

Stock Code: 603605

Stock Abbreviation: Proya

Bond Code: 113634

Bond Abbreviation: Proya Convertible Bond



Proya Cosmetics Co., Ltd.

Annual Report 2024

Important Notes

I. The Board of Directors, Board of Supervisors, directors, supervisors and senior management of the Company warrant that the content of the Annual Report is authentic, accurate and complete, free from false records, misleading statements and major omissions, and shall be jointly and severally liable therefore.

II. All directors of the Company attended the meeting of the Board of Directors.

III. Pan-China Certified Public Accountants (Special General Partnership) has issued a standard unqualified audit report to the Company.

IV. HOU Juncheng, chairman of the Company, and WANG Li, CFO (and Head of Accounting Department) of the Company represent and warrant that the financial report in the Annual Report is authentic, accurate and complete.

V. The profit distribution plan or capital reserve capitalization plan for the Reporting Period approved by the Board of Directors

1. Based on the total share capital (excluding the shares in the Company's special securities account for repurchase) as of the record date on which equity distribution is implemented, the Company proposes to distribute to all shareholders registered a cash dividend of RMB11.90 (tax inclusive) per 10 shares. Based on the total share capital of 396,247,555 shares on December 31, 2024, deducting 2,210,825 shares in the Company's special securities account for repurchase, it is estimated that the cash dividend to be distributed will amount to RMB468,903,708.70 (tax inclusive) without converting the capital reserve into share capital or giving any bonus shares. In case of a change in the Company's total share capital due to the conversion of convertible bonds before the record date for equity distribution, the Company maintains the said distribution ratios and yet adjusts the total distribution amounts.

2. According to the *Guideline No. 7 for the Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange - Share Repurchase* and other relevant regulations, for listed companies that repurchase shares using cash as consideration through centralized bidding or tender offer, the amount of repurchased shares in the current year shall be treated as the amount of cash dividends and counted in the calculation of the cash dividend proportion for that year. In 2024, the Company repurchased shares amounting to RMB153,038,949.37 (excluding transaction expenses) through centralized bidding.

To conclude, the amount of cash dividends for the year 2024 (including the proposed annual dividend for 2024 and the amount of repurchased shares through centralized bidding for 2024) accounts for 40.07% of the net profit attributable to the shareholders of the Company in the consolidated statement of 2024.

VI. Disclosure of risks involved in forward-looking statements

"√ Applicable" "□ Not applicable"

The Report contains forward-looking statements which involve the future plans, development strategies, etc. of the Company, yet do not constitute substantive undertakings of the Company to investors. Investors should exercise caution prior to making investment decisions.

VII. Whether there is any non-operating capital occupation by a controlling shareholder and other related parties

No

VIII. Whether there is any external guarantee provided in violation of specified decision-making procedures

No

IX. Whether the majority of the directors are unable to warrant the authenticity, accuracy and completeness of the Annual Report disclosed by the Company

No

X. Disclosure of major risks

The Company has described the existing risks in details in this Report. Refer to "(IV) Possible risks", "VI. Discussion and Analysis of the Company's Future Development", "Section III Management Discussion and Analysis".

XI. Other

"☐ Applicable" "☒ Not applicable"

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Documents Available for Inspection	Financial statements signed and sealed by the Legal Representative, CFO of the Company, and Head of Accounting Department
	Original copy of the audit report stamped by the accounting firm and signed and sealed by certified public accountants.
	Original copies of all documents and announcements of the Company disclosed during the Reporting Period in newspapers designated by China Securities Regulatory Commission.

Section I Definitions

I. Definitions

In this Report, unless the context otherwise requires, the following terms have the following meanings:

Definition		
Proya Cosmetics, this Company, or the Company	refers to	Proya Cosmetics Co., Ltd.
Huzhou Branch	refers to	Proya Cosmetics Co., Ltd. Huzhou Branch, a branch of the Company
Shanghai Branch	refers to	Proya Cosmetics Co., Ltd. Shanghai Branch, a branch of the Company
Proya Trade	refers to	Hangzhou Proya Trade Co., Ltd., a wholly-owned subsidiary of the Company
Korea Hanna	refers to	Hanna Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Anya (Huzhou)	refers to	Anya (Huzhou) Cosmetics Co., Ltd., a wholly-owned subsidiary of Korea Hanna
Yueqing Laiya	refers to	Yueqing Laiya Trading Co., Ltd., a wholly-owned subsidiary of the Company
Huzhou UZERO	refers to	Huzhou UZERO Trading Co., Ltd., a wholly-owned subsidiary of the Company
Mijing Siyu (Hangzhou)	refers to	Mijing Siyu (Hangzhou) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Meiligu	refers to	Zhejiang Meiligu Electronic Commerce Co., Ltd., a wholly-owned subsidiary of the Company
Chuangdai Electronics	refers to	Huzhou Chuangdai E-commerce Co., Ltd., a wholly-owned subsidiary of Meiligu
Hangzhou CORRECTORS	refers to	Hangzhou CORRECTORS Trade Co., Ltd., a wholly-owned subsidiary of Meiligu
Hangzhou Gloris	refers to	Hangzhou Gloris Trading Co., Ltd., a wholly-owned subsidiary of Meiligu.
Hapsode (Hangzhou)	refers to	Hapsode (Hangzhou) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Korea Hapsode	refers to	Hapsode Co., Ltd., a wholly-owned subsidiary of Hapsode (Hangzhou)
Huzhou Hapsode	refers to	Huzhou Hapsode Trading Co., Ltd., a wholly-owned subsidiary of Hapsode (Hangzhou)
Proya Commercial	refers to	Hangzhou Proya Commercial Management Co., Ltd., a wholly-owned subsidiary of the Company
Tielexin Aini	refers to	Hangzhou Tielexin Aini Catering Management Co., Ltd., a wholly-owned subsidiary of Proya Commercial
Luxiaotie	refers to	Hangzhou Luxiaotie Fitness Co., Ltd., a wholly-owned subsidiary of Proya Commercial
Hong Kong Keshi	refers to	Hong Kong Keshi Trading Co., Ltd., a holding subsidiary of the Company
Hong Kong Xinghuo	refers to	Hong Kong Xinghuo Industry Limited, a wholly-owned subsidiary of the Company
Hong Kong Zhongwen	refers to	Hong Kong Zhongwen Electronic Commerce Co., Limited, a wholly-owned subsidiary of Hong Kong Xinghuo
Hong Kong Xuchen	refers to	Hong Kong Xuchen Trading Limited, a wholly-owned subsidiary of Hong Kong Xinghuo

Proya Luxembourg	refers to	Proya Europe SARL, a wholly-owned subsidiary of Hong Kong Xinghuo
Shanghai Zhongwen	refers to	Shanghai Zhongwen Electronic Commerce Co., Ltd., a wholly-owned subsidiary of the Company
Huzhou Niuke	refers to	Huzhou Niuke Technology Co., Ltd., a wholly owned subsidiary of the Company
Hong Kong Wanyan	refers to	Hong Kong Wanyan Electronic Commerce Co., Limited, a wholly-owned subsidiary of Huzhou Niuke
Ningbo TIMAGE	refers to	Ningbo TIMAGE Cosmetics Co., Ltd., a holding subsidiary of the Company
Hangzhou TIMAGE	refers to	Hangzhou TIMAGE Cosmetics Co., Ltd., a wholly-owned subsidiary of Ningbo TIMAGE
TIMAGE Image Design & Art	refers to	Hangzhou TIMAGE Image Design & Art Co., Ltd., a subsidiary controlled by Ningbo TIMAGE Cosmetics Co., Ltd.
Ningbo Keshi	refers to	Ningbo Keshi Trading Limited, a holding subsidiary of the Company
Zhejiang Beauty	refers to	Zhejiang Beauty Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Ningbo Proya	refers to	Ningbo Proya Enterprise Consulting Management Co., Ltd., a wholly-owned subsidiary of the Company
Boya (Hong Kong)	refers to	Boya (Hong Kong) Investment Management Co., Limited, a wholly-owned subsidiary of the Company
Japan OR	refers to	OR Off & Relax, a holding subsidiary of Boya (Hong Kong)
Ningbo Tangyu	refers to	Ningbo Tangyu Trading Co., Ltd., a wholly-owned subsidiary of Japan OR
Hangzhou Weiluo	refers to	Hangzhou Weiluo Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Hangzhou Yizhuo	refers to	Hangzhou Yizhuo Culture Media Co., Ltd., a wholly-owned subsidiary of the Company
Hangzhou Oumisi	refers to	Hangzhou Oumisi Trading Co., Ltd., a wholly-owned subsidiary of the Company
Proya (Hainan)	refers to	Proya (Hainan) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Singuladerm (Hangzhou)	refers to	Singuladerm (Hangzhou) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Xuzhou Laibo	refers to	Xuzhou Laibo Information Technology Co., Ltd., a wholly-owned subsidiary of the Company
Proya (Zhejiang)	refers to	Proya (Zhejiang) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Xuzhou Boya	refers to	Xuzhou Boya Technology Co., Ltd., a wholly-owned subsidiary of the Company
PROYA PTE	refers to	PROYA PTE. LTD., a wholly-owned subsidiary of the Company
PROYA MALAYSIA	refers to	PROYA BEAUTY MALAYSIA SDN. BHD., a wholly-owned subsidiary of PROYA PTE
Ningbo Jingzhe	refers to	Ningbo Jingzhe Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
PROYA EUROPE	refers to	PROYA EUROPE SAS, a wholly-owned subsidiary of the Company
CSRC	refers to	China Securities Regulatory Commission

SSE	refers to	Shanghai Stock Exchange
Pan-China	refers to	Pan-China Certified Public Accountants (Special General Partnership)
CSC	refers to	China Securities Co., Ltd.
Company Law	refers to	Company Law of the People's Republic of China
Securities Law	refers to	Securities Law of the People's Republic of China
Articles of Association	refers to	Articles of Association of Proya Cosmetics Co., Ltd.
RMB/RMB'0,000	refers to	RMB/RMB'0,000
Reporting Period	refers to	January 1, 2024 to December 31, 2024

Section II Company Profile and Key Financial Indicators

I. Company Information

Chinese name of the Company	Proya Cosmetics Co., Ltd.
Short name of the Company in Chinese	珀莱雅
English name of the Company	Proya Cosmetics Co., Ltd.
Abbreviation of English name of the Company	Proya
Legal representative of the company	HOU Juncheng

II. Contact Details

	Board Secretary	Securities Affairs Representative
Name	WANG Li	WANG Xiaoyan
Mailing address	10/F, Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province	10/F, Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Telephone	0571-87352850	0571-87352850
Fax	0571-87352813	0571-87352813
Email	proyazq@proya.com	proyazq@proya.com

III. General Information

Registered address	No. 588, Xixi Road, Liuxia Street, Xihu District, Hangzhou City, Zhejiang Province
Historical changes in the Company's registered address	For details, please refer to the <i>Announcement on Revision of the Articles of Association and Change in Business Registration</i> (Announcement No. 2019-008) disclosed by the Company on designated information disclosure platforms on February 27, 2019.
Office address of the Company	Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Postal code of the registered office address	310023
Company website	http://www.proya-group.com
Email	proyazq@proya.com

IV. Information Disclosure and Place for Obtaining the Report

Media for the Company's information disclosure	<i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>
CSRC's designated website for the Company's Annual Report disclosure	http://www.sse.com.cn
The Company's Annual Report may be obtained at	Board of Director's Office, Proya Building, No.588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province

V. Stock Information

Stock Information				
Stock class	Stock exchange	Stock abbreviation	Stock code	Stock abbreviation before changes
A share	Shanghai Stock Exchange	Proya	603605	None

VI. Other Relevant Information

Auditor of the Company (domestic)	Name	Pan-China Certified Public Accountants (Special General Partnership)
	Office address	Office Tower 2, Run'ao Business Center, Xiaoshan District, Hangzhou
	Name of the signing accountant	YIN Zhibin, WU Shaofang
Sponsor performing continuous supervisory duty during the Reporting Period	Name	China Securities Co., Ltd.
	Office address	Room 2203, North Tower, Shanghai Securities Building, No.528, Pudong South Road, Shanghai
	Names of the sponsor's signing representatives	GE Liang, WANG Zhan
	Period of continuous supervision	January 4, 2022 - December 31, 2023

Note: Since the proceeds from the public offering of A-share convertible corporate bonds have not been fully utilized, China Securities will continue to monitor the use of the Company's raised funds and fulfill its supervisory responsibilities.

VII. Major Accounting Data and Financial Indicators for the Past Three Years**(I) Major accounting data**

Unit: Yuan Currency: RMB

Major accounting data	2024	2023	Year-on-year change (%)	2022
Operating revenue	10,778,411,781.20	8,904,573,501.39	21.04	6,385,451,424.00
Net profit attributable to shareholders of the listed company	1,551,995,692.29	1,193,868,141.81	30.00	817,400,223.93
Net profit attributable to	1,521,668,826.62	1,174,144,260.32	29.60	788,513,237.01

shareholders of the listed company net of non-recurring profit or loss				
Net cash flow from operating activities	1,107,000,664.19	1,468,793,814.58	-24.63	1,111,136,117.23
	As of the end of 2024	As of the end of 2023	Year-on-year change (%)	As of the end of 2022
Net assets attributable to shareholders of the listed company	5,402,074,485.07	4,349,545,381.60	24.20	3,524,488,659.96
Total assets	7,530,182,694.00	7,323,078,222.45	2.83	5,778,071,824.19

(II) Key financial indicators

Key financial indicators	2024	2023	Year-on-year change (%)	2022
Basic earnings per share (RMB/share)	3.93	3.01	30.56	2.07
Diluted earnings per share (RMB/share)	3.92	2.97	31.99	2.05
Basic earnings per share net of non-recurring profit and loss (RMB/share)	3.85	2.96	30.07	2.00
Weighted average ROE (%)	32.53	29.94	Up by 2.59 percentage points	25.95
Weighted average ROE net of non-recurring profit and loss (%)	31.89	29.44	Up by 2.45 percentage points	25.03

Description of the Company's major accounting data and financial indicators for the past three years as of the end of the Reporting Period

"□ Applicable" "√ Not applicable"

VIII. Differences in Accounting Data under Chinese Accounting Standards and International Accounting Standards

(I) Differences in net profit and net assets attributable to shareholders of the listed company in the financial report disclosed in accordance with International Accounting Standards and Chinese Accounting Standards

"□ Applicable" "√ Not applicable"

(II) Differences in net profit and net assets attributable to shareholders of the listed company in the financial report disclosed in accordance with International Accounting Standards and Chinese Accounting Standards

"□ Applicable" "√ Not applicable"

(III) Description of differences between International Accounting Standards and Chinese Accounting Standards:

"□ Applicable" "√ Not applicable"

IX. Major Financial Data for 2024 by Quarter

Unit: Yuan Currency: RMB

	Q1 (January - March)	Q2 (April - June)	Q3 (July - September)	Q4 (October - December)
Operating revenue	2,181,919,106.72	2,819,546,364.00	1,964,567,889.65	3,812,378,420.83
Net profit attributable to shareholders of the listed company	302,845,157.17	398,826,217.72	297,538,011.99	552,786,305.41
Net profit attributable to shareholders of the listed company net of non-recurring profit and loss	292,020,669.63	386,975,848.70	292,280,184.23	550,392,124.06
Net cash flow from operating activities	430,862,423.81	231,240,370.58	-258,104,753.36	703,002,623.16

Description of differences between quarterly data and disclosed regular report data

"□ Applicable" "√ Not applicable"

X. Non-recurring Gains and Losses (Items and Amounts)

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Non-recurring gains and losses	Amount for 2024	Notes (if applicable)	Amount for 2023	Amount for 2022
Gains or losses from disposal of non-current assets, including write-offs of provision for adjusted asset impairment	-1,123,213.67		-703,593.33	60,155.60
Government subsidies recognized in profit or loss for the current period (excluding government subsidies that are closely related to the Company's business operations, compliant with national policies, granted at set standards, and imposing sustaining influence on the Company's gains and losses)	54,855,476.92		44,043,618.77	38,463,732.07
Gains or losses from change in fair value generated by financial assets and liabilities held by non-financial businesses as well as gains or losses				

from disposal of financial assets and liabilities				
Capital occupation fees charged to the non-financial enterprises and included in profit or loss for the current period				
Gains or losses from entrusting others with investment or asset management				
Gains or losses from outward entrusted loaning				
Asset loss incurred by force majeure such as natural disasters				
Reversal of impairment provisions of accounts receivable that have undergone impairment testing alone			289,706.45	2,782,350.76
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the invested entity				
Current net gains or losses of subsidiaries established by business combination under common control from the beginning of the period to the combination date				
Gains or losses from exchange of non-monetary assets				
Gains or losses from debt restructuring				
One-time expenses incurred due to the cessation of relevant business activities, such as staffing expenses				
One-time impact on current profit and loss due to the adjustments of taxes and accounting laws and regulations				
One-time share-based payment recognized for cancellation and modification of equity incentive plans				
Gains and losses from changes in the fair values of employee compensation payable for share-based payment in cash after the exercise date				
Gains or losses from changes in the				

fair values of Investment real estate that are subsequently measured using the fair value model				
Profits generated from transactions with unreasonable transaction price				
Gains or losses on contingencies that have no relation with the normal operation of the Company				
Custody fees of entrusted operation				
Other non-operating revenue and expenses besides the above items	-978,230.78		-7,456,554.85	-2,926,959.81
Other items that conform to the definition of non-recurring gain or loss			-113,212.70	
Less: Effect of income tax	13,825,285.88		10,105,613.47	3,689,885.55
Effect of minority equity (after tax)	8,601,880.92		6,230,469.38	5,802,406.15
Total	30,326,865.67		19,723,881.49	28,886,986.92

The reasons should be explained for the Company defining the non-recurring gain and loss items not listed in the *Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-Recurring Gains and Losses* as non-recurring gain and loss items of high value and defining the non-recurring gain and loss items listed in the same document as recurring gain and loss items.

☐ Applicable" ☒ Not applicable"

XI. Items Measured at Fair Value

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Current change	Amount of impact on the current profit
Receivable financing	7,378,700.06		-7,378,700.06	
Other equity instrument investments	107,660,400.00	71,256,995.18	-36,403,404.82	
Total	115,039,100.06	71,256,995.18	-43,782,104.88	

XII. Other

☐ Applicable" ☒ Not applicable"

Section III Management Discussion and Analysis

I. Business Discussion and Analysis

1. Year-on-year growth in operating revenue

Operating revenue - RMB10.778 billion, up by 21.04% YOY

RMB10.766 billion prime operating revenue, up by 21.09% YOY

RMB12 million non-operating revenue

Prime operating revenue:

(1) By channel

Channel		Amount (RMB100 million)	YOY change in 2024 (%)	YOY change in 2023 (%)	YOY change in 2022 (%)	2024 Percentage (%)	2023 Percentage (%)	2022 Percentage (%)
Online	Direct sales	81.22	20.35	50.70	59.79	75.45	75.91	70.40
	Distribution	21.12	38.40	16.49	16.79	19.61	17.16	20.58
	Subtotal	102.34	23.68	42.96	47.50	95.06	93.07	90.98
Offline	Cosmetics stores	3.64	-26.28	11.59	-11.96	3.38	5.56	6.96
	Other	1.68	37.66	-6.98	-32.32	1.56	1.37	2.06
	Subtotal	5.32	-13.63	7.35	-17.62	4.94	6.93	9.02
Total		107.66	21.09	39.74	37.69	100.00	100.00	100.00

Note: The percentage of sales from each channel is the proportion of its sales in the prime operating revenue.

(2) By brand

Brand		Amount (RMB100 million)	YOY change in 2024 (%)	YOY change in 2023 (%)	YOY change in 2022 (%)	2024 percentage (%)	2023 percentage (%)	2022 percentage (%)
Self-owned brands	Proya	85.81	19.55	36.36	37.46	79.69	80.73	82.74
	TIMAGE	11.91	19.04	75.06	132.04	11.07	11.26	8.99
	OR	3.68	71.14	71.17	509.93	3.42	2.42	1.98
	Hapsode	3.32	9.41	61.82	188.27	3.08	3.41	2.94
	INSBAHA	1.14	138.36	-	-	1.06	-	-
	Other brands	1.80	23.18	18.86	-60.11	1.68	2.18	2.57
	Subtotal	107.66	21.09	40.86	40.74	100.00	100.00	99.22
Agency brands	Cross- border agency Brands	0.00	-	-100.00	-63.01	0.00	0.00	0.78
Total		107.66	21.09	39.74	37.69	100.00	100.00	100.00

Note: The percentage of sales of each brand is the proportion of its sales in primary operating revenue. Prior to 2023, INSBAHA was classified under other brands. From 2024 onward, it is reported separately.

(3) By category

Category	Amount (RMB100 million)	YOY change in 2024 (%)	YOY change in 2023 (%)	YOY change in 2022 (%)	2024 percentage (%)	2023 percentage (%)	2022 percentage (%)
Skincare (including cleansing)	90.19	19.31	37.85	38.56	83.78	85.03	86.20
Make-up cosmetics	13.61	21.96	48.28	21.70	12.64	12.55	11.82
Body & hair	3.86	79.41	71.17	509.93	3.58	2.42	1.98
Others	0.00	-	-	-100.00	0.00	0.00	0.00
Total	107.66	21.09	39.74	37.69	100.00	100.00	100.00

2. YOY growth in net profit

RMB1.552 billion net profit attributable to shareholders of the listed company, up by 30.00% YOY.

RMB1.522 billion net profit attributable to shareholders of the listed company net of non-recurring profit and loss, up by 29.60% YOY.

Indicator	2024	2023	2022	Note
1. Net profit margin	14.71%	13.82%	13.02%	Mainly due to: 1. Increase in gross profit margin; 2. Decrease in administrative expense ratio.
2. Gross profit margin	71.39%	69.93%	69.70%	Mainly due to: Decrease in freight ratio.
3. Sales expense ratio	47.88%	44.61%	43.63%	Mainly due to: Increase in image promotion fees.
Including: Image promotion fee ratio	42.70%	39.69%	37.90%	
4. Administrative expense ratio	3.39%	5.11%	5.13%	Mainly due to: Reduction in equity-based compensation expenses.
5. R&D expense ratio	1.95%	1.95%	2.00%	
6. Accounts receivable turnover rate (times/year)	24.99	39.87	53.04	Mainly due to: Increase in sales incurred by Beijing Jingdong Century Trading Co., Ltd. and increase in year-end accounts receivable
7. Accounts receivable turnover days (days)	14.40	9.03	6.79	
8. Inventory turnover rate (times/year)	4.23	3.65	3.46	Mainly due to optimized inventory management and reduced year-end stock levels.
9. Inventory turnover days (days)	85.14	98.57	103.91	

II. The Company's Industry Situation during the Reporting Period

According to the *Guidelines for the Industry Classification of Listed Companies by the CSRC*, the Company falls under chemical raw material and chemical product manufacturing (classification code:

C26); according to the *Industrial Classification for National Economic Activities* (GB/T 4754-2017), the Company falls under the manufacturing of daily chemical products (C268) and further under the manufacturing of cosmetics (C2682).

According to the National Bureau of Statistics, China's total retail sales of consumer goods reached about RMB48,789.5 billion in 2024, up by 3.5% YOY; and the total retail sales of cosmetics reached RMB435.7 billion, down by 1.1% YOY (based on retail sales of consumer goods by enterprises above the designated size).

III. The Company's Business Operations during the Reporting Period

(I) Main business

The Company seeks to build a new domestic cosmetics industry platform, and is primarily engaged in R&D, production and sales of cosmetic products. Main brands owned by the Company include Proya, TIMAGE, Off&Relax, Hapsode, CORRECTORS, INSBABA, Awaken Seeds, UZERO, and Anya. The Company's own brands have covered fields such as popular **exquisite** skincare, make-up, body & hair, and high-efficiency skincare:

1. Popular exquisite skincare brand

(1) Proya, focusing on technology skincare, designed for young white-collar female customers, generally priced at RMB200 to RMB500, sold both online and offline.

(2) Hapsode, positioned as an "expert in oily skin care", focusing on college students and other young female customers, generally priced at RMB50 to RMB200, sold mainly online.

2. Make-up brand

TIMAGE, a professional make-up artist brand customized for Chinese faces, generally priced at RMB150 to RMB300, sold mainly online.

INSBABA, positioned as an "Expert in Eye Make-up", focusing on Generation Z youth people, generally priced at RMB40 to RMB130, sold mainly online.

3. Body & hair brand

Off&Relax, positioned as an "Expert in Asian Scalp Health & Care", generally priced at RMB150 to RMB200, sold mainly online.

4. High-efficiency skincare brand

CORRECTORS, a high-efficiency skincare brand, generally priced at RMB260 to RMB600, sold online.

(II) Business models

1. Sales models

The Company primarily focuses on online channels, while also maintaining offline channels.

Online sales are mainly operated through direct sales and distribution. Direct sales are mainly carried out through platforms such as Tmall, Douyin, JD, Kwai, and Pinduoduo, and distribution is based on platforms such as Taobao, JD, and Vipshop.

Offline sales are mainly operated through dealers. The sales channels include specialty cosmetics stores, department stores, and multi-brand retail outlets in modern shopping malls.

2. Production/R&D models

Self-production is the main production model of the Company, supplemented by OEM production. The skincare products of the Company are primarily self-produced while make-up products are both self-produced and OEM-produced. The Company has self-built skincare and make-up factories.

Independent R&D is the main R&D model of the Company, supplemented by industry-university-research cooperation. The Company maintains R&D cooperation with front-end research institutions and high-quality raw material suppliers including Zhejiang University, Shanghai Jiao Tong University, Hangzhou

Dianzi University, Beijing Technology and Business University, BASF China, Ashland China, DSM Shanghai, CRODA China, Evonik China, Spanish LIPOTRUE, S.L., Shenzhen Siyomicro Bio-tech, ZhejiangZPC Peptides, Jiangsu Trautec, and Shanghai World Leader Pharmaceutical.

IV. Analysis of Core Competitiveness during the Reporting Period

"√ Applicable" "□ Not applicable"

The Company's core competitiveness is mainly embodied by:

In the face of rapid changes in the external market environment, the Company was firmly committed to the leadership and implementation of the 6*N Strategy. We consolidated and deepened a precise operation management system highlighting "R&D, products, contents, operation". Supplemented by the construction of a self-driven organization featuring "culture-strategy-mechanism-talents", we flexibly responded to market development changes, rapidly established our presence and invested in emerging channels. Furthermore, we explored overseas development opportunities, seized the chance for Chinese brands to expand globally, and drove business growth with an expanded market scope and enhanced responsiveness.

We continued to make our "hero products" more competitive, and developed and improved the portfolio of "hero products", strengthened brand appeal, and enhanced brand vitality based on our keen insight into consumer needs. This was possible because of our strong R&D and our ability to rapidly respond to internal organizational requirements. We built a self-driven agile organization to serve the second-brand product pipeline and the brands at the incubation stage, and established a brand matrix focusing on skincare, make-up, and personal care. By developing our own MCN team and content marketing team, we strengthened the internal circular ecosystem and empowered the external ecological development of the Proya brand.

V. Main Operations during the Reporting Period

(I) Proya

1. Products

During the Reporting Period, we further strengthened the "hero product strategy" for Proya by upgrading its core bestsellers, launching two new product lines, and advancing its proprietary ingredient technologies. These efforts enhanced product efficacy, improved user experience, and reinforced the brand's commitment to sustainability.

(1) "Advanced Original Relief Concentrating" Series: The Advanced Original Repair Concentrating Essence Cream 2.0 was upgraded by applying the globally exclusive innovation ingredient "Type XVII Recombinant Collagen" for the first time, further consolidating the brand's professionalism and scientific and technological strength in the field of basement membrane repair and anti-aging; the Advanced Original Repair Concentrating Essence 3.0 was upgraded with the addition of the globally exclusive ingredient "Type XVII Recombinant Collagen" and the breakthrough use of the cutting-edge target "Inflammation Regression Mechanism" to achieve advanced repair, toughness and anti-aging elasticity.

(2) "Wrinkless and Firming" Series: The Wrinkless and Firming Essence 3.0 was upgraded by combining the first patented new cyclopeptide raw material in China's beauty field with the specially researched double-A (A alcohol+HPR) and adopting the exclusive collagen self-enlightening technology to continue to lead the industry in the application of peptide A.

(3) "Inaugurating Nourishing" Series: The Inaugurating Intensive Anti-Wrinkle Essence made a high-profile debut, continuing to apply the specially-researched CELLERGY® cellular anti-aging technology while adding the rare ingredient - Pterostilbene in a breakthrough manner, and targeting to solve the dark fatigue of mature muscles; The new Inaugurating Intensive Firming Mask were available, further improving the product matrix of the brand in the high-end anti-aging market.

(4) "Sebum Control Purifying" Series: The brand-new Sebum Control Purifying Series features SeboPlex™ Oil-Control Technology and brand new fermented botanical extracts, further expanding Proya's presence and innovation in oil-control skincare.

(5) "Illuminating Skin-Purifying" Series: The brand new Illuminating Skin-Purifying Series were available. The first hero product "Illuminating Skin-Purifying Essence" was launched with the exclusive ingredient "Optical 335" (whitening special certificate version). In response to the three core issues of dark skin tone in Asia - black, red, and yellow, the industry's first "dual degradation" whitening pathway was proposed, further expanding the brand's presence in the whitening field.

(6) New sunscreen products: Proya's new Protective Shield Sunscreen Serum launched new products with the patented Air Ultra-Membrane Protection Technology, which truly achieves compatibility and stability between high protection and ultimate skin feel through soft and hard dual films; The Watery Brightening Sunscreen Essence launched new products with the exclusive patented Dot-Matrix Light-Striking Superfilm Technology, featuring sunscreen and spot removal, targeting commuting sunscreen users, and enriching the brand's sunscreen series usage scenarios.

In 2024, Proya brand on the Tmall platform ranked: No. 1 in both the essence category and the face cream category, continuously maintaining a leading position; No. 2 in the sheet mask category; No. 2 in facial care sets; and No. 5 in the eye cream category. Proya's market share across core product categories maintained significant growth.

2. Marketing

During the Reporting Period, Proya's marketing efforts focused on two core themes: Youthful Feeling and Science-based Power. Driven by a spirit of exploration, we concentrated on real individuals and the diverse factors contributing to skin concerns. Our key marketing events throughout the year included the following:

(1) In January, we launched "Thank You for Remembering", a microfilm inspired by user stories, along with its theme song *Shufen* and the accompanying music video. The event conveyed warmth, strength, and love through the journey of a young girl named Tiantian. Additionally, we hosted the *Thank You for Remembering* user story exhibition at Hangzhou's Liuxia Metro Station.

(2) In March, we introduced the refreshed Proya "Infinite Space" Offline Pop-up Event across five stores in Shanghai, Hangzhou, Chongqing, and Chengdu. For International Women's Day, we launched a program under the theme "It's Gender, Not Border". The program featured the short film *We Are Just Different*, emphasizing that career choices, hobbies, age, identity, lifestyle, and gender are not boundaries, but prejudice creates boundaries.

(3) During the Labor Day holiday in May, we partnered with WUYUSTORY, a sustainable lifestyle brand, to roll out the Proya Empty Bottle Recycling Program. This initiative was complemented by the Proya Infinite Space: A Journey of Renewal campaign in Shenzhen, Wuhan, and Beijing. For Mother's Day, we released *Do You Hear*, a short film raising awareness of the challenges mothers face and advocating for open emotional expression. We also collaborated with Dabengou Doghouse to create a special set of expressive emojis, along with Benben-themed door hangers and stickers, symbolizing the protection of a mother's space.

(4) For the Chinese Valentine's Day in July, we partnered with fashion designer Susan Fang to launch the *Wandering the Light Trail of Love* gift set. The collaboration collection was designed to inspire everyone to wander freely through the intertwined paths of light in life and discover their own unique glow.

(5) In September, we launched the Glimmering Project, a content initiative dedicated to anti-bullying advocacy. Continuing our partnership with the New Sunshine Charity Foundation, we supported the establishment of a dedicated anti-bullying helpline. Additionally, we released *A Parent's Response Guide*, the third installment of our *School Bullying Prevention Guide* series, and organized in-person parent-child education sessions. We sponsored the relaunch of *The Flower Eaters*, a prize-winning play from the Wuzhen Theatre Festival, bringing four charity performances to two cities. As part of the Back-to-School Season in September, we partnered with WhatYouNeed to launch the Look Up and See My Force campus event. We set up one-stop experiential pop-up spaces at over 30 schools. We also held the Force Open Mic event at three universities, fostering direct conversations between students and professors.

(6) During the National Day holiday in October, we activated the Infinite Space pop-up experience at Wangfujing in Beijing and Chunxi Road in Chengdu, two of China's most vibrant shopping districts. In early October, we launched the Echo Project, aimed at providing a space where emotions can be freely expressed and flow naturally. As part of this initiative, we championed the message *Always a Place for Emotions*, released a short film for social good, installed "Echo Boxes" in 20 locations across Hangzhou, and hosted a roaming exhibition titled *Emotion Holding Spaces*.

(7) On Proya Members' Day in December, we expressed our appreciation under the theme *Thank You for Warming Up 2024*, featuring a special short film and exclusive member appreciation gifts. For the first time, we tied our Membership Day to a points redemption event to reward our users.

Beyond these initiatives, through our official Douyin content channel, Proya's Second Life, we produced four original short drama series in 2024. With everyday, scenario-based storytelling, the series brought our brand closer to our target audience and fostered deeper emotional resonance.

3. Sales channels

Online channels:

(1) Tmall

During the Reporting Period, Proya enhanced the penetration of core categories through the Advanced Original Relief Concentrating and Inaugurating Nourishing series while expanding into emerging categories such as sunscreen and toner. By leveraging key shopping events such as the New Year's shopping festival and Mother's Day, we strengthened consumer perception of Proya gift sets as ideal presents and enhanced the festive ambiance in our Tmall store. To drive engagement, we explored new consumption scenarios, including back-to-school military training season, travel season, and the Thanksgiving season, integrating on-platform and external advertising to improve conversion rates. Additionally, we optimized content touchpoints, amplifying traffic efficiency and maximizing ad performance. We continued to use sampling initiatives to maintain our presence in traditional channels while expanding into new ones. Our loyalty points program helped boost user engagement and increased repurchase rates among existing customers. Furthermore, we strengthened collaborations with second-tier livestream hosts to expand our livestreaming reach.

In 2024, the gross merchandise volume (GMV) of Proya's Tmall flagship store ranked No. 1 on Tmall Beauty for the first time. During both "618" & "11.11" promotion, the GMV of Proya's Tmall flagship store ranked No. 1 on Tmall Beauty.

(2) Douyin

During the Reporting Period, we enhanced operations on Douyin, ensuring the seamless execution of strategic initiatives to drive performance. We optimized our in-house livestreaming matrix account strategy and engagement methods in the live streaming rooms to improve conversion rates. Meanwhile, continuous refinement of content related to live streaming helped drive traffic more efficiently. We also expanded and diversified influencer collaborations, amplifying the impact of livestreaming events and creating innovative sales scenarios that boosted promotional event sales. Additionally, we optimized operations on Douyin Mall, improving ad efficiency and enhancing user retention. We also increased new member acquisition and repeat purchases.

In 2024, the GMV of Proya ranked No. 2 on Douyin Beauty. During both "618" & "11.11" promotion, the GMV of Proya consistently ranked No. 1 on Douyin Beauty.

(3) JD

During the Reporting Period, we further refined our operations on JD, implementing a holistic approach that covered product strategy, customer engagement, and traffic acquisition. In terms of product strategy, we optimized our product mix for the platform, solidified our ranking in core categories, expanded our

market share, and reinforced the strategic position of our hero products. Regarding traffic acquisition, we tapped into emerging traffic opportunities on JD, increased investments in core platform channels and IP collaborations, and diversified off-platform traffic sources to enable cross-platform traffic connectivity and repeated consumer exposure. To ensure excellent customer engagement, we refined our customer management strategy, tailoring operations for both new and existing customers to maximize long-term user value. We also introduced a dedicated strategy for JD PLUS members, driving growth in both customer base and value. For the paid end, we deeply optimized our ad placement structure and implemented cost-reduction and efficiency-enhancing strategies. By leveraging on Proya's strong gifting appeal, we enhanced our brand recognition and emotional resonance. Additionally, we implemented a tiered matching strategy between consumers and products, targeted key industry demographics, and expanded our brand's reach.

In 2024, the GMV of Proya ranked No. 5 on JD Beauty, and ranked No. 1 among domestic products. During both “618” & “11.11” promotion, the GMV of Proya ranked No. 3 on JD Beauty, and ranked No. 1 among domestic products.

Offline channels:

(1) Department stores

We continuously optimized our Proya store layout and improved operational efficiency while transitioning key systems to a direct operation model to ensure greater brand consistency and control. We expanded our presence in premium department stores and shopping malls, upgrading counter designs to align with evolving consumer expectations. Additionally, we strengthened our training programs for beauty advisors, refining their retail management expertise and customer service skills to elevate in-store experiences and reinforce brand appeal.

(2) Cosmetics stores

We maintained a stable market share in the cosmetics store sector by leveraging brand strength. We deepened our collaboration with emerging multi-brand retail stores, upgrading brand experience zones to serve as key platforms for brand image promotion. In traditional cosmetics store channels, we solidified our relationships with major partners to sustain Proya's brand influence and market presence.

(II) TIMAGE

1. Products

During the Reporting Period, TIMAGE continued to strengthen its leading position in facial make-up while expanding its presence in the foundation category.

(1) Strong performance of hero facial make-up products: TIMAGE's Tricolor Highlight and Contour Palette entered its third generation, evolving based on consumer feedback. It features an optimized tricolor shade layout that aligns with consumer preferences and application habits, resulting in a collaboratively upgraded user experience. Based on the Tricolor Blush Palette, we introduced the all-new Blush Balm, creating the Chinese strobing make-up. Additionally, building on the Tricolor Concealer Palette, we launched the Liquid Concealer, specially formulated to target concerns such as hollow areas, discoloration, and blemishes. In 2024, Tricolor Highlight and Contour Palette ranked No. 1 in contour category of Tmall, Douyin and JD; Blush Product ranked No. 3 in the blush category on Tmall, No. 2 on JD and No. 3 on Douyin; and Tricolor Concealer Palette ranked No. 1 in the concealer category on both Tmall and JD, and No. 2 on Douyin.

(2) Successful expansion into the foundation category: TIMAGE's Long-lasting Matte Foundation continued its strong sales momentum, ranking No. 4 among domestic foundation products in the foundation/liquid category on Tmall in 2024. Building on its high-coverage advantage, TIMAGE innovatively launched the Balanced Soft Cushion Foundation And Concealer, seamlessly integrating a coordinating concealer into the base of the cushion for a dual-effect application, and ranking No. 5 in the

cushion category on Tmall during the “11.11” promotion. Meanwhile, TIMAGE's Porcelain Radiance Multi-Effect Primer, a star hero product, ranked No. 2 in the primer category on Tmall and No. 1 among domestic brands.

2. Marketing

During the Reporting Period, TIMAGE continued to carry out marketing activities with the brand concept of "Chinese make-up. Natural beauty". Taking the launch of new products as the core and cooperating with e-commerce marketing nodes, we continuously enriched the brand's distinctive Chinese aesthetic through marketing activities. The following brand marketing initiatives have been undertaken:

(1) In January, we officially announced the first brand ambassador CHEN Duling (actress) and launched a brand new TV commercial (TVC), to boost brand awareness and reach new audiences, and enhance the penetration of TIMAGE Frosted Fine Gauze Lasting Foundation in consumers' minds.

(2) In March, we launched Limited Edition “TIMAGE & SUMMER PALACE” Series. In collaboration with the IP of “Summer Palace”, we customized a new appearance for the four star hero products, giving the brand a new height and thickness in aesthetics. Online: In collaboration with CHEN Duling, we strengthened our products, make-up looks, and techniques through her "Green Hills & Clear Waters" make-up look, accelerating the mental shaping of our base make-up. Offline: We held a "TIMAGE & SUMMER PALACE" press conference at the Summer Palace in Beijing, attended by brand founder Tang Yi, brand ambassador CHEN Duling, celebrity make-up artists, and others; At the same time, in conjunction with Tmall Super Brand Day, we opened full live streaming in the TIMAGE Tmall live-streaming room, driving the overall brand volume and sales.

(3) In May, we traced the origin of Celadon Series. We invited MENG Qingyang and the brand founder Mr. Tang Yi to co-star in a celadon-themed documentary of the brand, creating the concept of "Chinese style porcelain like base make-up".

(4) In September, we unveiled the 10th anniversary limited-edition "Wave of Classic" Series. Online: Through the TVC of “Wave of Classic” Series, we explored the make-up expression behind each era. Offline: We held the 10th anniversary new product “Wave of Classic” Series launch event and the first consumer-oriented make-up session; At the same time, partnering with Douyin Super Brand Day, we opened full live streaming throughout the launch event and make-up session in the TIMAGE Douyin live-streaming room. The brand and its founder Mr. TANG Yi partnered with Douyin to present the make-up mini-program *Chinese Make-up Across 50 Years*. Joined by beauty commentator YI Lijing, era protagonists ZHANG Qiang and QU Ying, and make-up artist YANG Shuyun, TANG Yi explored the evolution of Chinese make-up trends from the 1980s to the 2020s, paying tribute to five decades of Chinese make-up.

(5) In December, we launched Limited-edition "Snake of Fortune" Series for New Year. We customized a new appearance for the four star hero products, paying tribute to the Chinese traditional festival. Adhering to the aesthetic concept of simplifying complexity and Chinese art of negative space, this Series integrates the element of snake with the blue of TIMAGE, making a dynamic Chinese make-up with the posture of a snake.

3. Sales channels

(1) Tmall

During the Reporting Period, we continued to refine our product portfolio, maintained the advantages of the existing hero products of detailed categories, and accelerated the layout of the opportunity track - large base make-up (foundation/cushion). We strengthened collaboration across business segments and leveraged resources both on and off Tmall platform to explore new traffic channels. We tilted towards introducing content traffic by producing short videos featuring make-up techniques and application tips, thereby improving the professional image of the brand. Additionally, we deeply cooperated with various

livestreamers on Tmall to enhance the penetration of live streaming fields. We refined crowd operation, expanded sample distribution points, and enriched member engagement methods, to recruit new members and improve member stickiness.

In 2024, the GMV of TIMAGE's Tmall flagship store ranked No. 2 on Tmall Beauty, and ranked No. 1 among domestic products for the first time. During the "618" promotion, the GMV of TIMAGE's Tmall flagship store ranked No. 1 on Tmall Beauty for the first time. During the "11.11" promotion, the GMV of TIMAGE's Tmall flagship store ranked No. 2 on Tmall Beauty, and ranked No. 1 among domestic products.

(2) Douyin

During the Reporting Period, in terms of in-house livestreaming, we further made content innovations. The launch of "TIMAGE & SUMMER PALACE" Series and the official announcement of actress as brand ambassador, effectively increased brand exposure and promoted crowd asset accumulation. In combination of the brand 10th anniversary activity and in cooperation with Douyin Super Brand Day, we drove the sales growth. In terms of KOL livestreaming, we improved the matrix of cooperative KOLs, locked in deep cooperation with core institutions, and optimized the KOL cargo/inventory, to increase the average order value of KOLs. In terms of the e-commerce platform (Douyin Mall), we adjusted our operational strategy by optimizing comprehensive search, actively participating in platform-wide promotions, and leveraging paid advertising to capture traffic across multiple touchpoints and effectively contributed to a steady increase in our sales share.

During the "11.11" promotion of 2024, the GMV of TIMAGE ranked No. 5 on Douyin Beauty, and ranked No. 4 among domestic products.

(III) Off&Relax

1. Products

During the Reporting Period, we comprehensively established the brand as an "Expert in Asian Scalp Health & Care". We updated the hero product "OR Fluffy Refresh Shampoo 2.0", and leveraged the platform IP and actress to promote the product, so as to continuously increasing market penetration rate. During the "11.11" promotion, "OR Fluffy Refresh Shampoo 2.0" ranked No. 7 in the shampoo category and No. 2 in the bouncy shampoo category on Tmall. We simultaneously enhanced the second-tier oil control shampoo and repair shampoo, and jointly increased the market share of core categories. We continuously improved the professional mindset of the brand, with "OR Medicated Hair Tonic" gaining strong momentum in the second half of the year, which ranked Top 4 in the scalp essence category on Tmall and No. 1 in the overseas essence category on Douyin during the "11.11" promotion. In September, we launched "OR Fortify Revitalising Shampoo" of the same series, which ranked No. 1 on the international shampoo list of Douyin in its No. 1 month after launch.

2. Marketing

During the Reporting Period, we remained dedicated to establishing Off&Relax as an "Expert in Asian Scalp Health & Care", offering tailored scalp health & care solutions for Asian consumers. At the same time, we championed a relaxed and restorative "slow living" philosophy, encouraging a healthier lifestyle. The following brand marketing initiatives have been undertaken:

In terms of building a "professional" image:

(1) In April, Dr. YANG Jianzhong, the Chief R&D Officer of the brand, attended the "Inaugural China Hair and Scalp Health Industry Conference" co-hosted by the Chinese Association of Plastics and Aesthetics Traditional Chinese Medicine Cosmetology Branch and the Beijing Association of Holistic Integrative Medicine and delivered a speech on the conference, and Off&Relax officially joined the

China Hair Health Industry Alliance, further strengthening our brand image as an “Expert in Asian Scalp Health & Care” through collaborations with medical and research institutions.

(2) In August, the brand partnered with the Medical Cluster for Hair Disease (MCHD) at the National Center of Integrated Traditional Chinese and Western Medicine to officially launch the *White Paper on Scalp Health for Asians*. Dr. YANG Jianzhong, the Chief R&D Officer of the brand, attended the 8th Annual Meeting of Chinese Hair Research Society, hosted by the Dermatology and Venereology Branch of the Chinese Medical Association, and expressed his opinions on the White Paper, strengthening our brand image as an “Expert in Asian Scalp Health & Care”.

(3) In September, the OR Scalp Detection Mini-Program was launched and the “21-day Scalp Massage Challenge” was initiated by the brand in partnership with Professor Yang Dingquan from the Medical Cluster for Hair Diseases (MCHD) at the National Center of Integrated Traditional Chinese and Western Medicine. The event attracted over 1,000 participants, helping users understand their scalp properties and providing them practical scalp care solutions for daily use.

(4) In October, at the launch of “OR Fortify Revitalising Shampoo”, a pop-up space was jointly created by the brand with the century-old health-preserving medical center “Fang Hui Chun Tang”. By conducting scalp tests, making up a prescription of traditional Chinese medicine, and creating collage poems, we wrote a prescription caring scalp to users. At the same time, both parties jointly developed shoulder and neck patches and hair nourishing milk tea, practicing the concept of “nourishing” from scalp care to body and mind care.

In terms of emotion “healing”:

(1) In January, we carried out the New Year marketing event of “Things to give up”. We partnered with Jian Lili, the founder of Jiandan Xinli (Simple Psychology) on meditation content and developed peripheral materials such as “Time Roaming Incense” and “Wishing to Give Up ____” wish cards to help users start a light and comfortable New Year state.

(2) In April, we launched #Recycle Project 2.0 on the Earth Day, introducing an eco-friendly foldable travel cup themed “Explore the Possibility of All Things to Be Secondly Used” and calling on users to make full use of things in their daily lives and reduce the burden on the earth.

(3) In May, we launched the Summer SPA Shampoo Green Plum and SPA Hair Mask Green Plum Series and held the poetry exhibition of “Summer Bliss with Green Plum” at West Lake bus stops, bringing summer coolness to hurried urban travelers.

(4) In September, we launched SPA Shampoo Osmanthus and SPA Treatment Osmanthus Series, initiated the City Walk activity of “Osmanthus Hiding in Hills I seeking” in partnership with Manjuelong Village of Hangzhou, introduced a special Osmanthus Viewing Bus Route in collaboration with Hangzhou Public Transport Group, and developed osmanthus scented candles and other related products.

(5) In December, we launched Black Tea Winter Limited Edition Volume Shampoo Series accompanied by a snow-inspired ceramic gaiwan set and Yunnan red pine needle tea, bringing users a sense of leisure and warmth in the cold winter season. We also partnered with actress Tong Chenjie to produce the short film “Life Has Its Own Pace and Process” and host a podcast discussion, conveying the good wishes of “Stepping with Your Own Rhythm in the New Year” to users.

3. Sales channels

(1) Tmall

During the Reporting Period, we continued to upgrade our hero products while expanding our second-tier professional product range, further strengthening our presence in the exclusive gift market. We also made strategic moves into the second-tier professional scalp care segment, reinforcing our foothold in the category. Meanwhile, we increased investments in customer acquisition both on and off the platform, optimizing engagement strategies for new and returning customers to achieve greater cost efficiency and

operational effectiveness. By leveraging our user engagement system, we successfully boosted purchase frequency and repeat sales.

In 2024, the total GMV of OR's two Tmall stores surged 80% YoY against market headwinds. During the "11.11" promotion, the total GMV of OR's two Tmall stores ranked No. 8 in the Tmall Hair Care category, successfully securing the Top 1 place among Asian brands.

(2) Douyin

During the Reporting Period, OR's two Douyin stores strengthened our full-scale operations on Douyin, evolving from individual hot-selling products to a broader multi-product success. In terms of in-house livestreaming, we differentiated accounts based on product lines, started with content optimization, and created multiple breakthrough events. In terms of KOL broadcasting, we had a keen insight into the market, leveraged top KOLs and rising KOLs, and matched products based on KOL characteristics and market demand, to drive new product sales; and we also refined the operation of the mall and optimized the structure of channel advertising, to improve the overall efficiency of channel operation.

In 2024, the total GMV of OR's two Douyin stores surged 100% YoY against market headwinds. During the "11.11" promotion, the total GMV of OR's two Douyin stores ranked No. 9 in the Hair Care category.

(IV) Hapsode

1. Products

During the Reporting Period, Hapsode was positioned as an "expert in oily skin care", continued to pay attention to the "health status of oil skin", and was committed to creating more comprehensive and targeted solutions for healthy oil skin and deeply guarding the health of oil skin.

We conducted in-depth analysis of oily and acne-prone skin, focused on consumer needs in key areas such as pore care, skin repair, and acne treatment, and launched several new products, including the Anti-Acne Clarifying Serum, the Soft Purifying Cleansing Balm, Cloud Watery Sunscreen (Upgraded Version), and the Purifying Gentle Cloud Facial Cleanser, further enhancing our product lineup. We also gained deeper insights into the lifestyle and skincare preferences of our young consumer base. To meet their demand for simple yet effective skincare, we introduced the Ultra Soothing Essence Spray, an all-in-one formula that combines the benefits of toner and lotion. Recognizing the demand for a streamlined morning routine, we launched the Watery Whitening Sunscreen - a seamless fusion of brightening and sun protection in one step - reinforcing the brand's leadership in shaping new trends in oily skin care for young consumers. Moreover, the Ultra Soothing Serum saw rapid growth in 2024, emerging as a standout bestseller alongside our cleansing range.

2. Marketing

During the Reporting Period, Hapsode continued to advance its brand upgrade, centering on the emotional theme of "Joyful Companionship" and the product philosophy of "Science-Backed Effectiveness," to reinforce its brand positioning as the expert in oily skin care and drive brand value. In terms of brand marketing, adhering to "Joyful Companionship" as an emotional anchor, the brand sought to establish deeper resonance with young consumers who have oily skin. The following brand marketing initiatives have been undertaken:

(1) In March: The brand ventured into creative co-branded marketing for the first time, collaborating with the popular IP Loopy to launch a limited-edition Loopy gift box for the cleansing product line. This event expanded the brand awareness among IP fans while expressing a life attitude that accompanies users to unload their burdens, release happiness, and shine through authenticity even if they are confused and reckless.

(2) In April: The brand introduced the "Joyful Sun, Brighter Shine" concept by launching the new Cloud Watery Sunscreen. Partnering with the emerging audio brand Cat King, the event encouraged young users to "flaunt attitudes, share happiness, and spotlight every radiant moment," celebrating life's joys.

(3) In August: The brand held the "Happy Is Everything" event. Taking the brand anniversary celebration and birthday party as an opportunity, we collected happy daily moments from fans and users, and launched fun brand materials such as "Good News for Happiness" to convey the value proposition of brand happiness.

(4) In September: The brand launched the "Say Goodbye to the Anxiety of Admission" back-to-school event was launched. Hapsode created offline mobile facilities for "Joyful Meetup", entering five universities in Hangzhou with the role of "Instant Friends" during the new semester. This event helped college freshmen cope with the anxiety of starting school with joy and made the brand image as the first set of skincare products for young people.

3. Sales channels

(1) Tmall

During the Reporting Period, the brand continued to focus on the hero product strategy as the core driver, and elevated the ranking and market penetration rate of core hero products by concentrating the brand's momentum. To amplify brand visibility and event impact, we secured platform resources by leveraging collaborations with popular IPs and creative co-branding campaigns. We further expanded traffic-attracting channels, and optimized site layout and integration to enhance audience lifecycle management and operational precision. We strengthened the linkage between on-platform and off-platform audiences, integrated multi-channel user data, optimized the tiered user operation system, and provided personalized marketing services to improve repurchase growth and maximize user value.

(2) Douyin

During the Reporting Period, the brand executed three pillar strategies on the Douyin platform to accelerate business performance. We leveraged IP co-branding momentum to further innovate livestreaming scenarios and drove in-house livestreaming growth with high-quality and interesting content. We made sharp insight into the market trends of KOL livestreaming, reshaped the cooperation matrix, accurately matched corresponding resources, and optimized product sets and pricing mechanisms, driving overall sales. We implemented cross-channel membership operations to comprehensively optimize touchpoints and revitalize the membership system.

(V) INSBAHA

1. Products

During the Reporting Period, the brand deepened the image as an "Expert in Eye Make-up", improved the product line, and promoted the balanced development of the product line.

The brand continued to increase the customer penetration of hero products such as Wavy Mascara and Wavy Eyebrow Mascara, expanded the influence of eye make-up, and further recommended such products to attract new users. The brand supplemented the second-tier concealer category and positioned the concealer powder as a long-term strategic product to jointly improve the market share of core categories. The brand also enriched the lip product matrix to stabilize the ranking in the lip color category.

In 2024, the "Wavy Eyebrow Mascara" ranked No.2 in the mascara category on Douyin, and the "Primary Look Backtracking Under-Eye Concealer Palette" ranked No.1 in the category of new concealers on Tmall.

2. Marketing

During the Reporting Period, the brand launched new products based on themed series as planned, developed a systematic promotional strategy, and partnered closely with KOLs for integrated promotion.

(1) In January: The Loong Year special-edition Elemental Loong Gift Box (4-color Blush Palette + Wavy Mascara + Under-Eye Concealer Palette + Liquid Lip Tint) was launched. Inspired by retro pixel art, the design blended traditional culture with modern aesthetics, showcasing a rebellious digital Loong motif to reinterpret an anti-exquisite attitude.

(2) In May: The Primary Look Base Make-up Collection (Primary Look Backtracking Under-Eye Concealer Palette + Primary Look Searching Double-effect Concealer Stick + Primary Color Focusing Honey Pressed Powder), to accurately structure the base make-up line.

(3) In August: The Leap Into The Summer Series (Solid Lip Gloss + Single Eyeshadow) was launched. It infused the rebellion spirit into the concept, design, and color schemes of the Series, broke away from the established framework of mainstream aesthetics, and giving make-up more diverse possibilities.

(4) In October, the “Wild Flame” Series (Velvet-matte Lipstick + Single Eyeshadow) was launched. It was co-created in collaboration with beauty KOLs, interpreting the vibrant ambition and endless vitality unique to women.

3. Sales channels

(1) Tmall

During the Reporting Period, we improved the product structure based on such hero products as mascara and eyebrow mascara. Products with high-average order value like concealers showed strong breakout performance during the promotion period. The brand refined advertising on the platform, expanded super short videos and KOC exchanges, and generated zero-to-million growth through content and recommendation channels. The brand applied the form of second-tier KOL framework + small-scale special livestreams to drive significant growth with major promotion. The brand also collaborated with waste and tail KOLs in daily operations to achieve stable output.

(2) Douyin

During the Reporting Period, in terms of in-house livestreaming, the brand achieved breakthroughs in sales by leveraging product launches and co-created items with head KOLs. In terms of KOL livestreaming, the brand continued to expand KOLs and collaborations with them, stabilized the baseline output, and focused on co-creation of new products with head KOLs to generate a concentrated hype around hero products. In terms of the e-commerce platform (Douyin Mall), the Brand captured spillover traffic from KOLs and further integrated product links to improve weighting and obtain more traffic from the platform.

(VI) New R&D strategy

During the Reporting Period, the Company established the European Science and Innovation Center in Paris, France, and formed an R&D team with Hangzhou Longwu R&D Center (including R&D Innovation Center and International Academy of Sciences) and Shanghai R&D Center, further enhancing the Company's scientific research strength.

1. Patents: In 2024, the Company newly applied for 35 national invention patents, 12 utility model patents, and 17 design patents, totaling 64 new patents applied for; and obtained 5 nationally licensed invention patents, 6 utility model patents, and 14 design patents, totaling 25 patents obtained. As of the end of the Reporting Period, the Company had 123 nationally licensed invention patents, 17 utility model patents, and 89 design patents, totaling 229 patents obtained.

2. Standard releasing: During the Reporting Period, the Company released 13 group standards and 2 national standards as a drafter. As of the end of the Reporting Period, the Company had led or participated in the development of 19 national standards, 4 light industry standards, and 39 group standards.

3. Self-developed raw materials: During the Reporting Period, the Company's self-developed raw materials oat ferment filtrate successfully supported the launch of Proya brand's new mask products of the Cycle Series (in May 2024), and the Company completed the submission of raw material safety

information for the quinoa ferment filtrate and Oroxylum indicum seed extract, which will be scheduled to enable the commercial launch of brand products in 2025.

4. Awards and achievements:

During the Reporting Period, the Economy and Information Technology Department of Zhejiang recognized the Company's Zhejiang Key Enterprise Research Institute for Functional Cosmetics as a "Provincial Key Enterprise Research Institute"; the Company's project results won the third prize of the Zhejiang Science and Technology Progress Award. The Company's proprietary fermentation process for highly active perilla seed oil, developed for skincare applications, has been certified as a provincial-level scientific achievement in Zhejiang; the Company jointly compiled and released the *Research on the Characteristics of Enlarged Pores and Care Guidelines for Chinese People* with Beijing Technology and Business University.

The Company participated in drafting two occupational competency evaluation standards for the light industry: *Cosmetic Efficacy Evaluator and Fragrance Evaluator*.

The Company published multiple papers in domestic and international journals and academic conferences. Among these, the research paper titled *Mitigation of retinol-induced skin irritation by physiologic lipids: Evidence from patch testing*, which presents findings related to the core technology of our Wrinkless and Firming Series, was published in the *Journal of Cosmetic Dermatology*.

The Company released multiple research results at the International Federation of Societies of Cosmetic Chemists (IFSCC). The paper of the Hengguang Whitening Project was featured in its first oral presentation on the IFSCC international platform, and the theme of "Research on Methods for Scalp Oil Sampling, Lipid Extraction, Testing, and Analysis" was shared. The Company delivered a speech at the 6th World Aging and Rejuvenation Conference in Paris, France, introducing the efficacy data of The Advanced Firming Nourishing Essence 3.0. The Company also participated in the National 8.18 Hair Care Day Public Welfare Event Press Conference and Annual Meeting of Cosmetic Dermatology hosted by the Chinese Society of Integrated Traditional Chinese and Western Medicine, presenting on the theme of "Research and Development of Gentle and Effective Shampoo."

5. Strategic cooperation:

During the Reporting Period, the Company deepened the cooperation with existing strategic partners. The Company established the Scalp Health Joint Laboratory in collaboration with the Shanghai Center for Systems Biomedicine at Shanghai Jiao Tong University (SJTU). Additionally, the Company further deepened cooperation with Zhejiang University, Hangzhou Dianzi University, Beijing Technology and Business University, East China University of Science and Technology, Shanghai Skin Disease Hospital, Shenzhen Siyomicro Bio-tech, WuXiAppTec and Zhejiang Peptides in the aspects of materials, functional active substances, and skin mechanisms.

