Raily

Raily Aesthetic Medicine International Holdings Limited
瑞麗醫美國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2135

2026
Interim Report

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

AUTHORISED REPRESENTATIVES

Mr. Fu Haishu
Mr. Chan Oi Fat

COMPANY SECRETARY

Mr. Chan Oi Fat

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

STRATEGIC INVESTMENT COMMITTEE

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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Hong Kong

HONG KONG LEGAL ADVISER

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

PRINCIPAL BANKS

Hangzhou United Rural Commercial Bank
Zhongshan Sub-branch
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Wulin Subdistrict
Gongshu District
Hangzhou City
PRC

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

STOCK CODE

2135

INVESTOR RELATIONS

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COMPANY'S WEBSITE

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a leading aesthetic medical service provider based in the Yangtze River Delta region in the PRC, our principal business is to offer a number of high-quality aesthetic medical services to meet the different aesthetic and anti-aging needs of our clients, including aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology services. At the same time, we are engaged in aesthetic medical management consulting services and the sales of aesthetic medical device products, and we have proactively expanded into the research and development ("R&D") and production of aesthetic medical device products. We have operated across the upstream, midstream and downstream sectors of the aesthetic medical industry.

Against the backdrop of increasingly mature medical technologies and rising acceptance of aesthetic medical services, China's aesthetic medical industry is currently on a sustainable development path and is gradually transitioning towards a mature and regulated stage. For the six months ended 30 June 2026 (the "Reporting Period"), we recorded revenue growth as we made continuous efforts to enhance our competitive strengths. Our revenue was approximately RMB114.8 million for the Reporting Period, representing an increase of approximately 35.7% from approximately RMB84.6 million for the corresponding period in 2025. Our profit for the Reporting Period was approximately RMB3.5 million (six months ended 30 June 2025: loss of approximately RMB9.5 million), and profit attributable to shareholders of the parent was approximately RMB4.1 million (six months ended 30 June 2025: loss attributable to shareholders of the parent of approximately RMB7.6 million).

For the Reporting Period, we had approximately 26,600 active aesthetic medical clients, representing an increase of approximately 9.9% as compared to approximately 24,200 active clients for the first half of 2025. The increase was primarily attributable to the refinement of our full-process service experience, which enhanced customer trust and satisfaction and reinforced repurchase willingness, complemented by the adoption of a combined marketing strategy that leveraged referral-driven customer acquisition and multi-channel synergy, and the active clients from the launch of our aesthetic medical services in Hong Kong.

We are gradually advancing the following development plans and strategic positioning:

1. Development plans for the business of aesthetic medical device products

Approved by the U.S. Food and Drug Administration in 2006, granted market approval by China's National Medical Products Administration ("NMPA") in 2024, and having secured 22 international patents, Bellafill (a collagen injection product under the category of Class III medical devices) represents a key focus for our aesthetic medical device product sales. During the Reporting Period, sales revenue from Bellafill amounted to approximately RMB36.2 million, representing an increase of approximately 302.2% compared with sales revenue of approximately RMB9.0 million in the first half of 2025. The number of registered medical institutions reached approximately 450, expanding by approximately 80.0% from approximately 250 in the first half of 2025. The number of certified physicians grew to approximately 740, representing an increase of approximately 42.3% from approximately 520 in the first half of 2025.

While maintaining the model that combines direct sales through our in-house sales team with distribution through regional sales agents across the country, we will expand the size of our direct sales team and increase the number of sales agents, enhance the sales training system, establish and improve management policies, and refine sales targets and assessment standards. In addition, we will further optimise our marketing strategies, strengthen promotional efforts, leverage online media platforms for precision marketing, increase interactive online media publicity, and boost brand exposure through participation in more product exhibitions, industry conferences and professional forums.

Suzhou Ruiquan Biosciences Co., Ltd. ("Suzhou Ruiquan"), a subsidiary of Raily Aesthetic Medicine International Holdings Limited (the "Company", together with its subsidiaries, the "Group"), has leveraged its existing clean production conditions, engineering scale-up capabilities, and quality and regulatory systems to progressively establish systematic capabilities spanning material research, process development, pilot-scale validation, quality evaluation, registration conversion and scaled production, which create synergies with the Group's "closed-loop integrated operation system encompassing R&D, production, registration, distribution, training and service". As of the end of the Reporting Period, Suzhou Ruiquan had established an R&D pipeline that covers non-crosslinked collagen implants, crosslinked collagen hydrogels and polymer composite collagen hydrogels, all sharing animal-derived Type I collagen intermediates as the common raw material. In the first half of 2026, Suzhou Ruiquan has completed pilot trials for two batches of collagen intermediates, and preliminarily identified key parameters and quality control issues during process scale-up. Currently, it is focusing on parameter solidification, continuous batch validation, quality consistency and cost control.

We employ a "platform-based collagen intermediate + multiple end-product pipelines" R&D model, under which the collagen intermediate serves as the common raw material, and all three end-products are advanced through collaborative R&D arrangements. Polymer microspheres are planned for procurement from qualified suppliers, while Suzhou Ruiquan focuses on microsphere screening, composite formulation, suspension and injectability performance, production processes, and quality control system development. Going forward, we will intensify our scientific and technological R&D efforts, with a focus on high-end innovative medical biomaterials.

The following table sets forth our aesthetic medical device products under development as of 30 June 2026:

Product Name	Route of Administration	Indication (Proposed for Filing)	Current Stage	Estimated Timeline for Regulatory Approval	R&D Model
Animal-derived Type I Collagen Intermediate	N/A (raw material)	N/A; serves as the common raw material for the three collagen-based end products.	Process optimisation stage.	Not to be registered as a standalone end product	Independent R&D
Non-crosslinked Collagen Implant (provisional name)	Injection	Proposed for facial dermal and subcutaneous soft tissue augmentation; subject to final regulatory approval.	Relevant biological evaluation of the samples completed.	2029	Collaborative R&D
Crosslinked Collagen Hydrogel (provisional name)	Injection	Proposed for facial soft tissue augmentation and contour improvement; subject to final regulatory approval.	Formulation R&D completed, with pilot trials and process optimisation to be carried out shortly.	2030	Collaborative R&D
Polymer Composite Collagen Hydrogel (provisional name)	Injection	Proposed for facial soft tissue augmentation; subject to final regulatory approval.	Formulation R&D completed, with pilot trials and process optimisation to be carried out shortly.	2030	Collaborative R&D

2. Development plans for the business of aesthetic medical services in Chinese Mainland

The Group will continue to introduce cutting-edge aesthetic medical technologies, equipment and medications, and will increase investment in minimally-invasive aesthetic services and aesthetic dermatology service rooms at its Mainland-based medical service institutions, thereby strengthening its capabilities in non-surgical aesthetic medical services and improving the utilisation efficiency of its aesthetic medical service facilities. Moreover, we will regularly review and assess the operating costs and expenses of all Mainland-based medical service institutions, and formulate reasonable budgets. We will negotiate for more favourable procurement prices and payment terms and rationalise procurement plans to reduce inventory backlogs. We will conduct evaluations for each position, introduce AI management, and adjust the remuneration structure based on market conditions and individual performance. In addition, we will strengthen employee training, promote the use of AI to improve work efficiency, and establish incentive mechanisms to stimulate employees' motivation and initiative.

