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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Raily Aesthetic Medicine International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 (the "**Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	*3*	**199,342**	189,384
Cost of sales		**(127,935)**	(117,891)
Gross profit		**71,407**	71,493
Other income and gains	*3*	**20,266**	8,774
Selling and distribution expenses		**(47,659)**	(52,285)
Administrative expenses		**(41,810)**	(40,100)
Impairment losses on financial assets		**(93)**	(29)
Other expenses		**(63,769)**	(16,723)
Research and development expenses		**(717)**	(1,602)
Finance costs	*5*	**(2,806)**	(2,798)
Share of loss of:			
an associate		**(4)**	(1,740)
a joint venture		**(72)**	–
LOSS BEFORE TAX	*4*	**(65,257)**	(35,010)
Income tax credit/(expense)	*6*	**1,994**	(2,769)
LOSS FOR THE YEAR		**(63,263)**	(37,779)
Attributable to:			
Owners of the parent		**(59,212)**	(32,457)
Non-controlling interests		**(4,051)**	(5,322)
		(63,263)	(37,779)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
For loss for the year *(RMB)*		**(11.11) cents**	(6.75) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**45,951**	50,291
Right-of-use assets		**32,365**	44,335
Goodwill		**6,150**	44,822
Other intangible assets		**43,906**	23,822
Investment in an associate		**702**	706
Investment in a joint venture		**428**	–
Deferred tax assets		**9,998**	9,396
Pledged deposits		**1,504**	–
Other non-current assets		**18,485**	20,611
Total non-current assets		**159,489**	193,983
CURRENT ASSETS			
Inventories and supplies		**14,370**	11,438
Trade receivables	*9*	**1,538**	9,499
Prepayments, other receivables and other current assets		**45,656**	17,304
Pledged deposits		**–**	1,585
Cash and bank balances		**28,870**	39,790
Total current assets		**90,434**	79,616
CURRENT LIABILITIES			
Trade payables	*10*	**7,779**	9,502
Other payables and accruals		**35,515**	23,943
Interest-bearing bank and other borrowings		**17,282**	7,000
Contract liabilities		**38,829**	20,977
Refund liabilities		**2,302**	3,204
Contingent consideration		**–**	10,295
Lease liabilities		**12,225**	10,342
Tax payable		**9,656**	6,896
Total current liabilities		**123,588**	92,159
NET CURRENT LIABILITIES		**(33,154)**	(12,543)
TOTAL ASSETS LESS CURRENT LIABILITIES		**126,335**	181,440

	2024	2023
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**23,389**	34,442
Deferred tax liabilities	**–**	5,875
Contingent consideration	**–**	8,141
Other non-current liabilities	**3,957**	392
Interest-bearing bank and other borrowings	**3,471**	–
Total non-current liabilities	**30,817**	48,850
Net assets	**95,518**	132,590
EQUITY		
Equity attributable to owners of the parent		
Share capital	**185,748**	136,267
(Deficits)/Reserves	**(81,614)**	1,848
	104,134	138,115
Non-controlling interests	**(8,616)**	(5,525)
Total equity	**95,518**	132,590

1.1 BASIS OF PREPARATION

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

The Group had net current liabilities of RMB33,154,000 as at 31 December 2024. Having taken into account the unused banking facilities and the expected cash flows from operating activities, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

In the past, the Group failed to measure a leaseback liability arising in a sale and leaseback transaction in accordance with paragraphs 36 to 46 of IFRS 16 for a lease of cottages for which the monthly lease payments are variable, resulting in recognition of a gain that related to the right of use the Group retained.

Upon initial application of the amendments, the Group, as a seller-lessee, established an accounting policy that leaseback liabilities are initially measured using the present value of expected lease payments at the commencement date for sale and leaseback transactions with variable lease payments that do not depend on an index or a rate. The Group applied the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions occurring after 1 January 2019. After the initial recognition, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the expected lease payments, and the amendments did not have any significant impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual/reporting periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

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

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

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

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

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

- Aesthetic medical services comprise principally inpatient services including surgical services and outpatient services including injection service, dermatology service and others.

- Consulting services comprise principally management consulting services.

- Aesthetic medical equipment products comprise principally sales of collagen injection products, surgical implants and aesthetic medical skincare products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment operating profit which is calculated based on gross profit less selling and marketing expenses and general and administrative expenses allocated excluding other income and gains, corporate and unallocated expenses, and finance costs (other than interest on lease liabilities).

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude contingent consideration, interest-bearing bank and other borrowings (other than lease liabilities), an amount due to an independent director, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the year ended 31 December 2024	**Aesthetic medical services** *RMB'000*	**Consulting services** *RMB'000*	**Aesthetic medical equipment products** *RMB'000*	**Total** *RMB'000*
Segment revenue *(note 3)*:				
Sales to external customers	**142,097**	**29**	**57,216**	**199,342**
Intersegment sales	**–**	**–**	**1,866**	**1,866**
	142,097	**29**	**59,082**	**201,208**
Reconciliation:				
Elimination of intersegment sales				**(1,866)**
Revenue from continuing operations				**199,342**
Segment results	**(19,015)**	**(1,288)**	**(16,569)**	**(36,872)**
Reconciliation:				
Elimination of intersegment results				**(346)**
Other income and gains				**(1,657)**
Corporate and unallocated expenses				**(25,798)**
Finance costs (other than interest on lease liabilities)				**(584)**
Loss before income tax				**(65,257)**
Segment assets	**80,270**	**8,850**	**76,337**	**165,457**
Reconciliation:				
Corporate and other unallocated assets				**84,466**
Total assets				**249,923**
Segment liabilities	**91,427**	**1,026**	**18,723**	**111,176**
Reconciliation:				
Corporate and other unallocated liabilities				**43,229**
Total liabilities				**154,405**
Other segment information:				
Share of losses of an associate	**–**	**–**	**(4)**	**(4)**
Impairment losses recognised in profit or loss, net	**–**	**15**	**60,404**	**60,419**
Depreciation and amortisation	**23,128**	**–**	**5,030**	**28,158**
Capital expenditure*	**7,694**	**–**	**35,956**	**43,650**

* Capital expenditure consists of additions to property, plant and equipment, other non-current assets and intangible assets.

For the year ended 31 December 2023	Aesthetic medical services *RMB'000*	Consulting services *RMB'000*	Aesthetic medical equipment products *RMB'000*	Total *RMB'000*
Segment revenue *(note 3)*:				
Sales to external customers	174,910	–	14,474	189,384
Intersegment sales	–	–	746	746
	174,910	–	15,220	190,130
Reconciliation:				
Elimination of intersegment sales				(746)
Revenue from continuing operations				189,384
Segment results	(13,301)	(57)	2,548	(10,810)
Reconciliation:				
Elimination of intersegment results				(25)
Other income and gains				1,643
Corporate and unallocated expenses				(25,476)
Finance costs (other than interest on lease liabilities)				(342)
Loss before income tax				(35,010)
Segment assets	107,140	14	86,066	193,220
Reconciliation:				
Corporate and other unallocated assets				80,379
Total assets				273,599
Segment liabilities	99,019	57	3,356	102,432
Reconciliation:				
Corporate and other unallocated liabilities				38,577
Total liabilities				141,009
Other segment information:				
Share of losses of an associate	–	–	1,740	1,740
Impairment losses recognised in profit or loss, net	7,702	–	4,269	11,971
Depreciation and amortisation	22,013	7	4,162	26,182
Capital expenditure*	9,062	166	–	9,228