(VII) New supply chain guarantee

1. During the Reporting Period, Huzhou Branch was awarded the "National Green Factory" honor by the Ministry of Industry and Information Technology of China for its outstanding performance in energy conservation, environmental protection, green and low-carbon aspects.
2. Huzhou Branch received the "2024 Zhejiang Future Factory" honor from the Economy and Information Technology Department of Zhejiang based on its outstanding performance in digital design, intelligent production, and green manufacturing.
3. The Company's PROYA Cosmetics 5G Smart Factory project was successfully selected as a "Smart Connectivity & Governance Best Practice" by the Information Center of the National Medical Products Administration, marking it as the only domestic beauty enterprise selected. This achievement set a benchmark for the digital development of the beauty industry.
4. The PROYA Smart Factory (Longchi Site) Project commenced construction in October 2024, consisting of individual buildings including a manufacturing workshop, testing workshop, and intelligent three-

dimensional warehouse. It will introduce 45 fully-automated production lines and a comprehensive digital software system to further improve the responsiveness of the manufacturing end to the market, enhance production efficiency and product quality, and promote the high-quality and sustainable development of PROYA.

5. During the Reporting Period, the Company continued to deepen its energy-saving, low-carbon operations reform, leveraging an advanced energy management information platform to apply AI algorithm technology to major energy consuming equipment such as central air conditioning and process refrigeration, so as to achieve intelligent monitoring and scheduling of energy use and further improve energy utilization efficiency. In January 2025, the Huzhou Branch obtained ISO 50001 Energy Management Systems Certification, marking a new milestone for the Company in the scientific and standardized development of its energy management system and production energy conservation management.

6. During the Reporting Period, Huzhou Branch's Smart Logistics Center invested in the construction of Smart Warehouse No. 3, achieving a fully automated "dark" warehouse logistics system through the adoption of an advanced warehouse management system (WMS), warehouse control system (WCS), and transportation management system (TMS), as well as a digital twin warehouse visualization system.

(VIII) New organizational strategy

1. Institutional construction: During the Reporting Period, based on strategic planning, the Company maintained a sophisticated front, middle, and back office coordination model, deepened the application of digital technology, and developed a flexible and efficient organizational operation mechanism. The Company also deepened the value return concept of "high investment, high performance, and high return", and established a diverse and effective business incentive system centered on business strategies.

2. Talent development: During the Reporting Period, the Company adhered to an international and youthful talent strategy, focusing on introducing and nurturing talents in R&D, design, and branding, to build a vibrant, self-driven, and creative young team. The dual-channel promotion management mechanism provided a comprehensive growth path for both professional and managerial talents, bolstering organizational vitality and enriching the talent pool.

(IX) Digital intelligence strategy

1. Three-year plan: During the Reporting Period, the Company completed the three-year digitalization plan (2025–2027). The plan serves as a digital blueprint based on the external environment, industry benchmark digital practices, and the Company's internal situation, and outlines the digitalization goals, digitalization scenarios (marketing, R&D, supply chain, HR, etc.), digitalization data foundation, and digitalization collaboration mechanism, setting the direction and path for the Company's digital growth in the next three years. Additionally, the Company completed the SAP strategic plan, laying the foundation for the SAP upgrade in 2025.

2. Empowering business operations: During the Reporting Period, around various scenarios such as marketing, R&D, human resources and others, the Company selected, developed, and launched a series of application products, significantly improving the operational efficiency of multiple business operations.

3. Empowering business decision-making: During the Reporting Period, the Company completed the construction and continuous iteration of BI dashboards in the marketing field, which became key auxiliary tools for business decision-making. By integrating multi-channel and multi-dimensional data, the Company enhanced the brand's data management and operational efficiency, providing precise data support for business decisions to optimize marketing cost-effectiveness. This helped improve the quality of management operations and also helped enhance the operational efficiency of brand and channel teams.

4. Data foundation and system infrastructure: During the Reporting Period, the Company continued to improve the data infrastructure and system infrastructure. The capabilities of data governance, data security, and cybersecurity were continuously enhanced.

5. Digital culture: During the Reporting Period, the Company held the "Efficiency Pioneer Competition" and the "AI Innovation Application Competition", winning multiple high-quality digital efficiency improvement and AI application cases, and making significant progress in promoting digital culture.

(I) Analysis of main business

1. Analysis of changes in accounts in the Income Statement and the Cash Flow Statement

Unit: Yuan Currency: RMB

Account	Amount for the current period	Amount for the same period last year	Change ratio (%)
Operating revenue	10,778,411,781.20	8,904,573,501.39	21.04
Operating cost	3,083,848,879.43	2,677,445,706.61	15.18
Sales expenses	5,161,012,044.52	3,972,201,152.49	29.93
Administrative expenses	365,856,439.85	455,441,770.70	-19.67
Financial expenses	-35,821,939.68	-59,079,577.33	Not applicable
R&D expenses	210,385,991.40	173,570,127.49	21.21
Net cash flow from operating activities	1,107,000,664.19	1,468,793,814.58	-24.63
Net cash flow from investing activities	-1,265,288,889.40	-475,831,195.84	Not applicable
Net cash flow from financing activities	-758,294,850.67	-460,280,193.92	Not applicable

Cause for change in operating revenue: mainly due to increased online sales.

Cause for change in operating costs: mainly due to an increase in operating revenue and a corresponding increase in operating cost.

Cause for change in sales expenses: In 2024, sales expenses amounted to RMB5.161 billion, accounting for 47.88% of the operating revenue (compared with 44.61% for the same period the previous year). Sales expenses increased by RMB1.189 billion or 29.93% YOY, mainly due to an increase of RMB1.068 billion or 30.22% for image promotion expenses in the current period.

Cause for change in administrative expenses: In 2024, administrative expenses amounted to RMB366 million, accounting for 3.39% of the operating revenue (compared with 5.11% for the same period the previous year). Administrative expenses decreased by RMB90 million or 19.67% YOY, mainly due to a YOY decrease in office expenses, business entertainment expenses, restricted stock and equity incentive expenses, travel expenses and conference expenses.

Cause for change in financial expenses: A YOY increase in interest expenses.

Cause for change in R&D expenses: In 2024, R&D expenses amounted to RMB210 million, an increase of RMB36.82 million YOY, accounting for 1.95% of the operating revenue (compared with 1.95% for the same period the previous year). The parent company's R&D expense ratio was 4.17% in 2024 (compared with 4.13% for the same period the previous year).

Cause for change in net cash flow from operating activities: 1. A YOY increase in operating revenue and the increase in cash received from the sale of goods; 2. An increase in the payment for goods; 3. An increase in the payment for image promotion expenses; 4. A YOY increase in cash payments to and for employees; 5. A YOY increase in payments of various types of taxes.

Cause for change in net cash flow from investment activities: 1. An increase of RMB294 million in other cash received related to investment activities; 2. An increase of RMB120 million in cash paid for

acquisition or construction of fixed assets, intangible assets and other long-term assets; 3 An increase of RMB980 million in other cash paid related to investment activities.

Cause for change in net cash flow from financing activities: 1. Cash received from reclaiming borrowings in the previous period was RMB300 million, but there was no such event in the current period; 2. Cash repayments of borrowings decreased by RMB100 million compared to the previous period; 3. Cash payment for repurchase of the Company's shares increased by RMB114 million.

A detailed description of major changes in the Company's activities, profit composition or sources of profit during the current period

"□ Applicable" "√ Not applicable"

2. Revenue and cost analysis

"√ Applicable" "□ Not applicable"

For details, refer to the analysis contained in "1. Analysis of changes in accounts in the Income Statement and the Cash Flow Statement", "(I) Analysis of main business", "V. Main Operations during the Reporting Period", "Section III Management Discussion and Analysis" of this Report.

(1). Main business activities by industry, product, region and sales model

Unit: Yuan Currency: RMB

Main business activities by industry						
Industry	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue YOY (%)	Change in operating cost YOY (%)	Change in gross profit margin YOY (%)
Household chemicals industry	10,765,600,419.70	3,077,384,979.23	71.41	21.09	15.39	Up by 1.41 percentage points
Main business activities by product						
Product	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue YOY (%)	Change in operating cost YOY (%)	Change in gross profit margin YOY (%)
Skincare (including cleansing)	9,018,976,761.85	2,564,606,209.36	71.56	19.31	14.17	Up by 1.28 percentage points
Make-up cosmetics	1,360,714,630.72	388,409,417.19	71.46	21.96	14.04	Up by 1.99 percentage points
Body & hair	385,909,027.13	124,369,352.68	67.77	79.41	55.67	Up by 4.91 percentage points
Total	10,765,600,419.70	3,077,384,979.23	71.41	21.09	15.39	Up by 1.41 percentage

						points
Main business activities by region						
Region	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue YOY (%)	Change in operating cost YOY (%)	Change in gross profit margin YOY (%)
Northeast China	14,784,383.69	5,648,280.16	61.80	-24.66	-22.60	Down by 1.01 percentage points
North China	52,385,408.99	20,468,312.04	60.93	-20.80	-20.05	Down by 0.36 percentage points
East China	693,998,711.38	278,868,313.64	59.82	1.72	5.38	Down by 1.39 percentage points
South China	65,313,569.66	20,949,803.82	67.92	23.64	7.95	Up by 4.66 percentage points
Central China	106,435,742.44	41,573,239.41	60.94	-16.76	-21.26	Up by 2.24 percentage points
Northwest China	37,167,252.43	12,625,657.60	66.03	-13.16	-16.46	Up by 1.34 percentage points
Southwest China	64,546,479.72	22,972,857.31	64.41	-13.65	-17.14	Up by 1.50 percentage points
Hong Kong and overseas	140,634,874.28	43,651,122.81	68.96	69.12	32.74	Up by 8.50 percentage points
Others (e-commerce)	9,590,333,997.11	2,630,627,392.44	72.57	23.89	18.42	Up by 1.27 percentage points
Total	10,765,600,419.70	3,077,384,979.23	71.41	21.09	15.39	Up by 1.41 percentage points
Main business activities by sales model						
Sales model	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue YOY	Change in operating cost YOY (%)	Change in gross profit margin YOY (%)

				(%)		
Online	10,233,661,605.29	2,864,021,361.17	72.01	23.68	18.68	Up by 1.18 percentage points
Offline	531,938,814.41	213,363,618.06	59.89	-13.63	-15.86	Up by 1.07 percentage points
Total	10,765,600,419.70	3,077,384,979.23	71.41	21.09	15.39	Up by 1.41 percentage points

Description of main business activities by industry, product, region and sales model

(1) Description of growth in sales of cosmetics and personal care products: The growth in primary operating revenue this year was mainly due to RMB10.234 billion in online sales (accounting for 95.06% of the online sales), an increase of RMB1.959 billion or 23.68% YOY.

(2) Description of growth in make-up cosmetics: Mainly due to RMB1.191 billion in sales of TIMAGE that falls under the make-up cosmetics category during the Reporting Period, an increase of RMB191 million or 19.04% YOY, and RMB114 million in sales of INBAHA that falls under the make-up cosmetics category during the Reporting Period, an increase of RMB66 million or 138.36% YOY.

(3) Description of growth in body & hair: Mainly due to RMB368 million in sales of OR that falls under the body & hair category during the Reporting Period, an increase of RMB153 million or 71.14% YOY.

(4) Description by region: The decrease in revenue in Northeast China, North China, Central China, Northwest China, and Southwest China is mainly due to the decrease in offline sales of household chemicals; the increase in revenue in the East China and South China is mainly due to the increase in online sales from distribution channels; the increase in revenue in Hong Kong and outside China is mainly due to the increase in online sales from direct sales; the increase in others (e-commerce) is mainly due to the increase in online revenue from direct sales and distribution sales.

(2). Analysis table of production and sales

"√ Applicable" "□ Not applicable"

Major products	Unit	Production	Sales	Inventory	Change in production YOY (%)	Change in sales YOY (%)	Change in inventory YOY (%)
Household chemicals	Piece	371,548,812	381,841,377	98,876,649	4.60	13.57	-9.43

Description of production and sales

The quantities in the above table include self-produced and OEM products.

(3). Performance of major purchase contracts and major sales contracts

"□ Applicable" "√ Not applicable"

(4). Cost statement analysis

Unit: Yuan

Statement by industry							
Industry	Cost	Amount for the	Proportion	Amount for the	Proportion	YOY	Description

	composition	current period	in total cost for the current period (%)	same period last year	in total cost for the current period (%)	change ratio (%)	Note
Household chemicals industry	Raw materials	1,979,348,701.37	64.32	1,675,244,940.56	62.82	18.15	
	Labor and manufacturing cost	176,978,973.59	5.75	162,684,501.36	6.10	8.79	
	Outsourcing	538,504,932.07	17.50	444,682,665.46	16.67	21.10	
	Freight	382,552,372.20	12.43	384,252,765.12	14.41	-0.44	
	Subtotal	3,077,384,979.23	100.00	2,666,864,872.50	100.00	15.39	
Statement by product							
Product	Cost composition	Amount for the current period	Proportion in total cost for the current period (%)	Amount for the same period last year	Proportion in total cost for the current period (%)	YOY change ratio (%)	Description Note
Skincare (including cleansing)	Raw materials	1,927,537,669.42	75.16	1,633,516,443.19	72.72	18.00	
	Labor and manufacturing cost	159,581,602.88	6.22	153,451,655.40	6.83	3.99	
	Outsourcing	184,907,907.47	7.21	151,422,368.92	6.74	22.11	
	Freight	292,579,029.59	11.41	307,982,742.65	13.71	-5.00	
	Subtotal	2,564,606,209.36	100.00	2,246,373,210.16	100.00	14.17	
Make-up cosmetics	Raw materials	44,414,732.89	11.43	39,373,413.99	11.56	12.80	
	Labor and manufacturing cost	16,132,934.24	4.15	8,443,255.33	2.48	91.07	
	Outsourcing	261,963,632.09	67.45	232,107,427.47	68.15	12.86	
	Freight	65,898,117.97	16.97	60,673,540.93	17.81	8.61	
	Subtotal	388,409,417.19	100.00	340,597,637.72	100.00	14.04	
Body & hair	Raw materials	7,396,299.06	5.94	2,355,083.38	2.95	214.06	
	Labor and manufacturing cost	1,264,436.47	1.02	789,590.63	0.99	60.14	
	Outsourcing	91,633,392.51	73.68	61,152,869.07	76.54	49.84	
	Freight	24,075,224.64	19.36	15,596,481.54	19.52	54.36	
	Subtotal	124,369,352.68	100.00	79,894,024.62	100.00	55.67	

Other explanations

None

(5). Changes in consolidation due to changes in the equity of major subsidiaries during the Reporting Period

☐ Applicable" ☒ Not applicable"

(6). Significant changes or adjustments to the Company's business activities, products or services during the Reporting Period

☐ Applicable" ☒ Not applicable"

(7). Major sales customers and major suppliers**A. The Company's major customers**

☒ Applicable" ☐ Not applicable"

The sales of the top 5 customers amounted to RMB1,619.2491 million, accounting for 15.04% of the total annual sales; the sales of related parties of the top 5 customers amounted to RMB0.00, accounting for 0.00% of the total annual sales.

Circumstances where a single customer contributed to more than 50% of the total sales, the top 5 customers included a new customer, or the Company relied heavily on a small number of customers during the Reporting Period

☐ Applicable" ☒ Not applicable"

B. The Company's major suppliers

☒ Applicable" ☐ Not applicable"

The purchase amount of the top 5 suppliers amounted to RMB597.145 million, accounting for 24.05% of the total annual purchase amount; the purchase amount of related parties of the top 5 suppliers amounted to RMB0.00, accounting for 0.00% of the total annual purchase amount.

Circumstances where a single supplier accounted for more than 50% of the total procurement, the top 5 suppliers included a new supplier, or the Company relied heavily on a small number of suppliers during the Reporting Period

☐ Applicable" ☒ Not applicable"

Other explanations:

None

3. Expenses

☒ Applicable" ☐ Not applicable"

Unit: Yuan

Expense item	2024	2023	Change for the current period	Growth rate (%)
Sales expenses	5,161,012,044.52	3,972,201,152.49	1,188,810,892.03	29.93
Administrative expenses	365,856,439.85	455,441,770.70	-89,585,330.85	-19.67
R&D expenses	210,385,991.40	173,570,127.49	36,815,863.91	21.21
Financial expenses	-35,821,939.68	-59,079,577.33	23,257,637.65	Not applicable

4. R&D investment**(1). Statement of R&D investment**

"√ Applicable" "□ Not applicable"

Unit: Yuan

Expensed R&D investment for the current period	210,385,991.40
Capitalized R&D investment for the current period	
Total R&D investment	210,385,991.40
Total R&D investment in operating revenue (%)	1.95
Capitalization of R&D investment (%)	0.00

(2). Statement of R&D personnel

"√ Applicable" "□ Not applicable"

Number of R&D personnel	389
Percentage of R&D personnel (%)	11.46
Educational background structure	
Educational level	Number of persons
PhD	16
Master	159
Bachelor	153
Associate	57
High school and below	4
Age structure	
Age range	Number of persons
Under 30 (exclusive)	199
30-40 (incl. 30 and excl. 40)	144
40-50 (incl. 40 and excl. 50)	43
50-60 (incl. 50 and excl. 60)	2
60 and above	1

(3). Description

"□ Applicable" "√ Not applicable"

(4). Cause for significant changes in the composition of R&D personnel and the impact on the future development of the Company

"□ Applicable" "√ Not applicable"

5. Cash flow

"√ Applicable" "□ Not applicable"

Unit: Yuan

Item	Amount for the current period	Amount for the same period last year	Growth rate (%)	Description
Net cash flow	1,107,000,664.19	1,468,793,814.58	-24.63	Mainly due to:

from operating activities				1. YOY increase in the operating revenue and the increase in cash received from commodity sales; 2. Increased payment for goods; 3. Increased payment for image promotion fees; 4. YOY increase in payments of various types of taxes; 5. YOY increase in cash payments to and for employees.
Net cash flow from investing activities	1,265,288,889.40	- -475,831,195.84	Not applicable	Mainly due to: 1. An increase of RMB294 million in other cash received related to investment activities; 2. An increase of RMB120 million in cash paid for acquisition or construction of fixed assets, intangible assets and other long-term assets; 3. An increase of RMB980 million in other cash paid related to investment activities.
Net cash flow from financing activities	-758,294,850.67	-460,280,193.92	Not applicable	Mainly due to: 1. Cash received from reclaiming borrowings in the previous period was RMB300 million, but there was no such event in the current period. 2. Cash repayments of borrowings decreased by RMB100 million compared to the previous period. 3. Cash payment for repurchase of the Company's shares increased by RMB114 million.
Receipts of tax refunds	944,852.56	3,525,948.82	-73.20	Mainly due to a YOY decrease in government tax refunds received in the current period.
Cash received		5,500,000.00	-100.00	Mainly due to the recovery of

from disposal and recovery of investments				costs of investments in joint ventures in the previous period, and no such event occurred in the current period.
Cash received from investment income		466,821.72	-100.00	Mainly due to the recovery of costs of investments in affiliates in the previous period, but there was no such event in the current period.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,375,755.50	285,500.00	2,483.45	Mainly due to the increase in cash receipts from disposals of fixed assets in the current period.
Net cash received from disposal of subsidiaries and other business entities		3,018,142.61	-100.00	Mainly due to the absence of net cash received from the disposal of subsidiaries and other business entities in the current period.
Other cash received related to investing activities	307,072,222.23	13,193,392.00	2,227.47	Mainly due to the recovery of fixed-term deposits and interest in the current period.
Cash paid for acquisition or construction of fixed assets, intangible assets and other long-term assets	299,736,867.13	179,658,688.53	66.84	Mainly due to the increase in payment for expansion of Huzhou Production Base and investment in the PROYA Smart Factory project.
Cash paid for investments		18,636,363.64	-100.00	Mainly due to the increase in investment in Jiaxing Woyong Investment Partnership (Limited Partnership) in the previous period, and no such event occurred in the current period.
Other cash paid related to investing activities	1,280,000,000.00	300,000,000.00	326.67	Mainly due to the increase in cash payment for purchase of certificates of deposit and fixed-term deposits in the current period.
Cash received from capital	125,051.00		Not applicable	Mainly due to capital contributions received by the

contributions				subsidiary from minority shareholders in the current period.
Cash received from borrowings		300,000,000.00	-100.00	Mainly due to borrowings obtained in the previous period, and no such event occurred in the current period.
Cash repayments of borrowings	200,000,000.00	300,000,000.00	-33.33	Mainly due to the decrease in the repayment of bank borrowings in the current period.
Other cash paid related to financing activities	187,682,742.57	53,188,106.51	252.87	Mainly due to the increase in cash payment for repurchase of the Company's shares.
Impact of foreign exchange rate changes on cash and cash equivalents	-114,951.53	1,252,202.16	-109.18	Mainly due to the impact of foreign exchange rate changes on overseas subsidiaries.

(II) Description of significant changes in profit caused by non-primary business activities

☐ Applicable" ☒ Not applicable"

(III) Analysis of assets and liabilities

☒ Applicable" ☐ Not applicable"

1. Assets and liabilities

Unit: Yuan

Item	Amount as of the end of the current period	% in total assets	Amount as of the end of the previous period	% in total assets	YOY change ratio (%)	Description
Accounts receivable	517,954,587.12	6.88	344,570,196.54	4.71	50.32	Mainly due to the increased ending balance for the receivables of Beijing Jingdong Century Trading Co., Ltd.
Receivable financing			7,378,700.06	0.10	-100.00	Mainly due to the decrease in bank

						acceptance bills payable.
Other receivables	9,869,822.71	0.13	81,966,213.90	1.12	-87.96	Mainly because the annual rebates receivable from e-commerce platforms for the previous year were recovered during the period.
Other equity instrument investments	71,256,995.18	0.95	107,660,400.00	1.47	-33.81	Mainly due to changes in the fair value of other equity instrument investments.
Construction in progress	74,585,001.38	0.99	52,038,642.94	0.71	43.33	Mainly due to the increase in the balance of the PROYA Smart Factory project.
Deferred income tax assets	163,733,011.95	2.17	108,494,364.60	1.48	50.91	Mainly due to the increase in deductible temporary differences caused by unrealized profits from internal transactions and accrued expenses.
Other non-current assets	11,258,403.15	0.15	16,974,946.99	0.23	-33.68	Mainly due to the decrease in prepayments for long-term asset purchase funds.
Short-term borrowings			200,155,555.56	2.73	-100.00	Mainly due to the decrease in the balance of bank

						borrowings.
Notes payable			36,959,074.14	0.50	-100.00	Mainly due to the reduced balance of bank acceptance bills payable.
Accounts payable	676,388,126.18	8.98	1,018,522,358.60	13.91	-33.59	Mainly due to the decreased ending balance of payables for goods and expenses payable.
Receipts in advance	129,400.52	0.00	30,514.45	0.00	324.06	Mainly due to the increased ending balance of rents receivable in advance.
Contract liabilities	153,710,588.62	2.04	301,014,873.58	4.11	-48.94	Mainly due to: (1) The decrease in advance receipt of payment for goods; (2) That the previous-period amount included gifts that had not yet been distributed by the Company for sold products and had not been redeemed, while no such amount was included in the current period.
Taxes payable	125,853,371.28	1.67	222,765,869.94	3.04	-43.50	Mainly due to the decrease in payable income tax and payable value-added tax.
Other payables	91,776,722.59	1.22	155,345,148.68	2.12	-40.92	Mainly due to the decrease in

						repurchase obligations to restricted shares at the end of the period.
Other current liabilities	5,509,508.59	0.07	15,022,173.42	0.21	-63.32	Mainly due to the decrease in advance receipt at the end of the current year caused by the presentation of the tax on items to be sold in advance receipt in other current liabilities.
Deferred income	15,260,760.59	0.20	6,383,359.33	0.09	139.07	Mainly due to the increase in government subsidies related to assets in the current period.
Treasury stock	- 238,275,443.41	-3.16	-146,966,735.61	-2.01	Not applicable	Mainly due to the Company's repurchase of shares through centralized bidding trading with its self-owned funds.
Other comprehensive income	-84,904,946.54	-1.13	-53,847,100.91	-0.74	Not applicable	Mainly due to changes in fair value of other equity instrument investments and changes in other comprehensive income that cannot be reclassified to profit or loss under the equity

						method.
Retained profits	4,233,103,785.98	56.22	3,040,145,490.59	41.51	39.24	Mainly due to the increased profit available for distribution attributable to shareholders of the Company in the current period.
Minority interests	84,173,365.89	1.12	50,765,849.41	0.69	65.81	Mainly due to the increase in the profit of the Company's subsidiary Ningbo TIMAGE as well as gains or losses attributable to minority interests.

Other explanations:

None

2. Overseas assets

☒ Applicable ☐ Not applicable

(1) Scale of assets

Including overseas assets of RMB232.66 million, accounting for 3.09% of total assets.

(2) Description of a high percentage of overseas assets

☐ Applicable ☒ Not applicable

3. Restrictions on prime assets as of the end of the Reporting Period

☒ Applicable ☐ Not applicable

Unit: Yuan

Item	Ending book balance	Ending book value	Type of restrictions	Cause for restrictions
Cash and cash equivalents	1,327,741,986.16	1,327,741,986.16	Cannot be withdrawn at any time	Certificates of deposit
	70,000.00	70,000.00	Cannot be withdrawn at any time	ETC deposit
	5,298,890.00	5,298,890.00	Cannot be withdrawn at any time	Pinduoduo deposit

Item	Ending book balance	Ending book value	Type of restrictions	Cause for restrictions
	2,779,122.20	2,779,122.20	Cannot be withdrawn at any time	Direct-sales store deposit
	3,416,733.86	3,416,733.86	Frozen	Judicial freezing
	250,000.00	250,000.00	Cannot be withdrawn at any time	Transformer fixed-deposit margin
Total	1,339,556,732.22	1,339,556,732.22		

4. Other explanations

☐ Applicable" ☒ Not applicable"

(IV) Analysis of industry operational information

☒ Applicable" ☐ Not applicable"

Analysis of chemical operational information**1. Basic industry information****(1). Industry policies and changes**

☐ Applicable" ☒ Not applicable"

(2). Major sub-industries and industrial status of the Company

☒ Applicable" ☐ Not applicable"

See the description in "(I) Industry pattern and trends", "VI. Discussion and Analysis of the Company's Future Development", "Section III Management Discussion and Analysis" of the Report.

Industrial status of the Company:

According to comprehensive industry data analysis, the Company has gained some market share in the domestic cosmetics market.

2. Products and production**(1). Major business models**

☒ Applicable" ☐ Not applicable"

See the description of business models in "III. Business Activities Carried out by the Company during the Reporting Period", "Section III Management Discussion and Analysis" of this Report.

Adjusted business models during the Reporting Period

☐ Applicable" ☒ Not applicable"

(2). Major products

☒ Applicable" ☐ Not applicable"

Products	Sub-industry	Major upstream raw materials	Major downstream application areas	Major price influencing factors
Skincare (including cleansing)	Skincare	Humectant, active substance, grease wax, emulsifier, surfactant, essence, packaging	Skincare, cleansing	Personal income, skin type, lifestyle habits, brand preference
Make-up cosmetics	Make-up	Grease wax, emulsifier, toner, essence, packaging	Make-up, beauty, contour	Personal income, skin type, living habits, brand preference
Body & hair	Body & hair	Surfactant, humectant, essence, packaging	Body & hair	Personal income, skin type, lifestyle habits, brand preference

(3). R&D innovation

☒ Applicable" ☐ Not applicable"

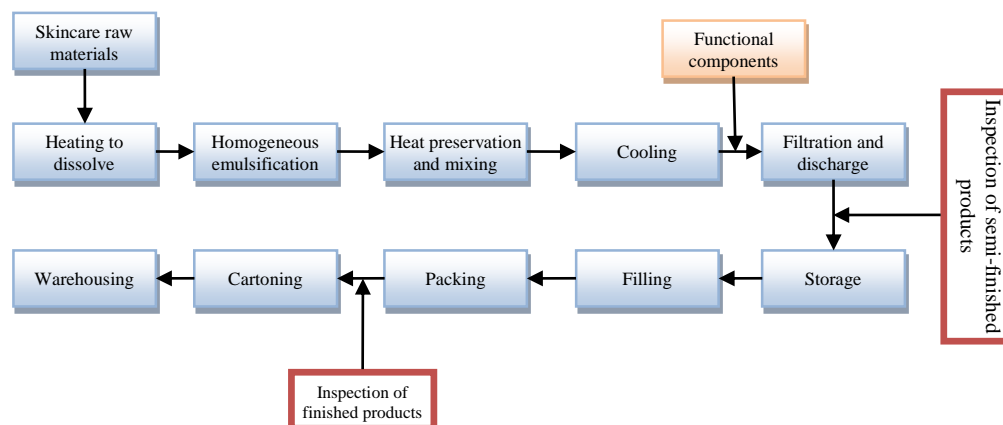
See the description in "(VI). New R&D strategy", "V. Main Operations during the Reporting Period", "Section III Management Discussion and Analysis" of this Report.

(4). Production technologies and processes

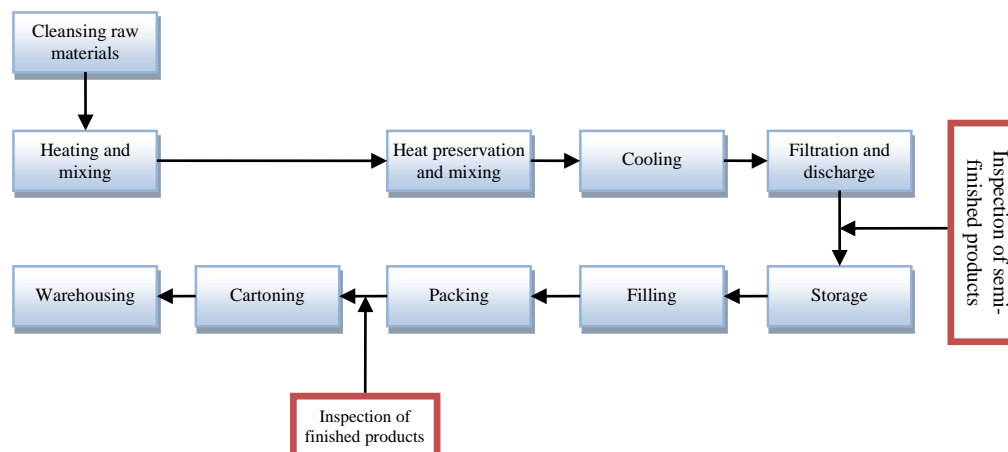
"√ Applicable" "□ Not applicable"

The Company's products are mainly divided into skincare (including cleansing), make-up cosmetics, and body & hair. Their production processes are shown as follows:

1. Production process of skincare cosmetics

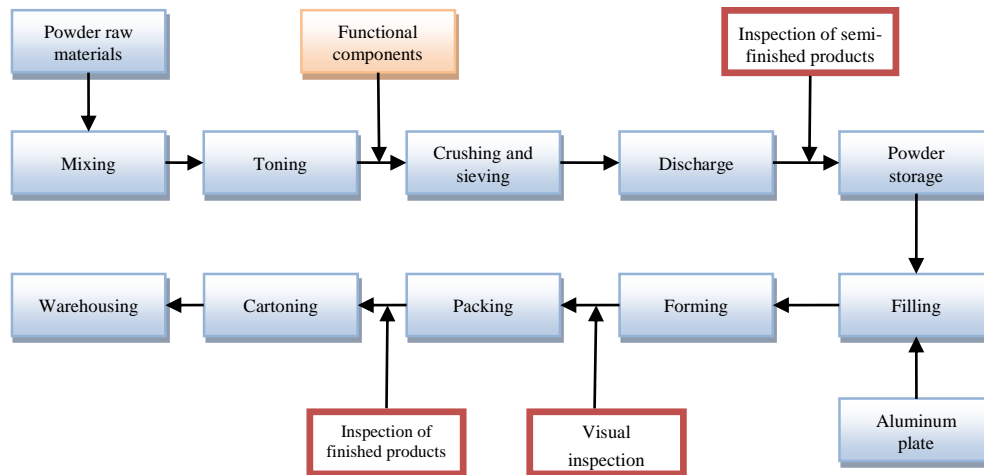


2. Production process of cleansing cosmetics

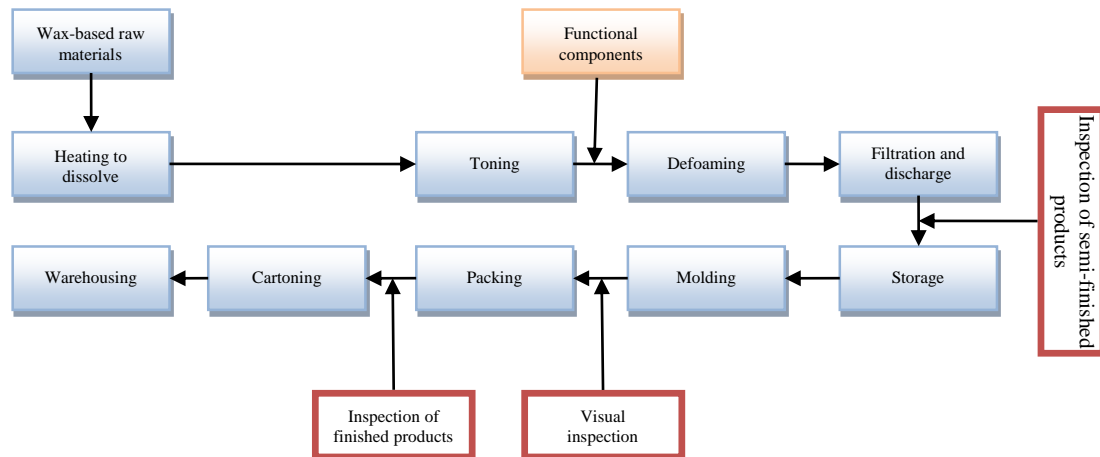


3. Production process of make-up cosmetics

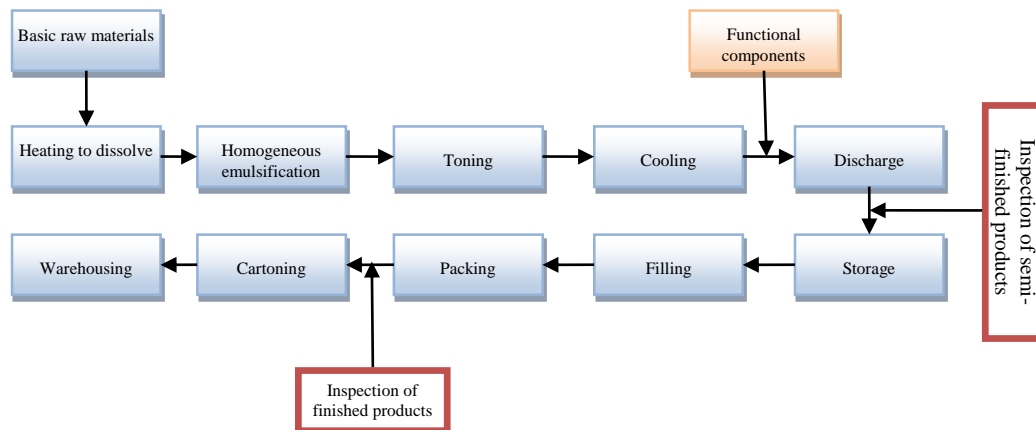
(1) Cosmetic powder blocks:



(2) Lipstick cosmetics

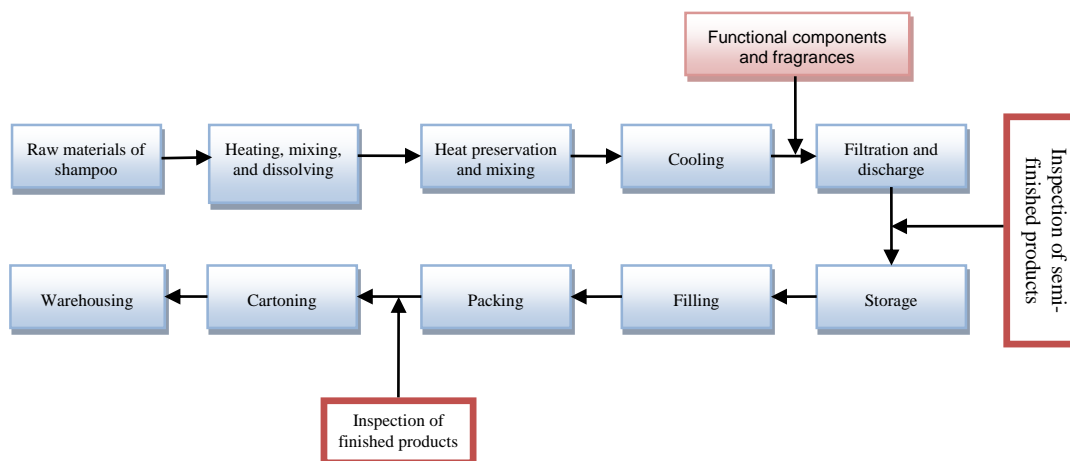


(3) Eyelashes and eyeliners

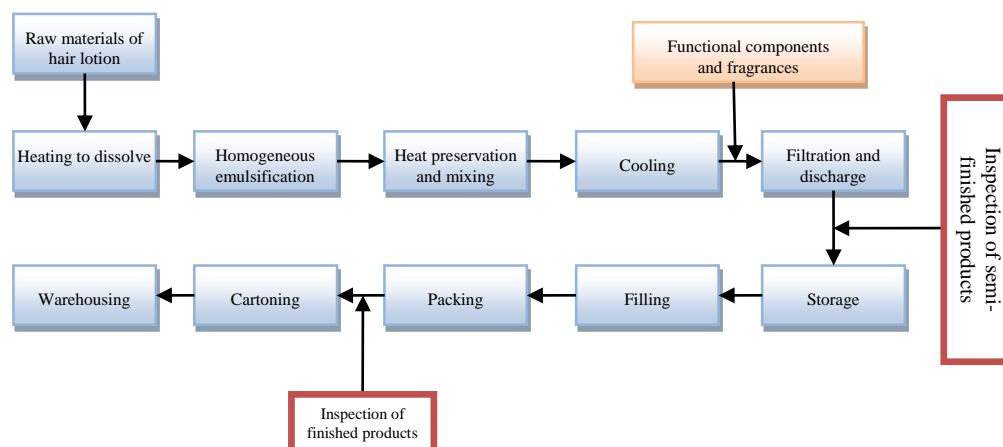


4. Production process of body & haircosmetics

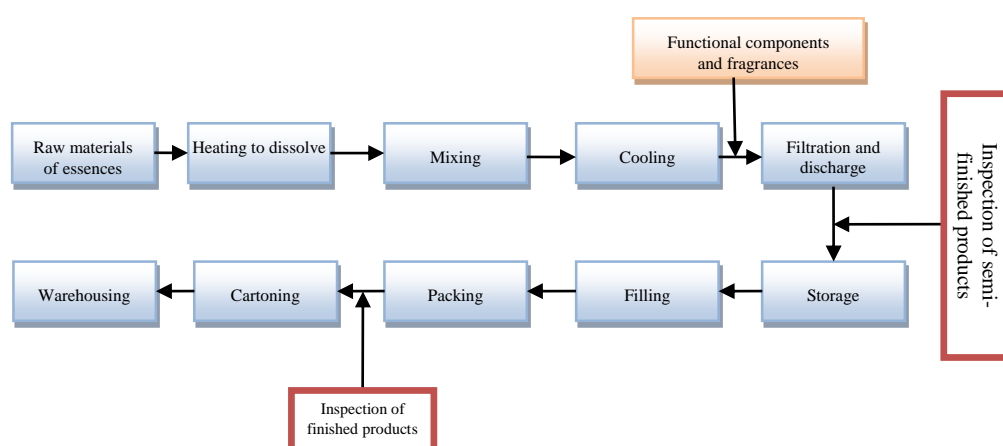
(1) Shampoo



(2) Hair lotion



(3) Head and hair essences



(5). Production capacity and operation status

"√ Applicable" "□ Not applicable"

Unit: RMB '0,000 Currency: RMB

Main plant or project	Designed capacity	Capacity utilization ratio (%)	Capacity under construction	Amount of investment in capacity under construction	Estimated time of completion of capacity under construction
Huzhou Skincare Factory	401.18 million pcs	74.85	400 million pcs	2,548.17	December 2026
Huzhou Cosmetics Factory	40 million pcs	32.77	0	0	0

Change in production capacity

☐ Applicable" ☒ Not applicable"

Adjustment of product line and optimization of capacity structure

☐ Applicable" ☒ Not applicable"

Unexpected shutdown

☐ Applicable" ☒ Not applicable"

3. Procurement of raw materials**(1). Basic information on major raw materials**

☒ Applicable" ☐ Not applicable"

Major raw materials	Purchase model	Settlement method	YOY price change ratio (%)	Purchase quantity	Consumption
Packaging materials	Mainly by competitive procurement, except for some strategic suppliers	Settle within the payment period as agreed	12.03	About 1.76 billion pcs	About 1.78 billion pcs
Raw materials – Humectants	Mainly by competitive procurement, while establishing long-term strategic cooperation with advantageous suppliers	Settle within the payment period as agreed	-7.58	About 1,900 tons	About 1,900 tons
Raw materials – Active substances	Mainly by price inquiry and comparison, while performing diversified cultivation of suppliers with a single source of supply	Settle within the payment period as agreed	-19.95	About 700 tons	About 700 tons
Raw materials – Grease wax	Mainly by competitive procurement, while establishing	Settle within the payment period as agreed	1.03	About 830 tons	About 820 tons

	long-term strategic cooperation with advantageous suppliers				
Raw materials – Emulsifiers	Mainly by competitive procurement, while cooperating with industry-leading suppliers on some raw materials	Settle within the payment period as agreed	12.14	About 135 tons	About 140 tons
Raw materials – Sunscreen	Mainly by competitive procurement, while establishing long-term strategic cooperation with advantageous suppliers	Settle within the payment period as agreed	17.05	About 60 tons	About 60 tons

Impact of changes in the prices of major raw materials on the Company's operating costs: The decrease in prices of major raw materials reduced operating costs

(2). Basic information on major sources of energy

"√ Applicable" "□ Not applicable"

Major energy	Purchase model	Settlement method	YOY price change ratio (%)	Purchase quantity	Consumption
Water	Fixed agreement with the local water company	Prepayment and monthly settlement or payment on demand according to the local requirements	0.00	288,291 tons	288,291 tons
Electricity	Fixed agreement with the local	Prepayment and monthly settlement or payment on	0.00	17.3582 million kWh	17.3582 million kWh

	power supply company	demand according to the local requirements			
Gas	Fixed agreement with the local gas supply company	Prepayment and monthly settlement or payment on demand according to the local requirements	-6.02	453,649.20 cbm	453,649.20 cbm

Impact of changes in the prices of major energy sources on the Company's operating costs: Minor impact on operating costs.

(3). Countermeasures for risks of fluctuations in the prices of raw materials

Major financial products such as derivatives

☐ Applicable" ☒ Not applicable"

(4). Basic information on other methods adopted such as staged reserves

☐ Applicable" ☒ Not applicable"

4. Product sales

(1). Basic information on the Company's primary business activities by sub-industry

☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000 Currency: RMB

Sub-industry	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue YOY (%)	Change in operating cost YOY (%)	Change in gross profit margin YOY (%)	Gross profit margin for products in the same industry and field
Skincare (including cleansing)	901,897.68	256,460.62	71.56	19.31	14.17	Up by 1.28 percentage points	No public information available
Make-up cosmetics	136,071.46	38,840.94	71.46	21.96	14.04	Up by 1.99 percentage points	No public information available
Body & hair	38,590.90	12,436.94	67.77	79.41	55.67	Up by 4.91 percentage points	No public information available

(2). Basic information on the Company's primary business activities by sales channel

☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000 Currency: RMB

Sales channel	Operating revenue	Change in operating revenue YOY (%)
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Online	1,023,366.16	23.68
Offline	53,193.88	-13.63

Statement of accounting policies

☐ Applicable" ☒ Not applicable"

5. Environmental protection and safety**(1). Basic information on major work safety accidents of the Company during the Reporting Period**

☐ Applicable" ☒ Not applicable"

(2). Major environmental violations

☐ Applicable" ☒ Not applicable"

(V) Analysis of investment**Overall analysis of external equity investments**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending amount	Beginning amount
Other equity instrument investments	71,256,995.18	107,660,400.00
Investment in joint ventures	3,263,226.71	3,059,991.91
Investment in affiliates	107,827,588.99	110,514,166.58
Total	182,347,810.88	221,234,558.49

For details, refer to the particulars contained in "17. Description of long-term equity investments", "VII. Notes to the Items of Consolidated Financial Statements", "Section X Financial Report" of this Report.

1. Significant equity investments

☐ Applicable" ☒ Not applicable"

2. Significant non-equity investments

☐ Applicable" ☒ Not applicable"

3. Financial assets measured at fair value

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Asset category	Beginning amount	Profit and loss from changes in fair value for the current period	Accumulated change in fair value included in equities	Impairment accrued for the current period	Amount of purchase for the current period	Amount of sale/redemption for the current period	Other changes	Ending amount
Other	146,402,400.00		75,145,404.82					71,256,995.18
Total	146,402,400.00		75,145,404.82					71,256,995.18

For details, refer to the particulars contained in "18. Description of other equity instrument investments", "VII. Notes to the Items of Consolidated Financial Statements", "Section X Financial Report" of this Report.

Description of securities investment

☐ Applicable" ☒ Not applicable"

Description of securities investment

☐ Applicable" ☒ Not applicable"

Description of private equity investment

☐ Applicable" ☒ Not applicable"

Description of derivatives investment

☐ Applicable" ☒ Not applicable"

4. Progress of major asset restructuring and integration during the Reporting Period

☐ Applicable" ☒ Not applicable"

(VI) Sale of major assets and equity

☐ Applicable" ☒ Not applicable"

(VII) Analysis of major holding companies

☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000

Major subsidiary	Nature of business	Major products and services	Registered capital	Total assets	Net assets	Net profit	Holding or shareholding
Zhejiang Meiligu Electronic Commerce Co., Ltd.	Cosmetics sales	Cosmetics	1,000.00	144,906.28	45,127.18	8,923.92	Holding
Hangzhou Proya Trade Co., Ltd.	Cosmetics sales	Cosmetics	5,000.00	25,763.03	16,015.50	5,238.59	Holding

(VIII) Structured entities controlled by the Company

☐ Applicable" ☒ Not applicable"

VI. Discussion and Analysis of the Company's Future Development**(I) Industry pattern and trends**

☒ Applicable" ☐ Not applicable"

According to the National Bureau of Statistics, China's total retail sales of consumer goods reached about RMB48,789.5 billion in 2024, reflecting a 3.5% YOY growth. However, the cosmetics sector recorded total sales of RMB435.7 billion, marking a 1.1% YOY decline (based on retail sales of consumer goods by enterprises above the designated size).

(II) Development strategy of the Company

☒ Applicable" ☐ Not applicable"

Maintaining a long-term perspective and building on the 6*N strategy, strengthening core capabilities and expanding the brand matrix.

"6" refers to new consumption, new marketing, new organization, new mechanism, new technology and new intelligent manufacturing; "N" refers to creating N brands.

(1) New consumption: Refers to innovative services to meet more consumer needs and consumer value. It involves catering to consumers' diverse preferences in consumption channels and positioning ourselves in emerging platforms like Douyin. Furthermore, it involves adapting to the overseas market environment and embracing new challenges;

(2) New marketing: Refers to digital marketing, fine omni-channel operation, and accurate and advanced consumer insight, focusing on improving the overall efficiency of the marketing process. It also involves paying attention to future marketing possibilities in new areas and making preparations;

(3) New organization: Refers to an efficient organization that is flat, platform-based, self-driven and collaborative, taking into account both supporting the efficient operation of mature brands and empowering the rapid growth of incubated brands;

(4) New mechanism: Refers to a flexible, diversified, business-oriented incentive mechanism to be established to enhance strategy execution (with a flexible project mechanism to promote business communication efficiency and integrated synergies between various departments and business units);

(5) New technology: Refers to focusing on basic scientific research, establishing the presence of independent development of new raw materials and foreign innovative raw materials reserve, jointly developing innovative technologies, seeking more R&D partners and resources in different fields, building internal and external cooperation platforms, actively exploring R&D resources worldwide to form a global R&D landscape, provide technological guarantee for targeted product enhancement, and create a sustainable and unique R&D technological competitiveness; Additionally, measures are taken to further improve the intelligent operation management system and carry out targeted transformation toward digital intelligence and informatization to improve operational refinement and management efficiency in business and organization and achieve process transparency and accurate decision-making. By comprehensively planning and further enhancing the digital management system, we explore the application possibilities of new technological developments (such as artificial intelligence) at the consumer end, catering to the demands of large-scale and rapidly evolving businesses;

(6) New intelligent manufacturing: Refers to the creation of an agile and flexible supply chain to serve the hero product matrix and the application of the digital management system to improve production quality, strengthen the supply chain supervision, and guarantee product quality. In addition, we actively assume social responsibilities and contribute to sustainable development by establishing green production bases and introducing green raw materials and operational models.

—— The core connotation of "6*N" is to enable or incubate different brands that meet different needs of different consumers based on the above six capabilities.

(III) Business plan

"√ Applicable" "□ Not applicable"

I. Construction of a multi-brand and multi-category matrix

1. Proya

(1) Products

Based on R&D and rooted in the vision of global technology and raw materials, provide more scientific, safe and effective solutions for different stages of skin pain points for domestic customers. Adhere to the scientific skincare concept, upgrade the formula and efficacy of the core hero product series, and improve user satisfaction and brand loyalty. Continue to enrich the matrix of beauty and skincare products with different categories and effects, shape products scientifically, treat users professionally, and precipitate the brand's user base and reputation image through a scientific and professional product matrix.

(2) Marketing

Continue to center the brand strategy around two brand keywords: "Youthful feeling" and "Science-based power". Embrace the "spirit of exploration," and address the multifaceted factors behind specific skin concerns. Upgrade the annual marketing into three key segments: brand ESG marketing, product strength marketing, and content marketing:

① Based on the brand's existing ESG projects, continue to focus on important social topics such as gender equality and the development of young people, and continue the empty bottle recycling program to build brand power through long-term initiatives and actions.

② Based on the marketing rhythm and product updates of various product lines of the brand, anchor holidays, major promotions and other nodes, and apply diversified marketing forms such as spokesperson publicity, event marketing, and co-branded gift boxes to strengthen the influence of the brand in weak areas and deepen the reputation of the brand in strong areas. Amplify the advantages of brand power and product power, and consolidate a leading position in scientific skincare technology.

③ Continue to leverage platform content trends, innovate the brand's marketing content and events for 365 days a year, and cater to users' media consumption preferences by creating high-quality content to continuously drive product and brand audience conversion.

(3) Channels

① Tmall

Further optimize operational strategies. In terms of products, focus on developing high-end lines (Inaugurating Nourishing Series) and repair lines (Advanced Original Relief Concentrating Series), develop whitening and sun-protection opportunity-based products, and continue to strengthen the image of products including sets as gifts and increase the penetration of the gift-giving mindset among consumers. In terms of traffic, adjust the pace of advertising, optimize budget allocation, reduce costs and increase efficiency. In terms of membership, based on digital transformation, deeply enhance refined operation, people-oriented operation, and long-term operation for all users, empowering brand growth. In terms of livestreaming, comprehensively improve conversion efficiency and increase sales by in-house livestreaming with matrix number approach and content innovation, and also strengthen private domain cooperation with top-tier and second-tier streamers, increase innovative promotions to enhance output, and support sales growth throughout the entire chain.

② Douyin

According to the changes in and updates of the channel events of in-house livestreaming, KOL livestreaming and the e-commerce platform (Douyin Mall), redistribute the key promoted products. In terms of in-house livestreaming, apply the hero product account to focus on personnel, goods and venues, with accurate positioning, clear scenes, and refined operation to drive growth. Prioritize the account mechanism for products targeting lower-tier markets to seize more market share. Enhance the content and formats of livestreaming, expand the content pool traffic, drive natural growth through livestreaming room content, and reduce traffic costs. In terms of KOL livestreaming, continue to expand the types of KOLs, from existing product sales KOLs to product promotion KOLs, and then to breakthrough lifestyle KOLs, to enhance the coverage of audience profiles. Customize personalized solutions based on different types of KOL attributes to convert traffic into retention. In terms of the e-commerce platform (Douyin Mall), comprehensively refine traffic-driving channels to attract more natural traffic. Enrich membership events, expand channels to attract new customers, and increase customer retention rate among existing customers.

③ JD

Thoroughly optimize operational strategies and manage personnel, goods, and venues in a refined manner. In terms of products, continue to deepen the core categories and the exploration of opportunity-based categories, and create a matrix of advantageous categories. In terms of traffic, apply linked marketing to increase brand keyword volume, optimize on- and off-platform efficiency, and seize high-quality channel positions. Implement the strategy of cost reduction and efficiency improvement, improve the advertising efficiency, achieve precise outreach, and increase the acquisition of off-site new customer traffic. Drive the simultaneous promotion of brand channels and gifts, achieve precise product segmentation, conduct

internal and external marketing linkage, and strengthen the influence of brand gifts. Grasp industry trends, deeply establish the core IP of the platform, leverage the platform's exposure resources, and obtain on-site golden traffic.

2. TIMAGE

(1) Products

Continue to strengthen the hero product strategy, maintain the leading position in the facial make-up category by continuously adding new shades and packaging based on the existing facial make-up hero products, and build a reputation in the base make-up category.

Focus on expanding the portfolio of foundation make-up, cushion compacts and make-up primers. Prioritize consumer needs and embrace the product concept of "Effortless make-up, perfectly you" to strengthen the base make-up mindset of TIMAGE 1+1>2. Liquid foundation: Build the brand image of lightweight and high coverage. Cushion: Be positioned as high-coverage and long-lasting. Primer category: Focus on adding color matching and coloring primer to meet the needs of different groups of people. Color: continue to add new products in segmented markets and make-up fashion trends.

(2) Marketing

Stay true to the core brand concept of "Chinese make-up, Natural beauty" and the product concept of "Effortless make-up, perfectly you" and continue to strengthen the brand power and product power.

① Enhance brand awareness and achieve greater penetration among the target audience. Comprehensively expand brand exposure 360 ° and broaden customer base. Realize multi directional coverage and reach for the scenarios of target consumers.

② Build the brand image of TIMAGE as a professional make-up artist. Strengthen the matrix of star make-up artists centered around TANG Yi. Simplify the professional techniques and products of celebrity backstage and bring them into a wide range of consumer life scenarios, providing professional make-up solutions.

③ Upgrade content for communication with consumers and enhance product value. Convey Chinese aesthetic and emotional values while communicating product efficacy. Enable each consumer to perceive that what they are buying is not just a "product solving pain points," but also a "work of Chinese aesthetic art".

(3) Channels

① Tmall

Continuously strengthen refined operations, optimize the category structure, create base make-up and lip products, and seize the opportunity-driven market. Optimize the brand's point system and private domain strategy, increase member activity, strengthen multi-domain sample distribution, and enhance penetration among core consumer groups. Maintain close cooperation with top-tie streamers, further expand the scope of second-tier streamers, and promote the outbreak of KOL streaming. Enrich the in-house livestreaming scenes, create a sales + content model, establish exclusive products, and promote the improvement of the livestreaming field. Emphasize the establishment of image of channels and gifts, strengthen the linkage between on-site and off-site marketing, and enrich the materials and forms of gifts. Deepen cooperation with platforms, increase the frequency of cooperation with platform IPs, and achieve the integration of quality and efficiency.

② Douyin

In the aspect of in-house livestreaming, strengthen Douyin channel marketing, optimize the user journey and improve traffic conversion efficiency, internally improve refined operations, and continuously improve the operational strategy. In terms of products, leverage the celebrity beauty category, focus on

core base make-up products, promote the base make-up category, and create new growth opportunities for new categories. In terms of livestreaming forms, optimize the profit sharing mechanism, explore new livestreaming themes such as traceability and platform IPs, enhance content innovation in livestreaming rooms, and boost livestream traffic performance. In terms of KOLs, expand the influencer pool, refine the operation of livestreaming elements, and enhance the explosive potential of major promotions. In the aspect of e-commerce platforms (Douyin Mall), use product sampling as a strategic entry point, link platforms to jointly create member modules, enrich sample combinations, expand sampling volume, drive new member acquisition, and increase member loyalty based on sampling formats.

③ JD

Continuously strengthen the refined operations of TIMAGE and implement strategies to reduce costs and improve efficiency. In terms of categories, intensify category development, create super bestsellers in the industry, and advance the base make-up category to gain a competitive edge in the category market. In terms of user operations, focus on sampling to attract new customers within the industry, grow the overall user base, and enhance retention and engagement among existing customers. In terms of paid advertising, strictly control the proportion of brand keywords, and improve product efficiency. In terms of events, carry out brand and platform co-construction, integrate resources from multiple parties to empower events, match platform resources, link marketing events with gifts, and acquire new users.

3. Off&Relax

(1) Products

Based on the product development concept of "prevention through nurturing, gradual improvement, and an inside-out approach", improve the product assets of various categories. Expand the range of supplementary products to comprehensively promote scalp health. Deepen cooperation with hospitals and organizations including the Medical Cluster for Hair Diseases of China-Japan Friendship Hospital to further demonstrate the actual results of products in Chinese consumers. Expand Asian partners to enhance efficacy validation across different Asian populations and provide clinical support for the development of localized product assets. Collaborate with domestic and foreign experts to further dissect the main causes of scalp problems. Identify new target mechanisms to lay a solid foundation for subsequent product development and for the brand to become an industry leader.

(2) Marketing

Continuously build the brand's image as an "Expert in Asian Scalp Health & Care" and lay a solid foundation for the long-term goal of becoming an enabler of a healthy and caring lifestyle for Asian scalps.

① Build OR Bouncy Shampoo as an ultra hero product. While continuing to highly recommend the product, explore high-impact promotional strategies to break through the boundaries of channels and target groups, as well as the basic-line second-tier shampoo functions. Optimize channel and audience targeting, and improve the market penetration for the oil control and repair series.

② Quickly expand the influence of the anti-hair loss series. Enhance the product asset endorsement for C-end, and continue capturing market share and consumer mindshare. Establish the second hero product "Medicated Hair Tonic" Launch new professional series to reinforce the brand's positioning as an "Expert in Asian Scalp Health & Care" in the minds of consumers.

③ Maintain the stable development of the Hair Care Series (hair masks and hair care essence oils), and search for new consumer demand for marketing breakthroughs.

(3) Channels

Focus on developing the Tmall and Douyin channels to further enhance the brand's ranking and expand the brand's influence and market position. Adjust and optimize channels, categories and cost structures to achieve a virtuous cycle, while also establishing new channels for mature products.

4. Hapsode

(1) Products

Focus on the skin condition of young people with oily skin, expand from single-effect oily skin care to multi-effect oily skin care, and develop more comprehensive and targeted scientific and efficient solutions for oily skin health.

(2) Marketing

Continue to upgrade the brand to maintain its positioning as an expert in oily skin care. Create cost-effective, multi-effect products tailored to young people with oily skin, and establish the brand as the go-to choice for their first skincare purchase. Through diversified formats such as collaborating with IPs, scenario-based marketing and cooperation with entertainers, integrate resources from multiple parties to expand the target audience, attract new customers and accumulate brand user assets.

Continuously conduct the scientific marketing and content marketing of the brand around young people. In terms of scientific marketing, cooperate with research institutions and universities to establish scientific trust endorsement. In terms of content marketing, continue to collaborate with IPs beloved by the Generation Z, and communicate with young consumers with limited-edition products and in an easy and fun manner to resonate with them to help the brand quickly gain popularity.

(3) Channels

Conduct operation in a refined manner and continue to optimize the Tmall and Douyin channels. Improve the product structure to achieve coordinated development across multiple channels through channel-differentiated products.

