

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 Weiluoke | refers to | Hangzhou Weiluoke 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, INSBABA 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 combing 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 Secondarily 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 Oroxyllumindicum 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 | | | | <ol style="list-style-type: none"> 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 | <p>Not applicable</p> <p>Mainly due to:</p> <ol style="list-style-type: none"> 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 | <p>Not applicable</p> <p>Mainly due to:</p> <ol style="list-style-type: none"> 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"

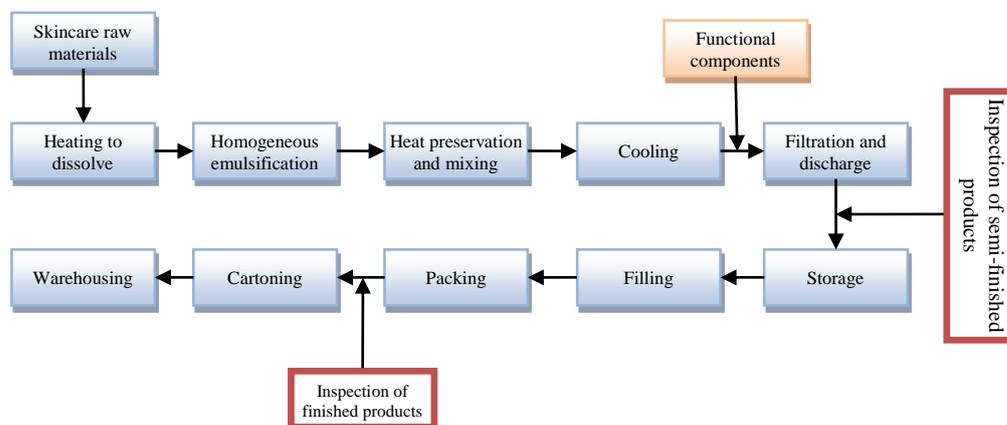
See the description in "(VI). New R&D strategy", "V. Main Operations during the Reporting Period", "Section III Management Discussion and Analysis" of this Report.

(4). Production technologies and processes

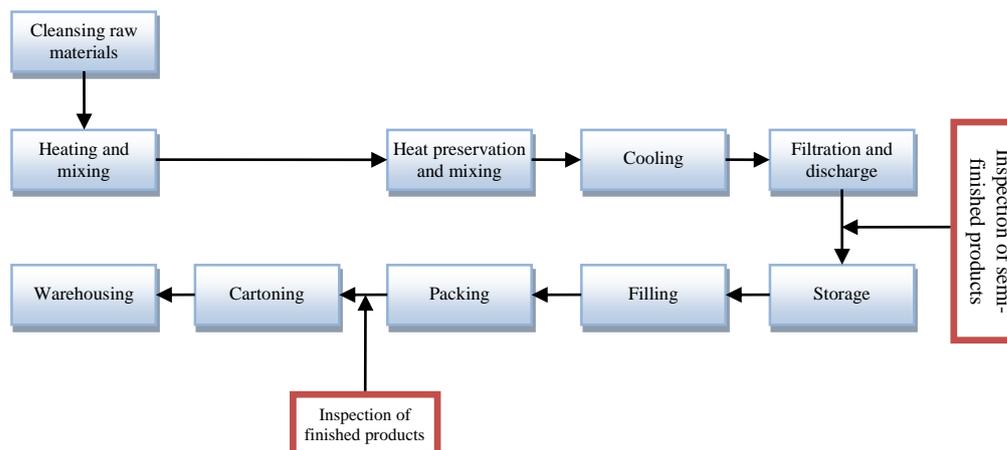
"√ Applicable" "□ Not applicable"