* Capital expenditure consists of additions to property, plant and equipment, other non-current assets and intangible assets.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers		
Aesthetic medical services	**142,097**	174,910
Aesthetic medical equipment products	**57,216**	14,474
Consulting services	**29**	–
	199,342	189,384

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2024

Segments	**Aesthetic medical services** *RMB'000*	**Consulting services** *RMB'000*	**Aesthetic medical equipment products** *RMB'000*	**Total** *RMB'000*
Types of goods or services				
Sale of products	**–**	**–**	**57,216**	**57,216**
Services	**142,097**	**29**	**–**	**142,126**
Total	**142,097**	**29**	**57,216**	**199,342**
Geographical market				
Mainland China	**142,097**	**29**	**57,216**	**199,342**
Timing of revenue recognition				
Goods transferred at a point in time	**–**	**–**	**57,216**	**57,216**
Services transferred at a point in time	**95,223**	**–**	**–**	**95,223**
Services transferred over time	**46,874**	**29**	**–**	**46,903**
Total	**142,097**	**29**	**57,216**	**199,342**

For the year ended 31 December 2023

Segments	Aesthetic medical services *RMB'000*	Consulting services *RMB'000*	Aesthetic medical equipment products *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of products	–	–	14,474	14,474
Services	174,910	–	–	174,910
Total	174,910	–	14,474	189,384
Geographical market				
Mainland China	174,910	–	14,474	189,384
Timing of revenue recognition				
Goods transferred at a point in time	–	–	14,474	14,474
Services transferred at a point in time	133,591	–	–	133,591
Services transferred over time	41,319	–	–	41,319
Total	174,910	–	14,474	189,384

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2024

Segments	**Aesthetic medical services** ***RMB'000***	**Consulting services** ***RMB'000***	**Aesthetic medical equipment products** ***RMB'000***	**Total** ***RMB'000***
Revenue from contracts with customers				
External customers	**142,097**	**29**	**57,216**	**199,342**
Intersegment sales	**–**	**–**	**1,866**	**1,866**
Intersegment adjustments and eliminations	**–**	**–**	**(1,866)**	**(1,866)**
Total revenue form contracts with customers	**142,097**	**29**	**57,216**	**199,342**

For the year ended 31 December 2023

Segments	Aesthetic medical services *RMB'000*	Consulting services *RMB'000*	Aesthetic medical equipment products *RMB'000*	Total *RMB'000*
Revenue from contracts with customers				
External customers	174,910	–	14,474	189,384
Intersegment sales	–	–	746	746
Intersegment adjustments and eliminations	–	–	(746)	(746)
Total revenue form contracts with customers	174,910	–	14,474	189,384

An analysis of other income and gains is as follows:

	2024 ***RMB'000***	2023 *RMB'000*
Other income		
Interest income	**348**	791
Investment income	**47**	44
Government subsidies	**107**	16
Others	**540**	312
	1,042	1,163
Gains		
Fair value gains on contingent consideration	**18,436**	7,131
Gain on foreign exchange differences	**–**	235
Loss on disposal of subsidiaries	**68**	–
Gain on derecognition of financial liabilities measured at amortised cost	**6**	90
Gain on revision of a lease term arising from a change in the non-cancellable period of a lease	**189**	–
Gain on sublease	**490**	–
Gain disposal of items of property, plant and equipment	**35**	155
	19,224	7,611
	20,266	8,774

4. LOSS BEFORE TAX

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

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Cost of supplies consumed		**65,611**	69,159
Cost of inventories sold		**19,447**	3,528
Amortisation of intangible assets		**5,129**	3,556
Depreciation of property, plant and equipment		**12,279**	12,479
Depreciation of right-of-use assets		**10,750**	10,147
Research and development costs		**717**	1,602
Lease payments not included in the measurement of lease liabilities		**487**	1,205
Auditor's remuneration		**2,359**	2,209
Employee benefit expense (excluding Directors' and chief executive's remuneration):			
Wages and salaries		**50,128**	54,449
Equity-settled share option expense		**7,299**	4,411
Pension scheme contributions		**5,852**	5,874
Staff welfare expenses		**811**	1,869
Impairment of trade receivables, net	*9*	**2**	29
Impairment of financial assets included in prepayments, other receivables and other assets		**56**	–
Impairment of financial assets included in other non-current assets		**35**	–
Impairment of goodwill		**38,672**	11,942
Loss/(gain) on disposal of items of property, plant and equipment		**493**	(155)
Gain on sublease		**(490)**	–
Revision of a lease term arising from a change in the non-cancellable period of a lease		**(189)**	–
Loss on write-off of items of intangible assets		**–**	3,113
Promotion and marketing expenses		**11,625**	17,344
Professional fee		**4,029**	2,548
Foreign exchange differences, net		**276**	(235)
Fair value gains on contingent consideration		**(18,436)**	(7,131)
Impairment of intangible asset		**21,703**	–
Loss on disposal of subsidiaries		**740**	–

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Interest on lease liabilities	**2,222**	2,456
Interest on bank and other borrowings	**584**	342
	2,806	2,798

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.

	2024	2023
	RMB'000	*RMB'000*
Current tax		
Charge for the year	**4,016**	130
Withholding tax paid	**467**	–
Overprovision in prior years	**–**	69
Deferred	**(6,477)**	2,570
Total tax (credit)/charge for the year	**(1,994)**	2,769

The majority of the Company's subsidiaries are domiciled in Mainland China. A reconciliation of the tax expenses applicable to loss before tax at the statutory rate for Mainland China to the tax (credit)/charge at the Group's effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Loss before tax	**(65,257)**	(35,010)
Tax at the People's Republic of China (the "**PRC**") statutory income tax rate*	**(16,314)**	(8,753)
Effect of different tax rates of subsidiaries**	**349**	1,704
Effect of withholding tax	**467**	–
Adjustments in respect of current tax of previous periods	**–**	69
Losses attributable to an associate and a joint venture	**(6)**	435
Expenses not deductible for tax	**8,635**	3,594
Deductible temporary differences and tax losses not recognised	**4,875**	5,720
	(1,994)	2,769

* The provision for current income tax in Mainland China is based on the statutory rate of 25% of the assessable profit of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

** Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI. The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong. Pursuant to Caishui 2017 Circular No. 43, 2019 Circular No. 13, 2021 Circular No. 12 and 2022 Circular No. 13 announcement of the State Taxation Administration, Hangzhou Beilifeier Aesthetic Medical Out-patient Department Co., Ltd., Ruian Raily Aesthetic Medical Out-patient Department Co., Ltd. ("**Ruian Raily**"), Wuhu Raily Aesthetic Medical Out-patient Department Co., Ltd. ("**Wuhu Raily**"), Ningbo Zhuerli Beauty Consulting Service Co., Ltd., Shenzhen Ruiquan Management Consulting Co., Ltd ("**Shenzhen Ruiquan**"), Hainan Beilifeier Out-patient Department Co., Ltd. ("**Hainan Beilifeier**"), Hangzhou Ruiyan Network Technology Co., Ltd., and Wuhu Raily Medical Equipment Trade Co., Ltd. as small micro-enterprises, enjoyed preferential tax rate of 5% (2023: ranging from 2.5% to 5%) for the year ended 31 December 2024.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. While Hong Kong is in the process of seeking consultation on the implementation of the global minimum tax and domestic minimum top-up tax, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 January 2025. Of the jurisdictions in which the Group operates, Mainland China has not yet formally adopted the domestic legislation of the Pillar Two model rules, but relevant departments (such as the Ministry of Finance and the State Administration of Taxation) are studying how to incorporate the Pillar Two rules into the domestic tax system. The Group has undertaken a preliminary assessment of the Pillar Two tax implications for the jurisdictions in which the Group operates and have enacted Pillar Two legislation. Based on the preliminary assessment and current financials, the Group does not expect to have any material Pillar Two exposure (including current tax) arising in these jurisdictions during the twelve months ended 31 December 2024. The Group has also applied the Amendments to IAS 12, "International Tax Reform – Pillar Two Model Rules", temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

