executive Director

Shanghai, November 17, 2025

Registered Office:
Floor 4, Willow House
Cricket Square
Grand Cayman
KY1-9010
Cayman Islands

*Headquarters and Principal Place
of Business in the PRC:*
Unit 1206, 12th Floor
No. 1089 Dongdaming Road
Hongkou District
Shanghai
PRC

*Principal Place of Business
in Hong Kong:*
Room 1901, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Notes:

1. The resolution at the EGM (except those relate to the procedural or administrative matters, which should be taken by a show of hands as the chairman of the EGM may decide, in good faith) will be taken by a poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy (or more than one proxy if he/she is the holder of two or more shares) to attend and, on a poll, vote on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the form of proxy shall specify the number of shares in respect of which each such proxy is so appointed. In case of a poll every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her. Holders of treasury Shares of the Company, if any, shall abstain from voting at the Company’s general meeting in connection to such treasury Shares.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case maybe) (for the EGM, i.e. not later than 9:30 a.m. on Wednesday, December 3, 2025). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from Tuesday, December 2, 2025 to Friday, December 5, 2025 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration before 4:30 p.m. on Monday, December 1, 2025. Shareholders of the Company whose names appear on the register of members of the Company on Friday, December 5, 2025 are entitled to attend the EGM.
5. If any shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to the Company's headquarters and principal place of business in the PRC at Unit 1206, 12th Floor, No. 1089 Dongdaming Road, Hongkou District, Shanghai, PRC or by email to ir@beautyfarm.com.cn. If any shareholder has any question relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Website: www.computershare.com/hk/contact
Tel: (852) 2862 8555
Fax: (852) 2865 0990
6. References to times and dates in this notice are to Hong Kong time and dates.