

Stock Code: 603605

Bond Code: 113634

Stock Abbreviation: Proya

Bond Abbreviation: Proya Convertible Bond

PROYA
珀莱雅
COMPANIES

Proya Cosmetics Co., Ltd.
Annual Report 2025



2025

Important Notes

I. The Board of Directors, directors, and senior management warrant the truthfulness, accuracy, and completeness of the contents in this Annual Report, confirm that there are no misrepresentations or misleading statements contained in or material omissions from this Annual Report, and agree to assume several and joint legal responsibilities in connection with this Annual Report.

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

III. Pan-China Certified Public Accountants LLP has issued a standard unqualified auditor's report for the Company.

IV. Hou Juncheng, Chairman of the Company, Jin Chang, CFO, and Ma Nan, person in charge of the Accounting Department (and Head of the Accounting Department) of the Company represent and warrant that the financial report in the Annual Report is authentic, accurate and complete.

V. Profit distribution plan or capital reserve capitalization plan for the reporting period adopted by the Board through resolution

The Company proposes to distribute a cash dividend of RMB 12 (tax inclusive) for every 10 shares to all registered shareholders based on the total share capital (excluding the shares held in the Company's special securities account for repurchase) as of the record date for equity distribution. Based on the total share capital of 395,975,998 shares as of December 31, 2025, and after deducting 2,210,825 shares held in the Company's special securities account for repurchase, the estimated aggregate cash dividend to be distributed will be RMB 472,518,207.60 (tax inclusive). No capitalization of the capital reserve into share capital and no bonus shares will be implemented. Prior to the record date for equity distribution, if the Company's total share capital changes due to the conversion of convertible bonds or other reasons, the distribution ratio per share will remain unchanged, and the total distribution amount will be adjusted accordingly.

The Company completed the implementation of its 2025 semi-annual profit distribution plan on October 17, 2025. A cash dividend of RMB 0.80 per share (tax inclusive) was distributed to all shareholders, based on 393,794,467 shares. This share count was derived from the total share capital of 396,005,292 shares as of the equity distribution record date, after deducting 2,210,825 shares held in the Company's special securities account for repurchases. The total cash dividend distributed amounted to RMB 315,035,573.60 (tax inclusive).

In summary, the Company's total cash dividends for 2025 (including the proposed annual cash dividend distribution and the semi-annual cash dividend) represented 52.58% of the net profit attributable to shareholders of the listed company in the 2025 consolidated financial statements.

As of the end of the reporting period, unrecovered losses of the parent company and their impact on the Company's dividends and other matters

Applicable Not applicable

VI. Disclaimer of forward-looking statements

Applicable Not applicable

This 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-operational use of funds by the controlling shareholder or any other related parties

No

VIII. Whether there is any guarantee provided to external parties in violation of the prescribed decision-making procedures

No

IX. Whether more than half of the directors cannot ensure the authenticity, accuracy, and completeness of the Company's disclosed annual report

No

X. Significant risk warning

The Company has disclosed the existing risks in details in this Report. Refer to "(IV) Potential risks" of "VI. Discussion and analysis of the future development of the Company" in "Section III Management Discussion and Analysis" for details.

XI. Others

Applicable Not applicable

Table of Contents

Section I	Definitions	5
Section II	Company Profile and Key Financial Indicators	7
Section III	Management Discussion and Analysis	12
Section IV	Company Governance, Environment, and Society	68
Section V	Important Matters	92
Section VI	Shareholders and Changes in Shares	146
Section VII	Information on Bonds	155
Section VIII	Financial Report	161

Documents Available for Inspection	Financial statements signed and sealed by the legal representative, the person in charge of accounting work and the person in charge of accounting institution
	The original copy of the auditor's report sealed by the accounting firm and sealed and signed by certified public accountants
	Originals of all documents and announcements of the Company publicly disclosed on the newspapers specified by CSRC during the reporting period

Section I Definitions

I. Definitions

Unless the context otherwise requires, the following terms will have the following meanings in this Report:

Definitions of Common terms		
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)
Huzhou Hapsode Branch	refers to	Huzhou Hapsode Trading Co., Ltd. Hangzhou Xihu Branch, a branch of Huzhou Hapsode
Proya Commercial	refers to	Hangzhou Proya Commercial Management Co., Ltd., a wholly-owned subsidiary of the Company
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

	to	subsidiary of the Company
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 holding subsidiary of Ningbo TIMAGE
Ningbo Keshi	refers to	Ningbo Keshi Trading Limited, a holding subsidiary of the Company
Ningbo Proya	refers to	Ningbo Proya Enterprise Consulting Management Co., Ltd., a wholly-owned subsidiary of the Company
Boya (Hong Kong)	refers to	Boya (Hong Kong) Investment Management Co., Limited, a wholly-owned subsidiary of the Company
Japan OR	refers to	OR Off & Relax, a holding subsidiary of Boya (Hong Kong)
Ningbo Tangyu	refers to	Ningbo Tangyu Trading Co., Ltd., a wholly-owned subsidiary of Japan OR
Hangzhou Weiluo	refers to	Hangzhou Weiluo Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Hangzhou Yizhuo	refers to	Hangzhou Yizhuo Culture Media Co., Ltd., a wholly-owned subsidiary of the Company
Hangzhou Oumisi	refers to	Hangzhou Oumisi Trading Co., Ltd., a wholly-owned subsidiary of the Company
Proya (Hainan)	refers to	Proya (Hainan) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Singuladerm (Hangzhou)	refers to	Singuladerm (Hangzhou) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Xuzhou Laibo	refers to	Xuzhou Laibo Information Technology Co., Ltd., a wholly-owned subsidiary of the Company
Proya (Zhejiang)	refers to	Proya (Zhejiang) Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
Xuzhou Boya	refers to	Xuzhou Boya Technology Co., Ltd., a wholly-owned subsidiary of the Company
PROYA PTE	refers to	PROYA PTE. LTD., a wholly-owned subsidiary of the Company
PROYA MALAYSIA	refers to	PROYA BEAUTY MALAYSIA SDN. BHD., a wholly-owned subsidiary of PROYA PTE
Ningbo Jingzhe	refers to	Ningbo Jingzhe Cosmetics Co., Ltd., a wholly-owned subsidiary of the Company
PROYA EUROPE	refers to	PROYA EUROPE SAS, a wholly-owned subsidiary of the Company
Xuzhou Boya Enterprise Management	refers to	Xuzhou Boya Enterprise Management Co., Ltd., a wholly-owned subsidiary of the Company
Proya (Hainan) Investment	refers to	Proya (Hainan) Investment Co., Ltd., a wholly-owned subsidiary of the Company
Proya Biotech	refers to	Hangzhou Proya Biotechnology Co., Ltd., 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)
China Securities	refers to	China Securities Co., Ltd.
<i>Company Law</i>	refers to	<i>Company Law of the People's Republic of China</i>

	to	
<i>Securities Law</i>	refers to	<i>Securities Law of the People's Republic of China</i>
<i>Articles of Association</i>	refers to	Articles of Association of Proya Cosmetics Co., Ltd.
RMB/RMB '0,000	refers to	RMB/RMB '0,000
Reporting period	refers to	From January 1, 2025 to December 31, 2025

Section II Company Profile and Key Financial Indicators

I. Company Information

Chinese name of the Company	珀莱雅化妆品股份有限公司
Abbreviation of Chinese name	珀莱雅
English name of the Company	Proya Cosmetics Co., Ltd.
Abbreviation of English name	Proya
Legal representative of the Company	Hou Juncheng

II. Contact and Contact Information

	Secretary of the Board of Directors	Securities Affairs Representative
Name	Xue Xia	Wang Xiaoyan
Mailing address	15/F, Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province	15/F, Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Tel.	0571-87352850	0571-87352850
Fax	0571-87352813	0571-87352813
E-mail	proyazq@proya.com	proyazq@proya.com

III. Changes in General Information

Registered address	No. 588, Xixi Road, Liuxia Subdistrict, Xihu District, Hangzhou City, Zhejiang Province
Historical changes in 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	Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Postal code of the office address	310023
Company website	http://www.proya-group.com
E-mail	proyazq@proya.com

IV. Changes in Information Disclosure and Places for Inspection

Names and websites of media for annual report disclosure by the Company	<i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>
Website of the stock exchange for annual report disclosure by the Company	http://www.sse.com.cn
Place for inspection of annual reports of the Company	Board of Director's Office, Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province

V. Stock Overview

Stock Overview				
Stock type	Stock exchange	Stock abbreviation	Stock code	Stock abbreviation before change
A share	Shanghai Stock Exchange	Proya	603605	None

VI. Other Relevant Information

Accounting firm (domestic) engaged by the Company	Name	Pan-China Certified Public Accountants (Special General Partnership)
	Office address	Office Tower 2, Run'ao Business Center, Xiaoshan District, Hangzhou
	Name of accountant as signatory	Sun Min, Wu Shaofang
Sponsor institution performing the duty of continuous supervision during the reporting period	Name	China Securities Co., Ltd.
	Office address	Room 2203, North Tower, Shanghai Securities Building, No. 528, Pudong South Road, Shanghai
	Representatives of the sponsor institution as signatories	Ge Liang, Wang Zhan
	Continuous supervision period	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. Key Accounting Data and Financial Indicators for the Past Three Years**(I) Key accounting data**

Unit: Yuan Currency: RMB

Key accounting data	2025	2024	Year-on-year change (%)	2023
Operating revenue	10,597,428,522.23	10,778,411,781.20	-1.68	8,904,573,501.39
Total profit	1,870,548,980.73	1,889,213,447.54	-0.99	1,495,319,805.59
Net profit attributable to shareholders of the listed company	1,497,751,418.11	1,551,995,692.29	-3.50	1,193,868,141.81
Net profit attributable to shareholders of the listed company net of non-recurring profits and losses	1,472,509,703.02	1,521,668,826.62	-3.23	1,174,144,260.32
Net cash flows from operating activities	2,193,146,649.13	1,107,000,664.19	98.12	1,468,793,814.58
	End of 2025	End of 2024	Change compared with the end	End of 2023

			of previous year (%)	
Net assets attributable to shareholders of the listed company	6,141,055,103.57	5,402,074,485.07	13.68	4,349,545,381.60
Total assets	8,487,416,240.25	7,530,182,694.00	12.71	7,323,078,222.45

(II) Key financial indicators

Key financial indicators	2025	2024	Year-on-year change (%)	2023
Basic earnings per share (RMB/share)	3.81	3.93	-3.05	3.01
Diluted earnings per share (RMB/share)	3.80	3.92	-3.06	2.97
Basic earnings per share net of non-recurring profits and losses (RMB/share)	3.74	3.85	-2.86	2.96
Weighted average return on equity (%)	25.80	32.53	Down by 6.73 percentage points	29.94
Weighted average ROE net of non-recurring profits and losses (%)	25.36	31.89	Down by 6.53 percentage points	29.44

Description of the key accounting data and financial indicators of the Company for the past three years at the end of the reporting period

Applicable Not applicable

VIII. Differences in Accounting Data under Chinese and International Accounting Standards**(I) Differences in the net profit and the net assets attributable to the shareholders of the listed company in the financial statements disclosed under both international accounting standards and Chinese accounting standards**

Applicable Not applicable

(II) Differences in the net profit and the net assets attributable to the shareholders of the listed company in the financial statements disclosed under both foreign accounting standards and Chinese accounting standards

Applicable Not applicable

(III) Description of the differences between domestic and foreign accounting standards:

Applicable Not applicable

IX. 2025 Quarterly Principal Financial Data

Unit: Yuan Currency: RMB

	1 st Quarter (January-March)	2 nd Quarter (April-June)	3 rd Quarter (July- September)	4 th Quarter (October-December)
Operating revenue	2,359,334,894.91	3,002,555,581.75	1,736,009,372.67	3,499,528,672.90
Net profit attributable to shareholders of the	390,281,697.93	408,229,634.14	227,188,720.58	472,051,365.46

listed company				
Net profit attributable to the shareholders of the listed company net of non-recurring profits and losses	378,934,039.06	391,667,094.22	227,104,910.50	474,803,659.24
Net cash flows from operating activities	675,490,380.59	617,838,961.07	-94,862,123.03	994,679,430.50

Description of the differences between quarterly data and information disclosed in periodic reports

Applicable Not applicable

X. Items and Amount of Non-recurring Profits and Losses

Applicable Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount for 2025	Note (if applicable)	Amount for 2024	Amount for 2023
Profit or loss from the disposal of non-current assets, including the write-off portion of recognized asset impairment provision	-1,197,567.92		-1,123,213.67	-703,593.33
Government grants recognized in the current profit or loss, excluding government grants that are closely related to the Company's normal operating activities, in compliance with national policies, obtained according to specified criteria, and have a lasting impact on the Company's profit or loss	54,190,782.70		54,855,476.92	44,043,618.77
Profit or loss from changes in the fair value of financial assets and financial liabilities held by the Company as a non-financial company, as well as profit or loss from the disposal of the financial assets and financial liabilities, except in effective hedging activities related to the normal operating activities of the Company				
Fund possession fee collected from non-financial enterprises and included in the current profit or loss				
Profits and losses on the assets by entrusting others to invest or manage				
Profit or loss from externally entrusted loans				
Various asset losses caused by force majeure factors, such as natural disasters				

Reversal of impairment provision for receivables under separate impairment test				289,706.45
Income arising when the Company's cost of investment to acquire subsidiaries, associates, and joint ventures is less than the fair value of the identifiable net assets of the investee that it should enjoy at the time of investment				
Net profits or losses of subsidiaries from the beginning of the period to the combination date arising from business combination involving entities under common control				
Profit or loss on exchange of non-monetary assets				
Profit or loss from debt restructuring				
One-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenditures for relocating employees				
One-time influence on the current profit or loss due to adjustment of taxation and accounting laws and regulations				
One-off share-based payment expense recognized due to cancellation or modification of stock ownership incentive				
For cash-settled share-based payments, gains and losses from changes in the fair value of employee salaries payable after the vesting date				
Profit or loss from changes in the fair value of investment properties using the fair value model for subsequent measurement				
Income from transactions where the transaction price is obviously unfair				
Profits and losses arising from contingencies irrelevant to the Company's normal business operation				
Trustee fee income achieved from the entrusted management				
Investment income from disposal of long-term equity investment	-5,023,661.55			

Investment income from disposal of financial assets held for trading	5,331,694.81			
Other non-operating income and expenses other than the above	-5,283,391.19		-978,230.78	-7,456,554.85
Other profit or loss conforming to the definition of non-recurring profit or loss				-113,212.70
Less: Effect of income tax	13,340,547.80		13,825,285.88	10,105,613.47
Amount of influence of minority stockholder's interests (after-tax)	9,435,593.96		8,601,880.92	6,230,469.38
Total	25,241,715.09		30,326,865.67	19,723,881.49

If the Company identifies items that are not specified in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* as non-recurring gain and loss items and their amounts are significant, or if the Company identifies items specified in the announcement as recurring gain and loss items, the reasons should be stated.

Applicable Not applicable

XI. Companies with Equity Incentives and Employee Stock Ownership Plans May Choose to Disclose Net Profit after Accounting for Share-based Payment Impact

Applicable Not applicable

Unit: Yuan Currency: RMB

Key accounting data	2025	2024	Year-on-year change (%)	2023
Net profit after deducting the impact of share-based payment	1,533,421,328.02	1,591,733,212.41	-3.66	1,301,408,867.11

XII. Items Measured at Fair Value

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Change for the period	Effect on the profit for the period
Receivables financing		2,491,804.24	2,491,804.24	
Investments in other equity instruments	71,256,995.18	78,767,098.06	7,510,102.88	
Total	71,256,995.18	81,258,902.30	10,001,907.12	

XIII. Others

Applicable Not applicable

Section III Management Discussion and Analysis

I. Business Development 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, Anya, etc. The

Company's own brands have covered fields such as mass-market premium skincare, makeup, body & hair, and high-efficiency skincare:

1. Mass-market premium skincare brands

(1) PROYA: focusing on science-based skincare, designed for young white-collar female customers, generally priced at RMB 200 to RMB 500, sold both online and offline.

(2) HAPSODE: positioned as a "youth-focused skincare" brand, focusing on Generation Z consumers aged 18-24, generally priced at RMB 50 to RMB 200, sold mainly online.

2. Makeup brands

(1) TIMAGE: positioned as a professional makeup artist brand rooted in the concept of "Chinese Makeup, Natural Beauty", generally priced at RMB 150 to RMB 300, sold mainly online.

(2) INSBABA: positioned as an emerging makeup brand built around the core concept of "self", focusing on Generation Z consumers, generally priced at RMB 39 to RMB 200, sold mainly online.

3. Body & hair brands

(1) Off&Relax: positioned as an "Asian holistic scalp wellness expert", generally priced at RMB 150 to RMB 350, sold mainly online.

(2) Awaken Seeds: positioned as an efficacy-driven hair cleansing and care brand specializing in scalp microbiome, generally priced at RMB 79 to RMB 99, sold mainly online.

4. High-efficiency skincare brand

CORRECTORS is positioned as a "laboratory-grade" professional skincare brand, priced at RMB 260 and RMB 600, sold mainly online.

(II) Business models

1. Sales model

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.com, Kwai, and Pinduoduo, and distribution is based on platforms such as Taobao, JD.com, and Vipshop.

Offline sales are mainly operated through dealers. The sales channels include specialty cosmetics stores, department stores, and beauty multi-brand stores.

2. Production/R&D models

Self-production is the main production model of the Company, supplemented by OEM and ODM 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 factory and makeup factory.

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, China Pharmaceutical University, Beijing Technology and Business University, Zhejiang Chinese Medical University, BASF (China) Co., Ltd., Ashland (China) Holdings Co., Ltd., DSM Vitamins (Shanghai) Ltd., Croda Chemicals (Shanghai) Co., Ltd., Evonik Specialty Chemicals (Shanghai) Co., Ltd., Spanish LIPOTRUE, S.L., Hangzhou Bota Bio Co., Ltd., Shenzhen Siyomicro Bio-tech Co., Ltd, Zhejiang Peptides Biotech Co., Ltd., and Jiangsu Trautec Medical Technology Co., Ltd.

Description of the Company's new important non-main businesses during the reporting period

Applicable Not applicable

II. Industry Development During the Reporting Period

According to the *Guidelines on Industry Classification of Listed Companies* issued by the CSRC, the Company falls under chemical material and product manufacturing (classification code: C26); according to the *National Economic Industry Classification* (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 RMB 50,120.2 billion in 2025, up by 3.7% YOY; and the total retail sales of cosmetics reached RMB 465.3 billion, up by 5.1% YOY (based on retail sales of consumer goods by enterprises above the designated size).

III. Business Discussion and Analysis

1. Year-on-year change in operating revenue

Operating revenue: RMB 10.597 billion, down by 1.68% YOY

Including: RMB 10.585 billion main operating revenue, down by 1.67% YOY;

RMB 12 million from other businesses

Main operating revenue:

(1) By channel

Channel		Amount (RMB 100 million)	YOY change in 2025 (%)	YOY change in 2024 (%)	YOY change in 2023 (%)	2025 proportion (%)	2024 proportion (%)	2023 proportion (%)
Online	Direct sales	81.92	0.87	20.35	50.70	77.39	75.45	75.91
	Distribution	19.25	-8.84	38.40	16.49	18.19	19.61	17.16
	Subtotal	101.17	-1.14	23.68	42.96	95.58	95.06	93.07
Offline	Daily chemical stores	2.82	-22.70	-26.28	11.59	2.66	3.38	5.56
	Others	1.86	11.10	37.66	-6.98	1.76	1.56	1.37
	Subtotal	4.68	-12.04	-13.63	7.35	4.42	4.94	6.93
Total		105.85	-1.67	21.09	39.74	100.00	100.00	100.00

Note: The proportion of revenue from each channel represents its share of total prime operating revenue.

(2) By brand

Category	Amount (RMB 100 million)	YOY change in 2025 (%)	YOY change in 2024 (%)	YOY change in 2023 (%)	2025 proportion (%)	2024 proportion (%)	2023 proportion (%)
PROYA	76.89	-10.39	19.55	36.36	72.64	79.69	80.73
TIMAGE	12.55	5.37	19.04	75.06	11.86	11.07	11.26
OR	7.44	102.19	71.14	71.17	7.03	3.42	2.42
Hapsode	3.71	11.80	9.41	61.82	3.50	3.08	3.41
INSBAHA	2.56	125.38	138.36	-	2.42	1.06	-
Awaken Seeds	0.96	441.66	-	-	0.91	-	-
Other brands	1.74	6.77	23.18	18.86	1.64	1.68	2.18
Total	105.85	-1.67	21.09	40.86	100.00	100.00	100.00

Note: The proportion of each brand's revenue represents its share of total prime operating revenue. INSBAHA was aggregated under "Other brands" through 2023 and has been presented separately since 2024. Awaken Seeds was incorporated into other brands in 2024, and has been presented separately since 2025.

(3) By category

Category	Amount (RMB 100 million)	YOY change in 2025 (%)	YOY change in 2024 (%)	YOY change in 2023 (%)	2025 proportion (%)	2024 proportion (%)	2023 proportion (%)
Skincare (Including cleansing)	81.82	-9.28	19.31	37.85	77.29	83.78	85.03
Makeup cosmetics	15.63	14.86	21.96	48.28	14.77	12.64	12.55
Body & hair	8.40	117.85	79.41	71.17	7.94	3.58	2.42
Total	105.85	-1.67	21.09	39.74	100.00	100.00	100.00

2. YOY change in net profit

Net profit attributable to shareholders of the listed company was RMB 1.498 billion, down by 3.50% YOY. Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss, was RMB 1.473 billion, down by 3.23% YOY.

Indicator	2025	2024	2023	Remarks
1. Net profit margin on sales	14.56%	14.71%	13.82%	Mainly due to: 1. Increase in sales gross profit margin; 2. Increase in sales expense ratio.
2. Gross profit margin on sales	73.26%	71.39%	69.93%	Mainly due to cost reduction and improvement of gross profit margin
3. Sales expense ratio	49.63%	47.88%	44.61%	Mainly due to an increase in brand promotion and advertising expenses
Including: brand promotion and advertising expense ratio	44.03%	42.70%	39.69%	
4. Administrative expense ratio	3.81%	3.39%	5.11%	Mainly due to an increase in employee compensation and service fees
5. R&D expense ratio	2.05%	1.95%	1.95%	
6. Accounts receivable turnover rate (times)	36.04	24.99	39.87	Mainly due to a decrease in accounts receivable from Beijing Jingdong Century Trading Co., Ltd. at the end of the period compared to the prior period
7. Accounts receivable turnover days (days)	9.99	14.40	9.03	
8. Inventory turnover rate (times)	4.37	4.23	3.65	Mainly due to optimized inventory management and reduced end-of-period stocking
9. Inventory turnover days (days)	82.34	85.14	98.57	

IV. Analysis of Core Competitiveness During the Reporting Period

√ Applicable □ Not applicable

The Company's core competitiveness is rooted in the establishment of a highly coordinated, modern enterprise system that integrates "top-level strategy", "golden chain", and "agile organization" into a unified and synergistic whole.

1. The Company adopts the "Double Ten" Strategy as its top-level design and firmly advances the "Two Drivers and Four Transformations" development path—namely, empowering industry through technological innovation and supporting operations and management through talent aggregation, systematically promoting industrial platformization, collaborative ecosystem development, business globalization, and digital intelligent operations, outlining a clear blueprint for long-term growth.

2. At the market front end, the Company has built a vertically integrated value chain spanning "insight, R&D, product development, and marketing". This efficient closed-loop system begins with deep insights into consumer trends, leverages a robust R&D framework to enable the precise innovation and rapid iteration of products, and ultimately drives market activation through omni-channel marketing capabilities, ensuring that R&D investment is efficiently translated into commercial outcomes and brand assets.

3. At the foundational level, the Company is supported by a self-driven organization integrating four dimensions: culture, strategy, mechanisms, and talent. By fostering a corporate culture and flexible mechanisms that stimulate internal motivation, the Company not only ensures agile iteration and strong execution of its core businesses, but also continuously empowers its second growth curve, providing

sustained momentum for the incubation of a multi-brand portfolio and ecosystem collaboration, and building a deep organizational moat.

V. Major Operations During the Reporting Period

(I) Multi-brand and multi-category portfolio development

PROYA

1. Products

During the reporting period, PROYA continued to deepen its "scientific skincare" positioning, closely aligned with its core strategy of "deeply addressing consumer needs", and drove the comprehensive upgrade of its product matrix through scientific research innovation. It deepened the technological foundations of its hero product lines, expanded into segments with high growth potential, and strategically upgraded its professional repair system. These initiatives reinforced PROYA's market leadership and technology-driven competitive moat.

(1) Innovation and iteration of the anti-aging core series to reinforce the technology-driven competitive moat

① The Double Effect Brightening Series is leading a new trend in anti-aging and whitening: As a benchmark in early-stage anti-aging, the Double Effect Brightening Series precisely addresses the composite needs of mildly mature skin. In April, PROYA launched the industry's first "Whitening Special Certificate" version of this series, including essence, lotion, emulsion, and face cream. By scientifically integrating early-stage anti-aging and whitening functions, this series has cemented its leadership in the integrated early-stage anti-aging and whitening segment.

② The Inaugurating Nourishing Series has entered a new stage of mitochondrial comprehensive anti-aging: Based on breakthrough research into the mechanism of "aging-induced pigmentation" in mature skin, the Inaugurating Luminous Anti-spot Whitening Series, targeting novel mitochondrial whitening sites, was launched in April. In the second half of the year, PROYA introduced Cellergy Pro Inaugurating Intensive Series 2.0. Relying on in-depth cooperation with Zhejiang University and Nobel Prize research models, PROYA achieved an end-to-end breakthrough from target research to core ingredient development, officially opening a new chapter of mitochondrial comprehensive anti-aging.

③ Hero products are being strategically repositioned: Double Effect Mask 3.0 was upgraded to the "Whitening Special Certificate" version, with the core promise "one sheet for emergency care—reducing dullness, brightening, and restoring firmness and plumpness". This reinforces its leading position in the anti-dullness and early-stage anti-aging mask segment. The Advanced Firming Nourishing Mask 3.0 delivers outstanding immediate and long-term anti-aging effects—"one sheet for instant firmness, radiance, and plumpness; five sheets to enhance facial contours". It precisely meets consumers' demand for a high-performance mask experience and represents a significant enhancement in product value.



(2) Strategic upgrade of the medical research and repair system to build a professional competitive moat

The Original Repair Series has been rebranded as PROYA MED, ushering in a new era of professional medical research and repair: To address repair needs following aesthetic procedures and those associated with high-efficacy skincare, PROYA strategically upgraded the Original Repair series and officially launched the PROYA MED series. By deepening collaboration with dermatology departments of Grade A tertiary hospitals, PROYA has significantly strengthened the product's professional competitive moat and the credibility of their efficacy. After launching single-use essence and medical-grade sheet masks in May, PROYA further expanded its medical-grade product matrix by the end of the year—adding items such as medical-grade single-use essence—thereby creating a comprehensive

professional repair ecosystem covering both daily skin emergency care and post-procedure recovery. This marks a significant step forward for PROYA in comprehensive skin repair.



(3) Precise expansion of high-growth categories to build future growth engines

① Comprehensive, age-specific deployment for the whitening category: To address sustained high growth in the whitening market, PROYA has developed a suite of targeted solutions for different skin ages: a "brightening and revitalizing" Double Effect series for young skin (18-29); an "intensive spot-correcting" Illuminating Skin-Purifying series for mildly mature skin (18-35); and an innovative "energized whitening" series for mature skin (30-40). Leveraging differentiated technologies, PROYA addresses the whitening concerns specific to each age group.

② High-efficacy, multi-functional sunscreen products to meet composite consumer needs: In response to consumers' heightened needs for high-protection SPF and post-sun repair, PROYA mainly promoted the Sun Around Watery Brightening Sunscreen Essence, which focuses on both sun protection and repair. Powered by the Dot Matrix Light Strike Membrane Technology, it provides high-level sun protection, while incorporating multiple natural ingredients to relieve redness after sun exposure.

③ Skincare-infused base makeup opens a new growth curve: Aligning with the "makeup-skincare integration" trend, PROYA has entered the skincare-infused base makeup category. The All-Day-Clear Matte Manla Cushion Foundation, targeting excess oil and enlarged pores, was launched during the 3.8 Shopping Festival and quickly rose to No. 1 on Tmall's New Product chart during the campaign. In June, PROYA introduced the All-Day-Clear Lightbulb Double Way Compact, an innovative solution to post-setting issues such as dryness, caking, and a mask-like finish. Thanks to precise market positioning and outstanding makeup performance, these two hero products have significantly strengthened PROYA's presence in this emerging category.

In 2025, PROYA ranked No. 1 on Tmall in both the face cream and sheet mask categories, maintaining its leading position; it ranked No. 2 in facial care sets, No. 3 in essence, and No. 6 in eye care products, and climbed to No. 7 in sunscreen products—reflecting synergistic growth across multiple categories.



2. Marketing

During the reporting period, PROYA fully concentrated on implementing its scientific research strategy, making prominent industry appearances and prioritizing deep industry-university-research cooperation. These efforts systematically communicated PROYA's core technological capabilities and reinforced its tech-driven image. At the same time, coordinated emotional branding initiatives were carried out, creating an integrated marketing framework that places scientific research value at the core, supported by emotional resonance. This approach has accelerated PROYA's evolution into a technology-driven leader in efficacy skincare. The marketing initiatives undertaken are as follows:

In January, PROYA launched the Chinese New Year campaign "Elevate Your Luck", further enhancing the awareness and favorability of the Advanced Firming Nourishing Series. Online, it partnered

with Beigaofeng in Hangzhou to release the co-branded "Snake Turns to Fortune" New Year gift box; offline, it invited consumers on a symbolic New Year hike and staged a "Good Fortune" drone show at the Hangzhou City Balcony.

In February, PROYA focused promotion on the Sun Around Watery Brightening Sunscreen Essence under the positioning "Patented Protection Film, Lightweight and Makeup-Friendly". Meanwhile, PROYA officially announced Liu Yifei as its Global Ambassador for Sunscreen Products, and the announcement dominated Weibo's Trending and Entertainment charts as well as Sina's Hot Topics.

In March, for International Women's Day, PROYA continued to champion the "It's Gender, Not Border" theme, releasing the brand's short film *When She Starts to Push Boundaries* to reaffirm its commitment to women's issues. It also partnered with Xiaohongshu to run a special live-streaming dialogue campaign titled *She Lives, Her Live*.

In April, PROYA launched the "Whitening Special Certificate" version of Double Effect Brightening Essence, further elevating the product's science-based power. Meanwhile, PROYA collaborated with its Global Brand Endorser, Jackson Yee, to release a new TVC short film, and launched a cross-platform engagement campaign titled "Show Off Your Radiant Side", driving deep interaction with fans and broader whitening and early-stage anti-aging consumer segments. PROYA also appointed Ma Boquan as Youth Ambassador to co-interpret the brand's youthful attitude, "Vibrant Inside and Out, Fearless in Challenge". On April 30, Ma Boquan appeared at PROYA's official Douyin livestreaming studio, further strengthening PROYA's connection with younger audiences.



In May, PROYA ran a Mother's Day campaign, "A Thoughtful Gift for Mom", to build the brand's unique gifting positioning. The Sun Around Protective Shield Sunscreen extended into outdoor scenarios, including a co-branded campaign with the West Lake Half Marathon titled "Outrun the Sun, Shield the Course", which drew nearly 10,000 participants to the trial campaign. PROYA also sponsored the first episode of the "Under the Sky" concert in Dunhuang, featuring numerous celebrities and Douyin musicians, breaking into Douyin's music festival audiences. Simultaneously, PROYA's official Douyin livestreaming studio hosted a "Dunhuang"-themed session that combined cultural tourism, music, and celebrity appeal to convert content momentum into brand traffic.

In August, PROYA officially named acclaimed actress Song Jia as its Global Ambassador for Skincare, fronting the Advanced Firming Nourishing Series to convey the brand message "Fearless of Time, Strength in Every Moment" and reinforce the series' professional anti-aging positioning. Online topics such as "Ace Cream—Stand Up for Me" generated over 20 million impressions.



In September, PROYA invited Chinese professional tennis player Wang Xinyu as its Vitality Ambassador. Under the theme "Stronger with Yu", an interactive campaign was launched to create synergy between professionalism and technological innovation.

In October, PROYA partnered with the Tmall Double 11 Super Launch to stage the "PROYA Advanced Original Repair Series Healing Party" pop-up event in Shanghai, driving growth of online

members and fans. Renowned singer Jike Junyi was specially invited to perform a healing-themed set showcasing the restorative power of the PROYA Advanced Original Repair Series. The live broadcast attracted more than 7.93 million viewers across platforms.

In October-November, PROYA collaborated with the Douyin Soda Music Festival, sponsoring the Nanjing Soda Music Carnival and the Guiyang Soda Music Chill Party. Teaming up with well-known artists and musicians, PROYA promoted the Advanced Firming Nourishing Series with the message "inviting body and mind to experience the rejuvenating, relaxed energy of youth through luxurious peptide skincare". Overall online impressions across platforms exceeded 12.3 billion.

In November, PROYA launched the "Brilliant Fireworks" limited-edition gift sets for the Christmas and New Year season, offering a thoughtful New Year gift option for loved ones. The brand also released a Douyin-exclusive "Golden Years Imprint" gift box, conveying the New Year wish of embarking on a fresh journey and shining with every step.

During the reporting period, PROYA continued to partner with a law firm to run the "PROYA Public Welfare—Labor Legal Consulting Service", focusing on the core rights and challenges faced by young female workers. The primary channel, a hotline, handled 151 consultations over the year, with a cumulative service time of 2,463 minutes, covering 104 individuals. The brand also conducted ongoing collaboration with Beijing's New Sunshine Charity Foundation to operate the PROYA Echo Mental Health Hotline and PROYA Anti-Bullying Hotline; together, these hotlines received a cumulative total of 1,676 calls during the year, totaling 46,448 minutes. Of these, the Echo Hotline handled 1,612 calls providing professional psychological support (totaling 45,379 minutes), while the Firefly Hotline provided psychological support and legal assistance to bullying victims through 66 calls (totaling 1,069 minutes). These two hotlines are more than assistance channels; they are critical touchpoints through which PROYA transforms brand influence into social support. By responding precisely to diverse social needs and maintaining a long-term commitment, PROYA has made public welfare one of its most valuable brand assets.



3. Channels

Online:

(1) Tmall

During the reporting period, PROYA strengthened its gifting-positioning strategy, driving gifting-season sales surges and brand value uplift through Chinese Valentine's Day, Mother's Day, and Spring Festival initiatives that combined hero products, exclusive gift boxes and emotive content. The brand also accelerated premiumization. The Inaugurating Nourishing Series successfully penetrated the high-end anti-aging market, driving the brand upmarket, reaching high-net-worth consumers and building strong word-of-mouth. As a result, the series increased the average order value (AOV) and the share of premium users, becoming a new engine of brand growth. PROYA deepened its loyalty-points program to stimulate repeat purchases via member benefits, and deployed AI tools to optimize content and media targeting, precisely capturing high-value traffic, and reducing costs while improving efficiency.

In 2025, the GMV of PROYA's Tmall flagship store ranked No. 1 on Tmall Beauty. During the 618 and Double 11 Shopping Festivals in 2025, the GMV of the store ranked No. 1 on Tmall Beauty.

(2) Douyin

During the reporting period, in response to shifts in platform strategies, PROYA developed a large-scale content marketing strategy on Douyin. For self-operated livestreaming, PROYA integrated multiple strategies—rapid seeding and quick harvesting, content livestreaming, short-video optimization, and refined operations to drive conversions. This approach delivered performance breakthroughs. A dual matrix of hero products and products for lower-tier cities rose steadily, increasing their share of sales. For

KOL livestreaming, PROYA adapted its strategies to industry changes to foster a healthier, more balanced output structure.

In 2025, the GMV of PROYA ranked No. 2 on Douyin Beauty. During the 618 and Double 11 Shopping Festivals in 2025, the GMV of PROYA ranked No. 2 on Douyin Beauty.

(3) JD.com

During the reporting period, PROYA fully implemented a refined "audience-product-scenario" operating strategy, supplemented by flagship annual marketing IPs, achieving a marked improvement in operational quality. In terms of audience strategy, PROYA deepened a user-centric operating philosophy and implemented layered, efficient management to build a robust private-domain ecosystem with high engagement and high repurchase rates, continuously unlocking value from existing users. At the same time, PROYA leveraged marketing IPs and coordinated on- and off-platform resources to support new user acquisition and audience asset accumulation. In terms of product strategy, PROYA consolidated its leadership in core categories such as product sets, essence and face creams, systematically identifying and cultivating potential segments to form a high-quality, multi-dimensional blockbuster product matrix and open new growth trajectories. For scenario strategy, PROYA deeply integrated into and led platform ecosystems, efficiently coordinating core marketing IPs such as "Super Product Day" and "Star Fans Day" to achieve breakthroughs in the integration of brand building and sales conversion. This enabled PROYA to convert brand awareness into sales momentum and complete the critical shift from traffic-driven operations to value creation.

In 2025, the GMV of PROYA ranked No. 6 in the Beauty Category on JD.com and No. 1 among domestic beauty brands. During the 618 and Double 11 Shopping Festivals in 2025, the GMV of PROYA ranked No. 1 in the Beauty Category and No. 1 among domestic beauty brands on JD.com.

Offline:

(1) Beauty multi-brand store

During the reporting period, PROYA deepened and expanded strategic cooperation with beauty multi-brand stores, focusing on close alignment and resource integration with leading channels. Leveraging precise insights into offline consumer preferences, PROYA implemented refined operational management strategies, optimized in-store merchandising, and improved conversion efficiency at retail terminals. During the reporting period, channel penetration and brand influence across beauty multi-brand stores both increased.

(2) Department store channel

During the reporting period, PROYA steadily expanded its presence in high-quality department store channels, continuously optimized its store network, and comprehensively upgraded premium visual identity and consumer experience. Leveraging precise consumer profiling and demand insights for core department store customers, PROYA strategically prioritized its premium product lines to promote accurate alignment between high-end offerings and channel customers, resulting in increased revenue contribution from premium product lines. The department store channel not only consolidated PROYA's premium positioning and core promotional foothold in the department store segment, but also provided solid support for the continued advancement of PROYA's premiumization strategy.

(3) Cosmetics store channel

During the reporting period, with the core objective of securing market share in the cosmetics store channel, PROYA continued to unlock its core momentum. It deepened and consolidated strategic partnerships with key traditional channel customers, reinforcing its market foundation and channel influence while ensuring stable, long-term channel operations. Simultaneously, PROYA steadily initiated channel and regional network adjustments to lay a solid foundation for future improvements in channel efficiency and deeper market expansion.

HAPSODE

1. Products

During the reporting period, aligned with its upgraded positioning of "youth-focused skincare", HAPSODE established an integrated R&D system for youth-focused skincare that is centered on a proprietary ingredient portfolio, including 98% high-purity *Piper methysticum* root extract, *Oroxylum indicum* seed extract, and supramolecular honeycomb salicylic acid.

The category structure continued to be optimized, progressing from basic cleansing toward efficacy-driven repair for acne-prone and sensitive skin, with new launches such as Ultra Soothing Serum 2.0, Ultra Soothing Lotion, Emulsion and Face Cream, and Ultra Soothing Facial Mask, further building an efficacy product matrix tailored to young skin. HAPSODE achieved notable hero product breakthroughs: Following its upgrade, Ultra Soothing Serum ranked No. 1 on Douyin Mall's brand multi-effect essence best-seller list and No. 1 on its top-rated list (May 10-June 10, 2025). Cleansing products such as Ultra Purifying Watery Cleansing Foam continued to build market reputation, creating a two-pronged growth model of cleansing + repair.

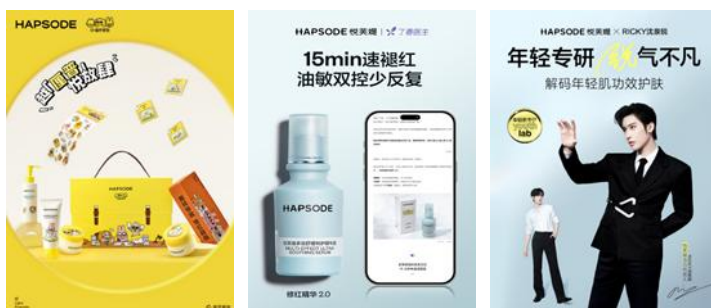


2. Marketing

During the reporting period, HAPSODE completed a strategic brand reshaping around the positioning of "youth-focused skincare", upgrading product efficacy, securing authoritative endorsements, and sustaining an emotionally positive brand tone of "youthful joy". It shaped its brand DNA across four dimensions: specially-developed efficacy solutions, innovative product design, instantly gratifying sensory experiences, and trend-forward emotional aesthetics. HAPSODE's marketing initiatives were closely aligned with its new positioning of "clinically designed for skin youth & joyful vitality", achieving a dual-engine growth model integrating efficacy and emotional appeal.

Efficacy marketing: In June, HAPSODE partnered with Dingxiang Doctor, a leading health and wellness platform, to present in comic form the efficacy of two proprietary ingredients developed by HAPSODE's International Academy of Sciences: *Piper methysticum* root extract and *Oroxylum indicum* seed extract. The campaign reinforced HAPSODE's efficacy claims with professional authority. HAPSODE also deepened collaborations with professional and beauty-focused KOLs to secure ongoing expert endorsements. Hapsode Ultra Soothing Serum won the 2025 China "Good Formula" Annual Repair Essence Award, receiving strong industry recognition.

Emotional marketing: In August, HAPSODE officially announced Shen Quanrui as its Vitality Ambassador. Using playful content as a creative vehicle, HAPSODE partnered with creators and fan communities to convey the brand spirit of "distinctive vigor" and forge deeper connections with users. In February, HAPSODE co-branded with popular IP "LIPU FRIENDS" to launch the themed campaign "More Outrageous Happiness", releasing co-branded packaging and gift boxes across multiple hero products. The collaboration communicated brand vitality, resonated with young consumers, and boosted brand exposure.



3. Channels

(1) Tmall

During the reporting period, HAPSODE maintained its competitive advantages in the facial cleansing category. It leveraged creative co-branding with popular IPs and celebrity collaborations to raise brand

visibility, and deepen marketing penetration. At the same time, HAPSODE supported new product iterations and accelerated expansion into the efficacy-focused skincare segment. The brand also optimized scenario layouts and cross-scenario coordination to improve audience flow and operational precision. It partnered with Tmall livestreamers to increase livestream penetration, refined audience management, expanded sampling touchpoints, and enriched membership offerings, thereby strengthening new member acquisition and retention.

(2) Douyin

During the reporting period, HAPSODE continued to implement refined platform operations. For self-operated livestreaming, it further developed its brand account matrix and optimized its multi-product distribution strategy. Leveraging the hit potential from popular IP co-brands, HAPSODE continued to introduce innovative livestreaming scenarios and drive growth in self-operated livestreaming with high-quality, engaging content. For KOL livestreaming, HAPSODE strengthened its cooperation matrix across top-tier, mid-tier, and bottom-tier KOLs, using top-tier partnerships to generate breakout performance for multiple hero products. On the Douyin Mall, HAPSODE optimized product assortment, refined bundling and pricing mechanisms, and improved precision operations to achieve rapid growth.

TIMAGE

1. Products

During the reporting period, TIMAGE remained committed to its positioning as a "professional makeup artist brand", continuously advancing the modern interpretation of Chinese aesthetics. With a clear focus on the base makeup segment, TIMAGE targeted specific and differentiated needs within base makeup categories, upgraded its classic hero products, expanded trend-driven categories, and concentrated on high-potential consumer groups and usage scenarios.

(1) Anchoring the foundation segment and leading the broader category

Committed to driving business through base makeup, TIMAGE successfully launched its hero product, TIMAGE Lasting Foundation and Correcting Concealer, which delivered strong year-on-year sales growth. TIMAGE Lasting Foundation and Correcting Concealer targets Generation Z and is positioned for two core scenarios—outdoor/adventure and commuting/workplace—offering 24-hour long-wear, water-, sweat- and heat-resistant performance that provides 24-hour lasting coverage, achieving deep penetration among the target audience. The foundation has also helped increase the sales share of the entire base makeup portfolio.



(2) Three-pillar new product strategy to sustain base makeup growth

① TIMAGE addressed niche needs within the base makeup category by strengthening its primer line and expanding from functional primers into the trending category of color-correcting products, thereby consolidating its leadership in primers. To meet demand for a natural, skin-like finish, it launched the TIMAGE Cloud Radiant Cushion Foundation and Concealer, targeting white-collar professionals, and primarily reaching mid-to-high spenders aged 25-35. Since launch, the product has performed strongly and quickly become TIMAGE's top-selling cushion, effectively optimizing the customer base and enhancing customer value.