7. DIVIDENDS

No dividend was paid or declared by the Company for the year ended 31 December 2024.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 532,837,181 (2023: 480,595,473) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the option outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic loss per share is based on:

	2024	2023
	RMB'000	*RMB'000*
		(Restated)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(59,212)**	(32,457)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**532,837,181**	480,595,473
Basic and diluted		
For loss for the year *(RMB)*	**(11.11) cents**	(6.75) cents

Because the diluted loss per share amount is decreased when taking share options into account, the share options had an anti-dilutive effect on the basic loss per share for the year ended 31 December 2024 and were ignored in the calculation of diluted loss per share.

9. TRADE RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade receivables	**1,548**	9,564
Impairment	**(10)**	(65)
	1,538	9,499

The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

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

	2024 *RMB'000*	2023 *RMB'000*
Within 3 months	**1,537**	1,864
4 to 6 months	**–**	245
7 to 12 months	**1**	3,147
1 to 2 years	**–**	4,243
	1,538	9,499

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

	2024 *RMB'000*	2023 *RMB'000*
At beginning of year	**65**	36
Impairment losses, net	**2**	29
Disposal of subsidiaries	**(57)**	–
At end of year	**10**	65

10. 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:

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**7,062**	8,634
91 to 180 days	**636**	596
181 to 365 days	**58**	237
Over 365 days	**23**	35
	7,779	9,502

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

We are an aesthetic medical service provider in the Yangtze River Delta region of the PRC. We offer our clients a broad range of aesthetic medical services which include aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology services. As of 31 December 2024, we own and operate a network of four private for-profit aesthetic medical service institutions in the PRC, two of which are located in Zhejiang Province, one is located in Anhui Province and one is located in Hainan Province. In addition, we provide aesthetic medical management consulting services and engage in sales of aesthetic medical equipment products, and we have invested in the research and development and production of aesthetic medical equipment products. We have operated across the upstream, midstream and downstream sectors of the aesthetic medical industry.

The aesthetic medical industry remains highly competitive at this stage, but there are opportunities. The Year 2024 marked the first year that we started to sell Bellafill, a collagen injection product under the category of Class III medical equipment, which has contributed to the positive performance of the Group's sales of aesthetic medical equipment product segment.

The following table sets forth the comparison of our revenue in 2023 and 2024:

	2024			2023		
	the first half	**the second half**	**Total**	the first half	the second half	Total
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Aesthetic medical services	**83,026**	**59,071**	**142,097**	85,139	89,771	174,910
Sales of aesthetic medical equipment products	**34,420**	**22,796**	**57,216**	12,441	2,033	14,474
Aesthetic medical management consulting services	**29**	**–**	**29**	–	–	–
Total	**117,475**	**81,867**	**199,342**	97,580	91,804	189,384

For 2024, the Group's revenue was approximately RMB199.3 million, representing an increase of 5.3% as compared with the revenue of approximately RMB189.4 million for 2023. Our loss for the year attributable to owners of the parent and our loss for the year were approximately RMB59.2 million (2023: RMB32.5 million) and RMB63.3 million (2023: RMB37.8 million), respectively. Our basic and diluted loss per share attributable to ordinary equity holders of the parent was RMB11.11 cents (2023: RMB6.75 cents).

The increase in revenue and the continuous loss were primarily attributable to (a) as disclosed in the Company's announcement regarding provision for asset impairment dated 30 October 2024, due to business adjustments, Shenzhen Jiumei Xinhe Medical Equipment Co., Ltd. ("**Jiumei Xinhe**"), an indirect wholly-owned subsidiary of the Company, was no longer engaged in distribution of and ceased to be registered as a distributor for e-PTFE facial implant in the PRC. Accordingly, an impairment provision of goodwill and an impairment provision of intangible assets, offset by related deferred tax, of approximately RMB54.9 million, were made and contingent consideration of approximately RMB18.4 million was reversed, cumulatively for the year; (b) in 2024, the share option expense of the Group increased to approximately RMB8.0 million (2023: approximately RMB4.5 million); and (c) in order to accelerate the Group's research and development and production of medical equipment products, the Group increased its investment in the research and development activities of Suzhou Ruiquan Biosciences Co., Ltd. ("**Suzhou Ruiquan**"). In 2024, administrative expenses, research and development expenses and other expenses of Suzhou Ruiquan amounted to approximately RMB4.5 million. However, such expenses had not yet been recovered by the economic benefits to be derived therefrom in 2024. In 2024, our revenue for the year increased, mainly attributable to the growth in sales performance of the Group's aesthetic medical equipment products.

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

1. Optimise the productivity of non-surgical procedure services rooms

As consumption concepts evolve, non-surgical aesthetic medical procedures, characterised by flexible application methods, minimal trauma, short recovery period and low risk, have quickly captured a considerable share of the aesthetic medical consumer market. The Group will continue to introduce cutting-edge aesthetic medical technologies, equipment and medications, and will expand the investment in minimally-invasive aesthetic services and aesthetic dermatology services rooms, thereby strengthening our capabilities in non-surgical aesthetic medical services, enhancing customer loyalty and improving brand reputation. We remain confident in the long-term growth prospects of our medical institutions. While enhancing productivity of our services rooms, we will also optimise and reform unnecessary aesthetic medical services segments.

The following table sets forth certain operating data of our aesthetic medical institutions as of 31 December 2024:

Aesthetic medical institution	Date of establishment	Approximate gross floor area (sq.m.)	Number of minimally-invasive aesthetic services rooms	Number of dermatology department services rooms	Number of other services rooms
Hangzhou Raily Aesthetic Medical Hospital Co., Ltd. ("**Hangzhou Raily**")	August 2013	5,900	23	32	21
Ruian Raily	March 2013	2,900	6	17	4
Wuhu Raily	July 2015	2,900	8	18	10
Hainan Beilifeier	June 2022	800	3	2	2
	Total	12,500	40	69	37

2. Strengthen the talent pipeline

We will develop training programmes, and provide tailored courses to employees based on their job requirements and career development plans. Additionally, we will establish a scientific performance evaluation system that integrates multiple dimensions such as employees' performance, work attitude, teamwork and other aspects, with a view to improving their work capacity and efficiency. Furthermore, we will continue to formulate scientific recruitment plans and selection criteria to attract more talented candidates.