Furthermore, we will establish diversified sales channels for the marketing of Mainland-based medical service institutions, so as to enhance customer experience and strengthen market competitiveness. By monitoring market fluctuations and analysing data such as sales, customer conversion rates and customer satisfaction levels, we will gain insights into the strengths and weaknesses of each sales channel. This will enable us to optimise resource allocation, formulate appropriate and targeted improvement measures for each channel, and achieve internal optimisation. Additionally, we will engage in joint marketing with other enterprises to organise more promotional activities. Meanwhile, we will remain committed to continuously elevating the quality of our products and services, improving marketing effectiveness, increasing brand exposure, and enhancing both brand awareness and influence.

The following table sets forth certain operating data of our Mainland-based aesthetic medical institutions as of 30 June 2026:

Aesthetic medical institution	Date of establishment	Approximate gross floor area (sq.m.)	Number of services rooms
Hangzhou Raily Aesthetic Medical Hospital Co., Ltd.	August 2013	5,900	73
Ruian Raily Aesthetic Medical Out-patient Department Co., Ltd. ("Ruian Raily")	March 2013	700	16
Wuhu Raily Aesthetic Medical Out-patient Department Co., Ltd. ("Wuhu Raily")	July 2015	2,900	38
	Total	9,500	127

3. Development plans for the business of aesthetic medical services in Hong Kong

As an international metropolis, Hong Kong offers a far wider range of approved aesthetic medical products than Chinese Mainland. The aesthetic medical market has witnessed steady growth in recent years, with non-surgical aesthetic medical procedures, particularly those involving energy-based devices and minimally-invasive treatments, experiencing notably rapid development. Non-surgical aesthetic medical procedures are professional aesthetic medical treatments that do not involve incisions, typically performed using photoelectric methods and injections. Compared to surgical aesthetic medical services, non-surgical aesthetic medical procedures are increasingly preferred by consumers due to their high safety profile, short recovery time and affordable pricing.

To extend its business coverage in Hong Kong and simultaneously promote its brand in the city, the Group invested in Raily Aesthetic Medical Limited ("Raily Aesthetic Medical"), an aesthetic medical institution with a gross floor area of approximately 230 sq.m., in January 2026. Raily Aesthetic Medical principally engages in non-surgical aesthetic medical procedures, with a particular focus on minimally-invasive injection-based treatments such as botulinum toxin, collagen and hyaluronic acid fillers. All such injection procedures are performed by Hong Kong-registered physicians with extensive clinical experience. During the Reporting Period, Raily Aesthetic Medical recorded revenue of approximately RMB8.5 million, and we are confident in the next phase of growth as we enter a key expansion stage. In addition to investing in and acquiring medical institutions, we also expanded our business network in Hong Kong by licensing our brand to other third-party medical institutions. Going forward, we will further expand our Hong Kong network through acquisitions or the opening of new medical institutions, leverage Hong Kong's international advantages and the industrial vitality of the Greater Bay Area to facilitate resource integration with the Mainland's aesthetic medical resources, and promote frequent communication and interaction between Hong Kong and Mainland physicians.

4. Development plans for new technologies and new markets

Technological innovation stands as the core engine driving the advancement of the aesthetic medical market. As emerging technologies witness ever-wider applications in this field, consumers are presented with an expanding array of options. Moving forward, we will continue to strategically position ourselves at the forefront of international innovation, focusing on high-value-added, multi-functional biomedical materials, building a premium, diversified and globally oriented product and technology portfolio, and fostering a globally competitive ecosystem that bridges cutting-edge research with commercialisation, delivering on our commitment to provide the global market with safe, high-quality advanced medical materials and comprehensive clinical solutions.

While it is growing rapidly, the aesthetic medical market in Chinese Mainland is attracting an increasing number of cross-sector entrants and seeing fierce competition. We will conduct research into multiple overseas markets, flexibly adjust our merger and acquisition strategy in response to changes in the economic landscape, and may consider acquiring or merging with suitable overseas aesthetic medical institutions or pharmaceutical and equipment distribution companies at reasonable costs, including potential targets in regions such as Hong Kong, Macau and Southeast Asia.

FINANCIAL REVIEW

Revenue

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

	Six months ended 30 June				
	2026		2025		
	Revenue *RMB'000* (Unaudited)	Percentage of the total revenue *%*	Revenue *RMB'000* (Unaudited)	Percentage of the total revenue *%*	Change *%*
Aesthetic medical services	**78,280**	**68.2**	74,937	88.6	4.5
Minimally-invasive aesthetic services	**42,127**	**36.7**	38,404	45.4	9.7
Aesthetic dermatology services	**34,057**	**29.7**	33,110	39.2	2.9
Aesthetic surgery services	**1,741**	**1.5**	2,741	3.2	(36.5)
Others *(Note)*	**355**	**0.3**	682	0.8	(47.9)
Sales of aesthetic medical device products	**36,495**	**31.8**	9,359	11.1	289.9
Aesthetic medical management consulting services	**–**	**–**	302	0.3	(100.0)
	114,775	**100.0**	84,598	100.0	35.7

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

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

Aesthetic medical services primarily include (i) minimally-invasive aesthetic services, which involve minimal penetration of body tissue without surgical incisions; (ii) aesthetic dermatology services, which primarily comprise aesthetic energy-based procedures performed with equipment that utilise various forms of energy such as laser, radiofrequency and intense pulsed light for various purposes such as acne, scar and pigments removal, skin rejuvenation, skin lifting and tightening, and hair removal; and (iii) aesthetic surgery services, which are invasive and are performed to alter the appearance of various parts of the face or body, such as eyes, nose, face and breast.

For the Reporting Period, our total revenue was approximately RMB114.8 million, representing an increase of approximately 35.7% as compared with approximately RMB84.6 million for the six months ended 30 June 2025. For the Reporting Period, our revenue from aesthetic medical services was approximately RMB78.3 million, representing an increase of approximately 4.5% from approximately RMB74.9 million for the six months ended 30 June 2025, which was attributable to the increase in the number of active customers and the revenue growth driven by the introduction of new products and new equipment and the new aesthetic medical services launched in Hong Kong.