② Classic product upgrades and expansion: The classic hero product TIMAGE Light and Shadow Blending Palette, positioned as a professional-grade hero product to meet segmented consumer needs, pioneered the contour expansion series and performed strongly during the 2025 Double 11 Shopping Festival.

③ Expansion of trend-driven categories: TIMAGE proactively entered the multi-purpose facial palette and pre-makeup spray segments to seize opportunities across multiple specialized fields.

In 2025, TIMAGE Lasting Foundation and Correcting Concealer ranked No. 1 among domestic brands in the Tmall Foundation category; TIMAGE primer products ranked No. 1 among domestic brands in the Tmall Primer category; TIMAGE contour products ranked No. 1 in the Tmall Contour/Highlighter category; and TIMAGE concealers ranked No. 1 in the Tmall Concealer category.



2. Marketing

During the reporting period, TIMAGE consistently upheld the philosophy of "simplifying complexity, perfecting harmony between makeup and people", focused on the base makeup segment, and implemented the core "product line + target consumer" strategy to systematically capture consumers' mindshare. For color cosmetics, TIMAGE leveraged social sentiment and prevailing trends to efficiently drive the conversion from brand awareness into actual sales performance. The marketing activities were as follows:

In April, inspired by the sun and moon of West Lake, TIMAGE launched TIMAGE Cloud Radiant Cushion Foundation and Concealer, integrating aesthetics, product functionality, and local culture. Online, it collaborated with the magazine *Shangchengshi*, Brand Ambassador Chen Duling, and several leading beauty influencers to produce the "Sun & Moon Twin Makeup" themed content, elevating TIMAGE from product exposure to aesthetic leadership. Offline, TIMAGE held a New Chinese-style Makeup launch event on the shores of West Lake in Hangzhou, translating the atmospheric essence of ten iconic scenic spots into distinct makeup looks. Paired with a pop-up store at in77 in Hangzhou, TIMAGE created an integrated, immersive "scenery-people-makeup-product" experience, driving brand awareness to an annual peak.

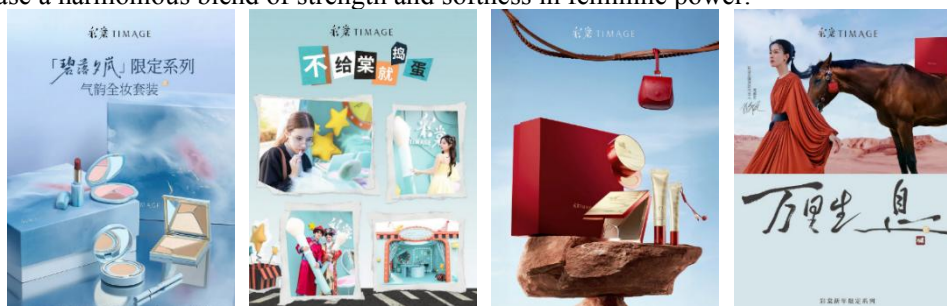
In June, TIMAGE brought its hero products to the variety show *Partners in Paris*, helping Chinese beauty reach global audiences. Founder Tang Yi appeared as a guest star, demonstrating the essence and professional techniques of Chinese-style makeup to overseas consumers. The brand's Chinese aesthetics and streamlined product philosophy were widely embraced abroad. After broadcast, the program received broad acclaim, generating more than 1.2 billion total impressions.

In July, TIMAGE launched the limited "Twilight Hues" collection, drawing on the traditional Chinese palette of twilight tones. Evoking the poetic, painterly atmosphere of the blue hour, the release refreshes the packaging of TIMAGE's hero product and expands the line to include TIMAGE Cloud Radiant Cushion Foundation and Concealer, TIMAGE Light and Shadow Blending Palette, a tri-color blush palette, matte lipsticks, and liquid eyeliners. With a design language of fluid lines and soft diffusion, the series captures the ethereal interplay of water and sky across both packaging and makeup.



In October, TIMAGE collaborated with POP LAND to create a Halloween-themed creative market that integrated influencer content, celebrity IP, and livestreaming. The campaign achieved over 10 million topic exposures, reserving audience assets for the color makeup line, and accomplishing both brand enhancement and sales growth.

In December, TIMAGE launched the Chinese New Year limited collection "Endless Vitality", which transcended literal cultural symbols to express the spirited outlook of Chinese people—drawing inspiration from the tireless vitality associated with the Year of the Horse—and conveyed TIMAGE's deeper aesthetic vision. The collection includes TIMAGE Cloud Radiant Cushion Foundation and Concealer, TIMAGE Light and Shadow Blending Palette, TIMAGE Master Makeup Primer, and Lip Essence Honey. The campaign also featured Brand Ambassador Chen Duling, who appeared in dual roles to showcase a harmonious blend of strength and softness in feminine power.



3. Channels

(1) Tmall

During the reporting period, TIMAGE's base makeup proportion sustained growth, while its facial makeup products maintained leading positions across multiple categories. Through refined operations, on- and off-platform media placements optimized audience targeting, keyword usage, and content structure, resulting in a significant increase in ROI. The efficiency of acquiring new customers also improved markedly across various channels, including store livestreams, content marketing, and sampling. Regarding user demographics, enhanced engagement was observed, with rising proportions of sophisticated moms and white-collar professionals, indicating broader brand penetration.

In 2025, the GMV of TIMAGE's Tmall flagship store ranked No. 4 on Tmall Makeup and No. 2 among domestic brands. During the 618 Shopping Festival in 2025, the GMV of the store ranked No. 2 on Tmall Makeup and No. 1 among domestic brands. During the Double 11 Shopping Festival in 2025, the GMV of the store ranked No. 5 on Tmall Beauty and No. 2 among domestic brands.

(2) Douyin

During the reporting period, the Douyin channel achieved steady growth. The proportion of self-operated livestreams and product cards increased, and the delivery efficiency was enhanced through refined operational strategies. The livestreaming studio emphasized the integration of brand building and sales conversion, targeting Generation Z, sophisticated moms, and white-collar professionals while leveraging TIMAGE's leading base makeup categories to drive sales growth. Content creation was prioritized, involving collaborations with influencers and celebrities for multiple live sessions, successfully expanding the celebrity fan base. Regarding KOL livestreaming, TIMAGE established a robust matrix comprising top-tier influencers, daily livestreamers, and beauty-focused KOLs, delivering solid business support and consistently contributing audience segments to the brand. In short video marketing, by developing exclusive Douyin-specific products, TIMAGE explored and established an efficient product promotion model tailored to the Douyin short video ecosystem.

During the 618 Shopping Festival in 2025, the GMV of TIMAGE ranked No. 8 on Douyin Makeup and No. 5 among domestic brands. During the Double 11 Shopping Festival in 2025, the GMV of TIMAGE rose to No. 4 on Douyin Makeup and No. 3 among domestic brands.

INSBAHA

1. Products

During the reporting period, INSBAHA continued to develop innovative hero products across all categories, steadily consolidated its market positions across segments, and achieved breakthrough growth in core categories:

(1) Base makeup line: In 2025, the Primary Look Backtracking Multi-effect Concealer Palette rose to the Top 3 on Tmall and into the Top 6 on Douyin, with the concealer category's market share continuing to increase. INSBAHA launched a new concealer cream, co-created in close collaboration with three professional makeup artists, featuring an innovative multi-texture, multi-applicator design. This further

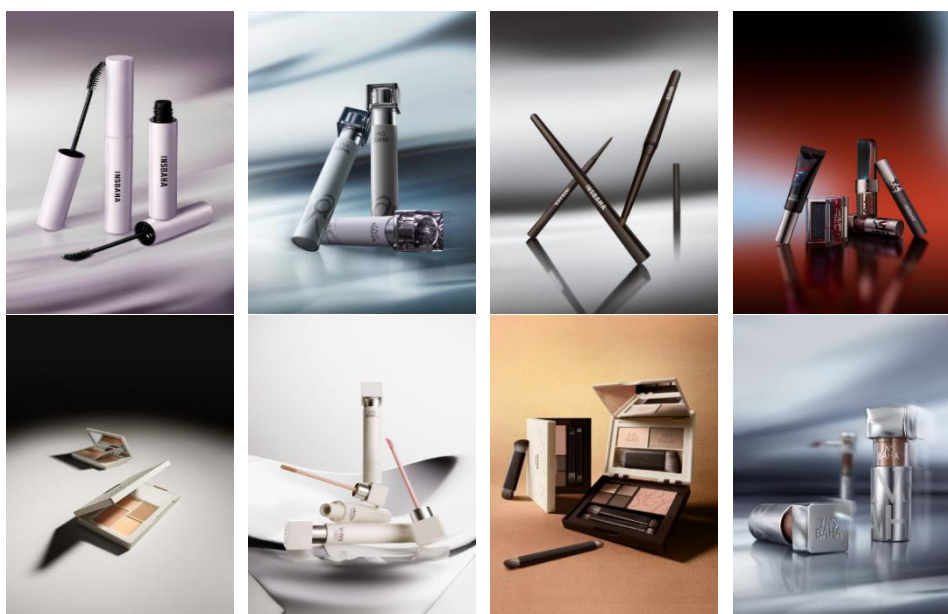
enriched INSBAHA's base makeup portfolio to better meet the diverse application needs of consumers with different skin types.

(2) Color makeup line: INSBAHA launched the Eclipse Series for Halloween, reshaping its image with a bold, punk-inspired design and strengthening mindshare among younger consumers. The INSBAHA Glow Tint Lip Cream has become another signature color item following the Wavy Lip Glaze.

(3) Eye makeup line: Eyebrow mascara, mascara, and gel eyeliners continued to rank among the top performers in the eye makeup category. INSBAHA upgraded its new lengthening wavy mascara, once again pushing the boundaries in wear time and lengthening performance. It also expanded the shade ranges for eyebrow mascara and gel eyeliners to provide precise warm/cool tone distinctions and a wider variety of color options. Sales of the Wavy Eyebrow Mascara doubled year-over-year.

(4) New functional line: A new KOL co-branded Tri-fold All-in-one Color Palette, thanks to precise product positioning and the buzz from the collaboration, has become a breakout item within the functional line.

In 2025, Wavy Eyebrow Mascara ranked No. 1 in the Tmall Eyebrow Mascara category and No. 2 in the Douyin Eyebrow Mascara category. During the Double 11 Shopping Festival in 2025, it ranked No. 1 in the Tmall Eyebrow Mascara category and No. 4 in the Douyin Eyebrow Mascara category.



2. Marketing

During the reporting period, INSBAHA upgraded its visual identity, further increased brand awareness, and elevated its overall brand tone. It strengthened consumer mindshare and achieved dual breakthroughs in brand awareness and audience reach through IP collaborations, co-creations with celebrity makeup artists, and other initiatives.

In April, INSBAHA reached a strategic collaboration with the globally renowned IP "Hello Kitty", launching a limited-edition makeup collection themed "Punk Kitty". The campaign combined multi-platform online activations with offline themed pop-ups and coordinated retail activations, attracting a broad cross-section of Generation Z and IP fans, achieving breakthroughs in audience reach and effectively driving overall sales growth in the color makeup category.

In July, INSBAHA launched the new Seeking Your True Color Concealer Cream. Three leading makeup artists served as special formulation consultants, providing master-level expertise in concealer formulation. Co-created with celebrity makeup artists, the product offers authoritative endorsement for INSBAHA's base makeup range.

In December, INSBAHA introduced the Sense Series (all-in-one tray color palette + double-effect multi-purpose cream). Emphasizing customizable finishes and multi-sensory appeal, INSBAHA co-created a tri-fold all-in-one color palette with KOLs. The palette features precise zoning for fast application, adapts to various occasions and styles, and enables seamless transitions between different looks.



3. Channels

(1) Tmall

During the reporting period, INSBABA continued to optimize its category mix across platforms, achieved new breakthroughs in the base makeup line, and recorded steady growth in eye makeup line. Wavy Eyebrow Mascara, Gel Eyeliner, and Concealer Palette all ranked among the top three in their respective categories.

INSBABA further refined its content and media placement strategies and replicated successful short video formats. Through CID and on-platform seeding, it expanded the content pool and achieved closed-loop, two-pronged growth both on- and off-platform.

Leveraging the platform's IP "Super Product Day", INSBABA built momentum for co-branded launches to align brand building with sales conversion.

In KOL livestream collaborations, INSBABA combined top-tier and second-tier KOLs, with second-tier KOLs as the core matrix to stabilize sales contribution.

(2) Douyin

During the reporting period, INSBABA advanced coordinated multi-category development and effectively stabilized channel growth through a refined, tiered product management strategy. Self-operated livestreaming: With color makeup as the core strategic focus, INSBABA launched a Hello Kitty co-branded visual livestreaming studio that projected a distinct brand tone through immersive, interactive "makeup-play" scenarios. It also introduced interactive elements, such as "surprise appearances by KOLs and brand directors offering special promotions" to increase viewer dwell time and boost conversion rates, materially driving overall performance growth.

KOL livestreaming: The base makeup line achieved breakthrough growth through deep collaboration with KOL livestreaming agencies. Adopting a "mentorship" approach, INSBABA orchestrated top-tier KOL seeding alongside dedicated mid-tier sessions, creating a closed-loop collaboration model that drove blockbuster hero products.

Short video: The eye makeup category advanced from a single hero product breakthrough to growth driven by multiple hero products. Leveraging a high-quality KOC content matrix, INSBABA built a robust content seeding system. Combined with Qianchuan's precise ad delivery strategy, the brand efficiently enlarged the traffic scale, and rapidly captured market share.

E-commerce platform (Douyin Mall): INSBABA amplified the traffic advantage of low-AOV best-seller links through targeted, small-scale paid promotion, lifting both search traffic and conversion rates. Active participation in platform campaigns synchronized shelf placements with content scenarios, consolidating omnichannel growth momentum.

Off&Relax

1. Products

During the reporting period, Off&Relax continued to strengthen its positioning as the "Asian holistic scalp wellness expert" by expanding a multi-dimensional product launch matrix (including Advanced Anti-dandruff Series, Seasonal Limited Series, Advanced Anti-hair Loss Series, hero product size extensions, and market-tailored formulas for overseas). These launches increased brand mindshare and deepened Off&Relax's presence in both domestic and international markets.

(1) In February, Off&Relax launched the Advanced Anti-Dandruff Series (shampoo + scalp essence), introducing the innovative "scalp-specific cleansing & nourishing dual action" concept. The line features Poly-AD, the world's first patented anti-dandruff ingredient, and is formulated to relieve seasonal dandruff and itchiness across diverse scalp types, strengthening Off&Relax's advanced scalp care portfolio and broadening real-world coverage.

(2) In March, Off&Relax released the Fluffy Series & Silky Night Repair Series, featuring hair mists and essences tailored for overseas markets. Differentiated offerings were launched for the Japanese market to meet local consumer needs.

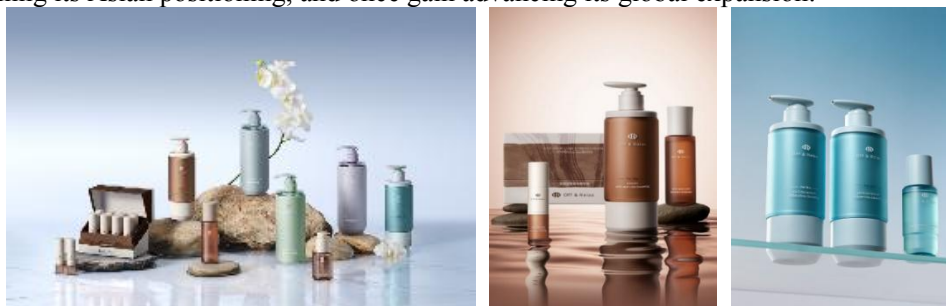
(3) In April, Off&Relax, co-developed with Givaudan, launched a Spring Blossom Limited Edition Haircare and Hair Oil Set. The classic volumizing formula gently purifies the scalp while softening and volumizing the hair, evoking a lively seasonal mood. The fragrance features a patented triple Scentz therapy complex designed to soothe both the body and emotions, solidifying Off&Relax's aromatherapy positioning in the body & hair category.

(4) In April, in conjunction with the Douyin channel, Off&Relax released a Light-Therapy Scalp Massaging & Liquid Applicator Brush. It builds upon the original liquid applicator brush by increasing the number of comb teeth and incorporating red/blue light therapy and EMS microcurrent technology, enhancing the user experience and boosting its functionality in supporting anti hair loss care. Paired with the Medicated Hair Tonic, the product raised the average order value and reinforced Off&Relax's professional image in hair growth.

(5) In May, Off&Relax launched new size extensions for its Fluffy Refresh & Volume Soft Series, and Anti-Hair Loss Series. These additions aligned with promotional campaigns to diversify the product size matrix for hero products, enhancing consumer stickiness.

(6) In July, Off&Relax launched the Summer Fragrance Lychee Ice Rose Limited Edition Haircare Set. Sweet lychee and lush rich rose accords evoke a refreshing, romantic summer mood in the bathroom. This release further reinforced the aromatherapy positioning of the seasonal limited series.

(7) In July, Off&Relax rolled out the upgraded version 2.0 of its Fluffy Family Hair Cleansing and Care Set for overseas markets. The Japanese market received differentiated offerings formulated with five types of thermal spring water and eleven local botanical extracts to nourish the scalp. Fragrance and packaging were refined to better meet local preferences. Off&Relax also expanded into Malaysia, strengthening its Asian positioning, and once gain advancing its global expansion.



(8) In August, timed for Chinese Valentine's Day, Off&Relax launched its first Four-Season Hair Oil Gift Set. Centered on the four seasons, it pairs exclusive limited-edition magnolia, osmanthus and black-tea fragrances with tuberose to deliver a restorative, four-season ritual for hair. The launch strengthened Off&Relax's gifting positioning within the body & hair category and created new purchase occasions.

(9) In September, Off&Relax launched a limited-edition Autumn Osmanthus Hair Care and Hair Oil Set. For the first time in a seasonal release, it also introduced Osmanthus-scented Shower Gel and Body Lotion, extending Off&Relax's restorative positioning from hair to skin. Leveraging this year's heightened consumer interest in osmanthus, Off&Relax also released a limited-edition Osmanthus Care Gift Set.

(10) In September, Off&Relax launched an upgraded, domestic special certificate version of the anti-hair loss series. Alongside the existing shampoos and anti-hair loss essences formulated for dry and oily scalps, the range now adds a new product category: anti-hair loss revitalizing ampoules. Designed for hair loss concerns common among Asian populations, the series features innovative, patented recombinant humanized collagen type XVII that is delivered to the scalp as a "hair follicle seed". Paired with Off&Relax's proprietary Hairgrowju that promotes hair density, the formulation protects the scalp, revitalizes follicles, and strengthens hair roots, providing a three-pronged approach to safeguarding hair health.

(11) In September, Off&Relax expanded its cross-border lineup with the Fluffy Family Hair Cleansing and Care Set, featuring the Air Fluffy Series and Hydrating Fluffy Series. It also expanded the hair care family with three fragranced hair lotions and hair care sprays. At the same time, Off&Relax introduced the "Morning Mist, Night Cream" hair care routine to reinforce its professional hair care positioning.

(12) In November, in collaboration with Deshou Palace, Off&Relax launched a limited-edition Winter Sandalwood New Year Gift Box, featuring sandalwood hair care and body care sets. The sandalwood-scented hair care set combines mood-soothing aromatherapy with rare sandalwood essential oil, while the body care set features innovative formulas that incorporate natural oils into cream textures, including Sandalwood Bath Oil Cream, Sandalwood Body Oil Cream, and Sandalwood Hand Cream, providing multi-dimensional hydration for dry skin and hair throughout autumn and winter.

(13) In December, Off&Relax launched a Four-Season Fragrance Limited Edition Shampoo Gift Set in response to consumer demand to bring back limited fragrances. The set invites consumers to revisit the four seasons and delivers a light, voluminous in-bath experience.

During 2025 and the 2025 Double 11 Shopping Festival, the Off&Relax Fluffy Refresh Shampoo ranked 5th in the Tmall Shampoo category, while the Medicated Hair Tonic & Anti-hair Loss Ampoule Essence ranked 1st in the Scalp Care category on Tmall and Douyin.



2. Marketing

During the reporting period, Off&Relax established an integrated marketing strategy of "brand asset development + a high-quality content model + a multi-channel resonance model", and carried out the following marketing initiatives around its two core series -Fluffy Refresh Series and Anti-Hair Loss Series:

(1) Building a celebrity endorsement matrix to elevate brand mindshare and mass awareness

In February - March, Off&Relax officially announced Lin Yi as its first Brand Ambassador, and jointly launched a co-branded gift box in collaboration with the hit TV drama *Ski into Love*. The TVC *Zero-Pressure Journey, Light as Volume* garnered over 60 million views, reaching 15 million people. The campaign achieved total impressions exceeding 100 million and drove strong sales conversion during the 3.8 Shopping Festival.

In May - June, Off&Relax announced Jiang Xin as the second Brand Ambassador and Wang Yuwen as the Fluffy Lifestyle Ambassador, supplemented by the launch of the original content IP "OR Fluffy Roaming", in collaboration with over 10 premium hotels and boutique resorts, represented by the Fuchun Resort. This campaign reinforced Off&Relax's association with relaxation & healing-focused usage scenarios and solidified its positioning in the mid-to-high-end market.

In September-October, Off&Relax officially announced Qin Lan as its Brand Ambassador and leveraged Tmall Heybox IP for an integrated marketing push that propelled the anti-hair loss ampoules to a breakout launch.



(2) Seasonal and fragrance-limited, scenario-based marketing, strengthening Off&Relax's aromatherapy positioning and generating sales spikes

In April, Off&Relax launched the Spring Blossom Limited Edition and partnered with the "plant b Urban Forest Project" to stage a floral-themed marketplace at Hangzhou Botanical Garden. Interactive installations such as the "Relax Moment Wall" encouraged user-generated content and generated more than 6 million impressions across online and offline channels.

In July, Off&Relax launched the Summer Fragrance Lychee Ice Rose Limited Edition and partnered with El Nido to roll out co-branded limited-edition drinks at bars in Beijing, Chongqing, and Guangzhou, generating over 5 million impressions across online and offline channels.

In September, Off&Relax launched the Osmanthus Limited Edition, with national image actress Jing Tian leading consumer engagement. In collaboration with Sisan Resort-Hupao 1934 Hotel (Hangzhou), Song Hotel Kunming, and Suzhou Yihe Songmaoju Hotel, Off&Relax kicked off the second tour of the "Fluffy Roaming" campaign, distributing samples at multiple touchpoints to engage target consumers and generating over 20 million impressions.

In October, Off&Relax debuted its fragrance-themed offline pop-up tour "Aqua Healing Space" in Hangzhou, Beijing, and Shenzhen, and introduced its first flameless diffuser fragrance inspired by four water qualities: nurture, purify, balance, and resilience, creating an immersive, therapeutic fragrance experience. Off&Relax also made its debut at Beauty Shanghai, a professional perfume and personal care expo, further deepening connections with both trade and consumer audiences, and generating over 10 million impressions.

In December, Off&Relax launched the Winter Sandalwood Blessings Limited Edition in collaboration with the royal IP Deshou Palace, which symbolizes fortune and longevity. It partnered with young actress Xu Jiao to co-create cultural content, visiting heritage sites to evoke a sense of completion and using decorative motifs to convey New Year blessings, generating over 7 million impressions.



(3) Scientific communication in professional settings, enabling efficient conversion through integrated short video and livestreaming formats

In April, Off&Relax participated in the annual academic conference of the Combination of Traditional and Western Medicine Dermatology. At the conference, Professor Yang Dingquan, Off&Relax's scientific advisor and Director of the Hair Medicine Center at China-Japan Friendship Hospital, formally presented the clinical trial results of OR Medicated Hair Tonic conducted at a Grade A tertiary hospital, providing robust clinical evidence supporting its efficacy.

In May, Off&Relax launched the "Collagen Hair Growth Space" at the Shanghai R&D Center, featuring dedicated zones that explained the hair growth mechanism of collagen type XVII alongside supporting clinical efficacy data. An interactive scalp diagnostic experience zone was also set up, further reinforcing the brand's research-driven positioning. Dozens of ingredient-focused, beauty-focused and lifestyle KOLs were invited to the scene. The campaign integrated short video and livestreaming formats, effectively driving the Anti-Hair Loss Essence to rank No. 1 in its Douyin category during the 618 Shopping Festival.

In September, Off&Relax initiated the "28-day Anti-hair Loss Challenge with 1,000 Participants" in collaboration with SGS, engaging more than 1,600 brand and KOL followers in daily check-ins and reinforcing the product line's evidence-based anti-hair loss positioning.

In November, at the 9th Hair Academic Conference of the Chinese Medical Association, Professor Yang Dingquan, Off&Relax's global hair follicle care expert and a member of the Medical Cluster for Hair Diseases at the National Center of Integrated Traditional Chinese and Western Medicine, presented the latest study *Clinical Evaluation of Collagen Type XVII Production Promoter for Improving Scalp Health in Patients with Female Pattern Hair Loss*, providing further strong clinical validation of Off&Relax's anti-hair loss efficacy.



3. Channels

(1) Tmall

During the reporting period, Off&Relax implemented a two-pronged growth strategy on Tmall. It deepened penetration of its core shampoo products to consolidate the base, while scaling the anti-hair loss series as a second growth driver and leveraging new product momentum to accelerate new customer acquisition.

In 2025, the total GMV of Off&Relax's two Tmall stores ranked No. 5 in the Hair Care category (excluding dyeing and perming) on Tmall, reaching a record high and maintaining the No. 1 position among Asian brands. During the 618 Shopping Festival in 2025, the total GMV of the two Tmall stores ranked No. 6 in the same category and No. 1 among domestic brands; during the Double 11 Shopping Festival in 2025, the total GMV of the two Tmall stores ranked No. 5 in the Hair Care category (excluding dyeing and perming) on Tmall and No. 1 among domestic brands.

(2) Douyin

During the reporting period, Off&Relax continued to pursue a deep content strategy, using matrix operations to optimize cost efficiency and drive performance growth. For self-operated livestreaming, Off&Relax developed breakout content scenarios around its seasonal limited series, driving year-on-year growth of more than 140% for the series. For KOL livestreaming, deep collaborations with top KOLs unlocked matrix effects and continuously improved promotional efficiency. On the Douyin Mall, systematic optimization of product operations and product card placements significantly boosted conversion rates and became a major growth driver.

In 2025, Off&Relax's two Douyin stores achieved a year-on-year GMV growth of over 200%. Off&Relax's hair cleansing and care products rose to No. 10 in the Douyin Hair Care category, and ranked No. 1 in the Scalp Care category.

Awaken Seeds

1. Products

During the reporting period, Awaken Seeds further strengthened its positioning as an efficacy-driven hair cleansing and care brand specializing in scalp microbiome, focusing on addressing the three key scalp microbiome issues, i.e., oiliness, dandruff, and sensitivity, and enhancing professional brand perception. It launched the oil control line in 2024, and the anti-dandruff and soothing & sensitivity relief lines in 2025.

In February, Awaken Seeds launched the anti-dandruff line targeting dry-oily scalps. In collaboration with a scalp microbiome research team at Shanghai Jiao Tong University, the project implicated *Staphylococcus capitis* as a dandruff-associated bacterium, demonstrating that *Malassezia* is not the only microbe linked to dandruff. The team developed a three-component anti-dandruff complex that inhibits both *Malassezia* and *Staphylococcus capitis*, demonstrating up to 99% inhibition of the target microbes and supporting gentle dandruff removal while helping to restore scalp microbiome balance. The research findings were presented at the 30th Annual Meeting of Chinese Society of Dermatology (CSD2025) in June 2025 and at the IFSCC Congress 2025 in September 2025.

In September, Awaken Seeds launched the soothing & sensitivity relief line targeting dry-oily scalps: For the first time, it launched a soothing & sensitivity relief shampoo targeting dry-oily scalps, featuring the Company's proprietary *Piper methysticum* root extract. The formulas underwent clinical validation in collaboration with Shanghai Skin Disease Hospital, with testing among participants with folliculitis and sensitive scalps.



2. Marketing

With "an efficacy-driven hair cleansing and care brand specializing in scalp microbiome" as its core positioning and the dual marketing goals of "earning the trust of young consumers" and "appealing to young consumers", Awaken Seeds implemented the following marketing initiatives focused on its two core series: oil-control and anti-dandruff shampoos.

In January, during the Spring Festival, Awaken Seeds announced a co-brand collaboration with the God of Wealth Temple on Beigao Peak in Hangzhou—"Good Luck on Top"—and launched co-branded gift boxes and peripheral products. Leveraging branded peripheral products and content, amplified by KOL promotion and paid media, the campaign generated over 10 million impressions, boosted Tmall sales during the Chinese New Year Shopping Festival, and significantly increased on-site conversion rates.

In January-February, in partnership with the Youmai Doctor platform, Awaken Seeds completed a cognition survey of more than 1,000 dermatology professionals on scalp microbiome. Product trials of Awaken Seeds Oil-Control Fluffy Shampoo and Awaken Seeds Anti-Dandruff & Cleansing Shampoo generated recommendations from 100 dermatology specialists.

In June, Awaken Seeds partnered with the travel platform "Youxiake" to launch the graduation-season special campaign "Awaken, the Next Chapter", targeting graduates and travel scenarios. Through branded peripheral products and content, as well as campus KOL activations, the campaign generated more than 1 million impressions and supported conversion during the 618 Shopping Festival. Also in June, during CSD2025, Awaken Seeds hosted a satellite symposium on frontier research into scalp microbiome and scientific care for Chinese consumers. Lai Yongxian, Director of the Hair Medical Center at Shanghai Skin Disease Hospital, and Professor Zhang Yan from the Shanghai Center for Systems Biomedicine, Shanghai Jiao Tong University, attended the event. At the session, Awaken Seeds published Proya's first scalp microbiome white paper, *Research Report on Scalp Health and Scalp Microbiome in Chinese Population*. The event drew over 1,000 dermatology professionals and achieved more than 1 million impressions across on-site activities and white paper coverage, further reinforcing the brand's positioning in scalp microbiome and its professional credibility.

In September, in collaboration with professional testing bodies and Proya's Shanghai R&D Center, Awaken Seeds launched the "Summer High-temperature and High-humidity Oil-control Extreme Challenge" across Shanghai to demonstrate product use and efficacy in real-world high-temperature, high-humidity conditions. Also that month, Awaken Seeds presented its latest scalp microbiome research for the second time at the IFSCC Congress (the 35th International Federation of Societies of Cosmetic Chemists Congress), further consolidating the scientific foundation for its products and strengthening the brand's R&D asset moat.



3. Channels

(1) Tmall

During the reporting period, Awaken Seeds implemented a refined strategy focused on audience operations and conversion efficiency. In user operations, Awaken Seeds strengthened user stickiness by optimizing its membership program and exclusive benefits. The combination of "U First" and "10 Billion Yuan Subsidies" initiatives encouraged trials among new customers, and multi-touchpoint coordination drove repurchase. In Q4, system upgrades to self-operated livestreaming studios increased the share of self-operated livestream sales across the store from 5% to 20%; together with "super-live" traffic placements, conversion rates increased significantly, continuously powering store sales. In content marketing, Awaken Seeds built an integrated off-platform seeding → on-platform conversion pathway, using KOL content as the primary pre-seeding mechanism and matching it with exclusive in-house hero products to achieve high conversion. In media placement, data-driven, precision audience targeting delivered systematic improvements in overall operating efficiency.

In 2025, Awaken Seeds' Tmall flagship store achieved a year-on-year GMV growth of over 200%. During the Double 11 Shopping Festival in 2025, Awaken Seeds achieved a year-on-year GMV growth of 118%, ranking 10th on the Double 11 transaction leaderboard for "Tmall FMCG Personal Care—New Brands". The core hero product, Oil-Control Fluffy Shampoo, consistently held the No. 1 position across multiple silicone-free-shampoo lists, including best-seller, top-rated, and repurchase rankings.

(2) Douyin

On Douyin, the self-operated business of Awaken Seeds uses content as the primary growth engine, leveraging an integrated "short video + livestreaming + media placement" approach, refined operations, and a content matrix strategy to drive breakthroughs in traffic weight and sales conversion. For self-operated livestreaming, Awaken Seeds emphasized tight alignment among people, product, and scene content and core creative assets, using coordinated combinations to boost conversion efficiency. Aligned with platform traffic algorithms, Awaken Seeds operated large-scale event mechanics encompassing smaller activations, paired these with innovative themes and cross-community content, and deployed marketing touchpoints across conversion nodes to achieve continuous traffic-tier breakthroughs and rapid sales growth. On product strategy, Awaken Seeds innovated hero product sets in combination with peripheral products to empower content, accelerate sell-through, raise channel gross margin, and realize cost reductions and efficiency gains. It built a matrix of self-operated livestreaming and short video accounts and, together with targeted operation strategies, expanded audience reach and incremental sales. On the Douyin Mall, Awaken Seeds integrated platform resources, amplified shelf e-commerce advantages, and continuously optimized assortment linking to leverage organic traffic and drive sales growth.

During the Double 11 Shopping Festival in 2025, Awaken Seeds' GMV on the Douyin platform recorded a year-on-year growth of 165%.

(II) New R&D strategy



During the reporting period, the Company continued to prioritize scientific and technological innovation as its core driver and maintained a three-pronged R&D system: independent R&D + industry-university-research-medicine cooperation + international collaboration. The Company has established three major R&D centers: Hangzhou R&D Center (including the International Academy of Sciences and the R&D Innovation Center) and Shanghai R&D Center, covering skincare, cosmetics, and fundamental and applied scalp research; and the Europe Innovation Center in Paris to facilitate global R&D collaboration and cross-border integration of cutting-edge research resources. Through the establishment of postdoctoral research centers and national talent introduction programs, the Company has built a global R&D team led by internationally experienced beauty researchers who combine academic rigor with industry expertise.

1. Patents

During the reporting period, the Company filed 44 new national invention patent applications, 4 utility model patent applications, and 33 design patent applications, totaling 81 new patent applications. The Company was also granted 20 national invention patents, 7 utility model patents, and 29 design patents, for a total of 56 newly granted patents. As of the end of the reporting period, the Company had 143 nationally licensed invention patents, 24 utility model patents, and 136 design patents, totaling 303 patents obtained.

2. Standards

During the reporting period, the Company released 2 national standards, 3 light industry standards, and 5 group standards as a drafter. As of the end of the reporting period, the Company had led or participated in the development of 21 national standards, 7 light industry standards, and 40 group standards.

3. Ingredient R&D and technological innovation

(1) During the reporting period, the Company focused on independent R&D of ingredients and steadily advanced coordination between R&D and industrialization. The Company successfully completed the industrialization of four self-developed ingredient projects. Specifically, *Oroxylum indicum* seed extract and two Yuefuqing ingredients were successfully applied in multiple HAPSODE product formulations. The development of the enzymatically hydrolyzed quinoa extract was completed and it will be applied in multiple TIMAGE products. In addition, the Company's self-developed high-purity *Piper methysticum* root extract was successfully applied in products under both the HAPSODE and Awaken Seeds brands.

During the reporting period, the Company continued to advance independent R&D and external co-creation of innovative ingredients, forging deep partnerships with leading domestic and international suppliers across interdisciplinary areas such as synthetic biology, development of China-specific botanical ingredients, and integrated application of AI technologies. In October 2025, the Company completed the filing and registration of Bicyclic Octapeptide-68, the first domestically approved and registered bicyclic peptide new cosmetic ingredient in China. Moreover, the Company gradually developed a sustainable innovation capability summarized by the motto "develop one generation while reserving the next".

4. Awards and achievements

(1) During the reporting period, the Company presented 14 scientific research achievements at the IFSCC Congress 2025, covering ingredient research, new skin/scalp testing methods, new mechanism studies, physical and chemical testing method development, emulsion formulation research, and new material application research. Its mitochondria-focused anti-aging research won the "IFSCC 2025 Top 10 Basic Research Award", making the Company the only Chinese cosmetics company to receive this award in 2025.

At the 54th Annual ESDR Meeting, three research findings jointly completed by Proya's global R&D team were unveiled. At the 34th Congress of the European Academy of Dermatology and Venereology (EADV), the team also presented one anti-aging efficacy research achievement based on in vitro and in vivo validation of the "dual anti-oxidation and anti-glycation" ingredient. These presentations underscored the innovation strength of China's cosmetics industry at two of the most influential international conferences in dermatology and venereology.

During the reporting period, the Company attended the 30th Annual Meeting of Chinese Society of Dermatology, where it released Proya's first white paper on scalp microbiome, *Research Report on Scalp Health and Scalp Microbiome in Chinese Population*, which establishes scientific benchmarks for scalp care research. The Company also participated in several industry conferences and forums, including Beauty Innovation Days (Spain), Cosmoprof Worldwide Bologna (Italy), the 2025 China Conference of Cosmetics Science and Technology, and the Personal Care Technology (PCT) Convention 2025, delivering thematic presentations at these events.

(2) During the reporting period, the Company published multiple high-quality papers in domestic and international journals and at academic conferences.

In the skincare field, research findings related to the efficacy and safety of core products from the Advanced Firming Nourishing Series were published in international journals, including *Journal of Cosmetic Dermatology* and *Cosmetics*. Recombinant humanized collagen type XVII, the core ingredient of the Original Repair Series, was shown to promote skin repair and regeneration by upregulating the Lgr6 signaling pathway; these findings appeared in the *International Journal of Biological Macromolecules*. Research findings related to other core ingredients and technologies of the Original Repair Series were also published in international journals, including *Journal of Agricultural and Food Chemistry*, *Cells*, and *Cosmetics*.

In the field of hair and scalp care, the Company, in collaboration with experts in systems biology from Shanghai Jiao Tong University, published a micro-ecological metagenomic analysis of scalp dandruff issues in the Chinese population in the internationally recognized journal *The Journal of Investigative Dermatology*. The Company also jointly established the Scalp Health Joint Laboratory with Shanghai Jiao Tong University to conduct nationwide, multi-center research on scalp microecology, providing a scientific foundation for precision product development and publishing high-quality academic papers in leading dermatology journals.

5. Strategic cooperation

During the reporting period, the Company deepened industry-university-research collaboration, concentrating on the industrialization of raw materials, technology R&D, and platform co-development. It expanded a diversified cooperation network and established an integrated internal-external innovation pattern. The Company further advanced its international strategic partnerships in raw materials, maintaining ongoing strategic cooperation with Ashland (China) Holdings Co., Ltd., DSM Vitamins (Shanghai) Ltd., and BASF (China) Co., Ltd. It also strengthened in-depth cooperation with hospitals and universities, including West China Hospital, Sichuan University, Shanghai Skin Disease Hospital, Shanghai Jiao Tong University, Zhejiang University, China Pharmaceutical University, Beijing Technology and Business University, and Zhejiang Chinese Medical University, focusing on medical-research translational collaboration, mechanisms of skin and scalp hair follicles, scalp microecology, and the development of efficacy-driven active ingredients. For the first time, the Company entered into a strategic collaboration with Hangzhou Bota Bio Co., Ltd., focusing on the integrated application of synthetic biology and AI to support innovative ingredient development.

(III) New supply chain guarantee

1. During the reporting period, the Company continued to strengthen its IT and digital capabilities. Building on the optimization of SAP, SRM, APS, MES, and OA systems, it leveraged the Feishu collaboration platform to enable a new operating model featuring horizontal integration and vertical connectivity across the organization. This improved supply efficiency, and enabled more agile, efficient supply chain collaboration. In 2025, the Company's Huzhou Production Base was designated as a pilot enterprise for Zhejiang Province's "Future Factory" initiative.

2. The Company's Huzhou production base actively aligned with China's dual carbon policy, fully implementing requirements for building a green manufacturing system, and advancing intelligent, low-carbon transformation. In line with Zhejiang Province's guidelines for near-zero-carbon factories, the base carried out green technical retrofits and launched cross-functional innovation teams (R&D, quality, production, and process) to develop cold processing technique for liquid-based skincare products and sheet masks. It implemented energy-saving upgrades for heating and cooling processes during production and further optimized the Company's energy and carbon management platform on the foundation of its national green factory certification. It continued to promote the automation project for the supply chain, deploying automated unit shrink-wrapping machines that use POF eco-friendly film to reduce reliance on polybags. The base also partnered with JD.com warehouses to replace cardboard cartons with reusable returnable boxes, continuously contributing to energy savings and emission reductions.

3. In terms of supply chain, the Company partnered with international consulting firms to conduct requirement research for the digital reconstruction of its supply chain. Through supply chain digitalization, it shifted from a push-based to a pull-based model, better aligning production and replenishment with consumer demand data. By applying big data and AI technologies, the Company continuously optimized end-to-end supply chain operational efficiency and achieved industry-leading inventory turnover. The shift of cross-enterprise supply chain collaboration from a cost center to a value center has been partially enabled via an industrial internet platform. In 2025, the Company's Huzhou Production Base was also recognized as a pilot enterprise for the Zhejiang Provincial Industrial Internet Platform.

4. During the reporting period, the Supply Chain and Logistics Department continued to enhance its IT-based, automated, and digital capabilities. In September 2025, the Phase II intelligent automated vertical warehouse was completed and put into operation, expanding pallet storage locations and multi-shuttle storage locations and automating the full cycle of product inbound storage, picking, and shipping. This upgrade further improved warehousing efficiency, supported more diverse and multi product requirements, and reduced storage costs. The facility also introduced multiple sets of AI inspection and automated production equipment to further improve product quality and production efficiency while lowering testing costs.

5. During the reporting period, the Company comprehensively upgraded its foundational management system for work safety, achieving 100% coverage of self-inspections for potential hazards and shifting safety management from passive response to proactive prevention and control. With dual objectives of production continuity and ecological safety, the Company completed replacement of core components in the wastewater treatment system and achieved failure-free delivery of environmental protection facilities. It led commissioning of the temperature control system and the vertical warehouse at new logistics warehouse No. 3; through intelligent technologies, the risk of quality and safety incidents was effectively reduced to below the industry average, establishing a new benchmark for intelligent warehouse safety management. The Company strictly implemented the Safety Training Regulations for Production and Operation Units, convened domestic and international accident case analysis sessions from time to time, and achieved full coverage of work safety responsibility system training for supervisory-level employees, significantly enhancing overall safety awareness and emergency response capability.

(IV) New organizational strategy

1. Mechanism development: During the reporting period, the Company reinforced its compliance baseline and strengthened support for international management. Focusing on refining the compliance management system and adapting operations for internationalization, it continued to strengthen its management foundation and updated HR-related policies to ensure close alignment between policy provisions and practical management scenarios, providing a solid institutional basis for daily operations. To support international expansion, the Company implemented targeted management solutions to enhance the standardization and adaptability of cross-regional workforce management, thereby improving international talent management effectiveness. By digitizing HR processes and implementing various improvement initiatives, it improved HR quality and operational efficiency. The Company also comprehensively advanced the digital transformation of performance management, significantly increasing efficiency and transparency. In addition, it explored scenario-based AI applications in HR, optimized management models, and developed core HR management tools in-house using AI capabilities, further closing the digital HR loop and substantially improving the efficiency of core business processes.

2. Incentive performance: During the reporting period, aligned with the Company's "Double Ten" strategy, the Company undertook top-level design and implementation of a "panoramic incentive engine", creating an incentive matrix that integrates short-term and long-term incentives under centralized coordination. The matrix includes annual overperformance incentives, campaign-based incentives (such as those for 618 and Double 11 Shopping Festivals), the "Million Heroes" program, and the Maker mechanism, forming a diversified and effective incentive system. The Company continuously advanced the scientific, standardized development of its compensation system, establishing a science-based salary band structure that provides accurate and fair value benchmarks for talent selection, recruitment, development, and retention, thereby strengthening talent competitiveness at the foundation. The Company also systematically optimized and digitized performance management, using performance as a lever to sharpen business focus, reinforce a high-performance culture, stimulate organizational vitality, support effective strategy execution, and inject new momentum into sustainable business growth.

3. Talent development level: During the reporting period, the Company prioritized strategically driven, systematic investment in talent development. In talent training, the Company built a core capability engine to support future growth, centered on a three-capability model—leadership, professional expertise, and general competencies. Through structured programs and innovative practices, training outcomes were effectively translated into improved operational efficiency and contributions to business performance, continuously empowering talent growth and strengthening the Company's self-sustaining talent pipeline. These efforts supported business upgrades and organizational evolution and provided solid capability and intellectual backing for the Company's "Double Ten" strategy.

(V) Digital and intelligent strategy

1. Advancement of strategic-level projects: During the reporting period, the Company advanced the SAP upgrade and restructuring project to establish a unified data and process governance framework and an efficient digital foundation to support its multi-brand, multi-channel globalization strategy. It advanced the product lifecycle management (PLM) project, focusing on improving product development efficiency and using data-driven post-reviews to increase product development success rates, with clear objectives of transparent progress tracking, efficient collaboration, controllable quality, and closed-loop full-lifecycle data management to support product development and implementation. Moreover, the Company launched the data middle platform project aimed at enterprise-wide data integration under unified standards, with

prioritized implementation of core application scenarios to lay the foundation for data-driven business empowerment.