5. INSBABA

(1) Products

Maintain the brand's positioning as an expert in eye make-up. Refine the eyebrow and eyelash product lines to establish them as category bestsellers. Continue to expand the brand's color line, improve the make-up categories for eyes and lips, and introduce new products with different formulations and make-up effects based on fashion trends and seasonal changes. Gradually develop and launch innovative base make-up products that are small, beautiful, and multifunctional. Collaborate with brand marketing co-branded events and create new products that are more in line with the preferences of Generation Z and the Generation α.

(2) Marketing

Complete the brand CIS upgrade, with the new brand slogan "Inside Me" as the brand core and "Bravery, Ambition, Hope, and Achievement empower all of us" as the brand spirit. Continuously deepen the brand's influence and capture the brand's core user group.

Continuously draw the attention of the target audience and attract new brand users through IP co-branding projects, expand the brand's visibility and enhance the brand's influence. Continuously boost brand awareness through new media content marketing, holiday hot topic marketing, brand anniversary promotions, and other brand marketing strategies to convert A1 customers and A2 customers.

(3) Channels

Tmall: Optimize the store mechanisms to increase the average order value and link Tmall IP super products to accumulate power and expand beyond the current target audience. Continuously optimize the advertising structure and enhance the advertising efficiency. Enhance content optimization to strengthen engagement between on-site and off-site audiences. Leverage the user engagement framework to improve service efficiency, boost user interaction frequency, and increase the repurchase rate. Increase the proportion of KOLs, promote incremental growth through top-tier streamers, and deepen cooperation with second-tier online influencers.

Douyin: In terms of in-house livestreaming, build a livestreaming matrix to improve efficiency and expand visibility, refine the accounts and the audiences to accurately capture traffic, and improve the GMV growth of livestreaming rooms in combination with the brand marketing IP and self-made festival events. In terms of KOL streaming, establish a hierarchical system based on the types of KOLs' sales and fan attributes, establish exclusive collaborations with top KOLs, implement tailored mechanisms to drive periodic sales surges, engage high-potential KOLs to build a reserve pool, and steadily increase daily livestreams among mid- and lower-tier influencers. In terms of the e-commerce platform (Douyin Mall), accelerate the release of popular low-ticket items, enhance ranking performance through integrated link strategies, and actively tap into mall traffic.

6. R&D construction

(1) Basic research: Build a differentiated technological barrier and moat for products and brands, and empower high-quality products through technology. ① Deeply explore mechanisms and clinical research to secure a leading position in technology. ② Implement an intellectual property strategy to protect core technologies with invention patents and provide the strongest endorsement for products with high-quality papers. ③ Apply the most advanced computational biology and AI research methods to independently research or co-create exclusive core materials. ④ Comprehensively promote open innovation through collaboration between industry, universities, research, and medical institutions.

(2) Applied research: Continue to strengthen the advantages of the Company in formula development across various skincare and make-up categories. Focus on enhancing efficacy and consumer experience, develop customized formulas for different groups of people, drive cutting-edge innovation, and build a strong reserve of high-performance formula systems. Develop modular functionality and functional combinations to provide flexible solutions for future product R & D.

(3) Clinical research: Conduct ongoing clinical research and product validation, explore new methods for efficacy assessment, and introduce advanced instruments to enhance the precision of cosmetic efficacy evaluation at the cellular level. Study the penetration behavior of active ingredients under different formulation systems, combinations of actives, and penetration enhancers, and visualize the delivery effects. Focus on topics related to microcirculation, such as dark circles and redness, develop innovative testing methods, and carry out efficacy evaluations from new perspectives. Reinforce product efficacy validation in specific consumer usage scenarios.

(4) Hair care research: Continue to conduct fundamental research on scalp and hair issues, and further explore how the scalp microenvironment and internal and external factors affect the scalp. Develop technologies and products tailored to the characteristics of Chinese consumers' scalps. Adhere to keen consumer insights, better meet consumer needs, and continuously explore the types of hair care and wash products. Collaborate with internal and external partners to develop innovative raw materials and address scalp and hair concerns using advanced biological approaches. Refine existing formulas and product solutions based on consumer feedback. Accurately analyze the mechanisms and metabolic pathways of active ingredients, and provide technical support for product upgrades while promoting scientific communication.

(5) International R&D: Further expand the global cooperation network and leverage international resources. Establish cooperative relationships with top-tier suppliers, innovative research laboratories, and academic partners through investment and cooperation. Participate in various international exhibitions and conferences, and monitor the latest developments in the global beauty industry, especially changes in raw materials, technological innovation, products, and market trends. Provide support in raw material and product R&D for Proya, helping the Company build world-class research and development capabilities.

7. Digital and intelligent construction

The Company continues to drive digital transformation, empower its core competitiveness with data, improve the efficiency of resource utilization and the quality of operation and management, and empower its long-term, continuous, stable and high-quality development.

(1) Through the SAP upgrade and reconstruction project, improve performance and efficiency, enhance the system stability and reliability, and strengthen SAP as the enterprise's digital foundation.

(2) Through the product lifecycle management system project, enhance R&D innovation capabilities, improve product quality, optimize supply-chain collaboration, empower compliance and risk management, and ensure more science-based decision-making.

(3) Continue to promote the marketing BI project to improve operational efficiency and provide more accurate decision-making support.

(4) Continue to strengthen the construction of the data base, improve data quality, standardize and classify data management to facilitate data sharing and circulation, promote the full utilization of data within the Company, and explore the potential value of data. Establish and improve a data security system to clarify data access permissions, prevent data from leakage and abuse, and protect the core data assets of the Company.

(5) Promote the implementation of AI applications, expand the scope of AI applications based on the 2024 AI Competition, and select some key business processes or departments as pilot projects for AI applications to conduct in-depth application and optimization so as to contribute to the high-quality development of the Company.

(IV) Possible risks

☒ Applicable ☐ Not applicable

1. Industry competition risks

(1) The Company's brand strategy and channel strategy fail to come up to expectations due to intensified competition from various brands in the industry;

(2) The control of digital and precise delivery costs fails to come up to expectations due to intensified competition in marketing and ads delivery.

2. Project incubation risks

(1) New brand incubation risk: Performance fails to come up to expectations despite big investment in marketing;

(2) New category cultivation risk: Performance fails to come up to expectations due to different operation modes for different categories and the incompetent team.

(V) Other

☐ Applicable ☒ Not applicable

VII. Circumstances Where the Company Fails to Disclose Due to Non-applicability or Special Reasons Such as State Secrets and Trade Secrets and Statement of Reasons

☐ Applicable ☒ Not applicable

Section IV Corporate governance

I. Description of Corporate Governance

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company continuously improved its standard operation and corporate governance structure in accordance with its specific circumstances and applicable laws and regulations, including the *Company Law*, the *Securities Law*, the *Listing Rules of the Shanghai Stock Exchange* and the *Code of Corporate Governance of Listed Companies* as well as the *Articles of Association*. The Company has set up the general meeting of shareholders, Board of Directors, Board of Supervisors and special committees under the Board of Directors as required and developed corresponding rules of procedure. Such rules define the duties, powers, procedures and obligations of organizations at all levels in terms of decision-making, supervision and implementation. They form a scientific and effective governance structure featuring clear rights and responsibilities, mutual checks and balances, and mutual coordination. During the Reporting Period, the Company consciously fulfilled the obligation for information disclosure, managed investor relationships, and promoted the Company to continuously improve its standard operation. The corporate governance status complies with the requirements of the normative documents on the governance of listed companies issued by the CSRC.

Whether there are significant differences between the Company's corporate governance and the requirements of laws, administrative regulations and CSRC's regulations on the governance of listed companies; if so, explain the reasons.

☐ Applicable ☒ Not applicable

II. Specific measures taken by the Company's controlling shareholders and actual controllers to ensure the Company's independence in assets, personnel, finance, organization and business activities as well as solutions, work progress and subsequent work plans taken due to influence on the Company's independence

☐ Applicable ☒ Not applicable

Circumstances where any controlling shareholders, actual controllers and other entities under their control engage in the same or similar business activities, as well as the impact of horizontal competition or major changes in horizontal competition on the Company, resolutions taken, progress and follow-up resolutions

☐ Applicable ☒ Not applicable

III. Meetings of the General Meeting of Shareholders during the Reporting Period

Session	Date	Reference	Date of release	Resolution
2023 Annual General Meeting of Shareholders	May 9, 2024	Announcement No. 2024-023 on the SSE website (www.sse.com.cn)	May 10, 2024	The meeting deliberated on and approved proposals including the <i>Company's Annual Report 2023 and Its Summary</i> , and the <i>Company's 2023 Annual Profit Distribution Plan</i> . For details, see the <i>Announcement on Resolutions of the 2023 Annual General Meeting of Shareholders</i> (No.: 2024-023) released on the SSE website (http://www.sse.com.cn) on May 10,

				2024 and relevant media.
1st Extraordinary General Meeting of Shareholders in 2024	September 12, 2024	Announcement No. 2024-045 on the SSE website (www.sse.com.cn)	September 13, 2024	The meeting deliberated on and approved the <i>Proposal on Changing the Company's Registered Capital, Revising the Articles of Association, and Applying for Business Change Registration</i> , the <i>Proposal on the Election of the 4th Session of Non-independent Directors of the Company</i> , the <i>Proposal on the Election of the 4th Session of Independent Directors of the Company</i> , and the <i>Proposal on the Election of the 4th Session of Non-employee Representative Supervisors of the Company</i> . For details, see the <i>Announcement on Resolutions of the 1st Extraordinary General Meeting of Shareholders in 2024</i> (No.: 2024-045) released on the SSE website (http://www.sse.com.cn) on September 13, 2024 and relevant media.

Request of preferred shareholders with restored voting rights for convening an extraordinary general meeting

☐ Applicable ☒ Not applicable

Description of the General Meeting of Shareholders

☐ Applicable ☒ Not applicable

IV. Directors, Supervisors and Senior Management

(I) Changes in shareholding and remuneration of current and resigned directors, supervisors and senior management during the Reporting Period

"√ Applicable" "□ Not applicable"

Unit: Share

Name	Position	Gender	Age	Term start date	Term end date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the year	Cause for change	Total pre-tax remuneration received from the Company during the Reporting Period (Unit: RMB '0,000)	Any remuneration from the Company's related parties
HOU Juncheng	Chairman of the Board of Directors	Male	61	2015.7.30	2027.9.12	136,739,037	136,739,037	0		315.11	No
HOU Yameng	Director	Male	37	2021.9.9	2027.9.12	0	0	0		126.60	No
HOU Yameng	General Manager	Male	37	2024.9.13	2027.9.12	0	0	0		0.00	No
JIN Yanhua	Director	Male	63	2024.9.13	2027.9.12	0	0	0		301.40	No
JIN Yanhua	Deputy General Manager	Male	63	2018.4.16	2027.9.12	303,762	227,862	-75,900	Reduced for personal capital need	0.00	No
MA Dongming	Independent Director	Male	55	2021.5.13	2027.9.12	0	0	0		15.00	No
GE	Independent	Male	50	2021.9.9	2027.9.12	0	0	0		15.00	No

Weijun	nt Director										
HOU Luting	Supervisor	Female	36	2018.5.2	2027.9.12	0	0	0		35.52	No
FANG Qin	Supervisor	Female	35	2018.5.8	2027.9.12	0	0	0		42.88	No
WANG Shunguo	Supervisor	Male	39	2024.9.13	2027.9.12	0	0	0		4.63	No
WANG Li	CFO	Female	47	2018.9.3	2027.9.12	315,491	236,651	-78,840	Reduced for personal capital need	293.30	No
WANG Li	Deputy General Manager, Secretary of the Board of Directors	Female	47	2021.9.15	2027.9.12	0	0	0		0.00	No
FANG Yuyou	Director, General Manager	Male	56	2015.7.30	2024.9.12	59,625,258	59,625,258	0		253.82	No
HOU Yameng	Deputy General Manager	Male	37	2021.9.15	2024.9.12	0	0	0		0.00	No
HU Lina	Supervisor	Female	37	2021.9.9	2024.9.12	0	0	0		18.35	No
Total	/	/	/	/	/	196,983,548	196,828,808	-154,740	/	1,421.62	/

Notes:

1. During the Reporting Period, FANG Yuyou served as Director and Deputy General Manager from January 1, 2024 to September 12, 2024; HOU Yameng served as Deputy General Manager from January 1, 2024 to September 12, 2024; HU Lina served as Supervisor from January 1, 2024 to September 12, 2024.

2. During the Reporting Period, HOU Yameng served as General Manager from September 13, 2024 to December 31, 2024; JIN Yanhua served as Director from September 13, 2024 to December 31, 2024; WANG Shunguo served as Supervisor from September 13, 2024 to December 31, 2024.
3. The total pre-tax remuneration received by the above Directors, Supervisors and Senior Management from the Company during the reporting period is the total pre-tax remuneration during their term of office in the reporting period.

Name	Working experience
HOU Juncheng	He once worked in Yiwu Liaoyuan Daily Chemical Co., Ltd., Hangzhou Proya Cosmetics Co., Ltd., and Hangzhou Proya Holding Co., Ltd. Since 2007, he has been working in the Company and its predecessor. From September 2007, he has been serving as Executive Director of the Company. From August 2012, he has been serving as Chairman of the Company and its predecessor. As of the disclosure date of this Report, he concurrently served as Executive Director and General Manager of Proya Trade, Director of Meiligu, Director of Chuangdai Electronics, Executive Director of Yueqing Laiya, Inside Director and Representative Director of Korea Hanna, Director and Manager of Hapsode (Hangzhou), Executive Director and General Manager of Huzhou Hapsode, Director and General Manager of Mijing Siyu (Hangzhou), Executive Director of Proya (Hainan), Executive Director of Proya (Zhejiang), Chairman of CBI Cosmetics Industry (Huzhou) Investment Development Co., Ltd., Executive Director and General Manager of Huzhou Beauty Town Technology Incubation Park Co., Ltd., Director of Yongxinou (Ningbo) International Trading Co., Ltd., and Executive Director of Zhejiang Zhujin Enterprise Management Co., Ltd.
HOU Yameng	He once worked in the E-commerce Department of Proya Cosmetics Co., Ltd., and served as Deputy General Manager of the Company from September 2021 to September 2024. He has been serving as Director of the Company since September 2021 and General Manager of the Company since 2024. As of the disclosure date of this Report, he concurrently served as Executive Director and General Manager of Hainan Mengya Enterprise Consulting Co., Ltd., Executive Director and General Manager of Hangzhou TIMAGE, Director of PROYA MALAYSIA, Chairman of TIMAGE Image Design & Art, and Manager of Meiligu.
JIN Yanhua	He once worked in Zhejiang Sanmen Fertilizer Factory, Zhejiang InBev Yandangshan Beer Co., Ltd., Zhejiang InBev Jinhua Beer Co., Ltd., Hangzhou Proya Cosmetics Co., Ltd., and Hangzhou Proya Holding Co., Ltd. From 2007 to August 2012, he served as General Manager of the Huzhou Factory under the Company and its predecessor. He has been serving as General Manager of the Company's Supply Chain Management Center since August 2012, as Deputy General Manager of the Company since April 2018, and Director of the Company since September 2024. As of the disclosure date of this Report, he concurrently served as Executive Director of Anya (Huzhou), Executive Director of Huzhou UZERO, Manager of Chuangdai Electronics, Executive Director and General Manager of Proya Commercial, Executive Director and General Manager of Huzhou Niuke, Executive Director and General Manager of Zhejiang Beauty, Executive Director of Shanghai Zhongwen, Executive Director and General Manager of Ningbo Proya, Chairman of Ningbo Keshi, Chairman of Ningbo TIMAGE, Director of Hong Kong Keshi, Director of Hong Kong Wanyan, Director of Hong Kong Zhongwen, Executive Director and Manager of Luxiaotie, Executive Director and General Manager of Hangzhou Yizhuo, Executive Director and General Manager of Hangzhou Weiluo, Executive Director and General Manager of Hangzhou Oumisi, Director of Japan OR, Director of Ningbo Xiyou Interactive Entertainment Culture Media Co., Ltd., General Manager of Proya (Hainan), Director of Korea Hapsode, Executive Director and General Manager of

	Xuzhou Laibo, Executive Director and General Manager of Singuladerm (Hangzhou), Chairman and General Manager of Ningbo Tangyu, Manager of Proya (Zhejiang), Executive Director and General Manager of Hangzhou CORRECTORS, General Manager of Xuzhou Boya, Executive Director and General Manager of Ningbo Jingzhe, Executive Director and General Manager of Hangzhou Gloris, and Executive Director of Xuzhou Boya Enterprise Management Co., Ltd.
MA Dongming	He used to be Deputy Director and Director of CSRC Zhejiang Branch, Director of the Commissioner's Office of CSRC Shanghai Branch, and Deputy General Manager and Secretary of the Board of Directors of Yongan Futures Co., Ltd. Since May 2021, he has been serving as Independent Director of the Company. As of the end of the Reporting Period, he concurrently served as Independent Director of Transwarp Technology (Shanghai) Co., Ltd. and Independent Director of Merit Interactive Co., Ltd.
GE Weijun	He once worked in Zhejiang Xingyun Law Firm and Xingyun Law Firm Shanghai Branch. From February 2006 to December 2021, he served as Professor, Doctoral Supervisor, and Legal Adviser at Shanghai University of Finance and Economics. Since January 2022, he has been serving as a full-time professor at the Law School of Fudan University. Since September 2021, he has been serving as Independent Director of the Company. He also serves as Arbitrator at the China International Economic and Trade Arbitration Commission, Arbitrator at the Shanghai International Economic and Trade Arbitration Commission, Arbitrator at the Shanghai Arbitration Commission, Arbitrator at the Shenzhen Court of International Arbitration, Executive Officer of the China Commercial Law Society, Vice President of the Commercial Research Branch of Shanghai Judicial Think Tank Institution, Vice President of the Commercial Law Research Association of the Shanghai Law Society, Vice President of the Cultural Law Research Association of the Shanghai Law Society, Independent Director of Shanghai Huace Navigation Technology Ltd., Independent Director of Changzhou ECTEK Automotive Electronics System Co., Ltd. (Non-Listed Company), Independent Director of Hangzhou EZVIZ Network Co., Ltd. and Supervisor of Shanghai Fudan Asset Management Co., Ltd.
HOU Luting	From July 2013 to January 2014, she served as an expatriate financial specialist at Zhonghui Accounting Firm. From February 2014 to June 2017, she served as a packaging material procurement specialist at the Purchasing Department of the Company. From June 2017 to April 2019, she served as a raw material procurement specialist at the Purchasing Department of the Company. From April 2019 to March 2021, she served as a raw material evaluation engineer. From March 2021 to December 2022, she served as a deputy price review manager. From December 2022 to present, she has been serving as a price review manager. Since May 2018, she has served as Supervisor of the Company.
FANG Qin	From November 2008 to January 2018, she served as Director of the Planning Department of the Company and its predecessor. From January 2018 to July 2022, she served as Planning Strategy Manager of the Company. Since July 2022, she has served as Senior Planning Strategy Manager of the Company. Since May 2018, she has been serving as Supervisor of the Company.
WANG Shunguo	From June 2009 to October 2015, he served as Administrative Affairs Officer of the Company. From October 2015 to March 2019, he served as Assistant to the Engineering General Manager of the Company. From March 2019 to present, he has been serving as Packaging Development Engineer at the Procurement Department of the Company. From September 2024 to present, he has been serving as Supervisor of the Company. As of the disclosure date of this Report, he concurrently served as Supervisor of Proya (Hainan), Supervisor of Proya Commercial, Supervisor of Hangzhou Oumisi, Supervisor of Luxiaotie, Supervisor of Ningbo Proya, Supervisor of Zhejiang Beauty, Supervisor of Huzhou UZERO, Supervisor of Hangzhou Weiluo, Supervisor of

	Xuzhou Boya, Supervisor of Hangzhou Yizhuo, Supervisor of Ningbo Jingzhe, Supervisor of Hangzhou Gloris, Supervisor of Proya (Zhejiang), Supervisor of Huzhou Niuke, Supervisor of Ningbo TIMAGE, Supervisor of Ningbo Tangyu, Supervisor of Ningbo Keshi, Supervisor of Hangzhou CORRECTORS, Supervisor of TIMAGE Image Design & Art, Supervisor of Hapsode (Hangzhou), Supervisor of Mijing Siyu (Hangzhou), and Supervisor of Meiligu.
WANG Li	She once served as CFO of Guangzhou Yingtai Digital Power Technology Co., Ltd., Financial Representative of US CELLSTAR (Phonest Star), Financial Manager of Shanghai Ruili Sports Co., Ltd., Financial Director of Vgrass Fashion Co., Ltd., Financial Director of Zhuoshang Clothing (Hangzhou) Co., Ltd., and Financial Director of Nanjing Sunport Photovoltaics Co., Ltd. Since April 2023, she has been serving as Independent Director of Zhejiang Wazam New Materials Co., Ltd. She is currently Deputy General Manager, Secretary of the Board of Directors, and CFO of Proya Cosmetics Co., Ltd.
FANG Yuyou	He once worked in Shijiazhuang Liaoyuan Cosmetics Co., Ltd., Hangzhou Proya Cosmetics Co., Ltd., and Hangzhou Proya Holdings Co., Ltd. Since 2007, he has been working in the Company and its predecessor; from August 2012 to September 2024, he served as Director and Deputy General Manager of the Company and its predecessor; since September 2024, he has been serving as Advisor to the Board of Directors of the Company. As of the disclosure date of this Report, he concurrently served as General Manager of Yueqing Laiya, Inside Director of Korea Hanna, Director of Hong Kong Xinghuo, Executive Director and General Manager of Hangzhou Fangxiake Investment Co., Ltd., Director of Hangzhou Tairentang Biotechnology Co., Ltd., Supervisor of Zhejiang Boweihui Grapevine Technology Co., Ltd., and Director of Jiangsu LenongWeimei Agricultural Technology Development Co., Ltd.
HU Lina	She once worked in Pan-China Certified Public Accountants (Special General Partnership), has been serving as Strategy Supervisor at the Company since 2013, and served as Supervisor of the Company from September 2021 to September 2024.

Other explanations

"□ Applicable" "√ Not applicable"

(II) Positions of current and resigned directors, supervisors and senior management during the Reporting Period

1. Positions held in shareholder entities

"□ Applicable" "√ Not applicable"

2. Positions held in other entities

"√ Applicable" "□ Not applicable"

Name of employee	Name of another entity	Position held	Term start date	Term end date
HOU Juncheng	Proya Trade	Executive Director and General Manager	June 2011	
	Meiligu	Director	November 2012	
	Chuangdai Electronics	Director	December 2016	
	Yueqing Laiya	Executive Director	September 2015	
	Korea Hanna	Inside Director and Representative Director	November 2011	
	Hapsode (Hangzhou)	Director and Manager	February 2018	
	Huzhou Hapsode	Executive Director and General Manager	May 2016	
	Mijing Siyu (Hangzhou)	Director and Manager	February 2018	
	Huzhou Younimi	Executive Director and General Manager	November 2022	January 2024
	Proya (Hainan)	Executive Director	January 2021	
	Proya (Zhejiang)	Executive Director	May 2022	
	Hangzhou Kunyi Industrial Co., Ltd.	Chairman and General Manager	April 2014	February 2024
	Cosmetics Industry (Huzhou) Investment Development Co., Ltd.	Chairman of the Board of Directors	December 2018	
	Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Executive Director and General Manager	January 2019	
	Xinjiang Huanyu New Silk Road Investment Development Co., Ltd.	Director	March 2021	March 2024
	Yongxinou (Ningbo) International Trade Co., Ltd.	Director	May 2022	
	Zhejiang Zhujin Enterprise Management Co., Ltd.	Executive Director	September 2022	
HOU Yameng	Hainan Mengya Enterprise Consulting Co., Ltd.	Executive Director and General Manager	November 2021	
	Hangzhou TIMAGE	Executive Director and	March 2022	

		General Manager		
	PROYA MALAYSIA	Director	November 2023	
	TIMAGE Image Design & Art	Chairman of the Board of Directors	November 2024	
	Meiligu	Manager	February 2025	
	SanyaWaveDash Technology Partnership (Limited Partnership)	Executive Partner	March 2024	July 2024
JIN Yanhua	Anya (Huzhou)	Executive Director	December 2016	
	Huzhou UZERO	Executive Director	January 2018	
	Chuangdai Electronics	Manager	February 2018	
	Proya Commercial	Executive Director and General Manager	September 2018	
	Huzhou Niuke	Executive Director and General Manager	December 2018	
	Hangzhou Wanyan	Executive Director and General Manager	January 2019	December 2024
	Zhejiang Beauty	Executive Director and General Manager	March 2019	
	Shanghai Zhongwen	Executive Director	April 2019	
	Ningbo Proya	Executive Director and General Manager	December 2019	
	Ningbo Keshi	Chairman of the Board of Directors	September 2019	
	Ningbo TIMAGE	Chairman of the Board of Directors	July 2019	
	Hong Kong Keshi	Director	March 2019	
	Hong Kong Wanyan	Director	October 2019	
	Hong Kong Zhongwen	Director	July 2019	
	Zhejiang Qingya	Executive Director	May 2020	August 2024
	Luxiaotie	Executive Director	August 2020	
	Luxiaotie	Manager	March 2023	
	Hangzhou Yizhuo	Executive Director and General Manager	July 2020	
	Hangzhou Weiluo	Executive Director and General Manager	July 2020	
	Hangzhou Oumisi	Executive Director and General Manager	August 2020	
	Japan OR	Director	August 2020	
	Guangzhou Qianxi	Executive Director and Manager	October 2020	April 2024
	Ningbo Xiyu Interactive Entertainment Culture Media Co., Ltd.	Director	September 2020	
	Proya (Hainan)	General Manager	January 2021	

	Korea Hapsode	Director of the Company	June 2021	
	Xuzhou Laibo	Executive Director and General Manager	January 2022	
	Singuladerm (Hangzhou)	Executive Director and General Manager	October 2021	
	Ningbo Tangyu	Chairman and General Manager	October 2021	
	Proya (Zhejiang)	Manager	May 2022	
	Hangzhou CORRECTORS	Executive Director and General Manager	December 2022	
	Huzhou Keyan	Executive Director and General Manager	March 2023	November 2024
	Hubei Laibo Technology Co., Ltd.	Executive Director and General Manager	July 2023	August 2024
	Xuzhou Boya	General Manager	August 2024	
	Ningbo Jingzhe	Executive Director and General Manager	January 2024	
	Hangzhou Gloris	Executive Director and General Manager	March 2024	
	Xuzhou Boya Enterprise Management Co., Ltd.	Executive Director	February 2025	
MA Dongming	Transwarp Technology (Shanghai) Co., Ltd.	Independent Director	December 2020	
	Merit Interactive Co., Ltd.	Independent Director	May 2022	
GE Weijun	Shanghai Huace Navigation Technology Ltd.	Independent Director	December 2020	
	Changzhou ECTEK Automotive Electronics System Co., Ltd. (Non-Listed Company)	Independent Director	September 2021	
	Hangzhou EZVIZ Network Co., Ltd.	Independent Director	March 2022	
	Shanghai Fudan Asset Management Co., Ltd.	Supervisor	August 2022	
WANG Shunguo	Proya (Hainan)	Supervisor	March 2023	
	Huzhou Keyan	Supervisor	March 2023	November 2024
	Proya Commercial	Supervisor	March 2023	
	Hangzhou Oumisi	Supervisor	March 2023	
	Luxiaotie	Supervisor	March 2023	
	Zhejiang Qingya	Supervisor	March 2023	August 2024
	Guangzhou Qianxi	Supervisor	March 2023	April 2024
	Ningbo Proya	Supervisor	March 2023	

	Zhejiang Beauty	Supervisor	March 2023	
	Huzhou UZERO	Supervisor	March 2023	
	Hangzhou Weiluo	Supervisor	June 2023	
	Xuzhou Boya	Supervisor	July 2023	
	Hangzhou Yizhuo	Supervisor	August 2023	
	Ningbo Jingzhe	Supervisor	January 2024	
	Hangzhou Gloris	Supervisor	March 2024	
	Hangzhou Wanyan	Supervisor	June 2024	December 2024
	Proya (Zhejiang)	Supervisor	June 2024	
	Huzhou Niuke	Supervisor	June 2024	
	Ningbo TIMAGE	Supervisor	July 2024	
	Ningbo Tangyu	Supervisor	July 2024	
	Ningbo Keshi	Supervisor	August 2024	
	Hangzhou CORRECTORS	Supervisor	August 2024	
	TIMAGE Image Design & Art	Supervisor	November 2024	
	Hapsode (Hangzhou)	Supervisor	February 2025	
	Mijing Siyu (Hangzhou)	Supervisor	February 2025	
	Meiligu	Supervisor	February 2025	
WANG Li	Zhejiang Wazam New Materials Co., Ltd.	Independent Director	April 2023	
FANG Yuyou	Meiligu	General Manager	November 2012	February 2025
	Yueqing Laiya	General Manager	September 2015	
	Korea Hanna	Inside Director	November 2011	
	Hong Kong Xinghuo	Director	March 2019	
	Hongkong Xuchen Limited	Director		
	Hangzhou Fangxiake Investment Co., Ltd.	Executive Director and General Manager	May 2018	
	Hangzhou Kunyi Industrial Co., Ltd.	Director	April 2014	February 2024
	Hangzhou Tairentang Biotechnology Co., Ltd.	Director	December 2014	
	Zhejiang Poweihui Grapevine Technology Co., Ltd.	Supervisor	November 2021	
	Jiangsu LenongWeimei Agricultural Technology Development Co., Ltd.	Director	May 2022	
Description of positions held in other entities	None			

(III) Remuneration of directors, supervisors and senior management

"√ Applicable" "□ Not applicable"

Decision-making procedures for remuneration of directors, supervisors and senior management	The remuneration of directors and supervisors of the Company is approved by the Remuneration and Appraisal Committee, the Board of Directors and the Board of Supervisors respectively. Then, the remuneration plan is submitted to the general meeting of shareholders for deliberation. The remuneration of senior management is deliberated by the Remuneration and Appraisal Committee and the Board of Directors.
Whether the director recuses from board discussions regarding their own compensation	Yes
Specific recommendations made by the Remuneration and Appraisal Committee or a special meeting of independent directors regarding the remuneration of directors, supervisors, and senior management.	The remuneration of directors, supervisors, and senior management shall be determined based on industry benchmarks and regional standards, as well as the Company's specific circumstances.
Basis for determination of remuneration of directors, supervisors and senior management	The annual remuneration of the Company's directors, supervisors and senior management is paid based on basic pay and performance appraisal results.
Actual payment of remuneration of directors, supervisors and senior management	Paid.
Total remuneration actually received by all directors, supervisors and senior management as of the end of the Reporting Period	During the Reporting Period, the Company's directors, supervisors and senior management received a total remuneration of RMB14.22 million from the Company.

(IV) Changes in the Company's directors, supervisors and senior management

"√ Applicable" "□ Not applicable"

Name	Position held	Change	Cause for changes
JIN Yanhua	Director	Election	Change of the term of office
WANG Shunguo	Supervisor	Election	Change of the term of office
HOU Yameng	General Manager	Appointment	Change of the term of office
FANG Yuyou	Director, General Manager	Outgoing	Change of the term of office

HU Lina	Supervisor	Outgoing	Change of the term of office
HOU Yameng	Deputy General Manager	Outgoing	Change of the term of office

(V) Description of punishments by the CSRC in the past three years

☐ Applicable" ☒ Not applicable"

(VI) Other

☐ Applicable" ☒ Not applicable"

V. Meetings of the Board of Directors held during the Reporting Period

Session	Date	Resolution
18th meeting of the 3rd session of the Board of Directors	April 17, 2024	The meeting deliberated on and approved the <i>Company's Annual Report 2023 and Its Summary</i> , the <i>Company's 2024 Q1 Report</i> , the <i>Company's 2023 Annual Profit Distribution Plan</i> , the <i>Company's 2024 Action Plan for "Improving Quality, Increasing Efficiency, and Emphasizing Returns"</i> , the <i>Company's 2023 Sustainability & Environmental, Social, and Governance (ESG) Report</i> , and other proposals. For details, see the <i>Announcement on Resolutions of the 18th Meeting of the 3rd Session of Board of Directors</i> (No.: 2024-009) released on the SSE website (http://www.sse.com.cn) on April 19, 2024 and relevant media.
19th meeting of the 3rd session of the Board of Directors	August 26, 2024	The meeting deliberated on and approved the <i>Company's 2024 Semi-annual Report and Its Summary</i> , the <i>Proposal on the Partial Delay of Raising Funds for Investment Projects</i> , the <i>Proposal on the Election of the Company's Board of Directors and the Nomination of Candidates for Independent Directors of the 4th Session of Board of Directors</i> , the <i>Proposal on the Election of the Company's Board of Directors and the Nomination of Candidates for Non-independent Directors of the 4th Session of Board of Directors</i> , the <i>Proposal on the Repurchase and Cancellation of Some Restricted Equity Incentive Shares</i> , and other proposals. For details, see the <i>Announcement on Resolutions of the 19th Meeting of the 3rd Session of Board of Directors</i> (No.: 2024-032) released on the SSE website (http://www.sse.com.cn) on August 28, 2024 and relevant media.
1st meeting of the 4th session of the Board of Directors	September 12, 2024	The meeting deliberated on and approved the <i>Proposal on the Election of Chairman of the 4th Session of Board of Directors</i> , the <i>Proposal on the Election of Members of the Special Committee under the 4th Session of Board of Directors of the Company</i> and the <i>Proposal on the Appointment of the Company's Senior Management and Securities Affairs Representatives</i> . For details, see the <i>Announcement on Resolutions of the 1st Meeting of the 4th Session of Board of Directors</i> (No.: 2024-046) disclosed by the Company on the SSE website

		(http://www.sse.com.cn) and relevant media on September 13, 2024.
2nd meeting of the 4th session of the Board of Directors	October 24, 2024	The meeting deliberated on and approved the <i>Company's 2024 Q3 Report</i> and the <i>Proposal on Satisfying the Conditions for Release from Sales Restrictions in the Second Release Period Under 2022 Restricted Share Incentive Plan</i> . For details, see the <i>Announcement on Resolutions of the 2nd Meeting of the 4th Session of Board of Directors</i> (No.: 2024-050) disclosed by the Company on the SSE website (http://www.sse.com.cn) and relevant media on October 25, 2024.

VI. Performance of Duties by Directors

(I) Directors attending meetings of the Board of Directors and general meetings of shareholders

Director Name	Independent director or not	Attendance at meetings of the Board of Directors						Attendance at general meetings of shareholders
		Number of meetings of the Board of Directors to be attended this year	Number of meetings of the Board of Directors attended in person	Number of meetings of the Board of Directors attended by communication	Number of meetings of the Board of Directors attended by proxy	Number of meetings of the Board of Directors absent from	Fail to attend two consecutive meetings of the Board of Directors	Number of general meetings of shareholders attended
HOU Juncheng	No	4	4	0	0	0	No	2
HOU Yameng	No	4	4	0	0	0	No	2
JIN Yanhua	No	2	2	0	0	0	No	1
MA Dongming	Yes	4	4	1	0	0	No	2
GE Weijun	Yes	4	4	3	0	0	No	2
FANG Yuyou	No	2	2	1	0	0	No	2

Description of absence from two consecutive meetings of the Board of Directors

"□ Applicable" "√ Not applicable"

Number of meetings of the Board of Directors held during the year	4
Including: number of on-site meetings	1
Number of meetings held by communication	0
Number of meetings held both on site and by	3

communication	
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(II) Circumstances where directors object to the Company's relevant matters
☐ Applicable" ☒ Not applicable"
(III) Other
☐ Applicable" ☒ Not applicable"
VII.Special Committees under the Board of Directors
☒ Applicable" ☐ Not applicable"
(I) Members of special committees under the Board of Directors

Category of special committee	Name of member
Audit Committee	HOU Juncheng, MA Dongming, GE Weijun, HOU Yameng
Nomination Committee	HOU Yameng, GE Weijun, MA Dongming, HOU Juncheng
Compensation and Assessment Committee	JIN Yanhua, GE Weijun, MA Dongming, FANG Yuyou (Resigned)
Strategy Committee	HOU Juncheng, MA Dongming, GE Weijun

Note: 1. During the Reporting Period, HOU Yameng and HOU Juncheng served as a member of the Audit Committee from January 1, 2024 to April 17, 2024 and from April 18, 2024 to December 31, 2024, respectively.

2. During the Reporting Period, HOU Juncheng and HOU Yameng served as a member of the Nomination Committee from January 1, 2024 to September 12, 2024 and from September 13, 2024 to December 31, 2024, respectively.

3. During the Reporting Period, FANG Yuyou and JIN Yanhua served as a member of the Compensation and Assessment Committee from January 1, 2024 to September 12, 2024 and from September 13, 2024 to December 31, 2024, respectively.

(II) Five meetings held by the Audit Committee during the Reporting Period

Date	Description	Important comments and suggestions	Other performance of duties
March 19, 2024	The 13th meeting of the Audit Committee under the 3rd session of the Board of Directors was held to deliberate on and approve the <i>Matters in the Audit Completion Stage of the 2023 Annual Report of the Company</i> .	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None
April 17, 2024	The 14th meeting of the Audit Committee under the 3rd session of the Board of Directors was held to deliberate on and approve the <i>Company's Annual Report 2023 and Its Summary</i> , the <i>Company's 2024 Q1 Report</i> , the <i>Company's Annual Financial Final Report 2023</i> , the	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None

	<p><i>Company's Performance Report 2023 of the Audit Committee under the Board of Directors, the Company's Internal Control Evaluation Report 2023, the 2023 Special Report on the Annual Storage and Actual Use of Raised Fund, the Company's 2023 Annual Profit Distribution Plan, the Proposal on Payment of Audit Fees for 2023 and Further Employment of the Accounting Firm for 2024, the Company's Evaluation Report on the Performance of Accounting Firm in 2023, the Report of the Audit Committee of the Company on the Performance of Supervisory Duties by the Accounting Firm in 2023, the Proposal on the Adjustment of the Conversion Price of "Proya Convertible Bond", the Company's Performance Report 2023 of the Internal Audit Department, and the Proposal on Adjusting the Members of the Audit Committee under the 3rd Session of Board of Directors.</i></p>		
August 26, 2024	<p>The 15th meeting of the Audit Committee under the 3rd session of the Board of Directors was held to deliberate on and approve the <i>Company's 2024 Semi-annual Report and Its Summary, the 2024 Special Report on the Semi-annual Storage and Actual Use of Raised Fund, the Proposal on the Partial Delay of Raising Funds for Investment Projects, the Proposal on Adjusting the Repurchase Price under the 2022 Restricted Shares Incentive Plan, the Proposal on the Repurchase and Cancellation of Some Restricted Equity Incentive Shares, and the Proposal on the Adjustment of the Conversion Price of "Proya Convertible Bond".</i></p>	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None
September 12, 2024	<p>The 1st meeting of the Audit Committee under the 4th session of the Board of Directors was held to deliberate on and approve the <i>Proposal on the Appointment of the Company's CFO.</i></p>	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None
October 24, 2024	<p>The 2nd meeting of the Audit Committee under the 4th session of the Board of Directors was held to deliberate on and</p>	Approve these proposals and agree to submit	None

	approve the <i>Company's 2024 Q3 Report</i> .	them to the Board of Directors for deliberation	
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(III) Two meetings held by the Nomination Committee during the Reporting Period

Date	Description	Important comments and suggestions	Other performance of duties
August 26, 2024	The 2nd meeting of the Nomination Committee under the 3rd session of the Board of Directors was held to deliberate on and approve the <i>Proposal on the Election of the Company's Board of Directors and the Nomination of Candidates for Independent Directors of the 4th Session of Board of Directors</i> and the <i>Proposal on the Election of the Company's Board of Directors and the Nomination of Candidates for Non-independent Directors of the 4th Session of Board of Directors</i> .	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None
September 12, 2024	The 1st meeting of the Nomination Committee under the 4th session of the Board of Directors was held to deliberate on and approve the <i>Proposal on the Appointment of the Company's Senior Management</i> .	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None

(IV) Two meetings held by the Remuneration and Appraisal Committee during the Reporting Period

Date	Description	Important comments and suggestions	Other performance of duties
April 17, 2024	The 6th meeting of the Remuneration and Appraisal Committee under the 3rd session of the Board of Directors was held to deliberate on and approve the <i>Proposal on Confirming the Remuneration of Directors for 2023</i> and the <i>Proposal on Confirming the Remuneration of Senior Management for 2023</i> .	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None
October 24, 2024	The 1st meeting of the Remuneration and Appraisal Committee under the 4th session of the Board of Directors was held to deliberate on and approve the <i>Proposal on Satisfying the Conditions Satisfaction from Sales Restrictions in the Second</i>	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None

	<i>Release Period under the 2022 Restricted Shares Incentive Plan.</i>		
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(V) One meeting held by the Strategy Committee during the Reporting Period

Date	Description	Important comments and suggestions	Other performance of duties
April 17, 2024	The 4th meeting of the Strategy Committee under the 3rd session of the Board of Directors was held to deliberate on and approve the <i>Proposal on the Company's Strategic Business Plan 2024</i> , the <i>Company's 2023 Sustainability & Environmental, Social, and Governance (ESG) Report</i> , and the <i>Company's 2024 Action Plan for "Improving Quality, Increasing Efficiency, and Emphasizing Returns"</i> .	Approve these proposals and agree to submit them to the Board of Directors for deliberation	None

(VI) Dissenting matters

☐ Applicable ☒ Not applicable

VIII. Description of the Company's Risks Identified by the Board of Supervisors

☐ Applicable ☒ Not applicable

The Board of Supervisors had no objection to matters supervised during the Reporting Period.

IX. Employees of the Parent Company and Major Subsidiaries as of the End of the Reporting Period**(I) Employees**

Number of current employees of the parent company	1,606
Number of current employees of major subsidiaries	1,788
Total number of employees	3,394
Number of retired employees to be supported by the parent company and major subsidiaries	0
Specialty distribution	
Category	Number of employees
Production workers	403
Sales specialists	2,195
Management	407
R&D personnel	389
Total	3,394
Educational background	
Education level	Number (persons)
Bachelor and above	1,992
Associate	815

High school and below	587
Total	3,394

(II) Remuneration policy

☒ Applicable" ☐ Not applicable"

Value creation is the Company's basis for salary distribution. Performance is an intuitive reflection of value. By establishing a comprehensive and objective performance evaluation system, the Company combines salary distribution and performance evaluation of employees with an aim to fully guide and motivate employees to create value.

(III) Training program

☒ Applicable" ☐ Not applicable"

The Company adheres to the goal of gathering and training outstanding professionals by always considering staff learning and growth as a primary task, and continuously innovating in and optimizing training research, training topics, training forms, training implementation, training evaluation and improvement, and trainer management. In terms of the form of learning, the Company combines internal and external learning and fully improves the engagement of employees in training, thus making the training more effective.

(IV) Labor outsourcing

☒ Applicable" ☐ Not applicable"

Total man-hours for labor outsourcing	
Total remuneration paid for labor outsourcing (RMB)	99,150,695.97

(1) Huzhou Branch, Proya (Zhejiang) and Zhejiang Beauty signed the *Service Project Contracting Agreement* with Puji Labor Service Co., Ltd. to outsource auxiliary services including canteen, landscaping, cleaning, and goods handling, loading and unloading, and packaging to the latter and pay consideration for the agreed quantities.

(2) Huzhou Branch and Proya (Zhejiang) signed the *Service Project Contracting Agreement* with Jiangsu Xinjiayou Enterprise Management Co., Ltd. to outsource services such as partial goods handling, loading and unloading, combined packaging, and mask folding to the latter, and pay consideration for the agreed quantities.

(3) Huzhou Branch and Proya (Zhejiang) signed the *Service Project Contracting Agreement* with Zhejiang Hongfu Supply Chain Management Co., Ltd. to outsource services such as partial goods handling, loading and unloading, combined packaging, and mask folding to the latter, and pay consideration for the agreed quantities.

X.Profit Distribution or Capital Reserve Conversion Plan**(I) Development, implementation or adjustment of the cash dividend distribution policy**

☒ Applicable" ☐ Not applicable"

In accordance with the *Articles of Association*, the Company's cash dividend policy is as follows.

I. Principle of the Company's Profit Distribution

The Company maintains the continuity and stability of profit distribution by implementing a continuous and stable profit distribution policy. The Company's profit distribution considers reasonable investment returns to investors, but cannot exceed the accumulated distributable profits or undermine the Company's ability to continue as a going concern. If there are significant changes in the external business environment

or the Company's own operating conditions, the Company may adjust its profit distribution policy in accordance with the decision-making procedures stipulated in the Articles of Association after fully considering its own production and operation, investment planning and long-term development needs. The adjusted profit distribution policy must not violate the relevant regulations of the CSRC and the SSE.

II. Profit Distribution Method

The Company may distribute dividends in the form of cash, stocks, or a combination of both. The Company must carry out profit distribution at least once a year. In profit distribution, cash dividends are superior to stock dividends. Subject to fulfilling the conditions for cash dividends, the Company must distribute profits in the form of cash dividends. Subject to a reasonable share capital size and structure and a simultaneous growth in share capital and performance growth, the Company may distribute profits in the form of stock dividends. The Board of Directors of the Company may propose to distribute interim cash or stock dividends according to the profitability and capital requirements of the Company.

III. Conditions for and Policy of Cash Dividends

When the following conditions are met simultaneously, the Company may distribute profits in the form of cash dividends:

- (I) The distributable profits realized by the Company in the current year or half year (i.e. the after-tax profits remaining after the Company covers losses and withdraws public reserves) are positive; and
- (II) The Company's accumulated distributable profits are positive;

The Company must distribute no less than 10% of the distributable profits realized in the current year in the form of cash each year.

The Company's Board of Directors must develop differentiated cash dividend policies in accordance with the procedures specified in the Articles of Association, taking into consideration such factors as industry characteristics, the Company's development stage, business operation model, profitability level and whether the Company has significant capital expenditure arrangements, to be applied in the following different situations:

- (I) Where the Company is in a sophisticated stage of development and has no significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution must reach a minimum of 80%;
- (II) Where the Company is in a sophisticated stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution must reach a minimum of 40%; and
- (III) Where the Company is in a growth stage of development and has any significant capital expenditure arrangement, the cash dividend payout ratio in the profit distribution must reach a minimum of 20%.

The cash dividend payout ratio in the profit distribution is cash dividends divided by the sum of cash dividends and stock dividends.

Where the Company's development stage is difficult to define, but the Company has any significant capital expenditure arrangement, the preceding provisions may still be followed.

On the premise of meeting the conditions for cash dividends and ensuring the normal operation and long-term development of the Company, the Company generally distributes cash dividends once a year after the annual general meeting of shareholders. The Company may distribute interim cash dividends according to its profitability and capital needs.

IV. Conditions for and Policy of Distribution of Stock Dividends

Subject to the Company's good operating conditions and rapid growth in performance, and the opinion of the Board of Directors that the Company's stock price does not match the Company's share capital size and distributing stock dividends is beneficial to the overall interests of all shareholders of the Company, a stock dividend distribution plan can be proposed on the premise of ensuring sufficient cash for profit distribution. If the Board of Directors intends to distribute profits in the form of stocks, the distribution is subject to reasonable cash dividend returns to shareholders and maintaining an appropriate share capital

size, and comprehensively considering such real and reasonable factors as the Company's growth and the dilution of net assets per share, to ensure that the profit distribution plan is in line with the overall interests of all shareholders.

V. Profit Distribution Decision-making Procedures and Mechanisms

The annual profit distribution plan of the Company must be formulated by the Board of Directors in accordance with the provisions of the Articles of Association and based on the Company's profitability and supply and demand of funds. The Board of Directors must carefully examine and discuss such matters as the timing, conditions, minimum ratio, adjustment criteria of the Company's cash and stock dividend distribution and its decision-making procedure, and fully considers such factors as the Company's profitability, cash flows, development capital needs, financing costs, and external financing environment to scientifically formulate a profit distribution plan. Independent directors may solicit the opinions from small- and medium-sized shareholders and submit a dividend distribution proposal to the Board of Directors for deliberation. Prior to the deliberation of the profit distribution plan by the Shareholders' Meeting, the Company must take the initiative to communicate with shareholders, especially small- and medium-sized investors, through multiple channels, and sufficiently consider the comments and requests from small- and medium-sized shareholders. The Board of Supervisors must supervise the Board of Directors in formulating the Company's profit distribution plan and decision-making procedures.

If the Board of Directors of the Company has not proposed a cash dividend distribution plan, it must disclose the reasons in its resolution announcement and annual report, and provide special explanations on the exact use of the Company's retained earnings and expected investment returns.

When the Board of Directors deliberates on the formulation or modification of the profit distribution policy, the formulation or modifications must be decided by a majority of votes of all directors before they can be submitted to the Shareholders' Meeting for deliberation. The formulation or modifications must also be adopted by more than two-thirds of the voting rights held by shareholders (including shareholder agents) present at the Shareholders' Meeting.

Following the resolution of the Shareholders' Meeting on the profit distribution plan, the Board of Directors must complete the distribution of cash or stock dividends within 2 months from the date of the meeting.

If any shareholder illegally occupies any funds of the Company, the Company must deduct the cash dividends distributed to the shareholder to repay the occupied funds.

VI. Adjustment and Change of Profit Distribution Policy

The Company's profit distribution policy must not be changed arbitrarily. The Company must formulate or modify the profit distribution policy based on its own actual situation and in combination with the opinions from shareholders (especially public investors) and independent directors. If it is necessary to adjust the profit distribution policy due to significant changes in the external business environment or the Company's own operating conditions, the reasons must be discussed and explained in detail in the proposal of the Shareholders' Meeting from the starting point of protecting shareholders' rights and interests. The adjusted profit distribution policy must not violate laws, regulations, or relevant provisions of the CSRC and the SSE. The proposal to adjust the profit distribution policy must be deliberated and approved by the Board of Directors and the Board of Supervisors before being submitted to the Shareholders' Meeting for approval. When the Board of Directors deliberates on the modification of the profit distribution policy, modifications must be decided by a majority of votes of all directors and adopted by more than half of the independent directors before it can be submitted to the Shareholders' Meeting for deliberation. When the Shareholders' Meeting deliberates on the modification of the profit distribution policy, the modification must be adopted by more than two-thirds of the voting rights held by the shareholders present at the Shareholders' Meeting. In order to fully gather the opinions of small- and medium-sized shareholders, the Company must provide convenience for public shareholders to participate in the Shareholders' Meeting

through online voting and other means. If necessary, independent directors may publicly solicit the voting rights of small- and medium-sized shareholders.

VII. Disclosure of the Company's Profit Distribution Policy

The Company must disclose in detail the formulation and implementation of a profit distribution policy in its annual report, and provide special explanations on: whether cash dividends comply with the provisions of the Articles of Association or the requirements of the resolution of the Shareholders' Meeting; whether the standard and proportion of cash dividends are clear and explicit; whether the relevant decision-making procedures and mechanisms are complete; if the Company has not distributed cash dividends, it must disclose the specific reasons and the measures to be taken to enhance the level of investor returns; whether small- and medium-sized shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate rights and interests are fully protected. If there is any adjustment or change to the cash dividend policy, detailed explanations must also be provided on whether the conditions and procedures for the adjustment or change are compliant and transparent.

During the Reporting Period, the Company's 2023 Annual General Meeting of Shareholders deliberated on and approved the profit distribution plan of 2023: the Company distributed a cash dividend of RMB0.91 (including tax) per share to all shareholders based on 394,546,590 shares, which represent the total share capital of 396,757,415 shares as of the record date on which equity distribution is implemented, deducting 2,210,825 shares in the Company's special securities account for repurchase), totaling RMB359,037,396.90 (including tax). The said dividend distribution was completed on June 25, 2024.

(II) Special description of the cash dividend policy

☒ Applicable" ☐ Not applicable"

Is the cash dividend policy acceptable under the Company's Articles of Association or as required by resolutions at the General Meeting of Shareholders?	<input checked="" type="checkbox"/> Yes" <input type="checkbox"/> No"
Are dividend distribution standard and ratio clearly defined?	<input checked="" type="checkbox"/> Yes" <input type="checkbox"/> No"
Are decision-making procedures and mechanisms complete?	<input checked="" type="checkbox"/> Yes" <input type="checkbox"/> No"
Do independent directors fulfill their duties and play their roles diligently?	<input checked="" type="checkbox"/> Yes" <input type="checkbox"/> No"
Do minority shareholders have the opportunity to fully express their opinions and demands, and are their legitimate rights and interests fully protected?	<input checked="" type="checkbox"/> Yes" <input type="checkbox"/> No"

(III) Where the Company made profits and the parent company could provide positive profits available to shareholders for distribution but did not propose a cash profit distribution plan during the Reporting Period, the Company shall disclose the reasons in details and the purpose and use of undistributed profits.

☐ Applicable" ☒ Not applicable"

(IV) Profit distribution and capitalization of capital reserves during the Reporting Period

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Number of bonus shares distributed per 10 shares (shares)	0.00
Dividends per 10 shares (RMB) (tax included)	11.90
Conversions per 10 shares (shares)	0.00
Amount of cash dividends (tax included)	468,903,708.70

Net profits attributable to ordinary shareholders of listed companies in the consolidated statement (%)	1,551,995,692.29
Proportion of cash dividends in net profits attributable to ordinary shareholders of listed companies in the consolidated statement (%)	30.21
Amount of shares repurchased in cash included in cash dividends	153,038,949.37
Total dividend amount (tax included)	621,942,658.07
Proportion of total cash dividends in net profits attributable to ordinary shareholders of listed companies in the consolidated statement (%)	40.07

(V) Cash dividends for the past three fiscal years

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Accumulated amount of cash dividends (including tax) for the past three fiscal years (1)	1,225,396,672.01
Accumulated amount of repurchases and cancellations for the past three fiscal years (2)	0.00
Accumulated amount of cash dividends, repurchases and cancellations (including tax) for the past three fiscal years (3) = (1) + (2)	1,225,396,672.01
Annual average amount of net profits for the past three fiscal years (4)	1,187,754,686.01
Ratio of cash dividends for the past three fiscal years (5) = (3) ÷ (4)	103.17
Net profits attributable to ordinary shareholders of listed companies in the consolidated statement for the last fiscal year	1,551,995,692.29
Undistributed profits at the end of the fiscal year in the parent company's statement for the last fiscal year	3,240,618,780.75

XI. The Company's Equity Incentive Plans, Employee Stock Ownership Plans or Other Employee Incentives and Their Impact**(I) Relevant incentive matters disclosed in the temporary announcement and with no progress or changes in subsequent implementation**

"√ Applicable" "□ Not applicable"

Matter	Reference
Announcement on Adjusting the Price and Quantity of Restricted Shares Repurchased under the 2022 Restricted Shares Incentive Plan	No. 2023-036 announcement published on the SSE website, <i>Shanghai Securities News</i> , and <i>Securities Times</i> on June 21, 2023
Announcement on the Repurchase and Cancellation of	No. 2023-037 announcement published on the SSE website, <i>Shanghai Securities News</i> , and <i>Securities Times</i> on June 21, 2023

Some Equity Incentive Restricted Shares	
Announcement on the Implementation of the Repurchase and Cancellation of Some Restricted Shares under the 2022 Restricted Shares Incentive Plan	No. 2023-044 announcement published on the SSE website, <i>Shanghai Securities News</i> , and <i>Securities Times</i> on August 22, 2023
Announcement on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares	No. 2023-058 announcement published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on September 15, 2023
Announcement on the Satisfaction of Conditions for Release from Sales Restrictions in the First Release Period under the 2022 Restricted Shares Incentive Plan and Listing	No. 2023-061 announcement published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on September 20, 2023
Announcement on Adjusting the Repurchase Price of the 2022 Restricted Shares Incentive Plan	No. 2023-069 announcement published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on October 24, 2023
Announcement on the Implementation of the Repurchase and Cancellation of Some Restricted Shares under the 2022 Restricted Shares Incentive Plan	No. 2023-080 announcement published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on December 11, 2023
Announcement on Adjusting the Repurchase Price of the 2022 Restricted Shares Incentive Plan	Announcement No. 2024-037 published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on August 28, 2024
Announcement on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares	Announcement No. 2024-038 published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on August 28, 2024
Announcement on the Implementation of the Repurchase and Cancellation of Some Restricted Shares under the 2022 Restricted Shares Incentive Plan	Announcement No. 2024-049 published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on October 21, 2024
Announcement on the Satisfaction of Conditions Satisfaction from Sales Restrictions in the Second Release Period under the 2022	Announcement No. 2024-052 published on the SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , and <i>China Daily</i> on October 25, 2024

Restricted Shares Incentive Plan and Listing	
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(II) Incentives not disclosed in the interim announcement or with subsequent progress

Equity incentives

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Employee stock ownership plans

☐ Applicable" ☒ Not applicable"

Other incentives

☐ Applicable" ☒ Not applicable"**(III) Equity incentives granted to directors and senior management during the Reporting Period**☐ Applicable" ☒ Not applicable"☒ Applicable" ☐ Not applicable"

Unit: Share

Name	Position	Number of restricted shares held at the beginning of the year	Number of newly granted restricted shares during the Reporting Period	Price of restricted shares granted (RMB)	Unlocked shares	Locked shares	Number of restricted shares held at the end of the Reporting Period	Market price as of the end of the Reporting Period (RMB)
JIN Yanhua	Director, Deputy General Manager	137,200	0	78.56	117,600	78,400	78,400	84.70
WANG Li	Deputy General Manager, Secretary of the Board of Directors, CFO	176,400	0	78.56	151,200	100,800	100,800	84.70
Total	/	313,600	0	/	268,800	179,200	179,200	/

Note: The Company implemented the 2022 Equity Distribution Plan on May 29, 2023, in which the Company distributed to all shareholders a cash dividend of RMB8.70 (tax inclusive) per 10 shares based on the total share capital as of the record date on which equity distribution is implemented and issued 4

shares for every 10 shares to all shareholders through capitalization of the capital reserve. The "locked shares", "unlocked shares" and "number of restricted shares held at the end of the period" mentioned in the table above include the shares converted through the capitalization of the capital reserve in 2022.

(IV) Evaluation mechanism for senior management as well as the establishment and implementation of the incentive mechanism during the Reporting Period

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company's General Manager and other senior management were evaluated based on performance indicators and their annual performance remuneration was submitted by the Remuneration and Appraisal Committee to the Board of Directors for deliberation.

XII. Construction and Implementation of the Internal Control System during the Reporting Period

☒ Applicable ☐ Not applicable

The Company has developed relevant systems, including the *Internal Audit Management Policies*, the *External Guarantee Decision-making Management System*, the *Related Transaction Decision-Making Policies*, the *Raised Funds Management System*, and the *Information Disclosure Management System*. It has also implemented processes for applications and approvals related to company establishment, investment, and changes; entrusted wealth management; guarantees; and information disclosure. The Company continuously improves the internal control system and related processes, regulates the implementation of the internal control system, strengthens the supervision and inspection of internal control, and promotes the healthy and sustainable development of the Company.

Description of material deficiencies in internal control during the Reporting Period

☐ Applicable ☒ Not applicable

XIII. Management and Control of Subsidiaries during the Reporting Period

☒ Applicable ☐ Not applicable

The Company has developed systems including the *External Investment and Operation Decision-Making System* and the *Subsidiary Management System* to implement centralized control over subsidiaries. The Company HQ is responsible for financial management, asset operation and overall strategic planning, while subsidiaries develop their business strategies based on the Company's overall strategic planning.

XIV. Description of the Internal Control Audit Report

☒ Applicable ☐ Not applicable

During the Reporting Period, Pan-China Certified Public Accountants (Special General Partnership), the Company's internal control auditing firm, issued the *Internal Control Audit Report* (T.J.S.[2025] No.[6223]), in which they concluded that the Company had maintained effective internal control over financial reporting in all material aspects as of December 31, 2024 pursuant to the *Basic Rules for Internal Control* and other applicable provisions.