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

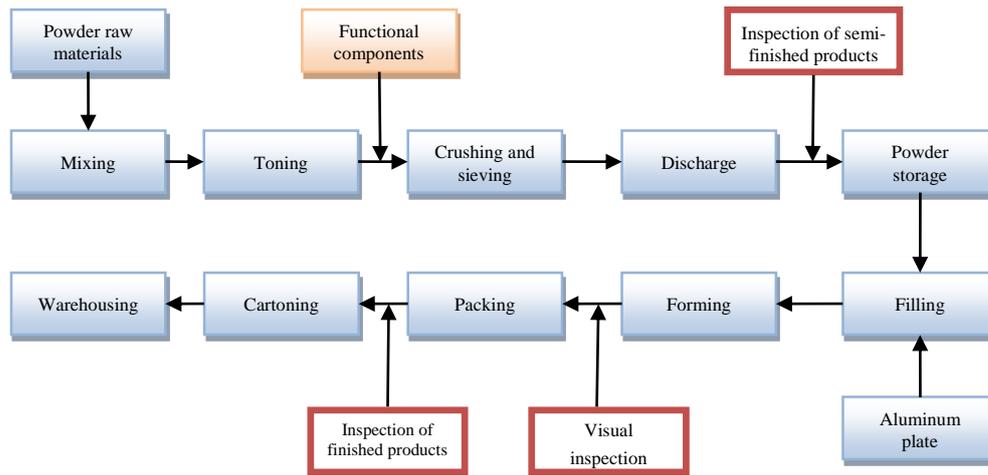


2. Production process of cleansing cosmetics

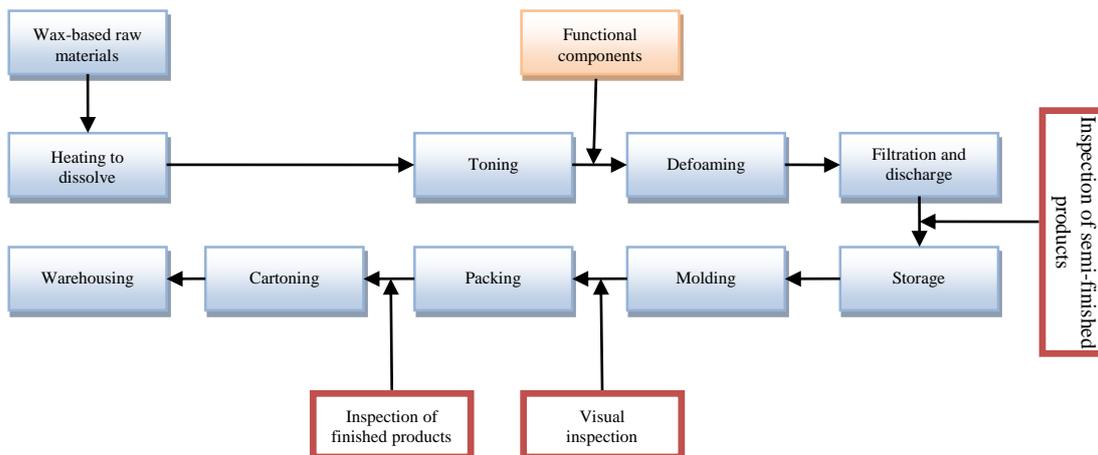


3. Production process of make-up cosmetics

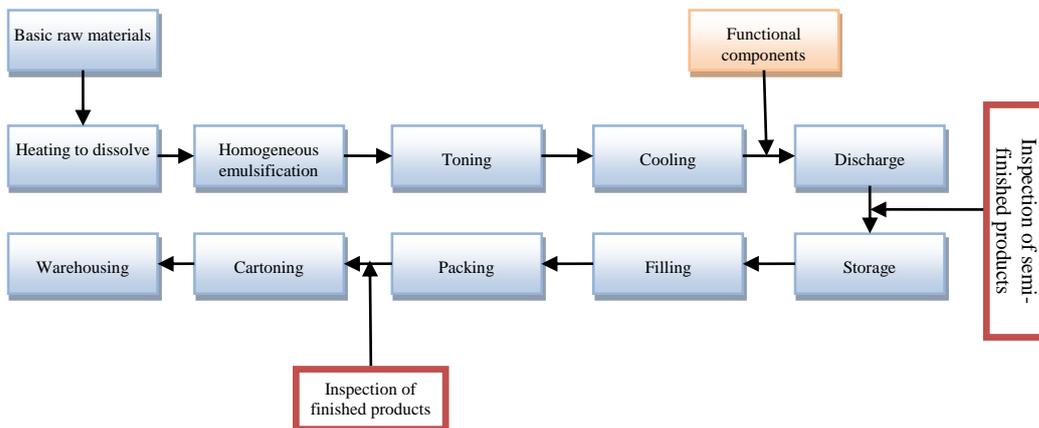
(1) Cosmetic powder blocks:



(2) Lipstick cosmetics

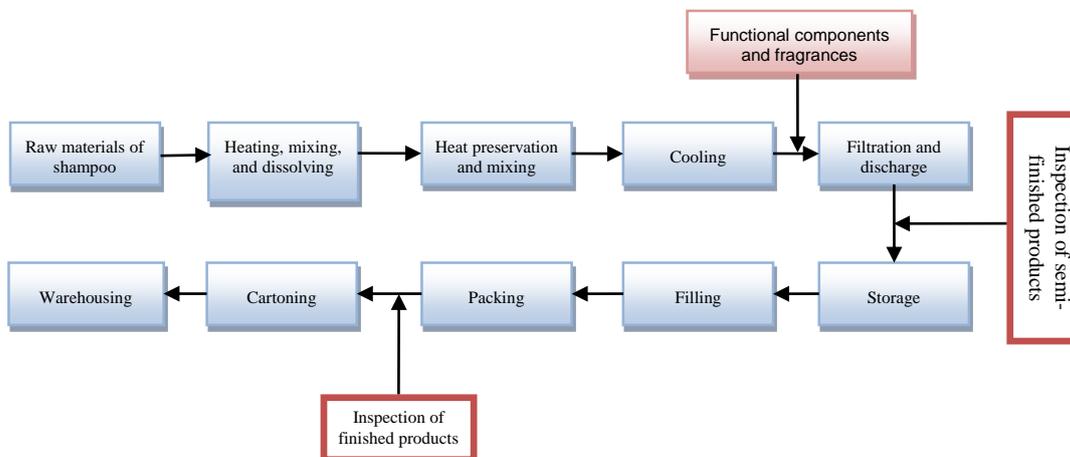


(3) Eyelashes and eyeliners

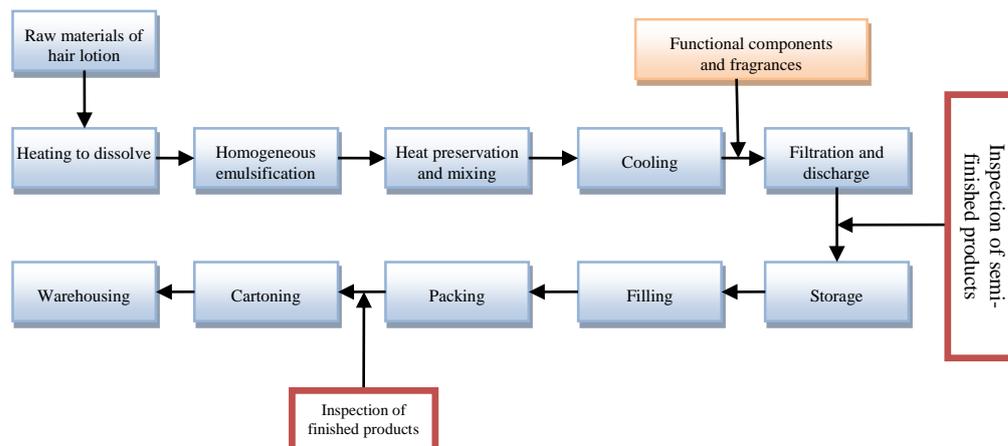


4. Production process of body & haircosmetics

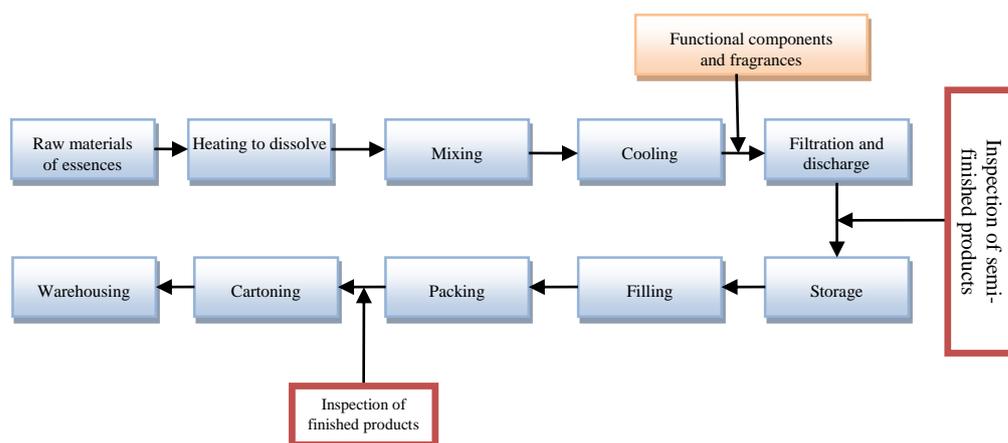
(1) Shampoo



(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 (%) |
|---------------|-------------------|-------------------------------------|
|---------------|-------------------|-------------------------------------|

| | | |
|---------|--------------|--------|
| 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. INBAHA

(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 | | |

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|--------------|--|--|----------------|---------------|
| | 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 | |
|---------------|--|

(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 | |
|--|---|---|--|

(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> | | |
|--|--|--|--|

(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 | |
|--|--|

(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 Lianguo | (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 | |

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|-----------------------|------------------------------|--|---|----|--------------------------------|-----|----------------|----------------|--|
| | | | 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 | |

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|-----------------------|--|---|--------------------------------------|----|--------------------------------|-----|----------------|----------------|--|
| | | | automatically extended for 6 months. | | | | | | |
| Restrictions on sales | Controlling shareholder and actual controller HOU Juncheng and FANG Ai Qin | (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 | |

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|-------|---|---|--|----|--------------------------------|-----|----------------|----------------|--|
| | | | 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 |
|--|-------|-------------|--|-------------------|----|--------------------------------|-----|----------------|----------------|

| | | | | | | | | | |
|-------|--|---|--|----|--------------------------------|-----|----------------|----------------|--|
| | | | 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 | |

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|-------|--|---|---|----|--------------------------------|-----|----------------|----------------|--|
| | | | 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 | |

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|-------|-------------|--|--|-------------------|----|--------------------------------|-----|----------------|----------------|
| | | | 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 | |