2. Digital and intelligent empowerment across business scenarios: During the reporting period, through AI applications and system development/upgrades, the Company significantly enhanced operational efficiency and innovation capabilities in core business areas, with deep AI integration into R&D, marketing, and design. For example, in R&D, the Company advanced an intelligent formulator project to shorten the product development cycle, and deployed an AI-powered patch test robot to effectively improve the accuracy and speed of R&D and testing. In marketing and design, it launched an intelligent graphic system to substantially increase the efficiency of e-commerce image production. As part of its strategic cooperation with Ant Group's "Digital Mali" initiative, the Intelligent Customer Service, integrated with AI and a distributed service network, enhanced customer service efficiency and quality to support high-traffic scenarios. In key system development, the Company advanced a financial automation program as a cornerstone of business-finance integration, prioritizing paperless workflows and system automation to enhance process efficiency, reinforce compliance controls, and establish end-to-end financial data flows to support analytics and decision-making. Additionally, the Company implemented a laboratory information management system (LIMS) to digitize and automate laboratory management.

3. Empowering business decision-making: During the reporting period, the upgraded BI system delivered significant results, enabling refined analysis from the enterprise level down to individual product level. Real-time data capabilities were further enhanced to align the Company's operational tempo. Tools such as daily and hourly reports for major promotions were launched, markedly improving management's decision-making responsiveness. This provided strong support for refined operations and rapid decisions, and laid a solid data foundation for the ongoing enhancement of the management reporting system.

4. Data foundation and system infrastructure: During the reporting period, the Company continued to advance its data foundation and system infrastructure. Data governance, data security, and cybersecurity capabilities were continuously strengthened—for example, by establishing a three-level data security framework and implementing tiered, decentralized data management.

5. Organizational initiatives for digitalization implementation: During the reporting period, the Company comprehensively enhanced its internal digital momentum through organizational optimization and cultural innovation. The Company established the Digitalization Committee and put it into structured operation. It organized a range of digital cultural events, such as AI-themed closed-door sessions, to promote cross-departmental technical exchange. Initiatives such as AI innovation competitions, AI + efficiency pioneer competitions, AI + digitalization summits, AI night schools, and executive visits to enterprises effectively raised digital awareness across the organization, fostering a shift in AI tool use from passive adoption to proactive creation.

(I) Analysis of main business

1. Analysis of changes in relevant items in the income statement and the cash flow statement

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the same period of the previous year	Change (%)
Operating revenue	10,597,428,522.23	10,778,411,781.20	-1.68
Operating cost	2,833,242,682.55	3,083,848,879.43	-8.13
Selling expenses	5,259,412,498.27	5,161,012,044.52	1.91
Administrative expenses	403,543,630.11	365,856,439.85	10.30
Financial expenses	-28,600,472.36	-35,821,939.68	Not applicable
R&D expenses	216,843,240.79	210,385,991.40	3.07
Net cash flows from operating activities	2,193,146,649.13	1,107,000,664.19	98.12
Net cash flows from investing activities	-237,880,775.72	-1,265,288,889.40	Not applicable
Net cash flows from financing activities	-763,281,482.78	-758,294,850.67	Not applicable

Reasons for changes in operating revenue: mainly due to a decrease in revenue from PROYA.

Reasons for changes in operating costs: mainly due to a decrease in operating revenue, resulting in a

corresponding decrease in operating costs.

Reasons for changes in selling expenses: Selling expenses for 2025 amounted to RMB 5.259 billion, representing 49.63% of operating revenue (compared to 47.88% in the same period of previous year). Selling expenses increased by RMB 98 million or 1.91% year-on-year, driven predominantly by a RMB 64 million or +1.39% year-on-year increase in brand promotion and advertising expenditures.

Reasons for changes in administrative expenses: Selling expenses for 2025 amounted to RMB 404 million, representing 3.81% of operating revenue (compared to 3.39% in the same period of previous year). Administrative expenses increased by RMB 38 million or 10.30% year-on-year, mainly due to a year-on-year increase of RMB 33 million or 15.76% in employee compensation and service fees.

Reasons for changes in financial expenses: mainly due to the year-on-year increase in interest income and interest expenses.

Reasons for changes in R&D expenses: mainly due to the company's continued increase in R&D investment, R&D expenses for 2025 totaled RMB 217 million, representing a year-on-year increase of RMB 6.46 million, and accounting for 2.05% of operating revenue (compared to 1.95% in the same period of previous year). The parent company's R&D expense ratio reached 4.83% for 2025 (compared to 4.17% in the same period of previous year).

Reasons for changes in net cash flow from operating activities: 1. An increase in cash received from sales of goods; 2. A decrease in the payment for goods; 3. A decrease in brand promotion and advertising expenditures.

Reasons for changes in net cash flows from investing activities: 1. A decrease of RMB 1.28 billion in cash payments related to other investing activities; 2. An increase of RMB 2.893 billion in cash payments for investments; 3. An increase of RMB 2.555 billion in cash received from investment recovery.

Reasons for changes in net cash flow from financing activities: 1. An increase of RMB 80 million in cash received from borrowings; 2. A decrease of RMB 143 million in cash payments related to other financing activities; 3. A decrease of RMB 200 million in cash payments for debt repayment decreased; 4. An increase of RMB 429 million in cash payments for distribution of dividends, profits, or interest payments.

Detailed Description of major changes in the Company's business type, profit composition, or profit source in the current period

Applicable Not applicable

2. Analysis of revenue and cost

Applicable Not applicable

For details, please refer to the relevant analysis in "1. Analysis of changes in relevant items in the income statement and the cash flow statement", "(I) Analysis of main business", "V. Major Operations During the Reporting Period", "Section III Management Discussion and Analysis" of this Report.

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

Unit: Yuan Currency: RMB

Main business performance by industry						
By industry	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Daily chemical industry	10,585,354,026.82	2,825,597,999.07	73.31	-1.67	-8.18	Up by 1.89 percentage points
Main business performance by product						
By product	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue over the previous	Change in operating cost over the previous	Change in gross profit margin over the previous year (%)

				year (%)	year (%)	
Skincare (including cleansing)	8,181,722,642.43	2,179,108,013.23	73.37	-9.28	-15.03	Up by 1.80 percentage points
Makeup cosmetics	1,562,939,340.99	414,937,686.14	73.45	14.86	6.83	Up by 2.00 percentage points
Body & hair	840,692,043.40	231,552,299.70	72.46	117.85	86.18	Up by 4.68 percentage points
Total	10,585,354,026.82	2,825,597,999.07	73.31	-1.67	-8.18	Up by 1.89 percentage points
Main business performance by region						
By region	Operating revenue	Operating cost	Gross profit margin (%)	Change in operating revenue over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)
Northeast China	7,008,984.23	2,447,085.88	65.09	-52.59	-56.68	Up by 3.29 percentage points
North China	57,977,327.84	21,673,301.36	62.62	10.67	5.89	Up by 1.69 percentage points
East China	814,681,527.21	326,464,535.96	59.93	17.39	17.07	Up by 0.11 percentage points
South China	42,464,470.64	14,545,890.59	65.75	-34.98	-30.57	Down by 2.18 percentage points
Central China	120,573,892.52	47,814,151.09	60.34	13.28	15.01	Down by 0.60 percentage points
Northwest China	35,030,342.02	11,487,149.84	67.21	-5.75	-9.02	Up by 1.18 percentage points
Southwest China	37,824,432.49	13,571,549.12	64.12	-41.40	-40.92	Down by 0.29 percentage points
Hong Kong (China) and overseas	297,574,026.74	72,832,800.03	75.52	111.59	66.85	Up by 6.56 percentage points
Others (e-commerce)	9,172,219,023.13	2,314,761,535.20	74.76	-4.36	-12.01	Up by 2.19 percentage points
Total	10,585,354,026.82	2,825,597,999.07	73.31	-1.67	-8.18	Up by 1.89 percentage points
Main business performance by sales model						
By sales model	Operating revenue	Operating cost	Gross profit	Change in operating	Change in operating	Change in gross profit

			margin (%)	revenue over the previous year (%)	cost over the previous year (%)	margin over the previous year (%)
Online	10,117,452,338.31	2,649,072,198.43	73.82	-1.14	-7.51	Up by 1.81 percentage points
Offline	467,901,688.51	176,525,800.64	62.27	-12.04	-17.27	Up by 2.38 percentage points
Total	10,585,354,026.82	2,825,597,999.07	73.31	-1.67	-8.18	Up by 1.89 percentage points

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

(1) Description of decrease in revenue in the daily chemical segment: The decrease in main operating revenue this year was primarily attributable to the decrease in revenue from PROYA.

(2) Description of growth in the makeup cosmetics segment: This was mainly driven by TIMAGE, which reported revenue of RMB 1.255 billion during the reporting period, up RMB 64 million or 5.37% year-on-year; and INSBABA, which reported revenue of RMB 256 million, up RMB 142 million or 125.38% year-on-year.

(3) Description of growth in the body & hair segment: Mainly due to Off&Relax, which reported revenue of RMB 744 million during the reporting period, up RMB 376 million or 102.19% year-on-year.

(4) By region: Revenue declines in Northeast China, South China, and Southwest China were mainly due to a decrease in revenue from offline daily chemical stores. Revenue increases in East China and Central China were primarily driven by growth in revenue from online distribution channels. Revenue growth in Hong Kong (China) and overseas was mainly attributable to an increase in revenue from online direct sales channels. Revenue in the "Other (e-commerce)" category declined, primarily reflecting reduced sales in major B2C channels.

(2). Analysis of production and sales volume

Applicable Not applicable

Main products	Unit	Production volume	Sales volume	Inventory	Change in production volume over the previous year (%)	Change in sales volume over the previous year (%)	Change in inventory over the previous year (%)
Daily chemical products	Nr.	361,318,426	357,392,896	102,802,179	-2.75	-6.40	3.97

Description of production and sales

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

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

Applicable Not applicable

(4). Cost analysis

Unit: Yuan Currency: RMB

By industry							
By industry	Cost composition	Amount in the current period	Proportion of amount for the current	Amount for the same period	Proportion of amount for the same period last	Change in the amount for the current period compared with	Remarks

			period in total cost (%)	last year	year in total cost (%)	the same period last year (%)	
Daily chemical industry	Raw materials	1,675,168,118.17	59.28	1,979,348,701.37	64.32	-15.37	
	Labor and manufacturing costs	154,245,725.75	5.46	176,978,973.59	5.75	-12.85	
	Outsourcing	625,014,761.45	22.12	538,504,932.07	17.50	16.06	
	Freight	371,169,393.70	13.14	382,552,372.20	12.43	-2.98	
	Subtotal	2,825,597,999.07	100.00	3,077,384,979.23	100.00	-8.18	
By product							
By product	Cost composition	Amount in the current period	Proportion of amount for the current period in total cost (%)	Amount for the same period last year	Proportion of amount for the same period last year in total cost (%)	Change in the amount for the current period compared with the same period last year (%)	Remarks
Skincare (including cleansing)	Raw materials	1,628,094,617.85	74.71	1,927,537,669.42	75.16	-15.54	
	Labor and manufacturing costs	144,536,253.61	6.63	159,581,602.88	6.22	-9.43	
	Outsourcing	142,841,164.58	6.56	184,907,907.47	7.21	-22.75	
	Freight	263,635,977.19	12.10	292,579,029.59	11.41	-9.89	
	Subtotal	2,179,108,013.23	100.00	2,564,606,209.36	100.00	-15.03	
Makeup cosmetics	Raw materials	25,851,226.85	6.23	44,414,732.89	11.43	-41.80	
	Labor and manufacturing costs	5,357,516.79	1.29	16,132,934.24	4.15	-66.79	
	Outsourcing	318,945,974.96	76.87	261,963,632.09	67.45	21.75	
	Freight	64,782,967.54	15.61	65,898,117.97	16.97	-1.69	
	Subtotal	414,937,686.14	100.00	388,409,417.19	100.00	6.83	
Body & hair	Raw materials	21,222,273.47	9.17	7,396,299.06	5.94	186.93	
	Labor and manufacturing costs	4,351,955.35	1.88	1,264,436.47	1.02	244.18	
	Outsourcing	163,227,621.91	70.49	91,633,392.51	73.68	78.13	
	Freight	42,750,448.97	18.46	24,075,224.64	19.36	77.57	
	Subtotal	231,552,299.70	100.00	124,369,352.68	100.00	86.18	

Description of other conditions in cost analysis

None

(5). Changes in the scope of consolidation due to changes in the shareholdings of major subsidiaries during the reporting period

Applicable Not applicable

For details, please refer to the description in "IX. Changes in Consolidation Scope", "Section VIII Financial Report" of this Report.

(6). Major changes or adjustments in the Company's business, products, or services during the reporting period

Applicable Not applicable

(7). Key customers and key suppliers

Customers or suppliers under common control are consolidated and presented as one customer or supplier, except those that are actually controlled by the same state-owned assets management agency.

Description of how the following customer and supplier information is consolidated and presented based on common control

None

A. Key customers and key suppliers of the Company

Applicable Not applicable

The sales of the top five customers amounted to RMB 1,325.4897 million, accounting for 12.52% of the total annual sales; the sales of related parties of the top five customers amounted to RMB 0.00, accounting for 0.00% of the total annual sales.

The purchase amount of the top five suppliers amounted to RMB 628.3628 million, accounting for 22.78% of the total annual purchase amount; the purchase amount of related parties of the top five suppliers amounted to RMB 0.00, accounting for 0.00% of the total annual purchase amount.

B. Description of situations during the reporting period where the sales to a single customer exceeded 50% of the total sales, or there were newly added customers among the top five customers, or the business heavily relied on a limited number of customers

Applicable Not applicable

Description of situations during the reporting period where the purchases from a single customer exceeded 50% of the total purchases, or there were newly added suppliers among the top five suppliers, or the business heavily relied on a minority of suppliers

Applicable Not applicable

C. Delisting risk warnings or other risk warnings for the Company's stock during the reporting period

Top five customers

Applicable Not applicable

Top five suppliers

Applicable Not applicable

D. The Company's trade business income during the reporting period

Applicable Not applicable

Top five customers whose trading business income accounts for more than 10% of operating revenue

Applicable Not applicable

Top five suppliers whose trading business income accounts for more than 10% of operating revenue

Applicable Not applicable

Other notes:

None

3. Expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2025	2024	Increase/decrease in the current period	Growth rate (%)
Selling expenses	5,259,412,498.27	5,161,012,044.52	98,400,453.75	1.91
Administrative expenses	403,543,630.11	365,856,439.85	37,687,190.26	10.30
R&D expenses	216,843,240.79	210,385,991.40	6,457,249.39	3.07
Financial expenses	-28,600,472.36	-35,821,939.68	7,221,467.32	Not applicable

4. R&D investment

(1). R&D investment

Applicable Not applicable

Unit: Yuan Currency: RMB

Expensed R&D investment in the current period	216,843,240.79
Capitalized R&D investment in the current period	0.00
Total R&D investment	216,843,240.79
Proportion of total R&D investment in operating revenue (%)	2.05
Proportion of capitalized R&D investment in total R&D investment (%)	0.00

(2). R&D personnel

Applicable Not applicable

Number of R&D personnel	334
Proportion of the number of R&D personnel in the headcount (%)	10.27
Educational level of R&D personnel	
Educational level	Number
Doctor's degree	23
Master's degree	151
Bachelor's Degree	124
Junior college	36
High school or below	0
Age structure of R&D personnel	
Age structure category	Number
Under the age of 30 (excluding 30)	158
Aged 30-40 (including 30 and excluding 40)	133

Aged 40-50 (including 40 and excluding 50)	39
Aged 50-60 (including 50 and excluding 60)	3
Aged 60 or above	1

(3). Description

Applicable Not applicable

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

Applicable Not applicable

5. Cash flow

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the same period of the previous year	Growth rate (%)	Remarks
Net cash flows from operating activities	2,193,146,649.13	1,107,000,664.19	98.12	Mainly due to: 1. An increase in cash received from sales of goods; 2. A decrease in the payment for goods; 3. A decrease in brand promotion and advertising expenditures.
Net cash flows from investing activities	-237,880,775.72	-1,265,288,889.40	Not applicable	Mainly due to: 1. A decrease of RMB 1.28 billion in cash payments related to other investing activities; 2. An increase of RMB 2.893 billion in cash payments for investments; 3. An increase of RMB 2.555 billion in cash received from investment recovery.
Net cash flows from financing activities	-763,281,482.78	-758,294,850.67	Not applicable	Mainly due to: 1. An increase of RMB 80 million in cash received from borrowings; 2. A decrease of RMB 143 million in cash payments related to other financing activities; 3. A decrease of RMB 200 million in cash payments for debt repayment decreased; 4. An increase of RMB 429 million in cash payments for distribution of dividends, profits, or interest payments.

Receipts of tax refunds	3,887,398.61	944,852.56	311.43	Mainly due to a year-on-year increase in government tax refunds received in the current period.
Cash received from investment recovery	2,554,880,000.00		Not applicable	Mainly due to the recovery of principal from the purchase of financial products and disposal of long-term equity investments in this period.
Cash received from investment income	21,331,594.81		Not applicable	Mainly due to equity investment dividends and wealth management income received in this period.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3,460,481.96	7,375,755.50	-53.08	Mainly due to a decrease in cash received from the disposal of fixed assets in the current period.
Net cash receipts from disposals of subsidiaries and other business units	7,850,000.00		Not applicable	Mainly due to the disposal funds received from subsidiaries in this period.
Cash paid to acquire fixed assets, intangible assets and other long-term assets	169,322,089.49	299,736,867.13	-43.51	Mainly due to a decrease in capital investment for the expansion of the Huzhou production base compared to the prior period.
Cash payments for investments	2,892,865,763.00		Not applicable	Mainly due to the purchase of financial products and equity in this period.
Other cash payments relating to investing activities		1,280,000,000.00	-100.00	Mainly due to cash payments for large-denomination certificates of deposit and time deposits made in the previous period, with no such transaction in the current period.
Cash receipts from capital contributions	286,400.00	125,051.00	129.03	Mainly due to an increase in capital contributions received from minority shareholders in the

				current period.
Cash received from borrowings	80,000,000.00		Not applicable	Mainly due to bank loans received in the current period.
Cash repayments of borrowings		200,000,000.00	-100.00	Mainly due to the repayment of bank loans in the previous period.
Cash payments for distribution of dividends or profits or settlement of interest expenses	799,252,786.99	370,737,159.10	115.58	Mainly due to an increase in cash dividends distributed in the current period.
Other cash payments relating to financing activities	44,315,095.79	187,682,742.57	-76.39	Mainly due to an increase in cash payments for the repurchase of company shares in the previous period, with no such transaction in the current period.
Exchange rate impact on cash and cash equivalents	-310,436.48	-114,951.53	Not applicable	Mainly due to the impact of exchange rate fluctuations on overseas subsidiaries.

(II) Significant changes in the profit from non-main business

Applicable Not applicable

(III) Analysis of assets and liabilities

Applicable Not applicable

1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the current period	Proportion of amount at the end of the current period in total assets (%)	Amount at the end of the previous period	Proportion of amount at the end of the previous period in total assets (%)	Year-over-year change at the end of the current period (%)	Remarks
Accounts receivable	70,150,618.87	0.83	517,954,587.12	6.88	-86.46	Mainly due to a decrease in accounts receivable from Beijing Jingdong Century Trading Co.,

						Ltd. at the end of the period compared to the previous period.
Receivables financing	2,491,804.24	0.03			Not applicable	Mainly due to an increase in bank acceptance bills receivable.
Other receivables	31,038,260.10	0.37	9,869,822.71	0.13	214.48	Mainly due to an increase in dividends receivable from associates.
Other current assets	167,604,306.60	1.97	118,117,428.18	1.57	41.90	Mainly due to an increase in VAT input tax to be deducted etc.
Long-term equity investments	441,303,737.68	5.20	111,090,815.70	1.48	297.25	Mainly due to the newly added equity investment in Shenzhen FlowerKnows E-commerce Co., Ltd. and the overall impact of the disposal of Jiaxing Woyong Investment Partnership (Limited Partnership) in the current period.
Construction in progress	128,341,121.16	1.51	74,585,001.38	0.99	72.07	Mainly due to increased investment in the Proya smart factory.
Right-of-use assets	27,117,353.69	0.32	14,541,665.50	0.19	86.48	Mainly due to the addition of new business premises and the signing of lease agreements in the current period.

Long-term deferred expenses	110,663,098.70	1.30	70,202,612.96	0.93	57.63	Mainly due to the newly incurred spokesperson fees in the current period.
Other non-current assets	15,801,977.93	0.19	11,258,403.15	0.15	40.36	Mainly due to an increase in long-term assets.
Short-term borrowings	80,052,800.00	0.94			Not applicable	Mainly due to an increase in bank loans.
Advance from clients	345,362.16	0.00	129,400.52	0.00	166.89	Mainly due to an increase in rental received in advance.
Other payables	45,208,485.79	0.53	91,776,722.59	1.22	-50.74	Mainly due to a reduction in repurchase obligation for restricted shares.
Current portion of non-current liabilities	7,738,217.76	0.09	3,473,806.48	0.05	122.76	Mainly due to an increase in lease liabilities due within one year.
Other current liabilities	18,877,890.19	0.22	5,509,508.59	0.07	242.64	Mainly due to an increase in refunds payable.
Lease liabilities	19,709,565.95	0.23	10,955,380.12	0.15	79.91	Mainly due to the addition of new business premises and the signing of lease agreements in the current period.
Estimated liabilities			25,162,463.80	0.33	-100.00	Mainly due to the classification of refunds payable under other current liabilities in the current period.
Deferred income	22,680,204.91	0.27	15,260,760.59	0.20	48.62	Mainly due to an increase in

						asset-related grants in the current period
Non-controlling interests	125,467,025.81	1.48	84,173,365.89	1.12	49.06	Mainly due to an increase in the profit realized by Ningbo TIMAGE Cosmetics Co., Ltd., a subsidiary of the Company, in the current period, resulting in an increase in minority interests.

Other notes:

None

2. Overseas assets

Applicable Not applicable

(1). Asset size

Including: Overseas assets of RMB 377.52 million, accounting for 4.45% of the total assets.

(2). Description of the high proportion of oversea assets

Applicable Not applicable

3. Restrictions on major assets as of the end of the reporting period

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending book balance	Ending carrying amount	Restriction type	Reason for restriction
Monetary funds	1,119,455,583.40	1,119,455,583.40	Cannot be withdrawn at any time	Large-denomination certificate of deposit
	89,000.00	89,000.00	Cannot be withdrawn at any time	ETC deposit
	3,526,602.24	3,526,602.24	Cannot be withdrawn at any time	Direct-sales store deposit
	250,000.00	250,000.00	Cannot be withdrawn at any time	Time deposit margin for transformer
	3,416,733.86	3,416,733.86	Frozen	Judicially frozen
Total	1,126,737,919.50	1,126,737,919.50		

4. Other descriptions

Applicable Not applicable

(IV) Analysis of industry operation information

Applicable Not applicable

See below for details.

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

Applicable Not applicable

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

Applicable Not applicable

Refer to the description in "(I) Industry pattern and trends", "VI. Discussion and analysis of the future development of the Company", "Section III Management Discussion and Analysis" of this Report for details.

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

For details, please refer to the description of business models in "I. Business Development of 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

Product	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, and packaging	Skincare and cleansing	Personal income, skin type, lifestyle habits, and brand preference
Makeup cosmetics	Makeup cosmetics	Grease wax, emulsifier, toner, essence, and packaging	Makeup, beauty, and contour	Personal income, skin type, lifestyle habits, and brand preference
Body & hair	Body & hair	Surfactant, humectant, essence, and packaging	Body & hair	Personal income, skin type, lifestyle habits, and brand preference

(3). R&D innovation

Applicable Not applicable

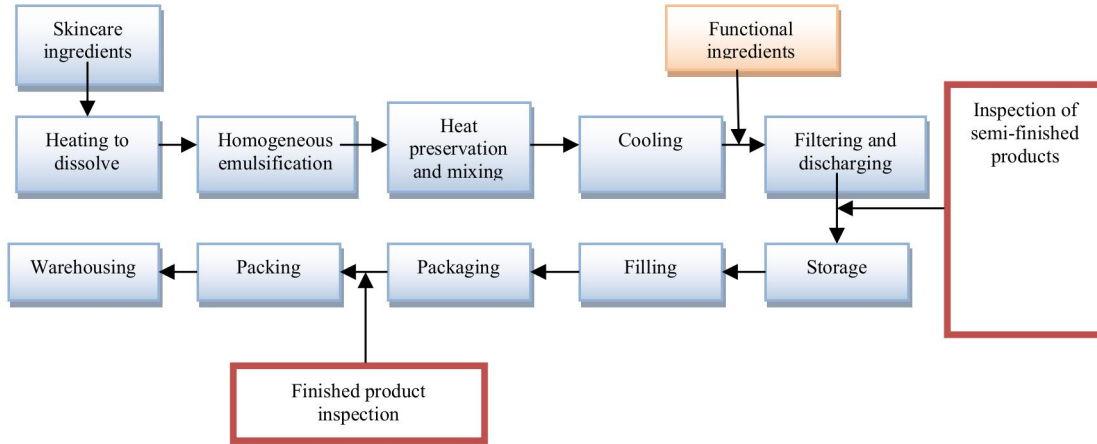
For details, please refer to the description in "(II). New R&D strategy", "V. Main Operations during the Reporting Period", "Section III Management Discussion and Analysis" of this Report.

(4). Production technologies and processes

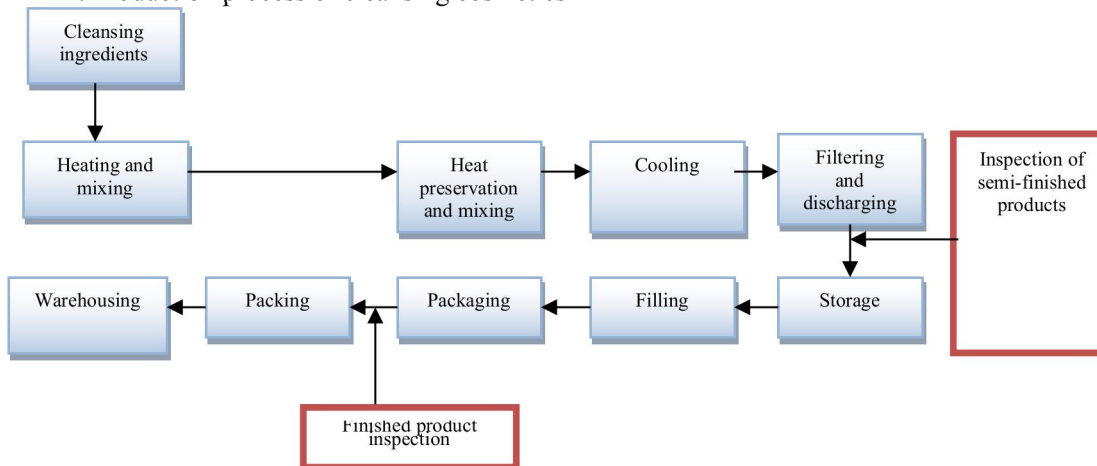
√ Applicable □ Not applicable

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

1. Production process of skincare cosmetics

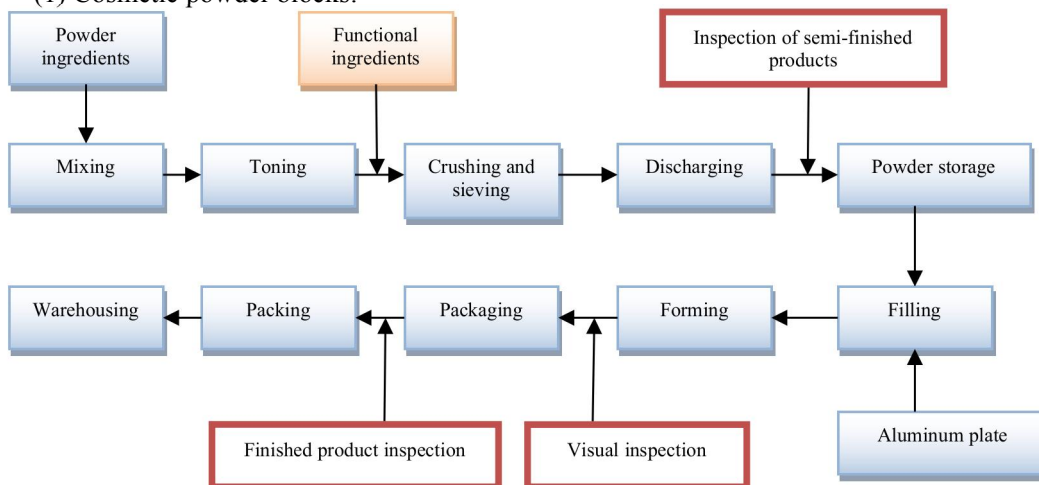


2. Production process of cleansing cosmetics

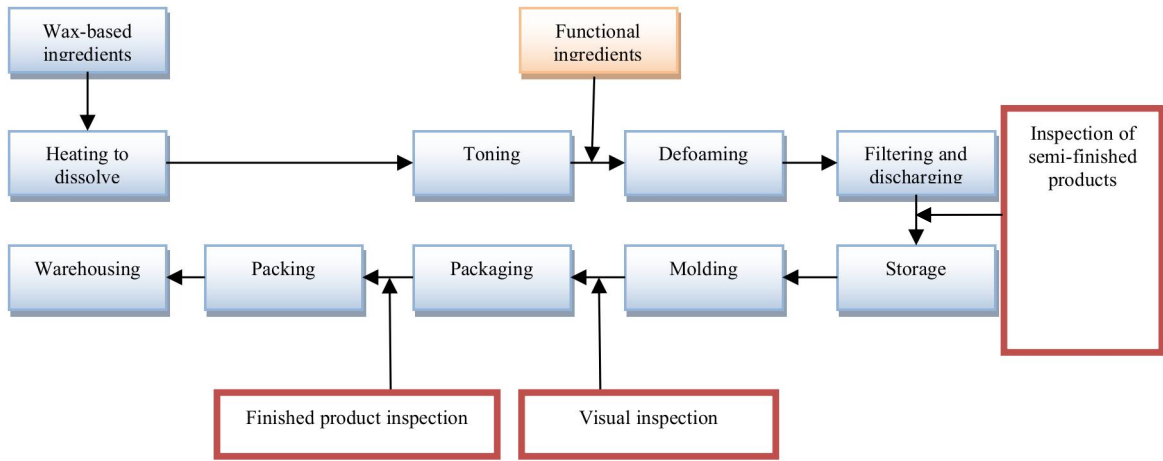


3. Production process of makeup cosmetics

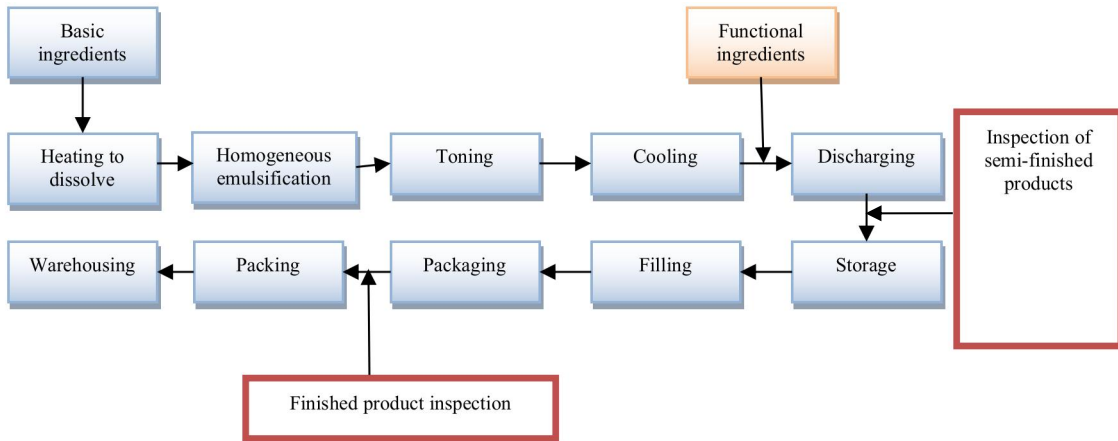
(1) Cosmetic powder blocks:



(2) Lipstick cosmetics

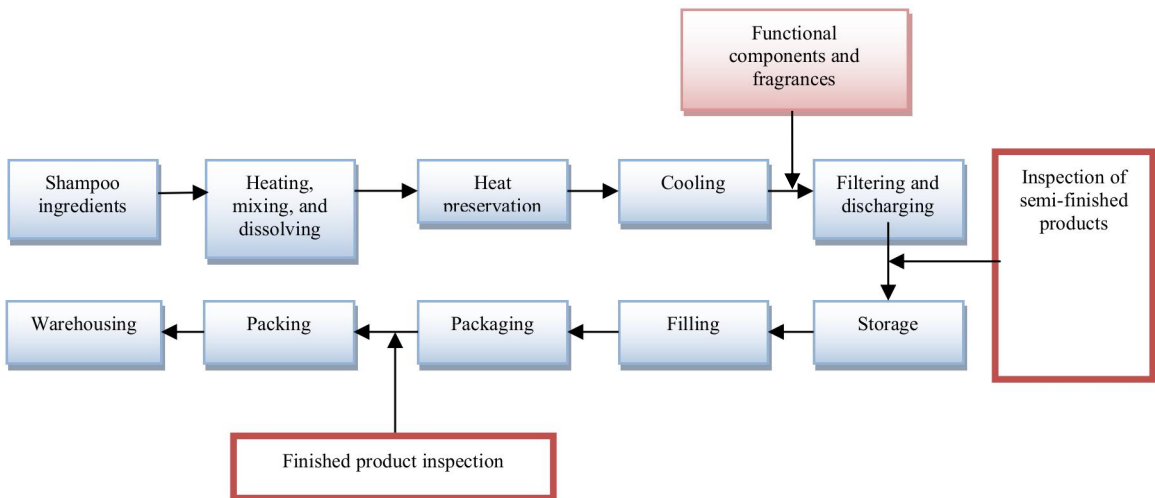


(3) Eyelashes and eyeliners

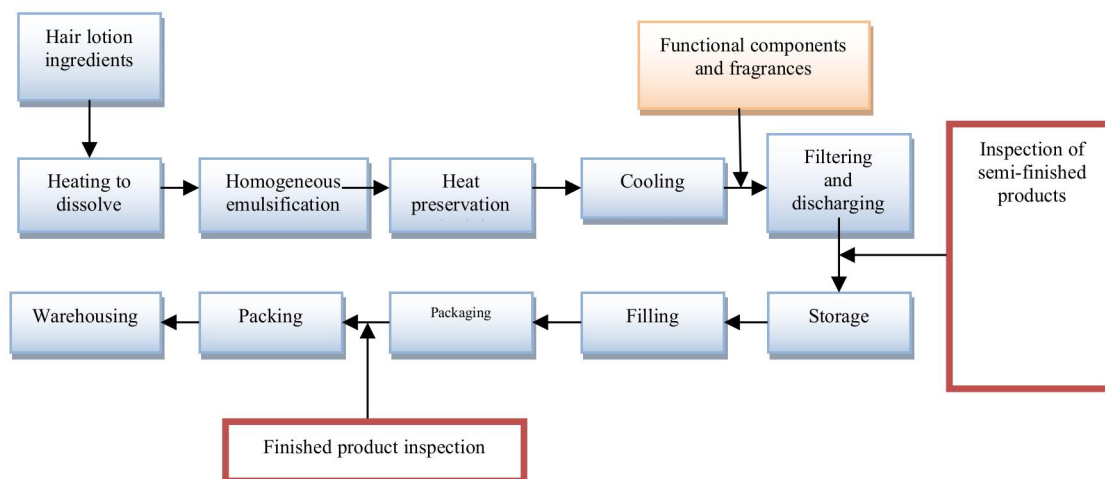


4. Production process of body & hair cosmetics

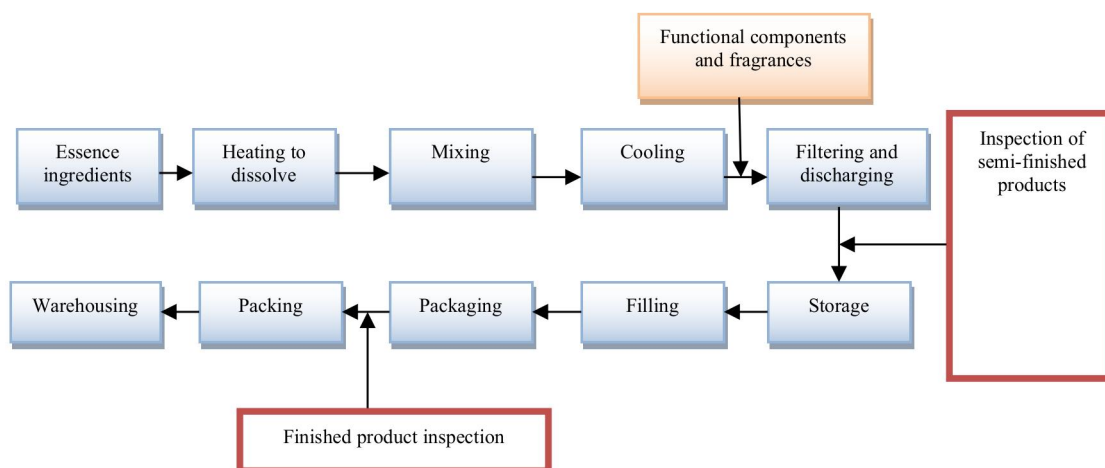
(1) Shampoo



(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	Design capacity	Capacity utilization rate	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.	71.95	400 million pcs.	8,787.95	Note

Note: The expected completion time of capacity under construction is subject to the actual progress of the project.

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. Raw material procurement

(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	-11.37	About 1,770 million pcs.	About 1,780 million pcs.
Raw materials - humectants	Mainly by competitive procurement, while establishing long-term strategic cooperation with advantageous suppliers	Settle within the payment period as agreed	-13.25	About 2,100 tons	About 2,100 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	-29.29	About 800 tons	About 820 tons
Raw materials - grease wax	Mainly by competitive procurement, while establishing long-term strategic cooperation with advantageous suppliers	Settle within the payment period as agreed	-2.76	About 880 tons	About 880 tons
Raw materials - emulsifiers	Mainly by competitive procurement, while cooperating with industry leading suppliers on	Settle within the payment period as agreed	12.23	About 140 tons	About 140 tons

	some raw materials				
Raw materials - sunscreen	Mainly by competitive procurement, while establishing long-term strategic cooperation with advantageous suppliers	Settle within the payment period as agreed	-2.47	About 120 tons	About 115 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 local water company	Prepayment and monthly settlement or payment on demand according to the local requirements	0.00	363,172 tons	363,172 tons
Electricity	Fixed agreement with local power supply company	Prepayment and monthly settlement or payment on demand according to the local requirements	0.00	15.2179 million kWh	15.2179 million kWh
Gas	Fixed agreement with local gas supply company	Prepayment and monthly settlement or payment on demand according to the local requirements	-2.56	450,915 m ³	450,915 m ³

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 main 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 over the previous year (%)	Change in operating cost over the previous year (%)	Change in gross profit margin over the previous year (%)	Gross profit margin for products in the same industry and field
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Skincare (including cleansing)	818,172.26	217,910.80	73.37	-9.28	-15.03	Up by 1.80 percentage points	No public information available
Makeup cosmetics	156,293.93	41,493.77	73.45	14.86	6.83	Up by 2.00 percentage points	No public information available
Body & hair	84,069.20	23,155.23	72.46	117.85	86.18	Up by 4.68 percentage points	No public information available

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

Applicable Not applicable

Unit: RMB '0,000 Currency: RMB

Sales channel	Operating revenue	Change in operating revenue over the previous year (%)
Online	1,011,745.23	-1.14
Offline	46,790.17	-12.04

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 investments**Overall analysis of external equity investments**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending amount	Beginning amount
Investments in other equity instruments	78,767,098.06	71,256,995.18
Investment in joint ventures	3,261,119.28	3,263,226.71
Investment in associates	438,042,618.40	107,827,588.99
Total	520,070,835.74	182,347,810.88

For details, please refer to the description in "17. Long-term equity investments", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

1. Major 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

Category of assets	Beginning amount	Profits or losses from changes in fair value in the current period	Accumulated change in fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sale/redemption amount during the period	Other changes	Ending amount
Others	71,256,995.18		-2,489,897.12		10,000,000.00			78,767,098.06
Total	71,256,995.18		-2,489,897.12		10,000,000.00			78,767,098.06

For details, please refer to the description in "18. Investments in other equity instruments", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

Securities investment

 Applicable Not applicable

Description of securities investment

Applicable Not applicable

Private fund investments

Applicable Not applicable

Derivative investments

Applicable Not applicable

4. Specific progress of major asset restructuring and integration during the reporting period

Applicable Not applicable

(VI) Disposal of major assets and equity

Applicable Not applicable

(VII) Analysis of major controlled or invested companies

Applicable Not applicable

Main subsidiaries and joint-stock companies that have an impact on the Company's net profit of 10% or more

Applicable Not applicable

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Method for acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation, and performance
Zhejiang Beauty Cosmetics Co., Ltd.	100% equity transfer	No significant impact

Other descriptions

Applicable Not applicable

(VIII) Structured entities controlled by the Company

Applicable Not applicable

VI. Discussion and Analysis of the Future Development of the Company

(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 RMB 50,120.2 billion in 2025, up by 3.7% YOY; and the total retail sales of cosmetics reached RMB 465.3 billion, up by 5.1% YOY (based on retail sales of consumer goods by enterprises above the designated size).

(II) Development strategies of the Company

√ Applicable Not applicable

Guided by the "Double Ten" Strategy as its overarching blueprint, the Company has set a clear objective to become a top ten enterprise in the global cosmetics industry in the next ten years. This objective extends beyond leadership in scale, and further aspires to rank among the world's leading companies in terms of overall capabilities, sustainable development, and high-quality growth, with the aim of becoming a globally respected beauty group. To realize this long-term vision, the Company has systematically formulated and steadfastly implemented its core development strategy of "Four Transformations-based Coordination, Two-pronged Growth".

1. Building the Future Growth Framework Through "Four Transformations-based Coordination"

Platformization: The Company is committed to moving beyond a single-brand model and addressing a broader consumer base. By optimizing the brand portfolio, expanding into new categories, deepening its omni-channel presence, and pursuing strategic investments and mergers and acquisitions, the Company aims to build a strong beauty and personal care industry platform, ensuring diversified, stable, and sustainable business growth.

Ecosystem development: The Company actively extends across the upstream and downstream segments of the beauty industrial chain and related ecosystems to build an open and win-win cooperation network. Through ecosystem development, the Company empowers its core businesses, forming strong synergistic competitive advantages, opening new pathways for long-term growth, and building competitive moats.

Globalization: The Company adopts a "dual-track" globalization strategy. On the one hand, it continues to deepen its presence in global emerging markets; on the other hand, it actively expands into global mature markets. Through a combination of "self-development and mergers and acquisitions", the Company will gradually establish a global network spanning brands, users, channels, R&D, and supply chain, achieving a strategic transition from a leading brand in China to a globally leading brand.

Digital intelligence: With cutting-edge AI and digital technologies as the core driving force, the Company focuses on key areas including R&D innovation, precision marketing, user operations, supply chain management, and group governance. By building a user-centric, end-to-end lean operating system, the Company aims to comprehensively enhance decision-making quality and operational efficiency.

2. "Two-pronged growth" model strengthens the strategic foundation

Technology-driven: The Company treats R&D innovation as its core focus, continuously increasing investment in fundamental research and cutting-edge technologies. This strong technological foundation empowers both product capabilities and brand strength, aligning with the global beauty industry's trend towards technology-oriented and efficacy-driven development.

Talent-driven: The Company considers talent as its most valuable strategic asset. By building a robust talent cultivation and development system, the Company aims to stimulate organizational vitality and creativity, providing continuous support and organizational guarantee for the Company's strategic initiatives.

(III) Business plan

√ Applicable Not applicable

I. Multi-brand and multi-category portfolio development

PROYA:

1. Products

Based on the core philosophy of "scientific skincare", PROYA will focus on building systematic, technology-driven capabilities. The core strategy is to use forward-looking scientific research as the engine,

precise market needs as the blueprint, and professional verification as the cornerstone, systematically improving product innovation efficiency and proprietary expertise, and driving PROYA's deep evolution from "science-based" toward "technology-led".

(1) Strengthen the technological foundation and pursue "systematic innovation"

① Deepen basic research and core-ingredient exploration: Building on its existing scientific foundation, PROYA will further investigate cutting-edge mechanisms relevant to Chinese skin, secure pipelines of core ingredients and key technologies, and shift R&D from applied development to source innovation.

② Establish a high-standard, multi-dimensional scientific validation system: PROYA will substantially broaden and deepen efficacy verification, expand and standardize clinical-level validation, and strengthen targeted empirical studies for specific scenarios and population segments so that every product claim is supported by robust scientific evidence.