Whether to disclose the internal control audit report: Yes

Type of opinion in the internal control audit report: Standard unqualified opinion

XV. Correction of Problems Identified in the Special Action for Governance of Listed Companies

None

XVI.Other

"☐ Applicable" "☒ Not applicable"

Section V Environmental and Social Responsibility

I. Environmental Information

Whether to establish the environmental protection mechanism	Yes
Investment in environmental protection during the Reporting Period (Unit: RMB '0,000)	184.41

(I) Description of environmental issues of the Company and major subsidiaries included in the list of primary pollutant discharge entities announced by the environmental authority

☐ Applicable" ☒ Not applicable"

(II) Description of environmental issues of the Company not included in the list of primary pollutant discharge entities

☒ Applicable" ☐ Not applicable"

1. Administrative penalties due to environmental issues

☐ Applicable" ☒ Not applicable"

2. Disclosure of other environmental information with reference to primary pollutant discharge entities

☒ Applicable" ☐ Not applicable"

During the Reporting Period, the Company strictly complied with environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Laws of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes*, and the *Regulations on the Safety Management of Hazardous Chemicals*. The Company continuously optimized the environmental management system to establish a top-down environmental management structure. Furthermore, the Company established a governance mechanism involving decision-making by the General Manager, supervision by the Environmental Management Committee, and execution by various departments. In doing this, the Company ensures the effective and continuous development of its environmental management practices and is committed to continuously improving environmental performance.

We follow an environmental management policy to save energy, reduce consumption and emissions, and increase efficiency. We have established management systems tailored to our production and operations, covering all environmental impact factors, and rigorously implementing these systems across procurement, production and R&D processes. Additionally, we conduct regular environmental training for employees to ensure effective control of environment-related risks.

During the Reporting Period, the Company's use of resources had no significant impact on the environment. The Company paid environmental protection taxes and fees in full, and no violations of environmental protection laws or regulations occurred.

The Company's Huzhou production base strictly follows the *Code for Quality Management of Cosmetics Production* for overall planning, and the environmental indicators of the clean area of the production workshop fully meet the high standards of the cosmetics industry. Through intelligent upgrades, the base has established a smart warehousing system centered on a data platform, enabling fully automated robotic operations throughout the process. This fosters a sustainable green production cycle, effectively supporting the strategic goals of cost reduction and efficiency improvement. The Company's Huzhou Factory was recognized as a "2024 National Green Factory" in the "2024 Green Manufacturing List"

released by the Ministry of Industry and Information Technology of the People's Republic of China. Additionally, the factory was recognized as a "Zhejiang Province Future Factory", "Intelligent Factory of Zhejiang", "Green and Low-Carbon Factory of Zhejiang" and "Huzhou Water-Saving Enterprise".

In 2024, the Company submitted the Climate Change Questionnaire to the Carbon Disclosure Project (CDP) and achieved grade "B" for two consecutive years, reflecting its effective management in sustainability and climate action.

The pollutant emissions and wastes produced by the Company mainly come from product R&D and production and employee office activities. The Company strictly abides by the *Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes* and other laws and regulations. We have formulated the *Sewage Treatment Management System*, the *Boiler Management System*, the *Hazardous Waste Management System* and other systems to effectively control the discharge of pollutants and wastes. The Huzhou Production Base has established a comprehensive pollutant emission management system. The General Manager of the production base is fully responsible for developing the Company's pollutant emission management strategy and making relevant major decisions. The Pollutant Emission Management Committee is responsible for supervising the implementation of the pollutant emission management plan, and each department is responsible for implementing emission reduction and improvement measures according to its own responsibilities and reporting regularly to its higher authorities.

In addition, we have established a long-term monitoring mechanism to manage pollutant emissions, regularly commissioning third-party agencies to conduct tests on waste gas and wastewater, and compiling test reports. During the Reporting Period, the concentration of pollutants in the Company's wastewater and waste gas was below the national emission limits.

In 2024, the Huzhou Factory of the Company initiated a "Zero Direct Discharge of Rainwater" renovation project. The system automatically assesses whether the water quality meets standards, thereby precisely controlling the opening and closing of the valves and significantly enhancing wastewater management efficiency.

3. Reasons for non-disclosure of other environmental information

☐ Applicable" ☒ Not applicable"

(III) The Company's performance in helping protect the environment, prevent pollution and fulfill environmental responsibilities

☒ Applicable" ☐ Not applicable"

During the Reporting Period, the Company's emissions of greenhouse gases were generated throughout the product lifecycle, with a small percentage arising from office operations.

The Company has established a top-down ESG management structure, overseen by the Strategy Committee under the Board of Directors, which is responsible for supervising ESG-related topics, including the topic of "climate change mitigation and adaptation," to ensure alignment with the Company's needs. The ESG Management Committee has been established under the Strategy Committee under the Board of Directors. It is responsible for supervising and guiding the climate change plan, formulating and supervising the implementation of climate change performance objectives, and developing climate change incentive policies. It operates under the oversight of the Strategy Committee under the Board of Directors. The ESG Implementation Team under the ESG Management Committee is the core team for climate change management.

The Company has conducted a preliminary climate risk analysis and assessment with reference to the disclosure framework of *International Financial Reporting Sustainable Disclosure Standard No. 2 - Climate-related Disclosure* issued by the International Sustainable Standards Board (ISSB) and in

combination with its business characteristics. The Company has identified climate risks and potential opportunities directly related to its assets and operations, and has taken measures to effectively address the identified risks and opportunities. For the identification of and response to climate change risks and opportunities, refer to the *Company's Sustainability Report 2024*.

The Company drives the process of climate change adaptation and mitigation by setting specific and measurable goals. Through actively implementing emission reduction and transformation plans, optimizing energy use, and strengthening environmental protection, we are committed to achieving carbon neutrality across our entire value chain and aligning with global climate change efforts.

(IV) Measures taken to reduce carbon emissions during the Reporting Period and their effects

Whether to take carbon emission reduction measures	Yes
Carbon dioxide emission equivalent reduced (unit: tons)	6,598.69
Type of carbon emission reduction measures (such as electricity generation with clean energy, carbon reduction technologies used in production, or the R&D and production of new products that help reduce carbon emissions)	<p>1. Use of clean energy:</p> <p>(1) Purchased 7,104 megawatt-hours of green certificates, reducing carbon dioxide emissions by 4,160.1 tons;</p> <p>(2) The total annual power generation of rooftop photovoltaic was about 2,562.09 megawatt-hours, reducing carbon dioxide emissions by 1,500.36 tons;</p> <p>2. Carbon reduction in packaging:</p> <p>Through the replacement design and simplified packaging of five products, such as Advanced Firming Nourishing Light Cream and Double Effect Brightening Essence, the use of plastic by about 300 tons and carbon dioxide emissions by 938.23 tons.</p>

Specific description

☐ Applicable" ☒ Not applicable"

II. Social Responsibility

(I) Whether to independently disclose social responsibility reports, sustainable development reports, or ESG reports

☒ Applicable" ☐ Not applicable"

For details, see the *Company's Sustainability Report 2024* disclosed by the Company on the SSE website (www.sse.com.cn).

(II) Description of social responsibilities

☒ Applicable" ☐ Not applicable"

External donation and charity projects	Quantity/ content	Description
Total investment (RMB10,000)	258.87	Includes funds and materials donated by the Company to various community philanthropy and charitable activities.
Including: funds (RMB10,000)	257.28	1. The Company donated RMB100,000 to Beijing Aita Animal Protection Foundation;

		<p>2. The Company donated RMB1,000,000 to Zhejiang Proya Public Welfare Foundation for the Yueqing Traditional Opera Art Heritage Public Welfare Project;</p> <p>3. The Company donated RMB80,000 to a social commonweal fund;</p> <p>4. The Company donated RMB70,000 to Shenzhen Social Commonweal Fund;</p> <p>5. The Company donated RMB101,088 in cash to the Beijing New Sunshine Charity Foundation for the Glimmering Project and RMB851,158.8 in cash for the Echo Hotline;</p> <p>6. The Company donated RMB6,000 to Shenzhen iRead Foundation;</p> <p>7. The Company donated RMB12,666.67 to Hangzhou Shangcheng District Liuhe Public Welfare Reading Development Center.</p> <p>8. The Company donated RMB300,000 to the Wuxing Charity Federation in Huzhou City;</p> <p>9. The Company donated RMB13,392.91 of public welfare funds for orders placed with the brand's online stores;</p> <p>10. The Company donated RMB38,500 to Huzhou Wuxing Zhonghe Advertising Design Studio to sponsor youth activities.</p>
Cash value of materials (RMB10,000)	1.59	1. The Company settled the freight cost of RMB15,914.01 for Gansu earthquake materials with Hangzhou Da'en Supply Chain Management Co., Ltd.
Number of beneficiaries (persons)	8,856	The statistics include various public welfare activities and charitable donations carried out in 2024.

Specific description

☐ Applicable ☒ Not applicable

III. Poverty Alleviation and Rural Revitalization Progress

☐ Applicable ☒ Not applicable

Specific description

☐ Applicable ☒ Not applicable

Section VI Important Matters

I. Fulfillment of Commitments

(I) Commitments made by the Company's actual controllers, shareholders, related parties, acquirers and the Company and other relevant parties during the Reporting Period or continuing to the Reporting Period

"√ Applicable" "□ Not applicable"

Background	Promise Type	Promisor	Promise Description	Date	Any deadline for performance	Duration	Whether the commitment is timely and strictly performed	Cause for any failure to perform in time	The next step in the event of failure to perform in time
IPO-related commitments	Restrictions on sales	Directors, senior management HOU Juncheng, FANG Yuyou and CAO Liangguo	(1) During their terms as the Company's director/senior management, they shall not transfer more than 25% of their total shares directly or indirectly held in the Company each year. Within six months after leaving office, they shall not transfer their shares directly or indirectly held in the Company. (2) If their shares in the Company are sold within two years upon expiration of the lock-up period, the selling price shall not be lower than the offering	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			price. If the closing price of the Company's shares is lower than the offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months. Their commitments above shall survive job change and resignation. (3) Should any of them/their partnership violate the said share lock-up commitments, the lock-up period for their/their partnership's shares in the Company will be automatically extended for 6 months.						
	Restrictions on sales	Senior management JIN Yanhua	(1) Within 12 months from the date of the Company's IPO, they shall not transfer or authorize any other to manage their shares directly or indirectly held in the	April 16, 2018	No	From April 16, 2018 onwards	Yes	Not applicable	Not applicable

			Company or have the Company repurchase such shares. (2) During their terms as the Company's senior management, they shall not transfer more than 25% of their total shares directly or indirectly held in the Company each year. Within six months after leaving office, they shall not transfer their shares directly or indirectly held in the Company. (3) If their shares in the Company are sold within two years upon expiration of the lock-up period, the selling price shall not be lower than the offering price. If the closing price of the Company's shares is lower than the offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the						
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			Company will be automatically extended for 6 months. Their commitments above shall survive job change and resignation. (4) Should any of them or their partnership violate the said share lock-up commitments, the lock-up period for their or their partnership's shares in the Company will be automatically extended for 6 months.						
	Restrictions on sales	Senior management WANG Li	(1) Within 12 months from the date of the Company's IPO, they shall not transfer or authorize any other to manage their shares directly or indirectly held in the Company or have the Company repurchase such shares. (2) During their terms as the Company's senior management, they shall not transfer more than 25% of their total shares directly or indirectly held in the Company each year. Within six months after leaving office, they shall not transfer	September 3, 2018	No	From September 3, 2018 onwards	Yes	Not applicable	Not applicable

			their shares directly or indirectly held in the Company. (3) If their shares in the Company are sold within two years upon expiration of the lock-up period, the selling price shall not be lower than the offering price. If the closing price of the Company's shares is lower than the offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months. Their commitments above shall survive job change and resignation. (4) Should any of them or their partnership violate the said share lock-up commitments, the lock-up period for their or their partnership's shares in the Company will be						
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			automatically extended for 6 months.						
	Restrictions on sales	Controlling shareholder and actual controller HOU Juncheng and FANG Aiqin	(1) Within 24 months upon expiration of the lock-up period, they shall not directly or indirectly reduce their shares in the Issuer by more than 6% of the total number of shares of the Issuer before such IPO. (2) They must sell shares in the Company through methods including but not limited to collective trading through bidding, block trading, and transfer by agreement and transfer by agreement in line with applicable laws, regulations and rules. (3) Before selling the Company's shares, they shall announce the same three trading days in advance, discharge the obligation to disclose information in a timely and accurate manner as per the rules of the securities exchange, except to the extent that their shares in the Company are less than 5%. (4) Should they fail to	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			perform the said intent of share reduction, they must explain the cause for failing to do so in the Company's General Meeting of Shareholders and the media designated by the CSRC and publicly apologize to the Company's shareholders and public investors.						
	Restrictions on sales	Shareholders FANG Yuyou and LI Xiaolin directly holding more than 5% shares in the Company	(1) If they intend to reduce shares after the lock-up period expires, they will prudently make a share reduction plan as necessary for the Company to stabilize the share price and conduct operations and capital operations as required by the CSRC and the exchange on shareholders for share reduction, whereby reducing shares gradually upon expiration of the lock-up period. (2) They must sell shares in the Company with methods including but not limited to collective trading through bidding, block trading, and transfer by agreement in line with	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			<p>applicable laws, regulations and rules. (3) Before selling the Company's shares, they shall announce the same three trading days in advance, discharge the obligation to disclose information in a timely and accurate manner as per the rules of the securities exchange except to the extent that their shares in the Company are less than 5%.</p> <p>(4) Should they fail to perform the said intent of share reduction, they must explain the cause for failing to do so in the Company's General Meeting of Shareholders and the media designated by the CSRC and publicly apologize to the Company's shareholders and public investors.</p>						
	Other	The Company	When the preconditions for enabling the share price stabilization plan are met, if the Company fails to take specific measures to stabilize the share price, the Company must explain the cause for	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			failing to do so in the Company's General Meeting of Shareholders and the media designated by the CSRC and publicly apologize to the Company's shareholders and public investors. In the event of losses to investors not as a result of force majeure, the Company will be liable for compensation to investors by law, and be liable otherwise as required by laws, regulations and competent regulators; if the losses are caused due to force majeure, the Company shall work out a plan in the shortest possible time to minimize losses to investors and submit it to the General Meeting of Shareholders for deliberation, so as to protect the interests of the Company's investors as much as possible. Within three years from the date of the Company's IPO, if the Company appoints new directors and senior management, the Company						
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			will require such new directors and senior management to fulfill the commitments made by the directors and senior management at the time of the Company's IPO.						
	Other	The Company's controlling shareholders and actual controllers	When the preconditions for enabling the share price stabilization plan are met, if failing to take specific measures to stabilize the share price, they must explain the cause for failing to do so at the Issuer's General Meeting of Shareholders and the media designated by the CSRC and publicly apologize to the Issuer's shareholders and public investors. Where the commitment is not fulfilled, they will not receive shareholder dividends from the Issuer within 5 working days from the date when the said incident occurs, and they will not be able to transfer their shares until they take measures to stabilize the share	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			price as per the said plan and achieve results.						
	Other	The Company's directors (excluding independent directors) and senior management	When the preconditions for enabling the share price stabilization plan are met, if failing to take specific measures to stabilize the share price as per the plan to stabilize the share price, they must explain the cause for failing to do so at the Issuer's General Meeting of Shareholders and the media designated by the CSRC and publicly apologize to the Issuer's shareholders and public investors. Where the commitment is not fulfilled, they will not receive remuneration and shareholder dividends (if any) from the Issuer within 5 working days from the date when the said incident occurs, and they will not be able to transfer their shares until they take measures to stabilize the share price as per the said plan and achieve results.	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

	Other	The Company	If the Company's prospectus contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities transactions, the Company will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange or the judicial authority where the Company is located, the Company will actively compensate investors for direct economic losses incurred therefrom by settling with investors with respect to measurable economic losses directly incurred to investors, mediating with investors through a third party and establishing an investor compensation fund based on the principles of procedure simplification, active negotiation, compensation in advance, and effective protection of investors'	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable
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			interests, especially small and medium investors. If found to have violated the said commitments, the Company will publicly apologize to shareholders and public investors for failing to perform the said compensation measures at the General Meeting of Shareholders and the media designated by the CSRC and compensate investors for the actual losses identified by the CSRC and the judicial authority.						
	Other	The Issuer's controlling shareholders and actual controllers	If the Issuer's prospectus contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities transactions, they will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange or the judicial authority where the Company is located, the Company will	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			actively compensate investors for direct economic losses incurred therefrom by settling with investors with respect to measurable economic losses directly incurred to investors, mediating with investors through a third party and establishing an investor compensation fund based on the principles of procedure simplification, active negotiation, compensation in advance, and effective protection of investors' interests, especially small and medium investors. If found to have violated the said commitments, the Company's controlling shareholders and actual controllers will publicly apologize to the Issuer's shareholders and public investors for failing to perform the said compensation measures at the Issuer's General Meeting of Shareholders and the media designated by the CSRC and will not receive shareholder						
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			dividends from the Issuer within 5 working days from the date when the said commitments are violated, and their shares in the Issuer will not be transferred until they take compensation measures as per the said commitments and achieve results.						
	Other	Directors, supervisors and senior management	If the Issuer's prospectus contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities transactions, they will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange or the judicial authority where the Company is located, the Company will actively compensate investors for direct economic losses incurred therefrom by settling with investors with respect to measurable economic losses directly incurred to investors,	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			mediating with investors through a third party and establishing an investor compensation fund based on the principles of procedure simplification, active negotiation, compensation in advance, and effective protection of investors' interests, especially small and medium investors. If found to have violated the said commitments, the Company's directors, supervisors and senior management will publicly apologize to the Issuer's shareholders and public investors for failing to perform the said compensation measures at the Issuer's General Meeting of Shareholders and the media designated by the CSRC and will not receive remuneration (or allowances) and shareholder dividends (if any) from the Issuer within 5 working days from the date when the said commitments are violated, and their shares						
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			in the Issuer will not be transferred until they take compensation measures as per the said commitments and achieve results.						
	Other	The Company	In order to ensure the effective use of the proceeds from the IPO, effectively prevent the risk of diluting immediate returns and improve future returns, the Company intends to take measures including tightening operation management and internal control, accelerating the progress of fundraising projects, and strengthening the investor return mechanism, so as to improve asset quality, increase operation revenue, raise future earnings, and achieve sustainable development to fill the diluted immediate returns. The Company promises to continuously improve various measures to fill the diluted spot returns in accordance with the implementation rules issued	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			by the CSRC and Shanghai Stock Exchange. If found to have violated the said commitments, the Company will promptly announce the facts and cause of such violation, except for force majeure or other reasons not attributable to the Company, apologize to the Company's shareholders and public investors, make supplementary commitments or substitute commitments to investors to protect the interests of investors as much as possible, and implement such supplementary commitments or substitute commitments subject to the approval by the Company's General Meeting of Shareholders.						
	Other	Controlling shareholder and actual controller HOU Juncheng and FANG Aiqin	In order to ensure that the Company's measures to fill the diluted immediate returns can be effectively performed, they, as the Company's controlling shareholder and actual controller, promise	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			that: (1) Under no circumstances will they abuse the position as the controlling shareholder and actual controller by ultra vires interfering with the Company's operation and management activities or encroaching on the Company's interests; (2) After the CSRC and Shanghai Stock Exchange have otherwise released opinions and implementation rules on measures to fill the diluted immediate returns and relevant commitments, if the Company's relevant provisions and their commitments contradict such rules, they will immediately make supplementary commitments in line with such rules of the CSRC and Shanghai Stock Exchange, and actively promote the Company to issue new commitments or measures up to the requirements of the CSRC and Shanghai Stock						
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			Exchange; (3) They will fully, completely and timely perform the Company's measures to fill the diluted immediate returns and their commitments regarding the measures to fill the diluted immediate returns. If found to have violated such commitments, which causes losses to the Company or shareholders, they are willing to: ① state the cause and apologize at the General Meeting of Shareholders and the media designated by the CSRC; ② be liable for compensation to the Company and/or shareholders by law; ③ unconditionally accept the penalties or regulatory measures taken by the CSRC and/or Shanghai Stock Exchange and other securities regulators as per their current rules. The said measures to fill the diluted immediate returns shall not be deemed to constitute a guarantee for the Company's future profits.						
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	Other	Directors, senior management	<p>In order to ensure that the Company's measures to fill the diluted immediate returns can be effectively performed, they, as the Company's directors and senior management, promise that:</p> <p>(1) They will not offer benefits to other entities or individuals for free or on unfair terms, or otherwise harm the Company's interests;</p> <p>(2) They will strictly follow the Company's budget management by limiting their duty-related consumption to the extent required, subject to the Company's supervision, and free from waste or extravagance;</p> <p>(3) They will not use the Company's assets to engage in investment and consumption activities unrelated to their duties;</p> <p>(4) They will actively promote the improvement of the Company's compensation system to better meet the requirements for filling the diluted immediate returns;</p>	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable
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			support the Company's Board of Directors or Remuneration Committee to link the development, revision, and supplementation of the Company's compensation system with the implementation of the measures to fill the diluted immediate returns; promise that the vesting conditions for the Company's equity incentives will be linked to the implementation of the Company's measures to fill the diluted immediate returns; (5) After the CSRC and Shanghai Stock Exchange have otherwise released the opinions and implementation rules on the measures to fill the diluted immediate returns and relevant commitments, if the Company's relevant provisions and their commitments contradict such rules, they will immediately make supplementary commitments in line with such rules of the CSRC and						
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			Shanghai Stock Exchange, and actively promote the Company to issue new commitments or measures up to the requirements of the CSRC and Shanghai Stock Exchange; (6) They will fully, completely and timely perform the Company's measures to fill the diluted immediate returns and their commitments regarding the measures to fill the diluted immediate returns. If found to have violated such commitments, which causes losses to the Company or shareholders, they are willing to: ① state the cause and apologize at the General Meeting of Shareholders and the media designated by the CSRC; ② be liable for compensation to the Company and/or shareholders by law; ③ unconditionally accept the penalties or regulatory measures taken by the CSRC and/or Shanghai Stock Exchange and other securities						
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			regulators as per their current rules. The said measures to fill the diluted immediate returns shall not be deemed to constitute a guarantee for the Issuer's future profits.						
	Avoiding horizontal competition	Controlling shareholder and actual controller HOU Juncheng and FANG Aiqin	1. They do not and will not directly or indirectly engage in any activities constituting horizontal competition with the existing and future businesses of the Company and its holding subsidiaries, including but not limited to the R&D, production and sale of any products same as or similar to those of the Company and its holding subsidiaries. They shall be liable for the economic losses to the Company caused by violation of the above commitments. 2. For the enterprises under their control, They will perform their obligations under such commitments by assigning agencies and personnel (including but not limited to directors and managers), and	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

			<p>They shall be liable for the economic losses to the Company caused by violation of the above commitments. 3. From the date of signing this letter of commitment, if the Company further expands its product and business scope, the enterprises under their control shall not compete with the Company within the expanded product or business scope, or will, in case of any possible competition with the Company within the expanded product or business scope, withdraw from the competition by: (1) stopping the production of competing or potentially competing products; (2) stopping the operation of competing or potentially competing business; (3) transferring the competing business to the Company; or (4) transferring the competing business to an unrelated third party. 4. Their shareholding companies, including Hangzhou</p>						
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			Huazhuang Industrial Investment Co., Ltd., Huzhou MoganWangshu Cosmetics Industry Phase I Venture Capital Partnership (Limited Partnership), and companies that they invest in, engage in no cosmetics business or related upstream and downstream business. If they engage in such businesses in the future, They commit that they will withdraw their investment in those business through equity transfer and other means, and that the Company will be given priority to invest in the said enterprises according to legal provisions and the consent of other shareholders of those enterprises.						
Commitments on refinancing	Other	Controlling shareholder and actual controller HOU Juncheng and FANG Aiqin	Commitments on the effective fulfillment of the Company's measures to fill the diluted immediate returns: 1. Under no circumstances will they interfere with the Company's operation and management activities or encroach on the	April 21, 2021	No	From April 21, 2021 onwards	Yes	Not applicable	Not applicable

			company's interests by ultra vires; 2. From the date of the issuance of these commitments to the date of the Company's public issuance of A-share convertible corporate bonds, if the CSRC releases new regulatory rules on the measures to fill the diluted immediate returns and relevant commitments and the above-mentioned commitments can no longer satisfy the new regulatory rules, they will make supplementary commitments in line with the latest rules of the CSRC; 3. They will practically fulfill the Company's measures for filling the diluted immediate returns and their commitments regarding the measures to fill the diluted immediate returns. Where they violate those commitments, causing losses to the Company or investors, they will assume the compensation liability to the						
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			Company or investors according to law. As one of the parties responsible for the measures to fill the immediate returns, should they violate or refuse to fulfill the above commitments, they shall be subject to the punishment or relevant regulatory measures imposed on them by the securities regulatory authorities such as the CSRC and the SSE in accordance with the relevant regulations and rules.						
	Other	Directors, senior management	Commitments on the effective fulfillment of the Company's measures to fill the diluted immediate returns: 1. They will not offer benefits to other entities or individuals for free or on unfair terms, or otherwise harm the Company's interests; 2. They will limit their duty-related consumption; 3. They will not use the Company's assets to engage in investment and consumption activities unrelated to their duties; 4.	April 21, 2021	No	From April 21, 2021 onwards	Yes	Not applicable	Not applicable

			<p>The compensation system developed by the Board of Directors and the Remuneration and Appraisal Committee will be linked to the implementation of the measures for filling the diluted immediate returns; 5. If the Company issues equity incentives in the future, the vesting conditions for the Company's equity incentives will be linked to the implementation of the Company's measures to fill the diluted immediate returns; 6. From the date of the issuance of these commitments to the date of the Company's public issuance of A-share convertible corporate bonds, if the CSRC releases new regulatory rules on the measures to fill the diluted immediate returns and relevant commitments and the above-mentioned commitments can no longer satisfy the new regulatory</p>						
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			rules, they will make supplementary commitments in line with the latest rules of the CSRC. As one of the parties responsible for the measures to fill the immediate returns, should they violate or refuse to fulfill the above commitments, they shall be subject to the punishment or relevant regulatory measures imposed on them by the securities regulatory authorities such as the CSRC and the SSE in accordance with the relevant regulations and rules.						
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(II) Statement of whether the Company's assets or projects fulfilled the original profit forecast and its reason where the Company had profit forecasts on assets or projects and the Reporting Period fell within the term of profit forecasts

Whether the original profit forecast is reached and the description of reasons

"☐ Fulfilled" "☐ Unfulfilled" "☒ Not applicable"

(III) Execution of the performance undertakings and their impact on the goodwill impairment testing

"☐ Applicable" "☒ Not applicable"

II. Non-operating Occupation of Funds by the Controlling Shareholders and Other Related Parties during the Reporting Period

"☐ Applicable" "☒ Not applicable"

III. Illegal Guarantee

"☐ Applicable" "☒ Not applicable"

IV. Description of the Company's Board of Directors on the "Non-standard Audit Report" from the Accounting Firm

☐ Applicable ☒ Not applicable

V. Analysis and Explanation from the Company on the Reasons and Impact of Changes in Accounting Policies, Accounting Estimates or Correction on Significant Accounting Errors**(I) Analysis and explanation from the Company on the reasons and impact of changes in accounting policies or accounting estimates**

☐ Applicable ☒ Not applicable

(II) Analysis and explanation from the Company on the reasons and impact of the correction on significant accounting errors

☐ Applicable ☒ Not applicable

(III) Communication with the previous accounting firm

☐ Applicable ☒ Not applicable

(IV) Approval process and other explanations

☐ Applicable ☒ Not applicable

VI. Appointment and Dismissal of the Accounting Firm

Unit: Yuan Currency: RMB

	Current accounting firm
Name of the domestic accounting firm	Pan-China Certified Public Accountants (Special General Partnership)
Remuneration of the domestic accounting firm	1,600,000
Term of office of the domestic accounting firm	14 years
Names of CPAs from the domestic accounting firm	YIN Zhibin, WU Shaofang
Continual term of audit service provided by the CPAs from the domestic accounting firm	YIN Zhibin: 5 years of continual term of audit service WU Shaofang: 2 years of continual term of audit service

	Name	Remuneration
Accounting firm for internal control and audit	Pan-China Certified Public Accountants (Special General Partnership)	300,000

Description of appointment and dismissal of the accounting firm

☐ Applicable ☒ Not applicable

Description of the change of accounting firm during the Auditing Period

☐ Applicable ☒ Not applicable

Description of the decrease in audit fees by more than 20% (inclusive) compared to the previous year

☐ Applicable" ☒ Not applicable"

VII. Particulars on Risk of Delisting

(I) Reasons for the delisting risk warning

☐ Applicable" ☒ Not applicable"

(II) Measures to be taken by the Company

☐ Applicable" ☒ Not applicable"

(III) Situation and causes for termination of listing

☐ Applicable" ☒ Not applicable"

VIII. Matters Related to Bankruptcy and Reorganization

☐ Applicable" ☒ Not applicable"

IX. Material Litigations and Arbitrations

☐ The Company had material litigations and arbitrations during the year"

☒ The Company had no material litigations and arbitrations during the year"

X. Suspected Violations, Penalties and Rectifications of the Company and Its Directors, Supervisors, Senior Management, Controlling Shareholders and Actual Controllers

☐ Applicable" ☒ Not applicable"

XI. Description of the integrity of the Company and its controlling shareholders and actual controllers during the reporting period

☒ Applicable" ☐ Not applicable"

During the Reporting Period, the Company and its controlling shareholders and actual controllers were in good faith.

XII. Significant Related-party Transactions

(I) Related-party transactions pertaining to daily operation

1. Matters that have been disclosed in the interim announcement without progress or change in the follow-up implementation

☐ Applicable" ☒ Not applicable"

2. Matters that have been disclosed in the interim announcement with progress or changes in the follow-up implementation

☐ Applicable" ☒ Not applicable"

3. Matters not disclosed in the interim announcement

☐ Applicable" ☒ Not applicable"

(II) Related-party transactions arising from acquisition and disposal of assets or equity

1. Matters that have been disclosed in the interim announcement without progress or change in the follow-up implementation

☐ Applicable" ☒ Not applicable"

2. Matters that have been disclosed in the interim announcement with progress or changes in the follow-up implementation

☐ Applicable" ☒ Not applicable"

3. Matters not disclosed in the interim announcement

☐ Applicable" ☒ Not applicable"

4. Disclosable performance achievements during the Reporting Period involving agreed-upon performance

☐ Applicable" ☒ Not applicable"

(III) Significant related-party transactions pertaining to joint external investment

1. Matters that have been disclosed in the interim announcement without progress or change in the follow-up implementation

☐ Applicable" ☒ Not applicable"

2. Matters that have been disclosed in the interim announcement with progress or changes in the follow-up implementation

☐ Applicable" ☒ Not applicable"

3. Matters not disclosed in the interim announcement

☐ Applicable" ☒ Not applicable"

(IV) Credits and debits with related parties

1. Matters that have been disclosed in the interim announcement without progress or change in the follow-up implementation

☐ Applicable" ☒ Not applicable"

2. Matters that have been disclosed in the interim announcement with progress or changes in the follow-up implementation

☐ Applicable" ☒ Not applicable"

3. Matters not disclosed in the interim announcement

☐ Applicable" ☒ Not applicable"

(V) Financial business between the Company and related financial companies, holding financial companies and related parties

☐ Applicable" ☒ Not applicable"

(VI) Other

☐ Applicable ☒ Not applicable

XIII. Significant Contracts and Their Performance

(I) Trusteeship, contracting and leasing

1. Trusteeship

☐ Applicable ☒ Not applicable

2. Contracting

☐ Applicable ☒ Not applicable

3. Leasing

☐ Applicable ☒ Not applicable

(II) Guarantee

☐ Applicable ☒ Not applicable

(III) Entrusting others to manage cash assets

1. Entrusted wealth management

(1) Overall condition of entrusted wealth management

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(2) Individual entrusted wealth management

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(3) Impairment provisions of entrusted wealth management

☐ Applicable ☒ Not applicable

2. Entrusted loans

(1) Overall condition of entrusted loans

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(2) Individual entrusted loans

☐ Applicable ☒ Not applicable

Others

☐ Applicable ☒ Not applicable

(3) Impairment provisions of entrusted loans

☐ Applicable ☒ Not applicable

3. Others

☐ Applicable ☒ Not applicable

(IV) Other material contracts

☐ Applicable ☒ Not applicable

XIV. Progress on the Use of Raised Funds

☒ Applicable ☐ Not applicable

(I) Overall use of raised funds

☒ Applicable ☐ Not applicable

Unit: RMB '0,000

Source of raised funds	Time of paying in	Amount of raised funds	Net amount of raised funds (1)	Amount of fund raising commitment in the Prospectus (2)	Amount of over-raised funds (3) = (1) – (2)	Amount of raised fund as of the end of the Reporting Period (4)	Including: Amount of over-raised funds as of the end of the Reporting Period (5)	Progress of fund raising as of the end of the Reporting Period (%) (6) = (4) ÷ (1)	Progress of over-raising as of the end of the Reporting Period (%) (7) = (5) ÷ (3)	Amount invested in the current year (8)	Percentage of amount invested in the current year (%) (9) = (8) ÷ (1)	Amount of fund raising whose purpose is changed
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Issuance of convertible bonds	December 14, 2021	75,171.30	74,450.87	74,450.87		72,918.02		97.94		14,752.28	19.81	0.00
Total	/	75,171.30	74,450.87	74,450.87		72,918.02		/	/	14,752.28	/	0.00

Other explanations

"☐ Applicable" "☒ Not applicable"

(II) Details of fund raising projects

"☒ Applicable" "☐ Not applicable"

1. Detailed use of raised funds

"☒ Applicable" "☐ Not applicable"

Unit: RMB '0,000

Source of raised funds	Project Name	Project	Whether it is a commitment investment project in the Prospectus	Whether investment subject is changed	Amount of fund raising plan (1)	Amount invested in the current year	Amount of raised fund as of the end of the Reporting Period (2)	Progress of fund raising as of the end of the Reporting Period (%) (3) = (2) / (1)	Date when the project becomes available	Settled or not	Whether investment progress in line with the planned schedule	Reason for failure to keep up with the schedule	Benefit achieved in the current year	Benefit or research achievement that has been realized in this project	Whether there is a significant change in the feasibility of the project. If so, please provide specific details	Amount of balance
Issuance of convertible bonds	Huzhou Production Base Expansion Project (Phase I) [Note 1]	Construction	Yes	No	33,850.00	11,260.06	34,695.75	102.50	December 2024	Yes	Yes	Not applicable	26,531.86	48,787.26	No	0.00
Issuance of convertible bonds	Longwu R&D Center Construction Project [Note 1]	R&D	Yes	No	19,450.00	647.35	19,700.80	101.29	June 2024	Yes	Yes	Not applicable		Not applicable	No	0.00
Issuance of convertible bonds	Information System Upgrade Project	Operation management	Yes	No	8,801.27	2,810.72	5,954.17	67.65	December 2025 [Note 2]	No	No	With the rapid development of business,		Not applicable	No	3,179.35

												the Company's demand for information support platforms increased. At the same time, system debugging and implementation optimization needed to adapt to business development.				
Issuance of convertible bonds	Additional working capital [Note 1]	Supplementing working capital and repaying debts	Yes	No	12,349.60	34.15	12,567.30	101.76		Yes		Not applicable		Not applicable	No	0.00
Total	/	/	/	/	74,450.87	14,752.28	72,918.02	/ /	/	/	/	26,531.86	/	/	/	3,179.35

Note 1: The investment amount for the Huzhou Expansion Production Base Construction Project (Phase I), Longwu R&D Center Construction Project and the Additional Working Capital as of the end of the Reporting Period exceeded the adjusted total investment, with the progress exceeding 100.00%. This was due to the interest income generated from idle funds in the raised funds account.

Note 2: As deliberated and approved on the 19th meeting of the 3rd session of the Board of Directors and the 17th meeting of the 3rd session of the Board of Supervisors, the Company postponed the date for the information system upgrade project to reach the expected conditions for service from December 2024 to December 2025 based on the current actual construction situation of the project invested by the raised fund. The reason why the Company extended the construction period of the information system upgrade project is that: due to the rapid development of the Company's business and the continuous progress of information technology, the Company's requirements for the information support platform also increased, including iterative upgrades of software and hardware, and debugging and optimization of information systems; in order to ensure the quality of the implementation of the project invested by raised funds and the effectiveness of the use of raised funds, the Company intended to extend the construction period of the Information System Upgrade Project based on the principles of prudence and maximizing benefits.

2. Detailed use of over-raised funds

"□ Applicable" "√ Not applicable"

(III) Change or termination of fund raising during the Reporting Period

"☐ Applicable" "☒ Not applicable"

(IV) Other uses of funds raised during the Reporting Period

1. Advance investment and replacement in the project invested by the raised fund

☐ Applicable" ☒ Not applicable"

2. Use of idle raised fund to temporarily refill working capital

☐ Applicable" ☒ Not applicable"

3. Management of idled raised fund through investment

☐ Applicable" ☒ Not applicable"

4. Other

☐ Applicable" ☒ Not applicable"

XV. Description of Other Major Matters That Have A Significant Impact on Investors' Value Judgments and Investment Decisions

☐ Applicable" ☒ Not applicable"

Section VII Shareholders and Changes in Shares

I. Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: 10,000 shares

	Before this change		Increase or decrease (+ or -) due to this change					After this change	
	Number	Percentage (%)	Issuance of new shares	Bonus shares	Shares converted from capital reserve	Other	Subtotal	Number	Percentage (%)
I.Restricted shares	195.7060	0.4933				- 111.454 0	- 111.454 0	84.2520	0.2126
1. Shares held by the state									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic funds	195.7060	0.4933				- 111.454 0	- 111.454 0	84.2520	0.2126
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	195.7060	0.4933				- 111.454 0	- 111.454 0	84.2520	0.2126
4. Shares held by foreign funds									
Wherein: Shares held by foreign legal persons									

Shares held by foreign natural persons									
II. Unrestricted outstanding shares	39,480.0124	99.5067				60.4911	60.4911	39,540.5035	99.7874
1. RMB ordinary shares	39,480.0124	99.5067				60.4911	60.4911	39,540.5035	99.7874
2. Foreign-funded shares listed domestically									
3. Foreign-funded shares listed overseas									
4. Others									
III. Total shares	39,675.7184	100.00				-50.9629	-50.9629	39,624.7555	100.00

2. Description of changes in shares

"√ Applicable" "□ Not applicable"

On August 26, 2024, the 19th meeting of the 3rd session of the Board of Directors and the 17th meeting of the 3rd session of the Board of Supervisors were held by the Company to deliberate on and approve the *Proposal on Repurchasing and Canceling Part of Restricted Incentive Shares*. Considering that the granted 18 incentive recipients had left the Company and no longer met the incentive conditions, it was agreed to repurchase and cancel 482,650 restricted shares that have been granted but not yet released from restriction. Additionally, as three incentive recipients did not meet the performance criteria for 2023, they did not qualify for the full release of restricted shares. Therefore, it was agreed to repurchase and cancel 27,342 restricted shares that had been granted but not yet released from restriction. The total number of restricted shares repurchased and canceled in this transaction amounted to 509,992 shares. On October 23, 2024, the Company completed the repurchase and cancellation of 509,992 incentive restricted shares under the 2022 Restricted Shares Incentive Plan. As a result, the number of restricted circulating shares decreased from 1,957,060 to 1,447,068.

On October 24, 2024, the 2nd meeting of the 4th session of the Board of Directors and the 2nd meeting of the 4th session of the Board of Supervisors were held by the Company to deliberate on and approve the *Proposal on Satisfying the Conditions for Release from Sales Restrictions in the Second Release Period under the 2022 Restricted Shares Incentive Plan*. It was agreed that the conditions for release from sales restrictions in the second release period under the 2022 Restricted Shares Incentive Plan were satisfied and the sales restrictions on 71 eligible incentive recipients were lifted, amounting to 604,548 restricted shares. The number of the unrestricted circulating shares of the Company increased from 394,800,124 (as of December 31, 2023) before the listing to 395,404,672, while the number of the restricted circulating shares decreased from 1,447,068 before the listing to 842,520.

With the Approval of the CSRC, namely, the *Reply on Approving Proya Cosmetics Co., Ltd.'s Public Issuance of Convertible Corporate Bonds* (Zheng Jian Xu Ke [2021] No. 3408), on December 8, 2021, the Company publicly issued 7,517,130 convertible bonds with a face value of RMB100 per share and a total face value of RMB752 million, with a term of 6 years. With the approval of the SSE's Self-Regulatory

Supervision Decision Letter [2021] No. 503, the convertible corporate bonds issued by the Company amounting to RMB751,713,000 would be listed and traded on the Shanghai Stock Exchange from January 4, 2022, with the short name of "Proya Convertible Bond" and the bond code of 113634. Proya Convertible Bonds began to be converted into shares on June 14, 2022. During the Reporting Period, RMB36,000 of Proya Convertible Bonds was converted to A-share stocks of the Company, generating 363 shares. The number of the unrestricted circulating shares of the Company increased by 363.

3. Impact of changes in shares on the earnings per share, net asset value per share and other financial indicators in the last year and period (if any)

☐ Applicable" ☒ Not applicable"

4. Disclosure of other content that the Company deems necessary or the securities regulatory authority requires

☐ Applicable" ☒ Not applicable"

(II) Changes in restricted shares

☒ Applicable" ☐ Not applicable"

Unit: Share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of restricted shares released during the year	Number of restricted shares increased during the year	Number of restricted shares at the end of the year	Reason for sales restriction	Date of releasing the sales restriction
JIN Yanhua	137,200	58,800	0	78,400	2022 Restricted Shares Incentive Plan	October 31, 2024
WANG Li	176,400	75,600	0	100,800	2022 Restricted Shares Incentive Plan	October 31, 2024
74 persons granted under 2022 Restricted Shares Incentive Plan	1,133,468	470,148	0	663,320	2022 Restricted Shares Incentive Plan	October 31, 2024
Total	1,447,068	604,548	0	842,520	/	/

Note: The above number of shares does not include the number of restricted shares that have been granted but not yet released from restriction of the 18 incentive recipients who had left the Company in 2024 and no longer met the incentive conditions.

II. Issuance and Listing of Securities**(I) Issuance of securities as of the Reporting Period**

☐ Applicable ☒ Not applicable

Description of the issuance of securities in the Reporting Period (provide separate explanation on bonds with different interest rates in their duration):

☐ Applicable ☒ Not applicable

(II) Changes in the total number of shares and shareholder structure of the Company and changes in the structure of assets and liabilities of the Company

☒ Applicable ☐ Not applicable

The total number of the Company's ordinary shares at the beginning and end of the Reporting Period was 396,757,184 and 396,247,555 respectively.

The Company's total assets and total liabilities at the beginning of the Reporting Period amounted to RMB7,323,078,222.45 and RMB2,922,766,991.44 respectively, with the asset-liability ratio of 39.91%.

The Company's total assets and total liabilities at the end of the Reporting Period amounted to RMB7,530,182,694.00 and RMB2,043,934,843.04 respectively, with the asset-liability ratio of 27.14%.

(III) Existing internal employee shares

☐ Applicable ☒ Not applicable

III.Shareholders and Actual Controllers**(I) Total number of shareholders**

Total number of shareholders of ordinary shares as of the end of the Reporting Period (shareholder)	42,578
Total number of shareholders of ordinary shares at the end of last month prior to the disclosure date of the Annual Report (shareholder)	50,966
Total number of shareholders of preferred shares whose voting rights have been restored as of the end of the Reporting Period (shareholder)	0
Total number of shareholders of preferred shares whose voting rights have been restored at the end of last month prior to the disclosure date of the Annual Report (shareholder)	0

(II) Table of shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or unrestricted shareholders) as of the end of the Reporting Period

Unit: Share

Shareholdings of the top ten shareholders (excluding securities lending and refinancing)							
Name of shareholder (full name)	Change during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen		Nature of shareholder
					Share status	Number	

HOU Juncheng	0	136,739,037	34.51	0	None		Domestic natural person
Hong Kong Securities Clearing Company Limited	- 9,195,121	70,114,776	17.69	0	None		Other
FANG Yuyou	0	59,625,258	15.05	0	Frozen	17,041,269	Domestic natural person
National Social Security Fund 109 Portfolio	3,075,566	6,086,540	1.54	0	None		Other
Industrial and Commercial Bank of China Limited - JingshunChangcheng Emerging Growth Hybrid Securities Investment Fund	0	3,332,000	0.84	0	None		Other
Agricultural Bank of China Ltd. - CSI 500 ETF	3,313,705	3,313,705	0.84	0	None		Other
China Construction Bank Co., Ltd. - CUAM Consumer Industry Hybrid Securities Investment Fund	- 1,750,049	2,600,009	0.66	0	None		Other
Schroder Investment Management (Hong Kong) Limited - Schroder International Selection Fund China A-share (Exchange)	2,159,000	2,159,000	0.54	0	None		Other

Industrial and Commercial Bank of China Limited - CSI Primary Consumer ETF	2,073,600	2,073,600	0.52	0	None		Other
Aberdeen Standard Investment Management (Asia) Co., Ltd. - Aberdeen Fund - China A-share Sustainable Equity Fund	- 3,112,200	1,954,213	0.49	0	None		Other
Shareholdings of the top ten unrestricted shareholders (excluding shares lent out through refinancing)							
Name of shareholder	Number of unrestricted circulating shares held		Type and number of shares				
					Type	Number	
HOU Juncheng	136,739,037		RMB ordinary shares			136,739,037	
Hong Kong Securities Clearing Company Limited	70,114,776		RMB ordinary shares			70,114,776	
FANG Yuyou	59,625,258		RMB ordinary shares			59,625,258	
National Social Security Fund 109 Portfolio	6,086,540		RMB ordinary shares			6,086,540	
Industrial and Commercial Bank of China Limited - JingshunChangcheng Emerging Growth Hybrid Securities Investment Fund	3,332,000		RMB ordinary shares			3,332,000	
Agricultural Bank of China Ltd. - CSI 500 ETF	3,313,705		RMB ordinary shares			3,313,705	
China Construction Bank Co., Ltd. - CUAM Consumer Industry Hybrid Securities Investment Fund	2,600,009		RMB ordinary shares			2,600,009	
Schroder Investment Management (Hong Kong) Limited - Schroder International Selection Fund China A-share (Exchange)	2,159,000		RMB ordinary shares			2,159,000	

Industrial and Commercial Bank of China Limited - CSI Primary Consumer ETF	2,073,600	RMB ordinary shares	2,073,600
Aberdeen Standard Investment Management (Asia) Co., Ltd. - Aberdeen Fund - China A-share Sustainable Equity Fund	1,954,213	RMB ordinary shares	1,954,213
Description of the special account for repurchase among the top ten shareholders	As of the end of the Reporting Period, the number of shares of the Company held in the Company's special securities account for repurchase was 2,210,825, accounting for 0.56% of the Company's total share capital.		
Description of the above-mentioned shareholders' entrusting voting rights, entrusted voting rights and abstention from voting rights	None		
Description of the related relationship or parties acting in concert among the above shareholders	FANG Yuyou is the younger brother of HOU Juncheng's spouse FANG Aiqin, so HOU Juncheng and FANG Yuyou are related.		
Description of the shareholders of preferred shares with voting rights restored and their shareholdings	None		

Note: Shareholdings in the regular and credit accounts of Agricultural Bank of China Ltd. - CSI 500 ETF, Schroder Investment Management (Hong Kong) Limited - Schroder International Selection Fund China A-share (Exchange) and Industrial and Commercial Bank of China Limited - CSI Primary Consumer ETF at the beginning of the period are not included in the top 200 shareholders of the Company.

Shareholders holding more than 5% of the shares, top ten shareholders and top ten unrestricted shareholders of circulating shares participating in lending of shares through refinancing
☒ Applicable" ☐ Not applicable"

Unit: Share

Shareholders holding more than 5% of the shares, top ten shareholders and top ten unrestricted shareholders of circulating shares participating in lending of shares through refinancing								
Name of shareholder (full name)	Shareholdings in regular and credit accounts at the beginning of the period		Shares lent but not returned at the beginning of the period		Shareholdings in the regular and credit accounts at the end of the period		Shares lent but not returned at the end of the period	
	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)

National Social Security Fund 109 Portfolio	3,010,974	0.76	88,800	0.02	6,086,540	1.54	0	0
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Changes in the top ten shareholders and the top ten unrestricted shareholders of circulating shares over the previous period due to lending or return through refinancing

☐ Applicable" ☒ Not applicable"

Shareholdings and sales restrictions of the top ten restricted shareholders

☒ Applicable" ☐ Not applicable"

Unit: Share

No.	Name of shareholder of restricted shares	Number of restricted shares held	Availability of restricted shares for circulation and trading		Sales restrictions
			Time of availability for circulation and trading	Number of new shares available for circulation and trading	
1	Equity incentive recipient	842,520			See the note below for details
Description of the related relationship or parties acting in concert among the above shareholders		None			

Note: The restricted shares held by the above equity incentive recipients are those granted under the 2022 Restricted Shares Incentive Plan. The restricted period was 36 months from the completion of their registration with CSDC Shanghai Branch (September 6, 2022).

(III) Strategic investors or general legal persons who became top ten shareholders due to the placement of new shares

☐ Applicable" ☒ Not applicable"

IV. Controlling Shareholders and Actual Controllers

(I) Controlling shareholders

1. Legal person

☐ Applicable" ☒ Not applicable"

2. Natural person

☒ Applicable" ☐ Not applicable"

Name	HOU Juncheng and Fang Aiqin
Nationality	Chinese
Acquire residence permits in other countries or regions or not	No

Main job and title	HOU Juncheng and Fang Aiqin are husband and wife. HOU Juncheng serves as the Chairman of the Company, and Fang Aiqin serves as the Senior Purchasing Consultant of the Company.
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3. Special explanation on the situation that the Company has no controlling shareholders

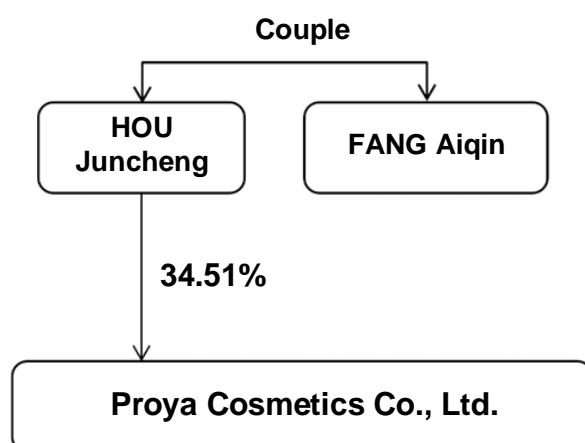
☐ Applicable" ☒ Not applicable"

4. Description of changes in controlling shareholders during the Reporting Period

☐ Applicable" ☒ Not applicable"

5. Diagram of the ownership and controlling relationship between the Company and its controlling shareholders

☒ Applicable" ☐ Not applicable"



(II) Actual controllers

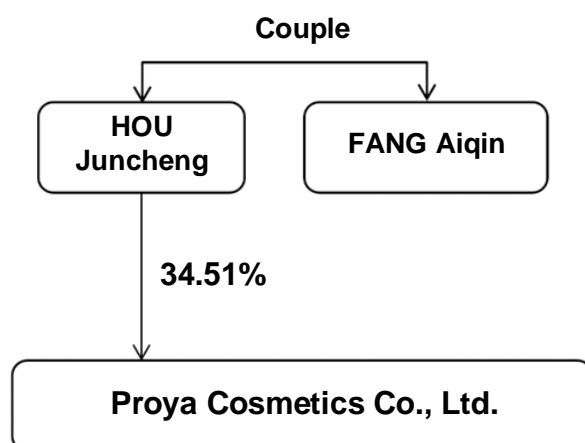
1. Legal person

☐ Applicable" ☒ Not applicable"

2. Natural person

☒ Applicable" ☐ Not applicable"

Name	HOU Juncheng and Fang Aiqin
Nationality	Chinese
Acquire residence permits in other countries or regions or not	No
Main job and title	HOU Juncheng and Fang Aiqin are husband and wife. HOU Juncheng serves as the Chairman of the Company, and Fang Aiqin serves as the Senior Purchasing Consultant of the Company.
Shareholdings in other domestic or overseas listed companies over the past 10 years	None

3. Special explanation on the situation that the Company has no actual controllers☐ Applicable" ☒ Not applicable"**4. Description of changes in the control of the Company during the Reporting Period**☐ Applicable" ☒ Not applicable"**5. Diagram of the ownership and controlling relationship between the Company and its actual controllers**☒ Applicable" ☐ Not applicable"**6. Control of the Company by actual controllers by way of trust or other means of asset management**☐ Applicable" ☒ Not applicable"**(III) Other explanations on controlling shareholders and actual controllers**☐ Applicable" ☒ Not applicable"**V. The accumulative number of pledged shares of the Company's controlling shareholders or the largest shareholder and its persons acting in concert accounted for more than 80% of the Company's shares held by them**☐ Applicable" ☒ Not applicable"**VI. Other Legal Person Shareholders with More Than 10% Shareholdings**☐ Applicable" ☒ Not applicable"**VII. Description of Limitation on Reduction of Shareholding**☐ Applicable" ☒ Not applicable"**VIII. Specific Implementation of Share Repurchase During the Reporting Period**☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Name of the share repurchase plan	Plan for Repurchase of Company Shares Through Centralized Bidding
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Disclosure time of the share repurchase plan	December 14, 2023
Number of shares to be repurchased and its percentage in total share capital (%)	Based on the minimum amount of RMB100 million and the maximum amount of RMB 200 million for the repurchase, and the maximum repurchase price of RMB130 per share, the estimated number of repurchased shares ranges from approximately 769,200 to 1,538,400, accounting for approximately 0.19% to 0.39% of the Company's total share capital.
Amount of proposed repurchase	Not less than RMB100 million (inclusive), and not more than RMB200 million (inclusive)
Period of proposed repurchase	Within 12 months from the date when the share repurchase plan is deliberated on and approved by the 17th meeting of the 3rd session of Board of Directors
Purpose of repurchase	Equity incentives or employee stock ownership plans
Number of shares repurchased (share)	1,814,845
Percentage of repurchased shares in the underlying stocks involved in the equity incentive plan, if applicable	Not applicable
Progress of reducing repurchased shares held by the Company by means of centralized bidding	Not applicable

Note: 1. In the above table, the "total share capital" in the "number of shares to be repurchased and its percentage in total share capital" refers to the total share capital of the Company as of December 12, 2023, which is 396,823,366 shares.

2. As of January 31, 2024, the Company has completed the share repurchase plan, repurchasing a total of 2,210,825 shares of the Company. For details, see the *Announcement on the Implementation Results of Share Repurchase and Changes in Shareholding* (No.: 2024-004) released on the SSE website on February 1, 2024 (www.sse.com.cn).

Section VIII Information on Preference Shares

"☐ Applicable" "☒ Not applicable"

Section IX Information on Bonds

I. Corporate bonds (including enterprise bonds) and non-financial corporate debt financing instruments

☐ Applicable" ☒ Not applicable"

II. Information on Convertible Corporate Bonds

☒ Applicable" ☐ Not applicable"

(I) Information on issuance of convertible bonds

☒ Applicable" ☐ Not applicable"

With the Approval of the CSRC, namely, the *Reply on Approving Proya Cosmetics Co., Ltd.'s Public Issuance of Convertible Corporate Bonds* (Zheng Jian Xu Ke [2021] No. 3408), on December 8, 2021, the Company publicly issued 7,517,130 convertible bonds with a face value of RMB100 per share and a total face value of RMB752 million. These convertible bonds were issued at face value with a term of 6 years.

With the approval of the SSE's Self-Regulatory Supervision Decision Letter [2021] No. 503, the convertible corporate bonds issued by the Company amounting to RMB751,713,000 would be listed and traded on the Shanghai Stock Exchange from January 4, 2022, with the short name of "Proya Convertible Bond" and the bond code of 113634. The nominal interest rate of the convertible corporate bonds issued this time was as follows: 0.30% in the first year, 0.50% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. The duration of the convertible corporate bonds runs from December 8, 2021 to December 7, 2027.

According to relevant regulations and the *Prospectus of Proya Cosmetics Co., Ltd. for the Public Offering of A-Share Convertible Corporate Bonds*, these Proya Convertible Bonds issued by the Company can be converted to Company shares from June 14, 2022. The conversion period is from June 14, 2022 to December 7, 2027. The initial conversion price is RMB195.98/share. The latest conversion price is RMB97.41/share. The historical adjustments to the conversion price are as follows:

1. Since the 2021 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bond was adjusted to RMB139.37/share on May 30, 2022. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2021 Equity Distribution Plan* (No.: 2022-029) released by the Company on the SSE website on May 24, 2022 (www.sse.com.cn).
2. Since the registration of restricted shares involved in the grant under the 2022 Restricted Shares Incentive Plan was completed, the conversion price of the Proya Convertible Bond has been adjusted to RMB138.92/share since September 9, 2022. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to Additional Issuance from Granting of Restricted Shares* (No.: 2022-052) released by the Company on the SSE website on September 8, 2022 (www.sse.com.cn).
3. Since the 2022 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bond was adjusted to RMB98.61/share on May 29, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2022 Equity Distribution Plan* (No.: 2023-030) released by the Company on the SSE website on May 23, 2023 (www.sse.com.cn).
4. Since the Company completed the repurchase and cancellation of 105,350 incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of Proya Convertible Bonds was adjusted to RMB98.62/share on August 29, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Completion of Repurchase and Cancellation of Some Incentive Restricted Shares and*

Adjustment of Conversion Price (No.: 2023-045) released by the Company on the SSE website (www.sse.com.cn) on August 28, 2023.

5. Since the 2023 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bonds was adjusted to RMB98.24/share on October 23, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Semi-Annual Equity Distribution Plan* (No.: 2023-065) released by the Company on the SSE website on October 17, 2023 (www.sse.com.cn).

6. Since the Company completed the repurchase and cancellation of 66,192 incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of Proya Convertible Bonds was adjusted to RMB98.25/share on December 18, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price and Trading Suspension for Conversion* (No.: 2023-086) released by the Company on the SSE website (www.sse.com.cn) on December 15, 2023.

7. Since the 2023 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bonds was adjusted to RMB97.35/share on June 25, 2024. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Equity Distribution Plan* (No.: 2024-028) released by the Company on the SSE website (www.sse.com.cn) on June 19, 2024.

8. Since the Company completed the repurchase and cancellation of 509,992 incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of Proya Convertible Bonds was adjusted to RMB97.41/share on October 28, 2024. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price and Trading Suspension for Conversion* (No.: 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2024.