Our revenue from minimally-invasive aesthetic services for the Reporting Period was approximately RMB42.1 million, representing an increase of approximately 9.7% from approximately RMB38.4 million for the six months ended 30 June 2025, which was attributable to the revenue growth driven by the launch of high-value new products. Our revenue from aesthetic dermatology services for the Reporting Period was approximately RMB34.1 million, representing an increase of approximately 2.9% from approximately RMB33.1 million for the six months ended 30 June 2025. Our revenue from aesthetic surgery services for the Reporting Period was approximately RMB1.7 million, representing a decrease of approximately 36.5% from approximately RMB2.7 million for the six months ended 30 June 2025, which was attributable to the decrease in the number of surgeries.

For the Reporting Period, the revenue from the sales of aesthetic medical device products was approximately RMB36.5 million, representing an increase of approximately 289.9% from approximately RMB9.4 million for the six months ended 30 June 2025, which was attributable to the increase in sales volume of aesthetic medical device products, resulting in higher sales revenue.

We did not derive revenue from aesthetic medical management consulting services for the Reporting Period as compared with the revenue of approximately RMB0.3 million for the six months ended 30 June 2025, which was attributable to the expiry of services from previous years and the absence of new service engagements during the Reporting Period.

Cost of Sales

Our cost of sales mainly includes cost of supplies consumed, cost of inventories sold and staff costs. Our cost of sales for the Reporting Period was approximately RMB70.7 million, representing an increase of approximately 27.5% from approximately RMB55.5 million for the six months ended 30 June 2025. The increase in our cost of sales was primarily attributable to the increase in cost of inventories sold, which aligned with the growth in sales performance of aesthetic medical device products.

Our cost of sales by nature is as follows:

	Six months ended 30 June				
	2026		2025		Change
	RMB'000	***%***	*RMB'000*	*%*	*%*
	(Unaudited)		(Unaudited)		
Cost of supplies consumed	**30,838**	**43.6**	32,622	58.8	(5.5)
Cost of inventories sold	**18,668**	**26.4**	2,955	5.4	531.7
Staff costs	**14,831**	**21.0**	13,485	24.3	10.0
Others	**6,361**	**9.0**	6,401	11.5	(0.6)
	70,698	**100.0**	55,463	100.0	27.5

Gross Profit

For the Reporting Period, our gross profit amounted to approximately RMB44.1 million, representing an increase of approximately 51.3% from approximately RMB29.1 million for the six months ended 30 June 2025, which was attributable to the increase in sales performance of aesthetic medical device products. During the Reporting Period, our gross profit margin was approximately 38.4%, which was 34.4% for the first half of 2025.

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

	Six months ended 30 June					
	2026		2025			
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin	Change in Gross Profit	Change in Gross Profit Margin
	RMB'000	***%***	*RMB'000*	*%*	*%*	*%*
	(Unaudited)		(Unaudited)			
Aesthetic medical services	**26,322**	**33.6**	22,573	30.1	16.6	3.5
Minimally-invasive aesthetic services	**14,087**	**33.4**	14,155	36.9	(0.5)	(3.5)
Aesthetic dermatology services	**15,879**	**46.6**	11,708	35.4	35.6	11.2
Aesthetic surgery services	**(1,491)**	**(85.6)**	(1,456)	(53.1)	2.4	(32.5)
Others *(Note)*	**(2,153)**	**(606.5)**	(1,834)	(268.9)	17.4	(337.6)
Sales of aesthetic medical device products	**17,755**	**48.7**	6,404	68.4	177.2	(19.7)
Aesthetic medical management consulting services	**–**	**–**	158	52.3	(100.0)	(52.3)
	44,077	**38.4**	29,135	34.4	51.3	4.0

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

For the Reporting Period, the total gross profit of our aesthetic medical services was approximately RMB26.3 million, representing an increase of approximately 16.6% from approximately RMB22.6 million for the six months ended 30 June 2025, which was attributable to the increase in revenue from aesthetic medical services, of which the gross profit of our aesthetic dermatology services was approximately RMB15.9 million, representing an increase of approximately 35.6% from approximately RMB11.7 million for the six months ended 30 June 2025. The total gross profit of the sales of aesthetic medical device products during the Reporting Period was approximately RMB17.8 million, representing an increase of approximately 177.2% from approximately RMB6.4 million for the six months ended 30 June 2025, which was primarily attributable to the growth in sales performance of aesthetic medical device products.

For the Reporting Period, the total gross profit margin of our aesthetic medical services was approximately 33.6%, representing an increase of approximately 3.5 percentage points from approximately 30.1% for the six months ended 30 June 2025, which was attributable to the introduction of new products with higher gross profit during the Reporting Period, together with lower rental related expenses for operating premises. The gross profit margin of the sales of aesthetic medical device products was approximately 48.7%, representing a decrease of approximately 19.7 percentage points from approximately 68.4% for the six months ended 30 June 2025, which was primarily attributable to the increase in procurement costs of aesthetic medical device products during the Reporting Period, resulting in a decline in gross profit margin.

Other Income and Gains

Our other income and gains for the Reporting Period amounted to approximately RMB2.0 million, representing an increase of approximately RMB0.7 million from approximately RMB1.3 million for the six months ended 30 June 2025. Such increase was primarily attributable to the increase in gains arising from termination of right-of-use assets.

Selling and Distribution Expenses

Our selling and distribution expenses for the Reporting Period amounted to approximately RMB22.4 million, representing an increase of approximately RMB2.3 million from approximately RMB20.1 million for the six months ended 30 June 2025. The increase in such expenses was primarily attributable to increased marketing investment in the aesthetic medical services and the aesthetic medical device products during the Reporting Period.

Administrative Expenses

Our administrative expenses primarily comprised intermediary team service expenses, staff costs, rental related expenses, utility, depreciation expenses and other administrative office expenses. Our administrative expenses for the Reporting Period amounted to approximately RMB14.4 million, representing a decrease of approximately RMB1.4 million from approximately RMB15.8 million for the six months ended 30 June 2025. The decrease in such expenses was primarily attributable to the consolidation of the Group's operating premises during the Reporting Period, leading to a decrease in rental related expenses.

Other Expenses

Our other expenses for the Reporting Period amounted to approximately RMB1.7 million (six months ended 30 June 2025: approximately RMB0.6 million). The increase in such expenses was mainly attributable to the increase in asset impairment loss.

Finance Costs

Our finance costs primarily comprised interest on lease liabilities and interest on bank and other borrowings. Our finance costs for the Reporting Period amounted to approximately RMB1.0 million (six months ended 30 June 2025: approximately RMB1.4 million).

Income Tax Expenses

Our income tax expenses represent our total current income tax and deferred tax expenses/credits under the relevant PRC income tax policies and regulations. We recorded income tax expenses of approximately RMB1.8 million for the Reporting Period (six months ended 30 June 2025: approximately RMB1.2 million).

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

The Group recorded a profit of approximately RMB3.5 million for the Reporting Period (six months ended 30 June 2025: loss of approximately RMB9.5 million). Profit for the Reporting Period attributable to owners of the parent was approximately RMB4.1 million (six months ended 30 June 2025: loss attributable to owners of the parent of approximately RMB7.6 million).