③ Implement a product lifecycle (PLM) system: PROYA will formally launch and pilot a PLM system to digitally integrate market insights, R&D, and post-launch evaluation, systematically improve product development efficiency and accuracy, and enable scientific, data-driven decision-making from opportunity identification to launch decision.

(2) Deepen targeted positioning to cover multi-dimensional needs

① Strategically advance core product lines: Beyond formula optimization, PROYA will prioritize consumer needs by strategically upgrading and expanding efficacy combinations and applicable use scenarios to create more comprehensive solutions that boost loyalty and repurchase.

② Upgrade the professional repair system and expand the PROYA MED portfolio: PROYA will continue and expand its partnerships with dermatology departments of top-tier Grade A tertiary hospitals to reinforce its professional authority and credibility. Building on the successful launch of PROYA MED medical-grade products in 2025, PROYA plans to strategically introduce PROYA MED cosmetic-registered products in 2026, aiming to extend professional repair technology into broader daily skincare scenarios and completing its professional repair portfolio.

③ Strategically incubate and consolidate new growth trajectories: PROYA will establish and strengthen presence in high-potential emerging categories to create resilient growth pillars, while conducting forward-looking research and evaluation of next strategic tracks to pre-position technologies and market insights for future expansion.

Overall, by centering on building a scientific system that consistently produces star products, and strengthening the research foundation, optimizing the product matrix, and deepening professional partnerships, PROYA will systematically enhance its ability to respond to market changes and lead trends, laying a solid foundation for long-term sustainable growth.

2. Marketing

With strengthening PROYA's technological capabilities as the primary strategic objective, PROYA will establish an integrated research system of "skin cycle + functional ingredients + efficacy formulas" and translate its 22 years of Asian skin research findings into tangible, trusted market leadership. Ultimately, PROYA will translate these technical advantages into enduring brand assets, establish differentiated technological positioning, consolidate consumer perception, and build a sustainable growth model.

In its communication strategy, PROYA will anchor its core positioning on "precise adaptation to the skin cycles and skincare scenarios of Asian women", emphasizing the scientific legacy of its 22 years of Asian women skin research. Backed by authoritative medical-scientific research collaboration results, PROYA will articulate an end-to-end R&D logic—"global technology & ingredient inputs → Asian skin cycle focused research → precise efficacy translation"—to strengthen its scientific credibility and differentiated positioning.

3. Channels

(1) Tmall

On the product side, PROYA will, leveraging the platform's strengths, focus on consolidating core hero products and acquiring new customers. Key initiatives include growing the premium market share of the Cellergy Pro Inaugurating Intensive Series, positioning the PROYA MED Series for advanced repair use cases, and expanding penetration in opportunity categories such as sunscreen and base makeup. On the traffic side, AI will be applied to product, audience, and creative models to precisely allocate budgets

and dynamically adjust tactics to improve promotion efficiency. In the livestreaming domain, PROYA will deepen partnerships with KOLs, implement differentiated assortment strategies, and drive win-win sales outcomes across top-tier and second-tier livestreamers.

(2) Douyin

PROYA will expand dedicated livestreaming studios for opportunity categories, continuously upgrade product development based on industry trends and category opportunity signals, and build a sustainable business growth model. Self-operated livestreaming: PROYA will optimize its self-operated livestreaming team structure to unlock creativity and organizational agility. Anchored in platform campaigns, guided by each product line's commercial objectives, and aligned with marketing windows and new product campaigns, PROYA will design a 365-day integrated marketing calendar to close the marketing-to-commerce loop and leverage premium content to capture platform traffic. KOL livestreaming: PROYA will scale a healthy KOL commerce model by reducing reliance on single top-tier KOLs, expanding the mid-tier and daily-streamer matrix, and systematizing deeper integration of short video and livestreaming formats to drive incremental sales. KOCs will supplement sales and produce high-quality creative assets to empower self-operated livestreaming. On the Douyin Mall: PROYA will sample hero products to acquire new customers, align assortments with the Douyin Mall's lower average spend profile, and prioritize value-driven, low-AOV/high cost-performance combinations—including products for lower-tier cities and new launches—to stimulate sales growth.

(3) JD.com

In response to the platform's deepening emphasis on a "deterministic experience" and "quality e-commerce", PROYA will base its approach on refined user operations, leverage the product matrix as the primary lever, and use scenario-based marketing as the breakthrough to simultaneously elevate user value, market share, and profit quality, thereby consolidating its leadership among domestic brands. PROYA will strengthen "price + quality + service". Through price guarantees and active participation in key platform programs, e.g., 10 Billion Yuan Subsidies, JD.com Campus, PLUS Membership, PROYA will establish leadership in price perception and efficiently capture platform traffic. In the men's category, PROYA will execute omni-channel on- and off-platform operations to drive incremental breakthroughs; carry out iteration of products for lower-tier cities to improve efficiency and deepen penetration; and launch exclusive products with new specifications to seize market share. It will drive scenario-based awareness and create cross-channel breakout moments to capture share in blue ocean markets such as family gifting and celebrity-fan marketing, deploy dual frontlines in channels and marketing aligned with product strategy to achieve differentiated growth. PROYA will systematically implement cost reduction and efficiency improvement strategies across the business process. Through refined management, it will dynamically balance promotional spend and gross margin targets so that GMV grows continuously while healthy net profit expansion is ensured.

(4) Offline

① Beauty multi-brand store

PROYA will anchor its core growth strategy on a dual-engine model combining hero products and new product launches, continuously expand the matrix of high-value new items, and strengthen the growth foundation through product mix upgrades. For the instant retail channel, PROYA will focus on two core objectives—improving profitability and building a sustainable operating system—to drive high-quality channel development. Simultaneously, it will refine the key account enablement system, leveraging customized service solutions and exclusive scenario-based sales activations to deepen strategic partnerships, drive coordinated customer-company growth, and secure mutual benefit, consolidate the operating base of core channels, and provide robust support for overall business expansion.

② Department store channel

PROYA will steadily expand its premium department store network, prioritizing deeper investment in mall formats and penetration of leading domestic shopping centers. It will optimize store formats and site layouts and standardize upgrades to PROYA's in-store visual image and experience standards. By iterating and upgrading premium care services, PROYA will strengthen differentiated services, boost customer loyalty through professional, customized offerings, and build a distinctive competitive channel moat that solidifies long-term growth in department store channels.

③ Daily chemical store channel

PROYA will fully leverage its core competitive strengths to further solidify its market share base. In traditional channels, it will pursue intensive development across sub-formats through refined operations and product-specific strategies, and deepen strategic partnerships with key accounts to continuously strengthen its penetration and influence across sub-channels. Concurrently, PROYA will optimize omni-channel resource allocation and enhance omni-channel collaboration efficiency to drive stable, high-quality business operations across the channel.

HAPSODE

1. Products

Focusing on positioning of "youth-focused skincare", HAPSODE will continue to enhance the competitiveness of existing products and refine its functional product matrix by introducing new efficacy categories such as anti-acne and skin rejuvenation. It will explore innovative applications of differentiated, high-efficacy ingredients, including Oroxylum indicum seed extract, Piper methysticum root extract, supramolecular honeycomb salicylic acid, and targeted anti-acne lysozyme, to reinforce its professional moat. HAPSODE will launch new high-efficacy products to broaden market coverage, continuously expand the product line, and close the care loop for young skin concerns, establishing a complete product ecosystem spanning from cleansing to efficacy care, and from daily care to intensive treatments.

2. Marketing

Focusing on the strategic positioning of "youth-focused skincare", HAPSODE will implement systematic upgrades across three dimensions: brand, category, and channel. At the brand level, anchored by the core idea "clinically designed for skin youth & joyful vitality", HAPSODE will build professional trust through authoritative endorsements and generate emotional resonance via celebrity endorsements and emotive content, forming a dual engine of "efficacy + emotion". At the category structure level, HAPSODE will continuously optimize the portfolio, evolving offerings from basic cleansing toward repair and brightening solutions. At the channel level, HAPSODE will drive healthy omni-channel growth by optimizing product assortment, thereby completing comprehensive upgrades across brand, product, and channel.

In marketing, HAPSODE will reinforce efficacy recognition by concentrating resources on core efficacy categories such as acne-prone and sensitive skin repair, anti-acne, and skin rejuvenation, and cement the positioning of "youth-focused skincare" through targeted content and scenario-based communications. It will expand authoritative endorsements via partnerships with dermatology institutions and ingredient research platforms, and optimize its word-of-mouth seeding matrix. HAPSODE will deepen fan economy operations, using celebrity endorsements, user co-creation initiatives, and upgraded membership programs to boost core user retention and repurchase. It will also pursue trend-driven IP collaborations and youth-oriented cross-industry partnerships with cultural, artistic, and tech IPs that align with its brand tone, injecting sustained emotional vitality and social buzz.

3. Channels

HAPSODE will continuously strengthen the refined channel operations. On Douyin, it will prioritize creating breakout content and innovative livestream scenarios, expand cross-category collaborations with KOLs, and improve the efficiency of brand building and sales conversion. On Tmall, it will focus on enhancing user asset management by optimizing the sampling mechanism to boost first-purchase conversion, and intensify off-platform precision user acquisition, and boost AIPL (user lifecycle management) flow efficiency through cross-scenario linkage and precise audience targeting; it will also expand top-tier KOL partnerships to secure breakthroughs in key categories. HAPSODE will actively explore offline new retail models and partnerships with premium distributors, expand into emerging overseas platforms, refine the omni-channel product assortment, and promote online-offline integration to build a healthy, sustainable channel growth ecosystem.

TIMAGE

1. Products

In new product planning, TIMAGE will shift from single product breakthroughs to systematic growth, focusing on three core pillars—base makeup, makeup-skincare integration, and Chinese color expression—to simultaneously drive scale growth, consumer mindshare accumulation, and enhanced brand premium, thereby building a sustainable product and brand growth model.

(1) As the core growth engine, base makeup will transition from a best-seller-led approach to a systematic product matrix centered on skin type, sun protection factor (SPF), and usage scenarios. Upgrading existing hero products will remain the priority, while new launches will add complementary breadth. Resources will be concentrated on high-contribution categories such as foundations and cushions. By iterating formulas and tailoring finishes to different skin types, TIMAGE will consolidate its foundation and improve hero product efficiency to reach broader customer segments. Simultaneously, TIMAGE will introduce makeup-skincare hybrid products that blend skincare benefits with cosmetic performance, offering more diversified solutions and expanding category perception.

(2) The color cosmetics portfolio will continue to reinforce TIMAGE's Chinese aesthetic and professional positioning, anchored by "seasonal looks × Chinese colors", with each season featuring one limited-edition release and a signature Chinese shade. By drawing on traditional cultural motifs and reinterpreting them in contemporary form, this strategy underscores TIMAGE's distinctive fusion of professional makeup artistry and Chinese color aesthetics, sustaining ongoing brand momentum.

2. Marketing

Adhering to the brand philosophy of "simplifying complexity, perfecting harmony between makeup and people", TIMAGE will further interpret the aesthetic system of "Chinese colors", reconstruct the expression of Chinese aesthetics through modern design language, and enable multi-dimensional upgrades spanning from brand visuals to product experience. Meanwhile, TIMAGE will continue to firmly advance its strategy of "accelerating brand growth through base makeup", further strengthening both brand equity and product strength through comprehensive brand upgrading.

(1) Deepen brand culture and consolidate leadership in base makeup

Rooted in the "Chinese color" aesthetics, TIMAGE will fully integrate the essence of celadon into its brand philosophy. Simultaneously, it will revitalize the cushion product matrix to accelerate market share gains in the cushion category.

(2) Expand the base makeup matrix and plan for growth across all categories

TIMAGE will continue enhancing coverage of core categories and segmented consumer needs within the base makeup line, prioritizing foundations and cushions to strengthen its market foundation. Concurrently, it will expand into fast-growing segments to drive breakthroughs across the base makeup category and fuel overall brand growth.

(3) Integrate aesthetic expression and build a cultural heritage system

While consolidating its business foundation, TIMAGE will further develop contemporary expressions of "Chinese color" within its aesthetic system. Through launches of a new series of products, TIMAGE will deliver deep reinterpretations and fresh translations of traditional culture, progressively building a layered, evolving cultural expression framework.

3. Channels

(1) Tmall

TIMAGE will continue to prioritize the base makeup category, steadily grow its share, optimize the category mix, and develop hero products to support TIMAGE's 2.0 upgrade. The color makeup line will remain tightly aligned with marketing to sustain daily sales conversion while launching new products designed for low investment and high conversion. In refined operations, TIMAGE will continuously optimize on- and off-platform ad delivery efficiency by synchronizing with marketing campaigns to capture traffic, and optimizing the mix of brand and category keywords. Aligned with platform and marketing investment cadence, TIMAGE will participate in platform IP programs and strengthen coordination across on-/off-platform channels and between marketing and sales to drive sales growth and expand audience reach. It will continue co-creating content with top-tier KOLs to set makeup trends and consolidate category leadership. Tactically, TIMAGE will deploy targeted plays for specific segments, such as platform sampling and member challenge rewards, to acquire new customers and grow audience assets. For self-operated livestreaming, it will maintain an integrated approach: off-platform seeding and new customer acquisition + enriched on-platform content + synchronized store shelves and livestreams.

(2) Douyin

With the dual objectives of scale growth + profit optimization, TIMAGE will build an omni-channel collaborative growth system. For self-operated livestreaming, it will deepen audience segmentation, create scenario-based content, and align with marketing campaigns to support hero base makeup products and bundled sets. While scaling and improving margins, TIMAGE will express TIMAGE's distinctive Chinese

beauty through optimized visual and content execution to engage core segments, including Generation Z, sophisticated moms, and experienced white-collar professionals. For product cards, TIMAGE will implement refined operations by optimizing search and recommendation, building shelf e-commerce within the Douyin ecosystem, and layering promotional channels—new user exclusives, member incentives, flash sales, and value deals—to fully capture Douyin Mall and search traffic. For KOL livestreaming, TIMAGE will deploy a "daily + top-tier + mid-tier + long-tail" streamer matrix: daily streamers will stabilize best-seller sales; top-tier KOLs will ignite new product buzz; mid-tier and long-tail KOLs will drive community penetration and repurchase. TIMAGE will establish a long-term, deep collaboration mechanism. For short-form KOL video, the focus will be "pain-point solutions + scenario experiences", mobilizing large numbers of KOCs to produce striking before-and-after comparisons and authentic reviews to build hero product salience. These creative assets will be repurposed into livestreams to form an effective closed loop. Four-channel integration will retain and scale traffic at volume and sustain ongoing profitability optimization.

INSBAHA

1. Products

INSBAHA will further expand its base makeup product line, targeting core pain points across different skin types and launching distinctive hero products such as foundations, cushions, and makeup primers. It will carry out a comprehensive visual upgrade of its star products, including eyebrow mascaras and mascaras, to expand the scale of its color cosmetics portfolio, and communicate brand spirit and vision through powerful concepts. Moreover, INSBAHA will continue to champion the vision of "breaking aesthetic norms", using color cosmetics as a means of expression to spark an inward reinvention and present consumers with more attitude-driven visuals and more creatively conceived products.

2. Marketing

INSBAHA will undergo a strategic upgrade and repositioning to reshape brand value. It will strengthen the color cosmetics and eye makeup categories, establish a distinct brand tone through stylized product launches, and strategically expand the base makeup line to create long-lived hero products. The focus will shift from functional fulfillment to emotional resonance, positioning INSBAHA as a pioneering beauty brand that explores inwardly and expresses outwardly, thereby reinforcing the vision of "breaking aesthetic norms" and amplifying INSBAHA's spiritual expression and cultural output.

3. Channels

(1) Tmall

INSBAHA will build mindshare for base makeup to activate potential users. It will deploy same-category bundles and use scenario-based marketing—leveraging existing customers to recruit new ones—to drive cross-category sales and lift average order value.

INSBAHA will upgrade the eye makeup category to strengthen user stickiness with hero products like eyebrow mascaras and mascaras, and will leverage its substantial content footprint to sustain an integrated seeding → search → conversion funnel. It will leverage platform IP to generate launch buzz, and coordinate internal and external resources for joint promotional activities.

For KOL livestreaming, INSBAHA will diversify collaboration formats by aligning themed activities, e.g., Brand Day, Launch Day, and Theme Day, with Tmall special livestream sessions to amplify exposure. It will refine partnerships with top-tier KOLs to enhance livestream efficiency.

(2) Douyin

For self-operated livestreaming, INSBAHA will deepen the "punk aesthetics" brand cue through regular content marketing (e.g., guest KOL livestreams and professional makeup tutorials) to reinforce professional endorsement of its color cosmetics range, boost brand recognition, and increase consumer trust.

For KOL livestreaming, INSBAHA will build million-level benchmark livestreams, expand its KOC livestream matrix, and deepen partnerships with agencies. It will optimize the KOL mix through refined collaboration thresholds and budget strategies, and explore new KOL livestream formats to increase diversity and strengthen the KOL livestream ecosystem.

For short-form video, INSBAHA will consolidate its KOL base, establish a hit-content framework and achieve scale production. It will partner with daily streamers and mid-tier KOLs to build a long-term growth engine, and strengthen the content seeding → conversion funnel.

In terms of E-commerce platform (Douyin Mall), INSBABA will implement refined shelf operations by frequently optimizing search keywords and iterating standardized image and text templates to improve paid conversion efficiency and drive traffic growth.

Off&Relax

1. Products

Based on its development strategy as an "Asian holistic scalp wellness brand", Off&Relax will gradually improve its wellness related product series to include body care, aromatherapy, and other related categories. At the body & hair product level, Off&Relax will introduce advanced professional series targeting additional scalp functions and hair needs to achieve comprehensive scalp and hair health coverage. For the seasonal limited series, Off&Relax will continue to explore iconic seasonal scenes, tap into consumers' emotional purchase drivers, and maintain ongoing innovation. At the cross-border product level, Off&Relax will develop high-value refined ranges and visually distinctive limited series tailored to channel characteristics to sustain cross-border consumer stickiness.

Simultaneously, it will deepen collaborations with hospitals and organizations, such as the China-Japan Friendship Hospital, Shanghai Skin Disease Hospital, and the Medical Cluster for Hair Diseases to further demonstrate product efficacy to consumers in China and across Asia. It will also expand partnerships and channels in other Asian countries to strengthen clinical validation and endorsements of efficacy, and to build the product assets required for its Asian expansion. Off&Relax will collaborate with domestic and international experts to investigate the root causes of major scalp conditions and identify new target mechanisms, thereby laying a solid foundation for subsequent product development.

2. Marketing

Off&Relax will continue to reinforce its positioning as an "Asian holistic scalp wellness expert" by establishing a full-channel anti-hair loss ecosystem to consolidate its professional leadership in scalp care. It will leverage SPA experiences, salon premium treatments, and aromatherapy as core touchpoints to refine its holistic wellness offerings. Anchored by the anti-hair loss series, fluffy refresh series, and repair series as the primary business engines, Off&Relax will drive broader brand exposure through offline pop-ups, ambassador campaigns, and other brand initiatives to boost awareness, recognition, and reputation.

(1) Anti-hair loss series: Centered on the differentiated selling point of "recombinant humanized collagen type XVII—an evidence-based, omni-channel anti-hair loss solution", Off&Relax will secure professional endorsements from experts within the Medical Cluster for Hair Diseases and initiatives such as the SGS 10,000-participant anti-hair loss campaign to cement the product line's evidence-based anti-hair loss positioning. Off&Relax will strengthen the dissemination of educational content and authentic KOL and consumer reviews, deepen penetration into scenarios such as postpartum mothers and high-stress professionals, and expand niche products tailored to different scenarios.

(2) Fluffy refresh series: Building on premium hotel SPA content featuring widely recognized style icons, Off&Relax will deepen partnerships with premium scalp SPA channels across China, Japan, the Republic of Korea, and Singapore to continuously generate standout content. Supported by the "OR Fluffy Roaming" campaign, Off&Relax will elevate "fluffy refresh" from a functional benefit to distinctive Off&Relax lifestyle proposition. While consolidating market share of hero products, Off&Relax will expand the portfolio to create a three-step fluffy care system to reinforce the salon-grade SPA care positioning.

(3) Repair series: Off&Relax will advance from basic to professional care, backed by the *White Paper on Scalp Health for Asians* as R&D endorsement. It will feature humanized core peptides and cashmere-derived proteins as core selling points, and integrate premium SPA treatment scenarios with fashion-oriented celebrity product-performance activations to target the premium hair care segment.

(4) Seasonal limited series: Off&Relax will reinforce the limited-time/limited-quantity positioning of the seasonal limited series to drive the return of regular customers; strengthen fragrance gifting scenarios and refresh packaging tailored to different occasions to attract new customers.

3. Channels

Off&Relax will continue to treat Tmall and Douyin as its strategic dual growth engines, applying refined operations to steadily improve conversion efficiency and commercial contribution across these key channels and thereby consolidate its market position. In channel strategy, it will optimize the proportion of self-operated and KOL livestreaming to support a healthy, sustainable business model. Concurrently, Off&Relax will pursue diversified shelf e-commerce strategies through differentiated product assortments.

Offline, it will prioritize deployment in premium venues to accelerate penetration into target segments and households.

Awaken Seeds

1. Products

Awaken Seeds will implement comprehensive iterative upgrades to its existing hero products, introducing the scientific concept of "skin-type, cause-specific care" to the body & hair market to distinguish them from one-size-fits-all formulas. Formulations will be upgraded to boost ingredient efficacy, support a healthy scalp microbiome, and more effectively address consumers' scalp and hair concerns.

2. Marketing

Awaken Seeds will establish in-depth collaboration **with dermatologists and academic experts**, going beyond product endorsements to co-create a type-specific care content series and provide case-based consultations. It will deploy a cross-scenario content matrix to acquire new users and broaden reach, using scenario-driven KOL content tailored to three high-potential segments: white-collar professionals, outdoor enthusiasts, and students.

3. Channels

Guided by "dual-core driven, omni-channel growth", Awaken Seeds will: (1) Position Tmall and Douyin as its core growth engines. By building a category-specific best-seller matrix, optimizing cost-efficiency structure, and synchronizing with marketing campaigns, Awaken Seeds will drive sustainable growth in sales and brand assets, comprehensively elevate its market position, and extend influence across all sales channels to achieve omni-channel growth. (2) Expand offline channels: Awaken Seeds will introduce differentiated product lines into offline channels (e.g., new retail and supermarket outlets), using offline channels as long-term media touchpoints to reach young consumers, build brand image, and contribute revenue. Awaken Seeds will also implement instant retail to meet young consumers' evolving purchase habits.

II. R&D development

1. Hangzhou R&D Center

International Academy of Sciences: Further advance the development of four core efficacy platforms: The Academy will focus on anti-aging, soothing and repair, whitening, sunscreen and base makeup platforms, systematically driving technical R&D and ingredient innovation to strengthen product efficacy foundations. Align product line demand with forward-looking technologies: The Academy will concentrate on each line's core needs, explore advanced technology directions and application scenarios, accurately identify core consumer pain points, and explore and reserve targeted ingredient and technical solutions. Upgrade computational biology and AI R&D capabilities: Leveraging the platform's technical strengths, the Academy will investigate ingredients' mechanisms of action and interaction pathways, map multi-ingredient synergistic effects, and develop proprietary, commercially defensible core ingredients via in-house R&D or co-creation. It will also establish Proya's ingredient screening AI model to provide robust technical support for product line iteration and upgrades.

R&D Innovation Center: Guided by "technology leadership, systematic capability building, and open innovation", and driven by both consumer insights and technology trends, the Center will plan systematically across the following four dimensions to upgrade the R&D system toward intelligent, platform-based, and international development. (1) Deepen an open, collaborative innovation ecosystem and consolidate scientific leadership: The Center will adhere to open innovation principles, leverage the Company's three principal R&D centers, and continuously deepen strategic collaborations with leading global universities, research institutes, medical institutions, and industry partners. (2) Strengthen platform-based technology research and solidify a sustainable technology foundation: Focusing on core categories and cutting-edge trends, the Center will conduct systematic platform-based technical research around efficacy systems, specialized formulations, and green manufacturing processes. (3) Continue refining a scientifically rigorous efficacy evaluation system to build market trust: Centering on clinical evidence and real consumer experience, the Center will further develop evaluation methodologies and the evidence chain, deepen the "medical-research co-creation" model with authoritative Grade A tertiary hospitals, and expand scientific testing capabilities across efficacy areas. (4) Deeply integrate AI across the full R&D

lifecycle to establish a new paradigm for intelligent R&D: The Center will systematically deploy AI for deep integration and application across the entire R&D process.

2. Shanghai R&D Center: The Center will strengthen the Company's technical moat in the body & hair field through close synergy between basic research and applied transformation. It will expand medical-research and interdisciplinary partnerships with Shanghai Jiao Tong University and Shanghai Skin Disease Hospital, focusing on characterizing the scalp microbiome of the Chinese population to provide foundational support for precision product development targeted at specific cohorts. Concurrently, it will advance the development of efficacy evaluation platforms for areas such as supramolecular technologies and hair care to deliver differentiated technical support for the Off&Relax and Awaken Seeds brands.

3. Europe Innovation Center: The Center will further expand its global collaboration network and deploy international resources while strengthening in-house R&D capabilities. Through investments and partnerships, it will establish collaborations with leading suppliers, innovative research laboratories, dermatologists, and academic partners. It will actively participate in international exhibitions and conferences to track the latest developments in the global cosmetics industry, especially ingredient shifts, technological innovations, product evolution and market dynamics. The center will thereby support the Company's ingredient and product R&D, help develop world-class R&D capabilities and enhance the Company's global influence.

III. Digital and intelligent development

The Company will continue to deepen its digital transformation, enhance core competitiveness through data-driven initiatives, and focus on the practical realization of business value and efficiency optimization.

1. Optimize product full-cycle management: the Company will continue rolling out the PLM system, standardize product development processes and improve cross-functional collaboration, further refine product-level cost and profit analysis, and support product pricing and margin optimization decisions.

2. Strengthen market insight and user asset management: The Company will integrate multi-source data to build a market and consumer insight platform that empowers product development and brand strategy. It will drive cross-brand user data integration to establish a unified customer profile system, providing robust data support for precision marketing and operations.

3. Deepen digital and intelligent marketing: The Company will establish a data-driven traffic-operation framework and streamline marketing workflows, continue applying AI to improve creative content production efficiency, and implement AI upgrades to the brand website and enhance the brand visibility and impact across emerging scenarios.

4. Upgrading digital and intelligent supply chain capabilities: The Company will continue to promote SAP system upgrades and the transformation of related business systems, laying a core technical foundation for business-finance integration and the standardization of processes and data.

5. Strengthen financial and management support: The Company will implement a comprehensive budget management system to optimize resource allocation; upgrade the expense control system to improve process efficiency and compliance; and leverage the upgraded data middle platform to build an operational cockpit and performance management BI tools, thereby supporting executive real-time decision-making.

6. Reinforcing the digital and intelligent foundation: The Company will continue to improve the construction of the data middle platform, integrate multi-source data to support business decision-making, and deploy a digital asset management system to safeguard the foundation of digital and intelligent development.

7. Enhancing AI enablement mechanisms: The Company will promote the deep integration of AI into business operations and continue to carry out systematic AI-related training. By facilitating the digitalization, accumulation, and reuse of business experience and knowledge, the Company aims to improve workforce efficiency and competitiveness across all departments.

(IV) Potential 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) Others

Applicable Not applicable

VII. Description of the Company's Failure to Disclose Information under the Rules due to Special

Reasons such as Inapplicability of the Rules, State Secrets, and Trade Secrets

Applicable Not applicable

Section IV Company Governance, Environment, and Society

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 *Guidelines for the Governance of Listed Companies* as well as the *Articles of Association*.

The Company set up the general meeting of shareholders, the Board of Directors, and special committees under the Board of Directors as required, and developed corresponding rules of procedure. It actively implemented special governance on reforms to the Board of Supervisors and no longer maintained a Board of Supervisors. The Audit Committee of the Board of Directors now performs the statutory functions of the Board of Supervisors under the *Company Law*. The duties, powers, procedures and obligations of organizations at all levels in decision-making, supervision and implementation were clarified, thus forming 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.

If there are any significant differences between the Company's governance practices and the provisions of laws, administrative regulations, and CSRC regulations regarding the governance of listed companies, the Company should provide reasons for such differences.

Applicable Not applicable

II. Specific Measures Taken by the Controlling Shareholder and Actual Controller to Ensure the Independence of the Company's Assets, Personnel, Finance, Departments, and Business, as well as the Solutions, Work Schedules, and Future Work Plans Adopted to Address Any Impacts on the Company's Independence

Applicable Not applicable

The situations where the Controlling Shareholder, the Actual Controller, and other entities under their control are engaged in the same or similar business as the Company, as well as the impact of the horizontal competition or significant changes in the horizontal competition on the Company, solutions taken to resolve the issues, progress in resolving the issues, and subsequent resolution plans.

Applicable Not applicable

III. Directors and Senior Management

(I) Changes in shareholding and remuneration of directors and senior management in office and resigned during the reporting period

√ Applicable □ Not applicable

Unit: share

Name	Position	Gender	Age	Starting date of tenure	Ending date of tenure	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 of the change	Total pre-tax remuneration received from the Company during the reporting period (RMB 10,000)	Whether received remuneration from any affiliated entities of the Company
Hou Juncheng	Chairman	Male	62	2015.7.30	2027.9.12	136,739,037	136,739,037	0		260.94	No
Hou Yameng	Director	Male	38	2021.9.9	2027.9.12	0	0	0		262.24	No
Hou Yameng	General Manager	Male	38	2024.9.13	2027.9.12	0	0	0		0.00	No
Jin Yanhua	Director	Male	64	2024.9.13	2027.9.12	0	0	0		258.49	No
Jin Yanhua	Deputy General Manager	Male	64	2018.4.16	2027.9.12	227,862	170,962	-56,900	Reduced for personal capital need	0.00	No
Wang Shunguo	Employee Representative Director	Male	40	2025.9.12	2027.9.12	0	0	0		11.46	No
Ma Dongming	Independent Director	Male	56	2021.5.13	2027.9.12	0	0	0		15.00	No
Ge Weijun	Independent Director	Male	51	2021.9.9	2027.9.12	0	0	0		15.00	No
Fan Mingxi	Independent Director	Female	47	2025.9.12	2027.9.12	0	0	0		4.08	No

Jin Chang	CFO	Male	51	2025.10.11	2027.9.12	0	0	0		79.78	No
Xue Xia	Secretary of the Board of Directors	Female	43	2025.8.26	2027.9.12	0	0	0		44.87	No
Wang Li	CFO	Female	48	2018.9.3	2025.5.19	236,651	76,851	-159,800	Reduced for personal capital need and repurchase and cancellation of restricted stocks that have been granted but not lifted from sales restrictions	81.78	No
Wang Li	Deputy General Manager and Secretary of the Board of Directors	Female	48	2021.9.15	2025.5.19	0	0	0		0.00	No
Total	/	/	/	/	/	137,203,550	136,986,850	-216,700	/	1,033.64	/

Notes: 1. During the reporting period, Wang Shunguo served as Employee Representative Director from September 12, 2025 to December 31, 2025; Fan Mingxi served as Independent Director from September 12, 2025 to December 31, 2025; Jin Chang served as CFO from October 11, 2025 to December 31, 2025; Xue Xia served as Secretary of the Board of Directors from August 26, 2025 to December 31, 2025; Wang Li served as Deputy General Manager, Secretary of the Board of Directors, and CFO from January 1, 2025 to May 19, 2025 during the reporting period.

2. The total pre-tax remuneration received by the above Directors 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	Main work 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.

	<p>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, Director and Manager of Yueqing Laiya, Director and Manager of Hapsode (Hangzhou), Director and Manager of Huzhou Hapsode, Director and Manager of Mijing Siyu (Hangzhou), Director of Proya (Zhejiang), Director and General Manager of Proya (Hainan) Investment, Chairman of 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., Executive Director of Zhejiang Zhujin Enterprise Management Co., Ltd., Director of Korea Hanna, Director of PROYA PTE. LTD., and Director of Proya Europe SARL.</p>
Hou Yameng	<p>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 September 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., Director and General Manager of Hangzhou TIMAGE, Chairman of TIMAGE Image Design & Art, Manager of Meiligu, Director of PROYA MALAYSIA, Director of Hong Kong Keshi, and Director of Japan OR.</p>
Jin Yanhua	<p>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 Director and Manager of Anya (Huzhou), Director and Manager of Huzhou UZERO, Manager of Chuangdai Electronics, Executive Director and Manager of Proya Commercial, Director and Manager of Huzhou Niuke, Executive Director of Shanghai Zhongwen, Director and Manager of Ningbo Proya, Chairman of Ningbo Keshi, Chairman of Ningbo TIMAGE, Director and Manager of Hangzhou Yizhuo, Executive Director and Manager of Hangzhou Weiluo, Executive Director and Manager of Hangzhou Oumisi, Executive Director and Manager of Xuzhou Laibo, Director and Manager of Singuladerm (Hangzhou), Chairman and General Manager of Ningbo Tangyu, Manager of Proya (Zhejiang), Director and Manager of Hangzhou CORRECTORS, Director and Manager of Ningbo Jingzhe, Executive Director and Manager of Hangzhou Gloris, Director and Manager of Xuzhou Boya, Executive Director of Xuzhou Boya Enterprise Management, Director of Shenzhen FlowerKnows E-commerce Co., Ltd., Director of Zhuhai Haishilong Biotechnology Co., Ltd., Director and Manager of Proya Biotech, Director of Korea Hapsode, Director of Hong Kong Keshi, Director of Hong Kong Zhongwen, Director of Japan OR, Director of Boya (Hong Kong), and Director of PROYA PTE. LTD.</p>
Wang Shunguo	<p>From June 2009 to October 2015, he engaged in administrative affairs 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 Procurement Department I of the Company. From September 2024 to September 2025, he served as Supervisor of the Company. From September 2025 to present, he has been serving as Employee Representative Director of the Company. As of the disclosure date of this Report, he concurrently served as Supervisor of Proya Commercial, Supervisor of Hangzhou Oumisi, Supervisor of Ningbo Proya, 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), Supervisor of Meiligu, Supervisor of Proya Trade, Supervisor of Proya Biotech, Supervisor of Singuladerm (Hangzhou),</p>

	Supervisor of Chuangdai Electronics, Supervisor of Huzhou Hapsode, Supervisor of Anya (Huzhou), Supervisor of Xuzhou Laibo, Supervisor of Hangzhou TIMAGE, and Supervisor of Yueqing Laiya.
Ma Dongming	He formerly served as 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 Law School. Since January 2022, he has been serving as a full-time teacher (professor) at the Fudan University Law School. 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 Director 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.
Fan Mingxi	From July 2003 to October 2008, she successively served as Analyst, Deputy Manager, and Vice President of the Global Market Department at Deutsche Bank AG, Hong Kong Branch. From October 2008 to March 2024, she successively served as Director, Executive Director, and Managing Director of UBS AG Hong Kong Branch. From June 2025, she concurrently served as Independent Director of OmniVision Integrated Circuits Group, Inc. Since September 2025, she has been serving as Independent Director of the Company.
Jin Chang	He formerly served as Senior Auditor of KPMG, Internal Audit Manager of Auchan China, Global Financial Director of the Chelating Agents Division at AkzoNobel, Financial Development Director of L'Oréal China/Financial Director of Active Health Cosmetics Division, and CFO of Shenzhen Accompany Technology Co., Ltd. He has been serving as Financial Director of the Company since October 2025.
Xue Xia	She held various positions, including Financial Manager at the Greater China Financial Center of IBM/Lenovo International Information Products (Shenzhen) Co., Ltd., Expert Analyst at the Asia-Pacific Business Center of ExxonMobil (China) Investment Co., Ltd., Secretary of the Board of Directors of Zhejiang Red Dragonfly Shoes Co., Ltd., and Secretary of the Board of Directors of Luolai Life Technology Co., Ltd. She has been serving as Secretary of the Board of Directors of the Company since August 2025.
Wang Li	She once served as CFO of Guangzhou Yingtai Digital Power Technology Co., Ltd., Financial Representative of US CELLSTAR, 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 served as CFO of the Company from September 2018 to May 2025, and as Deputy General Manager and Secretary of the Board of Directors of the Company from September 2021 to May 2025.

Other information

 Applicable Not applicable

(II) Positions of directors and senior management currently in office and resigned during the reporting period**1. Employment at shareholder entities**

□ Applicable √ Not applicable

2. Employment at other organizations

√ Applicable □ Not applicable

Employee name	Name of other organizations	Position held in other organizations	Starting date of tenure	Ending date of tenure
Hou Juncheng	Proya Trade	Executive Director and General Manager	June 2011	
	Meiligu	Director	November 2012	
	Chuangdai Electronics	Director	December 2016	
	Yueqing Laiya	Director and Manager	September 2015	
	Hapsode (Hangzhou)	Director and Manager	February 2018	
	Huzhou Hapsode	Director and Manager	May 2016	
	Mijing Siyu (Hangzhou)	Director and Manager	February 2018	
	Proya (Zhejiang)	Director	May 2022	
	Proya (Hainan) Cosmetics Co., Ltd.	Executive Director	January 2021	January 2026
	Proya (Hainan) Investment	Director and General Manager	July 2025	
	Cosmetics Industry (Huzhou) Investment Development Co., Ltd.	Chairman	December 2018	
	Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Executive Director and General Manager	January 2019	
	Yongxinou (Ningbo) International Trading Co., Ltd.	Director	May 2022	
	Zhejiang Zhujin Enterprise Management Co., Ltd.	Executive Director	September 2022	
	Korea Hanna	Director	November 2011	
	PROYA PTE. LTD	Director	July 2025	
Proya Europe SARL	Director	March 2020		
Hou Yameng	Hainan Mengya Enterprise Consulting Co., Ltd.	Executive Director and General Manager	November 2021	

	Hangzhou TIMAGE	Director and Manager	March 2022	
	TIMAGE Image Design & Art	Chairman	November 2024	
	Meiligu	Manager	February 2025	
	PROYA MALAYSIA	Director	November 2023	
	Hong Kong Keshi	Director	August 2025	
	Japan OR	Director	July 2025	
Jin Yanhua	Anya (Huzhou)	Director	December 2016	
	Anya (Huzhou)	Manager	December 2025	
	Huzhou UZERO	Director	January 2018	
	Huzhou UZERO	Manager	December 2025	
	Chuangdai Electronics	Manager	February 2018	
	Proya Commercial	Executive Director and General Manager	September 2018	
	Huzhou Niuke	Director and Manager	December 2018	
	Zhejiang Beauty Cosmetics Co., Ltd.	Executive Director and General Manager	March 2019	June 2025
	Shanghai Zhongwen	Executive Director	April 2019	
	Ningbo Proya	Director and Manager	December 2019	
	Ningbo Keshi	Chairman	September 2019	
	Ningbo TIMAGE	Chairman	July 2019	
	Hangzhou Luxiaotie Fitness Co., Ltd.	Executive Director	August 2020	June 2025
	Hangzhou Luxiaotie Fitness Co., Ltd.	Manager	March 2023	June 2025
	Hangzhou Yizhuo	Director and Manager	July 2020	
	Hangzhou Weiluo	Executive Director and General Manager	July 2020	
	Hangzhou Oumisi	Executive Director and General Manager	August 2020	
	Ningbo Xiyou Interactive Entertainment Culture Media Co., Ltd.	Director	September 2020	April 2025
	Xuzhou Laibo	Executive Director and Manager	January 2022	
	Xuzhou Boya	Director and Manager	August 2024	
	Singuladerm (Hangzhou)	Director and Manager	October 2021	
	Ningbo Tangyu	Chairman and General Manager	October 2021	
Proya (Zhejiang)	Manager	May 2022		
Hangzhou	Director and Manager	December		

	CORRECTORS		2022	
	Ningbo Jingzhe	Director and Manager	January 2024	
	Hangzhou Gloris	Executive Director and General Manager	March 2024	
	Xuzhou Boya Enterprise Management	Executive Director	February 2025	
	Shenzhen FlowerKnows E-commerce Co., Ltd.	Director	August 2025	
	Zhuhai Haishilong Biotechnology Co., Ltd.	Director	July 2025	
	Proya Biotech	Director and Manager	October 2025	
	Proya (Hainan) Cosmetics Co., Ltd.	General Manager	January 2021	January 2026
	Korea Hapsode	Director	January 2016	
	Hong Kong Keshi	Director	September 2019	
	Hong Kong Zhongwen	Director	July 2019	
	Japan OR	Director	August 2020	
	Boya (Hong Kong)	Director	August 2025	
	Hong Kong Wanyan Electronic Commerce Co., Limited	Director	October 2019	July 2025
Wang Shunguo	Proya Commercial	Supervisor	March 2023	
	Hangzhou Oumisi	Supervisor	March 2023	
	Hangzhou Luxiaotie Fitness Co., Ltd.	Supervisor	March 2023	June 2025
	Ningbo Proya	Supervisor	March 2023	
	Zhejiang Beauty Cosmetics Co., Ltd.	Supervisor	March 2023	June 2025
	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	
	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	
	Proya (Hainan) Cosmetics Co., Ltd.	Supervisor	March 2023	January 2026
	Proya Trade	Supervisor	December 2025	
	Proya Biotech	Supervisor	October 2025	
	Singuladerm (Hangzhou)	Supervisor	December 2025	
	Chuangdai Electronics	Supervisor	December 2025	
	Huzhou Hapsode	Supervisor	December 2025	
	Anya (Huzhou)	Supervisor	December 2025	
	Xuzhou Laibo	Supervisor	September 2025	
	Hangzhou TIMAGE	Supervisor	December 2025	
	Yueqing Laiya	Supervisor	November 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	
Fan Mingxi	OmniVision Integrated Circuits Group, Inc.	Independent Director	June 2025	
Wang Li	Zhejiang Wazam New Materials Co., Ltd.	Independent Director	April 2023	
Description of employment in other organizations	None			

(III) Remuneration of directors and senior management

Applicable Not applicable

Decision-making procedures for remuneration of directors and senior management	The remuneration of directors of the Company is approved by the Remuneration and Appraisal Committee and the Board of Directors. Then, the remuneration plan is submitted to the general meeting of
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	shareholders for deliberation. The remuneration of senior management is deliberated by the Remuneration and Appraisal Committee and the Board of Directors.
Whether the directors recused themselves from discussions on their own remuneration during board meetings	Yes
Suggestions made by the Remuneration and Appraisal Committee or the special meetings of independent directors regarding the remuneration of directors and senior management	The remuneration of directors and senior management is determined based on industry benchmarks and regional standards, as well as the Company's specific circumstances.
Basis for determination of remuneration of directors and senior management	The annual remuneration of the Company's directors and senior management is paid based on basic pay and performance appraisal results.
Actual payment of remuneration of directors and senior management	Paid
Total remuneration actually received by all directors and senior management as of the end of the reporting period	During the reporting period, the Company's directors and senior management received a total remuneration of RMB 10.3364 million from the Company.
Assessment basis and completion of remuneration actually received by all directors and senior management as of the end of the reporting period	During the reporting period, the allowances for independent directors were not subject to performance appraisal. Non-independent directors and senior management personnel employed by the Company received corresponding remuneration in accordance with the Company's performance appraisal policies. Performance appraisal was effectively conducted and completed in accordance with the Company's regulations.
Deferred payment arrangements for remuneration actually received by all directors and senior management as of the end of the reporting period	None
Stop payment and recourse of remuneration actually received by all directors and senior management as of the end of the reporting period	None

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

√ Applicable □ Not applicable

Name	Position	Change	Cause of change
Fan Mingxi	Independent Director	Elected	Personal reasons
Wang Shunguo	Employee Representative Director	Elected	Personal reasons
Wang Li	Deputy General Manager, Secretary of the Board of Directors, and CFO	Resigned	Personal reasons
Xue Xia	Secretary of the Board of Directors	Appointed	Personal reasons
Jin Chang	CFO	Appointed	Personal reasons

(V) Details of fines imposed by securities regulatory authorities in the past three years

Applicable Not applicable

(VI) Others

Applicable Not applicable

IV. Performance of Duties by Directors**(I) Attendance of directors at board meetings and shareholders' general meetings**

Name of director	Independent director or not	Attendance at board meetings						Attendance at general meetings of shareholders
		Number of board meetings that should be attended in the year	Number of meetings attended in person	Number of meetings attended via remote communication	Number of meetings attended by proxy	Absence record(s)	Whether failed to attend in person at two consecutive board meetings	Number of general meetings of shareholders attended
Hou Juncheng	No	9	9	4	0	0	No	3
Hou Yameng	No	9	9	4	0	0	No	3
Jin Yanhua	No	9	9	3	0	0	No	3
Wang Shunguo	No	4	4	2	0	0	No	1
Ma Dongming	Yes	9	9	7	0	0	No	3
Ge Weijun	Yes	9	9	7	0	0	No	3
Fan Mingxi	Yes	4	4	4	0	0	No	1

Description of failure to attend in person at two consecutive board meetings

Applicable Not applicable

Number of board meetings held during the year	9
Including: Number of in-person meetings	2
Number of meetings held via remote communication	3
Number of meetings held through a combination of in-person and remote communication methods	4

(II) Objection to related matters of the Company by directors

Applicable Not applicable

(III) Others

Applicable Not applicable

V. Special Committees under the Board of Directors

√ Applicable □ Not applicable

(I) Members of special committees under the Board of Directors

Special committee	Members
Audit Committee	Ma Dongming, Ge Weijun, Fan Mingxi, and Hou Juncheng
Nomination Committee	Ge Weijun, Fan Mingxi, Hou Yameng, and Ma Dongming
Remuneration and Appraisal Committee	Jin Yanhua, Ge Weijun, and Ma Dongming
Strategy and Sustainable Development Committee	Hou Juncheng, Ma Dongming, and Ge Weijun

Notes: 1. During the reporting period, Hou Juncheng and Fan Mingxi served as a member of the Audit Committee from January 1, 2025 to October 30, 2025, and from October 31, 2025 to December 31, 2025, respectively.

