



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.

APPENDIX II
ACCOUNTANTS' REPORT OF THE TARGET GROUP
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	
		2022	2023	2024	30 June	
	Note	RMB'000	RMB'000	RMB'000	2024	2025
					(unaudited)	
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>

APPENDIX II**ACCOUNTANTS' REPORT OF THE TARGET GROUP****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	
	2022	2023	2024	30 June	
	RMB'000	RMB'000	RMB'000	2024	2025
				(unaudited)	
(Losses)/profit for the year	(36,366)	69,425	81,036	43,389	43,997
Other comprehensive income/ (loss)					
Items that may not be reclassified to profit or loss					
Changes in the fair value of equity investments at fair value through other comprehensive income	(23,792)	—	—	—	—
Items that may be reclassified to profit or loss					
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.

APPENDIX II**ACCOUNTANTS' REPORT OF THE TARGET GROUP****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	41,430	30,696	33,688	35,122
Total non-current assets		674,050	740,141	725,510	718,960
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	81,184	80,286	126,703	85,902
Total current assets		595,838	422,406	500,628	513,594
Total assets		<u>1,269,888</u>	<u>1,162,547</u>	<u>1,226,138</u>	<u>1,232,554</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		192,713	91,357	171,438	155,859
Equity attributable to owners of the Target Company		308,754	201,468	282,542	267,435
Non-controlling interests		(1,427)	(5,337)	(2,422)	(2,576)
Total equity		<u>307,327</u>	<u>196,131</u>	<u>280,120</u>	<u>264,859</u>

APPENDIX II
ACCOUNTANTS' REPORT OF THE TARGET GROUP

		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>

APPENDIX II**ACCOUNTANTS' REPORT OF THE TARGET GROUP****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
	Note	RMB'000	RMB'000	RMB'000	2025
					RMB'000
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		2,316	3,335	3,478	2,675
Total non-current assets		301,778	314,848	302,498	287,306
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	68,157	63,368	111,666	74,939
Total current assets		585,764	417,945	526,903	549,080
Total assets		887,542	732,793	829,401	836,386
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		177,812	21,812	150,636	175,797
Total equity		395,743	239,743	368,567	393,728

APPENDIX II
ACCOUNTANTS' REPORT OF THE TARGET GROUP

		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>

APPENDIX II
ACCOUNTANTS' REPORT OF THE TARGET GROUP
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-controlling interests	Total equity
		Share capital	Other reserves	Share premium	Retained earnings	Total		
		RMB'000	(Note 23) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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>—</u>	<u>39,345</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>—</u>	<u>(39,345)</u>	<u>(39,254)</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>—</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>—</u>	<u>(170,000)</u>
		<u>—</u>	<u>(6,592)</u>	<u>—</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>

APPENDIX II
ACCOUNTANTS' REPORT OF THE TARGET GROUP

Note	Equity attributable to owners of the Target Company					Non-controlling interests	Total equity
	Share capital	Other reserves (Note 23)	Share premium	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	—	993	—	—	993	—	993
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	—	—	—	—	—	1,960	1,960
	—	—	—	—	—	1,960	1,960
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)	—	316	—	—	316	—	316
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)	—	—	—	—	—	1,960	1,960
	—	—	—	—	—	1,960	1,960
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	—	472	—	—	472	—	472
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	—	—	—	(59,730)	(59,730)	—	(59,730)
	—	—	—	(59,730)	(59,730)	—	(59,730)
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.

APPENDIX II**ACCOUNTANTS' REPORT OF THE TARGET GROUP****CONSOLIDATED STATEMENT OF CASH FLOWS**

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

	<i>Note</i>	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)	
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>

APPENDIX II
ACCOUNTANTS' REPORT OF THE TARGET GROUP

	<i>Note</i>	Year ended 31 December			Six months ended	
		2022	2023	2024	30 June 2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					(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>81,184</u>	<u>80,286</u>	<u>126,703</u>	<u>31,968</u>	<u>85,902</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>

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	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

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

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 (Note)	—	(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	871
Closing balance as at 31 December 2024	—
Closing balance as at 31 December 2023	1,014
Acquisitions	169,950
Redemption upon maturity	(115,482)
Fair value change	327
Closing balance as at 30 June 2024	55,809
Closing balance as at 31 December 2024	—
Acquisitions	413,730
Redemption upon maturity	(334,416)
Fair value change	1,243
Closing balance as at 30 June 2025	80,557

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	As at 31 December		As at
	2022	2023	2024	30 June 2025	2022	2023	30 June 2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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>564,781</u>	<u>817,666</u>	<u>848,509</u>	<u>415,759</u>	<u>423,092</u>

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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	RMB'000
				(unaudited)	
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	6,129	6,842	3,332	2,170	2,682
Total	564,781	817,666	848,509	415,759	423,092

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	527,133	532,455	556,685	574,760

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.