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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.</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|--|-------|------------------------------------|--|-------------------|----|--------------------------------|-----|----------------|----------------|
| | Other | Directors, senior management | 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: (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 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; (3) They will not use the Company's assets to engage in investment and consumption activities unrelated to their duties; (4) They will actively promote the improvement of the Company's compensation system to better meet the requirements for filling the diluted immediate returns; | November 15, 2017 | No | From November 15, 2017 onwards | Yes | Not applicable | Not applicable |
|--|-------|------------------------------------|--|-------------------|----|--------------------------------|-----|----------------|----------------|

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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;</p> <p>(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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|---------------------------------|---|---|---|----|--------------------------------|-----|----------------|----------------|--|
| | | | 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> | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | |
|----------------------------|-------|---|---|----------------|----|-----------------------------|-----|----------------|----------------|
| | | | 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 |

| | | | | | | | | | |
|--|--|--|---|--|--|--|--|--|--|
| | | | <p>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</p> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|-------|------------------------------|--|---|----|-----------------------------|-----|----------------|----------------|--|
| | | | 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> | | | | | | |
|--|--|--|---|--|--|--|--|--|--|

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | <p>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.</p> | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

(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 |
|------------------------|-------------------|------------------------|--------------------------------|---|---|---|--|--|--|---|---|---|
| | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|-------------------------------|-------------------|-----------|-----------|-----------|--|-----------|--|-------|---|-----------|-------|------|
| 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 | 39,480.0 124 | 99.5067 | | | | 60.4911 | 60.4911 | 39,540.5035 | 99.7874 |
| 1. RMB ordinary shares | 39,480.0 124 | 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 | 39,675.7 184 | 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 |
|---|-----------|------|--------|------|-----------|------|---|---|