3. Develop new medical technology exchange and training centres

The Boao Lecheng Aesthetic Training Centre of Hainan Boao Lecheng Aesthetic Training Co., Ltd., a training centre we built in collaboration with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration, reached a cooperation intention with a number of enterprises. In addition to the Boao Lecheng Aesthetic Training Centre, we have also established a doctor training base at our flagship institution, Hangzhou Raily, allowing doctors and experts from different medical institutions to gather and share innovative aesthetic pharmaceuticals, device and technology resources. This is crucial for enhancing the professional abilities of doctors of our Group, improving medical service quality and efficiency, promoting the innovative and high-quality development of the Group's aesthetic medical business. Going forward, we will further utilise the training centre in two ways: first, to provide a platform for pharmaceuticals and medical device manufacturers to showcase their products; second, to collaborate with multiple authoritative entities to develop a series of courses to further enhance the theoretical, aesthetic and practical skills of domestic aesthetic medical practitioners.

4. **Expand diversified sales channels**

With the advent of the digital era, diversified sales channels can increase sales and enhance competitiveness. In addition to continuing to disseminate product information via Internet platforms and interact with consumers through social media accounts to achieve precise marketing, we will also strengthen cooperation with suppliers, distributors and agents to jointly promote our products, and strive to expand sales channels and enhance operational efficiency by integrating the resources and complementary strengths of our partners. Additionally, we will make more efforts to establish cooperative relationships with industry associations and organisations to gain more sales opportunities and market information, and actively seek cooperation with enterprises or organisations in related industries to jointly plan and carry out diversified marketing activities.

5. **Establish a research and development ("R&D") and manufacturing platform for advanced aesthetic medical equipment products**

To increase our market share of aesthetic medical equipment products in the mid-to-high-end market, we will vigorously develop the R&D and production project. Injectable aesthetic medical treatments, due to their relatively more noticeable effects, are more popular among consumers. We will continue to cooperate with well-known universities and colleges in China to build an R&D and manufacturing platform for aesthetic medical equipment products through joint planning, R&D and manufacturing, and consolidate the Group's position as a leading provider of non-surgical aesthetic medical services and products in the upstream sector of the industry.

6. **Expand brand influence and corporate scale**

In order to accelerate the broadening and deepening of the Group's aesthetic medical footprint, and further consolidate our leading position in the aesthetic medical market, we will not only enhance promotional effectiveness and services, increase brand exposure and elevate brand image and recognition, but also flexibly adjust our merger and acquisition strategy in response to changes in the economic landscape, and may consider acquiring suitable aesthetic medical institutions or pharmaceutical and medical equipment distribution companies at reasonable costs.

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

	Year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	*%*
Revenue	**199,342**	189,384	5.3
Gross profit	**71,407**	71,493	(0.1)
Loss before tax	**(65,257)**	(35,010)	86.4
Loss for the year	**(63,263)**	(37,779)	67.5
Attributable to:			
Owners of the parent	**(59,212)**	(32,457)	82.4
Non-controlling interests	**(4,051)**	(5,322)	(23.9)
	(63,263)	(37,779)	67.5

Non-IFRS Measures

We recognised non-recurring items in the Year. To supplement our consolidated financial statements which are prepared in accordance with IFRSs, we also present adjusted loss before tax, adjusted loss for the year and adjusted loss rate for the year as non-IFRS measures.

We present these additional financial measures as these were used by our management to evaluate our financial performance by eliminating the impact of impairment of non-current assets, offset by related deferred tax, reversal of contingent consideration, loss on long-term equity investments and share option expense, which are considered not indicative for the evaluation of the actual performance of our business. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing our financial results across accounting periods and to those of our peer companies.

	Year ended 31 December		
	2024	2023	Change
	RMB'000	*RMB'000*	*%*
Loss before tax	**(65,257)**	(35,010)	86.4
Loss for the year	**(63,263)**	(37,779)	67.5
Adjusted for:			
– Impairment of goodwill	**38,672**	11,942	223.8
– Loss on long-term equity investments	**4**	2,507	(99.8)
– Impairment of intangible assets	**21,703**	–	–
– Reversal of contingent consideration	**(18,436)**	(7,131)	158.5
– Share option cost	**7,984**	4,492	77.7
Adjusted loss before tax	**(15,330)**	(23,200)	(33.9)
Impact of impairment of intangible assets on deferred tax	**(5,426)**	–	–
Adjusted loss for the year	**(18,762)**	(25,969)	(27.8)
Adjusted loss rate for the year	**(9.4%)**	(13.7%)	

PRINCIPAL RISKS AND UNCERTAINTIES

- Medical liability insurance. During 2024, we did not maintain medical liability insurance for our aesthetic medical institutions, physicians (including both employed and contracted physicians) or medical staff, which may expose us to potential liability claims arising from medical malpractice committed by physicians or medical staff at our aesthetic medical institutions.

- Performance of our physicians and other medical staff. The treatment outcomes delivered by our physicians and medical staff, as well as their communication and relationships with our clients, are of paramount importance to our business development and operating results.

- Brand recognition. We must maintain and enhance our brand image over the long term. Our corporate development and sustainable business growth depend significantly on our brand image, market reputation and client trust.

- Development of the cities where our medical institutions are located. A decline in the average spending power of residents or a slowdown in regional economic growth in the cities where our medical institutions are located, namely Hangzhou, Ruian, Wuhu and Qionghai, could adversely affect our operating results and profitability; changes in laws and regulations in these regions, as well as the occurrence of natural disasters, act of God, infectious diseases or other catastrophic events, could affect our business operations and revenue.

- R&D risks. We have entered the R&D and production of aesthetic medical equipment products, which requires significant upfront investment in R&D. If the products fails to be developed, the initial investment might not yield the anticipated returns.

- The cost and timing of financing. Interest expense on bank loans and the ongoing availability of loans could affect the Company's business development.

- International trade stability. Factors such as foreign trade policies, changes in the international landscape, tariffs and exchange rates are critical to the sales results of our aesthetic medical equipment products.

- Production cycle of the original manufacturer. Our sales of Bellafill are dependent on a single supplier, the original manufacturer based in the United States. Any disruption or instability in the original manufacturer's production could result in our inability to fulfil sales.

OUR CLIENTS

During 2024, the aesthetic medical service clients were primarily individual retail clients. Aesthetic medical institutions are clients for our aesthetic medical management consulting services whereas sales agents and individual retail clients are clients for our aesthetic medical equipment products for sale.

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

	Year ended 31 December	
	2024	2023
Aesthetic surgery services		
Number of procedures performed	**1,300**	1,300
Average spending per procedure[(1)] *(RMB)*	**3,200**	5,400
Number of active clients	**900**	1,200
Average spending per active client[(2)] *(RMB)*	**4,300**	6,000
Minimally-invasive aesthetic services		
Number of procedures performed	**52,800**	39,500
Average spending per procedure[(1)] *(RMB)*	**1,300**	2,100
Number of active clients	**14,900**	15,300
Average spending per active client[(2)] *(RMB)*	**4,600**	5,400
Aesthetic dermatology services		
Number of procedures performed[(3)]	**219,900**	257,000
Average spending per procedure[(1)] *(RMB)*	**300**	300
Number of active clients	**32,200**	39,500
Average spending per active client[(2)] *(RMB)*	**2,100**	2,100

Notes:

(1) We calculate the average spending per procedure by dividing the revenue of each type of aesthetic medical services by the relevant number of procedures performed during the Year.