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

We maintained a strong financial position with cash and bank balances and time deposits of approximately RMB48.7 million as at 30 June 2026 (31 December 2025: approximately RMB57.8 million). Our net current liabilities were approximately RMB0.7 million as at 30 June 2026 (31 December 2025: net current liabilities of approximately RMB29.2 million). Taking into account the financial resources available to the Group, including cash and cash equivalents on hand and the expected cash flows generated from operating activities of the Group, and after diligent and careful investigation, the directors of the Company (the "Directors") are of the view that the Group has sufficient working capital required for the Group's operations at present. As at 30 June 2026, the Group had no unutilised bank facilities for working capital purposes (31 December 2025: approximately RMB8.0 million).

Lease Liabilities

As at 30 June 2026, the Group had lease liabilities of approximately RMB13.6 million (31 December 2025: approximately RMB37.7 million).

Capital Commitments

As at 30 June 2026, the Group had no contracted, but not provided for commitments (31 December 2025: Nil).

Capital Expenditures

During the Reporting Period, the Group acquired equipment and leasehold improvements amounting to approximately RMB23.6 million (six months ended 30 June 2025: equipment and leasehold improvements amounting to approximately RMB1.4 million).

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 30 June 2026, the Group had approximately RMB35.0 million outstanding interest-bearing bank borrowings (31 December 2025: approximately RMB18.0 million), of which approximately RMB35.0 million are at fixed interest rates (31 December 2025: approximately RMB18.0 million).

As at 30 June 2026, RMB20.0 million of the bank borrowings were repayable within one year and RMB15.0 million of the bank borrowings were repayable in three years to ten years. All the borrowings are denominated in Renminbi.

Secured Loans

As at 30 June 2026, the Group had approximately RMB1.2 million outstanding secured loans (31 December 2025: approximately RMB3.5 million), of which approximately RMB1.2 million are at fixed interest rates (31 December 2025: approximately RMB3.5 million).

As at 30 June 2026, secured loans of approximately RMB1.2 million are repayable within one year. All the loans are denominated in Renminbi.

Treasury Policies

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

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2026, the Group had no significant contingent liabilities and guarantees (31 December 2025: Nil).

PLEDGE OF ASSETS

As at 30 June 2026, the lease arrangements were secured by the Group's pledged deposits of RMB1.5 million (31 December 2025: lease arrangements secured by the Group's pledged deposits of RMB1.5 million).

TOTAL LIABILITIES TO NET ASSETS

Total liabilities to net assets is calculated by dividing total liabilities by net assets as at 30 June 2026 and multiplying the result by 100%. As at 30 June 2026, the Group had total liabilities of approximately RMB130.7 million (31 December 2025: approximately RMB139.4 million) and the total liabilities to net assets is about 123.1% (31 December 2025: 141.8%).

INTEREST RATE RISK

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

EXCHANGE RATE FLUCTUATION RISK

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

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

On 6 January 2026 (after trading hours), Miusee Beauty Group Limited ("Miusee Beauty"), Raily Aesthetics Limited (the "First Investor"), Biff Co., Limited (the "Second Investor", together with the First Investor, the "Investors"), Raily Medical Limited, HongKong Fanxi Information Service Limited and Raily Aesthetic Medical entered into a subscription agreement (the "Subscription Agreement"), pursuant to which (i) the First Investor agreed to subscribe for, and Miusee Beauty and Raily Aesthetic Medical agreed to issue to the First Investor, an aggregate of 170,000 shares at the subscription price of HK$2,550,000; and (ii) the Second Investor agreed to subscribe for, and Miusee Beauty and Raily Aesthetic Medical agreed to issue to the Second Investor, an aggregate of 63,335 shares at the subscription price of HK$950,000, subject to the terms and conditions set out in the Subscription Agreement. Upon completion, Miusee Beauty, the First Investor and the Second Investor will hold 30.0%, 51.0% and 19.0% of Raily Aesthetic Medical's shares, respectively. Raily Aesthetic Medical would become an indirect non-wholly owned subsidiary of the Company; and the financial results of Raily Aesthetic Medical will be consolidated into the accounts of the Group upon completion. For further details, please refer to the Company's announcement dated 6 January 2026.

Save as disclosed in this report, the Group did not have any significant investments held, material acquisitions and disposals of subsidiaries, associates or joint ventures during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report and in the prospectus of the Company dated 15 December 2020 (the "Prospectus"), the Group did not have plans for making material investments or acquiring capital assets as at 30 June 2026. Thereafter, the Group may continue to focus on sales of aesthetic medical device products and may consider investing further in related business.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, we had 258 employees in the PRC (31 December 2025: 264).

	Number of Employees	
Function	**30 June 2026**	31 December 2025
Management	**7**	7
Physicians and medical staff	**100**	101
Sales, marketing, client service and other business staff	**110**	117
Finance and administration staff	**41**	39
Total	**258**	264

For the Reporting Period, our staff costs amounted to approximately RMB32.1 million (six months ended 30 June 2025: approximately RMB30.3 million), the share option expenses amounted to approximately RMB0.3 million (six months ended 30 June 2025: approximately RMB1.4 million), and the total staff costs amounted to approximately RMB32.4 million (six months ended 30 June 2025: approximately RMB31.7 million), accounting for approximately 28.2% (six months ended 30 June 2025: approximately 37.5%) of our total revenue for the Reporting Period.

We believe that we provide our physicians and medical staff with competitive compensation packages, continued medical education opportunities and a professional work environment. We review the performance of our physicians and medical staff at least once a year. According to our internal control policy, the results of such reviews will be taken into account in determining salary, bonus awards and promotion. The human resources department at our headquarters maintains the license records of our physicians and medical staff and regularly reviews their profiles to ensure compliance with the relevant laws and regulations in the PRC. Our Directors' remuneration will be reviewed by the remuneration committee of the Company once a year to ensure that it is comparable to the market.

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

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

As of 30 June 2026, there were no forfeited contributions (by the Group on behalf of employees who leave the pension scheme prior to vesting fully of such contributions) which has been utilised by the Group to reduce the existing level of contributions. At 30 June 2026, there were no forfeited contributions available to reduce the level of contributions to the pension schemes in future years.