(II) Holders and guarantors of convertible bonds during the Reporting Period

"√ Applicable" "□ Not applicable"

Name of the convertible corporate bond	Proya Convertible Bond	
Number of holders of the convertible corporate bond at the end of the Reporting Period	6,692	
Guarantors of the convertible bond of the Company	None	
The top ten holders of the convertible bond are as follows:		
Name of holders of the convertible corporate bond	Number of bonds held at the end of the Reporting Period (RMB)	Holding ratio (%)
China Life Pension Hongyi Fixed-income Pension Products - Industrial and Commercial Bank of China Limited	32,790,000	4.37
China Merchants Bank Co., Ltd. - Boshi CSI Convertible Bond and Exchangeable Bond ETF	32,267,000	4.30
First Capital Securities Corporation Limited	29,602,000	3.94
China Galaxy Securities Co., Ltd.	24,607,000	3.28
PICC Asset Management - Bank of Communications - PICC Asset Credit Enhancement No. 1 Asset Management Products	20,947,000	2.79
China Life Pension AnxiangXinqiHybird Pension Products - Industrial and Commercial Bank of China Limited	18,303,000	2.44

National Social Security Fund 201 Portfolio	16,019,000	2.13
China Life Pension Configuration No. 5 Hybrid Pension Products - Industrial and Commercial Bank of China Limited	13,408,000	1.79
China Southern Asset Management Ningkang Convertible Bonds Fixed-income Pension Products - Bank of China Co., Ltd.	13,134,000	1.75
Dajia Assets - Minsheng Bank - Dajia Assets - Stable Selection No. 5 (Issue 5) Collective Asset Management Products	13,000,000	1.73

(III) Changes in convertible bonds during the Reporting Period

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Name of the convertible corporate bond	Before this change	Increase or decrease due to this change			After this change
		Share conversion	Redemption	Sell-back	
Proya Convertible Bond	750,789,000	36,000			750,753,000

Cumulative conversion of convertible bonds during the Reporting Period

"√ Applicable" "□ Not applicable"

Name of the convertible corporate bond	Proya Convertible Bond
Amount of shares converted from bonds in the Reporting Period (RMB)	36,000
Number of shares converted from bonds in the Reporting Period (shares)	363
Accumulated number of shares converted from bonds (shares)	7,001
Proportion of the accumulated number of converted shares in the total number of issued shares of the Company before conversion (%)	0.0025
Amount of bonds not converted into shares (RMB)	750,753,000
Proportion of unconverted convertible bonds in the total amount of convertible bonds issued (%)	99.8723

(IV) Historical adjustments to the conversion price

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Name of the convertible corporate bond		Proya Convertible Bond		
Date of adjustment	Adjusted conversion price	Time of disclosure	Media of disclosure	Explanation on adjusting the conversion price

May 30, 2022	RMB139.37/share	May 24, 2022	SSE website (http://www.sse.com.cn), <i>Shanghai Securities News</i> , <i>Securities Times</i>	Since the 2021 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bond was adjusted to RMB139.37/share on May 30, 2022. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2021 Equity Distribution Plan</i> (No.: 2022-029) released by the Company on the SSE website on May 24, 2022 (www.sse.com.cn).
September 9, 2022	RMB138.92/share	September 8, 2022	SSE website (http://www.sse.com.cn), <i>Shanghai Securities News</i> , <i>Securities Times</i>	Since the registration of restricted shares involved in the grant under the 2022 Restricted Shares Incentive Plan was completed, the conversion price of the Proya Convertible Bond has been adjusted to RMB138.92/share since September 9, 2022. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to Additional Issuance from Granting of Restricted Shares</i> (No.: 2022-052) released by the Company on the SSE website on September 8, 2022 (www.sse.com.cn).
May 29, 2023	RMB98.61/share	May 23, 2023	SSE website (http://www.sse.com.cn), <i>Shanghai Securities News</i> , <i>Securities Times</i>	Since the 2022 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bond was adjusted to RMB98.61/share on May 29, 2023. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2022 Equity Distribution Plan</i> (No.: 2023-030) released by the Company on the SSE website on May 23, 2023.

				(www.sse.com.cn).
August 29, 2023	RMB98.62/share	August 28, 2023	SSE website (http://www.sse.com.cn), <i>Shanghai Securities News</i> , <i>Securities Times</i>	Since the Company completed the repurchase and cancellation of 105,350 incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of the Proya Convertible Bond was adjusted to RMB98.62/share on August 29, 2023. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Completion of Repurchase and Cancellation of Some Incentive Restricted Shares and Adjustment of Conversion Price</i> (No.: 2023-045) released by the Company on the SSE website on August 28, 2023 (www.sse.com.cn).
October 23, 2023	RMB98.24/share	October 17, 2023	SSE website (www.sse.com.cn), <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> , <i>Economic Information Daily</i> , <i>China Daily</i>	Since the 2023 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bond was adjusted to RMB98.24/share on October 23, 2023. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Semi-Annual Equity Distribution Plan</i> (No.: 2023-065) released by the Company on the SSE website on October 17, 2023 (www.sse.com.cn).
December 18, 2023	RMB98.25/share	December 15, 2023	SSE website (www.sse.com.cn), <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Securities Daily</i> ,	Since the Company completed the repurchase and cancellation of 66,192 incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of the Proya Convertible Bond was adjusted to RMB98.25/share on December 18, 2023. For details, see the <i>Announcement of Proya</i>

			<i>Economic Information Daily, China Daily</i>	<i>Cosmetics Co., Ltd. on Adjustment of Conversion Price and Trading Suspension for Conversion</i> (No.: 2023-086) released by the Company on the SSE website on December 15, 2023 (www.sse.com.cn).
June 25, 2024	RMB97.35/share	June 19, 2024	SSE website (www.sse.com.cn), <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>	Since the 2023 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bonds was adjusted to RMB97.35/share on June 25, 2024. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Equity Distribution Plan</i> (No.: 2024-028) released by the Company on the SSE website (www.sse.com.cn) on June 19, 2024.
October 28, 2024	RMB97.41/share	October 25, 2024	SSE website (www.sse.com.cn), <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>	Since the Company completed the repurchase and cancellation of 509,992 incentive restricted shares under the 2022 <i>Restricted Shares Incentive Plan</i> , the conversion price of Proya Convertible Bonds was adjusted to RMB97.41/share on October 28, 2024. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price and Trading Suspension for Conversion</i> (No.: 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2024.
Latest conversion price as of the end of the Reporting Period		RMB97.41/share		

(V) The Company's liabilities, changes in credit, and cash arrangements for debt repayment in future years

"□ Applicable" "√ Not applicable"

(VI) Other explanations on convertible bonds

"☐ Applicable" "☒ Not applicable"

Section X Financial Report

I. Audit Report

"√ Applicable" "□ Not applicable"

Audit Report

T.J.S. [2025] No.6222

To all shareholders of Proya Cosmetics Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Proya Cosmetics Co., Ltd. (hereinafter referred to as "Proya"), which comprise the consolidated and parent company's balance sheets as of December 31, 2024, the consolidated and parent company's income statements, the consolidated and parent company's cash flow statements, and the consolidated and parent company's statements of changes in shareholders' equity for the year of 2024, as well as notes to financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and give a true and fair view of the consolidated and parent company's financial position of Proya as at December 31, 2024 and of its consolidated and parent company's operating results and cash flows for the year of 2024.

II. Basis of Audit Opinion

We have conducted our audit in accordance with the Chinese Auditing Standards for Certified Public Accountants. The "Responsibilities of CPAs for the Audit of the Financial Statements" herein further illustrate our responsibilities under those standards. In accordance with the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent of Proya and have performed other responsibilities in respect of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are, in our professional judgment, most significant in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

(I) Recognition of revenue

1. Description of matters

For relevant information disclosure, refer to "34. Revenue" in "V. Significant Accounting Policies and Estimates", "61. Operating revenue and costs" in "VII. Notes to the Items of Consolidated Financial Statements" and "6. Segment information" in "XVIII. Other Important Matters" of "Section X Financial Report" of this Report.

The operating revenue of Proya primarily comes from the sale of cosmetics. The operating revenue for 2024 shown in Proya's financial statements was RMB10.78 billion.

Since operating revenue is one of the key performance indicators of Proya, there is an inherent risk that the management of Proya (hereinafter referred to as the "management") achieves specific goals or expectations through inappropriate recognition of revenue. Therefore, we identify the recognition of revenue as a key audit matter.

2. Audit response

For recognition of revenue, we primarily implemented the following audit procedures:

- (1) Obtained an understanding of key internal controls related to the recognition of revenue, evaluated the design of these controls, determined whether these controls were implemented, and tested the operational effectiveness of these controls.
- (2) Issued letters to the main customers to confirm the sales amount in 2024 and the balance of accounts receivable as at the end of 2024;
- (3) Tested details and performed a spot-check on supporting documents for recognition of revenue (including sales contracts, delivery documents, receipts, agency sales lists, and sales invoices), understood major contract terms or conditions, and evaluated the appropriateness of the method for recognition of revenue;
- (4) Implemented analysis procedures, including analysis on fluctuations in revenue of each month of 2024 and analysis on changes in sales revenue of major customers;
- (5) Obtained the return and exchange policy, calculation sheet of estimated liabilities and other information, and checked whether the estimated future return and exchange rate was reasonable; checked the subsequent return and exchange situation and compared it with the estimated return and exchange data;
- (6) Learned about the inventory and stock age of each major dealer as of the end of 2024 and checked whether the inventory amounts and structures of dealers were reasonable;
- (7) Analyzed the sales data of main online chain stores by calculating the consumption per capita, consumption per time, purchase times and repurchase information of customers of online chain stores and comparing them with the selling prices and normal use days of Proya products, so as to judge the rationality of the above data in combination with normal consumption habits and analyze the authenticity and rationality of the income of online chain stores;
- (8) Compared the background transaction data, receipt data of capital accounts such as Alipay, and sales revenue data on financial accounts of online chain stores, and analyzed the consistency of data, so as to check the authenticity of sales from the online chain stores;
- (9) Checked whether the information related to the operating revenue was properly presented in the financial statements.

(II) Net realizable value of inventories

1. Description of matters

For relevant information disclosure, refer to "16. Inventories" in "V. Significant Accounting Policies and Estimates" and "10. Inventories" in "VII. Notes to the Items of Consolidated Financial Statements" of "Section X Financial Report" of this Report.

As at December 31, 2024, the carrying balance of inventories of Proya amounted to RMB741.92 million, the provision for devaluation of inventories amounted to RMB80.51 million, and the carrying value of inventories amounted to RMB661.41 million.

Inventories are measured at the lower of cost and net realizable value. The management determines the estimated selling price based on the historical selling price, actual selling price, and future market trends, and also determines the net realizable value based on the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories.

Since the amount of inventories is significant and the determination of the net realizable value of inventories involves significant judgment by the management, we identified the net realizable value of inventories as a key audit matter.

2. Audit response

For net realizable value of inventories, we primarily implemented the following audit procedures:

- (1) Obtained an understanding of key internal controls related to the net realizable value of inventories, evaluated the design of these controls, determined whether these controls were implemented, and tested the operational effectiveness of these controls;
- (2) Obtained the calculation process of the net realizable value of inventories of Proya, and re-checked the calculation process;

- (3) Obtained the list of products that are no longer sold, counted the products rolling off the production lines in the inventories and the corresponding raw material inventories, and verified whether the provision for devaluation of inventories was accrued for the raw material inventories;
- (4) Checked whether the inventories as at the end of the period had long stock ages, outdated models and changes in market demand in combination with the inventory monitoring, and evaluated whether the management reasonably estimated the net realizable value;
- (5) Checked whether the information related to the net realizable value of inventories was properly presented in the financial statements.

IV. Other Information

The management is responsible for the other information, which comprises all the information covered in the Annual Report other than the financial statements and this audit report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged With Governance for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of necessary internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing Proya's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The governance of Proya (hereinafter referred to as "governance") is responsible for overseeing the financial reporting process of Proya.

VI. Responsibilities of CPAs for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance of whether there is a material misstatement in the financial statements as a whole due to fraud or error and to issue an audit report containing audit opinion. Reasonable assurance is a highly reliable assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always identify a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not identifying a material misstatement resulting from fraud is higher than that of failing to detect one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design the appropriate audit procedures.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(IV) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may significantly affect Proya's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause Proya to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and determine whether the financial statements reflect the related transactions and events fairly.

(VI) Obtain sufficient and appropriate audit evidence of the financial information of the entity or business activity of Proya in order to express an opinion on the financial statements. We are responsible for directing, supervising and performing group audits. We take full responsibility for the audit opinion.

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

We also provide a statement to management on compliance with ethical requirements related to independence, and communicate with governing bodies about all relationships and other matters that may be reasonably considered to affect our independence, as well as related precautions (if applicable).

From the matters we discuss with the governing bodies, we confirmed which matters are most important to the audit of the financial statements for the current period and thus constitute the key audit matters. We describe these matters in the audit report unless laws or regulations preclude public disclosure about these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP

Chinese CPA: YIN Zhibin
(Project Partner)

Hangzhou, China

Chinese CPA: WU Shaofang

April 23, 2025

II. Financial Statements

Consolidated Balance Sheet

December 31, 2024

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2024	December 31, 2023
Current assets:			
Cash and cash equivalents	VII. 1	4,082,126,416.84	4,011,085,558.07
Clearing settlement funds			

Loans to banks and other financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	VII. 5	517,954,587.12	344,570,196.54
Receivable financing	VII. 7		7,378,700.06
Prepayments	VII. 8	223,879,388.67	202,870,195.58
Premiums receivable			
Reinsurance premium receivable			
Reserves for reinsurance contract receivable			
Other receivables	VII. 9	9,869,822.71	81,966,213.90
Including: Interest receivable			
Dividend receivable			
Financial assets purchased under resale agreements			
Inventories	VII. 10	661,410,153.37	797,215,155.68
Including: Data resources			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	VII. 13	118,117,428.18	99,765,073.07
Total current assets		5,613,357,796.89	5,544,851,092.90
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	VII. 17	111,090,815.70	113,574,158.49
Other equity instrument investments	VII. 18	71,256,995.18	107,660,400.00
Other non-current financial assets			
Investment real estate	VII. 20	63,537,443.20	66,156,471.91
Fixed assets	VII. 21	907,224,090.94	827,350,985.29
Construction in progress	VII. 22	74,585,001.38	52,038,642.94
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	14,541,665.50	14,104,821.34
Intangible assets	VII. 26	429,394,857.15	404,688,009.16

Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term prepaid expenses	VII. 28	70,202,612.96	67,184,328.83
Deferred income tax assets	VII. 29	163,733,011.95	108,494,364.60
Other non-current assets	VII. 30	11,258,403.15	16,974,946.99
Total non-current assets		1,916,824,897.11	1,778,227,129.55
Total assets		7,530,182,694.00	7,323,078,222.45
Current liabilities:			
Short-term borrowings	VII. 32		200,155,555.56
Loans from the central bank			
Loans from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII. 35		36,959,074.14
Accounts payable	VII. 36	676,388,126.18	1,018,522,358.60
Receipts in advance	VII. 37	129,400.52	30,514.45
Contract liabilities	VII. 38	153,710,588.62	301,014,873.58
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agencies			
Funds from underwriting securities agencies			
Employee compensation payable	VII. 39	155,703,420.95	166,444,494.43
Taxes payable	VII. 40	125,853,371.28	222,765,869.94
Other payables	VII. 41	91,776,722.59	155,345,148.68
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Amounts payable under reinsurance contracts			
Held-for-sale liabilities			
Non-current liabilities due within one year	VII. 43	3,473,806.48	3,970,060.11
Other current liabilities	VII. 44	5,509,508.59	15,022,173.42
Total current liabilities		1,212,544,945.21	2,120,230,122.91
Non-current liabilities:			

Insurance contract reserves			
Long-term borrowings			
Bonds payable	VII. 46	780,011,293.32	753,119,902.88
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII. 47	10,955,380.12	9,970,306.87
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities	VII. 50	25,162,463.80	33,063,299.45
Deferred income	VII. 51	15,260,760.59	6,383,359.33
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		831,389,897.83	802,536,868.53
Total liabilities		2,043,934,843.04	2,922,766,991.44
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII. 53	396,247,555.00	396,757,184.00
Other equity instruments	VII. 54	50,891,546.26	50,893,986.60
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII. 55	846,600,405.28	864,150,974.43
Less: Treasury stock	VII. 56	238,275,443.41	146,966,735.61
Other comprehensive income	VII. 57	-84,904,946.54	-53,847,100.91
Special reserve			
Surplus reserve	VII. 59	198,411,582.50	198,411,582.50
General risk reserve			
Retained profits	VII. 60	4,233,103,785.98	3,040,145,490.59
Total owners' equity (or shareholders' equity)			4,349,545,381.60
attributable to equity holders of the parent company		5,402,074,485.07	
Minority interests		84,173,365.89	50,765,849.41
Total owners' equity (or shareholders' equity)		5,486,247,850.96	4,400,311,231.01
Total liabilities and owners' equity (or shareholders' equity)		7,530,182,694.00	7,323,078,222.45

The Chairman of the Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting Department: WANG Li

Parent Company's Balance Sheet

December 31, 2024

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2024	December 31, 2023
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Current assets:			
Cash and cash equivalents		2,661,232,993.94	2,816,366,399.45
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable	XIX. 1	885,685,804.30	586,728,691.35
Receivable financing			4,732,700.06
Prepayments		46,305,894.31	66,223,228.82
Other receivables	XIX. 2	41,361,558.56	80,702,024.60
Including: Interest receivable			
Dividend receivable			
Inventories		308,611,161.72	516,042,533.80
Including: Data resources			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		55,091,658.88	38,762,926.06
Total current assets		3,998,289,071.71	4,109,558,504.14
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX. 3	409,703,070.22	418,748,241.23
Other equity instrument investments		35,434,595.18	71,838,000.00
Other non-current financial assets			
Investment real estate		92,410,170.91	95,815,110.34
Fixed assets		867,115,341.44	783,893,280.52
Construction in progress		48,890,613.02	51,841,256.80
Productive biological assets			
Oil and gas assets			
Right-of-use assets		10,230,842.34	13,640,458.38
Intangible assets		364,307,434.65	371,083,311.38
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term prepaid expenses		65,634,671.84	62,969,904.19
Deferred income tax assets		2,371,405.09	8,256,631.70
Other non-current assets		11,481,422.54	17,197,966.38
Total non-current assets		1,907,579,567.23	1,895,284,160.92
Total assets		5,905,868,638.94	6,004,842,665.06

Current liabilities:			
Short-term borrowings			200,155,555.56
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			36,959,074.14
Accounts payable		353,447,048.72	603,314,221.56
Receipts in advance			
Contract liabilities		49,339,586.16	220,349,629.19
Employee compensation payable		89,370,973.53	88,243,004.64
Taxes payable		80,811,992.33	161,141,517.93
Other payables		57,498,140.16	113,223,667.48
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		2,426,200.55	3,488,575.66
Other current liabilities		6,414,146.20	28,645,451.80
Total current liabilities		639,308,087.65	1,455,520,697.96
Non-current liabilities:			
Long-term borrowings			
Bonds payable		780,011,293.32	753,119,902.88
Including: Preference shares			
Perpetual bonds			
Lease liabilities		7,544,106.32	9,970,306.87
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income		15,260,760.59	6,383,359.33
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		802,816,160.23	769,473,569.08
Total liabilities		1,442,124,247.88	2,224,994,267.04
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)		396,247,555.00	396,757,184.00
Other equity instruments		50,891,546.26	50,893,986.60
Including: Preference shares			
Perpetual bonds			
Capital reserve		899,973,964.06	917,524,533.21
Less: Treasury stock		238,275,443.41	146,966,735.61
Other comprehensive income		-84,123,594.10	-53,180,700.00
Special reserve			

Surplus reserve		198,411,582.50	198,411,582.50
Retained profits		3,240,618,780.75	2,416,408,547.32
Total owners' equity (or shareholders' equity)		4,463,744,391.06	3,779,848,398.02
Total liabilities and owners' equity (or shareholders' equity)		5,905,868,638.94	6,004,842,665.06

The Chairman of the Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting Department: WANG Li

Consolidated Income Statement

January - December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
I. Total operating revenue	VII. 61	10,778,411,781.20	8,904,573,501.39
Including: Operating revenue		10,778,411,781.20	8,904,573,501.39
Interest income			
Premiums earned			
Fee and commission income			
II. Total operating costs		8,869,434,475.56	7,310,234,937.16
Including: Operating cost	VII. 61	3,083,848,879.43	2,677,445,706.61
Interest expenses			
Fee and commission expenses			
Surrenders			
Claims and policyholder benefits (net of amounts recoverable from reinsurers)			
Net provision for insurance liability reserves			
Insurance policyholder dividends			
Expenses for reinsurance accepted			
Taxes and surcharges	VII. 62	84,153,060.04	90,655,757.20
Sales expenses	VII. 63	5,161,012,044.52	3,972,201,152.49
Administrative expenses	VII. 64	365,856,439.85	455,441,770.70
R&D expenses	VII. 65	210,385,991.40	173,570,127.49
Financial expenses	VII. 66	-35,821,939.68	-59,079,577.33
Including: Interest expenses		31,018,228.96	18,355,694.64
Interest income		72,069,542.92	75,347,198.04
Add: Other incomes	VII. 67	85,803,621.85	45,026,299.74
Investment income ("-" refers to losses)	VII. 68	-2,483,342.79	-17,392,371.65
Including: Income from investments in affiliates and joint ventures		-2,483,342.79	-17,279,158.95
Income from derecognition of financial assets measured at amortized cost			

Foreign exchange gains ("-" refers to losses)			
Net gains on exposure hedging ("-" refers to losses)			
Gains on changes in fair value ("-" refers to losses)			
Credit impairment losses ("-" refers to losses)	VII. 71	-5,122,475.94	-10,397,224.17
Asset impairment losses ("-" refers to losses)	VII. 72	-95,860,216.77	-108,095,314.38
Gains from disposal of assets ("-" refers to losses)	VII. 73	-1,118,038.20	-703,593.33
III. Operating profits ("-" refers to losses)		1,890,196,853.79	1,502,776,360.44
Add: Non-operating revenue	VII. 74	2,544,878.68	4,166,661.77
Less: Non-operating expenses	VII. 75	3,528,284.93	11,623,216.62
IV. Total profits ("-" refers to total losses)		1,889,213,447.54	1,495,319,805.59
Less: Income tax expenses	VII. 76	303,935,289.77	264,515,655.25
V. Net profits ("-" refers to net losses)		1,585,278,157.77	1,230,804,150.34
(I) Classified by business continuity			
1. Net profits from continuing operations ("-" refers to net losses)		1,585,278,157.77	1,230,804,150.34
2. Net profits from discontinued operations ("-" refers to net losses)			
(II) Classified by ownership			
1. Net profits attributable to shareholders of the parent company ("-" refers to net losses)		1,551,995,692.29	1,193,868,141.81
2. Profits or losses attributable to minority interests ("-" refers to net losses)		33,282,465.48	36,936,008.53
VI. Other comprehensive income, net of tax	VII. 77	-31,057,845.63	-51,928,497.84
(I) Other comprehensive income attributable to owners of the parent company, net of tax		-31,057,845.63	-51,928,497.84
1. Other comprehensive income that cannot be reclassified to profit or loss		-30,942,894.10	-53,180,700.00
(1) Changes arising from re-measurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method			-20,250,000.00
(3) Changes in fair value of other equity instrument investments		-30,942,894.10	-32,930,700.00

(4) Changes in fair value of enterprises' own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss		-114,951.53	1,252,202.16
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Amounts of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Reserve for cash flow hedges			
(6) Translation differences of financial statements denominated in foreign currencies		-114,951.53	1,252,202.16
(7) Others			
(II) Other comprehensive income attributable to minority interests, net of tax			
VII. Total comprehensive income		1,554,220,312.14	1,178,875,652.50
(I) Total comprehensive income attributable to owners of the parent company		1,520,937,846.66	1,141,939,643.97
(II) Total comprehensive income attributable to minority interests		33,282,465.48	36,936,008.53
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)		3.93	3.01
(II) Diluted earnings per share (RMB/share)		3.92	2.97

In case of business combination under common control in the current period, the net profit realized by the combined party before the combination was RMB0.00, and the net profit realized by the combined party for the previous period was RMB0.00.

The Chairman of the Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting Department: WANG Li

Parent Company's Income Statement

January - December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
I. Operating revenue	XIX. 4	4,994,797,324.03	4,244,455,041.32
Less: Operating cost	XIX. 4	2,183,691,228.30	1,966,981,451.80
Taxes and surcharges		38,081,131.20	44,411,104.27

Sales expenses		831,816,002.32	597,090,222.91
Administrative expenses		322,971,686.66	318,149,093.59
R&D expenses		208,343,863.19	175,400,671.99
Financial expenses		-24,164,670.78	-46,265,107.81
Including: Interest expenses		30,594,878.13	18,219,770.96
Interest income		55,438,518.33	59,296,736.20
Add: Other incomes		37,050,693.68	11,113,880.99
Investment income ("-" refers to losses)	XIX. 5	-989,536.51	-19,824,288.29
Including: Income from investments in affiliates and joint ventures		-2,483,342.79	-17,279,158.95
Income from derecognition of financial assets measured at amortized cost			
Net gains on exposure hedging ("-" refers to losses)			
Gains on changes in fair value ("-" refers to losses)			
Credit impairment losses ("-" refers to losses)		-53,368,670.99	-82,262,296.44
Asset impairment losses ("-" refers to losses)		-32,537,692.27	-71,022,124.11
Gains from disposal of assets ("-" refers to losses)		-824,730.59	-603,420.52
II. Operating profits ("-" refers to losses)		1,383,388,146.46	1,026,089,356.20
Add: Non-operating revenue		590,414.39	681,685.66
Less: Non-operating expenses		3,293,173.65	10,162,782.71
III. Total profits ("-" refers to total losses)		1,380,685,387.20	1,016,608,259.15
Less: Income tax expenses		197,437,756.87	147,190,446.48
IV. Net profits ("-" refers to net losses)		1,183,247,630.33	869,417,812.67
(I) Net profits from continuing activities ("-" refers to net losses)		1,183,247,630.33	869,417,812.67
(II) Net profits from discontinued activities ("-" refers to net losses)			
V. Net amount of other comprehensive income after tax		-30,942,894.10	-53,180,700.00
(I) Other comprehensive income that cannot be reclassified into profit or loss		-30,942,894.10	-53,180,700.00
1. Changes arising from re-measurement of defined benefit plans			

2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			-20,250,000.00
3. Changes in the fair value of other equity instrument investments		-30,942,894.10	-32,930,700.00
4. Changes in the fair value of the enterprise's own credit risk			
(II) Other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income that may be reclassified to profit or loss under equity method			
2. Changes in the fair value of other debt investments			
3. Amount included in other comprehensive income on reclassification of financial assets			
4. Credit impairment provisions of other debt investments			
5. Cash flow hedging reserve			
6. Exchange differences from translation of financial statements			
7. Others			
VI. Total comprehensive income		1,152,304,736.23	816,237,112.67
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The Chairman of the Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting Department: WANG Li

Consolidated Cash Flow Statement

January - December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
I. Cash flows from operating activities:			
Cash received from the sale of goods and the rendering of services		10,904,543,092.01	9,328,552,717.55
Net increase in customer deposits and deposits from banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in taking from other financial institutions			

Cash received from premiums under original insurance contracts			
Net cash received from reinsurance business			
Net cash received from policyholders' deposits and investment contract liabilities			
Cash received from interest, fees and commissions			
Net increase in taking from banks and other financial institutions			
Net increase in financial assets sold under repurchase arrangements			
Net cash received from securities trading agencies			
Receipts of tax refunds		944,852.56	3,525,948.82
Other cash received related to operating activities	V. 78	136,740,246.80	125,413,607.47
Sub-total of cash inflows from operating activities		11,042,228,191.37	9,457,492,273.84
Cash paid for goods purchased and services received		3,090,587,614.75	2,509,354,309.80
Net increase in loans and advances to customers			
Net increase in balance with the central bank and due from banks and other financial institutions			
Cash paid for compensation payments under original insurance contracts			
Net increase in loans to banks and other financial institutions			
Cash paid for interest, fees and commissions			
Cash paid for insurance policyholder dividends			
Cash payments to and on behalf of employees		826,278,464.61	700,164,408.84
Payments of various types of taxes		1,207,219,880.70	1,017,756,020.64
Other cash paid related to operating activities	V. 78	4,811,141,567.12	3,761,423,719.98
Sub-total of cash outflows from operating activities		9,935,227,527.18	7,988,698,459.26

Net cash flow from operating activities		1,107,000,664.19	1,468,793,814.58
II. Cash flows from investing activities:			
Cash received from disposal and recovery of investments			5,500,000.00
Cash received from investment income			466,821.72
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,375,755.50	285,500.00
Net cash received from disposal of subsidiaries and other business entities			3,018,142.61
Other cash received related to investing activities	V. 78	307,072,222.23	13,193,392.00
Sub-total of cash inflows from investing activities		314,447,977.73	22,463,856.33
Cash paid for acquisition or construction of fixed assets, intangible assets and other long-term assets		299,736,867.13	179,658,688.53
Cash paid for investments			18,636,363.64
Net increase in pledged loans receivables			
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid related to investing activities	V. 78	1,280,000,000.00	300,000,000.00
Sub-total of cash outflows from investing activities		1,579,736,867.13	498,295,052.17
Net cash flow from investing activities		-1,265,288,889.40	-475,831,195.84
III. Cash flows from financing activities:			
Cash received from capital contributions		125,051.00	
Including: Cash received from capital contributions from minority shareholders of subsidiaries		125,051.00	
Cash received from borrowings			300,000,000.00
Other cash received related to financing activities			
Sub-total of cash inflows from financing activities		125,051.00	300,000,000.00
Cash repayments of borrowings		200,000,000.00	300,000,000.00

Cash paid for distribution of dividends or profits or settlement of interest expenses		370,737,159.10	407,092,087.41
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries			
Other cash paid related to financing activities	V. 78	187,682,742.57	53,188,106.51
Sub-total of cash outflows from financing activities		758,419,901.67	760,280,193.92
Net cash flow from financing activities		-758,294,850.67	-460,280,193.92
IV. Impact of foreign exchange rate changes on cash and cash equivalents		-114,951.53	1,252,202.16
V. Net increase in cash and cash equivalents		-916,698,027.41	533,934,626.98
Add: Beginning balance of cash and cash equivalents		3,659,267,712.03	3,125,333,085.05
VI. Closing balance of cash and cash equivalents		2,742,569,684.62	3,659,267,712.03

The Chairman of the Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting Department: WANG Li

Parent Company's Cash Flow Statement

January - December 2024

Unit: Yuan Currency: RMB

Item	Notes	2024	2023
I. Cash flows from operating activities:			
Cash received from the sale of goods and the rendering of services		5,111,629,269.66	4,644,368,388.33
Receipts of tax refunds			3,525,948.82
Other cash received related to operating activities		94,209,440.68	96,881,632.24
Sub-total of cash inflows from operating activities		5,205,838,710.34	4,744,775,969.39
Cash paid for goods purchased and services received		2,357,640,541.10	1,945,629,515.66
Cash payments to and on behalf of employees		467,865,643.95	373,444,752.18
Payments of various types of taxes		603,808,547.92	375,674,085.29
Other cash paid related to operating activities		968,101,102.53	772,902,793.66

Sub-total of cash outflows from operating activities		4,397,415,835.50	3,467,651,146.79
Net cash flow from operating activities		808,422,874.84	1,277,124,822.60
II. Cash flows from investing activities:			
Cash received from disposal and recovery of investments			
Cash received from investment income		4,292,783.80	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,329,708.63	1,946,534.67
Net cash received from disposal of subsidiaries and other business entities		25,690,122.28	2,501,326.27
Other cash received related to investing activities		313,000,064.01	22,272,596.52
Sub-total of cash inflows from investing activities		344,312,678.72	26,720,457.46
Cash paid for acquisition or construction of fixed assets, intangible assets and other long-term assets		239,828,158.09	173,025,274.68
Cash paid for investments		9,094,930.00	23,236,363.64
Net cash paid for acquiring subsidiaries and other operating entities			
Other cash paid related to investing activities		998,000,000.00	315,549,000.00
Sub-total of cash outflows from investing activities		1,246,923,088.09	511,810,638.32
Net cash flow from investing activities		-902,610,409.37	-485,090,180.86
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings			300,000,000.00
Other cash received related to financing activities			
Sub-total of cash inflows from financing activities			300,000,000.00
Cash repayments of borrowings		200,000,000.00	300,000,000.00
Cash paid for distribution of dividends or profits or settlement of interest expenses		370,737,159.10	407,092,087.41
Other cash paid related to financing activities		184,593,597.20	51,844,122.36

Sub-total of cash outflows from financing activities		755,330,756.30	758,936,209.77
Net cash flow from financing activities		-755,330,756.30	-458,936,209.77
IV. Impact of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-849,518,290.83	333,098,431.97
Add: Beginning balance of cash and cash equivalents		2,472,028,148.09	2,138,929,716.12
VI. Closing balance of cash and cash equivalents		1,622,509,857.26	2,472,028,148.09

The Chairman of the Company: HOU Juncheng
Head of Accounting Department: WANG Li

CFO of the Company: WANG Li

Consolidated Statements of Changes in Owners' Equity

January - December 2024

Unit: Yuan Currency: RMB

Item	2024														
	Equity attributable to owners of the parent company												Minority interests	Total equity attributable to owners	
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profits	Other			Subtotal
		Preference shares	Perpetual bonds	Other											
I. Balance at the end of the previous year	396,757,184.00			50,893,986.60	864,150,974.43	146,966,735.61	-53,847,100.91		198,411,582.50		3,040,145,490.59		4,349,545,381.60	50,765,849.41	4,400,311,231.01
Add: Changes in accounting policies															
Correction for previous errors															
Other															
II. Balance at the beginning of the current year	396,757,184.00			50,893,986.60	864,150,974.43	146,966,735.61	-53,847,100.91		198,411,582.50		3,040,145,490.59		4,349,545,381.60	50,765,849.41	4,400,311,231.01

III. Increase of the current period ("-" refers to decrease)	-509,629.00			-2,440.34	17,550,569. 15	91,308,707. 80	- 31,057,845 .63				1,192,958,29 5.39		1,052,529,10 3.47	33,407,51 6.48	1,085,936,61 9.95
(I) Total comprehen sive income							- 31,057,845 .63				1,551,995,69 2.29		1,520,937,84 6.66	33,282,46 5.48	1,554,220,31 2.14
(II) Owners' contributio n and capital reduction	-509,629.00			-2,440.34	17,550,569. 15	125,419,12 3.80							- 143,481,762. 29	125,051.0 0	- 143,356,711. 29
1. Ordinary shares contributed by the owners	-509,992.00				- 27,133,104. 38	- 27,643,096. 38								125,051.0 0	125,051.00
2. Capital contributio ns by other equity instrument holders															
3. Amount of share- based payments credited to owners' equity					9,543,156.3 8								9,543,156.38		9,543,156.38

4. Other	363.00			-2,440.34	39,378.85	153,062,220.18							-	153,024,918.67	-	153,024,918.67
(III) Profit distribution											-	359,037,396.90	-	359,037,396.90	-	359,037,396.90
1. Withdrawal of surplus reserve																
2. Withdrawal of general risk provision																
3. Distribution to owners (or shareholders)											-	359,037,396.90	-	359,037,396.90	-	359,037,396.90
4. Other																
(IV) Internal carry-forward of owners' equity																
1. Transfer of capital reserve to capital (or share capital)																

2. Transfer of surplus reserve to capital (or share capital)															
3. Surplus reserve to cover loss															
4. Changes in defined benefit scheme carried forward to retained earnings															
5. Carry-forward of other comprehensive income to retained earnings															
6. Other															
(V) Special reserve															
1. Withdrawal for the period															
2. Utilization															

for the period															
(VI) Others						- 34,110,416.00							34,110,416.00		34,110,416.00
IV. Balance at the end of the period	396,247,55 5.00			50,891,54 6.26	846,600,40 5.28	238,275,44 3.41	- 84,904,946.54		198,411,58 2.50		4,233,103,78 5.98		5,402,074,48 5.07	84,173,36 5.89	5,486,247,85 0.96

Item	2023														
	Equity attributable to owners of the parent company													Minority interests	Total equity attributable to owners
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profits	Other	Subtotal		
		Preference shares	Perpetual bonds	Other											
I. Balance at the end of the previous year	283,519,469.00			50,903,510.12	914,815,786.22	164,976,000.00	-1,918,603.07		141,759,734.50		2,300,384,763.19		3,524,488,659.96	12,734,670.33	3,537,223,330.29
Add: Changes in accounting policies															
Correction for previous errors															
Other															
II. Balance at the beginning	283,519,469.00			50,903,510.12	914,815,786.22	164,976,000.00	-1,918,603.07		141,759,734.50		2,300,384,763.19		3,524,488,659.96	12,734,670.33	3,537,223,330.29

of the current year															
III. Increase of the current period ("-" refers to decrease)	113,237,71 5.00			-9,523.52	- 50,664,811. 79	- 18,009,264. 39	- 51,928,497 .84		56,651,848. 00		739,760,727. 40		825,056,721. 64	38,031,17 9.08	863,087,900. 72
(I) Total comprehen sive income							- 51,928,497 .84				1,193,868,14 1.81		1,141,939,64 3.97	36,936,00 8.53	1,178,875,65 2.50
(II) Owners' contributio n and capital reduction	-170,421.00			-9,523.52	66,340,892. 08	29,588,211. 71							36,572,735.8 5		36,572,735.8 5
1. Ordinary shares contributed by the owners	-171,542.00				- 9,322,685.2 4	- 9,494,227.2 4									
2. Capital contributio ns by other equity instrument holders															
3. Amount of share- based payments credited to					75,515,052. 71								75,515,052.7 1		75,515,052.7 1

owners' equity															
4. Other	1,121.00			-9,523.52	148,524.61	39,082,438.95							-38,942,316.86		-38,942,316.86
(III) Profit distribution									56,651,848.00		-454,107,414.41		-397,455,566.41		-397,455,566.41
1. Withdrawal of surplus reserve									56,651,848.00		-56,651,848.00				
2. Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)											-397,455,566.41		-397,455,566.41		-397,455,566.41
4. Other															
(IV) Internal carry-forward of owners' equity	113,408,136.00				-113,408,136.00										
1. Transfer of capital reserve to capital (or	113,408,136.00				-113,408,136.00										

share capital)															
2. Transfer of surplus reserve to capital (or share capital)															
3. Surplus reserve to cover loss															
4. Changes in defined benefit scheme carried forward to retained earnings															
5. Carry-forward of other comprehensive income to retained earnings															
6. Other															
(V) Special reserve															
1. Withdrawal for the period															

2. Utilization for the period															
(VI) Others					- 3,597,567.87	- 47,597,476.10							43,999,908.23	1,095,170.55	45,095,078.78
IV. Balance at the end of the period	396,757,184.00			50,893,986.60	864,150,974.43	146,966,735.61	- 53,847,100.91		198,411,582.50		3,040,145,490.59		4,349,545,381.60	50,765,849.41	4,400,311,231.01

The Chairman of the Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting Department: WANG Li

Parent Company's Statement of Changes in Owners' Equity

January - December 2024

Unit: Yuan Currency: RMB

Item	2024										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total equity attributable to owners
		Preference shares	Perpetual bonds	Other							
I. Balance at the end of the previous year	396,757,184.00			50,893,986.60	917,524,533.21	146,966,735.61	- 53,180,700.00		198,411,582.50	2,416,408,547.32	3,779,848,398.02
Add: Changes in accounting policies											
Correction for previous errors											
Other											
II. Balance at the beginning of the current year	396,757,184.00			50,893,986.60	917,524,533.21	146,966,735.61	- 53,180,700.00		198,411,582.50	2,416,408,547.32	3,779,848,398.02

III. Increase of the current period ("-" refers to decrease)	- 509,629.00			-2,440.34	- 17,550,569 .15	91,308,707 .80	- 30,942,89 4.10			824,210,233 .43	683,895,993. 04
(I) Total comprehensive income							- 30,942,89 4.10			1,183,247,6 30.33	1,152,304,73 6.23
(II) Owners' contribution and capital reduction	- 509,629.00			-2,440.34	- 17,550,569 .15	125,419,12 3.80					- 143,481,762. 29
1. Ordinary shares contributed by the owners	- 509,992.00				- 27,133,104 .38	- 27,643,096 .38					
2. Capital contributions by other equity instrument holders											
3. Amount of share-based payments credited to owners' equity					9,543,156. 38						9,543,156.38
4. Other	363.00			-2,440.34	39,378.85	153,062,22 0.18					- 153,024,918. 67
(III) Profit distribution										- 359,037,396 .90	- 359,037,396. 90
1. Withdrawal of surplus reserve											
2. Distribution to owners (or shareholders)										- 359,037,396 .90	- 359,037,396. 90
3. Other											
(IV) Internal carry-forward of owners' equity											
1. Transfer of capital reserve to capital (or share capital)											

2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover loss											
4. Changes in defined benefit scheme carried forward to retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others						- 34,110,416 .00					34,110,416.0 0
IV. Balance at the end of the period	396,247,55 5.00			50,891,546. 26	899,973,96 4.06	238,275,44 3.41	- 84,123,59 4.10		198,411,5 82.50	3,240,618,7 80.75	4,463,744,39 1.06

Item	2023										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Total equity attributable to owners
		Preference shares	Perpetual bonds	Other							
I. Balance at the end of the previous year	283,519,46 9.00			50,903,510. 12	964,613,34 2.84	164,976,00 0.00			141,759,7 34.50	2,001,098,1 49.06	3,276,918,2 05.52
Add: Changes in accounting policies											
Correction for previous errors											
Other											

II. Balance at the beginning of the current year	283,519,46 9.00			50,903,510. 12	964,613,34 2.84	164,976,00 0.00			141,759,7 34.50	2,001,098,1 49.06	3,276,918,2 05.52
III. Increase of the current period ("-" refers to decrease)	113,237,71 5.00			-9,523.52	47,088,809 .63	18,009,264 .39	- 53,180,70 0.00		56,651,84 8.00	415,310,398 .26	502,930,192 .50
(I) Total comprehensive income							- 53,180,70 0.00			869,417,812 .67	816,237,112 .67
(II) Owners' contribution and capital reduction	- 170,421.00			-9,523.52	66,340,892 .08	29,588,211 .71					36,572,735. 85
1. Ordinary shares contributed by the owners	- 171,542.00				- 9,322,685. 24	- 9,494,227. 24					
2. Capital contributions by other equity instrument holders											
3. Amount of share-based payments credited to owners' equity					75,515,052 .71						75,515,052. 71
4. Other	1,121.00			-9,523.52	148,524.61	39,082,438 .95					- 38,942,316. 86
(III) Profit distribution									56,651,84 8.00	- 454,107,414 .41	- 397,455,566 .41
1. Withdrawal of surplus reserve									56,651,84 8.00	- 56,651,848. 00	
2. Distribution to owners (or shareholders)										- 397,455,566 .41	- 397,455,566 .41
3. Other											

(IV) Internal carry-forward of owners' equity	113,408,13 6.00				- 113,408,13 6.00						
1. Transfer of capital reserve to capital (or share capital)	113,408,13 6.00				- 113,408,13 6.00						
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover loss											
4. Changes in defined benefit scheme carried forward to retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal for the period											
2. Utilization for the period											
(VI) Others					-21,565.71	- 47,597,476 .10					47,575,910. 39
IV. Balance at the end of the period	396,757,18 4.00			50,893,986. 60	917,524,53 3.21	146,966,73 5.61	- 53,180,70 0.00		198,411,5 82.50	2,416,408,5 47.32	3,779,848,3 98.02

The Chairman of the Company: HOU Juncheng

CFO of the Company: WANG Li

Head of Accounting Department: WANG Li

III. General Information about the Company

1. Company profile

☒ Applicable" ☐ Not applicable"

Proya Cosmetics Co., Ltd. (hereinafter referred to as "Company" or the "Company"), formerly known as Proya (Huzhou) Cosmetics Co., Ltd., was registered in the Huzhou Municipal Administration for Industry and Commerce on May 24, 2006. Headquartered in Hangzhou, Zhejiang, the Company now holds the business license with the unified social credit code of 91330100789665033F. The Company's registered capital is RMB396,246,981.00, and the paid-in capital is RMB396,247,555.00 (the paid-in capital is RMB574.00 more than the registered capital due to the conversion of convertible bonds without industrial and commercial change registration). The shares include 842,520 restricted circulating A shares and 395,405,035 unrestricted circulating A shares, which were listed for trading on SSE on November 15, 2017.

The Company is a beauty and personal care company mainly engaged in cosmetics R&D, production, and sales.

The financial statements were approved for external disclosure by the 3rd meeting of the 4th session of the Board of Directors on April 23, 2025.

IV. Preparation Basis of Financial Statements

1. Preparation basis

The financial statements of the Company are prepared based on going concern.

2. Going concern

☒ Applicable" ☐ Not applicable"

There are no matters or situations that may substantially affect the Company's ability to continue as a going concern within 12 months since the end of the Reporting Period.

V. Significant Accounting Policies and Estimates

Notes to specific accounting policies and accounting estimates:

☒ Applicable" ☐ Not applicable"

Important notes: The Company has formulated specific accounting policies and estimates for transactions or events related to impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, and revenue recognition based on the actual production and operation characteristics.

1. Statement of compliance with accounting standards for business enterprises

The financial statements have been prepared by the Company in compliance with the China Accounting Standards for Business Enterprises, and give an accurate and complete view of the Company's financial position, operating results, changes in shareholders' equity, cash flow and other related information.

2. Accounting period

The accounting period of the Company is from January 1 to December 31 of each calendar year.

3. Operating cycle

☒ Applicable" ☐ Not applicable"

The operating cycle of the Company's businesses is short; the Company adopts 12 months as the liquidity classification criteria for assets and liabilities.

4. Functional currency

The Company and our domestic subsidiaries use RMB as the functional currency, while our overseas subsidiaries, such as Hapsode Co., Ltd., Hanna Cosmetics Co., Ltd., and OR Off&Relax choose the currency of the main economic environment in which they operate as the functional currency since they engage in overseas operations.

5. Determination method and selection basis of importance criteria

"√ Applicable" "□ Not applicable"

Item	Importance criteria
Important accounts receivable of provision for bad debts accrued individually	The Company recognizes accounts receivable that individually exceed 0.3% of the total assets as important accounts receivable.
Important accounts receivable of provision for bad debts withdrawn or written back	The Company recognizes accounts receivable that individually exceed 0.3% of the total assets as important accounts receivable.
Important accounts receivable written off	The Company recognizes accounts receivable that individually exceed 0.3% of the total assets as important accounts receivable.
Important receivables financing of provision for impairment accrued individually	The Company recognizes receivable financing that individually exceed 0.3% of the total assets as important receivable financing.
Important receivable financing of provision for impairment withdrawn or written back	The Company recognizes receivable financing that individually exceed 0.3% of the total assets as important receivable financing.
Important receivable financing written off	The Company recognizes receivable financing that individually exceed 0.3% of the total assets as important receivable financing.
Important other receivables of provision for bad debts accrued individually	The Company recognizes other receivables that individually exceed 0.3% of the total assets as important other receivables.
Important other receivables of provision for bad debts withdrawn or written back	The Company recognizes other receivables that individually exceed 0.3% of the total assets as important other receivables.
Important other receivables written off	The Company recognizes other receivables that individually exceed 0.3% of the total assets as important other receivables.
Important prepayments with an account age of more than one year	The Company recognizes prepayments that individually exceed 0.3% of the total assets as important prepayments.
Important construction in progress	The Company recognizes construction in progress that individually exceeds 0.3% of the total assets as important construction in progress.
Important accounts payable with an account age of more than one year	The Company recognizes accounts payable that individually exceed 0.3% of the total assets as important accounts payable.

Important receipts in advance with an account age of more than one year or overdue	The Company recognizes receipts in advance that individually exceeds 0.3% of the total assets as important Receipts in advance.
Important contract liabilities with an account age of more than one year	The Company recognizes contract liabilities that individually exceed 0.3% of the total assets as important contract liabilities.
Important other payables with an account age of more than one year	The Company recognizes other payables that individually exceed 0.3% of the total assets as important other payables.
Important estimated liabilities	The Company recognizes estimated liabilities that individually exceed 0.3% of the total assets as important estimated liabilities.
Important cash flows from investing activities	The Company recognizes cash flows from investing activities that individually exceed 5% of the total assets as important cash flows from investing activities.
Important subsidiaries and non wholly-owned subsidiaries	The Company recognizes subsidiaries with absolute value of contribution to total profits that exceeds 5% of the absolute value of consolidated profits as important subsidiaries or important non-wholly-owned subsidiaries.
Important joint ventures, affiliates and joint operations	The Company recognizes joint ventures, affiliates and joint operations with absolute value of contribution to total profits that exceeds 5% of the absolute value of consolidated profits as important joint ventures, affiliates and joint operations.
Important contingencies	The Company recognizes contingencies that have an impact on balance sheet items exceeding 1% of total assets or an impact on income statement items exceeding 5% of total profits as important contingencies.
Important commitments	The Company recognizes commitments that have an impact on balance sheet items exceeding 1% of total assets or an impact on income statement items exceeding 5% of total profits as important commitments.
Important events after the balance sheet date	The Company recognizes events after the balance sheet date that have an impact on balance sheet items exceeding 1% of total assets or an impact on income statement items exceeding 5% of total profits as important events after the balance sheet date.

6. Accounting treatment of business combination under or not under common control

"√ Applicable" "□ Not applicable"

1. Accounting treatment of business combination under common control

The assets and liabilities acquired by the Company through business combination are measured at the carrying value of the combined party in the consolidated financial statements of the ultimate controlling party at the combination date. The Company adjusts the capital reserve in accordance with the difference between the carrying value share of the owners equity of the combined party in the consolidated financial statements of the ultimate controlling party and the carrying value of the consideration paid for the business combination or the total nominal value of the issued shares. If the capital reserve is not sufficient to offset the difference, the retained earnings will be adjusted.

2. Accounting treatment of business combination not under common control

The difference by which the cost of combination is greater than the fair value of the net identifiable assets of the acquiree is recognized by the Company as goodwill on the acquisition date; the difference by which the combination cost is less than the fair value share of the net identifiable assets of the acquiree is recorded into the profit or loss after the re-check of the measurement of the fair value of identifiable assets, liabilities or contingent liabilities acquired from the acquiree, and the combination cost.

7. Criteria for judgment of control and preparation of consolidated financial statements

☒ Applicable" ☐ Not applicable"

1. Judgment of control

Control is having the power over the invested party, enjoying variable returns through participating in related activities of the invested party, and having the ability to use the power over the invested party to influence its variable return amount.

2. Preparation of consolidated financial statements

(1) The parent company incorporates all subsidiaries under its control into the consolidation scope of the consolidated financial statements. The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and prepared by the parent company in accordance with the *Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements*.

(2) Accounting treatment methods for buying and then selling, or selling and then buying the equity of the same subsidiary in two consecutive fiscal years. The acquisition of the equity of the acquiree is to control its operating and financial policies and to obtain long-term benefits from its operating activities. After the right to control the acquiree is acquired, the acquiree is included in the consolidation scope of the consolidated financial statements. Due to changes in the Company's business plans and arrangements, if the equity of the acquiree is disposed of in the second fiscal year to the point of losing control over it, the acquiree will be excluded from the consolidation scope of the consolidated financial statements when the control is lost.

8. Classification of joint arrangement and accounting treatment of joint operation

☒ Applicable" ☐ Not applicable"

1. Joint arrangement can be divided into joint operation and joint venture.

2. When the Company is a joint party of a joint operation, the Company recognizes the following items related to the share of interests in the joint operation:

- (1) Assets solely held, and assets jointly held on proportion;
- (2) Liabilities solely undertaken, and liabilities jointly undertaken on proportion;
- (3) Income generated from selling the Company's output share of the joint operation;
- (4) Income of the joint operation generated from selling assets according to the Company's holding share;
- (5) Cost incurred alone, and cost incurred from the joint operation on proportion.

9. Determination of cash and cash equivalents

Cash presented in the cash flow statement refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to the short-term and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

10. Foreign currency transactions and translation of foreign-currency statements

☒ Applicable" ☐ Not applicable"

1. Translation of foreign currency transactions

Foreign currency transactions are translated into RMB at the approximate rate of spot rate on the transaction date during initial recognition. At the balance sheet date, the foreign currency monetary items are translated based on the spot rate at the balance sheet date. The exchange difference arising from the different exchange rate is included in the current profit or loss, except the exchange difference between the principal and interest of the foreign currency borrowed for meeting the capitalization requirements. The foreign currency non-monetary items measured at historical cost are also translated based on the approximate rate of the spot rate on the transaction date, and the RMB amount is not changed. The foreign currency non-monetary items measured at fair value are translated based on the spot rate on the determination date of the fair value, and the difference is included in the current profit or loss or other comprehensive income.

2. Translation of foreign-currency financial statements

Assets and liabilities items in the balance sheet are translated at the spot rates prevailing at the balance sheet date. Owners' equity items other than "undistributed profits" are translated at the spot rates on the transaction dates. Income and expense items in the income statement are translated at the approximate rates of the spot rates on the transaction dates. Any balance incurred from the translation of foreign-currency financial statements by the above method is included in other comprehensive income.

11. Financial instruments

☒ Applicable" ☐ Not applicable"

1. Classification of financial assets and liabilities

Financial assets are classified into the following three categories at initial recognition: (1) financial assets measured at amortized cost; (2) financial assets measured at fair value through other comprehensive income; (3) financial assets measured at fair value through profit or loss.

Financial liabilities are classified into the following four categories at initial recognition: (1) financial liabilities measured at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or that are accounted for using the continuing-involvement method; (3) loan commitments not belonging to the financial guarantee contracts mentioned in item (1) or (2) above and those not belonging to item (1) above and given at a rate lower than the market interest rate; (4) financial liabilities measured at amortized cost.

2. Recognition basis, measurement method and derecognition conditions for financial assets and liabilities**(1) Recognition basis and initial measurement method for financial assets and financial liabilities**

A financial asset or liability is recognized when the Company becomes a party to a financial instrument contract. Financial assets and liabilities are measured at the fair value at initial recognition. For financial assets and liabilities measured at fair value through profit or loss, relevant transaction expenses are directly included in the current profit or loss; for other categories of financial assets or liabilities, relevant transaction costs are recognized as expenses at initial recognition. However, where the accounts receivable initially recognized by the Company do not contain a significant financing component or the Company does not consider the financing component in the contract of less than one year, the initial measurement

is made according to the transaction price defined in the *Accounting Standards for Business Enterprises No. 14 – Revenue*.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

Such financial assets are subsequently measured at amortized cost using the effective interest method. The gains and losses incurred by the financial assets measured at amortized cost but not belonging to any hedging relationship are included in the current profit or loss during derecognition, reclassification, amortization according to the effective interest method or impairment recognition.

2) Debt instrument investments measured at fair value through other comprehensive income

They are subsequently measured at fair value. The interest, impairment losses or gains and exchange gains or losses calculated with the effective interest method are included in the current profit or loss, and other gains or losses are included in other comprehensive income. At derecognition, the gains or losses accumulated previously through comprehensive income are transferred from other comprehensive income and included into the current profit or loss.

3) Equity instrument investments measured at fair value through other comprehensive income

They are subsequently measured at fair value. The dividends obtained (except for the part from investment cost recovery) are included in the current profit or loss, and other gains or losses are included in other comprehensive income. At derecognition, the gains or losses accumulated previously through other comprehensive income are transferred from other comprehensive income and included into retained earnings.

4) Financial assets measured at fair value with changes included in the current profit or loss

They are subsequently measured at fair value. The generated gains or losses (including interest and dividend income) are included in the current profit or loss, unless the financial assets belong to part of the hedging relationship.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities measured at fair value through profit or loss

Such financial liabilities include held-for-trading financial liabilities (including derivative instruments belonging to financial liabilities) and those designated as financial liabilities measured at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities measured at fair value through profit or loss due to changes in the Company's own credit risk are included in other comprehensive income, unless the treatment will cause or enlarge the accounting mismatch in the profit or loss. Other gains or losses generated from such financial liabilities (including interest expenses, except the changes in the fair value arising from the credit risk change of the Company) are included in the current profit or loss, unless the financial liabilities belong to part of the hedging relationship. At derecognition, the gains or losses accumulated previously through other comprehensive income are transferred from other comprehensive income and included into retained earnings.

2) Financial liabilities from failure of transfer of financial assets to meet the derecognition conditions or continued involvement in transferred financial assets

They are measured in accordance with the *Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets*.

3) Loan commitments not belonging to the financial guarantee contracts mentioned in item 1) or 2) above and those not belonging to item 1) above and given at a rate lower than market interest rate

They are subsequently measured at the higher one of the following two amounts, after initial recognition:

① loss provisions determined according to regulations on impairment of financial instruments; ② balance of the initially recognized amount after deducting cumulative amortization recognized in accordance with the regulations set out in the *Accounting Standards for Business Enterprises No. 14 – Revenue*.

4) Financial liabilities measured at amortized cost

They are measured at amortized cost using the effective interest method. The gains and losses incurred by the financial liabilities measured at amortized cost but not belonging to any hedging relationship are included in the current profit or loss during derecognition or amortization according to the effective interest method.

(4) Derecognition of financial assets and liabilities

1) Financial assets satisfying one of the following conditions are derecognized:

- ① the contract right to collect cash flow from the financial assets has terminated;
 - ② the financial assets have been transferred and such transfer satisfies the provisions for derecognition of financial assets in the *Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets*.
- 2) When the present obligations under the financial liabilities (or part thereof) are released, such financial liabilities (or that part thereof) are derecognized.

3. Recognition basis and measurement of transfer of financial assets

If the Company has transferred almost all the risks and rewards related to the ownership of financial assets, the financial assets are derecognized, and the rights and obligations resulting from or retained in the transfer are separately recognized as assets or liabilities. In case that almost all the risks and rewards related to the ownership of the financial assets are retained, the recognition of the transferred financial assets is continued. In case that almost all the risks and rewards related to the ownership of the financial assets are neither transferred nor retained, disposal applies depending on the following circumstances: (1) if the control over the financial assets is not retained, the financial assets are derecognized, and the rights and obligations resulting from or retained in the transfer are separately recognized as assets or liabilities; (2) if the control over the financial assets is retained, the relevant financial assets are recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities are recognized accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the two amounts below are included in the current profit or loss: (1) the carrying value of the transferred financial assets at the date of derecognition; (2) the sum of consideration received for the transfer of the financial asset, plus the corresponding derecognized portion of accumulated change in fair value previously included in other comprehensive income (in cases where the transferred financial asset is a debt instrument investment measured at fair value with changes included in other comprehensive income). If part of the financial assets is transferred and the transfer satisfies the conditions for derecognition, the overall carrying value before the transfer of financial assets is apportioned according to their respective relative fair value at the transfer date between the portion of derecognized part and the remaining part, and the difference between the two amounts below is included in the current profit or loss: If part of the financial assets is transferred and the transfer satisfies the conditions for derecognition, the overall carrying value before the transfer of financial assets is apportioned according to their respective relative fair value at the transfer date between the portion of derecognized part and the remaining part, and the difference between the two amounts below is included in the current profit or loss:

4. Determination of the fair value of financial assets and liabilities

The Company adopts valuation techniques appropriate to the prevailing circumstances with the support of sufficient data and other information available to determine the fair value of relevant financial assets and liabilities. The Company divides the inputs for the estimation technique into the following levels and uses them in turn:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, including: the quotation of similar assets or liabilities in an active market; the quotation of identical or similar assets or liabilities in an inactive market; other observable inputs other

than the quotation, such as the interest rate and yield curves that can be observed during the normal quotation intervals; and the market validation inputs;

(3) Level 3 inputs are unobservable inputs of related assets or liabilities, including the interest rate, stock volatility, future cash flow of retirement obligations borne during the business combination, and financial forecasts made based on its own data, which cannot be observed directly or cannot be verified according to observable market data.

5. Impairment of financial instruments

Based on the expected credit loss, the Company carries out accounting treatment for impairment and recognizes the loss provision for the financial assets measured at amortized cost, the debt instrument investment measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments other than financial liabilities measured at fair value through profit or loss, and financial guarantee contracts of financial liabilities not measured at fair value through profit or loss or financial liabilities not from failure of transfer of financial assets to meet the derecognition conditions or continued involvement in transferred financial assets.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the balance between all contractual cash flows discounted according to the original effective interest rate and receivable under contracts by the Company and all cash flows as expected, i.e. the present value of all cash shortages. The purchased or underlying financial assets of the Company with credit impairment incurred are discounted according to their effective interest rates upon credit adjustment.

For purchased or underlying financial assets with credit impairment incurred, only accumulative changes in the expected credit loss in the whole duration after initial recognition are recognized by the Company as loss provisions at the balance sheet date.

For lease receivables, and receivables and contract assets from transactions in accordance with the *Accounting Standards for Business Enterprises No. 14 – Revenue*, excluding significant financing components or without consideration, by the Company, to the financing components in the contract of no more than one year, the Company measures the loss provision according to the amount equal to the expected credit loss in the whole duration by applying the simplified measurement method.

For financial assets other than those applicable to the above measurement methods, the Company assess on each balance sheet date whether their credit risk has increased significantly since initial recognition. If the credit risk has increased significantly since the initial recognition, the Company will measure the loss provision based on the amount of expected credit loss in the whole duration; if the credit risk has not significantly increased since the initial recognition, the Company will measure the loss provision based on the amount of expected credit loss for the financial instruments in the next 12 months.