(2) We calculate the average spending per active client by dividing the revenue of each type of aesthetic medical services by their relevant number of active clients during the Year.

(3) The number of procedures performed includes trial procedures, retouch procedures and procedures performed as promotional gifts.

OUR SUPPLIERS

During 2024, the supplies required in our operations primarily include implants, injection materials, pharmaceuticals, other medical consumables and aesthetic medical skincare products. Our five largest suppliers include suppliers of injection materials, implants and medical consumables. Suneva Medical, Inc. ("**Suneva**") has become our new supplier since 2024. In addition, we have established good relationships with our other major suppliers over the years.

FINANCIAL REVIEW

Revenue

The following table sets forth our revenue by service offerings in 2024:

	Year ended 31 December				
	2024		2023		
	Revenue	**% of total revenue**	Revenue	% of total revenue	Change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Aesthetic medical services	**142,097**	**71.3**	174,910	92.4	(18.8)
Aesthetic surgery services	**4,068**	**2.0**	6,933	3.7	(41.3)
Minimally-invasive aesthetic services	**68,459**	**34.4**	82,958	43.8	(17.5)
Aesthetic dermatology services	**68,075**	**34.2**	83,292	44.0	(18.3)
Others *(Note)*	**1,495**	**0.7**	1,727	0.9	(13.4)
Sales of aesthetic medical equipment products	**57,216**	**28.7**	14,474	7.6	295.3
Aesthetic medical management consulting services	**29**	**–**	–	–	–
	199,342	**100.0**	189,384	100.0	5.3

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 equipment products and the provision of aesthetic medical services. Aesthetic medical equipment products comprise principally (i) collagen injection products (Bellafill); (ii) surgical implant; and (iii) aesthetic medical skincare products.

Aesthetic medical services primarily include (i) 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; (ii) minimally-invasive aesthetic services, which involve minimal penetration into the body tissue with no surgical incisions; and (iii) aesthetic dermatology services, which primarily comprise aesthetic energy-based procedures performed with equipment that utilize various forms of energy such as laser, radiofrequency and intense pulsed light for various purposes such as acne and pigments removal, skin rejuvenation, skin lifting and tightening, and hair removal.

In 2024, our total revenue was approximately RMB199.3 million, representing an increase of 5.3% from approximately RMB189.4 million in 2023. For the Year, our revenue from the aesthetic medical services was approximately RMB142.1 million, representing a decrease of 18.8% from approximately RMB174.9 million of the revenue from aesthetic medical services in 2023.

In 2024, our revenue from the minimally-invasive aesthetic services and the aesthetic dermatology services was approximately RMB68.5 million and RMB68.1 million, respectively, representing a decrease of 17.5% and 18.3% from approximately RMB83.0 million and RMB83.3 million of the revenue from minimally-invasive aesthetic services and the aesthetic dermatology services in 2023, respectively. The decrease was primarily attributable to the decrease in the number of active clients in the second half of the Year resulted from the intensified industry competition in 2024.

In 2024, our revenue from the aesthetic surgery services was approximately RMB4.1 million, representing a decrease of 41.3% from approximately RMB6.9 million of the revenue from the aesthetic surgery services in 2023. The decrease in revenue was primarily due to our customers' preference for faster and safer minimally-invasive aesthetic services and aesthetic dermatology services as a result of technological developments and changes in consumer perception.

In 2024, our revenue from the sales of aesthetic medical equipment products was approximately RMB57.2 million, representing an increase of approximately RMB42.7 million from approximately RMB14.5 million of the revenue from sales of aesthetic medical equipment products in 2023. The increase was primarily attributable to the introduction of collagen injection products (Bellafill), with sales amounting to approximately RMB48.0 million.

COST OF SALES

Our cost of sales mainly includes cost of supplies consumed, cost of inventories sold and staff costs. In 2024, our cost of sales was approximately RMB127.9 million, representing an increase of about 8.5% from approximately RMB117.9 million of the cost of sales in 2023. The change was primarily attributable to an increase of about 295.3% in the sales revenue of aesthetic medical equipment products as compared to last year, and an increase in cost of inventories sold.

Our cost of sales by nature is as follows:

	Year ended 31 December				
	2024		2023		Change
	RMB'000	*%*	*RMB'000*	*%*	*%*
Cost of supplies consumed	**65,611**	**51.2**	69,159	58.7	(5.1)
Cost of inventories sold	**19,447**	**15.2**	3,528	3.0	451.2
Staff costs	**28,082**	**22.0**	29,172	24.7	(3.7)
Others	**14,795**	**11.6**	16,032	13.6	(7.7)
	127,935	**100.0**	117,891	100.0	8.5

Cost of supplies consumed was the largest component of cost of sales in 2024, which included the cost of our medical consumables which mainly represents implants and auxiliary materials used in our aesthetic surgery services, hyaluronic acid, collagen and regenerative products used in our minimally-invasive aesthetic services, laser consumables and auxiliary materials and aesthetic medical equipment products used in our aesthetic dermatology services.

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

Staff costs were the second largest component of our cost of sales in 2024, which mainly represent salaries and bonuses paid to our physicians and medical staff. All our aesthetic surgery services, minimally-invasive aesthetic services and aesthetic dermatology procedures are performed by qualified personnels with necessary clinical work experience in accordance with the relevant PRC laws and regulations.

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

GROSS PROFIT

In 2024, our gross profit amounted to approximately RMB71.4 million, basically consistent with the gross profit of approximately RMB71.5 million in 2023. During 2024, our gross profit margin was approximately 35.8%, representing a decrease of 2.0 percentage points from approximately 37.8% of the gross profit margin in 2023.

The following table sets forth our gross profit and gross profit margin by service offered in 2024:

	Year ended 31 December					
	2024		2023			
	Gross profit *RMB'000*	**Gross profit margin** *%*	Gross profit *RMB'000*	Gross profit margin *%*	Change in gross profit *%*	Change in gross profit margin *%*
Aesthetic medical services	**33,667**	**23.7**	60,546	34.6	(44.4)	(31.5)
Aesthetic surgery services	**(3,427)**	**(84.2)**	(2,439)	(35.2)	40.5	139.2
Minimally-invasive aesthetic services	**20,949**	**30.6**	30,918	37.3	(32.2)	(18.0)
Aesthetic dermatology services	**20,011**	**29.4**	36,095	43.3	(44.6)	(32.1)
Others *(Note)*	**(3,866)**	**(258.6)**	(4,028)	(233.2)	(4.0)	10.9
Sales of aesthetic medical equipment products	**37,711**	**65.9**	10,947	75.6	244.5	(12.8)
Aesthetic medical management consulting services	**29**	**100.0**	–	–	100.0	–
	71,407	**35.8**	71,493	37.8	(0.1)	(5.3)

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

In 2024, the total gross profit of our aesthetic medical services was approximately RMB33.7 million, representing a decrease of approximately 44.4% from approximately RMB60.5 million of the total gross profit in 2023, and the total gross profit margin of our aesthetic medical services was approximately 23.7%, representing a decrease of approximately 31.5% from approximately 34.6% of the total gross profit margin in 2023. The decrease was primarily attributable to the decrease in our revenue from the aesthetic medical services, while provision of those services still incurred certain fixed operating costs. In 2024, the gross profit of the sales of aesthetic medical equipment products was approximately RMB37.7 million, representing an increase of approximately 244.5% from approximately RMB10.9 million of the gross profit of sales of aesthetic medical equipment products in 2023, and the total gross profit margin of the sales of aesthetic medical equipment products was approximately 65.9%, representing a decrease of approximately 12.8% from approximately 75.6% of the total gross profit margin in 2023, which was mainly attributable to the adjustments to the structure of our aesthetic medical equipment products.