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(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	251,926	314,616	319,427	154,131	166,729

(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))	—	32,815	26,416	35,229
	527,133	532,455	556,685	574,760

(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.

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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 (Note 14)	<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 (Note 3.3)	9,473	6,254	871	327	1,243
Impairment of investment property (Note 14)	(5,599)	(1,226)	(276)	—	—
Gains on disposal of investment property	—	578	670	670	1,159
Impairment losses on Goodwill (Note 17)	—	(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	(501)	(680)	1,343	(779)	(276)
Total	<u>1,257</u>	<u>5,911</u>	<u>2,828</u>	<u>1,089</u>	<u>1,285</u>

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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 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
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

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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	RMB'000
				(unaudited)	
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	RMB'000
				(unaudited)	
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 (Note 15(b))	<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 (Note 27)	<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%).

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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	(41,562)	106,028	100,166	54,901	57,770
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	515	1,207	196	121	241
Tax charge	(5,196)	36,603	19,130	11,512	13,773

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%.

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(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.

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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>

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	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>

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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
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(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	2025
	RMB'000	RMB'000	RMB'000	RMB'000
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.

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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)	—
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 RMB'000
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>210,468</u>
At 31 December 2022	
Cost	449,500
Accumulated depreciation	<u>(239,032)</u>
Net book amount	<u>210,468</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>247,446</u>
At 31 December 2023	
Cost	538,393
Accumulated depreciation	<u>(290,947)</u>
Net book amount	<u>247,446</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>228,050</u>
At 31 December 2024	
Cost	519,932
Accumulated depreciation	<u>(291,882)</u>
Net book amount	<u>228,050</u>

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	Properties			
	RMB'000			
The six months ended 30 June 2025				
Opening net book amount	228,050			
Acquisition of subsidiaries (Note 31)	2,131			
Additions	24,036			
Lease modification	(1,743)			
Depreciation capitalized to property	(786)			
Depreciation charged to profit or loss (Note 8)	(48,918)			
Closing net book amount	202,770			
At 30 June 2025				
Cost	493,420			
Accumulated depreciation	(290,650)			
Net book amount	202,770			
(b) Lease liabilities				
	As at 31 December		As at 30 June	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities				
Current	88,264	101,180	95,133	85,110
Non-current	146,997	159,013	148,262	130,937
	235,261	260,193	243,395	216,047

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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	469	476	609	484	504
	<u>111,577</u>	<u>115,437</u>	<u>116,192</u>	<u>57,627</u>	<u>54,769</u>
(ii) Cash flow:					
The cash outflow for leases as financing activities	<u>99,393</u>	<u>131,258</u>	<u>119,415</u>	<u>60,154</u>	<u>56,615</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>11,686</u>
At 31 December 2022	
Cost	44,035
Accumulated depreciation	<u>(32,349)</u>
Net book amount	<u>11,686</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>29,250</u>

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	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

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	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 (Note 13)	3,240	—	—	3,240
Acquisition of subsidiaries (Note 31)	—	—	14,000	14,000
Other acquisitions	120	—	—	120
Amortisation charge (Note 8)	(2,553)	(150)	(5,208)	(7,911)
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	(9,358)	(727)	(14,110)	(24,195)
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 (Note 31)	—	—	17,090	17,090
Amortisation charge (Note 8)	(1,428)	(70)	(2,898)	(4,396)
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	(10,786)	(797)	(17,008)	(28,591)
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.

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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
				(unaudited)	
Net unrealized fair value gains on financial assets at FVPL	<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>

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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				
(Note 22)	81,184	80,286	126,703	85,902
Restricted cash (Note 22)	2,057	187,858	188,586	191,090
Trade receivables (Note 21)	9,331	17,165	21,260	21,912
Deposits, other receivables and amount due from related parties				
(Note 21)	63,018	78,665	94,562	61,187
Financial assets at FVPL				
(Note 18)	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 (Note 24)	66,400	—	—	22,540
Lease liabilities (Note 15)	235,261	260,193	243,395	216,047
Trade payables (Note 26)	7,572	1,782	3,582	4,792
Other payables and accruals excluding employee benefits payables, tax payables				
(Note 26)	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	(9,982)	(11,955)	(9,251)	(3,904)
	<u>75,101</u>	<u>55,004</u>	<u>67,169</u>	<u>70,052</u>

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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>

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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	(640)	(2,150)	(2,237)	(2,808)

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	—	1,411	1,408	1,408
Expected credit losses	—	1,411	1,408	1,408

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(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>

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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	<u>(329)</u>	<u>(462)</u>	<u>(590)</u>	<u>(699)</u>

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
		<u>40,558</u>	<u>329</u>		<u>57,051</u>	<u>462</u>

	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
		<u>73,331</u>	<u>590</u>		<u>42,835</u>	<u>699</u>