2. During the reporting period, Ma Dongming and Fan Mingxi served as a member of the Nomination Committee from January 1, 2025 to October 30, 2025, and from October 31, 2025 to December 31, 2025, respectively.

3. On October 10, 2025, the Company held the 8th meeting of the 4th Board of Directors, and deliberated and approved the *Proposal on Adjusting the Establishment and Members of Special Committees under the Board of Directors*. In accordance with the Company's operational and governance needs, it was agreed to rename the Strategy Committee as the Strategy and Sustainable Development Committee.

(II) Six meetings held by the Audit Committee during the reporting period

Convening date	Meeting content	Important comments and suggestions	Other information on performance of duties
March 17, 2025	The 3 rd meeting of the Audit Committee of the 4 th Board of Directors was held. During the meeting, the <i>Matters at Completion Stage of 2024 Annual Report Audit</i> were deliberated and approved.	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None
April 23, 2025	The 4 th meeting of the Audit Committee of the 4 th Board of Directors was held. During the meeting, the following reports and proposals were deliberated and approved: <i>The Company's Annual Report 2024 and Its Summary, Report for the First Quarter in 2025, 2024 Final Financial Report, 2024 Duty Performance Report of the Audit Committee of the Board of Directors, 2024 Annual Internal Control Evaluation Report, Special Report on Annual Deposit and Actual Use of Raised Funds in 2024, Profit Distribution Plan for 2024, Proposal on the Payment of Audit Fees for 2024 and Renewal of Engagement of Accounting Firm for 2025, Evaluation Report of the Company on Duty Performance of Accounting Firm in 2024, Report of the Company's Audit Committee on the Performance of Supervisory Duties by Accounting Firm in 2024, Proposal on the Adjustment of Conversion Price of Proya</i>	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None

	<i>Convertible Bonds, and 2024 Duty Performance Report of the Company's Internal Audit Department.</i>		
June 26, 2025	The 5 th meeting of the Audit Committee of the 4 th Board of Directors was held. During the meeting, the following proposals were deliberated and approved: <i>Proposal on Adjusting the Repurchase Price of the 2022 Restricted Stock Incentive Plan, Proposal on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares, and Proposal on Adjusting the Conversion Price of Proya Convertible Bonds.</i>	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None
August 25, 2025	The 6 th meeting of the Audit Committee of the 4 th Board of Directors was held. During the meeting, the following reports and proposals were deliberated and approved: <i>2025 Semi-annual Report of the Company and Its Summary, Special Report on the Semi-annual Deposit and Actual Use of Raised Funds in 2025, Semi-annual Profit Distribution Plan for 2025, Proposal on Adjusting the Repurchase Price of the 2022 Restricted Stock Incentive Plan, Proposal on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares, Proposal on Adjusting the Conversion Price of Proya Convertible Bonds, and Semi-annual Duty Performance Report of Internal Audit Department in 2025.</i>	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None
October 10, 2025	The 7 th meeting of the Audit Committee of the 4 th Board of Directors was held. During the meeting, the following proposals were deliberated and approved: <i>Proposal on the Distribution Plan of Accumulated Profits before the Company's H-Share Offering, Proposal on the Appointment of an Audit Institution for the Company's H-Share Offering and Listing, and Proposal on the Appointment of the Company's Senior Management.</i>	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None
October 30, 2025	The 8 th meeting of the Audit Committee of the 4 th Board of Directors was held. During the meeting, the <i>Report for the Third Quarter in 2025</i> and <i>Proposal on Postponing Some Investment Projects Financed by Raised Funds</i> were deliberated and approved.	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None

(III) Three meetings held by the Nomination Committee during the reporting period

Convening date	Meeting content	Important comments and suggestions	Other information on performance of duties
August 25, 2025	The 2 nd meeting of the Nomination Committee of the 4 th Board of Directors was	These proposals were deliberated and	None

	held. During the meeting, the <i>Proposal on the Nomination of Fan Mingxi as a Candidate for Independent Director of the Company</i> and the <i>Proposal on the Appointment of the Company's Senior Management</i> were deliberated and approved.	approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	
October 10, 2025	The 3 rd meeting of the Nomination Committee of the 4 th Board of Directors was held. During the meeting, the following proposals were deliberated and approved: <i>Proposal on Adjusting the Establishment and Members of Special Committees under the Board of Directors</i> , <i>Proposal on Determining the Roles of the Company's Directors</i> , <i>Proposal on Electing Directors to Execute Corporate Affairs on Behalf of the Company</i> , and <i>Proposal on the Appointment of the Company's Senior Management</i> .	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None
October 30, 2025	The 4 th meeting of the Nomination Committee of the 4 th Board of Directors was held. During the meeting, the <i>Proposal on Confirming the Members of Special Committees under the Fourth Board of Directors</i> was deliberated and approved.	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None

(IV) Two meetings held by the Remuneration and Appraisal Committee during the reporting period

Convening date	Meeting content	Important comments and suggestions	Other information on performance of duties
April 23, 2025	The 2 nd meeting of the Remuneration and Appraisal Committee of the 4 th Board of Directors was held. During the meeting, the <i>Proposal on Confirming the Remuneration of Directors in 2024</i> and the <i>Proposal on Confirming the Remuneration of Senior Management in 2024</i> were deliberated and approved.	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None
September 8, 2025	The 3 rd meeting of the Remuneration and Appraisal Committee of the 4 th Board of Directors was held. During the meeting, the <i>Proposal on the Satisfaction of Conditions for Release from Sales Restrictions in the Third Release Period under the 2022 Restricted Stock Incentive Plan</i> was deliberated and approved.	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None

(V) Two meetings held by the Strategy and Sustainable Development Committee during the reporting period

Convening date	Meeting content	Important comments and suggestions	Other information on performance of duties
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April 23, 2025	The 1 st meeting of the Strategy Committee of the 4 th Board of Directors was held. During the meeting, the following proposals and report were deliberated and approved: <i>Proposal on the Company's Strategic Business Plan for 2025, 2024 Proya Sustainability Report, and Evaluation Report on "Corporate Value and Return Enhancement" Action Plan 2024 and Proposal on "Corporate Value and Return Enhancement" Action Plan 2025.</i>	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None
October 10, 2025	The 2 nd meeting of the Strategy Committee of the 4 th Board of Directors was held. During the meeting, the following proposals were deliberated and approved: <i>Proposal on the Company's H-Share Offering and Listing on The Stock Exchange of Hong Kong Limited, Proposal on the Plan for the Company's H-Share Offering and Listing on The Stock Exchange of Hong Kong Limited, Proposal on the Company's Conversion to an Overseas Funded Joint-Stock Company, and Proposal on the Use Plan of Funds Raised by the Company's H-Share Offering.</i>	These proposals were deliberated and approved, and it was agreed that they be submitted to the Board of Directors for deliberation.	None

(VI) Details of issues with dissenting opinions

Applicable Not applicable

VI. Description of the Company's Risks Identified by the Audit Committee

Applicable Not applicable

The Audit Committee had no objection to the matters supervised during the reporting period.

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

Number of employees in the parent company	1,554
Number of employees in major subsidiaries	1,698
Total number of employees	3,252
Number of retired employees for whom the parent company and major subsidiaries bear expenses	4
Professions	
Type of profession	Number of employees
Production personnel	409
Sales personnel	2,063
Management personnel	446
R&D personnel	334
Total	3,252
Level of education	
Category	Number of employees
Bachelor's degree and above	1,934
Junior college	738
High school or below	580
Total	3,252

(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 plan√ 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 training, the Company combines internal and external training and fully improves the engagement of employees in training, thus making the training more effective.

(IV) Labor outsourcing√ Applicable Not applicable

Total work hours for labor outsourcing	
Total remuneration paid for labor outsourcing (RMB 10,000)	7,866.06

VIII. Profit Distribution Plan or Capital Reserve Capitalization Plan**(I) Formulation, implementation, or adjustment of the cash dividend 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 shall maintain the continuity and stability of profit distribution by implementing a continuous and stable profit distribution policy. The Company's profit distribution shall consider 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 shall be 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.

The Company's cash dividend policy is designed to ensure stable dividend growth while balancing the interests of shareholders with the Company's sustainable development. Profit distribution may be withheld under one of the following circumstances: The Company's most recent annual auditor's report contains a modified opinion or an unqualified opinion with a material uncertainty paragraph related to going concern; the year-end asset-liability ratio exceeds 70%; the net cash flow from operating activities is negative for the year; the company has significant investment plans or major capital expenditures within the next twelve months and distributing cash dividends may result in insufficient cash flow to support

investment or business operations; other conditions prescribed by laws, regulations, CSRC, or SSE business rules arise.

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;

(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 shall, after giving overall consideration to various factors such as characteristics of the industry, development stage, mode of operation, level of profitability and significant capital expenditure arrangements, distinguish the following situations and, according to the procedures specified in these *Articles of Association* of the Company, put forward the differentiated cash bonus policies:

(I) If the Company is at the mature stage and there is no major capital expense arrangement, during the profit distribution, the proportion of cash bonus to this profit distribution shall be at least 80%;

(II) If the Company is at the mature stage and there is major capital expense arrangement, during the profit distribution, the proportion of cash bonus to this profit distribution shall be at least 40%;

(III) If the Company is at the growth stage and there is major capital expense arrangement, during the profit distribution, the proportion of cash bonus to this profit distribution shall be at least 20%;

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

If it is hard to distinguish the development stage of the Company but there is major capital expense arrangement, the provisions mentioned in the preceding paragraph shall apply.

On the premise of meeting the conditions for cash dividends and ensuring the normal operation and long-term development of the Company, the Company shall generally distribute 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 shall be 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 shareholders, put forward dividend proposals and directly submit them to the Board of Directors for deliberation. Prior to the deliberation of the profit distribution plan by the general meeting of shareholders, 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 Audit Committee 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 general meeting of shareholders 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 general meeting of shareholders.

Following the resolution of the general meeting of shareholders on the profit distribution plan, or the formulation of a specific plan by the Company's Board of Directors based on the interim dividend conditions and upper limit for the next year approved by the annual general meeting of shareholders, the distribution of dividends (or shares) must be completed within 2 months from the date of the general meeting of shareholders.

In case of illegal occupation of the funds by any shareholder, the Company will deduct the cash dividend to be distributed to that 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 general meeting of shareholders 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 Audit Committee before being submitted to the general meeting of shareholders 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 general meeting of shareholders for deliberation. During the deliberation on the modification of the profit distribution policy at the general meeting of shareholders, the modification must be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting. In order to fully listen to the opinions of minority shareholders, the Company shall provide convenience for public shareholders to attend the general meetings of shareholders by providing them with such methods as online voting, and independent directors can publicly solicit the voting rights of minority shareholders when necessary.

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 general meeting of shareholders; whether the standard and proportion of cash dividends are clear and explicit; whether the relevant decision-making procedures and mechanisms are complete; specific reasons if the Company has not distributed cash dividends, 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 the cash dividend policy is adjusted or changed, it is also necessary to explain in detail whether the conditions and procedures for adjustment or change are compliant and transparent.

During the reporting period, the profit distribution plan for 2024 was deliberated and approved at the Company's 2024 Annual General Meeting of Shareholders: The Company distributed a cash dividend of RMB 1.19 (tax inclusive) per share to all shareholders of the Company based on 394,036,801 shares—calculated as the total share capital of 396,247,626 shares as of the record date for equity distribution, less 2,210,825 shares in the Company's special securities account for repurchase—resulting in total cash dividends of RMB 468,903,793.19 (tax inclusive). The dividend distribution was completed on June 17, 2025.

The 2025 semi-annual profit distribution plan was deliberated and approved at the Company's First Extraordinary General Meeting of Shareholders in 2025: The Company distributed a cash dividend of RMB 0.80 (tax inclusive) per share to all shareholders of the Company based on 393,794,467 shares—calculated as the total share capital of 396,005,292 shares as of the record date for equity distribution, less 2,210,825 shares in the Company's special securities account for repurchase—resulting in total cash dividends of RMB 315,035,573.60 (tax inclusive). The dividend distribution was completed on October 17, 2025.

(II) Special description of the cash dividend policy

√ Applicable □ Not applicable

Whether it complies with the Company's Articles of Association or the requirements of resolutions of the general meeting of shareholders	√ Yes □ No
Whether the dividend standards and proportions are clear and explicit	√ Yes □ No
Whether the decision-making procedures and mechanisms are comprehensive	√ Yes □ No
Whether the independent directors fulfilled their duties and played their due role	√ Yes □ No
Whether minority shareholders have ample opportunities to express their views and demands and whether their legitimate rights and interests are adequately protected	√ Yes □ No

(III) If the Company was profitable during the reporting period, and the parent company has profit distributable to shareholders and has yet to propose a cash profit distribution plan, the Company should provide a detailed explanation and disclose the purpose and usage plan of the undistributed profit.

□ Applicable √ Not applicable

(IV) Profit distribution plan or capital reserve capitalization plan for the reporting period

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Number of bonus shares per 10 shares	0.00
Number of dividends per 10 shares (RMB) (including tax)	12.00
Number of shares from capital reserve capitalization per 10 shares	0.00
Amount of cash dividends (including tax)	472,518,207.60
Net profits attributable to common shareholders of the listed company in consolidated statements	1,497,751,418.11
Proportion of cash dividends in net profit attributable to the common shareholders of the listed company in consolidated statements (%)	31.55
Amount of share repurchases in cash included in cash dividends	0.00
Total of cash dividends (including tax)	472,518,207.60
Proportion of total cash dividends in net profit attributable to the common shareholders of the listed company in consolidated statements (%)	31.55

(V) Cash dividends for the past three fiscal years

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Accumulated amount of cash dividends (tax inclusive) for the past three fiscal years (1)	1,766,287,842.77
Accumulated amount of repurchases and cancellations for the past three fiscal years (2)	0.00
Accumulated amount of cash dividends, repurchases and cancellations for the past three fiscal years (3)=(1)+(2)	1,766,287,842.77
Annual average amount of net profits for the past three fiscal years (4)	1,414,538,417.40

Ratio of cash dividends for the past three fiscal years (%) (5)=(3)/(4)	124.87
Net profits attributable to common shareholders of the listed company in consolidated statements for the last fiscal year	1,497,751,418.11
Undistributed profits at the end of the fiscal year in the parent company's statement for the last fiscal year	3,511,677,028.77

IX. The Company's Stock Option Incentive Plan, Employee Stock Ownership Scheme, or Other Employee Incentive Measures and Their Impact

(I) Incentives disclosed in temporary announcements and without progress or changes in subsequent implementation

Applicable Not applicable

Overview	Search index
Announcement on Adjusting the Repurchase Price and Quantity of Restricted Stocks under the 2022 Restricted Stock Incentive Plan	Announcement No. 2023-036 disclosed on SSE website, <i>Shanghai Securities News</i> , and <i>Securities Times</i> on June 21, 2023
Announcement on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares	Announcement No. 2023-037 disclosed on SSE website, <i>Shanghai Securities News</i> , and <i>Securities Times</i> on June 21, 2023
Announcement on Implementing Repurchase and Cancellation of Some Restricted Stocks under 2022 Restricted Stock Incentive Plan	Announcement No. 2023-044 disclosed on 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	Announcement No. 2023-058 disclosed on 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 Stock Incentive Plan and Listing	Announcement No. 2023-061 disclosed on 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 2022 Restricted Stock Incentive Plan	Announcement No. 2023-069 disclosed on 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 Implementing Repurchase and Cancellation of Some Restricted Stocks under 2022 Restricted Stock Incentive Plan	Announcement No. 2023-080 disclosed on 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 2022 Restricted Stock Incentive Plan	Announcement No. 2024-037 disclosed on 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 disclosed on 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 Implementing Repurchase and Cancellation of	Announcement No. 2024-049 disclosed on SSE website, <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>China Securities Journal</i> ,

Some Restricted Stocks under 2022 Restricted Stock Incentive Plan	<i>Securities Daily, Economic Information Daily, and China Daily</i> on October 21, 2024
Announcement on the Satisfaction of Conditions for Release from Sales Restrictions in the Second Release Period under the 2022 Restricted Stock Incentive Plan and Listing	Announcement No. 2024-052 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on October 25, 2024
Announcement on Adjusting the Repurchase Price of 2022 Restricted Stock Incentive Plan	Announcement No. 2025-033 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on June 27, 2025
Announcement on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares	Announcement No. 2025-034 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on June 27, 2025
Announcement on Implementing Repurchase and Cancellation of Some Restricted Stocks under 2022 Restricted Stock Incentive Plan	Announcement No. 2025-037 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on August 19, 2025
Announcement on Adjusting the Repurchase Price of 2022 Restricted Stock Incentive Plan	Announcement No. 2025-045 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on August 27, 2025
Announcement on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares	Announcement No. 2025-046 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on August 27, 2025
Announcement on the Satisfaction of Conditions for Release from Sales Restrictions in the Third Release Period under the 2022 Restricted Stock Incentive Plan and Listing	Announcement No. 2025-054 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on September 11, 2025
Announcement on Implementing Repurchase and Cancellation of Some Restricted Stocks under 2022 Restricted Stock Incentive Plan	Announcement No. 2025-074 disclosed on SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i> on November 14, 2025

(II) Incentives undisclosed in temporary announcements or with progress in subsequent implementation

Stock option incentives

Applicable Not applicable

Other notes:

Applicable Not applicable

Employee stock ownership scheme

Applicable Not applicable

Other incentives

Applicable Not applicable

(III) Stock option 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	Grant value of restricted shares (RMB)	Unlocked shares	Locked shares	Number of restricted shares held at the end of the period	Market price at the end of the reporting period (RMB)
Jin Yanhua	Director and Deputy General Manager	78,400	0	78.56	196,000	0	0	68.48
Wang Li	Deputy General Manager, Secretary of the Board of Directors, and CFO (resigned)	100,800	0	78.56	151,200	0	0	68.48
Total	/	179,200	0	/	347,200	0	0	/

Notes: 1. The Company implemented the 2022 Equity Distribution Plan on May 29, 2023, in which the Company distributed to all shareholders a cash dividend of RMB 8.70 (tax inclusive) for every 10 shares based on the total share capital as of the record date for equity distribution, 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.

2. Wang Li served as Deputy General Manager, Secretary of the Board of Directors, and CFO from January 1, 2025 to May 19, 2025 during the reporting period.

(IV) Establishment and implementation of the appraisal mechanism and incentive mechanism for senior management during the reporting period

√ Applicable □ Not applicable

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

X. Establishment 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 significant deficiencies in internal control during the reporting period

Applicable Not applicable

XI. Management and Control over 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.

Risk warning for abnormal management and control of subsidiaries

Applicable Not applicable

XII. Description of 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 (TJS [2026] No. 7678), in which they concluded that the Company had maintained effective internal control over financial reporting in all material aspects as of December 31, 2025 pursuant to the *Basic Standards for Enterprise Internal Control* and other applicable provisions.

Whether the internal control audit report was disclosed: yes

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

XIII. Rectification of Issues Identified during Self-inspection in Connection with the Special Governance Action for Listed Companies

None

XIV. Environmental Information of Listed Companies and Their Major Subsidiaries Included in the List of Enterprises that Disclose Environmental Information according to Law

Applicable Not applicable

Other descriptions

Applicable Not applicable

XV. Social Responsibility

(I) Whether the social responsibility report, sustainable development report, or ESG report was disclosed separately

Applicable Not applicable

For details, please refer to the *2025 Proya Sustainability Report* disclosed on the SSE website (www.sse.com.cn) on the same day.

(II) Details of social responsibilities

Applicable Not applicable

Charitable donations and public	Amount/content	Remarks

welfare programs		
Total investment (RMB 10,000)	507.38	1. The Company donated RMB 4.55 million to support fire rescue efforts in Hong Kong; 2. The Company donated RMB 0.3 million to the Wuxing District Charity Federation; 3. The Company donated approximately RMB 0.177 million to the New Sunshine Charity Foundation for the Firefly Program; 4. The Company donated approximately RMB 0.0288 million to the Liuhe Public Welfare Reading Development Center in Shangcheng District, Hangzhou, for the Rural Teachers' Support Program Against School Bullying; 5. The Company donated RMB 0.018 million to the Shenzhen iRead Foundation for children's reading programs.
Including: Funds (RMB 10,000)	507.38	
Monetary value of goods and materials (RMB 10,000)	0	
Number of beneficiaries	8,767	

Detailed description

Applicable Not applicable

XVI. Consolidating and Expanding the Achievements of Poverty Alleviation and Rural Revitalization

Applicable Not applicable

Detailed description

Applicable Not applicable

XVII. Others

Applicable Not applicable

Section V Important Matters

I. Performance of Commitments

(I) Commitments of the Company's actual controllers, shareholders, related parties, purchasers, the Company and other related parties in the reporting period or lasting to the reporting period

√ Applicable □ Not applicable

Commitment background	Commitment type	Commitment party	Commitment content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
Commitment related to IPO	Restricted sale of shares	Directors and senior management Hou Juncheng, Fang Yuyou, and Cao Liangguo	(1) During their terms as the Company's director/senior management, they shall not transfer more than 25% of their total shares directly or indirectly held in the Company each year. Within 6 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	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>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. (3) Should any of them/their partnership violate the said share lock-up commitments,</p>						
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			the lock-up period for their/their partnership's shares in the Company will be automatically extended for 6 months.						
	Restricted sale of shares	Senior management Jin Yanhua	(1) Within 12 months from the date of the Company's IPO, they shall not transfer or authorize others 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 6 months after leaving office, they shall not transfer	April 16, 2018	No	From April 16, 2018 onwards	Yes	None	None

			<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</p>						
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			resignation. (4) 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.						
	Restricted sale of shares	Senior management Wang Li	(1) Within 12 months from the date of the Company's IPO, they shall not transfer or authorize others 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	September 3, 2018	No	From September 3, 2018 onwards	Yes	None	None

			<p>indirectly held in the Company each year. Within 6 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 Company will be</p>						
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			<p>automatically extended for 6 months. Their commitments above shall survive job change and resignation. (4) 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.</p>						
	<p>Restricted sale of shares</p>	<p>Controlling shareholders and actual controllers Hou Juncheng and Fang Aiqin</p>	<p>(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 can only sell shares in the Company</p>	<p>November 15, 2017</p>	<p>No</p>	<p>From November 15, 2017 onwards</p>	<p>Yes</p>	<p>None</p>	<p>None</p>

			<p>through methods including but not limited to collective trading through bidding at the stock exchange, block trading, 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 stock exchange, except to the extent that their shares in the Company are less than 5%. (4) Should they fail to perform the said intent of share reduction, they must explain the</p>						
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			cause for failing to do so at the Company's General Meeting of Shareholders and the media designated by the CSRC and publicly apologize to the Company's shareholders and investors.						
	Restricted sale of shares	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, carry on business and conduct capital operation 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 can only	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>sell shares in the Company through methods including but not limited to collective trading through bidding at the stock exchange, block trading, 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 stock exchange, except to the extent that their shares in the Company are less than 5%. (4) Should they fail to perform the said intent of share reduction, they</p>						
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			must explain the cause for failing to do so at 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.						
	Others	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 failing to do so at the Company's General Meeting of Shareholders and the media designated by the CSRC and publicly apologize to the Company's shareholders and	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>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 Company's investors as much as possible. Within three years from the date of the Company's IPO, if the Company</p>						
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			appoints new directors and senior management, the Company 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.						
	Others	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 as per the plan, 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	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			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 have taken and carried out measures to stabilize the share price as per the said plan.						
	Others	The Company's directors (excluding independent directors) and senior management	When the preconditions for enabling the share price stabilization measures are met, if failing to take specific measures to stabilize the share price as per the share price stabilization plan, they must explain the cause for failing to do so at the issuer's General	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			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 compensation 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 have taken and carried out measures to stabilize the share price as per the said plan.						
	Others	The Company	If the Company's prospectus contains false records, misleading	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>statements or major omissions, which cause 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 on which the Company is listed or the competent judicial authority, 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</p>						
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			<p>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 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</p>						
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			competent judicial authority.						
	Others	The issuer's controlling shareholders and actual controllers	If the issuer's prospectus contains false records, misleading statements or major omissions, which cause 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 on which the Company is listed or the competent judicial authority, the Company will actively compensate investors for direct economic losses incurred therefrom by settling with investors with respect to measurable	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>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</p>						
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			compensation measures at the issuer's General Meeting of Shareholders and the media designated by the CSRC and will not receive shareholder 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 have taken and carried out compensation measures as per the said commitments.						
	Others	Directors, supervisors, and senior management	If the issuer's prospectus contains false records, misleading statements or major omissions, which cause investors to suffer losses in securities transactions, they will compensate	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange on which the Company is listed or the competent judicial authority, 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,</p>						
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			<p>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 compensation (or allowances) and shareholder dividends (if any) from the issuer</p>						
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			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 have taken and carried out compensation measures as per the said commitments.						
	Others	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	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>mechanism, so as to improve asset quality, increase operating 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 immediate returns in accordance with the implementation rules subsequently issued by the CSRC and SSE. 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</p>						
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			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.						
	Others	Controlling shareholders and actual controllers 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 shareholders and actual controllers, promise that: (1) Under no	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>circumstances will they abuse their position as the controlling shareholders and actual controllers by ultra vires interfering with the Company's operation and management activities or encroaching on the Company's interests; (2) After the CSRC and the SSE have otherwise released opinions and implementation rules on measures to fill the diluted immediate returns and such commitments, if the Company's relevant provisions and his or her commitments contradict such rules, they will immediately make supplementary commitments in line with such rules</p>						
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			<p>of the CSRC and the SSE, and actively work towards the Company's issuing of new commitments or measures to comply with the requirements of the CSRC and the SSE; (3) They will fully, completely and promptly perform the Company's measures regarding filling the diluted immediate returns and his or her 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 explain the cause and apologize at the General</p>						
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			Meeting of Shareholders and the media designated by the CSRC; ② be held 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 the SSE and other securities regulators as per relevant regulations and rules. The said measures to fill the diluted immediate returns shall not be deemed to constitute a guarantee for the Company's future profits.						
Others	Directors and senior management	In order to ensure that the Company's measures to fill the diluted immediate returns can be	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None	

			<p>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 his or her position-related consumption to the extent required, subject to the Company's supervision and management and free from waste or excessive consumption; (3) They will not use the Company's assets to engage in investment and consumption activities unrelated</p>						
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			<p>to his or her duties; (4) They will actively work towards the improvement of the Company's compensation system, so as to be more in line with the requirements for filling the diluted immediate returns; support the Company's Board of Directors or Compensation Committee in linking the implementation of the Company's measures to fill the diluted immediate returns to the development, revision, and supplementation of the Company's compensation system; promise that the vesting conditions for the Company's equity incentives to be announced will be linked to the</p>						
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			<p>implementation of the Company's measures to fill the returns; (5) After the CSRC and the SSE have otherwise released opinions and implementation rules on measures to fill the diluted immediate returns and such commitments, if the Company's relevant provisions and his or her commitments contradict such rules, they will immediately make supplementary commitments in line with such rules of the CSRC and the SSE, and actively work towards the Company's issuing of new commitments or measures to comply with the requirements of the CSRC and the</p>						
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			<p>SSE; (6) They will fully, completely and promptly perform the Company's measures regarding filling the diluted immediate returns and his or her 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 explain the cause and apologize at the General Meeting of Shareholders and the media designated by the CSRC; ② be held liable for compensation to the Company and/or shareholders by law; ③</p>						
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			unconditionally accept the penalties or regulatory measures taken by the CSRC and/or the SSE and other securities regulators as per relevant regulations and rules. The said measures to fill the diluted immediate returns shall not be deemed to constitute a guarantee for the issuer's future profits.						
	Solution to horizontal competition	Controlling shareholders and actual controllers 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 sales of any	November 15, 2017	No	From November 15, 2017 onwards	Yes	None	None

			<p>products that are the same as or similar to those of the Company and its holding subsidiaries. They shall be liable for economic losses caused by violation of the above commitments to the Company. 2. For the enterprises under his or her control, they will perform their obligations under such commitments by assigning agencies and personnel (including but not limited to directors and managers), and they shall be liable for the economic losses caused by violation of the above commitments to the Company. 3. From the date of signing this letter of commitment, if the Company</p>						
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			<p>further expands the scope of its products and business, they or the enterprises under his or her 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</p>						
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			<p>business to the Company; or (4) transferring the competing business to an unrelated third party. 4. Their shareholding companies, including Hangzhou Huazhuang Industrial Investment Co., Ltd. and Huzhou Mogan Wangshu 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</p>						
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			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 related to refinancing	Others	Controlling shareholders and actual controllers Hou Juncheng and Fang Aiqin	In order to ensure that the Company's measures to fill the immediate returns can be effectively performed, they commit that: 1. They will not interfere with the Company's operation and management activities beyond their authority or encroach on the Company's interests; 2. From the date of making these commitments to the completion of the Company's public offering of A-share convertible	April 21, 2021	No	From April 21, 2021 onwards	Yes	None	None

			<p>corporate bonds, in the event that the CSRC makes other new regulatory requirements regarding the measures to fill returns and the commitments thereof, and if the above commitments cannot satisfy such requirements of the CSRC, they will make supplementary commitments as per the latest requirements of the CSRC; 3. They will effectively implement the Company's measures to fill returns and their commitments in this regard, and if found to have violated such commitments, which results in losses to the Company or investors, they are</p>						
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			willing to be liable for compensation to the Company or investors according to law. As one of the parties responsible for the measures to fill the 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 security regulatory authorities such as the CSRC and the SSE in accordance with the relevant regulations and rules.						
	Others	Directors and senior management	In order to ensure that the Company's measures to fill the immediate returns can be effectively performed, they commit that: 1. They will not offer benefits to other entities or	April 21, 2021	No	From April 21, 2021 onwards	Yes	None	None

			<p>individuals for free or on unfair terms, or otherwise harm the Company's interests; 2. They will restrict their position-related consumption behaviors; 3. They will not use the Company's assets to engage in investment and consumption activities unrelated to his or her duties; 4. They will link the compensation system established by the Board of Directors or the Compensation and Appraisal Committee to the implementation of the Company's measures for filling returns; 5. If the Company implements equity incentives in the future, the vesting conditions for the Company's equity incentives to be</p>						
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			<p>announced will be linked to the implementation of the Company's measures to fill the returns; 6. From the date of making these commitments to the completion of the Company's public offering of A-share convertible corporate bonds, if the CSRC makes other new regulatory requirements regarding the measures to fill returns and the commitments thereof, and if the above commitments cannot satisfy such requirements of the CSRC, they will make supplementary commitments as per the latest requirements of the CSRC. As one of the parties</p>						
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			responsible for the measures to fill the 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 security regulatory authorities such as the CSRC and the SSE in accordance with the relevant regulations and rules.						
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(II) Description 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

Realized Not Realized Not applicable

(III) Performance commitments

Applicable Not applicable

Change of performance commitments

Applicable Not applicable

Other descriptions

Applicable Not applicable

II. Non-operational Use of Funds by the Controlling Shareholder or Other Related Parties in the Reporting Period

Applicable Not applicable

III. Illegal Guarantee

Applicable Not applicable

IV. Description of the Board of Directors of the Company Regarding the "Non-Standard Auditor's Report"

Applicable Not applicable

V. Analysis and Description of the Reasons for and Effects of Changes in the Accounting Policies and Accounting Estimates of the Company or Correction of Major Accounting Errors**(I) Analysis and description of the reasons for and effects of changes in the accounting policies and accounting estimates of the Company**

Applicable Not applicable

(II) Analysis and description of the reasons for and effects of correction of major accounting errors

Applicable Not applicable

(III) Communication with the former accounting firm

Applicable Not applicable

(IV) Approval procedures and other explanations

Applicable Not applicable

VI. Appointment and Dismissal of Accounting Firms

Unit: Yuan Currency: RMB

	Current appointment
Name of domestic accounting firm	Pan-China Certified Public Accountants (Special General Partnership)
Remuneration	1,700,000
Audit period	15 years
CPAs	Sun Min, Wu Shaofang
Cumulative years of audit services by the CPAs	Sun Min (1 year) Wu Shaofang (3 years)

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

Description of the appointment and dismissal of accounting firms

Applicable Not applicable

Description of a change in accounting firm during the Audit Period

Applicable Not applicable

Description of a decrease of 20% or more in audit fees compared with the previous year

Applicable Not applicable

VII. Delisting Risk**(I) Cause of the risk of delisting**

Applicable Not applicable

(II) Measures the Company intends to take

Applicable Not applicable

(III) Termination of listing and the reasons

Applicable Not applicable

VIII. Matters Related to Bankruptcy Reorganization

Applicable Not applicable

IX. Major Litigation and Arbitration Matters

The Company had significant litigations or arbitrations in the current year. The Company had no significant litigations or arbitrations in the current year.

X. Penalties Imposed on the Listed Company and Its Directors, Senior Management, Controlling Shareholders, and Actual Controllers due to the Suspected Violation of Laws and Regulations and Relevant Rectification

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. Major Related Party Transactions

(I) Related party transactions in connection with day-to-day operations

1. Matters disclosed in temporary announcements and without progress or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in temporary announcements but with progress or changes in subsequent implementation

Applicable Not applicable

3. Matters undisclosed in temporary announcements

Applicable Not applicable

(II) Related party transactions arising from asset or equity acquisitions or sales

1. Matters disclosed in temporary announcements and without progress or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in temporary announcements but with progress or changes in subsequent implementation

Applicable Not applicable

3. Matters undisclosed in temporary announcements

Applicable Not applicable

4. If the performance is agreed upon, the results achieved during the reporting period should be disclosed

Applicable Not applicable

(III) Significant related party transactions involved in joint external investments

1. Matters disclosed in temporary announcements and without progress or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in temporary announcements but with progress or changes in subsequent implementation

Applicable Not applicable

3. Matters undisclosed in temporary announcements

Applicable Not applicable

(IV) Debt transactions between related parties

1. Matters disclosed in temporary announcements and without progress or changes in subsequent implementation

Applicable Not applicable

2. Matters disclosed in temporary announcements but with progress or changes in subsequent implementation

Applicable Not applicable

3. Matters undisclosed in temporary announcements

Applicable Not applicable

(V) Financial business between the Company and related financial companies and between the Company's financial subsidiaries and related parties

Applicable Not applicable

(VI) Others

Applicable Not applicable

XIII. Significant Contracts and Their Fulfillment

(I) Trusteeship, contracting and leasing

1. Trusteeship

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

(II) Guarantees

Applicable Not applicable

(III) Situation of entrusting cash asset management to others**1. Entrusted wealth management****(1). Overall condition of entrusted financial management**

Applicable Not applicable

Unit: RMB '0,000 Currency: RMB

Type	Risk characteristics	Outstanding balance	Amount overdue but uncollected
Financial products from banks	R1	0.00	0.00
Financial products from banks	R2	0.00	0.00

Others

Applicable Not applicable

(2). Individual entrusted wealth management

Applicable Not applicable

Others

Applicable Not applicable

(3). Impairment provisions of entrusted financial 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 significant contracts

Applicable Not applicable

XIV. Progress Report on the Utilization of Raised Funds

Applicable Not applicable

(I) General usage of raised funds

Applicable Not applicable

Unit: RMB '0,000

Sources of raised funds	Availability time of raised funds	Total raised funds	Net amount of raised funds (1)	Total committed investment by raised funds in the offering circular or prospectus (2)	Total amount of extra raised funds (3) = (1)-(2)	Total cumulative raised funds invested as of the end of the reporting period (4)	Including: Total cumulative extra raised funds invested as of the end of the reporting period (5)	Cumulative investment progress of raised funds as of the end of the reporting period (%) (6) = (4)/(1)	Cumulative investment progress of extra raised funds as of the end of the reporting period (%) (7) = (5)/(3)	Amount invested in the current year (8)	Proportion of amount invested in the current year (%) (9) = (8)/(1)	Total raised funds for changed use

Issuance of convertible bonds	December 14, 2021	75,171.30	74,450.87	74,450.87		75,344.04		101.20		2,426.02	3.26	
Total	/	75,171.30	74,450.87	74,450.87		75,344.04		/	/	2,426.02	/	

Other descriptions

Applicable Not applicable

(II) Details of investment projects financed by raised funds

Applicable Not applicable

1. Detailed utilization of raised funds

Applicable Not applicable

Unit: RMB '0,000

Sources of raised funds	Item	Project nature	A committed investment project in the offering circular or prospectus or not	Change in investment direction involved or not	Total planned investment by raised funds (1) [Note 1]	Amount invested in the current year	Total cumulative raised funds invested as of the end of the reporting period (2)	Cumulative investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Date on which the projects is ready for its intended use	Closed or not	Whether the investment progress aligns with the schedule	Specific reason for failing to meet the investment schedule	Benefits achieved in the current year	Benefits achieved or R&D achievements by the project	Significant change in project feasibility or not (if any, please specify)	Balance
Issuance of convertible bonds	Huzhou Production Base Expansion Project (Phase I) [Note 2]	Construction	Yes	No	33,850.00		34,695.75	102.50	December 2024	Yes	Yes	Not applicable	29,810.14	78,597.40	No	
Issuance of convertible bonds	Longwu R&D Center Construction Project [Note 2]	R&D	Yes	No	19,450.00		19,700.80	101.29	June 2024	Yes	Yes	Not applicable		Not applicable	No	
Issuance of convertible bonds	Information System Upgrade Project	Operation management	Yes	No	8,801.27	2,426.02	8,380.19	95.22	December 2026 [Note 3]	No	No	Changes in the market environment and advances in information technology have increased the complexity of the		Not applicable	No	773.00

												Company's system platforms and business data, necessitating adjustments to and upgrades of information systems and processes. In addition, as the Company implements refined management and its business segments develop, the information systems require greater customization and tailored functionality.				
Issuance of convertible bonds	Supplementary current capital [Note 2]	Replenishment of working capital and loan repayment	Yes	No	12,349.60		12,567.30	101.76		Yes		Not applicable		Not applicable	No	
Total	/	/	/	/	74,450.87	2,426.02	75,344.04	/	/	/	/	/	29,810.14	/	/	773.00

[Note 1] The adjusted total investment is RMB 744,508,700, while the total committed investment by raised funds is RMB 751,713,000, resulting in a difference of RMB 7,204,300. This difference represents underwriting and sponsorship fees, legal and accounting fees, credit rating fees, and issuance service fees in the offering. The actual net amount of raised funds was RMB 744,508,700. To address the difference, the Company adjusted the total investment of raised funds for the information system upgrade project and the replenishment of working capital.

[Note 2] The investment for the Huzhou Production Base Expansion Project (Phase I) and the Longwu R&D Center Construction Project and the replenishment of working capital as of the end of the period exceeded the adjusted total investment, with the progress exceeding 100.00%. This was due to the use of interest income generated by idle funds in the raised funds account for corresponding projects.

[Note 3] As deliberated and approved at the 9th meeting of the 4th Board of Directors held on October 30, 2025, the Company decided to postpone the date for the information system upgrade project to reach its intended use from December 2025 to December 2026, in light of the current actual construction progress of the investment projects financed by raised funds. The Company extends the construction period of the information system upgrade project for the following reasons: Changes in the market environment and advances in information technology have increased the complexity of the Company's system platforms and business data, necessitating adjustments to and upgrades of information systems and processes. In addition, as the Company implements refined management and its business segments develop, the information systems require greater customization and tailored functionality. After prudent evaluation and comprehensive consideration, the Company proposes to extend the project's construction period.

2. Detailed utilization of extra raised funds

Applicable Not applicable

(III) Changes or termination of investment projects financed by raised funds during the reporting period

Applicable Not applicable

(IV) Other considerations regarding the utilization of raised funds 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. Use of idle raised funds for cash management and investment in related products
 Applicable Not applicable
4. Others
 Applicable Not applicable

(V) Concluding opinions of intermediary institutions on the special verification and assurance of the storage and use of raised funds

Applicable Not applicable

Pan-China Certified Public Accountants (Special General Partnership) has issued the *Assurance Report on the Annual Deposit, Management, and Actual Use of Raised Funds* (TJS [2026] No. 7679). It is concluded that the *Special Report on the Annual Deposit, Management, and Actual Use of Raised Funds in 2025* prepared by the Company's Management complies with the *Rules for the Supervision of Raised Funds by Listed Companies* and the *Guidelines No. 1 for Application of Self-regulation Rules for Companies Listed on the Shanghai Stock Exchange—Standardized Operation*, and that it truthfully reflects Proya's actual deposit, management, and actual use of raised funds in 2025.

The sponsor, China Securities Co., Ltd., is of the view that Proya's deposit, management, and actual use of raised funds in 2025 complied with the relevant provisions of the *Listing Rules of the Shanghai Stock Exchange*, the *Rules for the Supervision of Raised Funds by Listed Companies*, and other applicable laws and regulations; the raised funds were held in dedicated accounts and used for designated purposes; and that there was no disguised change of purpose, no impairment of shareholders' interests, and no improper use of the raised funds. The Company has disclosed the deposit, management, and actual use of raised funds in a timely, truthful, accurate, and complete manner. The sponsor institution has no objection to the Company's deposit, management, and actual use of raised funds in 2025.

Description of abnormalities in verification

Applicable Not applicable

(VI) Subsequent rectification in response to unauthorized changes in the use of raised funds or improper use of such funds

Applicable Not applicable

XV. Other Significant Matters that Have a Major Impact on Investors' Value Judgments and Investment Decisions

Applicable Not applicable

Section VI 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 the change		Increase or decrease (+ or -) due to the change					After the change	
	Quantity	Proportion (%)	Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Subtotal	Quantity	Proportion (%)
I. Restricted shares	84.2520	0.2126				-84.2520	-84.2520	0	0.00
1. State shareholding									
2. State-owned legal person shareholding									
3. Other domestic shareholding	84.2520	0.2126				-84.2520	-84.2520	0	0.00
Including: Domestic non-state-owned legal person shareholding									
Domestic natural person shareholding	84.2520	0.2126				-84.2520	-84.2520	0	0.00
4. Foreign shareholding									
Including: Foreign legal person shareholding									
Foreign natural person shareholding									
II. Shares not subject to selling restrictions	39,540.5035	99.7874				57.0963	57.0963	39,597.5998	100.00
1. RMB-denominated ordinary shares	39,540.5035	99.7874				57.0963	57.0963	39,597.5998	100.00
2. Domestic listed foreign shares									
3. Foreign listed foreign shares									

4. Others									
III. Total amount of shares	39,624.7555	100.00				-27.1557	-27.1557	39,597.5998	100.00

2. Description of changes in shares

Applicable Not applicable

On June 26, 2025, the Company held the 5th meeting of the 4th Board of Directors and the 4th meeting of the 4th Board of Supervisors, and deliberated and approved the *Proposal on the Repurchase and Cancellation of Some Equity Incentive Restricted Shares*. Considering that the granted 14 incentive recipients had left the Company and no longer met the incentive conditions, it was agreed to repurchase and cancel 242,424 restricted shares that had been granted but not yet released from restriction. On August 21, 2025, the Company completed the repurchase and cancellation of 242,424 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan. As a result, the number of restricted tradable shares decreased from 842,520 to 600,096.

On September 8, 2025, the Company held the 7th meeting of the 4th Board of Directors and the 6th meeting of the 4th Board of Supervisors, and deliberated and approved the *Proposal on the Satisfaction of Conditions for Release from Sales Restrictions in the Third Release Period under the 2022 Restricted Stock Incentive Plan*. It was agreed that the conditions for release from sales restrictions in the third release period under 2022 Restricted Stock Incentive Plan had been satisfied, and approved lifting sales restrictions for 57 eligible incentive recipients, covering a total of 570,752 restricted shares. The number of the Company's unrestricted tradable shares increased from 395,405,035 shares before the offering (as of December 31, 2024) to 395,975,787 shares, while the number of restricted tradable shares decreased from 600,096 shares before the offering to 29,344 shares.