OTHER INCOME AND GAINS

In 2024, our other income and gains amounted to approximately RMB20.3 million, representing an increase of approximately 130.7% from approximately RMB8.8 million in 2023. Such increase was mainly attributable to the increase in gains on contingent consideration.

SELLING AND DISTRIBUTION EXPENSES

Our selling and distribution expenses primarily comprised of promotion and marketing expenses, and staff costs. In 2024, our selling and distribution expenses amounted to approximately RMB47.7 million, representing a decrease of approximately 8.8% from approximately RMB52.3 million in 2023. The decrease was mainly attributable to the restructuring of the marketing system. By establishing our own marketing team, we achieved independent operation of our promotion channels, thereby gradually shifting from complete reliance on external procurement to the cultivation of internal marketing capabilities, forming a sustainable mechanism for cost optimisation.

ADMINISTRATIVE EXPENSES

In 2024, our administrative expenses amounted to approximately RMB41.8 million, representing an increase of approximately RMB1.7 million from approximately RMB40.1 million in 2023. The increase of expenses was primarily attributable to the increase in share option expense. Our administrative expenses primarily comprised of intermediary team service expenses, staff costs, rental related expenses, utility, depreciation expenses and other administrative office expenses.

FINANCE COSTS

In 2024, our finance costs amounted to approximately RMB2.8 million (2023: RMB2.8 million). Our finance costs primarily comprised of interest on lease liabilities and interest on borrowings.

INCOME TAX CREDIT/EXPENSE

Our income tax credit/expense represented our total current income tax and deferred tax credit/expense under the relevant PRC income tax policies and regulations. We recorded income tax credit of approximately RMB2.0 million in 2024 (2023: income tax expense of RMB2.8 million), mainly due to the reversal of taxable temporary differences.

TOTAL COMPREHENSIVE LOSS FOR THE YEAR

We recorded a loss of approximately RMB63.3 million in 2024 (2023: loss of RMB37.8 million). Among them, the impairment of non-current assets, offset by related deferred tax, reversal of contingent consideration, loss on long-term equity investments, and share option expense in total in 2024 amounted to approximately RMB44.5 million (2023: RMB11.8 million). Save for these factors, the adjusted net loss under the non-auditing standard was approximately RMB18.8 million (2023: the adjusted net loss under the non-auditing standard of approximately RMB26.0 million).

LIQUIDITY AND CAPITAL RESOURCES

Our cash and bank balance and time deposits amounted to approximately RMB28.9 million as at 31 December 2024 (31 December 2023: RMB39.8 million). Our net current liabilities were approximately RMB33.2 million as at 31 December 2024 (31 December 2023: net current liabilities of RMB12.5 million). The decrease of cash and bank balance and time deposits was mainly attributable to the costs incurred by us in acquiring the distribution right for collagen injection products (Bellafill) during the reporting period. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operating activities and available facilities of the Group, and the net proceeds from the issuance of ordinary shares relating to the initial public offering, and after diligent and careful investigation, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present. As at 31 December 2024, our Group has unutilised banking facilities of approximately RMB13.0 million (31 December 2023: RMB23.0 million) for working capital purposes.

LEASE LIABILITIES

As at 31 December 2024, the Group had lease liabilities of approximately RMB35.6 million (31 December 2023: RMB44.8 million).

COMMITMENTS

As at 31 December 2024, the Group had no contracted, but not provided for commitments (31 December 2023: Nil).

CAPITAL EXPENDITURES

During 2024, the Group purchased long-term asset amounting to approximately RMB44.6 million (2023: RMB18.0 million).

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 31 December 2024, our Group had approximately RMB13.0 million outstanding interest-bearing bank borrowings (31 December 2023: RMB7.0 million), of which RMB13.0 million are at fixed interest rates (31 December 2023: RMB7.0 million).

As at 31 December 2023 and 2024, all the bank borrowings are repayable within one year and all the borrowings are denominated in RMB.

Secured loans

As at 31 December 2024, our Group had approximately RMB7.8 million outstanding secured loans (31 December 2023: Nil), of which RMB7.8 million are at fixed interest rates (31 December 2023: Nil).

As at 31 December 2024, secured loans of RMB4.3 million are repayable within one year and secured loans of RMB3.5 million are repayable within one to five years. All the borrowings are denominated in RMB.

Contingent Liabilities and Guarantees

As at 31 December 2024, our Group had no significant contingent liabilities and guarantees (31 December 2023: Nil).

PLEDGE OF ASSETS

As at 31 December 2024, the lease arrangements were secured by the Group's pledged deposits of RMB1.5 million (31 December 2023: lease arrangements secured by the Group's pledged deposits of RMB1.6 million).

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

GEARING RATIO

Gearing ratio is calculated by dividing total liabilities by total equity as at 31 December 2024 and multiplying the result by 100%. As at 31 December 2024, the Group had total debt of approximately RMB154.4 million (31 December 2023: RMB141.0 million) and the gearing ratio is about 161.7% (31 December 2023: 106.3%).

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 to adopt a proactive but prudent approach to minimize the relevant exposure when necessary.

Treasury Policies

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

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 10 January 2023, Hangzhou Raily Beauty Cosmetology Consulting Service Co., Ltd. (the "**Investor**"), an indirect wholly-owned subsidiary of the Company, entered into a legally binding letter of intent (the "**LOI**") with Hangzhou Tianxin Aesthetic Medical Hospital Co., Ltd. (the "**Target Company**") and the existing shareholders of the Target Company (the "**Existing Shareholders**"). Pursuant to the LOI, the Investor conditionally agreed to subscribe for an equity interest in the Target Company of up to 9.0% of the registered capital of the Target Company on a fully-diluted basis, at the consideration of up to RMB25.0 million (the "**Capital Injection**"). On 2 January 2024, the Investor entered into a supplemental agreement (the "**Supplemental Agreement**") to the LOI with the Target Company and the Existing Shareholders. Pursuant to the Supplemental Agreement, a fund (the "**Raily Development Fund**") shall be set up by the Investor within six months from the date of the Supplemental Agreement to assume all the rights and obligations of the Investor under the LOI; and the Raily Development Fund shall undertake to complete its due diligence on the Target Company and enter into the formal capital injection agreement (the "**Formal Agreement**") within three months from the date of establishment. Upon signing of the Formal Agreement, if the Investor so elects, the earnest money of RMB20.0 million paid by the Investor to the Target Company under the LOI shall be applied to settle the equivalent amount of the Capital Injection by Raily Development Fund under the Formal Agreement. On 13 August 2024, the Investor entered into a termination agreement to the LOI and the Supplemental Agreement with the Target Company and the Existing Shareholders whereby the parties have mutually agreed to terminate the Capital Injection. The earnest money of RMB20.0 million previously paid by the Investor shall be refunded under the LOI and the Supplemental Agreement and none of the parties shall have any claim against the others thereafter. For details, please refer to the Company's announcements dated 10 January 2023, 18 January 2023, 2 January 2024 and 13 August 2024.