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 Ai Qin |
| 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. |
|--------------------|---|

3. Special explanation on the situation that the Company has no controlling shareholders

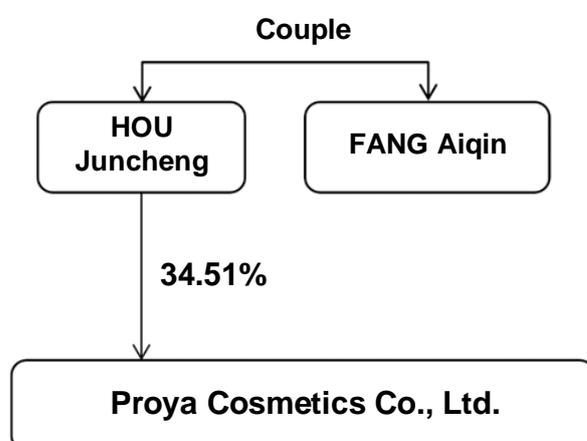
Applicable" Not applicable"

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

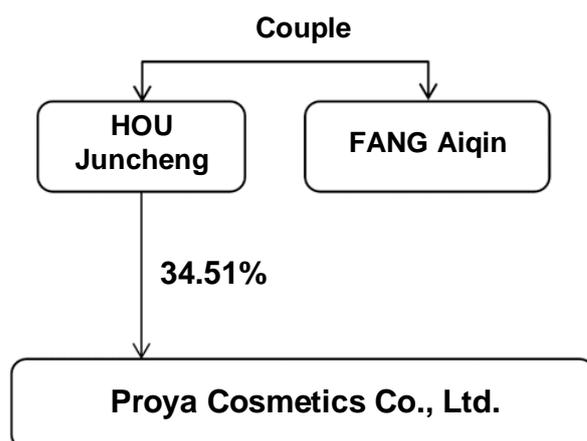
Applicable" Not applicable"

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 |
|-----------------------------------|---|

| | |
|--|--|
| 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 <i>Restricted Shares Incentive Plan</i> , 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 (No.: 2023-086)</i> 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, 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) attributable to equity holders of the parent company | | 5,402,074,485.07 | 4,349,545,381.60 |
| 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 |
|------|-------|-------------------|-------------------|
|------|-------|-------------------|-------------------|

| 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
Head of Accounting Department: WANG Li

CFO of the Company: 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

CFO of the Company: WANG Li

Head of Accounting Department: 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 | 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 | 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 | | | | | | | | | | | | | | Minority interests | Total equity attributable to owners |
|--|---|--------------------------|-------|-------------------|--------------------|----------------------|----------------------------|-----------------|--------------------|----------------------|----------------------|-------|----------------------|-------------------|----------------------|-------------------------------------|
| | Equity attributable to owners of the parent company | | | | | | | | | | | | | | | |
| | 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 | 283,519,46 9.00 | | | 50,903,51 0.12 | 914,815,78 6.22 | 164,976,00 0.00 | - 1,918,603.07 | | 141,759,73 4.50 | | 2,300,384,76 3.19 | | 3,524,488,65 9.96 | 12,734,67 0.33 | 3,537,223,33 0.29 | |
| Add: Changes in accounting policies | | | | | | | | | | | | | | | | |
| Correction for previous errors | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | |
| II. Balance at the beginning | 283,519,46 9.00 | | | 50,903,51 0.12 | 914,815,78 6.22 | 164,976,00 0.00 | - 1,918,603.07 | | 141,759,73 4.50 | | 2,300,384,76 3.19 | | 3,524,488,65 9.96 | 12,734,67 0.33 | 3,537,223,33 0.29 | |