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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
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Trade receivables	2,059	11,648	14,219	15,402
Less: provision for impairment	(470)	(2,111)	(2,237)	(2,491)
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	(24)	(194)	(365)	(298)
	<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>

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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 (note a)	(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

APPENDIX II**ACCOUNTANTS' REPORT OF THE TARGET GROUP****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>
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	Share capital
	<i>'000</i>	<i>RMB'000</i>
At 31 December 2022, 2023, 2024 and 30 June 2025	<u>33,333</u>	<u>33,333</u>
		Share
		Premium
		<i>RMB'000</i>
At 31 December 2022, 2023, 2024 and 30 June 2025		<u>63,761</u>

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

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- (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:

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

25 OTHER CURRENT LIABILITIES

	2022 RMB'000	As at 31 December 2023 RMB'000	2024 RMB'000	As at 30 June 2025 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:

	2022 RMB'000	As at 31 December 2023 RMB'000	2024 RMB'000	As at 30 June 2025 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>

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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>

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27 DEFERRED INCOME TAX

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets	41,430	30,696	33,688	35,122
Deferred income tax liabilities	(7,685)	(8,104)	(7,320)	(7,819)
	<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
	RMB'000	RMB'000	RMB'000	RMB'000
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>

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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>

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(2) Deferred income tax liabilities:

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

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.

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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	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
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>

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	As at 31 December			As at 30 June	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
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	(670)	190,726	21,295	10,654	(37,898)
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	RMB'000
				(unaudited)	
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	RMB'000
					(unaudited)	
Cash and cash equivalents	22	81,184	80,286	126,703	31,968	85,902
Borrowing	24	(66,400)	—	—	—	(22,540)
Lease liabilities	15	(235,261)	(260,193)	(243,395)	(252,488)	(216,047)
Net debt		<u>(220,477)</u>	<u>(179,907)</u>	<u>(116,692)</u>	<u>(220,520)</u>	<u>(152,685)</u>

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	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	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(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

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	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	—	690	5,594	2,235	—
(iv) Payment on behalf of Shanghai Anyan Enterprise Management Co., Ltd	—	955	—	—	—
Shanghai Weierqin Brand Management Co., Ltd	—	2,624	6,040	4,270	—
Shanghai Yueyanmei Brand Management Co., Ltd	—	—	3,822	689	—
	—	3,579	9,862	4,959	—
(v) Disposal of the subsidiary SYL Holding Limited	39,254	—	—	—	—
Shanghai Anyan Enterprise Management Co., Ltd	—	12,050	—	—	2,061
	39,254	12,050	—	—	2,061
(vi) Repayment of loans to related parties Shanghai Anyan Enterprise Management Co., Ltd	—	—	—	—	6,284

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	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	—	185,060	185,060	185,060	185,060
(ix) Dividend distribution					
Shanghai Anyan Enterprise Management Co., Ltd	—	—	—	—	59,730

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(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>

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ACCOUNTANTS' REPORT OF THE TARGET GROUP

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 Fucai 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

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

2023	Shanghai Yancu Enterprise Management Co., Ltd RMB'000	Beijing Guangze Mingyan Medical Beauty Clinic Co., Ltd RMB'000	Wuhan Hanxiu Medical Beauty Hospital Co., Ltd RMB'000	Xi'an Guangze Medical Beauty Consulting Co., Ltd RMB'000	Total RMB'000
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

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(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 30 June		Principle activities and place of operation
			2022	2023	2024	2025	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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 Aiyawei 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%	100%	Provision of beauty and wellness services in the PRC

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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 30 June		Principle activities and place of operation
			2022	2023	2024	2025	2025	
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%	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%	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%	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%	100%	Provision of beauty and wellness services in the PRC
Shenyang Yisi Beauty Co., Ltd. 瀋陽宜思美容有限公司 (vi)	PRC, limited liability company	500 —	—	100%	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%	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%	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%	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%	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%	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%	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%	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%	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%	100%	Provision of aesthetic medical services in the PRC

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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 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 Qingxiu Moyan 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. 上海愛麗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 Saiersi 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 Meiyian yulu 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

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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
		('000, in RMB unless otherwise stated)		2022	2023	2024		
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 30 June		Principle activities and place of operation
			2022	2023	2024	2025	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 黃河(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 Xiyian 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

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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 30 June 2025	Principle activities and place of operation
			2022	2023	2024		
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 Fucui 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 Sibeiya 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 Sibeiya 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

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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 30 June 2025	Principle activities and place of operation
			2022	2023	2024	2025		
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 Ruishiyue 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.

APPENDIX II**ACCOUNTANTS' REPORT OF THE TARGET GROUP****35 INVESTMENT IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES**

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
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
	RMB'000	RMB'000	RMB'000	RMB'000
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.