On 24 January 2024, the Company and Suneva entered into a supply agreement (the "**Supply Agreement**") in respect of the acquisition of the distribution right of Bellafill and the equity interest in Suneva by the Company (the "**Acquisition**"). For details, please refer to the Company's announcement dated 15 November 2024.

On 5 December 2023, the Company and Youxin Management Co., Limited ("**Youxin**") entered into a service agreement (the "**Service Agreement**"), under which Youxin shall facilitate the completion of the transaction as stipulated in the Supply Agreement. For details, please refer to the Company's announcement dated 15 November 2024.

On 6 November 2024, Shenzhen Ruiquan, an indirect wholly-owned subsidiary of the Company, and Mr. Peng Xiaonan and Mr. Ruan Zhiling, both independent third parties, entered into a disposal agreement (the "**Disposal Agreement**"), pursuant to which Shenzhen Ruiquan agreed to sell, and Mr. Peng Xiaonan and Mr. Ruan Zhiling agreed to purchase, 100% equity interest in Jiumei Xinhe. For details, please refer to the Company's announcements dated 6 November 2024, 26 November 2024 and 22 January 2025.

PROFIT GUARANTEE

Reference is made to the announcement of the Company dated 20 August 2021 in relation to the acquisition of 90% equity interest in Jiumei Xinhe (the "**Announcement**") and the supplemental announcement of the Company dated 25 August 2021 in relation to the same matter. Unless otherwise specified, all capitalised terms used herein shall have the same meanings as those defined in the Announcement. As disclosed in the Company's announcement dated 10 March 2023, the 1st Relevant Period was extended from 31 December 2022 to 31 March 2023, the 2nd Relevant Period was extended from 31 December 2023 to 31 March 2024 and the 3rd Relevant Period was extended from 31 December 2024 to 31 March 2025. Jiumei Xinhe has fulfilled the relevant profit guarantee for the extended 1st Relevant Period ended 31 March 2023. However, Jiumei Xinhe has not fulfilled the relevant profit guarantee for the extended 2nd Relevant Period ended 31 March 2024. The Company subsequently entered into the Disposal Agreement on 6 November 2024 and the relevant obligations for the payment of the post-completion considerations shall be ceased accordingly. For details, please refer to the Company's announcements dated 6 November 2024, 26 November 2024 and 22 January 2025.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 7 March 2025 (after trading hours), Suzhou Ruiquan, an indirect non wholly-owned subsidiary of the Company, and Suzhou Maidi Jinggang Technology Co., Ltd. ("**Suzhou Maidi**"), entered into an agreement (the "**Agreement**"), pursuant to which Suzhou Ruiquan agreed to acquire and Suzhou Maidi agreed to sell, the property situated at Units 101, 201, 301, 401, Building 7, 26 Jinxing Road, Jinfeng Town, Zhangjiagang, Suzhou, Jiangsu Province, PRC with a gross floor area of approximately 4,660.22 sq.m. (the "**Property**") at the consideration of RMB21,437,012 (the "**Major Acquisition**"). The Agreement is subject to that necessary approval from the shareholders of the Company (the "**Shareholders**") to approve the Major Acquisition as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") has been obtained.

Except as described above and save as disclosed in this announcement and in the prospectus of the Company dated 15 December 2020, the Group did not have plans for making material investments or acquiring capital assets as at 31 December 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, we had 290 employees in the PRC (31 December 2023: 335).

	Number of Employees	
Function	**31 December 2024**	31 December 2023
Management	**6**	6
Physicians and medical staff	**121**	124
Sales, marketing, client service and other business staff	**128**	167
Finance and administration staff	**35**	38
Total	**290**	335

During the Year, our staff costs amounted to approximately RMB58.7 million, the share option expense amounted to approximately RMB8.0 million, and the total staff costs amounted to approximately RMB66.7 million, representing a decrease of RMB2.1 million as compared to the total staff costs of approximately RMB68.8 million in 2023, accounting for approximately 33.5% of the total revenue in 2024 (2023: 36.3%).

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

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

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

During the Year, there were no forfeited contributions (by the Group on behalf of employees who leave the pension scheme prior to vesting fully in such contributions) which has been utilised by the Group to reduce the existing level of contributions. At 31 December 2024, 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 on 28 December 2020 (the "**Listing**"). The net proceeds from the Listing (including exercise of over-allotment options and after deducting the underwriting fees, commission and all related expenses in connection with the Listing) amounted to approximately HK$81.7 million (the "**Net Proceeds**"), which was based on the issuing price of HK$0.4 per share and the actual expenses related to the Listing. As at the date of this announcement, HK$8.6 million out of the Net Proceeds for organic growth remains unutilised, while other proceeds have been fully utilised.

Purpose	**Percentage to total amount**	**Planned use of net proceeds** *HK$'million*	**Actual use of proceeds up to 31 December 2024** *HK$'million*	**Unutilised amount as at 31 December 2024** *HK$'million*	**Expected timeline of full utilisation of the remaining proceeds**
Expanding our aesthetic medical institutions network	**71.0%**	**58.0**	**49.4**	**8.6**	**31 December 2025**
– Renovation and expansion of existing aesthetic medical institutions	28.0%	22.9	22.9	–	
– Organic growth	28.0%	22.9	14.3	8.6	31 December 2025
– Strategic acquisitions	15.0%	12.2	12.2	–	
Acquire new aesthetic medical service equipment and treatment consumables to extend the spectrum of our treatment services offered in our current aesthetic medical institutions	**11.0%**	**9.0**	**9.0**	**–**	
Actively promote our brand	**8.0%**	**6.5**	**6.5**	**–**	
General working capital	**10.0%**	**8.2**	**8.2**	**–**	
Total	**100.0%**	**81.7**	**73.1**	**8.6**	

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) at the subscription price of HK$0.148 per Rights Share on the basis of one (1) Rights Share for every three (3) consolidated shares held by the qualifying Shareholders at the close of business on the Record Date (the "**Rights Issue**"). The Rights Issue became effective on 25 April 2024. The Company issued and allotted 139,269,333 new shares pursuant to the Rights Issue.

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. As at the date of this announcement, HK$7.6 million out of the net proceeds remains unutilised.

The following table sets forth a summary of the utilisation of the net proceeds from the Rights Issue as at 31 December 2024:

Purpose	Percentage to total amount	Planned use of net proceeds *HK$'million*	Actual use of proceeds up to 31 December 2024 *HK$'million*	Unutilised amount as at 31 December 2024 *HK$'million*	Expected timeline of full utilisation of the remaining proceeds
Acquisition of equipment and raw materials necessary to initiate the manufacturing process	50.0%	9.5	9.5	–	
Registration filing of aesthetic medical equipment products with the National Medical Products Administration, including clinical trials which are integral to the registration process	40.0%	7.6	–	7.6	31 March 2026
General working capital	10.0%	1.9	1.9	–	
Total	100.0%	19.0	11.4	7.6	

EVENTS DURING THE REPORTING PERIOD

On 2 January 2024, the Investor entered into the Supplemental Agreement to the LOI with the Target Company and the Existing Shareholders. For details, please refer to the Company's announcements dated 10 January 2023, 18 January 2023, 2 January 2024 and 13 August 2024.

On 24 January 2024, the Company and Suneva entered into the Supply Agreement in respect of the Acquisition. For details, please refer to the Company's announcement dated 15 November 2024.