USE OF PROCEEDS

The Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 December 2020 (the "Listing"). The net proceeds from the Listing (including exercise of the over-allotment options and after deducting the underwriting fees, commission and all related expenses in connection with the Listing) amounted to approximately HK$81.7 million (the "Net Proceeds"), which was based on the issuing price of HK$0.4 per share and the actual expenses related to the Listing. The Net Proceeds were used and intended to be utilised in the manner as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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

The following table sets forth a summary of the utilisation of the Net Proceeds as at 30 June 2026:

Purpose	Planned use of Net Proceeds *HK$ million*	Proceeds utilised up to 2 January 2026 *HK$ million*	Revised re-allocation of the Unutilised Net Proceeds as at 2 January 2026 *HK$ million*	Proceeds utilised after re-allocation as at 30 June 2026 *HK$ million*	Unutilised amount as at 30 June 2026 *HK$ million*	Expected timeline for utilising the Unutilised Net Proceeds
Expanding our aesthetic medical institutions network	**58.0**	**49.6**	**(8.4)**	**–**	**–**	**N/A**
– Renovation and expansion of existing aesthetic medical institutions	22.9	22.9	–	–	–	N/A
– Organic growth	22.9	14.5	(8.4)	–	–	N/A
– Strategic acquisitions	12.2	12.2	–	–	–	N/A
Acquire new aesthetic medical service devices and treatment consumables to extend the spectrum of our treatment services offered in our current aesthetic medical institutions	**9.0**	**9.0**	**–**	**–**	**–**	**N/A**
Actively promote our brand	**6.5**	**6.5**	**–**	**–**	**–**	**N/A**
General working capital	**8.2**	**8.2**	**8.4**	**8.4**	**–**	**On or before 31 December 2026**
Total	**81.7**	**73.3**	**–**	**8.4**	**–**	

As at the date of this report, all proceeds have been fully utilised.

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

The gross proceeds from the Rights Issue are approximately HK$20.6 million and the net proceeds from the Rights Issue after expenses are approximately HK$19.0 million. The net proceeds from the Rights Issue were used and intended to be utilised in the manner as disclosed in the section headed "Reasons for and benefits of the Rights Issue and use of proceeds" in the prospectus of the Company dated 2 April 2024.

Following a review of the procedures required for the registration filing of aesthetic medical device products with the NMPA, the Board is of the view that the process involves multiple integral stages. In addition to conducting clinical trials to confirm that products are safe and suitable for human use, the Company also needs to conduct product research and development to ensure product reliability and efficacy, produce and test samples to meet technical standards, and procure the necessary equipment to properly support those actions. Those steps are required to ensure that the Company's aesthetic medical device products satisfy the regulatory requirements and are well-positioned for successful approval by the NMPA. Those procedures are considered to be an extended part of the registration filing of the aesthetic medical device products with the NMPA.

In light of the nature of those procedures leading up to the registration process, on 7 May 2026, the Board resolved to (i) extend the expected timeline for utilising the unutilised net proceeds from Rights Issue amounting to approximately HK$7.6 million (the "Unutilised Net Proceeds from Rights Issue") from on or before 31 March 2026 to on or before 31 March 2027 and (ii) change the use of the Unutilised Net Proceeds from Rights Issue from "Registration filing of aesthetic medical device products with the NMPA, including clinical trials which are integral to the registration process" to "Registration filing of aesthetic medical device products with the NMPA, encompassing clinical trials, product research and development, sample production and testing, procurement of equipment and other relevant steps integral to the registration process" to provide the Company with adequate time to complete those procedures, while enabling more effective use and allocation of its financial resources and allow the Company to maintain and accumulate sufficient working capital to support its ongoing operational needs while at the same time creating a buffer against future economic uncertainties. For further details, please refer to the announcement of the Company dated 7 May 2026.

The following table sets forth a summary of the utilisation of the net proceeds from the Rights Issue as at 30 June 2026:

Purpose	Planned use of net proceeds *HK$ million*	Proceeds utilised up to 7 May 2026 *HK$ million*	Revised re-allocation of the Unutilised Net Proceeds from Rights Issue as at 7 May 2026 *HK$ million*	Proceeds utilised after re-allocation as at 30 June 2026 *HK$ million*	Unutilised amount as at 30 June 2026 *HK$ million*	Expected timeline for utilising the Unutilised Net Proceeds from Rights Issue
Acquisition of equipment and raw materials necessary to initiate the manufacturing process	9.5	9.5	–	–	–	N/A
Registration filing of aesthetic medical device products with the NMPA, including clinical trials which are integral to the registration process	7.6	–	(7.6)	–	–	N/A
Registration filing of aesthetic medical device products with the NMPA, encompassing clinical trials, product research and development, sample production and testing, procurement of equipment and other relevant steps integral to the registration process	–	–	7.6	5.1	2.5	On or before 31 March 2027
General working capital	1.9	1.9	–	–	–	N/A
Total	19.0	11.4	–	5.1	2.5	

As at the date of this report, HK$2.5 million out of the net proceeds from the Rights Issue remains unutilised, while other proceeds have been fully utilised.

PROSPECTS

Non-surgical aesthetic medical procedures offer distinct advantages including minimal trauma, quick recovery, noticeable efficacy and relatively lower risk, making them ideally suited to modern consumers' pursuits for beauty enhancement and an uninterrupted quality of life. As a result, the non-surgical aesthetic medical market has overtaken the surgical aesthetic medical service segment in scale, establishing itself as the mainstream modality in the aesthetic medical industry. In the rapid development of non-surgical aesthetic medical segment, consumer appetite for innovative products has grown, while new materials and technologies undergo continuous iteration, with hyaluronic acid, collagen and other materials witnessing ongoing refinement in raw material R&D and production processes, yielding end products that better satisfy the evolving needs of today's aesthetic consumers. Going forward, the Group will actively invest in scientific research activities, increase investment in R&D, recruit and cultivate R&D talents, and strengthen collaborations with universities, research institutions and medical institutions to accelerate the development and planning of new aesthetic medical device products. At the same time, we will intensify market research efforts, develop products tailored to China's market and broader Asian markets, pursue strategic collaborations with other enterprises, and identify suitable acquisition targets.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

The Company has adopted the code provisions as set out in Part 2 of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, were as follows:

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

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

Notes:

1. *The percentage is calculated based on the total number of issued shares of the Company as at 30 June 2026 (i.e. 557,077,333 shares).*

2. *These shares are held by Ruide Consultation Limited, a company wholly-owned by Mr. Fu Haishu.*

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

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

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to be owned under the relevant provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, the interests or short positions of substantial shareholders of the Company and other persons in the shares and underlying shares of the Company as recorded in the register maintained by the Company under Section 336 of the SFO, or otherwise notified to the Company were as follows:

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

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

Notes:

1. *The percentage is calculated based on the total number of issued shares of the Company as at 30 June 2026 (i.e. 557,077,333 shares).*

2. *Ms. Jin Chunmiao is the spouse of Mr. Fu Haishu, and is therefore deemed to be interested in the shares deemed or taken to be owned by Mr. Fu Haishu under the SFO.*

Save as disclosed above, as at 30 June 2026, there are no other interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be maintained under Section 336 of the SFO.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report and the Prospectus, none of the Company, any of its holding companies, subsidiaries or fellow subsidiaries have entered into any arrangement at any time during the Reporting Period, so that the Directors or chief executives of the Company or any of their respective spouses or children under the age of 18 may acquire benefits by means of the acquisition of shares or debentures of the Company or any other corporate.