On August 25, 2025, the Company held the 6th meeting of the 4th Board of Directors and the 5th meeting of the 4th Board of Supervisors, and deliberated and approved the *Proposal on the Repurchase and Cancellation of Some Restricted Incentive Shares*. Considering that the granted 3 incentive recipients had left the Company and no longer met the incentive conditions, it was agreed to repurchase and cancel 29,344 restricted shares that had been granted but not yet released from restriction. On November 18, 2025, the Company completed the repurchase and cancellation of 29,344 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan. As a result, the number of restricted tradable shares decreased from 29,344 to 0.

With the approval of the CSRC, namely, the Reply on Approving Proya Cosmetics Co., Ltd. to Publicly Issue Convertible Corporate Bonds (ZJXK [2021] No. 3408), the Company publicly issued 7,517,130 convertible corporate bonds on December 8, 2021, with a face value of RMB 100 each and a total issuance amount of RMB 751,713,000. The maturity period is 6 years. As approved by the SSE under the Self-Discipline Regulation Decision ([2021] No. 503), the convertible corporate bonds with the principal amount of RMB 751,713,000 issued by the Company were listed on the Shanghai Stock Exchange on January 4, 2022. These bonds are officially referred to as "Proya Convertible Bonds", with the bond code of "113634". The conversion of Proya Convertible Bonds was commenced on June 14, 2022. During the reporting period, Proya Convertible Bonds with RMB principal amount of 21,000 were converted into 211 A-shares of the Company, increasing the Company's unrestricted tradable shares by 211.

3. Impact of shareholding changes on earnings per share, net asset value per share, and other financial indicators for the most recent year and the most recent period (if any)

Applicable Not applicable

4. Other information disclosed as the Company deems necessary or required by securities regulatory authorities

Applicable Not applicable

(II) Changes in restricted shares√ Applicable Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of year	Number of restricted shares released in the current year	Number of restricted shares added in the current year	Number of restricted shares at the end of year	Reasons for trading restriction	Released date of restriction
Jin Yanhua	78,400	78,400	0	0	2022 Restricted Stock Incentive Plan	September 17, 2025
Middle management and core technical (business) personnel (56 people in total)	492,352	492,352	0	0	2022 Restricted Stock Incentive Plan	September 17, 2025
Total	570,752	570,752	0	0	/	/

Note: The above share count does not include restricted shares that have been granted but not yet released from sales restrictions for 17 incentive recipients who resigned in 2025 and no longer meet the incentive conditions.

II. Conditions on Issuance and Listing of Securities**(I) Issuance of securities during the reporting period** Applicable Not applicable

Description of the issuance of securities during the reporting period (please provide separate descriptions of bonds with different interest rates during the term):

 Applicable Not applicable**(II) Changes in the total number of shares and shareholder structure, as well as changes in the Company's asset and liability structure**√ Applicable Not applicable

The total number of the Company's ordinary shares at the beginning and end of the reporting period was 396,247,555 and 395,975,998, respectively.

The Company's total assets and total liabilities at the beginning of the reporting period amounted to RMB 7,530,182,694.00 and RMB 2,043,934,843.04, respectively, with the asset-liability ratio of 27.14%. The Company's total assets and total liabilities at the end of the reporting period amounted to RMB 8,487,416,240.25 and RMB 2,220,894,110.87, respectively, with the asset-liability ratio of 26.17%.

(III) Current situation of internal employee shares Applicable Not applicable**III. Shareholders and Actual Controllers****(I) Total number of shareholders**

Total number of common shareholders at the end of	85,533
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the reporting period (Nr.)	
Total number of common shareholders at the end of the last month before the disclosure date of the Annual Report	73,274
Total number of preferred shareholders with restored voting rights up to the end of the reporting period (Nr.)	0
Total number of preferred shareholders with restored voting rights at the end of the month before the disclosure date of the Annual Report (Nr.)	0

**(II) Table of the shareholding status of the top 10 shareholders and the top 10 public shareholders
(or unrestricted shareholders) as of the end of the reporting period**

Unit: share

Shareholding status of the top 10 shareholders (excluding shares lent through margin financing and securities lending)							
Name of shareholder (full name)	Increase/decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Number of restricted shares	Pledged, marked, or frozen		Nature of shareholder
					Status of shares	Quantity	
Hou Juncheng	0	136,739,037	34.53	0	None	0	Domestic natural person
Fang Yuyou	0	59,625,258	15.06	0	Frozen	17,041,269	Domestic natural person
Hong Kong Securities Clearing Company Limited	-59,478,854	10,635,922	2.69	0	None	0	Others
Agricultural Bank of China Limited - CSI 500 ETF	229,843	3,543,548	0.89	0	None	0	Others
Industrial and Commercial Bank of China Limited - CSI Consumer Staples ETF	1,364,600	3,438,200	0.87	0	None	0	Others
Industrial and Commercial Bank of China Limited - Dongfanghong Ruixi Three-year Holding Period Hybrid Securities Investment Fund	2,919,740	3,145,240	0.79	0	None	0	Others

Industrial and Commercial Bank of China Limited-Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	-732,000	2,600,000	0.66	0	None	0	Others
China Merchants Bank Co., Ltd. - CIB Income Enhanced Bond Securities Investment Fund	1,959,952	2,255,952	0.57	0	None	0	Others
Schroder Investment Management (Hong Kong) Limited - Schroder Global Fund Series China A Shares (Exchanges)	-197,200	1,961,800	0.50	0	None	0	Others
Gu Jiyong	1,314,096	1,629,096	0.41	0	None	0	Others
Shareholding status of the top 10 shareholders without restrictions on sale (excluding shares lent through margin financing and securities lending)							
Name of shareholder	Number of unrestricted public shares	Types and quantities of shares					
		Category	Quantity				
Hou Juncheng	136,739,037	RMB-denominated ordinary shares	136,739,037				
Fang Yuyou	59,625,258	RMB-denominated ordinary shares	59,625,258				
Hong Kong Securities Clearing Company Limited	10,635,922	RMB-denominated ordinary shares	10,635,922				
Agricultural Bank of China Limited - CSI 500 ETF	3,543,548	RMB-denominated ordinary shares	3,543,548				
Industrial and Commercial Bank of China Limited - CSI Consumer Staples ETF	3,438,200	RMB-denominated ordinary shares	3,438,200				
Industrial and Commercial Bank of China Limited - Dongfanghong Ruixi Three-year Holding Period Hybrid Securities Investment Fund	3,145,240	RMB-denominated ordinary shares	3,145,240				
Industrial and Commercial Bank of China Limited-Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	2,600,000	RMB-denominated ordinary shares	2,600,000				
China Merchants Bank Co., Ltd. - CIB Income Enhanced Bond Securities Investment Fund	2,255,952	RMB-denominated ordinary shares	2,255,952				

Schroder Investment Management (Hong Kong) Limited - Schroder Global Fund Series China A Shares (Exchanges)	1,961,800	RMB-denominated ordinary shares	1,961,800
Gu Jiyong	1,629,096	RMB-denominated ordinary shares	1,629,096
Special securities repurchase account of the top 10 shareholders	As of the end of the reporting period, 2,210,825 shares of the Company were held in the Company's special securities account for repurchase, representing 0.56% of the Company's total share capital.		
Description of the above shareholders' proxy voting rights, entrusted voting rights and waiver of voting rights	None		
Description of the related relationship or concerted action of the above shareholders	Fang Yuyou is the younger brother of Hou Juncheng's spouse Fang Aiqin, so there is an associated relationship between Hou Juncheng and Fang Yuyou.		
Description of preferred shareholders with restored voting rights and shareholdings	None		

Involvement of shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares in lending of share through margin financing and securities lending

Applicable Not applicable

Changes in the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares due to lending/returning of share through margin financing and securities lending compared with the previous period

Applicable Not applicable

Shareholdings of the top 10 restricted shareholders and the corresponding restrictions

Applicable Not applicable

(III) Strategic investors or general legal persons became the top 10 shareholders due to the allotment of new shares

Applicable Not applicable

IV. Controlling Shareholders and Actual Controllers

(I) Controlling shareholders

1. Legal person

Applicable Not applicable

2. Natural person

Applicable Not applicable

Name	Hou Juncheng and Fang Aiqin
Nationality	Chinese
Acquire residence permits in other countries or regions or not	No
Major position and title	Hou Juncheng and Fang Aiqin are husband and wife. Hou Juncheng serves as the Company's Chairman and Fang Aiqin serves as the Company's Senior Purchasing Consultant.

3. Special description of the Company not having a controlling shareholder

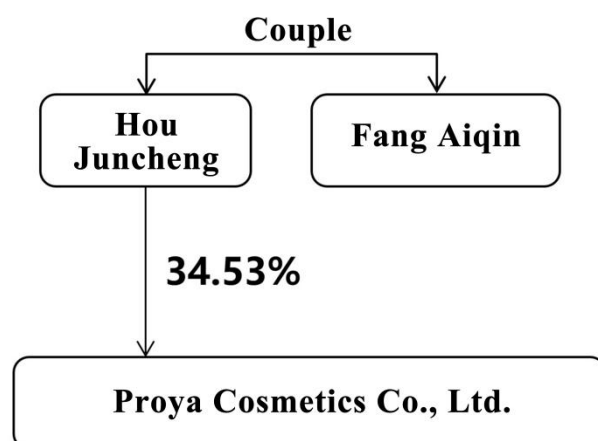
Applicable Not applicable

4. Description of change in controlling shareholders during the reporting period

Applicable Not applicable

5. Diagram of the property rights and control relationships between the Company and the controlling shareholders

Applicable Not applicable

**(II) Information on the 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
Major position and title	Hou Juncheng and Fang Aiqin are husband and wife. Hou Juncheng serves as the Company's Chairman and Fang Aiqin serves as the Company's Senior Purchasing Consultant.
Domestic and foreign listed companies controlled in past 10 years	None

3. Special description of the Company not having an actual controller

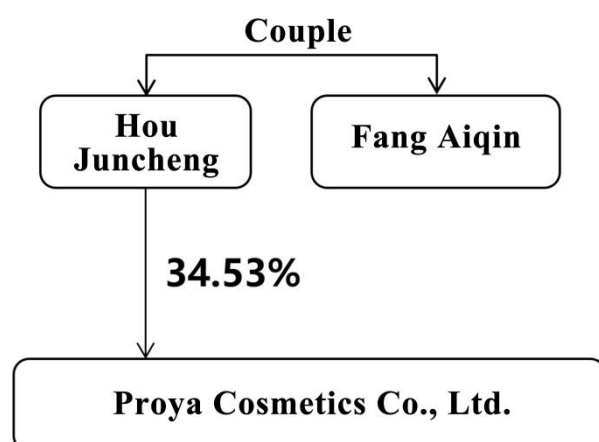
Applicable Not applicable

4. Changes in the Company's control rights during the reporting period

Applicable Not applicable

5. Diagram of the property rights and control relationships between the Company and the actual controllers

Applicable Not applicable



6. The actual controllers control the Company through trusts or other asset management methods

Applicable Not applicable

(III) Other information about the controlling shareholders and actual controllers

Applicable Not applicable

V. The Company's Controlling Shareholders or the First Majority Shareholder and Persons Acting in Concert Pledged a Total of 80% or More of Their Shareholdings in the Company

Applicable Not applicable

VI. Other Corporate Shareholders Holding Over 10% of the Shares

Applicable Not applicable

VII. Description of Restriction on Shareholding Reduction

Applicable Not applicable

VIII. Specific Implementation of Share Repurchase during the Reporting Period

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of share repurchase scheme	Plan for repurchasing shares through call auction
Date of disclosure	December 31, 2025
Number of shares to be repurchased and the proportion (%) in total shares capital	Based on the lower limit of RMB 80 million and the upper limit of RMB 150 million for the repurchase as well as the upper limit of the repurchase price of RMB 100 per share, the estimated number of shares to be repurchased ranges from approximately 0.8 million to 1.5 million, representing approximately 0.20% to 0.38% of the Company's total share capital.
Proposed repurchase amount	Not less than RMB 80 million (inclusive) and not more than RMB 150 million (inclusive)
Proposed repurchase period	Within 12 months from the date when the Company's Board of Directors deliberated and approved the share repurchase plan
Repurchase purpose	For the stock option incentive plan or employee stock ownership

	scheme
Number of shares repurchased (shares)	0
Proportion of repurchased shares in the underlying shares of the stock option incentive plan (%) (if any)	Not applicable
Progress of the Company's reduction of repurchased shares through call auction trading	Not applicable

Notes: 1. In the table above, the "total share capital" in "the number of shares to be repurchased and the proportion in total shares capital" refers to the Company's total share capital as of December 29, 2025, that is, 395,975,998 shares.

2. As of December 31, 2025, the Company had not yet conducted any share repurchases. For details, please refer to the *Announcement on Progress in Repurchasing Shares* (Announcement No. 2026-002) released by the Company on the SSE website (www.sse.com.cn) on January 6, 2026.

3. As of March 31, 2026, the Company had repurchased a total of 1,547,023 shares through call auctions, representing 0.39% of the Company's total share capital as of that date. The highest repurchase price was RMB 73.00/share and the lowest repurchase price was RMB 60.82/share. The total consideration paid amounted to RMB 101,007,781.58 (excluding stamp duty, commission, and other transaction costs). For details, please refer to the *Announcement on Progress in Repurchasing Shares* (Announcement No. 2026-008) released by the Company on the SSE website (www.sse.com.cn) on April 2, 2026.

IX. Preferred Shares

Applicable Not applicable

Section VII Information on Bonds

I. Corporate Bonds (Including Enterprise Bonds) and Debt Financing Instruments of Non-Financial Enterprises

Applicable Not applicable

II. Convertible Corporate Bonds

Applicable Not applicable

(I) Issuance of convertible bonds

Applicable Not applicable

With the approval of the CSRC, namely, the *Reply on Approving Proya Cosmetics Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No. 3408), the Company publicly issued 7,517,130 convertible corporate bonds on December 8, 2021, with a face value of RMB 100 each and a total issuance amount of RMB 751,713,000. The bonds were issued at face value, with a maturity period of 6 years.

As approved by the SSE under the Self-Discipline Regulation Decision ([2021] No. 503), the convertible corporate bonds with the principal amount of RMB 751,713,000 issued by the Company were listed on the Shanghai Stock Exchange on January 4, 2022. These bonds are officially referred to as "Proya Convertible Bonds", with the bond code of "113634". The coupon rate of the convertible corporate bonds issued this time is 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 term of the convertible corporate bonds is 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*, the Proya Convertible Bonds issued by the Company can be converted into the Company's shares from June 14, 2022. The conversion period is from June 14, 2022 to December 7, 2027. The initial conversion price was RMB 195.98/share, and the latest conversion price has been adjusted to RMB 95.46/share. The previous 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 Bonds was adjusted to RMB 139.37/share on May 30, 2022. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2021 Equity Distribution Plan* (Announcement No. 2022-029) released by the Company on the SSE website (www.sse.com.cn) on May 24, 2022.

2. Since the registration of restricted shares involved in the grant under the 2022 Restricted Stock Incentive Plan was completed, the conversion price of the Proya Convertible Bonds was adjusted to RMB 138.92/share on September 9, 2022. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" due to Additional Issuance from Granting of Restricted Shares* (Announcement No. 2022-052) released by the Company on the SSE website (www.sse.com.cn) on September 8, 2022.

3. Since the 2022 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.61/share on May 29, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2022 Equity Distribution Plan* (Announcement No. 2023-030) released by the Company on the SSE website (www.sse.com.cn) on May 23, 2023.

4. Since the Company completed the repurchase and cancellation of 105,350 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.62/share on August 29, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Completion of Repurchase and Cancellation of Some Equity Incentive Restricted Shares and Adjustment of Conversion Price of "Proya Convertible Bonds"* (Announcement 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 the Proya Convertible Bonds was adjusted to RMB 98.24/share on October 23, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion*

Price due to 2023 Semi-Annual Equity Distribution Plan (Announcement No. 2023-065) released by the Company on the SSE website (www.sse.com.cn) on October 17, 2023.

6. Since the Company completed the repurchase and cancellation of 66,192 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.25/share on December 18, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement 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 the Proya Convertible Bonds was adjusted to RMB 97.35/share on June 25, 2024. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Equity Distribution Plan* (Announcement 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 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 97.41/share on October 28, 2024. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement No. 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2024.

9. Since the 2024 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 96.23/share on June 17, 2025. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2024 Equity Distribution Plan* (Announcement No. 2025-026) released by the Company on the SSE website (www.sse.com.cn) on June 11, 2025.

10. Since the Company completed the repurchase and cancellation of 242,424 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 96.26/share on August 26, 2025. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement No. 2025-038) released by the Company on the SSE website (www.sse.com.cn) on August 25, 2025.

11. Since the 2025 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 95.46/share on October 17, 2025. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2025 Semi-Annual Equity Distribution Plan* (Announcement No. 2025-065) released by the Company on the SSE website (www.sse.com.cn) on October 13, 2025.

12. On November 18, 2025, the Company completed the repurchase and cancellation of 29,344 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan. Since this amount represented a negligible proportion of the Company's total share capital, following calculation and rounding, the conversion price of Proya Convertible Bonds remained unchanged at RMB 95.46/share. Accordingly, the Company did not adjust the conversion price of Proya Convertible Bonds after completion of the repurchase and cancellation. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Completion of Repurchase and Cancellation of Some Restricted Shares and No Adjustment to the Conversion Price of "Proya Convertible Bonds"* (Announcement No. 2025-078) released by the Company on the SSE website (www.sse.com.cn) on November 20, 2025.

(II) Convertible bond holder and guarantor in the reporting period

√ Applicable □ Not applicable

Name of convertible corporate bond	Proya Convertible Bonds
Number of holders of convertible bonds at the end of the reporting period	5,614
Guarantor of the convertible bond of the Company	None
The top ten convertible bond holders are as follows:	

Name of convertible corporate bond holder	Amount of bonds held at the end of the reporting period (RMB)	Proportion (%)
China Merchants Bank Co., Ltd. - Boser CSI Convertible Bond and Exchangeable Bond ETF	53,256,000	7.09
China Merchants Kangxing Fixed-Income Pension Product - China Merchants Bank Co., Ltd.	36,629,000	4.88
China Merchants Kangtai Comprehensive Index Fixed-Income Pension Product - Shanghai Pudong Development Bank Co., Ltd.	35,724,000	4.76
China Merchants Bank Co., Ltd. - Franklin Guohai Hengrui Bond Securities Investment Fund	33,506,000	4.46
China Everbright Bank Co., Ltd. - China Merchants Anben Enhanced Return Bond Securities Investment Fund	29,862,000	3.98
China Life Pension Hongyi Fixed-Income Pension Product - Industrial and Commercial Bank of China Limited	23,000,000	3.06
CITIC Securities Co., Ltd. - HFT SSE Investment Grade Convertible Bond and Exchangeable Bond ETF	18,851,000	2.51
Dajia Asset - Postal Savings Bank of China - Dajia Asset - Wenjian Select No. 6 (Series 2) Collective Asset Management Product	18,520,000	2.47
SDIC Securities Co., Ltd.	16,993,000	2.26
China International Capital Corporation Limited	16,523,000	2.20

(III) Change in convertible bonds during the reporting period√ Applicable Not applicable

Unit: Yuan Currency: RMB

Name of convertible corporate bond	Before the change	Increase or decrease due to the change			After the change
		Share conversion	Redemption	Sell-back	
Proya Convertible Bonds	750,753,000	21,000			750,732,000

Information on total conversion of convertible bonds in the reporting period

√ Applicable Not applicable

Name of convertible corporate bond	Proya Convertible Bonds
Amount of shares converted in the reporting period (RMB)	21,000
Number of shares converted in the reporting period (shares)	211

Total number of shares converted (shares)	7,212
Proportion of total number of shares converted in total number of shares issued by the Company before conversion (%)	0.0026
Amount of shares not converted (RMB)	750,732,000
Proportion of convertible bonds without conversion in total convertible bonds issued (%)	99.8695

(IV) Information on each adjustment of conversion price

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name of convertible corporate bond		Proya Convertible Bonds		
Adjustment date of conversion price	Adjusted conversion price	Disclosure time	Disclosure media	Adjustment of conversion price Remarks
May 30, 2022	RMB 139.37/share	May 24, 2022	SSE website, Shanghai Securities News, and Securities Times	Since the 2021 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 139.37/share on May 30, 2022. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2021 Equity Distribution Plan</i> (Announcement No. 2022-029) released by the Company on the SSE website (www.sse.com.cn) on May 24, 2022.
September 9, 2022	RMB 138.92/share	September 8, 2022	SSE website, Shanghai Securities News, and Securities Times	Since the registration of restricted shares involved in the grant under the 2022 Restricted Stock Incentive Plan was completed, the conversion price of the Proya Convertible Bonds was adjusted to RMB 138.92/share on September 9, 2022. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" due to Additional Issuance from Granting of Restricted Shares</i> (Announcement No. 2022-052) released by the Company on the SSE website (www.sse.com.cn) on September 8, 2022.
May 29, 2023	RMB 98.61/share	May 23, 2023	SSE website, Shanghai Securities News, and Securities Times	Since the 2022 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.61/share on May 29, 2023. For details, please refer to the <i>Announcement of Proya</i>

				<i>Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2022 Equity Distribution Plan</i> (Announcement No. 2023-030) released by the Company on the SSE website (www.sse.com.cn) on May 23, 2023.
August 29, 2023	RMB 98.62/share	August 28, 2023	SSE website, <i>Shanghai Securities News</i> , and <i>Securities Times</i>	Since the Company completed the repurchase and cancellation of 105,350 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.62/share on August 29, 2023. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on the Completion of Repurchase and Cancellation of Some Equity Incentive Restricted Shares and Adjustment of Conversion Price of "Proya Convertible Bonds"</i> (Announcement No. 2023-045) released by the Company on the SSE website (www.sse.com.cn) on August 28, 2023.
October 23, 2023	RMB 98.24/share	October 17, 2023	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>	Since the 2023 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.24/share on October 23, 2023. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Semi-Annual Equity Distribution Plan</i> (Announcement No. 2023-065) released by the Company on the SSE website (www.sse.com.cn) on October 17, 2023.
December 18, 2023	RMB 98.25/share	December 15, 2023	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>	Since the Company completed the repurchase and cancellation of 66,192 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.25/share on December 18, 2023. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension</i> (Announcement No. 2023-086) released by the Company

				on the SSE website (www.sse.com.cn) on December 15, 2023.
June 25, 2024	RMB 97.35/share	June 19, 2024	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>	Since the 2023 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 97.35/share on June 25, 2024. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Equity Distribution Plan</i> (Announcement No. 2024-028) released by the Company on the SSE website (www.sse.com.cn) on June 19, 2024.
October 28, 2024	RMB 97.41/share	October 25, 2024	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>	Since the Company completed the repurchase and cancellation of 509,992 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 97.41/share on October 28, 2024. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension</i> (Announcement No. 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2024.
June 17, 2025	RMB 96.23/share	June 11, 2025	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>	Since the 2024 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 96.23/share on June 17, 2025. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2024 Equity Distribution Plan</i> (Announcement No. 2025-026) released by the Company on the SSE website (www.sse.com.cn) on June 11, 2025.
August 26, 2025	RMB 96.26/share	August 25, 2025	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>	Since the Company completed the repurchase and cancellation of 242,424 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 96.26/share on August 26, 2025. For

			<i>Information Daily, and China Daily</i>	details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension</i> (Announcement No. 2025-038) released by the Company on the SSE website (www.sse.com.cn) on August 25, 2025.
October 17, 2025	RMB 95.46/share	October 13, 2025	SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and China Daily</i>	Since the 2025 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 95.46/share on October 17, 2025. For details, please refer to the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2025 Semi-Annual Equity Distribution Plan</i> (Announcement No. 2025-065) released by the Company on the SSE website (www.sse.com.cn) on October 13, 2025.
Latest conversion price as of the end of the reporting period		RMB 95.46/share		

(V) Information on the Company's liabilities, changes in credit and cash arrangements for future repayment

Applicable Not applicable

(VI) Other descriptions of convertible bonds

Applicable Not applicable

Section VIII Financial Report

I. Auditor's Report

Applicable Not applicable

Auditor's Report

TJS [2026] No.7676

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

I. Auditor's Opinion

We have audited the financial statements of Proya Cosmetics Co., Ltd. (hereinafter referred to as "Proya"), including the consolidated and parent company's balance sheets as of December 31, 2025, the consolidated and parent company's income statements, cash flow statements, and statements of changes in owners' equity for 2025, and notes to the financial statements.

In our opinion, the attached financial statements, prepared in accordance with the *Accounting Standards for Business Enterprises* in all material aspects, fairly present the Company's consolidated and parent company's financial position as of December 31, 2025, and operating results and cash flows in 2025.

II. Basis for Auditor's Opinion

We conducted our audit in accordance with *Auditing Standards for Chinese Certified Public Accountants*. Our responsibilities under those standards are further described in the "CPAs' Responsibilities for the Audit of the Financial Statements" section of our report. In accordance with the *Independence Standards for Chinese Certified Public Accountants No. 1 - Independence Requirements for Audit And Review Engagements of Financial Statements* and the *China Code of Ethics for Certified Public Accountants*, we are independent of the Company and we have fulfilled our other ethical responsibilities. We have followed the independence requirements for audit engagements of public interest entities in our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

III. Key Audit Matters

Key audit matters are those matters that are deemed most significant to the audit of the Financial Statements for the current period based on our professional judgment. These matters are addressed in the context of the audit of the financial statements as a whole and the formation of the Auditor's Opinion, and we do not express a separate opinion on these matters.

(I) Revenue recognition

1. Description

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

The operating revenue of the Company primarily comes from the sale of cosmetics. The operating revenue for 2025 shown in the Company's financial statements was RMB 10,597.4285 million.

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

2. Audit response

The main audit procedures we implement for revenue recognition mainly include:

(1) Understanding the key internal controls related to revenue recognition, evaluating the design of these controls, determining whether these controls are implemented, and testing the implementation effectiveness of related internal controls;

(2) Issuing letters to the major customers to confirm the sales volume in 2025 and the balance of accounts receivable as of the end of 2025;

(3) Testing details and performing a spot-check on supporting documents for recognition of revenue (including sales contracts, sales orders, delivery notes, receipts, lists of sales on commission, and sales invoices); understanding major contract terms or conditions, and evaluating the appropriateness of the method for recognition of revenue;

(4) Implementing analysis procedures, including analysis on fluctuations in revenue of each month of 2025 and analysis on changes in sales revenue of major customers;

(5) Obtaining the Company's return and exchange policies, calculation sheets of estimated liabilities, and other information, and checking whether the estimated future return and exchange rate is reasonable; checking the subsequent return and exchange situation and comparing it with the estimated return and exchange data;

(6) Learning about the inventory and stock age of each major dealer as of the end of 2025 and checking whether the inventory amount and structures of dealers are reasonable;

(7) Analyzing 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) Comparing the background transaction data, receipt data of capital accounts such as Alipay, and sales revenue data on financial accounts of online chain stores, and analyzing the consistency of data, so as to check the authenticity of sales from the online chain stores;

(9) Checking whether the information relating to revenue has been properly presented in the financial statements.

(II) Net realizable value of inventories

1. Description

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

As of December 31, 2025, the book balance of the Company's inventories was RMB 700.1118 million, the provision for depreciation was RMB 65.3942 million, and the carrying amount was RMB 634.7176 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 identify the net realizable value of inventories as a key audit matter.

2. Audit response

The main audit procedures we implement for the net realizable value of inventories mainly include:

(1) Understanding the key internal controls related to the net realizable value of inventories, evaluating the design of these controls, determining whether these controls are implemented, and testing the implementation effectiveness of related internal controls;

(2) Obtaining the calculation process of the net realizable value of inventories of the Company, and re-checking the calculation process;

(3) Obtaining the list of products that are no longer sold, counting the products rolling off the production lines in the inventories and the corresponding raw material inventories, and verifying whether the provision for the decline in the value of inventories has been made for the raw material inventories;

(4) Checking whether the inventories as of the end of the period has long stock ages, outdated models and changes in market demand in combination with the inventory monitoring, and evaluating whether the Management has reasonably estimated the net realizable value;

(5) Checking whether the information relating to the net realizable value of inventories has been properly presented in the financial statements.

IV. Other Information

The Management is responsible for other information. Other information includes the information covered in the Annual Report but excludes the financial statements and our auditor's 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.

Based on our audit of financial statements, we bear the responsibility of reading other information and considering whether there is any significant inconsistency or seemingly material misstatement between other information and the financial statements or situations obtained by us in the audit process.

If, based on the work we have executed, we conclude that there is a material misstatement of the other information, we should report that fact. In this regard, we have nothing to report.

V. Responsibilities of the Management and the Governance for the Financial Statements

The Management is responsible for preparing the Financial Statements in accordance with the *Accounting Standards for Business Enterprises* to achieve fair presentation; and designing, implementing, and maintaining necessary internal control to make sure that the Financial Statements are free from material misstatements, whether due to fraud or error.

In preparation of the financial statements, the Management is responsible for assessing the ability to continue as a going concern of the Company, disclosing the sustainable operation-related items (if applicable) and applying sustainable operation assumptions, unless it is planned to liquidate the Company or stop operation or it has no other practical choice.

The Governance of the Company (hereinafter referred to as "the Governance") is responsible for supervising the financial reporting process of the Company.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high-level assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect the existence of a material misstatement. Misstatements may arise from fraud or error. If it is reasonably expected that the misstatement independently or jointly may affect the economic decisions made by users of the financial statements based on the financial statements, it is generally regarded as a material misstatement.

We exercise professional judgment and maintain professional skepticism in performing our audit in accordance with auditing standards. At the same time, we also:

(I) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence forming a sufficient and appropriate basis for our opinion. The risk of failing to detect any material misstatement due to fraud is higher than that due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding internal controls.

(II) Understand the internal controls related to the audit to formulate 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 assumption. Besides, based on the audit evidence obtained, a conclusion is reached as to whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on information available up to the date of the Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities in the Company, to express an opinion on the financial statements. We are responsible for guiding, supervising, and performing the group audit, and we assume all responsibilities for our opinion.

We communicate with the 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 our audit.

We have also provided the Governance with a statement regarding compliance with ethical requirements related to independence and communicated with the Governance about all relationships and other matters that could reasonably be considered to affect our independence, as well as related precautions (if applicable).

From the matters communicated with the Governance, we determine which items are most important to the audit of the financial statements for the current period and thus constitute a key audit matter. We have described these matters in the Auditor's Report, except that they are prohibited from being publicly disclosed as per the laws and regulations, or in rare cases, if a negative result that may be caused by communicating some matter in the Auditor's Report as reasonably expected exceeds the benefit generated by the public interest, we have determined not to communicate such matter in the Auditor's Report.

Pan-China Certified Public Accountants (Special General Partnership)

Chinese CPA: Sun Min
(Project Partner)

Hangzhou, China

Chinese CPA: Wu Shaofang
April 20, 2026

II. Financial Statements**Consolidated Balance Sheet**

December 31, 2025

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2025	December 31, 2024
Current assets:			
Monetary funds	VII. 1	5,060,981,558.27	4,082,126,416.84
Settlement reserve fund			
Loans to banks and other financial institutions			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivable	VII. 5	70,150,618.87	517,954,587.12
Receivables financing	VII. 7	2,491,804.24	
Advances to suppliers	VII. 8	169,434,798.38	223,879,388.67
Premiums receivable			
Reinsurance premium receivable			
Reinsurance contract reserve receivable			
Other receivables	VII. 9	31,038,260.10	9,869,822.71
Including: interest receivable			
Dividends receivable		20,000,000.00	
Financial assets purchased under agreements to resell			
Inventory	VII. 10	634,717,582.47	661,410,153.37
Including: Data resources			
Contract assets			
Held-for-sale assets			
Current portion of non-current assets			
Other current assets	VII. 13	167,604,306.60	118,117,428.18
Total current assets		6,136,418,928.93	5,613,357,796.89
Non-current assets:			
Loans and advances			
Creditors' investments			
Other creditor's investment			
Long-term receivables			
Long-term equity investments	VII. 17	441,303,737.68	111,090,815.70
Investments in other equity instruments	VII. 18	78,767,098.06	71,256,995.18
Other non-current financial assets			
Investment properties	VII. 20	62,924,414.65	63,537,443.20
Fixed assets	VII. 21	893,123,172.84	907,224,090.94
Construction in progress	VII. 22	128,341,121.16	74,585,001.38
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	27,117,353.69	14,541,665.50

Intangible assets	VII. 26	443,885,112.10	429,394,857.15
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term deferred expenses	VII. 28	110,663,098.70	70,202,612.96
Deferred tax assets	VII. 29	149,070,224.51	163,733,011.95
Other non-current assets	VII. 30	15,801,977.93	11,258,403.15
Total non-current assets		2,350,997,311.32	1,916,824,897.11
Total assets		8,487,416,240.25	7,530,182,694.00
Current liabilities:			
Short-term borrowings	VII. 32	80,052,800.00	
Borrowings from the central bank			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	VII. 36	798,463,950.20	676,388,126.18
Advance from clients	VII. 37	345,362.16	129,400.52
Contract liabilities	VII. 38	167,287,402.83	153,710,588.62
Financial assets sold under agreements to repurchase			
Customer bank deposits and due to banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee benefits payable	VII. 39	161,389,606.41	155,703,420.95
Taxes payable	VII. 40	94,748,550.72	125,853,371.28
Other payables	VII. 41	45,208,485.79	91,776,722.59
Including: Interest payable			
Dividends payable			
Handling charges and commissions payable			
Dividend payable for reinsurance			
Held-for-sale liabilities			
Current portion of non-current liabilities	VII. 43	7,738,217.76	3,473,806.48
Other current liabilities	VII. 44	18,877,890.19	5,509,508.59
Total current liabilities		1,374,112,266.06	1,212,544,945.21
Non-current liabilities:			
Insurance contract reserves			
Long-term loans			
Bonds payable	VII. 46	804,392,073.95	780,011,293.32
Including: Preferred stocks			
Perpetual bonds			
Lease liabilities	VII. 47	19,709,565.95	10,955,380.12
Long-term payables			

Long-term employee compensation payable			
Estimated liabilities	VII. 50		25,162,463.80
Deferred income	VII. 51	22,680,204.91	15,260,760.59
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		846,781,844.81	831,389,897.83
Total liabilities		2,220,894,110.87	2,043,934,843.04
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII. 53	395,975,998.00	396,247,555.00
Other equity instruments	VII. 54	50,890,120.00	50,891,546.26
Including: Preferred stocks			
Perpetual bonds			
Capital reserve	VII. 55	825,300,520.47	846,600,405.28
Less: Treasury shares	VII. 56	192,144,659.13	238,275,443.41
Other comprehensive income	VII. 57	-67,081,795.57	-84,904,946.54
Special reserves			
Surplus reserve	VII. 59	198,411,582.50	198,411,582.50
General risk provision			
Undistributed profits		4,929,703,337.30	4,233,103,785.98
Total owners' equity (or shareholders' equity) attributable to the parent company	VII. 60	6,141,055,103.57	5,402,074,485.07
Non-controlling interests		125,467,025.81	84,173,365.89
Total owners' equity (or shareholders' equity)		6,266,522,129.38	5,486,247,850.96
Total liabilities and owners' equity (or shareholders' equity)		8,487,416,240.25	7,530,182,694.00

Chairman of the Company: Hou Juncheng
Head of Accounting Department: Ma Nan

CFO of the Company: Jin Chang

Parent Company's Balance Sheet

December 31, 2025

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2025	December 31, 2024
Current assets:			
Monetary funds		2,974,726,706.16	2,661,232,993.94
Held-for-trading financial assets			
Derivative financial assets			
Notes receivables			
Accounts receivable	XIX. 1	639,135,911.08	885,685,804.30
Receivables financing			
Advances to suppliers		41,408,715.44	46,305,894.31
Other receivables	XIX. 2	41,144,201.31	41,361,558.56
Including: interest receivable			
Dividends receivable			
Inventory		295,063,916.97	308,611,161.72
Including: Data resources			

Contract assets			
Held-for-sale assets			
Current portion of non-current assets			
Other current assets		112,629,290.61	55,091,658.88
Total current assets		4,104,108,741.57	3,998,289,071.71
Non-current assets:			
Creditors' investments			
Other creditor's investment			
Long-term receivables			
Long-term equity investments	XIX. 3	750,833,092.14	409,703,070.22
Investments in other equity instruments		42,944,698.06	35,434,595.18
Other non-current financial assets			
Investment properties		89,005,231.48	92,410,170.91
Fixed assets		856,924,521.92	867,115,341.44
Construction in progress		37,850,170.72	48,890,613.02
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		16,087,439.00	10,230,842.34
Intangible assets		354,900,482.93	364,307,434.65
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term deferred expenses		106,533,387.79	65,634,671.84
Deferred tax assets		631,313.52	2,371,405.09
Other non-current assets		15,824,997.32	11,481,422.54
Total non-current assets		2,271,535,334.88	1,907,579,567.23
Total assets		6,375,644,076.45	5,905,868,638.94
Current liabilities:			
Short-term borrowings		80,052,800.00	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		488,885,903.87	353,447,048.72
Advance from clients			
Contract liabilities		3,983,845.12	49,339,586.16
Employee benefits payable		101,368,962.43	89,370,973.53
Taxes payable		29,454,422.49	80,811,992.33
Other payables		56,554,754.88	57,498,140.16
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Current portion of non-current liabilities		4,252,913.64	2,426,200.55
Other current liabilities			6,414,146.20
Total current liabilities		764,553,602.43	639,308,087.65
Non-current liabilities:			
Long-term loans			
Bonds payable		804,392,073.95	780,011,293.32

Including: Preferred stocks			
Perpetual bonds			
Lease liabilities		12,524,052.42	7,544,106.32
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income		16,680,204.91	15,260,760.59
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		833,596,331.28	802,816,160.23
Total liabilities		1,598,149,933.71	1,442,124,247.88
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		395,975,998.00	396,247,555.00
Other equity instruments		50,890,120.00	50,891,546.26
Including: Preferred stocks			
Perpetual bonds			
Capital reserve		878,674,079.25	899,973,964.06
Less: Treasury shares		192,144,659.13	238,275,443.41
Other comprehensive income		-65,990,006.65	-84,123,594.10
Special reserves			
Surplus reserve		198,411,582.50	198,411,582.50
Undistributed profits		3,511,677,028.77	3,240,618,780.75
Total owners' equity (or shareholders' equity)		4,777,494,142.74	4,463,744,391.06
Total liabilities and owners' equity (or shareholders' equity)		6,375,644,076.45	5,905,868,638.94

Chairman of the Company: Hou Juncheng
Head of Accounting Department: Ma Nan

CFO of the Company: Jin Chang

Consolidated Income Statement

January-December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Total operating revenue	VII. 61	10,597,428,522.23	10,778,411,781.20
Including: Operating revenue		10,597,428,522.23	10,778,411,781.20
Interest income			
Premium earned			
Handling charges and commission income			
II. Total operating cost		8,777,346,325.10	8,869,434,475.56
Including: Operating cost	VII. 61	2,833,242,682.55	3,083,848,879.43
Interest expenses			
Handling charges and commission expenses			
Surrenders			
Net payments for insurance claims			
Net provision for insurance contract reserves			

Policyholder dividend expenses			
Expenses for reinsurance accepted			
Taxes and surcharges	VII. 62	92,904,745.74	84,153,060.04
Selling expenses	VII. 63	5,259,412,498.27	5,161,012,044.52
Administrative expenses	VII. 64	403,543,630.11	365,856,439.85
R&D expenses	VII. 65	216,843,240.79	210,385,991.40
Financial expenses	VII. 66	-28,600,472.36	-35,821,939.68
Including: Interest expenses		36,642,250.36	31,018,228.96
Interest income		58,312,686.17	72,069,542.92
Add: Other income	VII. 67	69,826,315.73	85,803,621.85
Investment income (loss to be listed with "-")	VII. 68	44,026,698.58	-2,483,342.79
Including: Income from investment in associates and joint ventures		43,718,665.32	-2,483,342.79
Income from derecognition of financial assets measured at amortized cost			
Exchange gains (loss to be listed with "-")			
Net exposure hedging income (loss to be listed with "-")			
Gains from changes in fair values (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")	VII. 71	19,675,470.81	-5,122,475.94
Asset impairment loss (loss to be listed with "-")	VII. 72	-76,580,742.41	-95,860,216.77
Income from disposal of assets (loss to be listed with "-")	VII. 73	-1,092,963.57	-1,118,038.20
III. Operating profit (loss to be listed with "-")		1,875,936,976.27	1,890,196,853.79
Add: Non-operating income	VII. 74	1,919,313.85	2,544,878.68
Less: Non-operating expenses	VII. 75	7,307,309.39	3,528,284.93
IV. Total profit (total loss to be listed with "-")		1,870,548,980.73	1,889,213,447.54
Less: Income tax expenses	VII. 76	328,027,189.62	303,935,289.77
V. Net profit (net loss to be listed with "-")		1,542,521,791.11	1,585,278,157.77
(I) Classified by continuity of operation			
1. Net profit from continuing operations (net loss to be listed with "-")		1,542,521,791.11	1,585,278,157.77
2. Net profit from discontinued operations (net loss to be listed with "-")			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (net loss to be listed with "-")		1,497,751,418.11	1,551,995,692.29
2. Minority interest income (net loss to be listed with "-")		44,770,373.00	33,282,465.48
VI. Net after-tax amount of other comprehensive income	VII. 77	539,978.09	-31,057,845.63

(I) Other comprehensive income attributable to owners of the parent company, net of tax		610,650.97	-31,057,845.63
1. Other comprehensive income that cannot be reclassified into profit or loss		921,087.45	-30,942,894.10
(1) Changes arising from re-measurement of the defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method		3,037,500.00	
(3) Changes in fair value of investments in other equity instruments		-2,116,412.55	-30,942,894.10
(4) Changes in fair value of the enterprise's credit risk			
2. Other comprehensive income to be reclassified into profit or loss		-310,436.48	-114,951.53
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method			
(2) Changes in the fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment in other debt investments			
(5) Cash flow hedge reserve			
(6) Translation difference of foreign currency financial statements		-310,436.48	-114,951.53
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-70,672.88	
VII. Total comprehensive income		1,543,061,769.20	1,554,220,312.14
(I) Total comprehensive income attributable to owners of the parent company		1,498,362,069.08	1,520,937,846.66
(II) Total comprehensive income attributable to minority shareholders		44,699,700.12	33,282,465.48
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		3.81	3.93
(II) Diluted earnings per share (RMB/share)		3.80	3.92

In the case of a business combination under common control in the current period, the net profit realized by the combined party before the combination is RMB 0.00 and the net profit realized by the combined party in the previous period is RMB 0.00.