On 26 January 2024, the Group granted share options to certain eligible persons to subscribe for a total of 48,630,462 ordinary shares of US$0.01 each in the share capital of the Company, which represents approximately 2.33% of the Company's issued share capital at the date of grant. For details, please refer to the Company's announcement dated 26 January 2024.

On 23 February 2024, the Group granted share options to certain eligible persons to subscribe for a total of 47,430,466 ordinary shares of US$0.01 each in the share capital of the Company, which represents approximately 2.27% of the Company's issued share capital at the date of grant. For details, please refer to the Company's announcement dated 23 February 2024.

On 26 February 2024, the Board proposed to implement a share consolidation (the "**Share Consolidation**") on the basis that every five (5) existing shares in the share capital of the Company before the Share Consolidation becoming effective be consolidated into one (1) consolidated share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the extraordinary general meeting of the Company held on 15 March 2024 (the "**EGM**"). The Share Consolidation was approved by way of an ordinary resolution at the EGM. As all the conditions in respect of the Share Consolidation have been fulfilled, the Share Consolidation became effective on 19 March 2024. For details, please refer to the Company's announcements dated 26 February 2024, 29 February 2024 and 15 March 2024 and the Company's circular dated 29 February 2024.

On 26 February 2024, the Board also 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 (assuming no further issue or repurchase of shares of the Company on or before 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) at the subscription price of HK$0.148 per Rights Share on the basis of one (1) Rights Share for every three (3) consolidated shares held by the qualifying Shareholders at the close of business on the Record Date. The Rights Issue became effective on 25 April 2024. The Company issued and allotted 139,269,333 new shares pursuant to the Rights Issue. For details, please refer to the Company's announcements dated 26 February 2024 and 24 April 2024 and the Company's prospectus dated 2 April 2024.

On 28 June 2024, the Company held an annual general meeting and an ordinary resolution was passed, approving the increase in authorised share capital of the Company to US$50,000,000 divided into 1,000,000,000 shares of US$0.05 each. The increase in authorised share capital became effective on 28 June 2024. For details, please refer to the Company's announcements dated 22 April 2024 and 28 June 2024 and the Company's circular dated 22 April 2024.

On 13 August 2024, the Investor entered into a termination agreement to the LOI and the Supplemental Agreement with the Target Company and the Existing Shareholders whereby the parties have mutually agreed to terminate the Capital Injection. For details, please refer to the Company's announcement dated 13 August 2024.

On 30 August 2024, the principal place of business in Hong Kong of the Company has been changed to Workshop A2, 29/F, TML Tower, 3 Hoi Shing Road, Tsuen Wan, Hong Kong. For details, please refer to the Company's announcement dated 30 August 2024.

As at 30 October 2024, Jiumei Xinhe, an indirect wholly-owned subsidiary of the Company, was no longer engaged in distribution of and ceased to be registered as a distributor for e-PTFE facial implant in the PRC. An impairment provision of goodwill and an impairment provision of intangible asset were made. For details, please refer to the Company's announcement dated 30 October 2024.

On 6 November 2024, Shenzhen Ruiquan agreed to sell, and Mr. Peng Xiaonan and Mr. Ruan Zhiling agreed to purchase 100% equity interest in Jiumei Xinhe. For details, please refer to the Company's announcements dated 6 November 2024, 26 November 2024 and 22 January 2025.

On 28 December 2024, the Board established a strategic investment committee (the "**Strategic Investment Committee**") with written terms of reference in order to enhance the investment decision-making procedures. The members of the Strategic Investment Committee comprise Mr. Fu Haishu, Mr. Cao Dequan and Ms. Yang Xiaofen and Mr. Fu Haishu has been appointed as the chairman of the Strategic Investment Committee. For details, please refer to the Company's announcement dated 28 December 2024.

During the Year, due to inadvertent oversight of the management, the Company failed to report and announce the transactions in relation to the Supply Agreement and the Service Agreement, which constituted non-compliance of Chapter 14 of the Listing Rules. The Company acknowledges its unintentional non-compliance of the Listing Rules was an oversight and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance. Responsible staff shall obtain necessary approval and/or consent prior to entering into any agreement that would constitute notifiable transaction for the Company going forward. The Company takes the incidents seriously. In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the Listing Rules on an on-going basis, the Company would (i) enhance regular training on regulatory compliance matters relating to notifiable transactions for responsible staff, including Directors, to ensure that they comprehend the requirements of the Listing Rules; and (ii) review its internal control and compliance system on an annual basis to identify any issues falling short of the standard. The Company would like to stress that the Company will use its best endeavours to carry out necessary measures and appropriate actions to ensure the full compliance with the Listing Rules on an on-going basis.

SUBSEQUENT EVENTS

On 7 March 2025, Suzhou Ruiquan, an indirect non wholly-owned subsidiary of the Company, and Suzhou Maidi entered into the Agreement, pursuant to which Suzhou Ruiquan agreed to acquire and Suzhou Maidi agreed to sell, the Property. The Agreement is subject to that necessary approval from the Shareholders to approve the Major Acquisition as required under the Listing Rules has been obtained.

Save as disclosed above, there has been no significant event which occurred after the year ended 31 December 2024 and up to the date of this announcement.

PROSPECTS

With the rising awareness of medical aesthetics among the public, younger consumers, the rapid promotion of non-surgical aesthetic medical procedures and the emergence of internet platforms, medical aesthetics has shifted from niche consumption to mass consumption. As consumer awareness increases and competition in the industry intensifies, less innovative aesthetic medical institutions may exit the market at an accelerated pace, and the aesthetic medical industry as a whole will continue to improve in terms of quality. Consumers are increasingly interested in light aesthetic medicine, and anti-aging has become a new favourite in the market, primarily attributable to its affordable price, minimally-invasive treatment methods, diverse treatment options and good prospects for repeat consumption. We plan to prioritise the development of non-surgical aesthetic medical services and products and expand investment in technology and research, while making more efforts in the sales, R&D and production of Class III aesthetic medical equipment products.

DIVIDEND

The Board resolved not to declare any final dividend for 2024 (2023: Nil).

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

During 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities (including sale of treasury shares of the Company) of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions by the Directors.

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

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 Listing Rules.

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

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 its existing Shareholders.

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)*
Mr. Cao Dequan
Ms. Yang Xiaofen

The Board has established the Audit Committee with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and paragraph D.3 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 annual results of the Group for the Year prior to approval by the Board, which was of the view that the preparation of such annual results have complied with the requirements of the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

The Audit Committee has recommended to the Board the re-appointment of Ernst and Young, Certified Public Accountants, as auditors of the Company and the Company will propose a resolution for the re-appointment of Ernst & Young as the Company's auditor at the forthcoming annual general meeting of the Company.

2025 ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**2025 AGM**") will be held on Friday, 16 May 2025. A notice convening the 2025 AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the 2025 AGM. To be eligible for attending and voting at the 2025 AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, 12 May 2025.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the Company's website (http://www.raily.com) and the Stock Exchange's website (https://www.hkexnews.hk). The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the aforementioned websites in due course in accordance with the Listing Rules.

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

Hangzhou, China, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Fu Haishu, Mr. Song Jianliang and Mr. Wang Ying as Executive Directors; and Mr. Cao Dequan, Ms. Yang Xiaofen and Mr. Liu Teng as Independent Non-executive Directors.