The Company determines whether the credit risk of financial instruments has increased significantly since initial recognition by utilizing the available, reasonable and well-grounded information, including forward-looking information, and comparing the default risks of the financial instruments at the balance sheet date and on the initial recognition date.

If the Company determines that the financial instruments bear a low credit risk at the balance sheet date, we assume that the credit risk of the financial instruments has not increased significantly since initial recognition.

The Company evaluates the expected credit risk and measures the expected credit loss based on single financial instrument or portfolio of financial instruments. When the portfolio of financial instruments is used as the basis, the Company divides financial instruments into different portfolios on the basis of the common risk characteristics.

The Company re-measures the expected credit loss on each balance sheet date, and the increased or reversed amount of the loss provision arising therefrom, as losses or gains from impairment, are included in the current profit or loss. For financial assets measured at amortized cost, the carrying value of the

financial assets listed in the balance sheet is deducted from the loss provision; for the debt investment measured at fair value with changes included in other comprehensive income, the Company recognizes its loss provision in other comprehensive income without deducting the carrying value of the financial assets.

6. Offset of financial assets and liabilities

Financial assets and liabilities are presented in the balance sheet respectively without offsetting. However, when the following conditions are met simultaneously, the financial assets and liabilities are presented at the net amount after mutual offset in the balance sheet: (1) the Company has the legal right of offsetting the recognized amount and such legal right is currently executable; (2) the Company plans to settle by net amount or simultaneously realize the financial assets and clear off the financial liabilities.

When the financial assets that do not meet the derecognition conditions are transferred, the Company does not offset the transferred financial assets with the relevant liabilities.

12. Notes receivable

☐ Applicable" ☒ Not applicable"

13. Accounts receivable

☒ Applicable" ☐ Not applicable"

Classification and determination basis of portfolios with bad debt provisions accrued by portfolio of credit risk characteristics

☒ Applicable" ☐ Not applicable"

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

Calculation of account ages of portfolios of credit risk characteristics recognized on the account age basis

☒ Applicable" ☐ Not applicable"

The expected credit loss is calculated through a table that compares the account age of accounts receivable and expected credit loss rate by referring to historical experience in credit loss and according to the current situation and the forecast on future economic conditions. Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

Criteria for judgment of recognized bad debt provisions accrued individually

☒ Applicable" ☐ Not applicable"

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

14. Receivable financing

☒ Applicable" ☐ Not applicable"

Classification and determination basis of portfolios with bad debt provisions accrued by portfolio of credit risk characteristics

☒ Applicable" ☐ Not applicable"

The expected credit loss is calculated through the default risk exposure and the expected credit loss rate in the whole duration by referring to historical experience in credit loss and according to the current situation and the forecast on future economic conditions.

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

Calculation of account ages of portfolios of credit risk characteristics recognized on the account age basis

"√ Applicable" ☐ Not applicable"

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

Criteria for judgment of provision for bad debts accrued individually

"√ Applicable" ☐ Not applicable"

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

15. Other receivables

"√ Applicable" ☐ Not applicable"

Classification and determination basis of portfolios with bad debt provisions accrued by portfolio of credit risk characteristics

"√ Applicable" ☐ Not applicable"

The expected credit loss is calculated through a table that compares the account age of other receivables and expected credit loss rate by referring to historical experience in credit loss and according to the current situation and the forecast on future economic conditions. Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

Calculation of account ages of portfolios of credit risk characteristics recognized on the account age basis

"√ Applicable" ☐ Not applicable"

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

Criteria for judgment of provision for bad debts accrued individually

"√ Applicable" ☐ Not applicable"

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" of this Report.

16. Inventories

"√ Applicable" ☐ Not applicable"

Classification of inventories, valuation method for delivered inventories, inventory system, and amortization of low-value consumables and packaging

"√ Applicable" ☐ Not applicable"

1. Classification of inventories

Inventories include finished goods or commodities for sale in daily operations, work in process, materials consumed during production or rendering of service.

2. Valuation method for delivered inventories

The moving weighted average is adopted for delivered inventories.

3. Inventory system

The Company adopts a perpetual inventory system.

4. Amortization of low-value consumables and packaging**(1) Low-value consumables**

Amortization is performed via the immediate write-off method.

(2) Packaging

Amortization is performed via the immediate write-off method.

Recognition and accrual of provision for devaluation of inventories

☒ Applicable" ☐ Not applicable"

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, and provision for devaluation of inventories is accrued based on the positive difference between cost and net realizable value. The net realizable value of inventories directly for sale is determined by the amount of the estimated selling price after subtracting the estimated sales expenses and relevant taxes during the normal production and operation; the net realizable value of inventories required to be processed is determined by the amount of the estimated selling price of the finished products after subtracting the estimated cost by the end of processing, the estimated sales expenses and relevant taxes during the normal production and operation. At the balance sheet date, the net realizable value is determined separately for the two parts of the same inventory with or without contract price, and is compared with the relevant costs to separately determine the amount withdrawn or reversed for provision for devaluation of inventories.

Classification and determination basis of portfolios with provision for devaluation of inventories accrued by portfolio and determination basis of net realizable value of different categories of inventories

☐ Applicable" ☒ Not applicable"

Calculation method and determination basis of net realizable value of each stock age portfolio for inventories with net realizable value recognized based on stock age

☐ Applicable" ☒ Not applicable"

17. Contract assets

☒ Applicable" ☐ Not applicable"

Recognition methods and standards of contract assets

☒ Applicable" ☐ Not applicable"

The rights of the Company to collect consideration from the customer unconditionally (i.e. only depending on time) are presented as receivables; the rights (dependent on factors other than time) to collect consideration for transferring goods to the customer are presented as contract assets.

Classification and determination basis of portfolios with bad debt provisions accrued by portfolio of credit risk characteristics

☐ Applicable" ☒ Not applicable"

Calculation of account ages of portfolios of credit risk characteristics recognized on the account age basis

☐ Applicable" ☒ Not applicable"

Criteria for judgment of recognized bad debt provisions accrued individually

☐ Applicable" ☒ Not applicable"

18. Held-for-sale non-current assets or disposal groups

☐ Applicable" ☒ Not applicable"

Recognition and accounting treatment of non-current assets or disposal groups classified as held-for-sale

☐ Applicable" ☒ Not applicable"

Recognition and presentation of termination of operation

☐ Applicable" ☒ Not applicable"

19. Long-term equity investments

☒ Applicable" ☐ Not applicable"

1. Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement. It exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. Significant influence refers to the power to participate in the decision-making process on the financial and operating policies of the investee, but not to control or impose joint control together with other parties over the formulation of these policies.

2. Determination of investment cost

(1) For a long-term equity investment obtained from a business combination under common control: where the combining party pays cash, transfers non-cash assets, bears debts or issues equity securities as combination consideration, the initial investment cost is the share with reference to the carrying value of the owners' equity of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the initial investment cost of the long-term equity investment and the carrying value of the consideration paid for the business combination or the total nominal value of the issued shares is adjusted to capital reserve. If the capital reserve is not sufficient to offset the difference, the retained earnings are adjusted.

For a long-term equity investment obtained from a business combination under common control through multiple transactions by step, the Company judges whether the transactions are a "package deal". If yes, the transactions are subject to accounting treatment as one deal that has acquired control right. If no, the initial investment cost is determined on the basis of the share with reference to the carrying value of the net asset of the combined party in the consolidated financial statements of the ultimate controlling party on the combination date. The difference between the initial investment cost of long-term equity investment at the combination date and the sum of the carrying amount of long-term equity investment before business combination and the carrying value of newly paid consideration for additional shares acquired on the combination date is adjusted to the capital reserve. If the capital reserve is not sufficient to be offset, the retained earnings are adjusted.

(2) For a long-term equity investment obtained from a business combination not under common control, the fair value of consideration paid for business combination is regarded as the initial investment cost on the acquisition date.

For the long-term equity investment achieved by the Company via a business combination not under common control through multiple transactions by step, the relevant accounting treatment is based on individual financial statements or consolidated financial statements:

1) In the individual financial statements, the initial investment cost calculated with the cost method is the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

2) In the consolidated financial statements, the item is determined based on whether the transactions are a "package deal". If yes, the transactions are subject to accounting treatment as one deal that has acquired control right. If no, the equity of the acquiree held before the acquisition date is re-measured at the fair value of the equity on the acquisition date, and the difference between the fair value and its carrying value

is included in the current investment income. If the equity of the acquiree held before the acquisition date is related to other comprehensive income under the equity method, the other related comprehensive income is converted into the current income on the acquisition date, excluding the other comprehensive income derived from changes in net liabilities or assets due to re-measurement on defined benefit plans by the investee.

(3) For a long-term equity investment obtained by means other than business combination: If it is obtained by cash, the initial investment cost is the actual payment; if it is obtained through issuing equity securities, the initial investment cost is the fair value of the issued equity securities. If it is obtained through debt restructuring, the initial investment cost is determined based on the *Accounting Standards for Business Enterprises No. 12 - Debt Restructuring*. If it is obtained through the exchange of non-monetary assets, the initial investment cost is determined based on the *Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets*.

3. Subsequent measurement and recognition of profit or loss

For a long-term equity investment controlled by the investee, the cost method is adopted for accounting. For a long-term equity investment in affiliates and joint ventures, the equity method is adopted for accounting.

4. Treatment methods for loss of control upon a stepwise disposal of investment to subsidiaries through multiple transactions

(1) Judgment of whether transactions are a "package deal"

In case of loss of control upon stepwise disposal of investment to subsidiaries through multiple transactions, the Company judges whether such transactions are a "package deal" based on the terms of the transaction agreement of each step of stepwise transactions, the disposal consideration obtained respectively, the target of equity sale, the disposal method, the disposal time and other information. When the terms, conditions and economic impact of each transaction meet one or more of the following circumstances, it usually indicates that the multiple transactions are a "package deal":

- 1) these transactions were entered into simultaneously or after considering the effects of each other;
- 2) these transactions constituted a complete commercial result as a whole;
- 3) one transaction was conditional upon at least one of the other transaction;
- 4) one transaction was not economical on its own but was economical when considering other transactions.

(2) Accounting treatment of transactions which are not a "package deal"

1) Individual financial statements

For disposal of equity, the difference between the carrying value and the consideration actually received is included in the current profit or loss. The accounting of remaining equity is completed via the equity method in case of significant influence on the investee or implementation of joint control with other parties. However, in case of no control, joint control or significant influence on the investee, the accounting of remaining equity must comply with the relevant provisions of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*.

2) Consolidated financial statements

Before the loss of control, the difference between the price of disposal and the subsidiary's net assets entitled from the disposal of long-term equity investment cumulatively calculated from the acquisition date or the combination date, is adjusted to capital reserve (capital premium). If the capital premium is insufficient to offset the difference, the retained earnings are adjusted.

When the control over the original subsidiary is lost, the remaining equity is re-measured at fair value as of the date on which the control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity and the net assets of the original subsidiary proportionate to the original shareholding accumulated from the date of acquisition or business combination is included in investment gains of the period during which the control is lost, and meanwhile,

the goodwill is offset. Other comprehensive income related to the equity investment in the original subsidiary is transferred to investment gains of the period during which the control is lost.

(3) Accounting treatment of transactions which are a "package deal"

1) Individual financial statements

All transactions are regarded as one transaction disposing the subsidiary and losing the control right for accounting treatment. However, the difference between the amount received each time for disposal before the control is lost and the carrying value of long-term equity investments corresponding to the disposal of investment is recognized as other comprehensive income in the individual financial statements, and is transferred to profit or loss of the period during which the control is lost upon loss of control.

2) Consolidated financial statements

All transactions are regarded as one transaction disposing the subsidiary and losing the control right for accounting treatment. However, the difference between the amount received each time for disposal before the control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to profit or loss of the period during which the control is lost upon loss of control.

20. Investment real estate

(1). In case of applying a cost measurement model:

Depreciation or amortization method

- Investment real estate includes leased land use rights, land use rights held for transfer upon appreciation, and leased buildings.
- Investment real estate is initially measured at cost and subsequently measured with the cost model, and depreciated or amortized with the same method as that for fixed assets and intangible assets.

21. Fixed assets

(1). Conditions for recognition

☒ Applicable" ☐ Not applicable"

Fixed assets are tangible assets that are held for use in the production or rendering of goods or services, for rental to others, or for administrative purposes, and have a service life of more than one accounting year. The fixed assets are recognized when the following conditions are satisfied simultaneously: the economic benefits are likely to inflow to the Company and the costs of such fixed assets can be measured reliably.

(2). Depreciation method

☒ Applicable" ☐ Not applicable"

Category	Depreciation method	Depreciation life (years)	Residual value	Annual depreciation rate
Houses and buildings	Straight-line method	10 or 30	5%	9.50% or 3.17%
General equipment	Straight-line method	3-10	5%	31.67%-9.50%
Dedicated equipment	Straight-line method	5-10	5%	19.00%-9.50%
Means of transportation	Straight-line method	5	5%	19.00%

22. Construction in progress

"√ Applicable" "□ Not applicable"

1. Construction in progress is recognized when the following conditions are satisfied simultaneously: the economic benefits are likely to inflow to the Company and the costs of such construction in progress can be measured reliably. Construction in progress is measured at the actual cost incurred to prepare the assets for their intended use.

2. Construction in progress is transferred to fixed assets at the actual cost when it reaches the expected conditions for service. When construction in progress has achieved serviceable conditions but final settlement has not been finished, it is first transferred to fixed assets as per estimated value. After final settlement is finished, the estimated value is adjusted based on actual cost, but the depreciated amount is not adjusted.

Category	Criteria and timing for the transfer of construction in progress to fixed assets
Dedicated equipment	After installation and commissioning, the construction meets the design requirements or the standards stipulated in the contract
Houses and buildings	When the physical construction has been fully or substantially completed and can be put into use

23. Borrowing costs

"√ Applicable" "□ Not applicable"

1. Criteria for recognition of capitalized borrowing costs

Borrowing costs incurred by the Company, which are directly attributable to the purchase and construction of assets eligible for capitalization, are capitalized and included in the costs of the related assets. Other borrowing costs are recognized as expenses in the period in which they are incurred and are included in the current profit or loss.

2. Capitalization period of borrowing costs

(1) The capitalization of borrowing costs begins when the following three conditions are fully satisfied: 1) expenditures for the assets have been incurred; 2) borrowing costs have been incurred; 3) acquisition and construction or production that are necessary to enable the assets to reach the intended usable or salable conditions have commenced.

(2) Where abnormal interruption of assets eligible for capitalization occurs during the acquisition and construction or production process and such interruption has lasted for more than three consecutive months, the capitalization of borrowing costs is suspended; the borrowing costs during the interruption are recognized as current expenses till resumption of purchasing or production of the assets.

(3) Capitalization of borrowing costs is suspended during periods in which the qualifying asset under acquisition and construction or production is ready for the intended use or sale.

3. Capitalization rate and amount of borrowing costs

In case of special borrowing for the acquisition and construction or production of assets meeting the capitalization conditions, interest amount to be capitalized is recognized after deducting the bank interests for the unused portion or the investment income for temporary investment from the interest costs (including recognized depreciation or amortization of premium under the effective interest method) actually incurred in the current period of specific borrowing; for general borrowing occupied for the acquisition and construction or production of assets meeting the capitalization conditions, the interest amount to be capitalized is determined via the result obtained by multiplying the capitalization rate of occupied general borrowing with the weighted average value of the asset expenditure for the accumulated expenditure exceeding the specific borrowing portion.

24. Biological assets

☐ Applicable" ☒ Not applicable"

25. Oil and gas assets

☐ Applicable" ☒ Not applicable"

26. Intangible assets**(1). Service life and its determination basis, estimation, amortization method or review procedure**

☒ Applicable" ☐ Not applicable"

1. Intangible assets, including land use rights, patent rights and non-patented technologies, are measured at the cost.

2. Intangible assets with limited service life are amortized systematically and reasonably over their service life in accordance with the expected realization method of the economic benefits related to the intangible assets. If the expected realization method cannot be reliably determined, the straight-line method is used for amortization. The specific information is shown as below:

Item	Service life and its determination basis	Amortization method
Land use rights	The service life is determined to be 40-50 years based on the property registration period	Straight-line method
Non-patented technologies	The service life is determined to be 5 years based on the expected benefit period	Straight-line method
Office software	The service life is determined to be 3-10 years based on the expected benefit period	Straight-line method
Patent right	The service life is determined to be 5 years based on the expected benefit period	Straight-line method
Customer resources	The service life is determined to be 3 years based on the expected benefit period	Straight-line method
Trademark rights	The service life is determined to be 10 years based on the statutory protection period	Straight-line method

(2). Collection scope of R&D expenditures and related accounting treatment methods

☒ Applicable" ☐ Not applicable"

1. Collection scope of R&D expenditures**(1) Labor costs**

Labor costs include salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work-related injury insurance premiums, maternity insurance premiums and housing provident funds of the Company's R&D personnel, as well as labor costs of external R&D personnel.

If R&D personnel serve multiple R&D projects at the same time, the labor costs are allocated proportionally among different R&D projects based on the working hour records of R&D personnel of various R&D projects provided by the management department of the Company.

If the personnel directly engaged in R&D activities and external R&D personnel are also engaged in non-R&D activities, the Company will allocate the actual labor costs between R&D expenses and production & operation expenses by adopting reasonable methods such as the proportion of actual working hours based on the working hour records of R&D personnel at different positions.

(2) Direct input costs

Direct input costs refer to the relevant expenses actually incurred by the Company for the implementation of R&D activities, Including: 1) costs of directly consumed materials, fuel and power; 2) development and manufacturing expenses of molds and process equipment used for intermediate tests and product trial production, purchase expenses of samples, prototypes and general testing means which do not constitute fixed assets, and inspection expenses of trial production products; 3) expenses for operation, maintenance, adjustment, inspection, testing and maintenance of instruments and equipment used for R&D activities.

(3) Depreciation expenses and long-term prepaid expenses

Depreciation expenses refer to the depreciation expenses of instruments, equipment and buildings in use for R&D activities.

If the instruments, equipment and buildings in use for R&D activities are also used for non-R&D activities, the use of such instruments, equipment and buildings in use are recorded as necessary, and the depreciation expenses actually incurred are allocated between R&D expenses and production & operation expenses in a reasonable way based on the actual working hours, usable area and other factors.

Long-term prepaid expenses refer to the long-term prepaid expenses incurred in the process of reconstruction, modification, decoration and repair of R&D facilities, which are collected according to the actual expenditures and amortized evenly by stages within the prescribed period.

(4) Amortization expenses of intangible assets

Amortization expenses of intangible assets refer to the amortization expenses of software, intellectual property rights and non-patented technologies (including proprietary technology, licenses, designs and calculation methods) used for R&D activities.

(5) Entrusted external R&D expenses

Entrusted external R&D expenses refer to the expenses incurred by the Company in entrusting other institutions or individuals at home and abroad to carry out R&D activities (the results of R&D activities are owned by the Company and closely related to the Company's main operations).

(6) Others expenses

Other expenses refer to other expenses directly related to R&D activities other than the above expenses, including costs of technical books and materials, data translation fees, expert consultation fees, high-tech R&D insurance premiums, retrieval, demonstration, evaluation, appraisal and acceptance fees of R&D results, intellectual property application fees, registration fees, agency fees, conference fees, travel expenses, and communication fees.

2. Expenditure incurred during the research phase of internal R&D projects is included in the current profit or loss when actually incurred. Expenditure incurred during the development phase is recognized as expenditure on an intangible asset when all of the following conditions are satisfied simultaneously: (1) Completing the intangible asset so that it will be available for use or sale is technically feasible; (2) The intention to complete the intangible asset so that it will be available for use or sale exists; (3) The intangible asset will generate probable future economic benefits. Amongst other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is used internally, the usefulness of the intangible asset; (4) Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; (5) The expenditure attributable to the intangible asset during its development can be reliably measured.

27. Impairment of long-term assets

☒ Applicable" ☐ Not applicable"

For long-term assets such as long-term equity investments, investment real estate measured with the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with limited service life, in case that there are signs indicating impairment at the balance sheet date, the recoverable amount should be estimated. Whether there is a sign of impairment or not, the goodwill acquired through the

business combination and intangible assets with indefinite service life is tested for impairment each year. The impairment test on goodwill is carried out in combination with its related asset group or asset group portfolio.

In case the recoverable amount of the above long-term assets is less than its carrying value, the provision for asset impairment is recognized according to its differences and included in the current profit or loss.

28. Long-term prepaid expenses

☒ Applicable" ☐ Not applicable"

The long-term deferred expenses involve all expenses already paid with an amortization period of more than 1 year (excluding 1 year). Long-term deferred expenses are entered in an account at the actual amounts, and are amortized by even amortization within the benefit period or prescribed amortization period. If the long-term deferred expenses cannot provide benefit to future accounting periods, then all of the amortized value of the unamortized long-term deferred expenses are transferred into the current profit or loss.

29. Contract liabilities

☒ Applicable" ☐ Not applicable"

The Company recognizes the obligation to transfer goods to customers for the consideration received or receivable from the customers as contract liabilities.

30. Employee compensation

(1). Accounting treatment of short-term compensation

☒ Applicable" ☐ Not applicable"

During the accounting period when employees render services for the Company, the short-term compensation actually incurred is recognized as liabilities and included in the current profit or loss or the costs of the related assets.

(2). Accounting treatment of post-employment benefits

☒ Applicable" ☐ Not applicable"

Post-employment benefits are divided into the defined contribution plan and the defined benefit plan.

(1) During the accounting period when employees render services for the Company, the amount to be deposited as calculated according to the defined contribution plan is recognized as a liability and included in the current profit or loss or the costs of the related assets.

(2) The accounting treatment for the defined benefit plan generally comprises the following steps:

1) According to the expected cumulative benefit unit method, the demographic variables, financial variables, and other variables are estimated through unbiased and mutually consistent actuarial assumption, so as to measure the obligations arising from the defined benefit plan and determine the period of relevant obligations. In addition, the obligation generated from the defined benefit plan is discounted, so as to determine the present value of defined benefit plan obligation and current service cost;

2) In case assets exist in the defined benefit plan, the deficit or surplus generated from the present value of obligations of the defined benefit plan minus the fair value of the assets of the defined benefit plan is recognized as a net liability or net asset in the defined benefit plan. When the defined benefit plan has surplus, the net assets of the defined benefit plan are measured at the lower of the surplus of the defined benefit plan and the upper limit of the assets;

3) At the end of the period, the employee compensation costs generated by the defined benefit plan are recognized as three parts, i.e., service costs, net interest of the net liabilities or net assets of the defined benefit plan, and the changes generated by re-measurement of the net liabilities or net assets of the defined

benefit plan, in which the service costs and the net interest of the net liabilities or net assets of the defined benefit plan are included in the current profit or loss or the costs of the related assets, and the changes generated by re-measurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, and cannot be reversed to profit or loss in the subsequent accounting period. However, the amount recognized in other comprehensive income can be transferred within the equity scope.

(3). Accounting treatment of termination benefits

☒ Applicable" ☐ Not applicable"

If termination benefits are provided to employees, the employee compensation liabilities arising from the termination benefits are recognized on the earlier date of the following and included in the current profit or loss: (1) when the Company cannot unilaterally withdraw the termination benefits provided due to the termination of the labor relation plan or layoff proposal; (2) when the Company recognizes the cost or expenses related to the restructuring involving payment of termination benefits.

(4). Accounting treatment of other long-term employee benefits

☒ Applicable" ☐ Not applicable"

Other long-term employee benefits satisfying the conditions in the defined contribution plan are treated in accounting as stipulated in the defined contribution plan; other long-term benefits beyond those are treated in accounting as stipulated in the defined benefit plan. In order to simplify the related accounting treatment, the generated employee compensation cost is recognized as the service cost. The total net amount of items, including the net interest of net liabilities or assets of other long-term employee compensation and the changes generated from re-measuring net liabilities or assets of other long-term employee compensation, is included in the current profit or loss or the costs of the related assets.

31. Estimated liabilities

☒ Applicable" ☐ Not applicable"

1. The obligations imposed by contingencies, such as providing external guarantee, lawsuits, product quality assurance and onerous contracts, become the current obligations assumed by the Company, which are determined by the Company as estimated liabilities when their performance is very likely to result in economic benefit outflow from the Company and their amount can be measured reliably.
2. The estimated liabilities are initially measured by the Company based on the optimal estimate to be paid for performing relevant current obligations and their carrying value are reviewed on the balance sheet date.

32. Share-based Payments

☒ Applicable" ☐ Not applicable"

1. Types of share-based payments

There are equity-settled and cash-settled share-based payments.

2. Relevant accounting treatment of implementing, modifying and terminating the share-based payment schedule

(1) Equity-settled share-based payments

These equity-settled share-based payments vested immediately after the grant date and exchanged for employee services are included in relevant costs or expenses as per the fair value of the equity instruments on the grant date, and the capital reserve is adjusted accordingly. For the equity-settled share-based payments that are vested only after the services within the waiting period are completed or the specified performance conditions are satisfied and that are exchanged for employee services, the services acquired in the current period are included in relevant costs or expenses as per the fair value of the equity

instruments on the grant date based on the optimal estimate of the number of vesting equity instruments on each balance sheet date within the waiting period, and the capital reserve is adjusted accordingly.

The equity-settled share-based payments exchanged for services of other parties are measured as per the fair value of the services of other parties on the date of acquiring if its reliable measurement is possible. If the reliable measurement of the fair value of other parties services is impossible, but the reliable measurement of the fair value of the equity instruments is possible, they are measured as per the fair value of the equity instruments on the date of acquiring the services and included in relevant costs or expenses, with the owners' equity is increased accordingly.

(2) Cash-settled share-based payments

Cash-settled share-based payments vested immediately after the grant date and exchanged for employee services are included in relevant costs or expenses as per the fair value of the liabilities assumed by the Company on the grant date, and the liabilities are increased accordingly. For cash-settled share-based payments that are vested only after the services within the waiting period are completed or the specified performance conditions are satisfied and that are exchanged for employee services, the services acquired in the current period are included in relevant costs or expenses and corresponding liabilities as per the fair value of the liabilities assumed by the Company based on the optimal estimate of the vesting conditions on each balance sheet date within the waiting period.

(3) Modifying and terminating the share-based payment schedule

If the fair value of the granted equity instruments is increased, the Company recognizes the increase of the acquired services according to the fair value of the equity instruments. If the number of the granted equity instruments is increased, the Company recognizes the increased fair value of the equity instruments as the increase of the acquired services accordingly. If the Company modifies the vesting conditions in a way favorable to employees, the Company considers the modified vesting conditions when dealing with the vesting conditions.

If the fair value of the granted equity instruments is decreased, the Company continues to recognize the amount of the acquired services according to the fair value of the equity instruments on the grant date, without taking into account the decrease of the fair value of the equity instruments. If the number of the granted equity instruments is decreased, the Company treats the decreased part as cancellation of the granted equity instruments. If the Company modifies the vesting conditions in a way unfavorable to employees, the Company will not consider the modified vesting conditions when dealing with the vesting conditions.

If the Company cancels or settles the granted equity instruments within the waiting period (other than the cancellation arising from failure to meet the vesting conditions), the cancellation or settlement is regarded as accelerated vesting treatment to immediately recognize the amount that should be recognized within the remaining waiting period.

33. Preferred shares, perpetual bonds and other financial instruments

☒ Applicable" ☐ Not applicable"

According to the relevant standards for financial instruments and the Regulations on the *Provisions on Accounting Treatment of Perpetual Bonds* (C.C. [2019] No. 2), for financial instruments such as convertible corporate bonds issued, the Company classifies these financial instruments or their components as financial assets, financial liabilities or equity instruments during initial recognition, based on the contractual terms of the financial instruments issued and the economic substance they reflect, not only in legal form, but in combination with the definitions of financial assets, financial liabilities and equity instruments.

At the balance sheet date, for financial instruments classified as equity instruments, interest expenses or dividend distributions are treated by the Company as profit distribution. Repurchases, cancellations, and

similar transactions are treated as changes in equity. For financial instruments classified as financial liabilities, their interest expense or dividend distribution are treated as borrowing costs, and the gains or losses from repurchase or redemption are included in the current profit or loss.

34. Revenue

(1). Accounting policy applied for recognition and measurement of revenues disclosed by business type

"√ Applicable" "□ Not applicable"

1. Revenue recognition principle

On the commencement date of the contract, the Company evaluates the contract, identifies the individual performance obligations provided in the contract and determines whether to perform them within a period or at a time point.

The performance obligations are deemed to be performed within a period if one of the following conditions is satisfied, otherwise, at a time point: (1) The customer acquires and consumes the economic benefits brought by the Company's performance while the Company is performing its obligations; (2) the customer is capable to control the commodities under creation during the Company's performance; (3) the commodities produced during the Company's performance have an irreplaceable purpose and the Company has the right to collect the amounts for the performance part already completed to date within the whole contract term.

For the obligations performed within a period, the Company recognizes the revenue according to the performance progress in that period. If the performance progress cannot be determined in a reasonable way, but the incurred costs are expected to be reimbursed, the revenue is recognized according to the incurred amount of costs until the performance progress can be determined in a reasonable way. For the obligations performed at a time point, the revenue is recognized at the time of the customer's acquiring the control of related commodities or services. The Company takes into account the following when judging whether the customer has acquired the control over a commodity: (1) The Company has the current right for collection, namely the customer has the current obligation for payment with respect to the commodity; (2) the Company has transferred the legal title of the commodity to the customer, namely the customer has possessed the legal title of the commodity; (3) the Company has transferred the physical commodity to the customer, namely the customer has physical possession of the commodity; (4) the Company has transferred the main risks and returns on the commodity's title to the customer, namely the customer has acquired the same; (5) the customer has accepted the commodity; and (6) there are other signs indicating that the customer has acquired control over the commodity.

2. Revenue measurement principle

(1) The Company measures the revenue according to the transaction price apportioned to the individual performance obligations. Transaction price refers to the consideration amount of which the Company is expected to have right for collection due to transfer of commodities or services to the customer, excluding the amounts charged on behalf of a third party and expected to refund to the customer.

(2) In case of a variable consideration in the contract, the Company determines the optimal estimate of the variable consideration according to the expected value or the amount most likely to incur, while the transaction price including the variable consideration cannot exceed the amount under the circumstance where the accumulatively recognized revenue will be highly unlikely to suffer major reversal when relevant uncertainties are eliminated.

(3) In case of a major financing composition in the contract, the Company determines the transaction price according to the payable amount assumed to be paid by the customer in cash immediately after it acquires the control over the commodities or services. The difference between the transaction price and the contract consideration is amortized with the effective interest method within the contract term. If the Company

expects, on the commencement date of the contract, that the interval between the customer's acquisition of the control of the commodities or services and its payment is not more than one year, the major financing composition in the contract is not taken into account.

(4) In case of two or more performance obligations in the contract, the Company apportions the transaction price to the individual performance obligations according to the relative proportion of the individual sales price of the commodities undertaken as per the individual performance obligations on the commencement date of the contract.

(2). Difference in accounting policies for revenue recognition and measurement resulting from different business models for similar businesses

☒ Applicable" ☐ Not applicable"

The Company mainly sells cosmetics. We have different sales models classified as distribution, direct selling and sales on commission.

(1) Distribution

The sales revenue is recognized after the Company delivers the products to the buyer according to the provisions of the contract and the buyer accepts the same.

(2) Direct selling

The sales revenue is recognized after the Company delivers the commodities to the consumer and the consumer confirms receipt and makes payment.

(3) Sales on commission

The sales revenue is recognized after the Company delivers the products to the commissioned party according to the provisions of the contract and the commissioned party provides the list of sales on commission to the Company upon selling the products to others.

35. Contract cost

☐ Applicable" ☒ Not applicable"

36. Government subsidies

☒ Applicable" ☐ Not applicable"

1. Government subsidies are recognized when all of the following conditions are satisfied: (1) The Company is able to meet the conditions attached to the government subsidies; (2) the Company is able to receive the government subsidies. In case of government subsidies as monetary assets, they are measured at the amount received or receivable. In case of government subsidies as non-monetary assets, they are measured at the fair value; in case that the fair value cannot be acquired in a reliable way, they are measured at the nominal amount.

2. Determination and accounting treatment method for government subsidies related to assets

Government subsidies that are used for purchasing and construction or otherwise forming long-term assets as specified in government documents are classified as government subsidies related to assets. In case of no provision in government documents, the government subsidies are determined on the basis of the essential condition required for obtaining the subsidies, and considered as related to assets if the essential condition is purchasing and construction or otherwise forming long-term assets. Government subsidies related to assets offset the carrying value of relevant assets or are recognized as deferred income. If the government subsidies related to assets are recognized as deferred income, they are included in the profit and loss in a reasonable and systematic way within the service life of relevant assets. Government subsidies measured at nominal amount are directly included in the current profit or loss. If related assets are sold, transferred, scrapped or damaged before the end of their service life, related deferred income balance unallocated is transferred into the profit and loss for the period of asset disposal.

3. Determination and accounting treatment of government subsidies related to income

Government subsidies other than those related to assets are classified as government subsidies related to income. If it is difficult to distinguish whether the government subsidies containing both the part related to assets and the part related to income are related to assets or income, the government subsidies are entirely classified as government subsidies related to income. Government subsidies related to income that are used for compensation for relevant costs or losses in subsequent periods are recognized as deferred income, and included in the current profit or loss or offset relevant costs in the period in which relevant costs or losses are recognized; those used for compensation for relevant costs or losses that have incurred are directly included in the current profit or loss or offset relevant costs.

4. Government subsidies related to daily business activities of the Company are included in other income or offset relevant costs according to the nature of the economic business. Government subsidies unrelated to the daily business activities of the Company are included in non-operating revenue or expenses.

37. Deferred income tax assets and liabilities

☒ Applicable" ☐ Not applicable"

1. According to the difference between the carrying value of the assets and liabilities and their tax basis (if the tax basis of the items not recognized as assets or liabilities can be determined according to the provisions of the tax law, the difference between that tax basis and their carrying amount), the deferral tax assets or liabilities must be calculated and recognized according to the tax rate applicable in the period where it is expected to recover the assets or liquidate the liabilities.

2. Deferred income tax assets are recognized to the extent that it is very likely to obtain the taxable income to deduct the deductible temporary differences. If at the balance sheet date, there is conclusive evidence proving that it is very likely that sufficient taxable income will be obtained in future periods to deduct the deductible temporary differences, the deferred income tax assets not recognized in previous accounting periods are recognized.

3. At the balance sheet date, the carrying value of the deferred income tax assets is reviewed. When it is very likely that sufficient taxable income will not be obtained in future periods to deduct their benefits, the carrying value of the deferred income tax assets is written down. When it is very likely that sufficient taxable income will be obtained, the amount written down is reversed.

4. The current income tax and deferred income tax of the Company are included in the current profit or loss as income tax expense or income, except for the income tax arising from the following circumstances: (1) business combination; (2) transaction or matters recognized directly in the owners' equity.

5. Where the following conditions are met simultaneously, the Company will present the deferred income tax assets and deferred income tax liabilities at the net amount after offset: (1) the Company has a legal right to settle the current income tax assets and liabilities; (2) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities. However, in the future, for each significant period of deferred income tax assets and liabilities being reversed, the involved taxable entity intends to either settle current tax liabilities and assets on a net basis, or to acquire the assets and settle the liabilities simultaneously.

38. Lease

☒ Applicable" ☐ Not applicable"

Judgment and accounting treatment of the Company as the lessee for short-term leases and low-value asset leases subject to simplified treatment

☒ Applicable" ☐ Not applicable"

On the start date of the lease term, the Company recognizes leases with a lease term not exceeding 12 months and no purchase option as short-term leases; leases with low value when individual leased assets

are brand-new assets are recognized as leases of low-value assets. If the Company subleases or is expected to sublease the leased assets, the original lease is not recognized as a lease of low-value assets.

For all short-term leases and leases of low-value assets, the Company records the lease payments in the cost of related assets or the current profit or loss by applying the straight-line method over each period of the lease term.

Except for the above-mentioned short-term leases and leases of low-value assets that adopt simplified treatment, the Company recognizes leases as right-of-use assets and lease liabilities, on the start date of the lease term.

(1) Right-of-use assets

Right-of-use assets are initially measured at cost which includes: 1) the initial measurement amount of lease liabilities; 2) the lease payments made on or before the start date of the lease term, deducting the amounts related to the lease incentive given if a lease incentive exists; 3) the initial direct costs incurred by the lessee; 4) the estimated costs to be incurred by the lessee to dismantle and remove leased assets, restore the site where the leased assets are located, or restore the leased assets to the condition agreed upon in the lease terms.

The Company depreciates right-of-use assets with the straight-line method. If it can be reasonably determined that the Company will acquire ownership of the leased assets at the expiration of the lease term, the Company accrues depreciation over the remaining service life of the leased assets. If it cannot be reasonably determined that the Company will acquire ownership of the leased assets at the expiration of the lease term, the Company accrues depreciation over the lease term or the remaining service life of the leased assets, whichever is shorter.

(2) Lease liabilities

On the start date of the lease term, the Company recognizes the present value of the outstanding lease payments as lease liabilities. When calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate. If the interest rate implicit in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. The difference between the lease payment and its present value is regarded as the unrecognized financing expense, and the interest expense is recognized in each period of the lease term according to the discount rate of the present value of the recognized lease payment, and is included in the current profit or loss. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit or loss when actually incurred.

After the start date of the lease term, when there is a change in the actual amount of fixed payment, a change in the estimated payable amount of the guaranteed residual value, a change in the index or ratio used to determine the lease payment amount, or a change in the evaluation results or actual exercise of the purchase option, renewal option or termination option, the Company re-measures the lease liabilities according to the present value of the changed lease payments, and adjusts the carrying value of the right-of-use assets accordingly. If the carrying value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount is included in the current profit or loss.

Classification and accounting treatment of the Company as the lessor for leases

"√ Applicable" "□ Not applicable"

On the start date of the lease term, the Company classifies the leases that have almost all the risks and rewards related to the ownership of the leased assets substantially transferred as financial leases, and other leases as operating leases.

(1) Operating leases

During each period of the lease term, the Company recognizes the lease receipts as rental income by applying the straight-line method, capitalizes the initial direct expenses incurred and amortizes the

expenses on the same basis as for rental income recognition, to be included in the current profit or loss in installments. The variable lease payments obtained by the Company related to operating leases but not included in the lease receipts are included in the current profit or loss when actually incurred.

(2) Financial leases

On the start date of the lease term, the Company recognizes the financial lease receivables based on the net lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received on the start date of the lease term discounted at the interest rate implicit in lease), and derecognizes financial lease assets. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate implicit in the lease.

The variable lease payments obtained by the Company that are not included in the measurement of net lease investment are included in the current profit or loss when actually incurred.

39. Other significant accounting policies and estimates

"√ Applicable" "□ Not applicable"

Accounting treatment related to repurchasing the Company's shares

If the Company's shares are acquired due to reasons such as reducing registered capital or rewarding employees, the actual amount paid is treated as treasury shares and recorded for future reference. Where the repurchased shares are canceled, the difference between the total face value of the shares calculated based on the face value and number of canceled shares and the actual amount paid for the repurchase will be offset against the capital reserve. If the capital reserve is insufficient to be offset, the retained earnings will be offset. Where the repurchased shares are rewarded to employees of the Company as equity-settled share-based payments, the cost of treasury shares delivered to employees and the cumulative amount of capital reserves (other capital reserves) during the waiting period is charged off when employees exercise their rights to purchase shares of the Company and relevant payments are received, and the capital reserves (share premium) are also adjusted according to the difference.

40. Changes in significant accounting policies and estimates

(1). Changes in significant accounting policies

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Contents and reasons of changes in accounting policies	Name of report items affected materially	Amount of impact
The Company has been implementing the provisions on "Classification of Liabilities as Current or Non-current" in the <i>Interpretation of Accounting Standards for Business Enterprises No. 17</i> issued by the Ministry of Finance since January 1, 2024.	This accounting policy change has no impact on the Company's financial statements.	0.00
The Company has been implementing the provisions on "Disclosure of Supplier Finance Arrangements" in the <i>Interpretation of Accounting Standards for Business Enterprises No. 17</i> issued by the Ministry of Finance since January 1, 2024.	This accounting policy change has no impact on the Company's financial statements.	0.00
The Company has been implementing the provisions on "Accounting for Sale and Leaseback Transactions" in the	This accounting policy change has no impact on	0.00

<i>Interpretation of Accounting Standards for Business Enterprises No.17</i> issued by the Ministry of Finance since January 1, 2024.	the Company's financial statements.	
The Company has been implementing the provisions on "Accounting Treatment of Guarantee Quality Assurance That Does Not Fall Under Individual Performance Obligations" in the <i>Interpretation of Accounting Standards for Business Enterprises No. 18</i> issued by the Ministry of Finance since January 1, 2024. This accounting policy change has no impact on the Company's financial statements.	This accounting policy change has no impact on the Company's financial statements.	0.00

Other explanations:

None

(2). Changes in significant accounting estimates

☐ Applicable" ☒ Not applicable"

(3). Adjustments to financial statements at the beginning of the year upon initial adoption of new accounting standards or interpretation of standards since 2024

☐ Applicable" ☒ Not applicable"

41. Other

☐ Applicable" ☒ Not applicable"

VI. Taxes

1. Major tax types and tax rates

Particulars on major tax types and tax rates

☒ Applicable" ☐ Not applicable"

Tax type	Taxing basis	Tax rate
Value-added tax (VAT)	The output tax is calculated on the basis of the income from sales of products and taxable income from rendering of services calculated according to the provisions of the tax law. The difference between the output tax and the amount after deducting the input tax which is allowed to be deductible in the current period is the payable VAT.	13%, 9%, 6%, 1%
Consumption tax	Taxable sales (volume)	15%
Property tax	In case of ad valorem taxation, it is calculated and paid as per	12%, 1.2%

	1.2% of the remaining value after 30% of the original value of the property is deducted in a lump sum; in case of taxation according to lease, it is calculated and paid as per 12% of the rental income.	
Urban maintenance and construction tax	Actual turnover tax paid	7%, 5%
Education surcharge	Actual turnover tax paid	3%
Surcharge for local education	Actual turnover tax paid	2%
Enterprise income tax	Taxable income	[Note]

[Note]: Descriptions on tax payers with different enterprise income tax rates

If there are taxpayers with different enterprise income tax rates, details will be disclosed

"√ Applicable" "□ Not applicable"

Name of taxpayer	Income tax rate (%)
The Company	15
Hangzhou Proya Trade Co., Ltd.	25
Anya (Huzhou) Cosmetics Co., Ltd.	25
Yueqing Laiya Trading Co., Ltd.	25
Mijing Siyu (Hangzhou) Cosmetics Co., Ltd.	25
Zhejiang Meiligu Electronic Commerce Co., Ltd.	25
Huzhou Chuangdai E-commerce Co., Ltd.	25
Hangzhou CORRECTORS Trade Co., Ltd.	25
Hapsode (Hangzhou) Cosmetics Co., Ltd.	25
Huzhou Hapsode Trading Co., Ltd.	25
Ningbo TIMAGE Cosmetics Co., Ltd.	25
Zhejiang Beauty Cosmetics Co., Ltd.	25
Ningbo Tangyu Trading Co., Ltd.	25
Proya (Zhejiang) Cosmetics Co., Ltd.	25
Hanna Cosmetics Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in South Korea
Hapsode Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in South Korea
Hong Kong Keshi Trading Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Xinghuo Industry Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Wanyan Electronic Commerce Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Zhongwen Electronic Commerce Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Xuchen Trading Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Boya (Hong Kong) Investment Management Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Proya Europe SARL	Relevant taxes are calculated and paid according to local tax regulations in Luxembourg
OR Off&Relax	Relevant taxes are calculated and paid according to local tax regulations in Japan
PROYA PTE. LTD	Relevant taxes are calculated and paid according to local tax regulations in Singapore

PROYA BEAUTY MALAYSIA SDH. BHD.	Relevant taxes are calculated and paid according to local tax regulations in Malaysia
Proya EUROPE SAS	Relevant taxes are calculated and paid according to local tax regulations in France
Tax payers other than the above	20

2. Tax preference

"√ Applicable" "□ Not applicable"

The Company passed the high-tech enterprise review on December 8, 2023 and obtained the high-tech enterprise certificate, which is valid for three years. The preferential period of corporate income tax is from 2023 to 2025. The Company was subject to the enterprise income tax at the preferential rate of 15% during the Reporting Period.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Policies of Income Tax for Small and Micro Enterprises* (Announcement No. 13 of 2022 of the Ministry of Finance and the State Taxation Administration) and the *Announcement on Preferential Policies of Income Tax for Small and Micro Enterprises and Individual Industrial and Commercial Households* (Announcement No. 6 of 2023 of the Ministry of Finance and the State Taxation Administration), the subsidiaries Huzhou Niuke Technology Co., Ltd., Xuzhou Laibo Information Technology Co., Ltd., Ningbo Jingzhe Cosmetics Co., Ltd., and Hangzhou Weiluohe Cosmetics Co., Ltd. meet the tax standards for small low-profit enterprises. Thus, the portion of taxable income not exceeding RMB1 million in the current period is reduced by 25% to be included in the taxable income and the enterprise income tax is paid by such subsidiaries at the rate of 20%, and the portion of taxable income exceeding RMB1 million but not exceeding RMB3 million in the current period is also reduced by 25% to be included in the taxable income and the enterprise income tax is also paid by such subsidiaries at the rate of 20%.

In accordance with the *Announcement on Further Implementing the "Six Types of Taxes and Two Types of Fees" Reduction Policy for Small and Low-Profit Enterprises* (Announcement No. 10 of 2022 of the Ministry of Finance and the State Taxation Administration), the subsidiaries including Huzhou UZERO Trading Co., Ltd., Huzhou Keyan Trading Co., Ltd., Hangzhou Proya Commercial Management Co., Ltd., Hangzhou TIMAGE Cosmetics Co., Ltd., Ningbo Jingzhe Cosmetics Co., Ltd., and Hangzhou Oumisi Trade Co., Ltd. meet the tax standards for small and low-profit enterprises or small-scale VAT taxpayers. Thus, they are eligible for a 50% or less reduction in urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding securities transaction stamp duty), farmland occupation tax, education surcharge, and local education surcharge within the tax amount range.

In accordance with the *Announcement on the Policy of Reducing and Exempting Value-Added Tax for Small-Scale VAT Taxpayers* (Announcement No. 19 of 2023 of the Ministry of Finance and the State Taxation Administration), the subsidiaries including Hangzhou Tielexin Aini Catering Management Co., Ltd. and Hangzhou Luxiaotie Fitness Co., Ltd. meet the conditions for small-scale taxpayers. Thus, they are exempted from VAT if their monthly sales are less than RMB100,000 (inclusive), and VAT is levied against them at a reduced rate of 1% on taxable sales income where a 3% levy rate applies.

In accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on Tax Policies for Cross-Border E-commerce Retail Export* (Notice No. 96 of 2013 of the Ministry of Finance and the State Administration of Taxation), the subsidiaries including Hangzhou TIMAGE Cosmetics Co., Ltd. and Hangzhou Oumisi Trade Co., Ltd. meet the conditions for value-added tax and consumption tax refund (exemption) policies for exported goods of e-commerce export enterprises. Thus, they are eligible for value-added tax and consumption tax refund (exemption).

3. Other

☐ Applicable" ☒ Not applicable"

VII. Notes to the Items in Consolidated Financial Statements**1. Cash and cash equivalents**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Cash on hand	9,229.11	29,332.00
Cash at bank	4,017,352,725.93	3,783,575,412.37
Other monetary capital	64,764,461.80	227,480,813.70
Deposits with finance companies		
Total	4,082,126,416.84	4,011,085,558.07
Including: Total cash deposited outside China	118,098,472.97	79,895,831.50

Other explanations:

At the end of the period, bank deposits subject to restricted use included: the certificate of deposit of RMB1,327,741,986.16, the judicial frozen monetary funds of RMB3,416,733.86, the transformer fixed-deposit margin of RMB250,000.00, and the ETC vehicle deposit of RMB70,000.00, the Pinduoduo deposit of RMB5,298,890.00, and the direct-sales store deposit of RMB2,779,122.20 in other monetary funds.

At the beginning of the period, bank deposits subject to restricted use included: the fixed-term deposit of RMB335,288,251.36, the transformer fixed-deposit margin of RMB250,000.00, the credit deposit of RMB8,800,000.00 and the ETC vehicle deposit of RMB70,000.00, the Pinduoduo deposit of RMB5,298,890.00, and the Tmall and Alipay deposits of RMB2,110,704.68 in other monetary funds.

2. Held-for-trading financial assets

☐ Applicable" ☒ Not applicable"

3. Derivative financial assets

☐ Applicable" ☒ Not applicable"

4. Notes receivable**(1). Presentation of notes receivable by category**

☐ Applicable" ☒ Not applicable"

(2). Notes receivable pledged by the Company at the end of the period

☐ Applicable" ☒ Not applicable"

(3). Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

☐ Applicable" ☒ Not applicable"

(4). Disclosed by the classification of bad debt accrual method

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in book balance of notes receivable with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

(5). Information on provisions for bad debts

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(6). Notes receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important notes receivable occurred:

☐ Applicable" ☒ Not applicable"

Description of the write-off of notes receivable:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

5. Accounts receivable**(1). Disclosed by account age**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Account age	Ending book balance	Opening book balance
Within 1 year		

Including: Sub-items within 1 year		
Within 1 year	544,412,381.63	361,290,118.83
Sub-total within 1 year	544,412,381.63	361,290,118.83
1-2 years	314,688.33	1,358,203.20
2-3 years	1,088,678.56	787,682.79
Above 3 years	9,459,313.78	12,055,855.34
3-4 years		
4-5 years		
Above 5 years		
Total	555,275,062.30	375,491,860.16

(2). Disclosed by the classification of bad debt accrual method

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Provision for bad debts		Book value	Carrying amount		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Accrual ratio (%)		Amount	Percentage (%)	Amount	Accrual ratio (%)	
Provision for bad debts accrued individually	5,681,306.63	1.02	5,681,306.63	100.00		8,401,266.23	2.24	8,401,266.23	100.00	
Including:										
Provision for bad debts accrued individually	5,681,306.63	1.02	5,681,306.63	100.00		8,401,266.23	2.24	8,401,266.23	100.00	
Provision for bad debts accrued by portfolio	549,593,755.67	98.98	31,639,168.57	5.76	517,954,587.10	367,090,593.93	97.76	22,520,397.39	6.13	344,570,196.54
Including:										
Account age portfolio	549,593,755.67	98.98	31,639,168.57	5.76	517,954,587.10	367,090,593.93	97.76	22,520,397.39	6.13	344,570,196.54
Total	555,275,062.30	/	37,320,475.20	/	517,954,587.10	375,491,860.16	/	30,921,663.62	/	344,570,196.54

Provision for bad debts accrued individually:

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Name	Ending balance			
	Carrying amount	Provision for bad debts	Accrual ratio (%)	Reason for accrual
Provision for bad debts accrued individually	5,681,306.63	5,681,306.63	100.00	Expected to be unrecoverable
Total	5,681,306.63	5,681,306.63	100.00	/

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☒ Applicable" ☐ Not applicable"

By portfolio: account age portfolio

Unit: Yuan Currency: RMB

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Accrual ratio (%)
Within 1 year	544,412,381.63	27,220,619.15	5.00
1-2 years	312,121.92	93,636.58	30.00
2-3 years	1,088,678.56	544,339.28	50.00
Above 3 years	3,780,573.56	3,780,573.56	100.00
Total	549,593,755.67	31,639,168.57	5.76

Description of provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in book balance of accounts receivable with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

(3). Information on provisions for bad debts

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of changes in the current period				Ending balance
		Accrual	Withdrawal or write-back	Charge-off or write-off	Other changes	
Provision for bad debts	8,401,266.23	-75,358.85		2,644,600.75		5,681,306.63

accrued individually						
Provision for bad debts accrued by portfolio	22,520,397.39	10,079,212.40		960,441.22		31,639,168.57
Total	30,921,663.62	10,003,853.55		3,605,041.97		37,320,475.20

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(4). Accounts receivable actually written off in the current period

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Written off amount
Accounts receivable actually written off	3,605,041.97

Wherein information on accounts receivable was significantly written off

☐ Applicable" ☒ Not applicable"

Description of the write-off of the account receivable:

☐ Applicable" ☒ Not applicable"

(5). Accounts receivable and contract assets of the top five ending balances collected by debtor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Balance of accounts receivable at the end of the period	Balance of contract assets at the end of the period	Balance of accounts receivable and contract assets at the end of the period	Proportion of total balance of accounts receivable and contract assets at the end of the period (%)	Ending balance of provision for bad debts
Beijing Jingdong Century Trading Co., Ltd.	498,771,690.79		498,771,690.79	89.82	24,938,584.54
Vipshop (China) Co., Ltd.	17,263,430.66		17,263,430.66	3.11	863,171.53

Hangzhou Zhishang Technology Co., Ltd.	4,763,294.03		4,763,294.03	0.86	408,938.94
BOTANIERA (Hangzhou) Health Technology Co., Ltd.	3,597,688.57		3,597,688.57	0.65	179,884.43
Devcos International Pty Ltd	3,385,558.75		3,385,558.75	0.61	169,277.94
Total	527,781,662.80		527,781,662.80	95.05	26,559,857.38

Other explanations:

None

Other explanations:

☐ Applicable" ☒ Not applicable"

6. Contract assets

(1). Description of contract assets

☐ Applicable" ☒ Not applicable"

(2). Amount of and reasons for significant changes in carrying amount during the Reporting Period

☐ Applicable" ☒ Not applicable"

(3). Disclosed by the classification of bad debt accrual method

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in book balance of contract assets with changes in provision for loss in

the current period:

☐ Applicable" ☒ Not applicable"

(4). Provision for bad debts of contract assets accrued in the current period

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(5). Contract assets actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important contract assets occurred:

☐ Applicable" ☒ Not applicable"

Description of write-off of contract assets:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

7. Receivable financing

(1). Presentation of receivable financing by category

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills		7,378,700.06
Total		7,378,700.06

(2). Receivable financing pledged by the Company at the end of the period

☐ Applicable" ☒ Not applicable"

(3). Receivable financing endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

☐ Applicable" ☒ Not applicable"

(4). Disclosed by the classification of bad debt accrual method

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Category	Ending balance			Beginning balance		
	Carrying amount	Provision for bad debts	Book value	Carrying amount	Provision for bad debts	Book value

	Amount	Percentage (%)	Amount	Accrual ratio (%)		Amount	Percentage (%)	Amount	Accrual ratio (%)	
Provision for bad debts accrued individually										
Including:										
Provision for bad debts accrued by portfolio						7,378,700.06	100.00			7,378,700.06
Including:										
Bank acceptance bills						7,378,700.06	100.00			7,378,700.06
Total		/		/		7,378,700.06	/		/	7,378,700.06

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in book balance of receivable financing with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

(5). Information on provisions for bad debts

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(6). Receivable financing actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important receivable financing occurred:

☐ Applicable" ☒ Not applicable"

Description of write-off of receivable financing:

☐ Applicable" ☒ Not applicable"

(7). Changes in the current period of receivables financing and changes in fair value:

☐ Applicable" ☒ Not applicable"

(8). Other explanations

☐ Applicable" ☒ Not applicable"

8. Prepayments

(1). Prepayments are presented by account age

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Account age	Ending balance		Beginning balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	221,486,974.88	98.93	200,521,100.41	98.84
1-2 years	1,742,907.69	0.78	1,427,668.59	0.70
2-3 years	559,429.73	0.25	383,035.66	0.19
Above 3 years	90,076.37	0.04	538,390.92	0.27
Total	223,879,388.67	100.00	202,870,195.58	100.00

Description of reasons why prepayments with an account age of more than one year and a significant amount are not settled in time:

None

(2). Prepayments of the top five ending balances collected by prepaid objects

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Ending balance	Proportion of total ending balance of prepayment (%)
Hangzhou Alimama Software Service Co., Ltd. [Note 1]	56,258,634.51	25.13
Guangxi JingdongQingchuan E-commerce Co., Ltd. [Note 2]	38,548,408.47	17.22

Wuhan JuliangXingtu Technology Co., Ltd. [Note 3]	21,868,228.73	9.77
Shanghai Zhuiji Information Technology Co., Ltd.	20,464,650.65	9.14
Shanghai Vision Star Co., Ltd.	13,900,014.96	6.21
Total	151,039,937.32	67.47

Other explanations:

[Note 1] The prepayments are the consolidated statistics of Hangzhou Alimama Software Service Co., Ltd. and Zhejiang Alibaba Communication Technology Co., Ltd. under common control.

[Note 2] The prepayments are the consolidated statistics of Guangxi JingdongQingchuan E-commerce Co., Ltd. and Jingdonghaijia E-commerce Co., Ltd. under common control.

[Note 3] The prepayments are the consolidated statistics of Hubei Juliang Engine Technology Co., Ltd. and Wuhan JuliangXingtu Technology Co., Ltd. under common control.