Chairman of the Company: Hou Juncheng

CFO of the Company: Jin Chang

Head of Accounting Department: Ma Nan

Parent Company's Income Statement

January-December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Operating revenue	XIX. 4	4,361,604,981.41	4,994,797,324.03
Less: Operating cost	XIX. 4	1,844,525,624.16	2,183,691,228.30
Taxes and surcharges		42,995,298.47	38,081,131.20
Selling expenses		628,733,648.52	831,816,002.32
Administrative expenses		356,731,256.61	322,971,686.66
R&D expenses		210,836,967.24	208,343,863.19
Financial expenses		-12,150,365.69	-24,164,670.78
Including: Interest expenses		36,218,444.45	30,594,878.13
Interest income		46,632,548.40	55,438,518.33
Add: Other income	XIX. 5	17,691,323.66	37,050,693.68
Investment income (loss to be listed with "-")		7,542,103.22	-989,536.51
Including: Income from investment in associates and joint ventures		1,113,375.81	-2,483,342.79
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss to be listed with "-")			
Gains from changes in fair values (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")		-29,177,392.82	-53,368,670.99
Asset impairment loss (loss to be listed with "-")		-19,777,916.62	-32,537,692.27
Income from disposal of assets (loss to be listed with "-")		-490,854.63	-824,730.59
II. Operating profit (loss to be listed with "-")		1,265,719,814.91	1,383,388,146.46
Add: Non-operating income		843,387.47	590,414.39
Less: Non-operating expenses		6,239,281.57	3,293,173.65
III. Total profit (total loss to be listed with "-")		1,260,323,920.81	1,380,685,387.20
Less: Income tax expenses		188,113,806.00	197,437,756.87
IV. Net profit (net loss to be listed with "-")		1,072,210,114.81	1,183,247,630.33
(I) Net profit from going concern (net loss to be listed with "-")		1,072,210,114.81	1,183,247,630.33
(II) Net profit from discontinued operations (net loss to be listed with "-")			
V. Net after-tax amount of other comprehensive income		921,087.45	-30,942,894.10
(I) Other comprehensive income that cannot be reclassified into profit or loss		921,087.45	-30,942,894.10
1. Changes arising from the remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		3,037,500.00	

3. Changes in fair value of investments in other equity instruments		-2,116,412.55	-30,942,894.10
4. Changes in fair value of the Company's credit risk			
(II) Other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Financial assets reclassified and accrued into other comprehensive income			
4. Credit impairment provision of other creditor's investment			
5. Reserves for cash flow hedge			
6. Translation differences arising from the financial statements of foreign currency			
7. Others			
VI. Total comprehensive income		1,073,131,202.26	1,152,304,736.23
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Chairman of the Company: Hou Juncheng
Head of Accounting Department: Ma Nan

CFO of the Company: Jin Chang

Consolidated Cash Flow Statement
January-December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of labor services		11,369,812,628.24	10,904,543,092.01
Net increase in deposits from customers and placements from banks and other financial institutions			
Net increase in borrowings from the central bank			
Net increase in placements from other financial institutions			
Cash received from receiving premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			

Cash received from interests, handling charges, and commissions			
Net increase in placements from banks and other financial institutions			
Net increase in buyback business capital			
Net cash received from securities brokering			
Receipts of tax refunds		3,887,398.61	944,852.56
Other cash received relating to operating activities	VII. 78	107,850,313.27	136,740,246.80
Subtotal of cash inflows from operating activities		11,481,550,340.12	11,042,228,191.37
Cash paid for the purchase of goods and receipt of labor services		2,643,711,932.15	3,090,587,614.75
Net increase in loans and advances to customers			
Net increase of deposits in the central bank and other banks			
Cash paid for claims of original insurance contracts			
Net increase in loans to banks and other financial institutions			
Cash paid for interests, handling charges, and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		831,004,433.51	826,278,464.61
Payments of taxes and surcharges		1,139,378,932.75	1,207,219,880.70
Other cash paid relating to operating activities	VII. 78	4,674,308,392.58	4,811,141,567.12
Subtotal of cash outflows from operating activities		9,288,403,690.99	9,935,227,527.18
Net cash flows from operating activities		2,193,146,649.13	1,107,000,664.19
II. Cash flows from investing activities:			
Cash received from disposal of investments		2,554,880,000.00	
Cash received from investment income		21,331,594.81	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		3,460,481.96	7,375,755.50
Net cash receipts from disposals of subsidiaries and other business units		7,850,000.00	
Other cash received relating to investing activities	VII. 78	236,785,000.00	307,072,222.23
Subtotal of cash inflows from investing activities		2,824,307,076.77	314,447,977.73

Cash paid to acquire fixed assets, intangible assets and other long-term assets		169,322,089.49	299,736,867.13
Cash paid for investments		2,892,865,763.00	
Net increase in pledge loans			
Net amount of cash paid for the acquisition of subsidiaries and other operating entities			
Other cash payments relating to investing activities	VII. 78		1,280,000,000.00
Subtotal of cash outflows from investing activities		3,062,187,852.49	1,579,736,867.13
Net cash flows from investing activities		-237,880,775.72	-1,265,288,889.40
III. Cash flows from financing activities:			
Cash receipts from capital contributions		286,400.00	125,051.00
Including: Cash receipts from capital contributions from minority owners of subsidiaries		286,400.00	125,051.00
Cash received from borrowings		80,000,000.00	
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		80,286,400.00	125,051.00
Cash repayments of borrowings			200,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		799,252,786.99	370,737,159.10
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries		3,692,440.20	
Other cash payments relating to financing activities	VII. 78	44,315,095.79	187,682,742.57
Subtotal of cash outflows from financing activities		843,567,882.78	758,419,901.67
Net cash flows from financing activities		-763,281,482.78	-758,294,850.67
IV. Effect of exchange rate changes on cash and cash equivalents		-310,436.48	-114,951.53
V. Net increase in cash and cash equivalents		1,191,673,954.15	-916,698,027.41
Add: Beginning balance of cash and cash equivalents		2,742,569,684.62	3,659,267,712.03
VI. Ending balance of cash and cash equivalents		3,934,243,638.77	2,742,569,684.62

Chairman of the Company: Hou Juncheng
Head of Accounting Department: Ma Nan

CFO of the Company: Jin Chang

Parent Company's Cash Flow Statement

January-December 2025

Unit: Yuan Currency: RMB

Item	Notes	2025	2024
I. Cash flow from operating activities:			

Cash received from sales of goods or rendering of labor services		5,086,279,867.62	5,111,629,269.66
Receipts of tax refunds			
Other cash received relating to operating activities		107,828,571.06	94,209,440.68
Subtotal of cash inflows from operating activities		5,194,108,438.68	5,205,838,710.34
Cash paid for the purchase of goods and receipt of labor services		1,917,045,961.56	2,357,640,541.10
Cash paid to and on behalf of employees		440,487,067.54	467,865,643.95
Payments of taxes and surcharges		590,557,475.91	603,808,547.92
Other cash paid relating to operating activities		739,909,337.01	968,101,102.53
Subtotal of cash outflows from operating activities		3,687,999,842.02	4,397,415,835.50
Net cash flows from operating activities		1,506,108,596.66	808,422,874.84
II. Cash flows from investing activities:			
Cash received from disposal of investments		1,495,778,754.30	
Cash received from investment income		11,833,280.85	4,292,783.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,512,473.54	1,329,708.63
Net cash receipts from disposals of subsidiaries and other business units		7,850,000.00	25,690,122.28
Other cash received relating to investing activities		188,275,385.90	313,000,064.01
Subtotal of cash inflows from investing activities		1,705,249,894.59	344,312,678.72
Cash paid to acquire fixed assets, intangible assets and other long-term assets		99,288,574.50	239,828,158.09
Cash paid for investments		1,868,374,844.86	9,094,930.00
Net amount of cash paid for the acquisition of subsidiaries and other operating entities			
Other cash payments relating to investing activities		10,800,000.00	998,000,000.00
Subtotal of cash outflows from investing activities		1,978,463,419.36	1,246,923,088.09
Net cash flows from investing activities		-273,213,524.77	-902,610,409.37
III. Cash flows from financing activities:			
Cash receipts from capital contributions			
Cash received from borrowings		80,000,000.00	
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		80,000,000.00	

Cash repayments of borrowings			200,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		795,613,146.79	370,737,159.10
Other cash payments relating to financing activities		40,828,685.10	184,593,597.20
Subtotal of cash outflows from financing activities		836,441,831.89	755,330,756.30
Net cash flows from financing activities		-756,441,831.89	-755,330,756.30
IV. Effect of exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		476,453,240.00	-849,518,290.83
Add: Beginning balance of cash and cash equivalents		1,622,509,857.26	2,472,028,148.09
VI. Ending balance of cash and cash equivalents		2,098,963,097.26	1,622,509,857.26

Chairman of the Company: Hou Juncheng
Head of Accounting Department: Ma Nan

CFO of the Company: Jin Chang

Consolidated Statement of Changes in Owners' Equity
January-December 2025

Unit: Yuan Currency: RMB

Item	For the Year 2025														
	Owners' equity attributable to the parent company												Non-controlling interests	Total owners' equity	
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk provision	Undistributed profits	Others			Subtotal
Preferred shares		Perpetual bonds	Others												
I. Ending balance of the previous year	396,247,555.00			50,891,546.26	846,600,405.28	238,275,443.41	84,904,946.54		198,411,582.50		4,233,103,785.98		5,402,074,485.07	84,173,365.89	5,486,247,850.96
Add: Changes in accounting policies															
Correction of prior errors															
Others															
II. Beginning balance of the current year	396,247,555.00			50,891,546.26	846,600,405.28	238,275,443.41	84,904,946.54		198,411,582.50		4,233,103,785.98		5,402,074,485.07	84,173,365.89	5,486,247,850.96
III. Increase/decrease in the current period (decrease to be listed with "-")	271,557.00			1,426.26	21,299,884.81	46,130,784.28	17,823,150.97				696,599,551.32		738,980,618.50	41,293,659.92	780,274,278.42

Proya Cosmetics Co., Ltd. Annual Report 2025

(I) Total comprehensive income							610,650.97					1,497,751,418.11		1,498,362,069.08	44,699,700.12	1,543,061,769.20
(II) Capital invested and decreased by owners	- 271,557.00			- 1,426.26	- 21,299,884.81	- 14,383,761.78								- 7,189,106.29	286,400.00	- 6,902,706.29
1. Ordinary shares contributed by the owner	- 271,768.00				- 14,111,993.78	- 14,383,761.78									286,400.00	286,400.00
2. Capital contributed by the holders of other equity instruments																
3. Amounts of share-based payments included in owner's equity					- 7,196,593.58									- 7,196,593.58		- 7,196,593.58
4. Others	211.00			- 1,426.26	8,702.55									7,487.29		7,487.29
(III) Profit distribution												- 783,939,366.79		- 783,939,366.79	- 3,692,440.20	- 787,631,806.99
1. Appropriation to surplus reserve																

4. Retained earnings carried forward from changes in the defined benefit plan															
5. Retained earnings carried forward from other comprehensive income							17,212,500.00				17,212,500.00				
6. Others															
(V) Special reserves															
1. Appropriation in the current period															
2. Utilization in the current period															
(VI) Others							31,747,022.50						31,747,022.50		31,747,022.50
IV. Ending balance of the current period	395,975,998.00			50,890,120.00	825,300,520.47	192,144,659.13	67,081,795.57		198,411,582.50		4,929,703,337.30		6,141,055,103.57	125,467,025.81	6,266,522,129.38

Item	For the Year 2024														
	Owners' equity attributable to the parent company												Non-controlling interests	Total owners' equity	
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk provision	Undistributed profits	Others			Subtotal
Preferred shares		Perpetual bonds	Others												
I. Ending balance 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															
Correct ion of prior errors															
Others															
II. Beginning balance 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/decrease in the current period (decrease to be listed with "-")	-509,629.00			-2,440.34	-17,550,569.15	91,308,707.80	-31,057,845.63					1,192,958,295.39	1,052,529,103.47	33,407,516.48	1,085,936,619.95
(I) Total comprehensive income							-31,057,845.63					1,551,995,692.29	1,520,937,846.66	33,282,465.48	1,554,220,312.14

(II) Capital invested and decreased by owners	- 509,629. 00			- 2,440. 34	- 17,550,5 69.15	125,419,1 23.80						- 143,481, 762.29	125,051.00	- 143,356, 711.29
1. Ordinary shares contributed by the owner	- 509,992. 00				- 27,133,1 04.38	- 27,643,09 6.38							125,051.00	125,051. 00
2. Capital contributed by the holders of other equity instruments														
3. Amounts of share-based payments included in owner's equity					9,543,15 6.38							9,543,15 6.38		9,543,15 6.38
4. Others	363.00			- 2,440. 34	39,378.8 5	153,062,2 20.18						- 153,024, 918.67		- 153,024, 918.67
(III) Profit distribution												- 359,037, 396.90		- 359,037, 396.90
1. Appropriation to surplus reserve														
2. Appropriation to general risk provision														

5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserves															
1. Appropriation in the current period															
2. Utilization in the current period															
(VI) Others						34,110,416.00	-						34,110,416.00		34,110,416.00
IV. Ending balance of the current period	396,247,555.00			50,891,546.26	846,600,405.28	238,275,443.41	84,904,946.54	-	198,411,582.50		4,233,103,785.98		5,402,074,485.07	84,173,365.89	5,486,247,850.96

Chairman of the Company: Hou Juncheng

CFO of the Company: Jin Chang

Head of Accounting Department: Ma Nan

Parent Company's Statement of Changes in Owners' Equity
January-December 2025

Unit: Yuan Currency: RMB

Item	For the Year 2025										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bonds	Others							

I. Ending balance of the previous year	396,247,555.00			50,891,546.26	899,973,964.06	238,275,443.41	-84,123,594.10		198,411,582.50	3,240,618,780.75	4,463,744,391.06
Add: Changes in accounting policies											
Correction of prior errors											
Others											
II. Beginning balance of the current year	396,247,555.00			50,891,546.26	899,973,964.06	238,275,443.41	-84,123,594.10		198,411,582.50	3,240,618,780.75	4,463,744,391.06
III. Increase/decrease in the current period (decrease to be listed with "-")	-271,557.00			-1,426.26	21,299,884.81	46,130,784.28	18,133,587.45			271,058,248.02	313,749,751.68
(I) Total comprehensive income							921,087.45			1,072,210,114.81	1,073,131,202.26
(II) Capital invested and decreased by owners	-271,557.00			-1,426.26	21,299,884.81	14,383,761.78					7,189,106.29
1. Ordinary shares contributed by the owner	-271,768.00				14,111,993.78	14,383,761.78					
2. Capital contributed by the holders of other equity instruments											
3. Amounts of share-based payments included in owner's equity					7,196,593.58						7,196,593.58
4. Others	211.00			-1,426.26	8,702.55						7,487.29

(III) Profit distribution										783,939,366.79	-	783,939,366.79	-
1. Appropriation to surplus reserve													
2. Distribution to owners (or shareholders)										783,939,366.79	-	783,939,366.79	-
3. Others													
(IV) Internal carryover of owners' equity							17,212,500.00			17,212,500.00	-		
1. Capital (or share capital) transferred from capital reserves													
2. Capital (or share capital) transferred from surplus reserves													
3. Surplus reserves to cover losses													
4. Retained earnings carried forward from changes in the defined benefit plan													
5. Retained earnings carried forward from other comprehensive income							17,212,500.00			17,212,500.00	-		
6. Others													
(V) Special reserves													

1. Appropriation in the current period											
2. Utilization in the current period											
(VI) Others						31,747,022.50					31,747,022.50
IV. Ending balance of the current period	395,975,998.00			50,890,120.00	878,674,079.25	192,144,659.13	-65,990,006.65		198,411,582.50	3,511,677,028.77	4,777,494,142.74

Item	2024										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bonds	Others							
I. Ending balance 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 of prior errors											
Others											
II. Beginning balance 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/decrease in the current period (decrease to be listed with "-")	-509,629.00			2,440.34	17,550,569.15	91,308,707.80	-30,942,894.10			824,210,233.43	683,895,993.04
(I) Total comprehensive income							-30,942,894.10			1,183,247,630.33	1,152,304,736.23

(II) Capital invested and decreased by owners	-509,629.00			- 2,440.34	- 17,550,569.15	125,419,123.8 0					- 143,481,762.29
1. Ordinary shares contributed by the owner	-509,992.00				- 27,133,104.38	- 27,643,096.38					
2. Capital contributed by the holders of other equity instruments											
3. Amounts of share-based payments included in owner's equity					9,543,156.38						9,543,156.38
4. Others	363.00			- 2,440.34	39,378.85	153,062,220.1 8					- 153,024,918.67
(III) Profit distribution										- 359,037,396.90	- 359,037,396.90
1. Appropriation to surplus reserve											
2. Distribution to owners (or shareholders)										- 359,037,396.90	- 359,037,396.90
3. Others											
(IV) Internal carryover of owners' equity											
1. Capital (or share capital) transferred from capital reserves											
2. Capital (or share capital) transferred from surplus reserves											

3. Surplus reserves to cover losses											
4. Retained earnings carried forward from changes in the defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriation in the current period											
2. Utilization in the current period											
(VI) Others						-					34,110,416.00
IV. Ending balance of the current period	396,247,555.00			50,891,546.26	899,973,964.06	238,275,443.41	-84,123,594.10		198,411,582.50	3,240,618,780.75	4,463,744,391.06

Chairman of the Company: Hou Juncheng

CFO of the Company: Jin Chang

Head of Accounting Department: Ma Nan

III. General Information of the Company

1. Company profile

Applicable Not applicable

Proya Cosmetics Co., Ltd. (hereinafter referred to as the "Company"), formerly known as Proya (Huzhou) Cosmetics Co., Ltd., was registered with the Huzhou Municipal Administration for Industry and Commerce on May 24, 2006. The Company is headquartered in Hangzhou, Zhejiang Province. The Company currently holds the business license with unified social credit code 91330100789665033F, with a registered capital of RMB 396,005,182.00 and paid-in capital of RMB 395,975,998.00. There are 395,975,998 A-shares without trading restrictions on sale. The shares of the Company were listed on the SSE on November 15, 2017.

The Company operates in the daily chemical industry, mainly engaged in cosmetics research and development, production, and sales.

The financial statements were approved for release by the 12th meeting of the 4th Board of Directors of the Company on April 20, 2026.

IV. Preparation Basis of Financial Statements

1. Preparation basis

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

2. Going concern

Applicable Not applicable

There were no events or circumstances that would give rise to material doubt about the Company's ability to continue as a going concern during 12 months from the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

Applicable Not applicable

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

1. Statement of compliance with the *Accounting Standards for Business Enterprises*

The financial statements of the Company are prepared in accordance with the requirements of the *Accounting Standards for Business Enterprises*, and truly and fully present the information such as the financial position, business performance, changes in shareholders' equity and cash flows of the Company.

2. Accounting period

The Company's accounting year starts on January 1 and ends on December 31.

3. Operating cycle

Applicable Not applicable

The Company has a short operating cycle and classifies assets and liabilities as current based on a 12-month period.

4. Functional currency

The Company and its domestic subsidiaries take Renminbi (RMB) as the functional currency, while overseas subsidiaries, including 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. Method and basis for determination of materiality

√ Applicable Not applicable

Item	Materiality criteria
Disclosures involving the determination of materiality	Method and basis for determination of materiality
Significant accounts receivable with provision for bad debts made on an individual basis:	The Company recognizes accounts receivable individually exceeding 0.3% of its total assets as significant account receivables.
Recovery or reversal of provision for bad debts for significant accounts receivable	The Company recognizes accounts receivable individually exceeding 0.3% of its total assets as significant account receivables.
Write-off of significant accounts receivable	The Company recognizes accounts receivable individually exceeding 0.3% of its total assets as significant account receivables.
Significant receivables financing with impairment provision made on an individual basis	The Company recognizes receivables financing individually exceeding 0.3% of its total assets as significant receivables financing.
Reversal or recovery of impairment provision for significant receivables financing	The Company recognizes receivables financing individually exceeding 0.3% of its total assets as significant receivables financing.
Significant receivables financing written off	The Company recognizes receivables financing individually exceeding 0.3% of its total assets as significant receivables financing.
Other significant accounts receivable with provision for bad debts made on an individual basis	The Company recognizes other accounts receivable individually exceeding 0.3% of its total assets as significant other accounts receivable.
Recovery or reversal of provision for bad debts for significant other accounts receivable	The Company recognizes other accounts receivable individually exceeding 0.3% of its total assets as significant other accounts receivable.
Write-off of significant other accounts receivable	The Company recognizes other accounts receivable individually exceeding 0.3% of its total assets as significant other accounts receivable.
Significant dividends receivable aged over 1 year	The Company recognizes dividends receivable individually exceeding 0.3% of its total assets as significant dividends receivable.
Significant prepayments aged over 1 year	The Company recognizes prepayments individually exceeding 0.3% of its total assets as significant prepayments.
Significant construction in progress	The Company recognizes construction in progress with amount individually exceeding 0.3% of its total assets as significant construction in progress.
Significant accounts payable aged over 1 year	The Company recognizes accounts payable individually exceeding 0.3% of its total assets as significant accounts payable.
Significant advances from customers aged over 1 year or being overdue	The Company recognizes advances from customers individually exceeding 0.3% of its total assets as significant advances from customers.
Significant contract liabilities with aging over 1 year	The Company recognizes contract liabilities individually exceeding 0.3% of its total assets as significant contract liabilities.
Significant other payables aged over 1 year	The Company recognizes other payables individually exceeding 0.3% of its total assets as

	significant other payables.
Significant provisions	The Company recognizes estimated liabilities individually exceeding 0.3% of its total assets as significant estimated liabilities.
Significant cash flows from investing activities	The Company recognizes cash flows from investing activities individually exceeding 5% of its total assets as significant cash flows from investing activities.
Significant subsidiaries and non-wholly-owned subsidiaries	The Company recognizes subsidiaries with absolute value of contribution to total profits exceeding 5% of the absolute value of consolidated total profits as significant subsidiaries or significant non-wholly-owned subsidiaries.
Significant joint ventures, associates and joint operations	The Company recognizes joint ventures, associates and joint operations with absolute value of contribution to total profits exceeding 5% of the absolute value of consolidated total profits as significant joint ventures, associates and joint operations.
Significant contingencies	The Company recognizes contingencies that have an impact on balance sheet items exceeding 1% of its total assets or an impact on income statement items exceeding 5% of its total profits as significant contingencies.
Significant commitments	The Company recognizes commitments that have an impact on balance sheet items exceeding 1% of its total assets or an impact on income statement items exceeding 5% of its total profits as significant commitments.
Significant 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 its total assets or an impact on income statement items exceeding 5% of its total profits as significant events after the balance sheet date.

6. Accounting method for business combination involving entities under and not under common control

Applicable Not applicable

1. Accounting treatment method for business combinations under common control

The assets and liabilities obtained by the Company in business combinations shall be calculated based on the carrying amount of the combined party gained by the ultimate controlling party in its consolidated financial statements on the date of mergers. The Company adjusts its capital reserves by the difference between the carrying amount of the owner's equity in the combined party accounted for in the consolidated financial statements of the ultimate controlling party and the carrying amount of the consideration paid for the business combination (or aggregate carrying amount of the shares issued). If the balance of the capital reserves is insufficient for the offset, the retained earnings will be adjusted accordingly.

2. Accounting treatment method for business combinations not under common control

On the acquisition date, the Company recognizes any excess of the combination cost over the fair value of the net identifiable assets acquired from the acquiree in combination as goodwill. Where the combination cost is less than the fair value of net identifiable assets obtained from the acquiree during the business combination, the fair value and combination cost of various identifiable assets, liabilities, and contingent liabilities from the acquiree shall be rechecked. Where the combination cost is, after the recheck,

still less than the fair value of net identifiable assets obtained from the acquiree during the business combination, the balance shall be included in current profits and losses.

7. Determination of control and preparation methods of consolidated financial statements

√ Applicable Not applicable

1. Judgment of control

Control is defined as the power exercised by the investor over the investee, which enables the investor to obtain variable returns through active participation in the investee's relevant activities and to utilize this power to influence the extent of the variable returns derived from the investee.

2. Preparation method of consolidated financial statements

(1) The parent company shall include all of its subsidiaries in the consolidation scope of consolidated financial statements. Consolidated financial statements are prepared in accordance with *Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements* and based on financial statements of the parent company and its subsidiaries and other related information.

(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. When the control over the acquiree is acquired, it 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-operation arrangement and accountant treatment method of joint operation

√ Applicable Not applicable

1. Joint arrangements are divided into joint operations and joint ventures.

2. When the Company is a joint operator in a joint operation, the following items related to the shares of interests in the joint operation are recognized:

(1) Recognition of assets held separately and proportionate recognition of jointly held assets based on the ownership interest;

(2) Recognition of liabilities incurred separately and proportionate recognition of jointly incurred liabilities based on the ownership interest;

(3) Recognition of revenue generated from the sale of the Company's share of output from the joint operation.

(4) Recognition of revenue from the sale of assets by the joint operation based on the Company's ownership interest.

(5) Recognition of expenses incurred separately and proportionate recognition of expenses incurred by the joint operation based on the Company's ownership interest.

9. Recognition criteria for cash and cash equivalents

Cash presented in the cash flow statement refers to cash on hand and readily available deposits. Cash equivalents refer to short-term, highly liquid investments held by the Company that are readily convertible to known amounts of cash and have 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 initially recognized by translating the foreign currency amount into RMB using the approximate exchange rate of the spot rate on the transaction date. For the foreign currency monetary items, conversion shall be based on the spot exchange rate on the balance sheet date and the exchange difference incurred from different exchange rates, except for the exchange difference of principal and interest incurred due to foreign currency loan related to acquisition or construction of assets

that can meet the condition of capitalization, shall be included in the current profits or losses; foreign currency non-monetary items measured at historical cost are still converted as per the approximate exchange rate at the transaction date and keep the RMB amount unchanged; foreign currency non-monetary items measured at fair value shall be converted as per the spot exchange rate on the date of determining the fair value and the difference shall be included in the current profits or losses or other comprehensive incomes.

2. Translation of foreign currency financial statements

The asset items and liability items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; the owner's equity items, except for "undistributed profit", shall be translated at the spot exchange rate on the transaction date; the income and expense items in the income statement shall be translated at an approximate exchange rate of the spot exchange rate on the transaction date. The translation differences of foreign currency financial statements generated according to the above translation shall be included in other comprehensive income.

11. Financial instruments

Applicable Not applicable

1. Classification of financial assets and financial liabilities

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

Financial liabilities are divided into the following four categories upon initial recognition: (1) financial liabilities measured at FVTPL; (2) financial liabilities formed by the transfer of financial assets that do not meet the derecognition conditions or continue to be involved in the transferred financial assets; (3) financial guarantee contracts that are not subject to the above (1) or (2), and loan commitments that are not subject to the above (1) and have a loan interest rate lower than the market interest rate; and (4) financial liabilities measured at amortized cost.

2. Recognition bases, measurement methods and derecognition conditions for financial assets and financial liabilities

(1) Recognition bases and initial measurement methods for financial assets and financial liabilities

The Company recognizes a financial asset or a financial liability when being one party to a financial instrument contract. Financial assets or financial liabilities are initially recognized at fair value. For financial assets or financial liabilities measured at FVTPL, the relevant transaction expenses are directly included in the current profit and loss; for other financial assets or financial liabilities, the relevant transaction expenses are included in the initial recognition amount. However, accounts receivable without a significant financing component initially recognized by the Company, or a financing component not considered by the Company in a contract valid for less than 1 year, are initially measured at transaction price as defined in the *Accounting Standards for Business Enterprises No. 14 – Revenue*.

(2) Subsequent measurement methods for financial assets

1) Financial assets measured at amortized cost

These financial assets are subsequently measured at amortized cost, using the effective interest method. Any gains or losses on financial assets measured at amortized cost that are not part of the hedging relationship are included in the current profits or losses at derecognition, reclassification, amortization using the effective interest method, or recognition of impairment.

2) Debt instrument investments measured at FVTOCI

These debt instrument investments are subsequently measured at fair value. Interest, impairment losses or gains, and exchange gains or losses calculated using the effective interest method are included in the current profit and loss, and other gains or losses are included in other comprehensive income. At derecognition, cumulative gains or losses previously included in other comprehensive income are transferred out from the other comprehensive income and charged to the current profit and loss.

3) Investments in equity instruments measured at FVTOCI

These debt instrument investments are subsequently measured at fair value. Dividends obtained (excluding those obtained as investment costs recovered) are included in the current profit and loss, while other gains or losses are included in other comprehensive income. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

4) Financial assets measured at FVTPL

These financial assets are subsequently measured at fair value, and any gains or losses therefrom (including interest and dividend incomes) are included in the current profit and loss unless such financial assets are part of a hedging relationship.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities measured at FVTPL

These financial liabilities include held-for-trading financial liabilities (including derivative instruments classified as financial liabilities) and financial liabilities designated to be measured at FVTPL. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated to be measured at FVTPL as a result of changes in the Company's own credit risk are included in other comprehensive income unless this approach creates or enlarges an accounting mismatch in the profit or loss. Other gains or losses on such financial liabilities (including interest expenses and changes in the fair value other than as a result of changes in the Company's own credit risk) are included in the current profit and loss unless such financial liabilities are part of a hedging relationship. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

2) Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets are measured in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets*.

3) Financial guarantee contracts that are not subject to the above 1) or 2), and loan commitments that are not subject to the above 1) and have a loan interest rate lower than the market interest rate

Subsequent measurement shall be made according to the higher of the following two amounts after initial recognition: ① the loss provision amount determined according to the impairment provisions of financial instruments; ② the balance of the initially recognized amount after deducting the accumulated amortization amount determined according to the relevant provisions of the *Accounting Standards for Business Enterprises No. 14 – Revenue*.

4) Financial liabilities measured at amortized cost

These financial liabilities are measured at amortized cost, using the effective interest method. Any gains or losses on financial liabilities measured at amortized cost and not part of any hedging relationship are included in the current profit and loss at derecognition or amortization using the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when one of the following conditions is met:

① The contractual right for collecting this financial asset cash flow is terminated;

② The financial asset has been transferred and the transfer satisfies the requirements for derecognition of a financial asset under *Accounting Standards for Business Enterprises No. 23 – Financial Assets Transfer*.

2) Under the circumstance that the current obligation of the financial liabilities in whole (or partially) has been relieved, the Company will derecognize the financial liabilities in whole (or partially).

3. Recognition basis and measurement method for transfer of financial assets

When transferring substantially all the risks and rewards from the ownership of a financial asset, the Company shall derecognize the financial asset and recognize separately any right and obligation generated or retained in the transfer as an asset or a liability. When retaining substantially all the risks and rewards from the ownership of the financial asset, the Company shall continue to recognize the financial asset. If the Company neither transfers nor retains almost all risks and rewards from the ownership of the financial assets, the following situations shall be handled accordingly: (1) if the control over the financial assets is not retained, the financial assets shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities; (2) if the control over the financial assets is retained, the relevant financial assets shall be recognized according to the extent of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

If the transfer of a financial asset in its entirety qualifies for derecognition, the difference between the following two items shall be included in the current profit and loss: (1) the carrying amount of the transferred financial asset at the derecognition date; (2) the sum of the consideration received for the transfer of the financial asset and the amount of the corresponding derecognized portion of the accumulated amount of changes in fair value previously included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments measured at FVTOCI). If a part

of the financial asset is transferred, and such transferred portion qualifies for derecognition in its entirety, the carrying amount of the financial asset prior to the transfer is allocated between the portion derecognized and the portion retained, at their respective relative fair values on the date of transfer, and the difference between the following two items is included in the current profit and loss: (1) the carrying amount of the portion derecognized; (2) the sum of the consideration of the derecognized portion and the amount of the corresponding derecognized portion of the accumulated amount of changes in fair value previously included in other comprehensive income (the financial assets involved in the transfer are debt instrument investments measured at FVTOCI).

4. Recognition methods for fair value of financial assets and financial liabilities

The Company shall determine the fair value of relevant financial assets and financial liabilities by valuation techniques that are applicable in current conditions and are supported sufficiently by available data and other information. The Company categorizes inputs of the valuation techniques into the following levels and uses them in turn:

(1) Level 1 inputs refer to the unadjusted quotation of the same asset or liability in the active market which can be obtained on the measurement date;

(2) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the relevant asset or liability, either directly or indirectly; including similar quoted prices of assets and liabilities in active markets, the same or similar quoted prices of assets and liabilities in non-active markets, other significant inputs other than quoted prices such as observable interest rate curves and return curves in the normal quoting intervals, and the inputs verified by the markets;

(3) Level 3 inputs refer to non-observable inputs of the related assets or liabilities, including interest rates that cannot be directly observed or verified by observable market data, stock volatility, the future cash flow of abandoned obligations assumed in the business combination, and financial projections by using self-owned data.

5. Impairment of financial instruments

Based on expected credit losses, the Company accounts for the impairment of and recognizes provisions for losses on financial assets measured at amortized cost, debt instrument investments measured at FVTOCI, contract assets, lease receivables, loan commitment not classified as financial liabilities measured at FVTPL, and financial guarantee contracts not classified as financial liabilities measured at FVTPL or financial liabilities formed by the transfer of financial assets that do not meet the derecognition conditions or continue to be involved in the 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 difference between all contractual cash flows receivable according to the contract and discounted by the Company at the original effective interest rate and all cash flows expected to be received, that is, the present value of all cash shortages. The credit-impaired financial assets that are purchased or originated by the Company shall be discounted on the basis of the credit-adjusted effective interest rate of the financial assets.

For purchased or originated credit-impaired financial assets, the Company only recognizes the cumulative changes in expected credit losses in the whole duration after initial recognition as loss provisions on the balance sheet date.

For lease receivables, along with receivables and contract assets which are formed by transactions regulated by the *Accounting Standards for Business Enterprises No. 14 – Revenue*, and do not contain significant financing components or the Company does not consider the financing components in contracts with a term of less than one year, the Company uses a simplified measurement method to measure loss provisions according to the expected credit loss in the whole duration.

In addition to financial assets adopting the aforesaid measurement methods, the Company assesses whether there has been a significant increase in its credit risk on each balance sheet date. If there has been a significant increase in credit risk since initial recognition, the Company measures loss provisions according to the expected credit loss during the whole duration. Otherwise, the Company measures loss provisions according to the expected credit loss of the financial instruments in the next 12 months.

With reasonable and evidence-based information, including forward-looking information, the Company determines whether financial instruments' credit risk has significantly increased since initial recognition by comparing the default risks of the financial instruments on the balance sheet date and the initial recognition date.

The Company assumes that there has not been a significant increase in the credit risk since initial recognition if the financial instruments are determined to have a low credit risk on the balance sheet date.

The Company assesses the expected credit risk and measures the expected credit loss based on individual financial instruments or portfolios of financial instruments. When conducting an assessment and measurement based on portfolios of financial instruments, the Company categorizes financial instruments into various portfolios based on common characteristics of risks.

Expected credit losses are remeasured on each balance sheet date, and any increase or reversal of loss provisions arising therefrom is included in the current profit and loss as impairment losses or gains. For financial assets measured at amortized cost, the loss provision shall be used to offset against the carrying amount of the financial assets presented in the balance sheet; for debt investments measured at FVTOCI, the Company recognizes the loss provision in other comprehensive income, and the carrying amount of the financial assets will not be deducted.

6. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not mutually offset. However, if the following conditions are met at the same time, the Company shall list the net amount after offset in the balance sheet: (1) the Company has the legal right to offset the recognized amount, and such legal right is currently enforceable; (2) the Company plans to settle on a net basis, or cash out the financial assets and pay off the financial liabilities at the same time.

For the transfer of financial assets that do not meet the derecognition conditions, the Company shall not offset the transferred financial assets and related liabilities.

12. Notes receivable

Applicable Not applicable

13. Accounts receivable

Applicable Not applicable

Portfolio category and determination basis of provision for bad debts by portfolio of credit risk features

Applicable Not applicable

Portfolio category	Basis for portfolio determination	Method for measuring expected credit losses
Accounts receivable - aging portfolio	Aging	A comparison table of accounts receivable age and the expected credit loss rate is prepared, and the expected credit loss is calculated, concerning historical credit loss experience, in consideration of current conditions and expectations of future economic conditions.

Aging calculation method based on aging recognition of credit risk feature combination

Applicable Not applicable

Aging	Expected credit loss rate (%)
Within 1 year (inclusive, the same below)	5.00
1-2 years	30.00
2-3 years	50.00
Over 3 years	100.00

The aging of accounts receivable shall be calculated from the month in which the accounts receivable actually occur.

Judgment criteria of identification and accrual of provision for bad debts on an individual basis√ Applicable Not applicable

For receivables with significantly different credit risks and portfolios of credit risks, the Company shall make provision for expected credit losses on an individual basis.

14. Receivables financing√ Applicable Not applicable**Portfolio category and determination basis of provision for bad debts by portfolio of credit risk features** Applicable √ Not applicable**Aging calculation method based on aging recognition of credit risk feature combination** Applicable √ Not applicable**Judgment criteria of accrual of provision for bad debts on an individual basis** Applicable √ Not applicable**15. Other receivables**√ Applicable Not applicable**Portfolio category and determination basis of provision for bad debts by portfolio of credit risk features**√ Applicable Not applicable

Portfolio category	Basis for portfolio determination	Method for measuring expected credit losses
Other receivables - aging portfolio	Aging	A comparison table between the aging of other receivables and the expected credit loss rate is formulated and the expected credit loss is calculated, with reference to historical credit loss experience, in consideration of current conditions and expectation of future economic conditions.

Aging calculation method based on aging recognition of credit risk feature combination√ Applicable Not applicable

Aging	Expected credit loss rate (%)
Within 1 year (inclusive, the same below)	5.00
1-2 years	30.00
2-3 years	50.00
Over 3 years	100.00

The aging of other receivables shall be calculated from the month in which the receivables actually occur.

Judgment criteria of accrual of provision for bad debts on an individual basis√ Applicable Not applicable

For other receivables with significantly different credit risks and portfolios of credit risks, the Company shall make provision for expected credit losses on a single basis.

16. Inventories

Applicable Not applicable

Inventory categories, inventory costing methods, inventory counting system, and amortization method for low value consumables and packaging materials

Applicable Not applicable

1. Classification of inventories

Inventories include finished products or goods held by the Company for sale in daily activities, products in process, and materials and supplies consumed during production or provision of labor services.

2. Valuation method for dispatching inventory

The moving weighted average method is adopted for dispatching inventories.

3. Inventory system of inventories

The perpetual inventory system is applied to inventories.

4. Amortization method for low-value consumables and packing materials

(1) Low-value consumables

Such consumables are amortized by one-off write-off method.

(2) Packing materials

Such consumables are amortized by one-off write-off method.

Recognition criteria and accrual method for the provision for decline in the value of inventories

Applicable Not applicable

On the balance sheet date, the inventories shall be valued by the lower of cost or net realizable value. The provision for the decline in the value of inventories shall be made according to the balance between the cost and net realizable value. For inventories directly for sale, during normal production and operation, the difference between the estimated selling price and the estimated selling expenses and relevant taxes shall be determined as the net realizable value. For inventories requiring to be processed, during normal production and operation, the difference between the estimated selling price of the finished products produced and their estimated cost to be incurred till completion, estimated selling expenses, and associated taxes shall be determined as the net realizable value. On the balance sheet date, if there is a contract price agreement for a part of the same inventory and no such agreements for others, the net realizable value shall be determined separately, and the amount of provision made or reversed for the decline in the value of inventories shall be determined respectively compared with corresponding costs.

Portfolio category and determination basis for provision for decline in the value of inventories accrued in portfolios and determination basis for net realizable value of different inventories

Applicable Not applicable

Calculation method and determination basis for net realizable value of inventories recognized based on inventory age

Applicable Not applicable

17. Contract assets

Applicable Not applicable

Recognition methods and standards for contract assets

Applicable Not applicable

The Company presents its right to receive consideration from customers unconditionally (i.e. only depending on the passage of time) as receivables and the right to receive consideration for the transfer of goods to customers (which depends on other factors other than the passage of time) as a contract asset.

Portfolio category and determination basis of provision for bad debts by portfolio of credit risk features

Applicable Not applicable

Aging calculation method based on aging recognition of credit risk feature combination

Applicable Not applicable

Judgment criteria of identification and accrual of provision for bad debts on an individual basis

Applicable Not applicable

18. Non-current assets or disposal group held for sale

Applicable Not applicable

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

Applicable Not applicable

Recognition standard and presentation method for discontinued operations

Applicable Not applicable

19. Long-term equity investments

Applicable Not applicable

1. Judgment of common control and significant influence

Common control refers to the sharing of control over certain arrangements under related agreements, and related activities of the arrangements must be determined only with the unanimous consent of the parties sharing the control. The influence is deemed significant if it involves the power of participating in decision-making on the financial and operational policies of the investee, but the power cannot control or jointly control with other parties the formulation of the policies.

2. Determination of investment cost

(1) For long-term equity investment formed by business merger under common control whose merger consideration is carried out by the merging party through cash payment, transfer of non-cash assets, assumption of liabilities and issuance of equity securities, the share of carrying amount of the merged party's equity gained by the ultimate controlling party in its consolidated financial statements on the merger date shall be taken as the initial investment cost. The difference between the initial investment cost of long-term equity investment and the carrying amount of the paid merger consideration or total par value of issued shares adjusts the capital reserves. Retained earnings shall be adjusted if the capital reserves are not sufficient for offset.

Through multiple transactions, the Company realizes the long-term equity investment formed by the business combination under common control and determines whether it belongs to the "package deal" or not. If so, all transactions will be treated as control transactions in accounting. If not, the combined party's portion of carrying amount of net assets in the ultimate controlling party's consolidated financial statements owned on the combination date is taken as the initial investment amount. The difference between the initial investment cost of long-term equity investment on the combination date and the carrying amount of the long-term equity investment before the combination plus the carrying amount of new share consideration further obtained on the combination date shall be adjusted to capital reserves. Retained earnings shall be adjusted if capital reserves are not sufficient for offset.

(2) For business combination not under common control, the fair value of paid combination consideration on the acquisition date shall be taken as the initial investment cost.

Through multiple transactions, the Company realizes the long-term equity investment formed by the business combination not under common control, and makes separate financial statements and consolidated financial statements for relevant accounting treatment:

1) In separate financial statements, the initial investment cost accounted for using the newly adopted cost method is the sum of the carrying amount of equity investment originally held and the addition of investment cost.

2) Determine whether it belongs to "a package deal" in consolidated financial statements. If so, all transactions will be treated as control transactions in accounting. If it is not a package deal, the acquiree's equity held before the acquisition date shall be re-measured at its fair value at the acquisition date, and the balance between fair value and carrying amount shall be included in the current investment income. For the acquiree's equity held before the acquisition date involving other comprehensive income calculated by the equity method, the related other comprehensive income shall be converted into income on investment at the acquisition date. However, other comprehensive benefits arising from the re-measurement of the net liabilities or net assets of the defined benefit plan by the investee are excluded.

(3) The initial investment cost acquired otherwise than through the business combination is initially recognized at the actual consideration paid if the investment is acquired by cash, or at the fair value of the equity securities issued if the investment is acquired by issuing equity securities. The initial investment costs acquired through debt restructuring are recognized pursuant to the *Accounting Standards for Business Enterprises No. 12 – Debt Restructuring*. The initial investment costs acquired through the exchange of non-monetary assets are recognized pursuant to the *Accounting Standards for Business Enterprises No. 7 – Exchange of Non-monetary Assets*.

3. Subsequent measurement and recognition of profit or loss

When the Company controls the investee, the cost method is adopted for long-term equity investment while the equity method is adopted for long-term equity investment of associates and joint ventures in accounting.

4. Disposal method of investment of the subsidiaries step by step through multiple transactions till losing the control right

(1) Principle for determination of a "package deal"

If the equity investment of subsidiaries is disposed of step by step through multiple transactions till losing the control right, the Company will determine whether the step-by-step transaction belongs to a "package deal" based on information such as the transaction agreement terms of each step, the disposal consideration obtained separately, the target of equity sale, the disposal method and the disposal time. If the terms, conditions, and economic impact of each transaction meet one or more of the following conditions, multiple transactions are generally determined as "a package deal":

- 1) These transactions are concluded simultaneously or by taking the mutual impact into account;
- 2) These transactions reach a complete commercial result as a whole;
- 3) The occurrence of one transaction depends on the occurrence of at least one other transaction;
- 4) A transaction alone is not economical, but it is when considered with other transactions.

(2) Accounting treatment for transactions not classified as a "package deal"

1) Separate financial statements

For the disposal of equity, the difference between the carrying amount and the actual consideration obtained is included in the current profits or losses. The remaining equity having a significant influence on the investee or control with other parties shall be calculated by the equity method; the remaining equity without any significant influence on the investee or control with other parties shall be calculated according to the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

2) Consolidated financial statements

Before the loss of the right to control, the difference between the disposal price and the disposal of a long-term equity investment shall be the difference between the net assets share that the subsidiary has continued to calculate from the acquisition date or the combination date, and the capital reserves (capital premiums) shall be adjusted; where such capital premiums are not sufficient for offset, the retained earnings shall be used to offset such difference.

When the right to control the former subsidiary is lost, the remaining equities are re-measured at fair value on the date when the right to control is lost. The sum of the consideration obtained from disposal and the fair value of the remaining equities less the share of the net assets of the subsidiary that would have been entitled to and continuously accounted for according to the original shareholding percentage from the acquisition date or combination date is included in the investment income for the period covering the date of loss of control, offsetting the goodwill at the same time. Other comprehensive incomes related to the equity investment in the former subsidiary shall be transferred to the investment income for the period covering the date of loss of control.

(3) Accounting treatment for transactions classified as a "package deal"

1) Separate financial statements

The transactions are treated as one transaction of disposing of a subsidiary and loss of the right to control. However, prior to the loss of control, the balance between the price of each disposal and the investment of net assets corresponding to the investment disposed is recognized as other comprehensive income in individual financial statements, and will be transferred to the profit and loss of the period at the loss of control.

2) Consolidated financial statements

The transactions are treated as one transaction of disposing of a subsidiary and loss of the right to control. However, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment in each case before the loss of the right to control is

recognized in the consolidated financial statements as other comprehensive incomes and transferred to the current profits and losses upon the loss of the right to control.

20. Investment properties

(1). If measured at cost:

Depreciation or amortization method

1. Investment properties include the land use rights which have already been rented, the land use rights and buildings held for transfer after appreciation.

2. Investment properties are initially measured at cost, subsequently measured using the cost model, and depreciated or amortized using the same method as fixed assets and intangible assets.

21. Fixed assets

(1). Recognition conditions

Applicable Not applicable

Fixed assets refer to tangible assets whose service life is more than a fiscal year and which are held for goods production, labor service rendering, renting, or operating management. Such assets are recognized when the economic benefit is likely to flow into the Company and the cost can be measured reliably.

(2). Depreciation method

Applicable Not applicable

Category	Depreciation method	Depreciation life (year)	Residual value rate	Annual depreciation rate
Premises 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%
Special equipment	Straight-line method	5-10	5%	19.00%-9.50%
Means of transport	Straight-line method	5	5%	19.00%

22. Construction in progress

Applicable Not applicable

1. Construction in progress can be recognized when the economic benefit can flow into the Company and the cost can be reliably measured. Construction in progress shall be measured at the actual cost incurred before the assets under construction become ready for the intended use.