| | | | | | | | | | | | | | | | |
|--|----------------|--|--|-----------|---------------|---------------|----------------|--|---------------|--|------------------|--|------------------|---------------|------------------|
| of the current year | | | | | | | | | | | | | | | |
| III. Increase of the current period ("-" refers to decrease) | 113,237,715.00 | | | -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 | 38,031,179.08 | 863,087,900.72 |
| (I) Total comprehensive income | | | | | | | -51,928,497.84 | | | | 1,193,868,141.81 | | 1,141,939,643.97 | 36,936,008.53 | 1,178,875,652.50 |
| (II) Owners' contribution and capital reduction | -170,421.00 | | | -9,523.52 | 66,340,892.08 | 29,588,211.71 | | | | | | | 36,572,735.85 | | 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 | | | | | 75,515,052.71 | | | | | | | | 75,515,052.71 | | 75,515,052.71 |

| | | | | | | | | | | | | | | |
|---|----------------|--|--|-----------|-----------------|---------------|--|---------------|--|-----------------|--|-----------------|--|-----------------|
| 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 | | | | | | | | | | | |

Proya Cosmetics Co., Ltd. Annual Report 2024

| | | | | | | | | | | | |
|--|--------------------|--|--|-------------------|-----------------------|-----------------------|------------------------|--|--------------------|-------------------------|-------------------------|
| 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 JuliangXingt 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 JuliangXingt 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 | - 488,175.6 5 | | | | 25,716,049.9 0 |
| 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 | | 33,015,066.9 5 |

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 |
|------|--|------------------|------------------|----------------|
|------|--|------------------|------------------|----------------|

| | 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 scrapped 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 | 563,293.07 | 12,833,684.00 | 39,897,000.00 | 597,113,598.38 |
| II. Accumulated amortization | | | | | | | |
| 1. Beginning balance | 104,228,449.37 | 24,273,981.82 | 436,627.44 | 545,786.51 | 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 | 551,728.00 | 12,833,684.00 | 10,320,148.70 | 167,718,741.23 |
| 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 | 391,840,161.90 | 7,937,557.10 | 28,721.78 | 11,565.07 | | 29,576,851.30 | 429,394,857.15 |
| 2. Opening carrying value | 368,171,680.73 | 2,897,808.31 | 34,462.26 | 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 |
|-------|----------------|----------------|

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 |
|------|-----------------------------|-----------------------|
| | | |

| | | |
|------------------------------|---|-----------------------------------|
| 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 |
|------------------------------|---|-----------------------------------|

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 | - 53,180,70 0.00 | - 36,403,404. 82 | | | - 5,460,510 .72 | - 30,942,89 4.10 | - 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 | - 20,250,00 0.00 | | | | | | - 20,250, 000.00 | |

| | | | | | | | | |
|--|------------------------|------------------------|--|--|-----------------------|------------------------|--|------------------------|
| loss under the equity method | | | | | | | | |
| Changes in the fair value of other equity instrument investments | - 32,930,70 0.00 | - 36,403,404. 82 | | | - 5,460,510 .72 | - 30,942,89 4.10 | | - 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 | - 666,400.9 1 | -114,951.53 | | | | - 114,951.5 3 | | - 781,35 2.44 |
| 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 |
|-------|----------------|----------------|

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 |
|-------|----------------|-----------------|

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 |
|--------------------|---------------------------|---------------------------------------|--|------------------------------|
|--------------------|---------------------------|---------------------------------------|--|------------------------------|

| | 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 |
|------|-------------------|
|------|-------------------|

| | 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 |
|-----------------------------|--|
|-----------------------------|--|

| | |
|--|-------|
| 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 Amountunit: 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 |
|-------|----------------|----------------|

(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 Weiluoke 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) | 100,964,44 3.84 | | | 233,144. 61 | | | | | 101,197,5 88.45 | |
| Zhuhai Haishilong Biotechnology Co., Ltd. | 83,843,421. 00 | | | - 2,092,56 3.44 | | | | | 81,750,85 7.56 | 81,442,21 3.22 |
| Beijing Xiushi Cultural Development Co., Ltd. | 4,530,680.0 7 | | | - 809,233. 69 | | | | | 3,721,446 .38 | |
| Subtotal | 191,956,37 9.80 | | | - 2,686,57 7.59 | | | | | 189,269,8 02.21 | 81,442,21 3.22 |
| Total | 195,016,37 1.71 | | | - 2,483,34 2.79 | | | | | 192,533,0 28.92 | 81,442,21 3.22 |

(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"