SHARE OPTION SCHEME

A share option scheme was adopted by the shareholders of the Company on 4 December 2020 (the "Share Option Scheme"). The terms of the Share Option Scheme were amended pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 June 2026 (the "2026 AGM"). The amendments are to conform with the amendments to the Listing Rules relating to share schemes of listed issuers which took effect from 1 January 2023. For details of the amended Share Option Scheme, please refer to the circular of the Company dated 4 June 2026.

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Company and/or any of the subsidiaries. At the 2026 AGM, the then shareholders of the Company approved the adoption and the refreshment of the scheme mandate limit (including the service provider sublimit) under the Share Option Scheme. The total number of options available for grant under the scheme mandate limit at 1 January 2026 and 30 June 2026 was 0 and 55,707,733 respectively and the total number of options available for grant under the service provider sublimit at 1 January 2026 and 30 June 2026 was 0 and 5,570,773 respectively.

Details of the share options movements during the Reporting Period under the Share Option Scheme are as follows:

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

As at 30 June 2026, the Company had 47,276,437 share options outstanding under the Share Option Scheme. The number of shares that may be issued in respect of options granted under all share option schemes of the Company during the Reporting Period divided by the weighted average number of issued shares for the Reporting Period is 0.0849. No share option lapsed and no share option was granted, exercised or cancelled during the Reporting Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities (including sale of treasury shares) of the Company during the Reporting Period.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2025: Nil).

PRE-EMPTIVE RIGHTS

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

MAJOR EVENTS DURING THE REPORTING PERIOD

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

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

On 7 May 2026, the Board resolved to update the expected timeline for utilising the Unutilised Net Proceeds from Rights Issue from on or before 31 March 2026 to on or before 31 March 2027 and change the use of the Unutilised Net Proceeds from Rights Issue from "Registration filing of aesthetic medical device products with the NMPA, including clinical trials which are integral to the registration process" to "Registration filing of aesthetic medical device products with the NMPA, encompassing clinical trials, product research and development, sample production and testing, procurement of equipment and other relevant steps integral to the registration process" to provide the Company with adequate time to complete those procedures, while enabling more effective use and allocation of its financial resources and allow the Company to maintain and accumulate sufficient working capital to support its ongoing operational needs while at the same time creating a buffer against future economic uncertainties. For further details, please refer to the Company's announcement dated 7 May 2026.

EVENTS AFTER THE REPORTING PERIOD

There has been no significant event which occurred after the Reporting Period and up to the date of this report.

CHANGES IN INFORMATION OF DIRECTORS

There were no changes in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2025 annual report of the Company.

AUDIT COMMITTEE

The composition of the audit committee of the Company (the "Audit Committee") is as follows:

Independent Non-executive Directors

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

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and Principle D.3 of Part 2 of the CG Code. The primary duties of the Audit Committee are to provide oversight of the financial reporting process, the audit process, the mechanism of internal control and compliance with laws and regulations, appointment of external auditors and perform further duties and responsibilities as assigned by our Board from time to time.

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

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

Hangzhou, the PRC, 28 August 2026

As at the date of this interim report, the Board comprises Mr. Fu Haishu, Mr. Song Jianliang and Mr. Wang Ying as executive Directors; and Dr. Lin Hai, Ms. Yang Xiaofen and Mr. Liu Teng as independent non-executive Directors.

INDEPENDENT REVIEW REPORT

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To the board of directors of Raily Aesthetic Medicine International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 24 to 43, which comprises the condensed consolidated statement of financial position of Raily Aesthetic Medicine International Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2026 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (the "IASB"). The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF 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* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim condensed consolidated financial information 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

28 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
REVENUE	*4*	**114,775**	84,598
Cost of sales		**(70,698)**	(55,463)
Gross profit		**44,077**	29,135
Other income and gains	*4*	**2,040**	1,302
Selling and distribution expenses		**(22,374)**	(20,115)
Administrative expenses		**(14,404)**	(15,788)
Research and development expenses		**(1,396)**	(807)
Other expenses		**(1,681)**	(550)
Finance costs		**(988)**	(1,398)
Share of loss of an associate		**–**	(51)
Share of loss of a joint venture		**–**	(12)
PROFIT/(LOSS) BEFORE TAX	*5*	**5,274**	(8,284)
Income tax expense	*6*	**(1,766)**	(1,178)
PROFIT/(LOSS) FOR THE PERIOD		**3,508**	(9,462)
Attributable to:			
Owners of the parent		**4,097**	(7,570)
Non-controlling interests		**(589)**	(1,892)
		3,508	(9,462)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
– For profit/(loss) for the period (RMB)		**0.74 cents**	(1.36) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**49,355**	34,569
Right-of-use assets		**12,111**	33,639
Goodwill		**6,150**	6,150
Other intangible assets		**39,235**	40,498
Investment in an associate		**596**	596
Investment in a joint venture		**415**	415
Deferred tax assets		**8,524**	9,975
Pledged deposits		**1,538**	1,526
Other non-current assets	*11*	**14,181**	13,736
Total non-current assets		**132,105**	141,104
CURRENT ASSETS			
Inventories and supplies		**7,878**	7,083
Trade receivables	*10*	**16,851**	2,222
Prepayments, other receivables and other current assets	*11*	**31,413**	29,449
Cash and bank balances		**48,674**	57,793
Total current assets		**104,816**	96,547
CURRENT LIABILITIES			
Trade payables	*12*	**7,020**	6,586
Other payables and accruals	*13*	**25,996**	25,903
Contract liabilities		**40,388**	34,932
Interest-bearing bank and other borrowings		**21,202**	21,471
Refund liabilities		**1,299**	1,291
Amount due to independent Directors		**237**	–
Lease liabilities		**3,492**	27,693
Tax payable		**5,888**	7,879
Total current liabilities		**105,522**	125,755
NET CURRENT LIABILITIES		**(706)**	(29,208)
TOTAL ASSETS LESS CURRENT LIABILITIES		**131,399**	111,896
NON-CURRENT LIABILITIES			
Lease liabilities		**10,147**	9,990
Other non-current liabilities	*13*	**65**	3,648
Interest-bearing bank and other borrowings		**15,006**	–
Total non-current liabilities		**25,218**	13,638
Net assets		**106,181**	98,258

Interim Condensed Consolidated Statement of Financial Position

30 June 2026

	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
EQUITY		
Equity attributable to owners of the parent		
Share capital	185,748	185,748
Deficits	(73,544)	(77,918)
	112,204	107,830
Non-controlling interests	(6,023)	(9,572)
Total equity	106,181	98,258