Other explanations:

☐ Applicable" ☒ Not applicable"

9. Other receivables

Presentation by item

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable		
Other receivables	9,869,822.71	81,966,213.90
Total	9,869,822.71	81,966,213.90

Other explanations:

☐ Applicable" ☒ Not applicable"

Interest receivable

(1). Classification of interest receivable

☐ Applicable" ☒ Not applicable"

(2). Significant overdue interest

☐ Applicable" ☒ Not applicable"

(3). Disclosed by the classification of bad debt accrual method

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

(4). Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in carrying balance of interest receivable with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

(5). Information on provisions for bad debts

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(6). Interest receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important interest receivable occurred

☐ Applicable" ☒ Not applicable"

Description of write-off of receivable financing:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Dividend receivable

(7). Dividend receivable

☐ Applicable" ☒ Not applicable"

(8). Important dividends receivable with an account age of more than one year

☐ Applicable" ☒ Not applicable"

(9). Disclosed by the classification of bad debt accrual method

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

(10).Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage:

None

Description of significant changes in carrying balance of dividends receivable with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

(11).Information on provisions for bad debts

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(12).Dividends receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important dividends receivable occurred

☐ Applicable" ☒ Not applicable"

Description of write-off of receivable financing:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Other receivables

(13).Disclosed by account age

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Account age	Ending carrying balance	Beginning carrying balance
Within 1 year		
Including: Sub-items within 1 year		
Within 1 year	8,169,679.79	83,104,304.36

Sub-total within 1 year	8,169,679.79	83,104,304.36
1-2 years	2,757,016.92	3,463,981.21
2-3 years	357,430.09	5,143,264.28
Above 3 years	31,600,762.86	28,159,425.53
3-4 years		
4-5 years		
Above 5 years		
Total	42,884,889.66	119,870,975.38

(14).Classification by nature of payment

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Nature of payment	Ending carrying balance	Beginning carrying balance
Suspense payment receivables	26,993,854.60	105,147,206.95
Security deposits	14,015,875.84	10,750,199.61
Reserve funds	119,490.16	620,596.53
Temporary loans		3,000,000.00
Other	1,755,669.06	352,972.29
Total	42,884,889.66	119,870,975.38

(15).Information on provision for bad debts

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	3rd stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2024	4,155,215.19	1,039,194.36	32,710,351.93	37,904,761.48
Balance as of January 1, 2024 in the current period				
– Transferred into the second stage	-137,850.85	137,850.85		
– Transferred into the third stage		-107,229.03	107,229.03	
– Transferred back to the second stage				
– Transferred back to the first stage				
Amount accrued	-3,600,563.44	-242,711.10	-1,038,103.07	-4,881,377.61

in the current period				
Amount written back in the current period				
Amount charged-off in the current period	8,316.92			8,316.92
Amount written off in the current period				
Other changes				
Balance as of December 31, 2024	408,483.98	827,105.08	31,779,477.89	33,015,066.95

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in carrying balance of other receivables with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

The amount of provision for bad debts in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly:

☐ Applicable" ☒ Not applicable"

(16).Information on provisions for bad debts

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of changes in the current period				Ending balance
		Accrual	Withdrawal or write-back	Charge-off or write-off	Other changes	
Provision for bad debts accrued individually	26,204,225.55	- 488,175.65				25,716,049.90
Provision for bad debts accrued by portfolio	11,700,535.93	- 4,393,201.96		8,316.92		7,299,017.05
Total	37,904,761.48	- 4,881,377.61		8,316.92		33,015,066.95

Among them, significant amount of bad-debt provision written back or withdrawn in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(17).Other receivables actually written off in the current period

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Written off amount
Other receivables actually written off	8,316.92

Wherein write-off of other important receivables occurred:

☐ Applicable" ☒ Not applicable"

Description of write-off of other receivables:

☐ Applicable" ☒ Not applicable"

(18).Other receivables of the top five ending balances collected by debtor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Ending balance	Proportion of total ending balance in other receivables (%)	Nature of payment	Account age	Provision for bad debts Ending balance
EURL PHARMATIC A	18,022,225.76	42.02	Suspense payment receivables	Above 3 years	18,022,225.76
SIKEROM EUROPE GMBH	7,693,824.14	17.94	Suspense payment receivables	Above 3 years	7,693,824.14
Hangzhou Property Service and Maintenance Fund Management Center	4,708,614.72	10.98	Security deposits	Above 3 years	4,708,614.72
Vipshop (China) Co., Ltd.	2,000,000.00	4.66	Security deposits	1-2 years	600,000.00

Zhejiang Tmall Technology Co., Ltd.	1,083,427.58	2.53	Security deposits	RMB1,063,427.58 with an account age within 1 year, and RMB20,000.00 with an account age of 1-2 years	59,171.38
Total	33,508,092.20	78.13	/	/	31,083,836.00

(19). Presented as other receivables due to centralized fund management

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

10. Inventories**(1). Classification of inventories**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Carrying balance	Provision for devaluation of inventories/Impairment provision of contract performance cost	Carrying value	Carrying balance	Provision for devaluation of inventories/Impairment provision of contract performance cost	Carrying value
Raw materials	45,032,279.00	3,188,808.69	41,843,470.31	64,320,795.95	10,411,607.57	53,909,188.38
Packaging	36,170,512.87	2,468,567.76	33,701,945.11	54,811,928.32	4,460,418.42	50,351,509.90
Work in process	17,373,287.09	812,798.37	16,560,488.72	22,883,723.89	252,167.47	22,631,556.42
Outsourcing gifts	16,841,778.88	825,636.21	16,016,142.67	22,364,071.52	171,660.98	22,192,410.54
Inventory commodities	616,144,739.85	72,818,643.02	543,326,096.83	725,768,386.69	88,209,742.39	637,558,644.30
Low-value consumables	10,360,216.97	398,207.24	9,962,009.73	10,957,787.46	385,941.32	10,571,846.14
Total	741,922,814.66	80,512,661.29	661,410,153.37	901,106,693.83	103,891,538.15	797,215,155.68

(2). Data resources recognized as inventories

☐ Applicable ☒ Not applicable

(3). Provision for devaluation of inventories and impairment provision of contract performance cost

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item		Current increase	Current decrease	Ending balance
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	Beginning balance	Accrual	Other	Write-back or charge-off	Other	
Raw materials	10,411,607.57	897,265.70		8,120,064.58		3,188,808.69
Packaging	4,460,418.42	1,737,434.27		3,729,284.93		2,468,567.76
Work in process	252,167.47	906,698.11		346,067.21		812,798.37
Outsourcing gifts	171,660.98	2,079,267.68		1,425,292.45		825,636.21
Inventory commodities	88,209,742.39	89,941,398.35		105,332,497.72		72,818,643.02
Low-value consumables	385,941.32	298,152.66		285,886.74		398,207.24
Total	103,891,538.15	95,860,216.77		119,239,093.63		80,512,661.29

Reason for write-back or charge-off of provisions for devaluation of inventories in the current period

☒ Applicable" ☐ Not applicable"

At the end of the current period, the net realizable value of some products was lower than their corresponding cost, so the provision for devaluation of inventories was accrued based on the difference between the cost and the net realizable value. In the current period, the Company consumed, sold or scraped some of the inventories of which the Company had already accrued provisions for devaluation, so the provisions for devaluation was charged off in the current period.

Provision for devaluation of inventories accrued by portfolio

☐ Applicable" ☒ Not applicable"

Accrual standards for provision for devaluation of inventories accrued by portfolio

☐ Applicable" ☒ Not applicable"

(4). Capitalized amount of borrowing expenses included in ending balance of inventories and its calculation standard and basis

☐ Applicable" ☒ Not applicable"

(5). Description of current amortization amount of contract performance cost

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

11. Held-for-sale assets

☐ Applicable" ☒ Not applicable"

12. Non-current assets due within one year

☐ Applicable" ☒ Not applicable"

Debt investments due within one year

☐ Applicable" ☒ Not applicable"

Other debt investments due within one year

☐ Applicable" ☒ Not applicable"

Other explanations on non-current assets due within one year:

None

13. Other current assets

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Contract acquisition cost		
Return cost receivable	5,370,864.86	9,190,580.83
Input VAT to be deducted	102,375,817.29	90,306,570.44
Advance payment of taxes	10,370,746.03	267,921.80
Total	118,117,428.18	99,765,073.07

Other explanations:

None

14. Debt investments**(1). Information on debt investments**

☐ Applicable" ☒ Not applicable"

Changes in impairment provisions of debt investments in the current period

☐ Applicable" ☒ Not applicable"

(2). Significant debt investments at the end of the period

☐ Applicable" ☒ Not applicable"

(3). Information on accrual of impairment provisions

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of impairment provisions for each stage:

None

Description of significant changes in carrying balance of debt investments with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

Amount of impairment provision accrued in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly

☐ Applicable" ☒ Not applicable"

(4). Information on debt investments actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important debt investments occurred

☐ Applicable" ☒ Not applicable"

Description of write-off of debt investments:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

15. Other debt investments

(1). Information on other debt investments

☐ Applicable" ☒ Not applicable"

Changes in impairment provisions of other debt investments in the current period

☐ Applicable" ☒ Not applicable"

(2). Important other debt investments at the end of the period

☐ Applicable" ☒ Not applicable"

(3). Information on accrual of impairment provisions

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of impairment provisions for each stage:

None

Description of significant changes in carrying balance of other debt investments with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

Amount of impairment provision accrued in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly

☐ Applicable" ☒ Not applicable"

(4). Information on other debt investments actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important other debt investments occurred

☐ Applicable" ☒ Not applicable"

Description of write-off of other debt investments:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

16. Long-term receivables

(1). Information on long-term receivables

☐ Applicable" ☒ Not applicable"

(2). Disclosed by the classification of bad debt accrual method

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

(3). Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in carrying balance of long-term receivables with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

Amount of provision for bad debts accrued in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly

☐ Applicable" ☒ Not applicable"

(4). Information on provisions for bad debts

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(5). Information on long-term receivables actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important long-term receivables occurred:

☐ Applicable" ☒ Not applicable"

Description of the write-off of long-term receivables:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

17. Long-term equity investments

(1). Information on long-term equity investments

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Investee	Opening balance	Current changes								Ending balance	Ending balance of impairment provisions
		Additional investment	Investment decrease	Recognized investment gain and loss under the equity method	Other comprehensive income adjustments	Other changes in equity	Declared payment of cash dividends or profits	Impairment provision accrued	Other		
I. Joint Venture											
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,059,991.91			203,234.80						3,263,226.71	
Subtotal	3,059,991.91			203,234.80						3,263,226.71	
II. Affiliate											
Xiongke Culture Media (Hangzhou) Co., Ltd.	2,617,834.89			-17,925.07						2,599,909.82	
Jiaxing Woyong Investment Partnership (Limited Partnership)	100,964,443.84			233,144.61						101,197,588.45	
Zhuhai Haishilong	83,843,421.00			-2,092,563.44						81,750,857.56	81,442,213.22

Biotechnology Co., Ltd.											
Beijing Xiushi Cultural Development Co., Ltd.	4,530,680.07			-809,233.69						3,721,446.38	
Subtotal	191,956,379.80			-2,686,577.59						189,269,802.21	81,442,213.22
Total	195,016,371.71			-2,483,342.79						192,533,028.92	81,442,213.22

(2). Information on impairment testing of long-term equity investments

"□ Applicable" "√ Not applicable"

Other explanations:

None

18. Other equity instrument investments**(1). Information on other equity instrument investments**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Opening balance	Current changes					Ending balance	Dividend income recognized in the current period	Accumulated gains recognized in other comprehensive income	Accumulated losses recognized in other comprehensive income	Reason for other equity instrument investments designated as measured at fair value through other comprehensive income
		Additional investment	Investment decrease	Gains recognized in other comprehensive income in the current period	Losses recognized in other comprehensive income in the current period	Other					
Hangzhou Regenovo Bio-technology Co., Ltd.	20,580,000.00						20,580,000.00				Refer to "Other explanations"
LIPOTRUE,S.L.	35,822,400.00						35,822,400.00				Refer to "Other explanations"
Golong Holdings Co., Ltd.	51,258,000.00				-36,403,404.82		14,854,595.18			-75,145,404.82	Refer to "Other explanations"
Total	107,660,400.00				-36,403,404.82		71,256,995.18			-75,145,404.82	/

(2). Description of derecognition in the current period

"□ Applicable" "√ Not applicable"

Other explanations:

"√ Applicable" "□ Not applicable"

The Company invests in equity for strategic investment purposes, and the investees will take the Company's investments as equity instruments. Therefore, the Company designates such equity instrument investments as financial assets at fair value through other comprehensive income.

Due to the difference between the financial situation of the investee Golong Holdings Co., Ltd. in 2024 and the expectations at the time of investment, the fair value at the end of the period is determined based on its net assets at the end of the period.

19. Other non-current financial assets

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

20. Investment real estate

Measurement mode of investment real estate

(1). Investment real estate with the cost measurement mode

Unit: Yuan Currency: RMB

Item	Building and construction	Land use rights	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	78,781,143.26			78,781,143.26
2. Current increase				
(1) Outsourcing				
(2) Transfer-in of inventories, fixed assets, or construction in process				
(3) Increase due to business combination				
3. Current decrease				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	78,781,143.26			78,781,143.26
II. Accumulated depreciation and amortization				
1. Beginning balance	12,624,671.35			12,624,671.35
2. Current increase	2,619,028.71			2,619,028.71
(1) Accrual or amortization	2,619,028.71			2,619,028.71
3. Current decrease				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	15,243,700.06			15,243,700.06
III. Impairment provision				
1. Beginning balance				
2. Current increase				
(1) Accrual				
3. Current decrease				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	63,537,443.20			63,537,443.20
2. Opening carrying value	66,156,471.91			66,156,471.91

(2). Investment real estate with pending proprietorship certificate

☐ Applicable" ☒ Not applicable"

(3). Information on impairment testing of investment real estate with the cost measurement model

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

21. Fixed assets**Presentation by item**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	907,224,090.94	827,350,985.29
Disposal of fixed assets		
Total	907,224,090.94	827,350,985.29

Other explanations:

☐ Applicable" ☒ Not applicable"

Fixed assets**(1). Information on fixed assets**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Houses and buildings	General equipment	Dedicated equipment	Means of transportation	Total
I. Original carrying value:					
1. Beginning balance	741,705,056.99	87,185,816.55	341,968,417.89	26,111,311.37	1,196,970,602.80
2. Current increase	26,613,185.17	12,798,747.52	109,283,019.03	11,939,747.74	160,634,699.46
(1) Purchase		12,798,747.52	2,453,219.45	11,939,747.74	27,191,714.71
(2) Transfer-in of construction in process	26,613,185.17		106,829,799.58		133,442,984.75
(3) Increase due to business combination					
3. Current decrease	334,346.65	10,163,767.49	10,502,740.18	2,371,308.87	23,372,163.19
(1) Disposal or scrapping	334,346.65	10,163,767.49	10,502,740.18	2,371,308.87	23,372,163.19
4. Ending balance	767,983,895.51	89,820,796.58	440,748,696.74	35,679,750.24	1,334,233,139.07
II. Accumulated depreciation					
1. Beginning balance	149,100,164.07	51,823,325.01	148,111,236.39	19,247,359.78	368,282,085.25

2. Current increase	30,287,786.86	9,899,017.10	28,149,803.86	4,123,037.44	72,459,645.26
(1) Accrual	30,287,786.86	9,899,017.10	28,149,803.86	4,123,037.44	72,459,645.26
3. Current decrease	317,629.33	4,459,484.95	9,649,363.81	643,736.55	15,070,214.64
(1) Disposal or scrapping	317,629.33	4,459,484.95	9,649,363.81	643,736.55	15,070,214.64
4. Ending balance	179,070,321.60	57,262,857.16	166,611,676.44	22,726,660.67	425,671,515.87
III. Impairment provision					
1. Beginning balance			1,337,532.26		1,337,532.26
2. Current increase					
(1) Accrual					
3. Current decrease					
(1) Disposal or scrapping					
4. Ending balance			1,337,532.26		1,337,532.26
IV. Carrying value					
1. Ending carrying value	588,913,573.91	32,557,939.42	272,799,488.04	12,953,089.57	907,224,090.94
2. Opening carrying value	592,604,892.92	35,362,491.54	192,519,649.24	6,863,951.59	827,350,985.29

(2). Information on temporarily idle fixed assets

☐ Applicable" ☒ Not applicable"

(3). Fixed assets leased out through operating lease

☐ Applicable" ☒ Not applicable"

(4). Information on fixed assets without property right certificate

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Carrying value	Reason for failure to obtain the property right certificate
Expansion of Huzhou Production Base	143,869,438.21	The property right certificate is still being processed
Longwu R&D Center	86,867,106.87	The property right certificate is still being processed
Subtotal	230,736,545.08	

(5). Information on impairment testing of fixed assets

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Disposal of fixed assets

☐ Applicable" ☒ Not applicable"

22. Construction in progress**Presentation by item**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Construction in progress	74,585,001.38	52,038,642.94
Engineering materials		
Total	74,585,001.38	52,038,642.94

Other explanations:

☐ Applicable" ☒ Not applicable"

Construction in progress**(1). Information on construction in progress**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Carrying balance	Impairment provision	Carrying value	Carrying balance	Impairment provision	Carrying value
Huzhou Production Base Expansion Project (Phase I)	32,051,823.08		32,051,823.08	24,853,830.82		24,853,830.82
Information System Upgrade Project	8,800,900.03		8,800,900.03	8,545,628.83		8,545,628.83
The PROYA Smart Factory project	25,481,733.49		25,481,733.49			
Longwu R&D Center Construction Project	2,790,268.17		2,790,268.17	8,377,199.03		8,377,199.03
Other sporadic projects	5,460,276.61		5,460,276.61	5,502,450.32		5,502,450.32

Decoration engineering				4,759,533.93		4,759,533.93
Total	74,585,001.38		74,585,001.38	52,038,642.94		52,038,642.94

(2). Information on changes in important construction-in-progress projects in the current period

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Budget	Opening balance	Current increase	Amount of transfer to fixed assets in the current period	Amount of other decreases in the current period	Ending balance	Proportion of accumulated project investment to budget (%)	Progress of project	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period	Interest capitalization rate in the current period (%)	Source of funds
Huzhou Production Base Expansion Project (Phase I)	RMB416.7833 million	24,853,830.82	114,208,269.25	103,305,675.48	3,704,601.51	32,051,823.08	92.11	92.11 %	21,167,901.12	5,556,047.98	4.57	Raised funds and self-owned funds
Longwu R&D Center Construction Project	RMB128.6113 million	8,377,199.03	4,525,080.92	9,707,733.03	404,278.75	2,790,268.17	101.29	100.00 %	14,857,625.44			Raised funds and self-owned funds
Information System Upgrade Project	RMB112.3950 million	8,545,628.83	5,273,828.09	122,495.58	4,896,061.31	8,800,900.03	70.48	70.48 %	6,757,342.83	1,419,208.81	4.57	Raised funds and self-owned funds
The PROYA Smart Factory project	RMB210.00 million		25,481,733.49			25,481,733.49	12.13	12.13 %				
Total	RMB867.7896 million	41,776,658.68	149,488,911.75	113,135,904.09	9,004,941.57	69,124,724.77	/	/	42,782,869.39	6,975,256.79	/	/

(3). Information on impairment provision of construction in progress accrued in the current period

"□ Applicable" "√ Not applicable"

(4). Information on impairment testing of construction in progress

"□ Applicable" "√ Not applicable"

Other explanations:

"□ Applicable" "√ Not applicable"

Engineering materials**(5). Information on engineering materials**

"□ Applicable" "√ Not applicable"

23. Productive biological assets**(1). Productive biological assets with the cost measurement mode**

☐ Applicable" ☒ Not applicable"

(2). Information on impairment testing of productive biological assets with the cost measurement model

☐ Applicable" ☒ Not applicable"

(3). Productive biological assets with fair value econometric mode

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

24. Oil and gas assets**(1) Information on oil and gas assets**

☐ Applicable" ☒ Not applicable"

(2) Information on impairment testing of oil and gas assets

☐ Applicable" ☒ Not applicable"

Other explanations:

None

25. Right-of-use assets**(1) Information on right-of-use assets**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Houses and buildings	Total
I. Original carrying value		
1. Beginning balance	19,640,777.98	19,640,777.98
2. Current increase	6,207,585.50	6,207,585.50
(1) Lease-in	6,207,585.50	6,207,585.50
3. Current decrease		
4. Ending balance	25,848,363.48	25,848,363.48
II. Accumulated depreciation		
1. Beginning balance	5,535,956.64	5,535,956.64
2. Current increase	5,770,741.34	5,770,741.34
(1) Accrual	5,770,741.34	5,770,741.34
3. Current decrease		
(1) Disposal		
4. Ending balance	11,306,697.98	11,306,697.98
III. Impairment provision		
1. Beginning balance		
2. Current increase		

(1) Accrual		
3. Current decrease		
(1) Disposal		
4. Ending balance		
IV. Carrying value		
1. Ending carrying value	14,541,665.50	14,541,665.50
2. Opening carrying value	14,104,821.34	14,104,821.34

(2) Information on impairment testing of right-of-use assets

"☐ Applicable" "☒ Not applicable"

Other explanations:

None

26. Intangible assets**(1). Information on intangible assets**

"☒ Applicable" "☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Land use rights	Office software	Patent right	Non-patented technologies	Customer resources	Trademark rights	Total
I. Original carrying value							
1. Beginning balance	472,400,130.10	27,171,790.13	471,089.70	563,293.07	12,833,684.00	39,897,000.00	553,336,987.00
2. Current increase	35,720,400.00	8,059,711.38					43,780,111.38
(1) Purchase	35,720,400.00	2,100,873.31					37,821,273.31
(2) Internal R&D							
(3) Increase due to business combination							
(4) Transfer-in of construction in process		5,958,838.07					5,958,838.07

3. Current decrease			3,500.00				3,500.00
(1) Disposal			3,500.00				3,500.00
4. Ending balance	508,120,530 .10	35,231,501 .51	467,589. 70	563,293.0 7	12,833,684 .00	39,897,000 .00	597,113,598 .38
II. Accumulated amortization							
1. Beginnin g balance	104,228,449 .37	24,273,981 .82	436,627. 44	545,786.5 1	12,833,684 .00	6,330,448. 70	148,648,977 .84
2. Current increase	12,051,918. 83	3,019,962. 59	3,144.65	5,941.49		3,989,700. 00	19,070,667. 56
(1) Accrual	12,051,918. 83	3,019,962. 59	3,144.65	5,941.49		3,989,700. 00	19,070,667. 56
3. Current decrease			904.17				904.17
(1) Disposal			904.17				904.17
4. Ending balance	116,280,368 .20	27,293,944 .41	438,867. 92	551,728.0 0	12,833,684 .00	10,320,148 .70	167,718,741 .23
III. Impairment provision							
1. Beginnin g balance							
2. Current increase							
(1) Accrual							
3. Current decrease							
(1) Disposal							
4. Ending balance							
IV. Carrying value							
1. Ending carrying value	391,840,161 .90	7,937,557. 10	28,721.7 8	11,565.07		29,576,851 .30	429,394,857 .15
2. Opening carrying value	368,171,680 .73	2,897,808. 31	34,462.2 6	17,506.56		33,566,551 .30	404,688,009 .16

At the end of the current period, the proportion of intangible assets formed through internal R&D of the Company to the balance of intangible assets is 0.00%

(2). Data resources recognized as intangible assets

☐ Applicable" ☒ Not applicable"

(3). Information on land use rights without property ownership certificate

☐ Applicable" ☒ Not applicable"

(4) Information on impairment testing of intangible assets

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

27. Goodwill

(1). Original carrying value of goodwill

☐ Applicable" ☒ Not applicable"

(2). Impairment provision of goodwill

☐ Applicable" ☒ Not applicable"

(3). Information about the asset group or combination of asset groups of goodwill

☐ Applicable" ☒ Not applicable"

Changes to the asset group or combination of asset groups

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

(4). Specific methods for determining the recoverable amount

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

☐ Applicable" ☒ Not applicable"

The recoverable amount is determined based on the present value of expected future cash flows

☐ Applicable" ☒ Not applicable"

Reasons for significant discrepancies between the aforementioned information and the information used in previous years' impairment tests or external information

☐ Applicable" ☒ Not applicable"

Reasons for significant discrepancies between the information used in previous years' impairment tests of the Company and the actual situation of the current year

☐ Applicable" ☒ Not applicable"

(5). Information on performance commitments and corresponding goodwill impairment

When goodwill is formed, there is a performance commitment and the reporting period or its previous period is within the performance commitment period

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

28. Long-term prepaid expenses

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Amortized amount in the current period	Amount of other decreases	Ending balance
Renovation costs	65,851,266.83	21,411,497.76	18,277,182.63		68,985,581.96
Software service fees	1,333,062.00	1,101,000.00	1,217,031.00		1,217,031.00
Total	67,184,328.83	22,512,497.76	19,494,213.63		70,202,612.96

Other explanations:

None

29. Deferred income tax assets and liabilities**(1). Deferred income tax assets without offset**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income taxes Assets	Deductible temporary difference	Deferred income taxes Assets
Provision for bad debts of accounts receivable	29,524,454.74	7,378,583.94	22,142,965.55	5,533,579.62
Provision for devaluation of inventories	59,745,773.22	12,479,497.95	82,737,837.07	15,220,065.94
Impact of share-based payments	12,546,699.10	2,441,849.98	31,715,129.69	5,935,847.80
Unrealized profit from internal transactions	280,081,217.39	70,020,304.35	159,567,947.59	39,891,986.91
Unused membership points	103,895,960.81	25,973,990.21	127,713,129.39	31,928,282.35
Government subsidies related to assets	15,260,760.59	2,289,114.09	6,383,359.33	957,503.90
Anticipated return losses	18,726,919.15	4,681,729.78	6,686,117.43	1,671,529.37

Estimated unused gifts for sold products			50,074,244.87	12,518,561.21
Interest expenses on convertible bonds			1,321,312.76	198,196.91
Lease expenses	14,429,186.60	2,610,265.96	13,940,366.98	2,139,203.47
Advertising and business promotion expenses			10,339,382.64	2,584,845.66
Accrued expenses	209,381,318.53	52,345,329.62	14,451,922.15	2,914,846.09
Changes in the fair value of other equity instrument investments	75,145,404.82	11,271,810.72	38,742,000.00	5,811,300.00
Total	818,737,694.95	191,492,476.60	565,815,715.45	127,305,749.23

(2). Deferred income tax liabilities without offset

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income taxes Liabilities	Taxable temporary difference	Deferred income taxes Liabilities
Assets assessment appreciation in businesses consolidation under common control				
Changes in the fair value of other debt investments				
Changes in the fair value of other equity instrument investments				
One-time deduction for depreciation of fixed assets	167,487,716.46	25,173,508.26	110,300,243.62	16,649,225.12
Deferred income tax recognized on right-of-use assets	14,365,827.19	2,585,956.39	14,104,821.34	2,162,159.51
Total	181,853,543.65	27,759,464.65	124,405,064.96	18,811,384.63

(3). Deferred income tax assets or liabilities presented in net amount after offset

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Deferred income tax assets and liabilities offset	Ending balance of deferred income tax assets or	Deferred income tax assets and liabilities offset	Beginning balance of deferred income tax assets or

	at the end of the period	liabilities after offset	at the beginning of the period	liabilities after offset
Deferred income tax assets	27,759,464.65	163,733,011.95	18,811,384.63	108,494,364.60
Deferred income tax liabilities	27,759,464.65		18,811,384.63	

(4). Details of unrecognized deferred income tax assets

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	250,499,417.84	200,424,961.81
Deductible losses	222,622,232.20	414,387,984.35
Total	473,121,650.04	614,812,946.16

(5). Deductible loss of unrecognized deferred income tax assets will expire in the following years

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Year	Ending balance	Beginning amount	Remarks
2024		71,058,103.62	
2025	22,880,897.03	61,988,728.89	
2026	11,897,550.37	53,623,347.32	
2027	60,688,622.74	127,093,665.49	
2028	93,689,299.28	100,624,139.03	
2029	33,465,862.79		
Total	222,622,232.20	414,387,984.35	/

Other explanations:

"□ Applicable" "√ Not applicable"

30. Other non-current assets

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Carrying balance	Impairment provision	Carrying value	Carrying balance	Impairment provision	Carrying value
Contract acquisition cost						
Contract performance cost						
Return cost receivable						

Contract assets						
Funds prepaid for purchase of long-term assets	370,449.00		370,449.00	8,775,522.84		8,775,522.84
Other long-term assets	10,887,954.15		10,887,954.15	8,199,424.15		8,199,424.15
Total	11,258,403.15		11,258,403.15	16,974,946.99		16,974,946.99

Other explanations:

None

31. Assets with limited ownership or use rights

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending				Opening			
	Carrying amount	Carrying value	Type of restrictions	Description	Carrying balance	Carrying value	Type of restrictions	Description
Monetary funds	1,339,556,732.22	1,339,556,732.22	Other	Note 1	351,817,846.04	351,817,846.04	Other	Note 2
Notes receivable								
Inventories								
Including: Data resources								
Fixed assets								
Intangible assets								
Including: Data resources								
Total	1,339,556,732.22	1,339,556,732.22	/	/	351,817,846.04	351,817,846.04	/	/

Note 1: It includes monetary funds of RMB1,339,556,732.22 that cannot be withdrawn at any time, including: the certificate of deposit of RMB1,327,741,986.16, the Pinduoduo deposit of RMB5,298,890.00, the direct-sales store deposit of RMB2,779,122.20, the transformer fixed-deposit margin of RMB250,000.00, and the ETC vehicle deposit of RMB70,000.00. It also includes judicial frozen monetary funds of RMB3,416,733.86.

Note 2: It includes monetary funds of RMB351,817,846.04 that cannot be withdrawn at any time, including: the fixed-term deposit of RMB335,288,251.36, the L/C deposit of RMB8,800,000.00, the

Pinduoduo deposit of RMB5,298,890.00, the direct-sales store deposit of RMB2,110,704.68, the transformer fixed-deposit margin of RMB250,000.00, and the ETC vehicle deposit of RMB70,000.00.

Other explanations:

None

32. Short-term borrowings

(1). Classification of short-term borrowings

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Pledged borrowings		
Mortgaged borrowings		
Guaranteed borrowings		
Credit loans		200,155,555.56
Total		200,155,555.56

Description of classification of short-term borrowings

None

(2). Information on overdue but yet unrepaid short-term borrowings

☐ Applicable" ☒ Not applicable"

Particulars of important overdue but yet unrepaid short-term borrowings:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

33. Held-for-trading financial liabilities

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

34. Derivative financial liabilities

☐ Applicable" ☒ Not applicable"

35. Notes payable

(1). Presentation of notes payable

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Type	Ending balance	Beginning balance
Commercial acceptance bills		
Bank acceptance bills		36,959,074.14
Total		36,959,074.14

The amount of notes payable due and unpaid at the end of this period is RMB0.00. The reason for failure to pay is that such notes do not exist.

36. Accounts payable

(1). Presentation of accounts payable

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Payment for goods	340,707,102.70	524,325,866.69
Expenses	297,407,595.54	422,130,510.68
Payment for acquisition of long-term assets	38,273,427.94	72,065,981.23
Total	676,388,126.18	1,018,522,358.60

(2). Important accounts payable with an account age of more than one year or overdue

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

37. Receipts in advance

(1). Presentation of receipts in advance

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Rents receivable in advance	129,400.52	30,514.45
Total	129,400.52	30,514.45

(2). Important receipts in advance with an account age of more than one year

☐ Applicable ☒ Not applicable

(3). Amount of and reasons for significant changes in carrying amount during the Reporting Period

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

38. Contract liabilities

(1). Information on contract liabilities

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Unused membership points	109,942,861.10	116,005,079.06
Advance receipt of payment for goods	43,767,727.52	134,935,549.65

Free delivery of sunscreen products		50,074,244.87
Total	153,710,588.62	301,014,873.58

(2). Important contract liabilities with an account age of more than one year

☐ Applicable" ☒ Not applicable"

(3). Amount of and reasons for significant changes in carrying amount during the Reporting Period

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

39. Employee compensation payable**(1). Presentation of employee compensation payable**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Current decrease	Ending balance
I. Short-term compensation	164,821,126.73	785,256,792.60	797,504,096.40	152,573,822.93
II. Post-employment benefits – Defined contribution plans	984,404.74	31,379,232.81	31,411,554.53	952,083.02
III. Dismissal benefits	638,962.96	4,501,455.96	2,962,903.92	2,177,515.00
IV. Other benefits due within one year				
Total	166,444,494.43	821,137,481.37	831,878,554.85	155,703,420.95

(2). Presentation of short-term compensation

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Current decrease	Ending balance
I. Salaries, bonuses, allowances and subsidies	162,178,043.80	708,542,374.01	721,223,803.75	149,496,614.06
II. Welfare expense of employee		34,339,737.29	34,339,737.29	
III. Social insurance premium	2,174,614.64	18,341,113.66	17,715,342.43	2,800,385.87
Including: Medical insurance premium	2,138,801.17	17,304,673.87	16,713,723.14	2,729,751.90

Work-related injury insurance premium	32,622.55	1,015,347.56	982,359.87	65,610.24
Maternity insurance premium	3,190.92	21,092.23	19,259.42	5,023.73
IV. Housing provident fund	468,468.29	17,954,610.20	18,146,255.49	276,823.00
V. Trade union fund and staff education fund		6,078,957.44	6,078,957.44	
VI. Short-term paid leave				
VII. Short-term profit sharing plan				
Total	164,821,126.73	785,256,792.60	797,504,096.40	152,573,822.93

(3). Presentation by defined contribution plan

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Current decrease	Ending balance
1. Basic endowment insurance	950,995.64	30,138,633.12	30,203,242.88	886,385.88
2. Unemployment insurance	33,409.10	1,240,599.69	1,208,311.65	65,697.14
3. Enterprise annuity payment				
Total	984,404.74	31,379,232.81	31,411,554.53	952,083.02

Other explanations:

☐ Applicable" ☒ Not applicable"

40. Taxes payable

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Enterprise income tax	86,110,649.72	127,005,079.31
Value-added tax (VAT)	20,502,881.02	71,556,095.69
Consumption tax		
Property tax	8,183,500.87	6,734,175.81
Withholding of personal income tax	6,221,416.93	1,867,193.08
Land use tax	1,731,432.00	
Urban maintenance and construction tax	1,119,263.03	7,644,618.17
Stamp duties	894,877.77	804,436.72
Education surcharge	653,609.96	4,287,830.76
Surcharge for local education	435,739.98	2,866,440.40

Total	125,853,371.28	222,765,869.94
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Other explanations:

None

41. Other payables

(1). Presentation by item

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable		
Other payables	91,776,722.59	155,345,148.68
Total	91,776,722.59	155,345,148.68

Other explanations:

☐ Applicable" ☒ Not applicable"

(2). Interest payable

Presentation by category

☐ Applicable" ☒ Not applicable"

Important overdue interest payable:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

(3). Dividends payable

Presentation by category

☐ Applicable" ☒ Not applicable"

(4). Other payables

Other payables presented by nature of payment

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Security deposits	40,845,487.15	41,092,318.36
Restricted share repurchase obligations	46,130,784.28	107,884,296.66
Other	4,800,451.16	6,368,533.66
Total	91,776,722.59	155,345,148.68

Important other payables with an account age of more than one year or overdue

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Reason for failure to repay or carry forward
Restricted share repurchase obligations	46,130,784.28	Restricted share repurchase obligations have not been fulfilled yet
Total	46,130,784.28	/

Other explanations:

☐ Applicable" ☒ Not applicable"**42. Held-for-sale liabilities**☐ Applicable" ☒ Not applicable"**43. Non-current liabilities due within one year**☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within one year		
Bonds payable due within one year		
Long-term payables due within one year		
Lease liabilities due within one year	3,473,806.48	3,970,060.11
Total	3,473,806.48	3,970,060.11

Other explanations:

None

44. Other current liabilities

Information on other current liabilities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Short-term bonds payable		
Return payment payable		
Tax on items to be resold	5,509,508.59	15,022,173.42
Total	5,509,508.59	15,022,173.42

Changes in short-term bonds payable:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

45. Long-term borrowings**(1). Classification of long-term loans**

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

46. Bonds payable**(1). Bonds payable**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Convertible corporate bonds	780,011,293.32	753,119,902.88
Total	780,011,293.32	753,119,902.88

(2). Specific information on bonds payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities):

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Bonds Name	Face value (Yuan)	Coupon rate (%)	Issuance Date	Bonds Period	Issuance Amount	Opening balance	Current period Issuance	Interest accrued by face value	Premium or discount amortization	Current period Repayment	Impact of current share conversion	Ending balance	Default or not
Proya Convertible Bond	100.00	1.00	December 8, 2021	6	751,713,000.00	753,119,902.88		7,757,602.44	26,678,629.51	7,507,540.00	37,301.51	780,011,293.32	No
Total	/	/	/	/	751,713,000.00	753,119,902.88		7,757,602.44	26,678,629.51	7,507,540.00	37,301.51	780,011,293.32	/

(3). Explanation on convertible corporate bonds

"√ Applicable" "□ Not applicable"

Item	Share conversion conditions	Share conversion time
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Proya Convertible Bond	<p>With the approval of the CSRC, namely, the <i>Reply on Approving Proya Cosmetics Co., Ltd.'s Public Issuance of Convertible Corporate Bonds</i> (CSRC Approval [2021] No. 3408), the Company publicly issued 7,517,130 convertible bonds to non-specific targets on December 8, 2021, each bond with a face value of RMB 100.00. The total amount of issuance is RMB751,713,000.00.</p> <p>The coupon rate of the aforesaid convertible corporate bonds is 0.30% for the first year, 0.50% for the second year, 1.00% for the 3rd year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. Annual interest payment dates are anniversaries of the date of initial offering of convertible bonds. The Company will, no later than five trading days after the interests payment day of each year, pay the interests of the year and, no later than five trading days after the maturity date of convertible corporate bonds, redeem all unconverted convertible bonds from investors at a price of 115% of the par value of the convertible bonds issued that time (including the annual interests of the last tranche).</p> <p>The convertible period of convertible bonds starts from the first trading day after the expiration of six months from the issuance date of convertible bonds until the maturity date of convertible bonds. The initial conversion price is RMB195.98/share, in no case, lower than the average trading price of A shares of the Company in the twenty trading days prior to the publication of the prospectus (if the stock price is adjusted for ex-dividend or ex-dividend in the twenty trading days, the closing price of the trading day before such adjustment is calculated according to the price after the ex-dividend or ex-dividend adjustment) or the average trading price of A shares of the Company in the previous trading day, and is not adjusted up.</p> <p>Due to the equity distribution plan and the repurchase of some equity incentive restricted shares by the Company, according to the relevant provisions of the <i>Prospectus of Proya Cosmetics Co., Ltd. for Public Issuance of A-share Convertible Corporate Bonds</i> and the relevant provisions of the CSRC on the issuance of convertible corporate bonds, the conversion price of Proya convertible bonds was adjusted to RMB97.41/share, and the adjusted price took effect on October 28, 2024.</p>	June 14, 2022 to December 7, 2027
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Accounting treatment and judgment basis of share conversion rights

☒ Applicable" ☐ Not applicable"

In the current period, there were a total of 360 shares converted from convertible corporate bonds, with an increase of RMB363.00 in capital stock, an increase of RMB39,378.85 in capital reserve (capital stock premium), and a decrease of RMB2,440.34 in other equity instruments.

(4). Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☐ Applicable" ☒ Not applicable"

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☐ Applicable" ☒ Not applicable"

Explanation on the basis of classifying other financial instruments into financial liabilities:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

47. Lease liabilities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Payable operating lease payment	12,060,501.83	11,172,403.17
Unrecognized financing expenses	-1,105,121.71	-1,202,096.30
Total	10,955,380.12	9,970,306.87

Other explanations:

None

48. Long-term payables**Presentation by item**

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Long-term payables**(1). Long-term payables presented by nature**

☐ Applicable" ☒ Not applicable"

Special accounts payable**(2). Special payables presented by nature**

☐ Applicable" ☒ Not applicable"

49. Long-term employee compensation payable

☐ Applicable" ☒ Not applicable"

50. Estimated liabilities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Cause of formation
Provide external guarantees			
Pending litigations			
Product quality assurance			
Restructuring obligation			
Loss-making contract to be performed			
Return payment payable	25,162,463.80	33,063,299.45	Estimated future potential return losses

Other			
Total	25,162,463.80	33,063,299.45	/

Other particulars, including the particulars on key assumptions and estimates concerning estimated significant liabilities

None

51. Deferred income

Information on deferred income

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Current decrease	Ending balance	Cause of formation
Government subsidies	6,383,359.33	9,851,000.00	973,598.74	15,260,760.59	Government subsidies
Total	6,383,359.33	9,851,000.00	973,598.74	15,260,760.59	/

Other explanations:

☐ Applicable" ☒ Not applicable"

52. Other non-current liabilities

☐ Applicable" ☒ Not applicable"

53. Share capital

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

	Beginning balance	Increase or decrease (+ or -) due to this change					Ending balance
		Issuance of shares	Bonus shares	Provident fund Share conversion	Other	Subtotal	
Total shares	396,757,184	-509,992			363	-509,629	396,247,555

Other explanations:

According to the resolution of the 19th meeting of the 3rd session of the Board of Directors and the resolution of the 17th meeting of the 3rd session of the Board of Supervisors of the Company in 2024, the Company applied for cash repurchase of 509,992 restricted RMB ordinary shares (A shares) granted but not yet released, and paid a total share repurchase amount of RMB27,643,096.38, of which RMB509,992 was reduced in share capital and RMB27,133,104.38 was reduced in capital reserve (equity premium).

In the current period, there were a total of 360 shares converted from convertible corporate bonds, with an increase of RMB363.00 in capital stock, an increase of RMB39,378.85 in capital reserve (capital stock premium), and a decrease of RMB2,440.34 in other equity instruments.

54. Other equity instruments**(1). Basic information on other financial instruments such as preferred shares and perpetual bonds issued at the end of the period**

☐ Applicable" ☒ Not applicable"

(2). Statement of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Outstanding financial instruments	Opening		Current increase		Current decrease		Ending	
	Number	Carrying value	Number	Carrying value	Number	Carrying value	Number	Carrying value
Proya Convertible Bond	7,507,890	50,893,986.60			360	2,440.34	7,507,530	50,891,546.26
Total	7,507,890	50,893,986.60			360	2,440.34	7,507,530	50,891,546.26

Information on changes of other equity instruments in the current period, explanation on reasons for changes, and basis for relevant accounting treatment:

☐ Applicable" ☒ Not applicable"

Other explanations:

☒ Applicable" ☐ Not applicable"

In the current period, there was a decrease of RMB2,440.34 due to the current conversion of 360 convertible corporate bonds into shares, with an increase of RMB363.00 in capital stock, an increase of RMB39,378.85 in capital reserve (capital stock premium), and a decrease of RMB2,440.34 in other equity instruments.

55. Capital reserve

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Current decrease	Ending balance
Capital premium (Equity premium)	783,045,205.98	38,143,175.65	27,133,104.38	794,055,277.25
Other capital reserve	81,105,768.45	9,543,156.38	38,103,796.80	52,545,128.03
Total	864,150,974.43	47,686,332.03	65,236,901.18	846,600,405.28

Other explanations, including the information on current changes and the explanation on reasons for the changes:

1) Changes in capital premium

Capital reserve (capital stock premium) increased by RMB38,143,175.65 in the current period, of which:

① RMB39,378.85 was increased due to the current conversion of convertible corporate bonds into shares.

For relevant details, refer to the particulars contained in "46. Bonds payable", "VII. Notes to the Items of Consolidated Financial Statements", "Section X Financial Report" of this Report; ② RMB38,103,796.80

was increased due to the transfer of other capital reserves recognized during the waiting period for the released portion of restricted shares issued by the equity incentive plan into capital stock premium;

Capital reserve (capital stock premium) decreased by RMB27,133,104.38 in the current period, of which: ① RMB27,133,104.38 was decreased due to the Company's cash repurchase of restricted RMB ordinary shares (A shares) granted but not yet released. For relevant details, refer to the particulars contained in "53. Capital stock", "VII. Notes to the Items of Consolidated Financial Statements", "Section X Financial Report" of this Report".

2) Changes in other capital reserves

Other capital reserves increased by RMB9,543,156.38 in the current period due to the incentive expenses of RMB9,543,156.38 for restricted shares in 2024 recognized according to the Company's equity incentive plan, which are included in other capital reserves.

Other capital reserves decreased by RMB38,103,796.80 in the current period due to the transfer of other capital reserves recognized during the waiting period for the released portion of restricted shares issued by the equity incentive plan into capital stock premium.

56. Treasury stock

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Current decrease	Ending balance
Restricted shares with repurchase obligation	107,884,296.66		61,753,512.38	46,130,784.28
Share repurchase	39,082,438.95	153,062,220.18		192,144,659.13
Total	146,966,735.61	153,062,220.18	61,753,512.38	238,275,443.41

Other explanations, including the information on current changes and the explanation on reasons for the changes:

RMB153,062,220.18 was increased in the current period due to the Company's repurchase of shares through centralized bidding trading with its own funds according to the *Proposal on Repurchasing the Company's Shares Through Centralized Bidding Trading*, which was approved at the 17th meeting of the 3rd session of the Board of Directors on December 13, 2023. As of December 31, 2024, the Company had cumulatively repurchased 2,210,825 shares of the Company through centralized bidding trading, with a total payment of RMB192,115,703.57 (excluding transaction fees such as stamp duty and commission), including a total payment of RMB153,038,949.37 paid for repurchase in 2024 (excluding transaction fees such as stamp duty and commission) and the transaction costs of RMB23,270.81 incurred by repurchase in 2024.

RMB61,753,512.38 was decreased in the current period, of which: ① RMB1,342,100.76 was decreased since dividends allocated to restricted shares not yet released were offset against treasury stocks and other payables were adjusted accordingly; ② RMB27,643,096.38 was decreased due to the cash repurchase of restricted RMB ordinary shares granted but not yet released (509,992 A shares. For relevant details, refer to the particulars contained in "53. Capital stock", "VII. Notes to the Items of Consolidated Financial Statements", "Section X Financial Report" of this Report.); ③ RMB32,768,315.24 was decreased since the Company released 604,548 restricted shares according to the *Proposal on Satisfying the Conditions for Release from Sales Restrictions in the Second Release Period Under 2022 Restricted Share Incentive Plan* deliberated and approved at the 2nd meeting of the 4th session of the Board of Directors of the Company on October 24, 2024 (the Company issued 0.40 shares for every 1 share to all shareholders

through capital reserve in May 2023, resulting in a total of 431,820 shares before the capital reserve was increased), and the grant price per share was RMB54.203 after the deduction of the distributed cash dividends.

57. Other comprehensive income

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Opening balance	Amount incurred in the current period						Ending balance
		Amount incurred before income tax in the current period	Less: Included in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Included in other comprehensive income for the previous period and transferred in retained earnings for the current period	Less: Income tax expenses	Attributed to parent company after tax	Attributed to minority shareholders after tax	
I. Other comprehensive income that will not be subsequently reclassified into profit and loss	- 53,180,700.00	- 36,403,404.82			- 5,460,510.72	- 30,942,894.10		- 84,123,594.10
Including: Changes arising from re-measurement of defined benefit plans								
Other comprehensive income that can't be reversed through profit and	- 20,250,000.00							- 20,250,000.00

loss under the equity method								
Changes in the fair value of other equity instrument investments	- 32,930,700.00	- 36,403,404.82			- 5,460,510.72	- 30,942,894.10		- 63,873,594.10
Changes in the fair value of enterprise's own credit risk								
II. Other comprehensive income that will be reclassified into profit or loss	- 666,400.91	-114,951.53				- 114,951.53		- 781,352.44
Including: Other comprehensive income that will be reclassified to profit or loss under the equity method								
Changes in the fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Credit impairment provision of								

other debt investments								
Cash flow hedge reserve								
Difference from translation of financial statements in foreign currency	- 666,400.91	-114,951.53				- 114,951.53		- 781,352.44
Total other comprehensive incomes	- 53,847,100.91	- 36,518,356.35			- 5,460,510.72	- 31,057,845.63		- 84,904,946.54

Other explanations, including the adjustment of the effective part of cash flow hedging gains and losses into the initially recognized amount of the hedged item:

None

58. Special reserve

☐ Applicable ☒ Not applicable

59. Surplus reserve

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase	Current decrease	Ending balance
Legal surplus	198,411,582.50			198,411,582.50
Discretionary surplus reserve				
Reserve fund				
Enterprise development fund				
Other				
Total	198,411,582.50			198,411,582.50

Description of surplus reserves, including the current changes and the explanation on the reasons for the changes:

The Company does not need to allocate further amounts if the cumulative amount of the statutory reserve reaches fifty percent or more of the registered capital.

60. Retained profits

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Undistributed profit at the end of previous period before adjustment	3,040,145,490.59	2,300,384,763.19

Total undistributed profit at the beginning of the adjustment period (+ for increase, - for decrease)		
Unappropriated earnings at the beginning of the period after adjustment	3,040,145,490.59	2,300,384,763.19
Add: Net profit attributable to the owner of the parent company in the current period	1,551,995,692.29	1,193,868,141.81
Less: Withdrawal of statutory surplus reserve		56,651,848.00
Withdrawal of any surplus reserves		
Withdrawal of general risk provision		
Dividends payable on common stock	359,037,396.90	397,455,566.41
Common stock dividends converted to share capital		
Undistributed profit at the end of the period	4,233,103,785.98	3,040,145,490.59

According to the Resolution of the 2023 annual General Meeting of Shareholders of the Company, the Company distributed a cash dividend of RMB9.10 (including tax) per 10 shares to all shareholders based on 394,546,590 shares, which represent the total share capital of 396,757,415 shares as of the record date on which equity distribution is implemented, deducting 2,210,825 shares in the Company's special securities account for repurchase, totaling RMB 359,037,396.90 (including tax).

Details of the adjustment of the undistributed profit at the beginning of the period:

1. The undistributed profit affected by the retroactive adjustment in accordance with *Accounting Standards for Business Enterprises* and its related new regulations at the beginning of the period is RMB0.00.
2. The undistributed profit affected by the change of accounting policy at the beginning of the period is RMB0.00.
3. The undistributed profit affected by the correction of major accounting errors at the beginning of the period is RMB0.00.
4. The undistributed profit affected by the change of combination scope caused by common control at the beginning of the period is RMB0.00.
5. The undistributed profit affected by other adjustments at the beginning of the period is RMB0.00.

61. Operating revenue and costs

(1). Information of operating revenue and costs

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main businesses	10,765,600,419.70	3,077,384,979.23	8,890,227,788.97	2,666,864,872.50
Other business	12,811,361.50	6,463,900.20	14,345,712.42	10,580,834.11
Total	10,778,411,781.20	3,083,848,879.43	8,904,573,501.39	2,677,445,706.61

(2). Breakdown of operating revenue and costs

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

(3). Description of performance obligations

☐ Applicable" ☒ Not applicable"

(4). Description of remaining performance obligations allocated

☐ Applicable" ☒ Not applicable"

(5). Significant contract changes or significant transaction price adjustments

☐ Applicable" ☒ Not applicable"

Other explanations:

Breakdown of revenue

1) Breakdown of income generated from contracts with clients by goods or service type

Item	Amount for the current period		Amount for the same period last year	
	Revenue	Cost	Revenue	Cost
Products sales	10,765,518,668.97	3,075,757,461.90	8,890,227,788.97	2,666,864,872.50
Other	3,530,922.39	1,560,487.29	14,345,712.42	10,580,834.11
Subtotal	10,769,049,591.36	3,077,317,949.19	8,904,573,501.39	2,677,445,706.61

2) Breakdown of income generated from contracts with clients by goods or service transfer time

Item	Amount for the current period	Amount for the same period last year
Income recognized at a certain point	10,769,049,591.36	8,901,828,883.95
Income recognized in a certain period		2,744,617.44
Subtotal	10,769,049,591.36	8,904,573,501.39

3) Revenue recognized in the current period and included in the opening carrying value of contract liabilities is RMB194,652,883.14.

62. Taxes and surcharges

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	34,381,687.66	43,276,504.94
Education surcharge	17,407,467.54	21,357,013.35

Surcharge for local education	11,596,410.85	14,122,981.38
Property tax	10,447,428.83	7,672,905.13
Stamp duties	6,665,400.34	3,999,013.74
Land use tax	3,352,581.00	
Consumption tax	139,440.28	186,353.52
Cultural undertaking construction tax	109,491.54	5,528.94
Vehicle and vessel use tax	53,152.00	35,456.20
Total	84,153,060.04	90,655,757.20

Other explanations:

None

63. Sales expenses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Image promotion expenses	4,601,875,386.48	3,533,952,237.22
Employee compensation and service fees	483,933,673.51	362,407,560.34
Office allowances	47,299,689.89	37,424,067.84
Travel expenses	14,875,394.33	15,189,368.08
Meeting affair charges	8,354,966.40	12,158,679.33
Survey consulting fees	3,717,242.84	4,186,552.14
Equity incentive expenses for restricted shares	97,447.08	4,761,013.66
Other	858,243.99	2,121,673.88
Total	5,161,012,044.52	3,972,201,152.49

Other explanations:

None

64. Administrative expenses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation and service fees	207,748,107.61	199,180,004.62
Office allowance and business entertainment expenses	68,149,033.02	86,374,110.35
Expenses for depreciation, amortization and lease	47,917,890.02	47,863,814.80
Consultation and intermediary fees	27,160,119.46	26,131,927.56
Equity incentive expenses for restricted shares	6,333,205.68	62,868,293.10
Travel expense and conference fees	5,644,816.06	28,771,703.61
Other	2,903,268.00	4,251,916.66

Total	365,856,439.85	455,441,770.70
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Other explanations:

None

65. R&D expenses

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Labor cost	100,363,632.47	87,886,568.10
Outsourced R&D expenses	69,110,473.44	49,917,542.88
Expenses for depreciation, amortization and lease	20,500,514.01	14,907,715.74
Direct input costs	14,153,394.93	9,067,633.86
Equity incentive expenses for restricted shares	3,112,503.62	8,460,207.47
Other	3,145,472.93	3,330,459.44
Total	210,385,991.40	173,570,127.49

Other explanations:

None

66. Financial expenses

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	31,018,228.96	18,355,694.64
Exchange gains and losses	4,401,542.48	-2,800,529.37
Handling fees	827,831.80	712,455.44
Interest income	-72,069,542.92	-75,347,198.04
Total	-35,821,939.68	-59,079,577.33

Other explanations:

None

67. Other incomes

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Classification by nature	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies related to assets	973,598.74	2,079,090.00
Government subsidies related to income	53,881,878.18	41,964,528.77

Refund of service charges for withholding personal income tax	1,065,583.35	702,780.68
Additional deduction for VAT	29,882,561.58	279,900.29
Total	85,803,621.85	45,026,299.74

Other explanations:

None

68. Investment income

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by the equity method	-2,483,342.79	-17,279,158.95
Investment income from disposal of long-term equity investment		-113,212.70
Investment income of held-for-trading financial assets during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of held-for-trading financial assets		
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
Gains of debt restructuring		
Total	-2,483,342.79	-17,392,371.65

Other explanations:

None

69. Net exposure hedging income

☐ Applicable" ☒ Not applicable"

70. Income from the change in fair value

☐ Applicable" ☒ Not applicable"

71. Credit impairment loss

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Loss on bad debts of notes receivable		
Loss on bad debts of accounts receivable	-10,003,853.55	-13,089,429.12
Loss on bad debts of other receivables	4,881,377.61	2,692,204.95
Impairment losses of debt investment		
Impairment losses of other debt investments		
Loss on bad debts of long-term receivables		
Impairment losses related to financial guarantees		
Total	-5,122,475.94	-10,397,224.17

Other explanations:

None

72. Asset impairment losses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Impairment loss of contract assets		
II. Loss for devaluation of inventories and impairment loss of contract performance cost	-95,860,216.77	-106,757,782.12
III. Impairment loss of long-term equity investment		
IV. Impairment loss of investment real estate		
V. Impairment loss of fixed assets		-1,337,532.26
VI. Impairment loss of engineering materials		
VII. Impairment loss of construction in progress		
VIII. Impairment loss of productive biological assets		
IX. Impairment loss of oil and gas assets		
X. Impairment loss of intangible assets		
XI. Impairment loss of goodwill		
XII. Others		

Total	-95,860,216.77	-108,095,314.38
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Other explanations:

None

73. Income from disposal of assets

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from disposal of fixed assets	-1,115,734.04	-703,593.33
Income from disposal of intangible assets	-2,304.16	
Total	-1,118,038.20	-703,593.33

Other explanations:

None

74. Non-operating revenue

Information on non-operating revenue

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Total profit from disposal of non-current assets			
Including: Gains from disposal of fixed assets			
Gains from disposal of intangible assets			
Gains from exchange of non-monetary assets			
Accepting donations			
Government subsidies			
Income from right protection funds	1,846,394.98	1,528,566.87	1,846,394.98
Revenue from fines and liquidated damages	318,673.43	1,787,058.74	318,673.43
Amount not required to be paid	132,715.70	686,774.60	132,715.70

Other	247,094.57	164,261.56	247,094.57
Total	2,544,878.68	4,166,661.77	2,544,878.68

Other explanations:

☐ Applicable" ☒ Not applicable"

75. Non-operating expenses

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Total loss from disposal of non-current assets			
Including: Losses from disposal of fixed assets			
Loss from disposal of intangible assets			
Losses from exchange of non-monetary assets			
External donation	2,588,720.39	8,865,320.50	2,588,720.39
Fines	623,260.00	220,000.00	623,260.00
Late fees	246,788.61	2,320,528.94	246,788.61
Loss from damage and scrapping of non-current assets	5,175.47	100,854.99	5,175.47
Other	64,340.46	116,512.19	64,340.46
Total	3,528,284.93	11,623,216.62	3,528,284.93

Other explanations:

None

76. Income tax expenses

(1). Income tax expense statement

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	353,713,426.40	337,808,223.91
Deferred income tax expense	-49,778,136.63	-73,292,568.66
Total	303,935,289.77	264,515,655.25

(2). Adjustment process of accounting profit and income tax expense

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Total profit	1,889,213,447.54
Income tax expense calculated at statutory or applicable tax rate	472,303,361.89
Impact of different tax rates applicable to subsidiaries	
Impact of adjusting income tax in previous periods	6,915,792.16
Impact of non-taxable income	
Impact of non-deductible costs, expenses and losses	8,116,712.03
Impact of using deductible losses of deferred income tax assets unrecognized in the previous period	-21,176,064.51
Impact of deductible temporary differences or deductible losses of deferred income tax assets unrecognized in the current period	8,405,510.63
Impact of applicable preferential tax rates	-142,553,900.26
Additional deductions for R&D expenditures	-28,076,122.18
Income tax expenses	303,935,289.77

Other explanations:

"□ Applicable" "√ Not applicable"

77. Other comprehensive income

"√ Applicable" "□ Not applicable"

For the details on other comprehensive income, net of tax, refer to the particulars contained in "57. Other comprehensive income", "VII. Notes to the Items of Consolidated Financial Statements", "Section X Financial Report" of this Report.