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the parent							
	Share capital RMB'000	Capital reserves* RMB'000	Share option reserve* RMB'000	Statutory surplus reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2026 (Audited)	185,748	–	19,107	10,608	(107,633)	107,830	(9,572)	98,258
Profit/(loss) for the period	–	–	–	–	4,097	4,097	(589)	3,508
Capital contribution from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	4,138	4,138
Equity-settled share option arrangements	–	–	277	–	–	277	–	277
At 30 June 2026 (Unaudited)	185,748	–	19,384	10,608	(103,536)	112,204	(6,023)	106,181
At 1 January 2025 (Audited)	185,748	–	17,284	9,351	(108,249)	104,134	(8,616)	95,518
Loss for the period	–	–	–	–	(7,570)	(7,570)	(1,892)	(9,462)
Capital contribution from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	851	851
Equity-settled share option arrangements	–	–	1,410	–	–	1,410	–	1,410
At 30 June 2025 (Unaudited)	185,748	–	18,694	9,351	(115,819)	97,974	(9,657)	88,317

* These reserve accounts comprise the consolidated deficits of RMB73,544,000 (30 June 2025: deficits of RMB87,774,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Notes	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**5,274**	(8,284)
Adjustments for:			
(Gain)/loss on disposal of items of property, plant and equipment	*9*	**(103)**	86
Gain on sublease and disposal of right-of-use assets	*5*	**(1,026)**	(214)
Investment income		**(206)**	(265)
Share of loss of an associate		**–**	51
Share of loss of a joint venture		**–**	12
Finance costs		**988**	1,398
Depreciation of right-of-use assets	*5*	**2,554**	4,604
Depreciation of property, plant and equipment	*5*	**5,090**	5,506
Provision for/(reversal of) impairment of trade receivables and other receivables	*5*	**1,030**	(43)
Amortisation of intangible assets	*5*	**1,708**	1,709
Provision for impairment of inventories		**169**	–
Equity-settled share option expense		**277**	1,410
Loss on foreign exchange differences		**76**	11
		15,831	5,981
(Increase)/decrease in inventories and supplies		**(976)**	5,727
(Increase)/decrease in trade receivables		**(14,726)**	827
Increase in restricted cash		**–**	(149)
(Increase)/decrease in prepayments, other receivables and other assets		**(4,623)**	3,781
Increase/(decrease) in trade payables	*12*	**434**	(76)
Increase in amounts due to Directors		**237**	249
Increase/(decrease) in contract liabilities		**5,456**	(3,738)
Increase/(decrease) in refund liabilities		**8**	(983)
Decrease in other payables and accruals		**(300)**	(1,721)
Cash generated from operations		**1,341**	9,898
Income tax paid		**(2,306)**	(3,571)
Net cash flows (used in)/generated from operating activities		**(965)**	6,327

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Note	2026 (Unaudited) RMB'000	2025 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		–	27
Purchases of items of property, plant and equipment	*9*	(24,534)	(1,423)
Proceeds from disposal of items of property, plant and equipment		430	243
Purchases of items of intangible assets		(485)	(8,359)
Purchase of financial investments		(19,000)	(21,500)
Proceeds from disposal of financial investments		19,027	21,567
Cash consideration received from disposal of a subsidiary		–	3,720
Proceeds from withdrawal of the prepayment for an equity investment		1,500	4,500
Net cash flows used in investing activities		(23,062)	(1,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injections from non-controlling shareholders of subsidiaries		4,138	851
New bank and other borrowings		37,006	17,000
Repayments of bank and other borrowings		(22,367)	(12,367)
Interest paid		(548)	(325)
Principal portion of lease payments		(3,245)	(3,390)
Net cash flows generated from financing activities		14,984	1,769
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(9,043)	6,871
Cash and cash equivalents at beginning of period		57,793	28,870
Effect of foreign exchange rate changes, net		(76)	(11)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		48,674	35,730
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		48,674	35,879
Restricted cash		–	(149)
Cash and cash equivalents as stated in the statement of cash flows		48,674	35,730

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The Group had net current liabilities of RMB706,000 as at 30 June 2026. Having taken into account the expected cash flows from operating activities, the directors consider that it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*

The nature and impact of the amended IFRS Accounting Standards are described below:

(a) Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) Annual Improvements to IFRS Accounting Standards – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Six months ended 30 June 2026	Aesthetic medical services RMB'000 (Unaudited)	Consulting services RMB'000 (Unaudited)	Aesthetic medical device products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4):				
Sales to external customers	78,280	–	36,495	114,775
Intersegment sales	–	1,083	1,416	2,499
Total segment revenue	78,280	1,083	37,911	117,274
Reconciliation:				
Elimination of intersegment sales				(2,499)
Revenue from continuing operations				114,775
Segment results	3,493	(495)	12,251	15,249
Reconciliation:				
Elimination of intersegment results				(56)
Other expenses, net				(438)
Group and unallocated expenses				(9,079)
Finance costs (other than interest on lease liabilities)				(402)
Profit before income tax				5,274

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2025	Aesthetic medical services RMB'000 (Unaudited)	Consulting services RMB'000 (Unaudited)	Aesthetic medical device products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue (note 4)**:**				
Sales to external customers	74,937	302	9,359	84,598
Intersegment sales	–	985	3,785	4,770
Total segment revenue	74,937	1,287	13,144	89,368
Reconciliation:				
Elimination of intersegment sales				(4,770)
Revenue from continuing operations				84,598
Segment results	(1,787)	(1,518)	3,821	516
Reconciliation:				
Elimination of intersegment results				(353)
Other income and gains, net				752
Group and unallocated expenses				(8,607)
Finance costs (other than interest on lease liabilities)				(592)
Loss before income tax				(8,284)

3. OPERATING SEGMENT INFORMATION (CONTINUED)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2026 and 31 December 2025.

	Aesthetic medical services RMB'000	Consulting services RMB'000	Aesthetic medical device products RMB'000	Total RMB'000
Segment assets				
30 June 2026 (unaudited)	46,747	5,136	84,338	136,221
Reconciliation:				
Corporate and other unallocated assets				100,700
Total assets				236,921
31 December 2025 (audited)	49,337	3,124	65,569	118,030
Reconciliation:				
Corporate and other unallocated assets				119,621
Total assets				237,651
Segment liabilities				
30 June 2026 (unaudited)	78,573	433	3,215	82,221
Reconciliation:				
Corporate and other unallocated liabilities				48,519
Total liabilities				130,740
31 December 2025 (audited)	74,060	472	3,866	78,398
Reconciliation:				
Corporate and other unallocated liabilities				60,995
Total liabilities				139,393

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue from contracts with customers		
Aesthetic medical services	78,280	74,937
Aesthetic medical device products	36,495	9,359
Consulting services	–	302
Total	114,775	84,598

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2026

Segments	Aesthetic medical services RMB'000 (Unaudited)	Consulting services RMB'000 (Unaudited)	Aesthetic medical device products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sale of products	–	–	36,495	36,495
Services	78,280	–	–	78,280
Total	78,280	–	36,495	114,775
Geographical market				
Chinese Mainland	69,820	–	36,495	106,315
Hong Kong	8,460	–	–	8,460
Total	78,280	–	36,495	114,775
Timing of revenue recognition				
Goods transferred at a point in time	–	–	36,495	36,495
Services transferred at a point in time	56,622	–	–	56,622
Services transferred over time	21,658	–	–	21,658
Total	78,280	–	36,495	114,775

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 June 2025

Segments	Aesthetic medical services RMB'000 (Unaudited)	Consulting services RMB'000 (Unaudited)	Aesthetic medical device products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of goods or services				
Sale of products	–	–	9,359	9,359
Services	74,937	302	–	75,239
Total	74,937	302	9,359	84,598
Geographical market				
Chinese Mainland	74,937	302	9,359	84,598
Timing of revenue recognition				
Goods transferred at a point in time	–	–	9,359	9,359
Services transferred at a point in time	48,599	–	–	48,599
Services transferred over time	26,338	302	–	26,640
Total	74,937	302	9,359	84,598

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Other income		
Interest income	**192**	198
Government subsidies	**120**	60
Investment income	**27**	67
Compensation income	**–**	350
Others	**14**	134
Total other income	**353**	809
Gains		
Gain on sublease and disposal of right-of-use assets	**1,026**	285
Gain on disposal of items of property, plant and equipment	**125**	162
Others	**536**	46
Total gains	**1,687**	493
Total other income and gains	**2,040**	1,302

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of supplies consumed	**30,838**	32,622
Cost of inventories sold	**18,668**	2,955
Amortisation of intangible assets	**1,708**	1,709
Depreciation of property, plant and equipment	**5,090**	5,506
Depreciation of right-of-use assets	**2,554**	4,604
Lease payments not included in the measurement of lease liabilities	**769**	432
Auditor's remuneration	**757**	767
Employee benefit expense (excluding Directors' and chief executive's remuneration):		
Wages and salaries	**27,736**	26,173
Equity-settled share option expenses	**277**	1,291
Pension scheme contributions	**3,062**	3,207
Staff welfare expenses	**402**	87
Impairment of trade receivables, net	**97**	(6)
Impairment of financial assets included in prepayments, other receivables and other assets	**933**	(37)
(Gain)/loss on disposal of items of property, plant and equipment	**(103)**	86
Gain on disposal of items of right-of-use assets	**(1,026)**	(214)
Promotion and marketing expenses	**8,624**	5,112
Professional fee	**2,056**	1,766
Exchange differences, net	**218**	180

6. INCOME TAX

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

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

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI. The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% (2025: 16.5%) on any estimated assessable profits arising in Hong Kong. Pursuant to Caishui 2017 Circular No. 43, 2019 Circular No. 13 and No. 2 Announcement of the State Taxation Administration 2019, Ruian Raily, Wuhu Raily, Suzhou Ruiquan, Wuhu Raily Medical Device Trade Co., Ltd., Ningbo Zhuerli Beauty Consulting Service Co., Ltd., Hangzhou Ruiyan Network Technology Co., Ltd., Shenzhen Ruiquan Management Consulting Co., Ltd. and Hangzhou Beilifeier Biopharmaceutical Co., Ltd., as small micro-enterprises, enjoyed a preferential tax rate of 5% (2025: 5%) for the six months ended 30 June 2026.

	For the six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Overprovision in prior years	**(103)**	(210)
Withholding tax	**418**	119
Deferred tax	**1,451**	1,269
Total tax charge for the period	**1,766**	1,178

7. DIVIDENDS

No dividends were paid or declared by the Company for the six-month period ended 30 June 2026.

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 557,077,333 (2025: 557,077,333) in issue during the period.

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

	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	4,097	(7,570)

	Numbers of shares 2026	2025
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	557,077,333	557,077,333
Basic and diluted earnings/(loss) per share (RMB)	0.74 cents	(1.36) cents

Because the diluted earnings/(loss) per share amount is increased/decreased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings/(loss) per share for the six-month period ended 30 June 2026 and were ignored in the calculation of diluted earnings/(loss) per share.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired assets at a cost of RMB23,572,000 (30 June 2025: RMB1,423,000).

Assets with a net book value of RMB236,000 were disposed of by the Group during the six months ended 30 June 2026 (30 June 2025: RMB354,000), resulting in a net gain on disposal of RMB103,000 (30 June 2025: Loss of RMB86,000).

During the six months ended 30 June 2026, no impairment loss (30 June 2025: Nil) was recognised for any property, plant and equipment.

10. TRADE RECEIVABLES

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	**11,613**	2,222
4 to 6 months	**5,238**	–
Total	**16,851**	2,222

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Deposits	**21,413**	22,856
Prepayments for inventories and supplies	**18,372**	16,770
Other current assets	**2,178**	–
Prepayments for services	**3,683**	2,846
Prepayments for equipments	**558**	–
Prepayment for an equity investment	**–**	169
Other receivables	**1,542**	3,363
	47,746	46,004
Impairment allowance	**(2,152)**	(2,819)
Total	**45,594**	43,185
Analysed into		
Current	**31,413**	29,449
Non-current	**14,181**	13,736

12. TRADE PAYABLES

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

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 90 days	5,602	5,022
91 to 180 days	472	751
181 to 365 days	260	425
Over 365 days	686	388
Total	7,020	6,586

13. OTHER PAYABLES AND ACCRUALS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Other payables	10,240	10,413
Payroll payable	9,573	10,003
Advances received	4,606	3,802
Tax liabilities (other than income tax)	1,642	1,833
Deferred revenue	–	3,500
Total	26,061	29,551
Analysed into		
Current	25,996	25,903
Non-current	65	3,648

14. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Mr. Cao Dequan*	40	–
Mr. Liu Teng	79	–
Ms. Yang Xiaofeng	79	–
Dr. Lin Hai*	39	–
Total	237	–

* Mr. Cao Dequan has resigned as an independent non-executive Director of the Company on 27 March 2026. Dr. Lin Hai has been appointed as an independent non-executive Director of the Company on 27 March 2026.

The outstanding balance due to independent directors of RMB237,000 at the end of the Reporting Period represented the fees payable to Mr. Cao Dequan, Mr. Liu Teng, Ms. Yang Xiaofeng and Dr. Lin Hai.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	738	753
Pension scheme contributions	122	103
Equity-settled share option expense	–	119
Total compensation paid to key management personnel	860	975

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals, amount due to Directors and the current portion of lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the Audit Committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of pledged deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

16. EVENTS AFTER THE REPORTING PERIOD

There are no other significant events occurred subsequent to the reporting period.

17. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information were approved and authorised for issue by the board of directors on 28 August 2026.