78. Items in the cash flow statement**(1).Cash related to operating activities**

Other cash received related to operating activities

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Receivables, payables and others	19,398,199.38	5,846,000.83
Interest income from bank deposits	52,543,585.89	74,557,758.90
Government subsidies	64,798,461.53	45,009,847.74
Total	136,740,246.80	125,413,607.47

Description of other cash received related to operating activities:

None

Other cash paid related to operating activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Expenses paid in cash	4,810,518,392.57	3,732,844,574.91
Receivables, payables and others	623,174.55	28,579,145.07
Total	4,811,141,567.12	3,761,423,719.98

Description of other cash paid related to operating activities:

None

(2). Cash related to investing activities

Important cash received related to investing activities

☐ Applicable" ☒ Not applicable"

Important cash paid related to investing activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment for the purchase and construction of long-term assets	299,736,867.13	179,658,688.53
Capital increase by Jiaxing Woyong Investment Partnership (Limited Partnership)		18,636,363.64
Total	299,736,867.13	198,295,052.17

Description of important cash paid related to investing activities

None

Other cash received related to investing activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Redemption of fixed deposits and interest	307,072,222.23	
Cash received for construction deposit		13,193,392.00
Total	307,072,222.23	13,193,392.00

Description of other cash received related to investing activities:

None

Other cash paid related to investing activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Purchase of certificates of deposit and fixed-term deposits	1,280,000,000.00	300,000,000.00
Total	1,280,000,000.00	300,000,000.00

Description of other cash paid related to investing activities:

None

(3). Cash related to financing activities

Other cash received related to financing activities

☐ Applicable" ☒ Not applicable"

Other cash paid related to financing activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment for equity incentive repurchase	27,643,096.38	9,494,227.24
Payment for repurchase of the Company's shares	153,062,220.18	39,082,438.95
Payment for operating lease rent	6,977,426.01	3,607,485.92
Payment for liquidation funds to minority shareholders		1,003,954.40
Total	187,682,742.57	53,188,106.51

Description of other cash paid related to financing activities:

None

Information on changes in liabilities arising from financing activities:

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Beginning balance	Current increase		Current decrease		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term borrowings	200,155,555.56		4,036,666.64	204,192,222.20		
Bonds payable (including bonds payable due within one year)	753,119,902.88		34,436,231.95	7,507,540.00	37,301.51	780,011,293.32

Lease liabilities (including lease liabilities due within one year)	13,940,366.98		8,086,114.56	6,977,426.01	619,868.93	14,429,186.60
Total	967,215,825.42		46,559,013.15	218,677,188.21	657,170.44	794,440,479.92

(4). Description of presentation of cash flows at net amount

☐ Applicable" ☒ Not applicable"

(5). Significant activities and financial impacts that do not involve current cash receipts and payments but affect the financial condition of the enterprise or may affect the cash flow of the enterprise in the future

☐ Applicable" ☒ Not applicable"

79. Supplementary information to cash flow statement**(1). Supplementary information to cash flow statement**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Supplementary Information	Amount for the current period	Amount of previous period
1. Reconciliation of net profits to cash flows from operating activities:		
Net profit	1,585,278,157.77	1,230,804,150.34
Add: Impairment provision of assets	95,860,216.77	108,095,314.38
Credit impairment loss	5,122,475.94	10,397,224.17
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	75,078,673.97	62,978,780.92
Amortization of right-of-use assets	5,770,741.34	4,464,656.74
Amortization of intangible assets	19,070,667.56	18,517,085.80
Amortization of long-term unamortized expenses	19,494,213.63	10,280,634.46
Losses on disposal of fixed assets, intangible assets and other long-term assets ("- " refers to income)	1,118,038.20	703,593.33
Losses on retirement of fixed assets ("- " refers to income)	5,175.47	100,854.99
Losses on changes in fair value ("- " refers to income)		
Financial expenses ("- " refers to income)	12,469,676.93	13,067,443.28
Investment loss ("- " refers to income)	2,483,342.79	17,392,371.65
Decrease in deferred income tax assets ("- " refers to increase)	-49,778,136.63	-54,273,136.99

Increase in deferred income tax liabilities ("-" refers to decrease)		-19,019,431.67
Decrease in inventories ("-" refers to increase)	39,944,785.54	-234,921,611.07
Decrease in operating receivables ("-" refers to increase)	-133,678,474.86	-449,560,276.02
Decrease in operating payables ("-" refers to increase)	-580,782,046.61	674,251,107.56
Other	9,543,156.38	75,515,052.71
Net cash flow from operating activities	1,107,000,664.19	1,468,793,814.58
2. Major investment and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	2,742,569,684.62	3,659,267,712.03
Less: Beginning balance of cash	3,659,267,712.03	3,125,333,085.05
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-916,698,027.41	533,934,626.98

(2). Net cash paid to acquire subsidiaries in the current period

☐ Applicable" ☒ Not applicable"

(3). Net cash received from disposal of subsidiaries in the current period

☐ Applicable" ☒ Not applicable"

(4). Composition of cash and cash equivalents

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
I. Cash	2,742,569,684.62	3,659,267,712.03
Including: Cash on hand	9,229.11	29,332.00
Bank deposits that can be used for payment at any time	2,685,944,005.91	3,448,037,161.01
Other monetary funds that can be used for payment at any time	56,616,449.60	211,201,219.02
Funds deposited with the central bank for payment		
Deposits in other banks		
Funds for interbank lending		

II. Cash equivalents		
Including: Bond investments due within three months		
III. Ending balance of cash and cash equivalents	2,742,569,684.62	3,659,267,712.03
Including: Cash and cash equivalents with restricted use by the parent company or a subsidiary of the group	149,891,967.73	257,906,850.60

(5). Information on funds with restricted use but still presented as cash and cash equivalents

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount for the current period	Reason
Raised funds	31,793,494.76	Special account of raised funds
Cash subject to foreign exchange control of overseas operating subsidiaries	118,098,472.97	Subject to foreign exchange control
Total	149,891,967.73	/

(6). Monetary funds not belonging to cash and cash equivalents

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount of previous period	Reason
Certificates of deposit and fixed-term deposits	1,327,741,986.16	335,288,251.36	No withdrawal at any time
ETC deposit	70,000.00	70,000.00	No withdrawal at any time
Pinduoduo deposit	5,298,890.00	5,298,890.00	No withdrawal at any time
Direct-sales store deposit	2,779,122.20	2,110,704.68	No withdrawal at any time
Judicial freezing	3,416,733.86		Frozen
Transformer fixed-deposit margin	250,000.00	250,000.00	No withdrawal at any time
L/C deposit		8,800,000.00	No withdrawal at any time
Total	1,339,556,732.22	351,817,846.04	/

Other explanations:

☐ Applicable" ☒ Not applicable"

80. Notes on items in the statement of changes in owners' equity

Description of the names of "other" items for adjusting the ending balance of the previous year and adjustment amounts:

☐ Applicable" ☒ Not applicable"

81. Foreign-currency monetary items**(1). Foreign-currency monetary items**

"√ Applicable" "□ Not applicable"

Unit: Yuan

Item	Ending foreign currency balance	Converted exchange rate	Converted RMB at the end of period balance
Monetary funds	-	-	115,036,016.74
Including: USD	4,008,895.24	7.1884	28,817,542.54
CHF	22,953.98	7.9977	183,579.05
HKD	23,436,900.41	0.9260	21,702,569.78
KRW	59,875,140.00	0.0049	293,388.19
MYR	1,948,622.42	1.6199	3,156,573.46
EUR	5,460,940.71	7.5257	41,097,401.50
JPY	419,951,163.00	0.0462	19,401,743.73
SGD	72,014.60	5.3214	383,218.49
Accounts receivable	-	-	2,971,625.74
Including: EUR	218,942.52	7.5257	1,647,695.72
JPY	28,653,047.00	0.0462	1,323,770.77
KRW	32,500.41	0.0049	159.25
Other receivables	-	-	27,659,659.14
Including: EUR	2,850,641.94	7.5257	21,453,076.05
HKD	618,159.52	0.9260	572,415.72
KRW	10,881,600.00	0.0049	53,319.84
JPY	15,449,303.01	0.0462	713,757.80
USD	914,625.80	5.3214	4,867,089.73
Accounts payable	-	-	16,012,388.02
Including: EUR	29,000.00	7.5257	218,245.30
SGD	110,060.27	5.3214	585,674.72
HKD	11,302,269.25	0.9260	10,465,901.33
JPY	102,652,958.17	0.0462	4,742,566.67
Other payables	-	-	835,864.61
Including: HKD	8,134.74	0.9260	7,532.77
KRW	155,910,495.90	0.0049	763,961.43
JPY	1,393,299.00	0.0462	64,370.41

Other explanations:

None

(2). Description of overseas operating entities, including the main overseas operating location, bookkeeping currency, selection criteria, and reasons for change in the bookkeeping currency of important overseas operating entities, which should be disclosed

"√ Applicable" "□ Not applicable"

Hapsode Co., Ltd. and Hanna Cosmetics Co., Ltd. operate in South Korea, and their business income and expenditures are mainly in KRW, thus they choose KRW as the bookkeeping currency. Hong Kong Xinghuo Industry Limited, Hong Kong Zhongwen Electronic Commerce Co., Limited, Hong Kong

Xuchen Trading Limited, Hong Kong Keshi Trading Co., Ltd., Boya (Hong Kong) Investment Management Co., Limited and Hong Kong Wanyan Electronic Commerce Co., Limited operate in Hong Kong, thus they choose RMB as the bookkeeping currency. Off&Relax operates in Japan and its business income and expenditures are mainly in JPY, thus it chooses JPY as the bookkeeping currency. PROYA PTE. LTD. operates in Singapore, and its business income and expenditures are mainly in SGD, thus it chooses SGD as the bookkeeping currency. PROYA BEAUTY MALAYSIA SDH BHD. operates in Malaysia and its business income and expenditures are mainly in MYR, thus it chooses MYR as the bookkeeping currency. PROYA EUROPE SAS operates in France and its business income and expenditure are mainly in EUR, thus it chooses EUR as the bookkeeping currency. PROYA EUROPE SARL operates in Luxembourg and its business income and expenditure are mainly in EUR, thus it chooses EUR as the bookkeeping currency.

82. Lease

(1) The Company as the lessee

☒ Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☒ Not applicable

1) For details on right-of-use assets, refer to the particulars contained in "25. Right-of-use assets" in "VII. Notes to the Items of Consolidated Financial Statements" of "Section X Financial Report" hereof.

2) For the details on accounting policies for short-term leases and low-value asset leases of the Company, refer to the particulars contained in "38. Lease" in "V. Significant Accounting Policies and Estimates" of "Section X Financial Report" hereof.

Lease expenses of short-term leases or low-value asset leases subject to simplified treatment

☒ Applicable ☐ Not applicable

Item	Amount for the current period	Amount for the same period last year
Short-term lease expenses	3,592,043.94	6,986,080.67
Low-value asset lease expenses (except for short-term lease expenses)	1,365,855.26	2,169,311.63
Total	4,957,899.20	9,155,392.30

Sale and leaseback transactions and judgment basis

☐ Applicable ☒ Not applicable

Total cash outflows related to leases is 12,232,799.16 (Unit: Yuan Currency: RMB)

(2) The Company as the lessor

Operating lease where the Company is the lessor

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Investment real estate	9,362,189.84	
Total	9,362,189.84	

For the details of fixed assets leased out through operating lease, refer to the particulars contained in "20 Investment real estate" in "VII. Notes to the Items of Consolidated Financial Statements" of "Section X Financial Report" hereof.

Financing lease where the Company is the lessor

☐ Applicable" ☒ Not applicable"

Reconciliation of undiscounted lease receipts and net lease investments

☐ Applicable" ☒ Not applicable"

Undiscounted lease receipts in the next five years

☐ Applicable" ☒ Not applicable"

(3) Profits and losses of financial lease sales recognized by the Company as a manufacturer or distributor

☐ Applicable" ☒ Not applicable"

Other explanations:

None

83. Data resources

☐ Applicable" ☒ Not applicable"

84. Other

☐ Applicable" ☒ Not applicable"

VIII. R&D expenditures

1. Presentation by nature of expenses

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Labor cost	100,331,632.47	87,886,568.10
Outsourced R&D expenses	69,110,473.44	49,917,542.88
Expenses for depreciation, amortization and lease	20,500,514.01	14,907,715.74
Direct input costs	14,153,394.93	9,067,633.86
Equity incentive expenses for restricted shares	3,112,503.62	8,460,207.47
Other	3,145,472.93	3,330,459.44
Total	210,353,991.40	173,570,127.49

Including: Expensed R&D expenditures	210,353,991.40	173,570,127.49
Capitalized R&D expenditures		

Other explanations:

None

2. R&D project development expenditures eligible for capitalization

☐ Applicable" ☒ Not applicable"

Important capitalized R&D projects

☐ Applicable" ☒ Not applicable"

Impairment provision of development expenditures

☐ Applicable" ☒ Not applicable"

Other explanations:

None

3. Important outsourcing projects under research

☐ Applicable" ☒ Not applicable"

IX. Change of Consolidation Scope

1. Business combination not under common control

☐ Applicable" ☒ Not applicable"

2. Business combination under common control

☐ Applicable" ☒ Not applicable"

3. Counter purchase

☐ Applicable" ☒ Not applicable"

4. Disposal of subsidiaries

Were there any transactions or events that resulted in the loss of control over a subsidiary in the current period

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Stepwise disposal of investment in subsidiaries through multiple transactions, resulting in the loss of control in the current period

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

5. Change of combination scope for other reasons

Explain the changes in the consolidation scope caused by other reasons (for example, newly established subsidiary, liquidated subsidiary, etc.) and the specific information:

☒ Applicable" ☐ Not applicable"

1. Expansion of consolidation scope

Company name	Mode of equity acquisition	Time point of equity acquisition	Contribution amount	Contribution ratio
Ningbo Jingzhe Cosmetics Co., Ltd.	Newly established subsidiary	January 2024	1,000,000.00	100.00%
PROYA EUROPE SAS	Newly established subsidiary	June 2024	4,337,190.00	100.00%
Hangzhou Gloris Trading Co., Ltd.	Newly established subsidiary	March 2024		100.00%
Hangzhou TIMAGE Image Design & Art Co., Ltd.	Newly established subsidiary	November 2024	670,000.00	67.00%

2. Narrowing of consolidation scope

Company name	Equity disposal method	Time point of equity disposal	Net assets as at the disposal date	From the beginning of the period to the disposal date net profit
Huzhou Younimi Cosmetics Co., Ltd.	Cancellation	January 2024	25,563,529.57	2,599.62
Zhejiang Qingya Culture Art Communication Co., Ltd.	Cancellation	August 2024	3,860.99	-335,066.47
Guangzhou Qianxi Network Technology Co., Ltd.	Cancellation	April 2024	-1,350,735.34	72.90
Hangzhou Wanyan Culture Media Co., Ltd.	Cancellation	December 2024	-3,354,438.02	-4,478.16
Huzhou Keyan Trading Co., Ltd.	Cancellation	November 2024	1,357,636.03	1,548,492.38

6. Other

"☐ Applicable" "☒ Not applicable"

X. Equity in Other Entities**1. Equity in subsidiaries****(1). Composition of enterprise group**

"√ Applicable" "□ Not applicable"

Unit: RMB '0,000 Currency: RMB

Subsidiary Name	Main place of business	Registered capital	Registration place	Nature of business	Shareholding ratio (%)		Mode of acquisition Method
					Direct	Indirect	
Zhejiang Meiligu Electronic Commerce Co., Ltd.	Hangzhou	1,000.00	Hangzhou	Wholesale and retail	100.00		Establishment
Ningbo TIMAGE Cosmetics Co., Ltd.	Ningbo	100.00	Ningbo	Wholesale and retail	71.36		Establishment
Proya (Zhejiang) Cosmetics Co., Ltd.	Huzhou	1,000.00	Huzhou	Manufacturing	100.00		Establishment

Description of the shareholding ratio in subsidiaries different from the voting ratio:

None

Basis for holding half or less voting rights but still controlling the investee, and holding more than half voting rights but not controlling the investee:

None

Basis for controlling the important structured entities included in the consolidation scope:

None

Basis for determining whether a company is an agent or a principal:

None

Other explanations:

The Company incorporated 45 subsidiaries, including Hangzhou Proya Trade Co., Ltd. and Zhejiang Meiligu Electronic Commerce Co., Ltd., into the consolidation scope of the consolidated financial statements.

(2). Important non-wholly-owned subsidiaries

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding ratio of the	Gain or loss attributable to minority	Dividends declared and distributed to minority	Balance of minority interest
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	minority shareholder Percentage	shareholders in the current period	shareholders in the current period	at the end of the period
Ningbo TIMAGE Cosmetics Co., Ltd.	28.64%	33,272,603.30		88,721,942.41

Description of the shareholding ratio of minority shareholders in subsidiaries different from the voting ratio:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

(3). Major financial information of important non-wholly-owned subsidiaries

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ningbo TIMAGE Cosmetics Co., Ltd.	409,860,633.36	3,037,284.38	412,897,921.74	97,988,699.94	3,464,427.19	101,453,127.13	297,733,820.74	11,052,026.21	308,785,846.95	111,987,809.76	1,079,017.49	113,066,827.25

Name of subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities
Ningbo TIMAGE Cosmetics Co., Ltd.	1,191,554,060.03	116,449,923.76	116,449,923.76	69,238,223.53	1,000,707,718.37	129,773,814.16	129,773,814.16	98,459,950.02

Other explanations:

None

(4). Major restrictions on using enterprise group assets and paying off enterprise group debts

☐ Applicable" ☒ Not applicable"

(5). Financial support or other support provided to structured entities included in the scope of consolidated financial statements

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

2. Transactions where the share of owners' equity in a subsidiary changes and the subsidiary is still controlled

☐ Applicable" ☒ Not applicable"

3. Rights and interests in joint ventures and affiliates

☒ Applicable" ☐ Not applicable"

(1). Important joint ventures and affiliates

☐ Applicable" ☒ Not applicable"

(2). Major financial information of important joint ventures

☐ Applicable" ☒ Not applicable"

(3). Major financial information of important affiliates

☐ Applicable" ☒ Not applicable"

(4). Summary financial information of unimportant joint ventures and affiliates

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

	Ending balance or amount incurred in the current period	Beginning balance or amount incurred in the previous period
Joint ventures:		
Total carrying value of investment	3,263,226.71	3,059,991.91
Total of the following items calculated according to the shareholding ratio		
– Net profit	203,234.80	-8,956.25
– Other comprehensive income		
– Total comprehensive income		
Affiliates:		
Total carrying value of investment	107,827,588.99	110,514,166.58
Total of the following items calculated according to the shareholding ratio		
– Net profit	-2,686,577.59	-17,270,202.70
– Other comprehensive income		-20,250,000.00
– Total comprehensive income		

Other explanations:

None

(5). Description of major restrictions on the ability of joint ventures or affiliates to transfer capital to the Company

☐ Applicable" ☒ Not applicable"

(6). Excess losses incurred by joint ventures or affiliates

☐ Applicable ☒ Not applicable

(7). Unconfirmed commitments related to investments in joint ventures

☐ Applicable ☒ Not applicable

(8). Contingent liabilities related to investments in joint ventures or affiliates

☐ Applicable ☒ Not applicable

4. Important joint operations

☐ Applicable ☒ Not applicable

5. Rights and interests in structured entities not included in the scope of consolidated financial statements

Description of structured entities not included in the scope of consolidated financial statements:

☐ Applicable ☒ Not applicable

6. Other

☐ Applicable ☒ Not applicable

XI. Government subsidies**1. Government subsidies recognized by amount receivable at the end of the Reporting Period**

☐ Applicable ☒ Not applicable

Reasons for failure to receive the expected amount of government subsidies at the expected time point

☐ Applicable ☒ Not applicable

2. Liability items involving government subsidies:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items in financial statements	Beginning balance	Amount of new subsidies in the current period	Amount included in non-operating revenue in the current period	Amount transferred in other income in the current period	Other changes in the current period	Ending balance	Related to assets or income
Deferred income	6,383,359.33	9,851,000.00		973,598.74		15,260,760.59	Related to assets
Total	6,383,359.33	9,851,000.00		973,598.74		15,260,760.59	/

3. Government subsidies included in the current profit or loss

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Type	Amount incurred in the current period	Amount incurred in the previous period
Related to income	54,855,476.92	44,043,618.77
Total	54,855,476.92	44,043,618.77

Other explanations:

None

XII. Risks Related to Financial Instruments

1. Risks of financial instruments

"√ Applicable" "□ Not applicable"

The Company's risk management aims to reach balancing between risks and benefits, to minimize the negative impact of risks on the Company's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Company's basic strategy for risk management is to determine and analyze various risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

The Company faces various risks related to financial instruments in its daily activities, including credit risk, liquidity risk and market risk. The management has deliberated and approved the policing governing these risks as outlined below:

(I) Credit risk

Credit risk refers to the risk that one party of a financial instrument fails or is unable to fulfill its obligations, resulting in financial losses to the other party.

1. Credit risk management practice

(1) Assessment method of credit risk

The Company, on each balance sheet date, assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since initial recognition, the Company takes into account the reasonable and well-founded information available without unnecessary additional costs or efforts, including qualitative and quantitative analyses based on historical data, external credit risk rating and forward-looking information. The Company determines the changes that may result in default risk of financial instruments within their expected duration by comparing the default risk of the financial instruments on the balance sheet date and the initial recognition date based on an individual financial instrument or combined financial instruments with similar credit risk characteristics.

The Company deems that the credit risk of the financial instruments has increased significantly if one or more of the following quantitative and qualitative standards are reached:

- 1) The main quantitative standard is that the probability of default within the remaining duration on the balance sheet date has increased by more than a certain proportion compared with that at the initial recognition;
- 2) The main qualitative standard is that there are material adverse changes occurring to the business or financial conditions of the debtor and changes in the exiting or anticipated technology, market, economic or legal environment which have a material adverse effect on the debtor's ability to make repayment to the Company.

(2) Definitions of default and assets with credit impairment

If the financial instruments meet one or more of the following conditions, the Company defines the financial assets as in default, with its standard consistent with the definition of credit impairment:

- 1) The debtor faces major financial difficulties;

- 2) The debtor breaches the provisions governing it in the contract;
- 3) The debtor is very likely to become bankrupt or go into other financial restructuring proceedings;
- 4) The creditor makes a concession to the debtor which it will not make under any other circumstances for the economic or contractual considerations in connection with the debtor's financial difficulties.

2. Measurement of expected credit loss

The key parameters for measurement of expected credit loss include the probability of default, loss given default and default risk exposure. The Company builds the models of probability of default, loss given default and default risk exposure considering the quantitative analysis of historical statistical data (such as counterparty rating, guarantee type, category of collateral and pledge, repayment method) and forward-looking information.

3. For the details on the Reconciliation Statement of Beginning Balance and Ending Balance of Financial Instrument Loss Reserve, please see the particulars contained in "5. Account Receivable"; "7. Receivable Financing"; and "9. Other Receivables" in "VII. Notes to the Consolidated Financial Accounts", "Section X Financial Report" of this Report.

4. Credit risk exposure and credit risk concentration

The credit risk of the Company is derived mainly from the monetary funds and accounts receivable. To control the above related risk, the Company has respectively taken the following measures.

(1) Monetary funds

The bank deposit and other monetary funds of the Company were deposited with financial institutions with high credit rating; therefore, the credit risk was low.

(2) Accounts receivable

The Company continuously carries out credit assessments on customers who trade in credit. According to the results of credit assessments, the Company deals with approved and credible customers, and monitors the balance of its accounts receivable, so as to prevent significant bad debt risk.

No guarantee is required as the Company only transacts with recognized and reputable 3rd parties. Credit risk concentration is managed on a per-customer basis. As at December 31, 2024, the Company had a certain credit concentration risk of 95.05% (December 31, 2023: 93.36%) of its accounts receivable originating from top five customers in the balance. The Company had no guarantee or other credit enhancement on the balance of the accounts receivable.

The maximum credit risk exposure of the Company is the book value of the financial assets in the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company fulfills its obligation to settle by delivering cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value as soon as possible, the counterparty's inability to pay off its contractual debt, the acceleration of debt or the inability to generate expected cash flow.

To control such risk, the Company applies various financing methods, such as bill settlements and bank loans, in appropriate combination of long-term and short-term financing to optimize the financing structure and keep the balancing between financing sustainability and flexibility. The Company has obtained lines of credit from several commercial banks to satisfy its working capital demand and capital expenditure.

Classification of financial liabilities by the remaining due days

Item	Ending amount				
	Carrying value	Undiscounted contract value	Within 1 year	1-3 years	Above 3 years
Accounts payable	676,388,126.18	676,388,126.18	676,388,126.18		

Item	Ending amount				
	Carrying value	Undiscounted contract value	Within 1 year	1-3 years	Above 3 years
Other payables	91,776,722.59	91,776,722.59	91,776,722.59		
Bonds payable	780,011,293.32	888,387,295.95	11,405,660.14	876,981,635.81	
Lease liabilities	10,955,380.12	13,560,373.00		6,484,146.00	7,076,227.00
Non-current liabilities due within one year	3,473,806.48	4,902,153.69	4,902,153.69		
Subtotal	1,562,605,328.69	1,675,014,671.41	784,472,662.60	883,465,781.81	7,076,227.00

(Continued)

Item	Balance at the end of the previous year				
	Carrying value	Undiscounted contract value	Within 1 year	1-3 years	Above 3 years
Short-term borrowings	200,155,555.56	204,136,925.42	204,136,925.42		
Notes payable	36,959,074.14	36,959,074.14	36,959,074.14		
Accounts payable	1,018,522,358.60	1,018,522,358.60	1,018,522,358.60		
Other payables	155,345,148.68	155,345,148.68	155,345,148.68		
Bonds payable	753,119,902.88	902,651,337.03	7,500,387.51	31,446,772.75	863,704,176.77
Lease liabilities	9,970,306.87	14,684,876.69		5,269,969.69	9,414,907.00
Non-current liabilities due within one year	3,970,060.11	4,213,792.92	4,213,792.92		
Subtotal	2,178,042,406.84	2,336,513,513.48	1,426,677,687.27	36,716,742.44	873,119,083.77

(III) Market risk

Market risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market prices. Market risks include interest rate and foreign exchange risks.

1. Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. Interest-bearing financial instruments with a fixed interest rate cause the interest rate risk of fair value, and those with a floating interest rate cause the interest rate risk of cash flow. The Company determines the proportion of financial instruments with a fixed interest rate and financial instruments with a floating interest rate according to the market environment, and maintains an appropriate combination of financial instruments through regular review and monitoring.

2. Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to the change of foreign exchange rates. The risk of changes in foreign exchange rates faced by the Company is mainly related to the Company's foreign currency assets and liabilities. The

Company carries out business in the Chinese mainland, and therefore has main activities valued in RMB. Therefore, the market risk of foreign exchange changes faced by the Company is minor. For the details on foreign-currency monetary assets and liabilities of the Company at the end of the period, refer to the particulars contained in "81. Foreign-currency monetary items" in "VII. Notes to the Items of Consolidated Financial Statements" of "Section X Financial Report" of this Report.

2. Hedging

(1) The Company carries out hedging business for risk management

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

(2) The Company carries out qualified hedging business and applies hedging accounting

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

(3) The Company carries out hedging business for risk management and expects to achieve risk management objectives, but does not apply hedging accounting

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

3. Transfer of financial assets

(1) Classification of transfer methods

☐ Applicable ☒ Not applicable

(2) Financial assets derecognized due to transfer

☐ Applicable ☒ Not applicable

(3) Financial assets transferred due to continued involvement

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

XIII. Disclosure of Fair Value

1. Ending fair value of assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Ending fair value
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	The first level of fair value measurement	The second level of fair value measurement	The 3rd level of fair value measurement	Total
I. Continuous fair value measurement				
(I) Held-for-trading financial assets				
1. Financial assets measured at fair value through profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
2. Financial assets designated as measured at fair value through profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other debt investments				
(III) Other equity instrument investments			71,256,995.18	71,256,995.18
(IV) Investment real estate				
1. Land use rights for lease				
2. Leased buildings				
3. Land use rights that are held for transfer upon appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
Total assets continuously measured at fair value			71,256,995.18	71,256,995.18
(VI) Held-for-trading financial liabilities				

1. Financial liabilities measured at fair value through profit or loss				
Including: Trading bonds issued				
Derivative financial liabilities				
Other				
2. Financial liabilities designated to be measured at fair value through profit or loss				
Total liabilities continuously measured at fair value				
II. Non-continuous Fair Value Measurement				
(I) Held-for-sale assets				
Total assets not continuously measured at fair value				
Total liabilities not continuously measured at fair value				

2. Determination basis for the market price of continuous and non-continuous first-level fair value measurement items

☐ Applicable" ☒ Not applicable"

3. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous second-level fair value measurement items

☐ Applicable" ☒ Not applicable"

4. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous third-level fair value measurement items

☒ Applicable" ☐ Not applicable"

As for other equity investment instruments held by the Company, due to important changes in business environment, operating conditions, financial conditions and external valuation of the investees, including Hangzhou Regenovo Bio-technology Co., Ltd. and LIPOTRUE, S.L., the Company takes the investment cost as a reasonable estimate of fair value for measurement; due to the difference between the financial situation of the investee Golong Holdings Co., Ltd. in 2024 and the expectations at the time of investment, the fair value at the end of the period is determined based on its net assets at the end of the period.

5. Adjustment information and sensitivity analysis of non-observable parameters between beginning and ending carrying value for continuous third-level fair value measurement items

☐ Applicable" ☒ Not applicable"

6. For continuous fair value measurement items, if the conversion occurs among different levels within the current period, the reasons for the conversion and the policy for determining the conversion time point

☐ Applicable" ☒ Not applicable"

7. Changes in valuation techniques during the current period and the reasons for the changes

☐ Applicable" ☒ Not applicable"

8. Information on fair value of financial assets and liabilities not measured at fair value

☐ Applicable" ☒ Not applicable"

9. Other

☐ Applicable" ☒ Not applicable"

XIV. Related Parties and Transactions**1. Information on the parent company of the Company**

☐ Applicable" ☒ Not applicable"

2. Information on subsidiaries of the Company

Refer to the notes for the details on subsidiaries of the Company

☒ Applicable" ☐ Not applicable"

For the details on subsidiaries of the Company, refer to the particulars contained in "X. Equity in Other Entities", "Section X Financial Report" of this Report.

3. Information on joint ventures and affiliates of the Company

Refer to the notes for details of the important joint ventures or affiliates of the Company

☒ Applicable" ☐ Not applicable"

For the details on important joint ventures or affiliates of the Company, refer to the particulars contained in "X. Equity in Other Entities", "Section X Financial Report" of this Report.

Information about other joint ventures or affiliates that have related transactions with the Company in the current period, or have balance resulting from related transactions with the Company in the previous period is as follows

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

4. Information on other related parties

☒ Applicable" ☐ Not applicable"

Name of other related party	Relationship between other related party and the Company
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Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Other
Ningbo Weiman Cosmetics Co., Ltd.	Other
Beijing Xiushi Cultural Development Co., Ltd.	Other
Hangzhou Regenovo Bio-technology Co., Ltd.	Other
Hangzhou Slow Coral Cultural Tourism Planning and Design Co., Ltd.	Other
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Other
Zhejiang Proya Public Welfare Foundation	Other
PARISEZHAN HK LIMITED	Other
EURL PHARMATICA	Other
SARL ORTUS	Other
S.A.S AREDIS	Other
Beauty Hi-tech Innovation Co.Ltd	Other

Other explanations:

None

5. Information on related transactions

(1). Related transactions of purchasing and selling goods, and providing and receiving labor services

Statement of purchasing goods or accepting labor services

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related parties	Related transaction content	Amount incurred in the current period	Approved transaction limit (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount incurred in the previous period
Beijing Xiushi Cultural Development Co., Ltd.	Promotional services	6,500,000.00	Not applicable	No	169,811.41
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Property services	349,744.83	Not applicable	No	
Hangzhou Slow Coral Cultural Tourism Planning and Design Co., Ltd.	Promotional services	269,433.96	Not applicable	No	621,966.94

Beauty Hi-tech Innovation Co.Ltd	Technical services	33,708.96	Not applicable	No	4,545,263.84
Hangzhou Regenovo Bio-technology Co., Ltd.	Proxy operation service fees	172,726.79	Not applicable	No	41,663.72
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Association membership fees	30,000.00	Not applicable	No	
Ningbo Weiman Cosmetics Co., Ltd.	Purchase of goods		Not applicable	No	121,884.94

Statements of sales of goods or provision of services

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Related parties	Related transaction content	Amount incurred in the current period	Amount incurred in the previous period
Ningbo Weiman Cosmetics Co., Ltd.	Sales of goods		14,321.36

Description of related party transactions in purchasing and selling goods, and providing and receiving labor services

☐ Applicable" ☒ Not applicable"

(2). Related entrusted management, contracting and entrusted management, and outsourcing

Statement of entrusted management or contracting of the Company:

☐ Applicable" ☒ Not applicable"

Description of related trusteeship or contracting

☐ Applicable" ☒ Not applicable"

Statement of entrusted management or outsourcing of the Company

☐ Applicable" ☒ Not applicable"

Description of related management or outsourcing

☐ Applicable" ☒ Not applicable"

(3). Information on related lease

The Company as the lessor:

☐ Applicable" ☒ Not applicable"

The Company as the lessee:

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Name of lessor	Types of leased assets	Rent expenses of short-term leases and low-value asset leases subject to simplified treatment (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses on lease liabilities assumed		Right-of-use assets increased	
		Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Field	3,600.00	85,715.77			536,845.00	517,536.00	14,444.53	27,952.40		-229,315.75

Description of related lease

"□ Applicable" "√ Not applicable"

(4). Information on related guarantee

The Company as the guarantor

☐ Applicable ☒ Not applicable

The Company as the guarantee

☐ Applicable ☒ Not applicable

Description of related guarantee

☐ Applicable ☒ Not applicable**(5). Borrowing of related party funds**☐ Applicable ☒ Not applicable**(6). Information of asset transfer and debt restructuring of related parties**☐ Applicable ☒ Not applicable**(7). Remuneration of key management personnel**☒ Applicable ☐ Not applicable

Unit: RMB '0,000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key management personnel	1,421.62	937.36

Note: The above remuneration excludes the relevant remuneration recognized by share-based payment.

(8). Other related party transactions☒ Applicable ☐ Not applicable

The Company donated RMB1,000,000.00 in total to the Zhejiang Proya Public Welfare Foundation in the current period.

6. Information on unsettled items such as accounts receivable from and accounts payable to related parties**(1). Receivable items**☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Related parties	Ending balance		Beginning balance	
		Carrying balance	Provision for bad debts	Carrying balance	Provision for bad debts
Accounts receivable					
	Ningbo Weiman Cosmetics Co., Ltd.			15,052.00	752.60
Subtotal				15,052.00	752.60
Prepayments					

	Beauty Hi-tech Innovation Co.Ltd			21,021.52	
Subtotal				21,021.52	
Other receivables					
	Huzhou Beauty Town Technology Incubation Park Co., Ltd.	131,568.20	131,568.20	132,568.20	132,568.20
	EURL PHARMATICA [Note]	18,022,225.76	18,022,225.76	18,169,451.02	18,169,451.02
	Beauty Hi-tech Innovation Co.Ltd	76,207.38	76,207.38	82,767.74	4,138.39
Subtotal		18,230,001.34	18,230,001.34	18,384,786.96	18,306,157.61

[Note] Other receivables from EURL PHARMATICA are the consolidated statistics of receivables from PAN Xiang and receivables from EURL PHARMATICA, PARISEZHAN HK LIMITED, SARLORTUS, and S.A.S AREDIS controlled by PAN Xiang.

(2). Payable items

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Related parties	Ending carrying balance	Beginning carrying balance
Accounts payable			
	Hangzhou Slow Coral Cultural Tourism Planning and Design Co., Ltd.		199,622.64
	Ningbo Weiman Cosmetics Co., Ltd.		121,884.94
Subtotal			321,507.58
Other payables	HOU Juncheng		2,000,000.00
Subtotal			2,000,000.00

(3). Other items

☐ Applicable ☒ Not applicable

7. Commitment of related parties

☐ Applicable ☒ Not applicable

8. Other

☐ Applicable ☒ Not applicable

XV. Share-based Payments**1. Equity instruments**

"√ Applicable" "□ Not applicable"

Quantity unit: Shares Amount unit: Yuan Currency: RMB

Categories of granted objects	Awarded in the current period		Exercised in the current period		Released in the current period		Invalid in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management					489,552	30,855,763.20	441,112	19,298,303.11
R&D personnel					85,008	5,357,932.80	21,364	918,768.76
Sales specialists					29,988	1,890,100.80	47,516	2,521,959.89
Total					604,548	38,103,796.80	509,992	22,739,031.76

[Note] On May 29, 2023, the Company implemented the annual equity distribution for 2022, distributing a cash dividend of RMB0.87 (including tax) per share and issuing 0.40 shares for every 1 share to all shareholders through capitalization of the capital reserve, so the number in the above table is the number of shares after the capitalization of the capital reserve.

Outstanding stock options and other equity instruments at the end of the period

"√ Applicable" "□ Not applicable"

Categories of granted objects	Outstanding stock options at the end of the period		Outstanding other equity instruments at the end of the period	
	Scope of exercise price	Remaining term of contract	Scope of exercise price	Remaining term of contract
Management	Not applicable	Not applicable	RMB78.56/Share	19 months
R&D personnel	Not applicable	Not applicable	RMB78.56/Share	19 months
Sales specialists	Not applicable	Not applicable	RMB78.56/Share	19 months

Other explanations

On July 25, 2022, the Company, according to the *Proposal on the 2022 Restricted Shares Incentive Plan of the Company (Draft) and Its Summary* deliberated and approved at the First Extraordinary General Meeting of Shareholders of the Company in 2022, under the Incentive Plan, proposed to grant up to 2,100,000 restricted shares to incentive objects. The grant date of restricted shares is July 25, 2022, and the incentive objects are 101 persons including senior managers, middle managers and core backbone personnel of the Company (excluding independent directors, supervisors and shareholders or actual controllers holding more than 5% of the company's shares alone or in total, as well as their spouses, parents and children). The grant price is RMB78.56 per share. The subject shares under the Incentive Plan are derived from the A-share ordinary shares of the Company privately issued by the Company to the incentive objects. The validity period of the Incentive Plan begins from the date when the registration of the grant of restricted shares is completed to the date when all the restricted shares granted to the incentive objects are released or repurchased and de-registered, in no case taking longer than 48 months. The granted restricted shares will be released in 3 installments (30%, 30%, 40%) over 36 months after the first 12 months after the initial grant of the restricted shares. The performance condition for the first release is that: On the basis of the operating revenue and net profit in 2021, the growth rates of operating revenue and net

profit in 2022 were no less than 25% and 25%, respectively. The performance condition for the second release is that: On the basis of the operating revenue and net profit in 2021, the growth rates of operating revenue and net profit in 2023 were no less than 53.75% and 53.75%, respectively. The performance condition for the 3rd release is that: On the basis of the operating revenue and net profit in 2017, the growth rates of operating revenue and net profit in 2024 were no less than 87.58% and 87.58%, respectively.

According to the *Proposal on Satisfying the Conditions for Release from Sales Restrictions in the First Release Period under the 2022 Restricted Shares Incentive Plan* deliberated and approved at the 14th meeting of the 3rd session of the Board of Directors of the Company in 2023, the Company released the 811,398 restricted shares held by the incentive objects who had satisfied the first release conditions (and issued 0.40 shares for every 1 share to all shareholders through capitalization of the capital reserve, so this number is the number of shares after the capitalization of the capital reserve). The circulating date of the sales was September 26, 2023.

According to the *Proposal on Satisfying the Conditions for Release from Sales Restrictions in the Second Release Period under the 2022 Restricted Shares Incentive Plan* deliberated and approved at the 2nd meeting of the 4th session of the Board of Directors of the Company in 2024, the Company released the 604,548 restricted shares held by the incentive objects who had satisfied the second release conditions (and issued 0.40 shares for every 1 share to all shareholders through capitalization of the capital reserve, so this number is the number of shares after the capitalization of the capital reserve). The circulating date of the sales was October 31, 2024.

2. Equity-settled share-based payment

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Determination method of the fair value of equity instruments on the grant date	Determined as per the share price on the grant date and the grant price of restricted shares
Important parameters of fair value of equity instruments on the grant date	Determined as per the share price on the grant date and the grant price of restricted shares
Basis for determining the quantity of feasible equity instruments	Determined according to the estimated performance conditions in the release period
Reason for significant difference with estimation in the current period and estimation in the previous period	Not applicable
Cumulative amount of equity-settled share-based payments included in the capital reserve	173,107,969.38

Other explanations:

None

3. Information on cash-settled share-based payments

☐ Applicable ☒ Not applicable

4. Share-based payment expenses in the current period

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Categories of granted objects	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Management	6,333,205.68	

R&D personnel	3,112,503.62	
Sales specialists	97,447.08	
Total	9,543,156.38	

Other explanations

None

5. Information on modification and termination of share-based payments

☐ Applicable" ☒ Not applicable"

6. Other

☐ Applicable" ☒ Not applicable"

XVI. Commitments and Contingencies

1. Important commitments

☒ Applicable" ☐ Not applicable"

Important external commitments, nature and amount existing at the balance sheet date

As of December 31, 2024, the investment projects conducted by the Company through public issuance of convertible bonds were as follows:

Unit: RMB '0,000

Project Name	Total investment amount	Adjusted amount of fund raising commitment	Ending accumulated investment	Project filing or approval No.
Huzhou Production Base Expansion Project (Phase I)	43,752.54	33,850.00	34,695.75	2011-330502-04-01-178735
Longwu R&D Center Construction Project	21,774.45	19,450.00	19,700.81	2101-330106-04-02-307916
Information System Upgrade Project	11,239.50	8,801.27	5,954.17	
Additional working capital	18,000.00	12,349.60	12,567.30	
Total	94,766.49	74,450.87	72,918.03	

2. Contingencies

(1). Important contingencies on the balance sheet date

☐ Applicable" ☒ Not applicable"

(2). Even if the Company does not have important contingencies to be disclosed, it must also state:

☐ Applicable" ☒ Not applicable"

3. Other

☐ Applicable" ☒ Not applicable"

XVII. Events after the balance sheet date**1. Important non-adjustment matters**

☐ Applicable ☒ Not applicable

2. Information on profit distribution

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Profits or dividends to be distributed	468,903,708.70
Profits or dividends declared after deliberation and approval	359,037,396.90

According to the 3rd meeting of the 4th session of the Board of Directors on April 23, 2025, the Company distributed a cash dividend of RMB11.90 (including tax) per 10 shares to all shareholders registered on the equity registration date based on the total share capital on the registration date of dividend distribution (deducting the shares in the Company's special securities account for repurchase), totaling RMB468,903,708.70 (including tax). In case of a change in the Company's total share capital due to the conversion of convertible bonds before the record date for equity distribution, the Company intends to maintain the said distribution ratios and yet adjusts the total distribution amounts. The above matter is yet to be deliberated and approved at the shareholders' meeting.

3. Sales return

☐ Applicable ☒ Not applicable

4. Description of other events after the balance sheet date

☐ Applicable ☒ Not applicable

XVIII. Other Important Matters**1. Correction of early accounting errors****(1). Retrospective restatement**

☐ Applicable ☒ Not applicable

(2). Prospective application

☐ Applicable ☒ Not applicable

2. Important debt restructuring

☐ Applicable ☒ Not applicable

3. Replacement of assets**(1). Exchange of non-monetary assets**

☐ Applicable ☒ Not applicable

(2). Replacement of other assets

☐ Applicable ☒ Not applicable

4. Annuity plan

☐ Applicable ☒ Not applicable

5. Termination of operation

☐ Applicable ☒ Not applicable

6. Segment information**(1). Determination basis and accounting policy of reportable segment**

☒ Applicable ☐ Not applicable

The Company's main business is the production and sale of cosmetics. The Company regards this business as a whole to implement management and evaluate business results. Therefore, the Company has no need to disclose segment information. For the details on revenue breakdown of the Company, refer to the particulars contained in "61. Operating revenue and costs", "VII. Notes to the Consolidated Financial Accounts", "Section X Financial Report" of this Report.

The details of income and cost of main business of the Company classified by brands are as follows:

2024			
Brand	Income from main business	Cost of main business	Gross profit
Proya brand	8,580,748,135.33	2,408,562,921.99	6,172,185,213.34
Other brands	2,184,852,284.37	668,822,057.24	1,516,030,227.13
Subtotal	10,765,600,419.70	3,077,384,979.23	7,688,215,440.47
2023			
Brand	Income from main business	Cost of main business	Gross profit
Proya brand	7,177,344,635.84	2,097,878,713.27	5,079,465,922.57
Other brands	1,712,883,153.13	568,986,159.23	1,143,896,993.90
Subtotal	8,890,227,788.97	2,666,864,872.50	6,223,362,916.47

(2). Financial information of the reportable segment

☐ Applicable ☒ Not applicable

(3). If the Company has no reportable segment, or cannot disclose the total assets and liabilities of each reportable segment, the reasons must be explained

☐ Applicable ☒ Not applicable

(4). Other explanations

☐ Applicable ☒ Not applicable

7. Other important transactions and matters that have an impact on investors' decisions

☐ Applicable ☒ Not applicable

8. Other

☐ Applicable ☒ Not applicable

XIX. Notes on Main Items of the Financial Statements of the Parent Company**1. Accounts receivable****(1). Disclosed by account age**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Account age	Ending carrying balance	Beginning carrying balance
Within 1 year		
Including: Sub-items within 1 year		
Within 1 year	908,227,207.92	601,922,452.45
Sub-total within 1 year	908,227,207.92	601,922,452.45
1-2 years	30,236,129.40	21,289,087.90
2-3 years	3,409,332.39	
Above 3 years		
3-4 years		
4-5 years		
Above 5 years		
Total	941,872,669.71	623,211,540.35

(2). Disclosed by the classification of bad debt accrual method

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Carrying balance		Provision for bad debts		Book value	Carrying balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Accrual ratio (%)		Amount	Percentage (%)	Amount	Accrual ratio (%)	
Provision for bad debts accrued individually										
Including:										
Provision for bad debts accrued by portfolio	941,872,669.71	100.00	56,186,865.41	5.97	885,685,804.30	623,211,540.35	100.00	36,482,849.00	5.85	586,728,691.35
Including:										
Account age portfolio	941,872,669.71	100.00	56,186,865.41	5.97	885,685,804.30	623,211,540.35	100.00	36,482,849.00	5.85	586,728,691.35
Total	941,872,669.71	/	56,186,865.41	/	885,685,804.30	623,211,540.35	/	36,482,849.00	/	586,728,691.35

Provision for bad debts accrued individually:

"□ Applicable" "√ Not applicable"

Provision for bad debts accrued by portfolio:

"√ Applicable" "□ Not applicable"

By portfolio: Account age portfolio

Unit: Yuan Currency: RMB

Name	Ending balance		
	Accounts receivable	Provision for bad debts	Accrual ratio (%)
Within 1 year	908,227,207.92	45,411,360.39	5.00
1-2 years	30,236,129.40	9,070,838.82	30.00
2-3 years	3,409,332.39	1,704,666.20	50.00
Total	941,872,669.71	56,186,865.41	5.97

Description of provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in carrying balance of accounts receivable with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

(3). Information on provisions for bad debts

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of changes in the current period				Ending balance
		Accrual	Withdrawal or write-back	Charge-off or write-off	Other changes	
Provision for bad debts accrued by portfolio	36,482,849.00	19,704,016.41				56,186,865.41
Total	36,482,849.00	19,704,016.41				56,186,865.41

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(4). Accounts receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein information on accounts receivable was significantly written off

☐ Applicable" ☒ Not applicable"

Description of the write-off of the account receivable:

☐ Applicable" ☒ Not applicable"

(5). Accounts receivable and contract assets of the top five ending balances collected by debtor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Balance of accounts receivable at the end of the period	Balance of contract assets at the end of the period	Balance of accounts receivable and contract assets at the end of the period	Proportion of total balance of accounts receivable and contract assets at the end of the period (%)	Ending balance of provision for bad debts
Zhejiang Meiligu Electronic Commerce Co., Ltd.	379,850,412.01		379,850,412.01	40.33	18,992,520.60
Proya (Zhejiang) Cosmetics Co., Ltd.	277,041,222.84		277,041,222.84	29.41	13,852,061.14
Huzhou Hapsode Trading Co., Ltd.	70,451,838.08		70,451,838.08	7.48	3,522,591.90
Huzhou UZERO Trading Co., Ltd.	62,621,065.85		62,621,065.85	6.65	3,131,053.29
Ningbo Tangyu Trading Co., Ltd.	51,377,348.21		51,377,348.21	5.45	2,568,867.41
Total	841,341,886.99		841,341,886.99	89.33	42,067,094.34

Other explanations:

None

Other explanations:

☐ Applicable" ☒ Not applicable"

2. Other receivables**Presentation by item**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividend receivable		
Other receivables	41,361,558.56	80,702,024.60
Total	41,361,558.56	80,702,024.60

Other explanations:

☐ Applicable" ☒ Not applicable"

Interest receivable**(1). Classification of interest receivable**

☐ Applicable" ☒ Not applicable"

(2). Significant overdue interest

☐ Applicable" ☒ Not applicable"

(3). Disclosed by the classification of bad debt accrual method

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

(4). Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in carrying balance of interest receivable with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

(5). Information on provisions for bad debts

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(6). Interest receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important interest receivable occurred

☐ Applicable" ☒ Not applicable"

Description of write-off of receivable financing:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Dividend receivable

(7). Dividend receivable

☐ Applicable" ☒ Not applicable"

(8). Important dividends receivable with an account age of more than one year

☐ Applicable" ☒ Not applicable"

(9). Disclosed by the classification of bad debt accrual method

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Description of provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

(10). Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in carrying balance of dividends receivable with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

(11).Information on provisions for bad debts

☐ Applicable" ☒ Not applicable"

Wherein a significant amount of bad-debt provision was withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(12).Dividends receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein write-off of important dividends receivable occurred

☐ Applicable" ☒ Not applicable"

Description of write-off of receivable financing:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Other receivables**(13).Disclosed by account age**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Account age	Ending carrying balance	Beginning carrying balance
Within 1 year		
Including: Sub-items within 1 year		
Within 1 year	19,581,322.85	36,258,395.66
Sub-total within 1 year	19,581,322.85	36,258,395.66
1-2 years	17,530,160.15	32,135,546.26
2-3 years	29,065,546.26	47,523,332.69
Above 3 years	178,486,303.90	135,780,112.99
3-4 years		
4-5 years		
Above 5 years		
Total	244,663,333.16	251,697,387.60

(14).Classification by nature of payment

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Nature of payment	Ending carrying balance	Beginning carrying balance
Current accounts receivable	236,519,811.73	244,184,515.37
Security deposits	6,659,600.05	6,322,669.24
Suspense payment receivables	525,933.76	234,768.29
Other	957,987.62	955,434.70

Total	244,663,333.16	251,697,387.60
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(15).Information on provision for bad debts

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2024	1,812,919.78	9,640,663.88	159,541,779.34	170,995,363.00
Balance as of January 1, 2024 in the current period				
– Transferred into the second stage	-596,016.34	596,016.34		
– Transferred into the third stage	-3,050.00	-1,036,676.39	1,039,726.39	
– Transferred back to the second stage				
– Transferred back to the first stage				
Amount accrued in the current period	1,120,405.67	-5,623,905.79	38,168,154.70	33,664,654.58
Amount written back in the current period				
Amount charged-off in the current period				
Amount written off in the current period	1,358,242.98			1,358,242.98
Other changes				
Balance as of December 31, 2024	976,016.13	3,576,098.04	198,749,660.43	203,301,774.60

Classification basis and accrual ratio of provision for bad debts for each stage

None

Description of significant changes in carrying balance of other receivables with changes in loss provision in the current period:

☐ Applicable" ☒ Not applicable"

The amount of provision for bad debts in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly:

☐ Applicable" ☒ Not applicable"

(16).Information on provisions for bad debts

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of changes in the current period				Ending balance
		Accrual	Withdrawal or write-back	Charge-off or write-off	Other changes	
Account age portfolio	170,995,363.00	33,664,654.58		1,358,242.98		203,301,774.60
Total	170,995,363.00	33,664,654.58		1,358,242.98		203,301,774.60

Wherein a significant amount of bad-debt provision was written back or withdrawn in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(17).Other receivables actually written off in the current period

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Written off amount
Other receivables actually written off	1,358,242.98

Wherein write-off of other important receivables occurred:

☐ Applicable" ☒ Not applicable"

Description of write-off of other receivables:

☐ Applicable" ☒ Not applicable"

(18).Other receivables of the top five ending balances collected by debtor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Ending balance	Proportion of total ending balance in other receivables (%)	Nature of payment	Account age	Provision for bad debts Ending balance

Hong Kong Xinghuo Industry Limited	166,559,976.50	68.08	Current accounts receivable	Note [1]	145,381,961.13
Boya (Hong Kong) Investment Management Co., Limited	36,123,360.00	14.76	Current accounts receivable	Above 3 years	36,123,360.00
Ningbo Jingzhe Cosmetics Co., Ltd.	8,079,254.18	3.30	Current accounts receivable	Within 1 year	403,962.71
Hangzhou Yizhuo Culture Media Co., Ltd.	7,619,561.66	3.11	Current accounts receivable	Note [2]	5,301,719.57
Ningbo Keshi Trading Limited	7,114,500.16	2.91	Current accounts receivable	Note [3]	7,114,500.16
Total	225,496,652.50	92.17	/	/	194,325,503.57

[Note 1] RMB7,963,055.46 with an account age within 1 year, RMB1,378,625.13 with an account age of 1-2 years, RMB25,296,150.37 with an account age of 2-3 years, and RMB131,922,145.54 with an account age of above 3 years.

[Note 2] RMB127,648.35 with an account age within 1 year, RMB2,253,097.49 with an account age of 1-2 years, RMB1,238,815.82 with an account age of 2-3 years, and RMB4,000,000.00 with an account age of above 3 years.

[Note 3] RMB61,000.02 with an account age within 1 year, RMB5,609,833.36 with an account age of 1-2 years, RMB119,500.04 with an account age of 2-3 years, and RMB1,324,166.74 with an account age of above 3 years.

(19). Presented as other receivables due to centralized fund management

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

3. Long-term equity investments

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Carrying balance	Impairment provision	Carrying value	Carrying balance	Impairment provision	Carrying value

Investments in subsidiaries	341,632,254.52	43,020,000.00	298,612,254.52	347,674,082.74	42,500,000.00	305,174,082.74
Investments in affiliates and joint ventures	192,533,028.92	81,442,213.22	111,090,815.70	195,016,371.71	81,442,213.22	113,574,158.49
Total	534,165,283.44	124,462,213.22	409,703,070.22	542,690,454.45	123,942,213.22	418,748,241.23

(1). Investments in subsidiaries

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Investee	Beginning balance (carrying value)	Beginning balance of impairment provisions	Current changes				Ending balance (carrying value)	Ending balance of impairment provisions
			Additional investment	Investment decrease	Impairment provision accrued	Other		
Hangzhou Proya Trade Co., Ltd.	33,111,337.20			470,362.81			32,640,974.39	
Hanna Cosmetics Co., Ltd.	2,094,048.00						2,094,048.00	
Zhejiang Meiligu Electronic Commerce Co., Ltd.	43,575,783.68		7,112,825.15				50,688,608.83	
Yueqing Laiya Trading Co., Ltd.	1,000,000.00						1,000,000.00	
Hapsode (Hangzhou) Cosmetics Co., Ltd.		42,500,000.00						42,500,000.00
Mijing Siyu (Hangzhou) Cosmetics Co., Ltd.	18,000,000.00						18,000,000.00	
Huzhou UZERO Trading Co., Ltd.	5,460,276.70						5,460,276.70	
Huzhou Niuke Technology Co., Ltd.	3,500,000.00						3,500,000.00	
Hangzhou Proya Commercial Management Co., Ltd.	5,000,000.00						5,000,000.00	

Huzhou Younimi Cosmetics Co., Ltd.	21,393,476.00			21,393,476.00				
Shanghai Zhongwen Electronic Commerce Co., Ltd.	6,866,196.47			844,104.43			6,022,092.04	
Hong Kong Keshi Trading Co., Ltd.	24,736,491.00						24,736,491.00	
Hong Kong Xinghuo Industry Limited	10,185,924.00						10,185,924.00	
Ningbo TIMAGE Cosmetics Co., Ltd.	62,087,635.42			544,552.15			61,543,083.27	
Ningbo Keshi Trading Limited	520,000.00				520,000.00			520,000.00
Zhejiang Beauty Cosmetics Co., Ltd.	10,181,983.21						10,181,983.21	
Ningbo Proya Enterprise Consulting Management Co., Ltd.	43,898,974.38		3,985,348.71				47,884,323.09	
Hangzhou Yizhuo Culture Media Co., Ltd.	1,000,000.00						1,000,000.00	
Hangzhou Oumisi Trade Co., Ltd.	3,900,000.00						3,900,000.00	
Guangzhou Qianxi Network Technology Co., Ltd.	1,000,000.00			1,000,000.00				
Zhejiang Qingya Culture Art Communication Co., Ltd.	1,650,000.00		152,840.00	1,802,840.00				
Hangzhou Weiluohe Cosmetics Co., Ltd.	500,000.00						500,000.00	

Singuladerm (Hangzhou) Cosmetics Co., Ltd.	5,000,000.00						5,000,000.00	
Proya (Hainan) Cosmetics Co., Ltd.	100,000.00						100,000.00	
Hangzhou TIMAGE Cosmetics Co., Ltd.	311,956.68			179,596.69			132,359.99	
Hubei Laibo Information Co., Ltd.	100,000.00						100,000.00	
PROYA PTE. LTD.			3,604,900.00				3,604,900.00	
Ningbo Jingzhe Cosmetics Co., Ltd.			1,000,000.00				1,000,000.00	
PROYA EUROPE SAS			4,337,190.00				4,337,190.00	
Total	305,174,082.74	42,500,000.00	20,193,103.86	26,234,932.08	520,000.00		298,612,254.52	43,020,000.00

(2). Investments in affiliates and joint ventures

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Investment Unit	Opening balance	Current changes								Ending balance	Ending balance of impairment provisions
		Additio nal investm ent	Invest ment decreas e	Recogni zed investme nt gain and loss under the equity method	Other compre hensive income adjustm ents	Other changes in equity	Declared payment of cash dividend s or profits	Impairm ent provisio n accrued	Othe r		
I. Joint Venture											
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,059,991.91			203,234.80						3,263,226.71	
Subtotal	3,059,991.91			203,234.80						3,263,226.71	
II. Affiliates											
Xiongke Culture Media (Hangzhou) Co., Ltd.	2,617,834.89			-17,925.07						2,599,909.82	

Jiaxing Woyong Investment Partnership (Limited Partnership)	100,964,443.84			233,144.61						101,197,588.45	
Zhuhai Haishilong Biotechnology Co., Ltd.	83,843,421.00			-2,092,563.44						81,750,857.56	81,442,213.22
Beijing Xiushi Cultural Development Co., Ltd.	4,530,680.07			-809,233.69						3,721,446.38	
Subtotal	191,956,379.80			-2,686,577.59						189,269,802.21	81,442,213.22
Total	195,016,371.71			-2,483,342.79						192,533,028.92	81,442,213.22

(3). Information on impairment testing of long-term equity investments

☐ Applicable ☒ Not applicable

Other explanations:

None

4. Operating revenue and costs**(1). Information of operating revenue and costs**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main businesses	4,952,105,970.85	2,172,787,064.89	4,208,203,129.11	1,951,916,303.90
Other business	42,691,353.18	10,904,163.41	36,251,912.21	15,065,147.90
Total	4,994,797,324.03	2,183,691,228.30	4,244,455,041.32	1,966,981,451.80

(2). Breakdown of operating revenue and costs

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

(3). Description of performance obligations

☐ Applicable ☒ Not applicable

(4). Description of remaining performance obligations allocated

☐ Applicable ☒ Not applicable

(5). Significant contract changes or significant transaction price adjustments

☐ Applicable" ☒ Not applicable"

Other explanations:

1) Breakdown of income generated from contracts with clients by goods or service type

Item	Amount for the current period		Amount for the same period last year	
	Revenue	Cost	Revenue	Cost
Products sales	4,952,105,970.85	2,172,787,064.89	4,208,203,129.11	1,951,916,303.90
Other	13,026,860.11	4,649,289.37	36,251,912.21	15,065,147.90
Subtotal	4,965,132,830.96	2,177,436,354.26	4,244,455,041.32	1,966,981,451.80

2) Breakdown of income generated from contracts with clients by goods or service transfer time

Item	Amount for the current period	Amount for the same period last year
Income recognized at a certain point	4,965,132,830.96	4,215,112,328.12
Income recognized in a certain period		29,342,713.20
Subtotal	4,965,132,830.96	4,244,455,041.32

3) Revenue recognized in the current period and included in the beginning carrying value of contract liabilities is RMB220,349,629.19.

5. Investment income

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by applying the cost method		
Long-term equity investment income calculated by the equity method	-2,483,342.79	-17,279,158.95
Investment income from disposal of long-term equity investment	1,493,806.28	-2,545,129.34
Investment income of held-for-trading financial assets during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		

Investment income from disposal of held-for-trading financial assets		
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
Gains of debt restructuring		
Total	-989,536.51	-19,824,288.29

Other explanations:

None

6. Other

☐ Applicable" ☒ Not applicable"

XX. Supplementary Information

1. Statement of non-recurring gains and losses for the current period

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount	Note
Gains or losses from disposal of non-current assets, including write-offs of provision for adjusted asset impairment	-1,123,213.67	
Government subsidies recognized in profit or loss for the current period (excluding government subsidies that are closely related to the Company's business operations, compliant with national policies, granted at set standards, and imposing sustaining influence on the Company's gains and losses)	54,855,476.92	
Gains or losses from change in fair value generated by financial assets and liabilities held by non-financial businesses as well as gains or losses from disposal of financial assets and liabilities		
Capital occupation fees charged to the non-financial enterprises and included in profit or loss for the current period		
Gains or losses from entrusting others with investment or asset management		
Gains or losses from outward entrusted loaning		
Asset loss incurred by force majeure such as natural disasters		
Reversal of impairment provisions of accounts		

receivable that have undergone impairment testing alone		
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the invested entity		
Current net gains or losses of subsidiaries established by business combination under common control from the beginning of the period to the combination date		
Gains or losses from exchange of non-monetary assets		
Gains or losses from debt restructuring		
One-time expenses incurred due to the cessation of relevant business activities, such as staffing expenses		
One-time impact on current profit and loss due to the adjustments of taxes and accounting laws and regulations		
One-time share-based payment recognized for cancellation and modification of equity incentive plans		
Gains and losses from changes in the fair values of employee compensation payable for share-based payment in cash after the exercise date		
Gains or losses from changes in the fair values of Investment real estate that are subsequently measured using the fair value model		
Profits generated from transactions with unreasonable transaction price		
Gains or losses on contingencies that have no relation with the normal operation of the Company		
Custody fees of entrusted operation		
Other non-operating revenue and expenses besides the above items	-978,230.78	
Other items that conform to the definition of non-recurring profit or loss		
Less: Effect of income tax	13,825,285.88	
Effect of minority equity (after tax)	8,601,880.92	
Total	30,326,865.67	

The reasons should be explained for the Company defining the non-recurring gain and loss items not listed in the *Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-Recurring Gains and Losses* as non-recurring gain and loss items of high value and defining the non-recurring gain and loss items listed in the same document as recurring gain and loss items.

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

2. Return on equity and earnings per share

☒ Applicable" ☐ Not applicable"

Profit during the Reporting Period	Weighted average ROE (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	32.53	3.93	3.92
Net profits attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	31.89	3.85	3.85

3. Differences in Accounting Data under Chinese and International Accounting Standards

☐ Applicable" ☒ Not applicable"

4. Other

☐ Applicable" ☒ Not applicable"

Chairman: HOU Juncheng

Date of submission approved by the Board of Directors: April 23, 2025

Revision information

☐ Applicable" ☒ Not applicable"