2. When the construction in progress is ready for its intended use, it shall be measured at the actual cost and transferred to fixed assets. For a completed project ready for its intended use but the final accounts for completion have not been made, the asset is transferred to fixed assets at an estimated value. After the final accounts for completion have been made, the previously estimated value is adjusted at the actual cost, but there is no need to adjust the depreciation retrospectively.

Category	Standard and time point for construction in progress to be transferred to fixed assets
Special equipment	Meeting the design requirements or standards specified in the contract after installation and commissioning
Premises and buildings	The physical construction has been fully completed or substantially completed and can be put into use.

23. Borrowing costs

Applicable Not applicable

1. Recognition principles for capitalization of borrowing costs

The borrowing costs of the Company which can be assigned to acquisition and construction or production of assets in compliance with capitalization conditions shall be capitalized and charged to relevant asset costs; other borrowing costs shall be recognized as expenses when they are incurred and shall be charged to current profits and losses.

2. Period of borrowing costs capitalization

(1) The borrowing costs which meet the following conditions simultaneously shall begin to be capitalized: 1) expenditures to assets have already been incurred; 2) borrowing costs have already been incurred; 3) the acquisition and construction or production activities necessary for the assets to reach the expected usable or marketable condition have already started.

(2) Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs occurred during such suspension period shall be recognized as current expenses until the acquisition and construction or production of the asset restarts.

(3) When the acquisition, construction or production of assets that meet the capitalization conditions is ready for its intended use or sale, the capitalization of borrowing costs shall cease.

3. Capitalization rate and capitalization amount of borrowing costs

For specific borrowings used to acquire, construct or originate assets qualified for capitalization, the amount of interest costs (including amortization of discount or premium determined by the effective interest method) actually incurred on such borrowings for the period shall be capitalized after deducting any interest earned from depositing the unused borrowings in the bank or any investment income arising from the temporary investment of those borrowings. For general borrowings used to acquire, construct, or originate assets qualified for capitalization, the capitalized amount of interest on general borrowings shall be determined by multiplying the weighted average (of the excess of cumulative assets expenditures over the specific borrowings) by the capitalization rate (of used general borrowings).

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 include land use rights, patent rights, and non-patented technologies and shall be initially measured at cost.

2. Intangible assets with a limited service life shall be systematically and properly amortized based on the expected methods for realizing economic benefits relevant to such assets within the service life; otherwise, they shall be amortized using the straight-line method. The details are as follows:

Item	Service life and determination basis	Amortization method
Land use right	The service life is determined to be 40-50 years based on the property ownership registration period.	Straight-line method
Non-patented technology	The service life is determined to be 5 years based on the expected benefit period.	Straight-line method

Item	Service life and determination basis	Amortization 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 right	The service life is determined to be 10 years based on the legal protection period.	Straight-line method

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

√ Applicable □ Not applicable

1. Collection scope of R&D expenditures

(1) Personnel and labor costs

Personnel and labor costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work-related injury insurance premiums, maternity insurance premiums, and housing provident fund contributions of in-house 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 and long-term deferred 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 deferred expenses refer to the long-term deferred expenses arising from the reconstruction, modification, decoration, and repair of R&D facilities. They are categorized according to actual expenditures and amortized averagely by stages within the specified period.

(4) Amortization expenses of intangible assets

The amortization expenses of intangible assets refer to the amortization expenses of software, intellectual property rights, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used in R&D activities.

(5) Entrusted external R&D expenses

The expenses for entrusted external R&D refer to the expenses incurred when the Company entrusts other institutions or individuals at home and abroad to carry out R&D activities (the achievements of R&D activities are owned by the Company and closely related to its main business).

(6) Other 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. The expenditures on the internal research and development project in the research stage shall be included in the current profit and loss when incurred. The expenditures on the internal research and development project in the development stage can be recognized as intangible assets if they satisfy all the conditions below: (1) it is technically feasible to make the intangible assets available for use or sale; (2) it is intended to finish and use or sell the intangible assets; (3) the model of economic benefits generated by operating the intangible assets can demonstrate that there is a market for the products manufactured with the intangible assets or for the assets themselves, and the assets used internally can prove serviceable; (4) there are sufficient technical, financial and other resources to support the development and usage or sale of the intangible assets; (5) the expenditures on the intangible assets in the development stage can be reliably measured.

27. Impairment of long-term assets

Applicable Not applicable

The recoverable amount of long-term assets such as long-term equity investments, investment property measured at cost, fixed assets, construction in progress, right-of-use assets, and intangible assets with a finite life, is estimated where there is a sign of impairment on the balance sheet date. Impairment tests are conducted on goodwill formed in business combination and intangible assets with uncertain useful life every year no matter whether there is any sign of impairment. The impairment test of goodwill is carried out in combination with its related asset group or asset group portfolio.

If the recoverable value of the aforementioned long-term assets is less than their carrying amount, an impairment provision is recognized for the difference and included in the current profit and loss.

28. Long-term deferred expenses

Applicable Not applicable

Long-term deferred expenses accounting refers to all expenses that have occurred, with the amortization period of more than 1 year (excluding 1 year). These expenses are recorded as actually incurred and amortized evenly over the benefit period or specified period. If the long-term deferred expenses do not benefit the future accounting period, the amortized value of the deferred expenses shall be all transferred into the current profit and loss.

29. Contract liabilities

Applicable Not applicable

The Company presents the obligation to transfer goods to customers for consideration received or receivable from customers as a contract liability.

30. Employee compensation

(1). Accounting treatment of short-term benefits

Applicable Not applicable

During the accounting period when employees provide services for the Company, the actual short-term benefits are recognized as liabilities and charged to the current profit or loss or the cost of related assets.

(2). Accounting treatment of post-employment benefits

Applicable Not applicable

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

(1) During the accounting period when an employee provides services for the Company, the Company shall recognize the amount payable calculated according to the defined contribution plan as a liability, and include it in the current profit and loss or the cost of related assets.

(2) The accounting treatment of the defined benefit plan generally includes the following steps:

1) The unbiased and mutually agreed actuarial assumptions are adopted with the projected unit credit method to estimate the relevant demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and determine the period of relevant obligations. Meanwhile, the obligations arising from the defined benefit plan are discounted to determine the present value of such obligations under the defined benefit plan and the service cost for the current period;

2) If there are assets in the defined benefit plan, the deficit or surplus formed by the present value of obligations under the defined benefit plan minus the fair value of assets under the defined benefit plan should be recognized as a net liability or a net asset under the defined benefit plan. Where there is a surplus in the defined benefit plan, the surplus of the defined benefit plan and the upper limit of the assets (whichever is lower) will be adopted to calculate the net assets of the defined benefit plan;

3) At the end of the period, employee compensation costs under the defined benefit plan are recognized as three parts including service costs, net interest of net liabilities or net assets under the defined benefit plan, and the variables generated from net liabilities or net assets under the remeasured defined benefit plan. Among them, the service costs and net interest of net liabilities or net assets under the defined benefit plan are included in the current profit and loss or the cost of related assets, the variables generated from net liabilities or net assets under the remeasured defined benefit plan are included in other comprehensive income, which are not allowed to be reversed to the profit or loss during the subsequent accounting period but are allowed to be transferred to the amount recognized in other comprehensive income within the scope of equity.

(3). Accounting treatment of dismissal welfare

Applicable Not applicable

For the dismissal benefits provided for employees, the employee compensation liabilities arising from the dismissal benefits are recognized at the earlier of the following two dates and included in the current profit or loss: (1) the date when the Company cannot unilaterally recall the dismissal benefits provided due to the labor relation termination plan or the layoff suggestions; (2) the date when the Company recognizes the costs or expenses related to the restructuring involving the dismissal benefit payment.

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

Applicable Not applicable

Other long-term benefits provided by the Company to employees, when meeting the conditions of the defined contribution plan, will be subjected to accounting under the defined contribution plan. Other long-term benefits other than the above benefits will be subjected to accounting under the defined benefit plan. To simplify corresponding accounting methods, the employee benefits costs incurred are recognized as the service cost and the total net amount of the components such as net interest amount of net liabilities or net assets in terms of other long-term employee benefits, and changes arising from re-measuring the net liabilities or net assets in terms of other long-term employee benefits are recognized in the current profit or loss or relevant cost of assets.

31. Estimated liabilities

Applicable Not applicable

1. When the obligations pertinent to contingencies such as external security, litigation, product quality assurance and onerous contract become the current obligations of the Company, the performance of the obligations may result in the outflow of economic benefits from the Company, and when the amount of the obligations can be measured reliably, the Company will recognize the obligations as estimated liabilities.

2. The Company should initially measure the estimated liabilities based on the best estimate required to be paid when performing relevant current obligations and review the carrying amount of the estimated liabilities on the balance sheet date.

32. Share-based payment

Applicable Not applicable

1. Types of share-based payment

The types of share-based payments should consist of equity-settled share-based payments and cash-settled share-based payments.

2. Accounting treatment related to the implementation, modification, and termination of share-based payment plans

(1) Equity-settled share-based payment

As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments should, on the grant date, be included in the relevant costs or expenses and the capital reserves should be adjusted accordingly. As to an equity-settled share-based payment in return for services of employees, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period should, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses at the fair value of the equity instruments on the grant date, and the capital reserves should be adjusted accordingly.

Equity-settled share-based payments in return for services rendered by other parties are measured at the fair value of the services rendered by other parties on the receiving date if such fair value can be reliably measured. If the fair value of the services rendered by other parties cannot be reliably measured, but the fair value of the equity instruments cannot be reliably measured, the equity-settled share-based payments in return for services rendered by other parties are measured at the fair value of the equity instruments on the date of receiving services and included in relevant costs or expenses and owner's equity is increased accordingly.

(2) Cash-settled share-based payments

As to a cash-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Company should, on the grant date, be included in the relevant costs or expenses, and the liabilities should be increased accordingly. As to a cash-settled share-based payment in return for services of employees, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period should, based on the best estimate of the information about the vesting conditions, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company.

(3) Modification and termination of share-based payment plan

If the fair value of the granted equity instrument is increased due to a modification, the Company should accordingly recognize the increment of the obtained services according to the increasing fair value of the equity instrument; if the quantity of the granted equity instrument is increased due to a modification, the Company should accordingly recognize the fair value of the increased equity instrument as the increment of obtained services; if the Company modifies the vesting conditions on terms favorable to its employees, it will consider the vesting conditions after the modification when dealing with the conditions.

If the fair value of the granted equity instrument is decreased due to a modification, the Company will continue to recognize the amount of services obtained based on the fair value of the equity instrument on the grant date without any consideration of the decrease in the fair value of the equity instrument. If the quantity of the equity instrument is decreased due to a modification, the Company will handle the decreased part as a cancellation of the granted equity instrument. If the Company modifies the vesting conditions on terms not favorable to its employees, it will not consider the vesting conditions after the modification when dealing with the conditions.

Suppose the granted equity instrument is canceled or settled within the vesting period (except that the cancellation is due to the failure to meet the vesting conditions). In this case, the Company should deal with the cancellation or settlement as accelerated vesting and immediately recognize the amount that is supposed to be recognized within the residual vesting period.

33. Other financial instruments including preferred stocks and perpetual bonds

√ Applicable Not applicable

According to the relevant standards for financial instruments and the *Regulations on Accounting Treatment Related to Perpetual Bonds* (CK [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.

On the balance sheet date, for financial instruments classified as equity instruments, the interest expense or dividend distribution is treated as a distribution of profits of the Company and the buy-back and write-off are treated as changes in equity. For financial instruments classified as financial liabilities, the interest expense or dividend distribution is treated as the borrowing cost and the gains or losses from their buy-back or redemption are included in the current profit and loss.

34. Revenue

(1). Disclosure of accounting policies used for revenue recognition and measurement by business type

√ Applicable Not applicable

1. Revenue recognition principles

On the commencement date of a contract, the Company evaluates the contract, identifies all performance obligations contained in the contract, and determines to perform these performance obligations within a certain period of time or at a certain time point.

When one of the following conditions is met, it is to perform the performance obligations within a certain period of time; otherwise, it is to perform the performance obligations at a certain time point: (1) The customer obtains and consumes the economic benefits brought by the Company's performance during the Company's performance; (2) The customer can control the goods under construction during the Company's performance; (3) The goods produced during the Company's performance are for irreplaceable purposes, and the Company has the right to collect funds for the cumulatively completed performance part so far during the whole contract period.

In the case of performance obligations to be performed within a certain period of time, the Company should recognize the revenue within that period according to the performance progress. If the performance progress cannot be reasonably confirmed and the costs incurred can be expected to be compensated, the income shall be recognized according to the amount of costs incurred until the performance progress can be reasonably confirmed. In the case of performance obligations to be performed at a certain time point, the income is recognized at the certain time point when the customer obtains control of relevant goods or services. When judging whether the customer has obtained the control right of the goods, the Company shall consider the following conditions: (1) the Company enjoys the right to the current collection, i.e. the customer has the obligation to pay immediately for the goods; (2) the Company has transferred the legal ownership of the goods to the customer, i.e. the customer owns the legal ownership of the goods; (3) the Company has transferred the goods to the customer in kind, i.e. the customer has possessed the goods; (4) the Company has transferred the major risks and reward from the ownership of the goods to the customer, i.e. the customer has obtained the major risks and reward on the ownership of the goods; (5) the customer has accepted the goods; (6) other conditions showing that the customer has gained control over the goods.

2. Revenue measurement principles

(1) The Company measures revenue according to the transaction price apportioned to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for goods or services transferred to the customer, excluding the amount collected on behalf of third parties or expected to be refunded to the customer.

(2) If there is a variable consideration in the contract, the Company determines the appropriate estimate based on the expected value or the most likely amount, provided that a transaction price including variable consideration shall not exceed the amount of cumulative income recognized which is highly unlikely to be subject to significant reversal when the uncertainty associated with the variable consideration is subsequently resolved.

(3) Where there is a significant financing component in the contract, the Company determines the transaction price on the basis of the amount payable in cash assuming that the customer acquired control of goods or services at the time of acquisition. The difference between the transaction price and the contract consideration should be amortized within the contract period with the effective interest method. By the commencement date of the contract, if the Company estimates that the interval between the time when the customer acquires control of goods or services and the customer payment date is not more than 1 year, the significant financing component existing in the contract should not be considered.

(4) If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the goods promised in each performance obligation.

(2). Recognition methods and measurement methods for the same kind of business with different business models and different revenue

Applicable Not applicable

The company mainly sells cosmetics. Its sales models are classified as distribution, direct sales, and sales on commission.

(1) Distribution

The sales revenue shall be 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 sales

The sales revenue shall be 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 shall be 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 can only be recognized when the following conditions are met at the same time: (1) the Company can meet the attached conditions for the government subsidies; (2) the Company can receive the government subsidies. If government subsidies are monetary assets, they shall be measured at the amount received or receivable. If government subsidies are non-monetary assets, they shall be measured based on the fair value. If the fair value cannot be reliably obtained, they shall be measured at the nominal amount.

2. Judgment basis and accounting treatment of asset-related government subsidies

Government documents stipulate that government subsidies used to form long-term assets through purchase, construction, or other means are classified as asset-related government subsidies. If the government documents have no such clear stipulation, the judgment shall be based on the basic conditions that must be met to obtain the subsidies, and if the basic conditions are to form long-term assets through purchase, construction, or other means, it shall be regarded as asset-related government subsidies. Asset-related government subsidies are offset against the carrying amount of the related assets or recognized as deferred incomes. If asset-related government subsidies are recognized as deferred incomes, they shall be included in the profit and loss by stages in a reasonable and systematic manner within the service life of the related assets. Government subsidies measured at the nominal amount shall be directly included in the current profit and loss. When the related assets are sold, transferred, scrapped, or damaged before the end of service life, all the undistributed deferred income shall be transferred to the current profit and loss on the disposal of the assets.

3. Judgment basis and accounting treatment of income-related government subsidies

Government subsidies other than those related to assets are classified as income-related government subsidies. Government subsidies that encompass both asset-related and income-related components, which are challenging to differentiate, are classified entirely as income-related government subsidies. Income-related government subsidies used to compensate for related costs or losses during future periods shall be recognized as deferred incomes, and included in the current profit and loss or offset relevant costs when relevant costs or losses are recognized; while those used to compensate for the incurred related costs or losses shall be directly included in the current profit and loss or offset relevant costs.

4. Government subsidies related to daily business activities of the Company shall be included in other income or offset relevant costs based on the substance of business transactions. Government subsidies irrelevant to the daily activities of the Company shall be included in non-operating revenue and expenses.

37. Deferred income tax assets/deferred income tax liabilities

Applicable Not applicable

1. Deferred income tax assets and liabilities shall be measured at the temporary differences between the carrying amount of certain assets or liabilities and their tax base (or between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws), and the tax rates that are expected to apply to the period when the asset is realized or the liability is settled according to the requirements of tax laws.

2. Deferred income tax assets shall be recognized to the extent of taxable income that is likely to be obtained by the Company to deduct the deductible temporary difference. On the balance sheet date, if any conclusive evidence proves that enough taxable income will be possibly obtained and used to deduct the deductible temporary difference in the future, the deferred income tax assets that have not been recognized in previous accounting periods can be recognized.

3. On the balance sheet date, the carrying amount of deferred income tax assets shall be reviewed; if it is unlikely to acquire sufficient taxable income that may be used to deduct the interests of deferred income tax assets, the carrying amount of the deferred income tax assets shall be reduced. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The current income tax and deferred income tax of the Company shall be included in the current profit and loss as income tax expenses or revenue, except the relevant income taxes in the following conditions: (1) business combination; (2) transactions or items that are recognized directly as owners' equity.

5. When the following conditions are met at the same time, the deferred income tax assets and liabilities are presented in the net amount after offset: (1) the Company has the legal right to settle the current tax assets and liabilities on a net basis; (2) deferred income tax assets and liabilities are related to the income tax levied by the same tax collection and management department on the same taxpayer or related to the income tax levied on different taxpayers, but in the period during which each important deferred income tax asset and liability will be reversed back in the future, the taxpayer involved intends to settle the current tax assets and liabilities on a net basis or acquire assets and pay off debts at the same time.

38. Lease

Applicable Not applicable

Judgment basis and accounting treatment method for the lessee to simplify short-term leases and low-value asset leases

Applicable Not applicable

On the commencement date of the lease term, the Company recognizes leases with a lease term not exceeding 12 months and without a purchase option as short-term leases and leases with a lower value as low-value asset leases when single lease assets are brand-new. Where the Company subleases or intends to sublease the lease asset, the original lease shall not be recognized as a low-value asset lease.

For all short-term leases and low-value asset leases, the Company includes lease payments in related asset costs or current profits and losses by the straight-line method during each period of the lease term.

Except for the above short-term leases and low-value asset leases with simplified treatment, on the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for the leases.

(1) Right-of-use assets

The right-of-use assets shall be initially measured at cost, which include 1) the initial measured amount of lease liabilities; 2) the lease amount paid on or before the commencement date of the lease term (in case of lease incentives, the amount related to the lease incentives already enjoyed shall be deducted); 3) the initial direct costs borne by the lessee; 4) the costs expected to incur from the lessee's dismantling and removing the lease assets, recovering the original site of the lease assets, or restoring the lease assets to the state as specified in the lease provisions.

The Company makes provision for the depreciation of right-of-use assets by the straight-line method. If it can be reasonably determined that the ownership of the lease assets will be obtained at the expiration of the lease term, the Company shall make provision for the depreciation of the lease assets during the remaining service life of such assets. If it is impossible to reasonably determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Company shall make provision for the depreciation of the lease assets within the lease term or the remaining service life of such assets, whichever is shorter.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes the present value of unpaid lease payments as lease liabilities. When the present value of lease payments is calculated, the interest rate implicit in lease is used as the discount rate. If the interest rate implicit in lease cannot be determined, the incremental borrowing rate of the Company is used as the discount rate. The Company recognizes the difference between the lease payment and its present value as an unrecognized financing expense, recognizes the interest expenses incurred according to the discount rate of the present value of the recognized lease payment during each period of the lease term, and includes the interest expenses in the current profit and loss. Variable lease payments not included in the measurement of lease liabilities are included in current profits and losses when actually incurred.

After the commencement date of the lease term, when the substantial fixed payment changes, the expected payable amount of guarantee residual value changes, the index or ratio used to determine the lease payment changes, and the assessment result or actual exercise of purchase option, renewal option or termination option changes, the Company remeasures the lease liabilities at present value of the changed lease payment and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero but the lease liabilities still need to be further reduced, the remaining amount is included in current profits and losses.

Lease classification standard and accounting treatment method as the lessor

Applicable Not applicable

On the commencement date of the lease term, the Company classifies leases that substantially transfer almost all the risks and rewards related to the ownership of the lease assets as finance leases and others as operating leases.

(1) Operating lease

The Company recognizes the lease receipt as rental income according to the straight-line method during each period of the lease term. The incurred initial direct expenses are capitalized and amortized on the same basis as the recognition of rental income and included in the current profit and loss by stages. Variable lease payments obtained by the Company and related to operating leases that are not included in the lease receipts are included in the current profit and loss when actually incurred.

(2) Finance lease

On the commencement date of the lease term, the Company recognizes the finance lease receivables according to the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received on the commencement date of the lease term discounted at the interest rate implicit in lease), and derecognizes the finance lease assets. During each period of the lease term, the Company calculates and recognizes interest income according to the interest rate implicit in lease.

The variable leasing payment which is obtained by the Company but not included in the measurement of net leasing investment is included in the current profit and loss when it actually occurs.

39. Other significant accounting policies and accounting estimates

Applicable Not applicable

Accounting method related to repurchase of the Company's shares

If the Company's shares are repurchased due to a reduction in registered capital or reward for employees, the amount actually paid will be regarded as treasury shares and registered for reference. If the shares repurchased are canceled, the capital reserve will be written down by the difference between the total par value of shares calculated as per the par value and the number of the canceled shares and the amount actually paid for repurchases. If the capital reserve is insufficient to be written down, retained earnings will be written down. If the repurchased shares are awarded to the Company's employees as equity-settled share payment, the cost of treasury shares delivered to the employees and the accumulative amount of capital reserve (other capital reserves) during the vesting period should be written off when the

employees receive the payments for purchasing the shares of the Company through the exercise of their rights. Meanwhile, the capital reserve (equity premium) is adjusted based on the difference.

40. Changes in significant accounting policies and accounting estimates

For details, please refer to "Analysis and Description of the Reasons for and Effects of Changes in the Accounting Policies and Accounting Estimates of the Company or Correction of Major Accounting Errors" in Section V "Important Matters".

41. The first implementation of new accounting standards or interpretation of standards from 2025 involves adjustment to the financial statements at the beginning of the year of the first implementation

Applicable Not applicable

42. Others

Applicable Not applicable

VI. Taxes

1. Main taxes and tax rates

Information on main taxes and tax rates

Applicable Not applicable

Tax category	Tax basis	Tax rates
VAT	The output tax shall be calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law. After deducting the input tax allowed to be deducted in the current period, the difference is the VAT payable.	13%, 9%, 6%, 1%
Consumption tax	Taxable sales (volume)	15%
Property tax	For taxation according to price, the property tax will be calculated and paid at 1.2% of the remaining value after deducting 30% from the original value of the house property; for taxation according to lease, the property tax will be calculated and paid at 12% of the rental income.	12%, 1.2%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Educational surcharges	Turnover tax actually paid	3%
Local educational surcharges	Turnover tax actually paid	2%
Corporate income tax	Taxable income	[Note]

[Note] Description of corporate income tax rates for various taxpayers within the Company

If there are taxpayers with different enterprise income tax rates, the disclosure shall be as follows

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
Hapsode (Hangzhou) Cosmetics Co., Ltd.	25
Huzhou Hapsode Trading Co., Ltd.	25
Ningbo TIMAGE Cosmetics Co., Ltd.	25
Ningbo Tangyu Trading Co., Ltd.	25
Proya (Hainan) Investment 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 the Republic of Korea.
Hapsode Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in the Republic of 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 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 the France.
Other taxpayers	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, with the period of validity of 3 years and the preferential enterprise income tax period from 2023 to 2025. In the current period, the enterprise income tax is calculated and paid at the preferential tax rate of 15%.

According to the *Announcement on Value-added Tax Additional Deduction Policy for Advanced Manufacturing Enterprises* (Announcement No. 43 [2023] of the Ministry of Finance and the State Taxation Administration), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are permitted to deduct an additional 5% of their current deductible input VAT from their payable VAT amount. The Company benefits from the VAT additional deduction policy for advanced manufacturing enterprises.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Businesses* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), subsidiaries Huzhou UZERO Trading Co., Ltd., Hangzhou Proya Commercial Management Co., Ltd., Hangzhou TIMAGE Cosmetics Co., Ltd., Ningbo Jingzhe Cosmetics Co., Ltd.,

and Hangzhou Omisi Trading Co., Ltd. meet the tax standards for small low-profit enterprises, so the taxable income is calculated at a reduced rate of 25% and the enterprise income tax is paid at a rate of 20% in the current period.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Businesses* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), subsidiaries Huzhou UZERO Trading Co., Ltd., Hangzhou Proya Commercial Management Co., Ltd., Hangzhou TIMAGE Cosmetics Co., Ltd., Ningbo Jingzhe Cosmetics Co., Ltd., and Hangzhou Oumisi Trading Co., Ltd. meet the tax standards for small and low-profit enterprises or small-scale VAT taxpayers, so the following taxes are levied at half the standard rate: resource tax (excluding water resources tax), urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding securities trading stamp tax), cultivated land occupation tax, education surcharge, and local education surcharge.

According to the *Notice of the Ministry of Finance and the State Taxation Administration on Tax Policies for Cross-border E-commerce Retail Exports* (CS [2013] No. 96), subsidiaries Hangzhou TIMAGE Cosmetics Co., Ltd. and Hangzhou Oumisi Trading Co., Ltd. meet the policy conditions for VAT and consumption tax refund (exemption) on export goods for e-commerce export enterprises, so they are eligible to enjoy VAT and consumption tax refund (exemption).

3. Others

Applicable Not applicable

VII. Notes to Items in Consolidated Financial Statements

1. Monetary funds

Applicable Not applicable

Item	Ending balance	Unit: Yuan Currency: RMB
		Beginning balance
Cash on hand	6,119.19	9,229.11
Cash at bank	5,003,821,704.79	4,017,352,725.93
Other monetary funds	57,153,734.29	64,764,461.80
Deposits in financial companies		
Total	5,060,981,558.27	4,082,126,416.84
Including: Total amount deposited abroad	234,384,366.70	118,098,472.97

Other notes:

As of the end of the period, restricted funds included: large-denomination certificates of deposit: RMB 1,119,455,583.40; judicially frozen funds: RMB 3,416,733.86; time deposit margin for transformer: RMB 250,000.00; ETC deposits classified under other monetary funds: RMB 89,000.00, and direct-sales store deposit: RMB 3,526,602.24.

As of the beginning of the period, restricted funds included: large-denomination certificates of deposit: RMB 1,327,741,986.16; judicially frozen funds: RMB 3,416,733.86; time deposit margin for transformer: RMB 250,000.00; ETC deposits classified under other monetary funds: RMB 70,000.00, and direct-sales store deposit: RMB 8,078,012.20.

2. Held-for-trading financial assets

Applicable Not applicable

3. Derivative financial assets

Applicable Not applicable

4. Notes receivables

(1). 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 but not yet expired on the balance sheet date

Applicable Not applicable

(4). Disclosure by bad debt provision method

Applicable Not applicable

Provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

Provision for bad debts made according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of notes receivable that experienced changes in loss provision during the current period:

Applicable Not applicable

(5). Provision for bad debts

Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(6). Notes receivable actually written off during the current period

Applicable Not applicable

Write-off of significant notes receivable:

Applicable Not applicable

Description of write-off of notes receivable:

Applicable Not applicable

Other notes:

Applicable Not applicable

5. Accounts receivable

(1). Disclosure by aging

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	73,480,615.07	544,412,381.65
Including: within 1 year (including 1 year)	73,480,615.07	544,412,381.65
1-2 years	705,299.67	314,688.33
2 to 3 years	2,566.41	1,088,678.56
Over 3 years	9,993,547.76	9,459,313.78
3 to 4 years		
4-5 years		
Over 5 years		
Total	84,182,028.91	555,275,062.32

(2). Disclosure by bad debt accrual method

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made on an individual basis	5,838,987.99	6.94	5,838,987.99	100.00		5,681,306.63	1.02	5,681,306.63	100.00	
Including:										
Provision for bad debts made on an individual basis	5,838,987.99	6.94	5,838,987.99	100.00		5,681,306.63	1.02	5,681,306.63	100.00	
Provision for bad debts made on a portfolio basis	78,343,040.92	93.06	8,192,422.05	10.46	70,150,618.87	549,593,755.69	98.98	31,639,168.57	5.76	517,954,587.12
Including:										
Aging portfolio	78,343,040.92	93.06	8,192,422.05	10.46	70,150,618.87	549,593,755.69	98.98	31,639,168.57	5.76	517,954,587.12
Total	84,182,028.91	/	14,031,410.04	/	70,150,618.87	555,275,062.32	/	37,320,475.20	/	517,954,587.12

Provision for bad debts made on an individual basis:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision
Provision for bad debts made on an individual basis	5,838,987.99	5,838,987.99	100.00	Expected to be irrecoverable
Total	5,838,987.99	5,838,987.99	100.00	/

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

Items with provision for bad debts made on a portfolio basis: aging portfolio

Unit: Yuan Currency: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	73,323,062.18	3,666,153.09	5.00
1-2 years	705,299.67	211,589.90	30.00
Over 3 years	4,314,679.07	4,314,679.06	100.00
Total	78,343,040.92	8,192,422.05	10.46

Description of provision for bad debts made on a portfolio basis:

Applicable Not applicable

Provision for bad debts made according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of accounts receivable that experienced changes in loss provision during the current period:

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts made on an individual basis	5,681,306.63	157,681.36				5,838,987.99
Provision for bad debts made on a portfolio basis	31,639,168.57	22,224,059.97	-		1,222,686.55	8,192,422.05
Total	37,320,475.20	22,066,378.61	-		1,222,686.55	14,031,410.04

Other changes are due to the disposal of the subsidiary Zhejiang Beauty Cosmetics Co., Ltd. in the current period, resulting in related accounts receivable and provision for bad debts being excluded from the consolidation scope.

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(4). Accounts receivable actually written off in the current period

Applicable Not applicable

Write-off of significant accounts receivable

Applicable Not applicable

Description of write-off of accounts receivable:

Applicable Not applicable

(5). Top five accounts receivable and contract assets, categorized by debtors, based on the ending balances

Applicable Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts
Beijing Jingdong Century Trading Co., Ltd.	42,503,103.69		42,503,103.69	50.49	2,125,155.19
Fujian Sanfu Apparel Co., Ltd.	5,277,349.40		5,277,349.40	6.27	263,867.47
VIPSHOP INTERNATIONAL HOLDINGS LIMITED [Note 1]	4,266,111.86		4,266,111.86	5.07	214,067.57
Wuhan Watsons Personal Care Stores Co., Ltd.	3,323,627.42		3,323,627.42	3.95	166,181.37
Alibaba Group Holdings Limited [Note 2]	4,365,462.31		4,365,462.31	5.19	218,273.11
Total	59,735,654.68		59,735,654.68	70.97	2,987,544.71

Other notes:

[Note 1] Consolidated disclosure of companies under the control of VIPSHOP INTERNATIONAL HOLDINGS LIMITED, including Vipshop (China) Co., Ltd., Chongqing Vipshop E-Commerce Co., Ltd. and Chongqing Pinwei E-Commerce Co., Ltd.

[Note 2] Consolidated disclosure of Shanghai Hema Internet of Things Co., Ltd. and Zhejiang Haochao Network Technology Co., Ltd., two companies under the control of Alibaba Group Holdings Limited.

Other notes:

Applicable Not applicable

6. Contract assets

(1). Contract assets

Applicable Not applicable

(2). Amounts experiencing significant changes in their carrying amounts during the reporting period and reasons for the changes

Applicable Not applicable

(3). Disclosure by bad debt accrual method

Applicable Not applicable

Provision for bad debts made on an individual basis:

Applicable Not applicable

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

Provision for bad debts made according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of contract assets that experienced changes in loss provision during the current period:

Applicable Not applicable

(4). Provision for bad debts of contract assets during the current period

Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(5). Contract assets actually written off during the current period

Applicable Not applicable

Write-off of significant contract assets

Applicable Not applicable

Description of write-off of contract assets:

Applicable Not applicable

Other notes:

Applicable Not applicable

7. Receivables financing

(1). Presentation of receivables financing by category

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance notes	2,491,804.24	
Total	2,491,804.24	

(2). Receivables financing pledged by the Company at the end of the period

Applicable Not applicable

(3). Receivables financing endorsed or discounted by the Company at the end of the period but not yet expired on the balance sheet date

Applicable Not applicable

(4). Disclosure by bad debt accrual method

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made on an individual basis										
Including:										
Provision for bad debts made on a portfolio basis	2,491,804.24	100.00			2,491,804.24					
Including:										
Bank acceptance notes	2,491,804.24	100.00			2,491,804.24					
Total	2,491,804.24	/		/	2,491,804.24	/		/		

Provision for bad debts made on an individual basis:

Applicable Not applicable

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

Items with bad debt provision made on a portfolio basis: bank acceptance notes

Unit: Yuan Currency: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Bank acceptance notes	2,491,804.24	0.00	0.00
Total	2,491,804.24	0.00	0.00

Description of provision for bad debts made on a portfolio basis

Applicable Not applicable

Provision for bad debts made according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of receivables financing that experienced changes in loss provision during the current period:

Applicable Not applicable

(5). Provision for bad debts

Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(6). Receivables financing actually written off in the current period

Applicable Not applicable

Among them, the receivables financing written off were material

Applicable Not applicable

Write-off description:

Applicable Not applicable

(7). Increase/decrease in receivables financing in the current period and changes in their fair value:

Applicable Not applicable

(8). Other descriptions

Applicable Not applicable

8. Advances to suppliers**(1). Advances to suppliers presented by aging**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	166,128,272.34	98.05	221,486,974.88	98.93
1-2 years	1,882,681.46	1.11	1,742,907.69	0.78
2 to 3 years	802,211.48	0.47	559,429.73	0.25
Over 3 years	621,633.10	0.37	90,076.37	0.04
Total	169,434,798.38	100.00	223,879,388.67	100.00

Description of reasons for delayed settlement of significant advances to suppliers aged over 1 year:
None

(2). Advances to suppliers from the top five prepaid parties classified based on the ending balance

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance	Proportion in total ending balance of advances to suppliers (%)
Wuhan Juliang Xingtu Technology Co., Ltd. [Note 1]	22,333,140.90	13.18
Guangxi Jingdong Qingchuan E-commerce Co., Ltd. [Note 2]	20,608,322.24	12.16
Alibaba Group Holdings Limited [Note 3]	14,311,868.40	8.45
Inly Media Co., Ltd.	11,956,405.46	7.06
Chenmu Haichuan (Chengdu) Media Co., Ltd.	9,574,086.97	5.65
Total	78,783,823.97	46.50

Other notes:

[Note 1] Consolidated statistics of companies under common control, including Hubei Ocean Engine Technology Co., Ltd. and Wuhan Juliang Xingtu Technology Co., Ltd.

[Note 2] Consolidated statistics of companies under common control, including Guangxi Jingdong Qingchuan E-commerce Co., Ltd. and Chongqing Jingdong Haijia E-commerce Co., Ltd.

[Note 3] Consolidated statistics of companies under common control, including Hangzhou Alimama Software Service Co., Ltd. and Zhejiang Alibaba Communication Technology Co., Ltd.

Other notes:

□ Applicable √ Not applicable

9. Other receivables**List of items**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable	20,000,000.00	
Other receivables	11,038,260.10	9,869,822.71
Total	31,038,260.10	9,869,822.71

Other descriptions:

Applicable Not applicable

Interest receivable

(1). Classification of interests receivable

Applicable Not applicable

(2). Significant overdue interest

Applicable Not applicable

(3). Disclosure by bad debt accrual method

Applicable Not applicable

Provision for bad debts made on an individual basis:

Applicable Not applicable

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

(4). Provision for bad debts according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of interest receivable that experienced changes in loss provision during the current period:

Applicable Not applicable

(5). Provision for bad debts

Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(6). Interest receivable actually written off during the current period

Applicable Not applicable

Write-off of significant interest receivable

Applicable Not applicable

Write-off description:

Applicable Not applicable

Other notes:

Applicable Not applicable

Dividends receivable**(7). Dividends receivable**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Project (or the investee)	Ending balance	Beginning balance
Shenzhen FlowerKnows E-commerce Co., Ltd.	20,000,000.00	
Total	20,000,000.00	

(8). Significant dividends receivable aged over 1 year Applicable Not applicable**(9). Disclosure by bad debt accrual method** Applicable Not applicable

Provision for bad debts made on an individual basis:

 Applicable Not applicable

Description of provision for bad debts made on an individual basis:

 Applicable Not applicable

Provision for bad debts made on a portfolio basis:

 Applicable Not applicable**(10). Provision for bad debts according to the general model of expected credit loss** Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of dividends receivable that experienced changes in loss provision during the current period:

 Applicable Not applicable**(11). Provision for bad debts** Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

 Applicable Not applicable

Other notes:

None

(12). Dividends receivable actually written off during the current period Applicable Not applicable

Write-off of significant dividends receivable

 Applicable Not applicable

Write-off description:

 Applicable Not applicable

Other notes:

 Applicable Not applicable**Other receivables****(13). Disclosure by aging** Applicable Not applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	8,283,182.72	8,169,679.79
Including: within 1 year (including 1 year)	8,283,182.72	8,169,679.79
1-2 years	2,666,543.34	2,757,016.92
2 to 3 years	2,605,313.32	357,430.09
Over 3 years	32,832,847.10	31,600,762.86
3 to 4 years		
4-5 years		
Over 5 years		
Total	46,387,886.48	42,884,889.66

The ending balance aged over 3 years is greater than the beginning balance aged over 2 years, mainly due to changes in foreign exchange rates.

(14). Classification of receivables by nature Applicable Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Ending book balance	Beginning book balance
Temporary payments receivable	29,546,184.32	26,993,854.60
Guarantee and security deposits	15,011,662.92	14,015,875.84
Reserve fund	206,144.09	119,490.16
Others	1,623,895.15	1,755,669.06
Total	46,387,886.48	42,884,889.66

(15). Provision for bad debts Applicable Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss for the next 12 months	Expected credit loss in the duration (no credit impairment occurs)	Expected credit loss over the lifetime (credit impairment has occurred)	
Balance as of January 1, 2025	408,483.98	827,105.08	31,779,477.89	33,015,066.95
Balance as of January 1, 2025 in the current period				
- Transferred to Stage II	-133,327.17	133,327.17		
- Transferred to Stage III		-781,594.00	781,594.00	
- Transferred back to Stage II				
- Transferred back to Stage I				
Provision in the	139,002.84	621,124.73	1,630,780.23	2,390,907.80

current period				
Reversal in the current period				
Write-off in the current period				
Cancellation in the current period			56,348.37	56,348.37
Other changes				
Balance as of December 31, 2025	414,159.65	799,962.98	34,135,503.75	35,349,626.38

Division basis and proportion of provision for bad debts at each stage
None

Description of significant changes in book balance of other receivables that experienced changes in loss provision during the current period:

Applicable Not applicable

The provision amount of bad debt reserve in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

(16). Provision for bad debts

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts made on an individual basis	25,716,049.90	1,031,810.33				26,747,860.23
Provision for bad debts made on a portfolio basis	7,299,017.05	1,359,097.47		56,348.37		8,601,766.15
Total	33,015,066.95	2,390,907.80		56,348.37		35,349,626.38

Significant amount of provision for bad debts reversed or recovered during the current period:

Applicable Not applicable

Other notes:

None

(17). Other receivables actually written off in the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Other receivables verified	56,348.37

Write-off of significant other receivables:

Applicable Not applicable

Description of write-off of other receivables:

Applicable Not applicable

(18). Other receivables from top five borrowers classified based on ending balance

Applicable Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance	Proportion in total ending balance of other accounts receivable (%)	Nature of payment	Aging	Provision for bad debts Ending balance
EURL PHARMATICA [note 1]	18,328,379.16	39.51	Temporary payments receivable	Over 3 years	18,328,379.16
SIKEROM EUROPE GMBH	8,419,481.07	18.15	Temporary payments receivable	Over 3 years	8,419,481.07
Hangzhou Property Service and Maintenance Fund Management Center	4,708,614.72	10.15	Guarantee and security deposits	Over 3 years	4,708,614.72
VIPSHOP INTERNATIONAL HOLDINGS LIMITED	2,000,000.00	4.31	Guarantee and security deposits	2-3 years	1,000,000.00
Beauty Hi-tech Innovation Co., Ltd.	888,038.81	1.91	Temporary payments receivable	Within 1 year	44,401.94
Total	34,344,513.76	74.03	/	/	32,500,876.89

[Note 1] Other receivables from EURL PHARMATICA are the consolidated statistics of receivables from Pan Xiang and receivables from EURL PHARMATICA, PARISEZHAN HK LIMITED, SARL ORTUS, and S.A.S AREDIS controlled by Pan Xiang.

(19). Presentation in other receivables due to centralized management of funds

Applicable Not applicable

Other notes:

Applicable Not applicable

10. Inventory

(1). Classification of inventories

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for decline in the value of inventories/provision for impairment of contract performance costs	Carrying amount	Book balance	Provision for decline in the value of inventories/provision for impairment of contract performance costs	Carrying amount

Raw materials	35,073,426.98	926,318.71	34,147,108.27	45,032,279.00	3,188,808.69	41,843,470.31
Packaging materials	28,564,655.02	1,629,284.26	26,935,370.76	36,170,512.87	2,468,567.76	33,701,945.11
Work in progress	10,275,585.17	292,882.27	9,982,702.90	17,373,287.09	812,798.37	16,560,488.72
Purchased gifts	17,754,283.61	1,212,716.05	16,541,567.56	16,841,778.88	825,636.21	16,016,142.67
Goods in stock	598,010,277.02	60,862,978.37	537,147,298.65	616,144,739.85	72,818,643.02	543,326,096.83
Low-value consumables	10,433,559.17	470,024.84	9,963,534.33	10,360,216.97	398,207.24	9,962,009.73
Total	700,111,786.97	65,394,204.50	634,717,582.47	741,922,814.66	80,512,661.29	661,410,153.37

(2). Data resources recognized as inventory

Applicable Not applicable

(3). Provision for decline in the value of inventories and impairment provision for contract performance cost

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	3,188,808.69	582,067.06		2,844,557.04		926,318.71
Packaging materials	2,468,567.76	1,807,322.17		2,646,605.67		1,629,284.26
Work in progress	812,798.37	34,249.59		554,165.69		292,882.27
Purchased gifts	825,636.21	2,146,146.52		1,759,066.68		1,212,716.05
Goods in stock	72,818,643.02	69,438,706.76		81,394,371.41		60,862,978.37
Low-value consumables	398,207.24	153,214.19		81,396.59		470,024.84
Total	80,512,661.29	74,161,706.29		89,280,163.08		65,394,204.50

Reasons for reversal or write-off of provision for decline in the value of inventories

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 decline in the value of inventories was accrued based on the difference between the cost and the net realizable value. In the current period, the Company consumed, sold or scraped some of the inventories of which the Company had already accrued provision for decline in the value of inventories, so the provision for decline in the value of inventories was charged off in the current period.

Provision for decline in the value of inventories made on a collective basis

Applicable Not applicable

Provision standards for provision for decline in the value of inventories made on a collective basis

Applicable Not applicable

(4). The capitalized amount of borrowing costs contained in the ending balance of inventories and the standard and basis for its calculation

Applicable Not applicable

(5). Description of amortization amount of contract performance cost in the current period

Applicable Not applicable

Other notes:

Applicable Not applicable

11. Held-for-sale assets

Applicable Not applicable

12. Current portion of non-current assets

Applicable Not applicable

Debt investments due within one year

Applicable Not applicable

Other debt investments due within one year

Applicable Not applicable

Other descriptions of current portion of non-current assets:

None

13. Other current assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Input VAT to be deducted	136,914,077.94	102,375,817.29
H-share listing expenses	23,416,121.94	
Prepaid tax	3,838,188.87	10,370,746.03
Estimated return cost	3,435,917.85	5,370,864.86
Total	167,604,306.60	118,117,428.18

Other notes:

None

14. Creditors' investments**(1). Debt investments**

Applicable Not applicable

Change in impairment provision for debt investments in the current period

Applicable Not applicable

(2). Significant debt investment at the end of the period

Applicable Not applicable

(3). Impairment provision

Applicable Not applicable

Division basis and proportion of impairment provision at each stage:

None

Description of significant changes in the book balance of debt investments for which changes in loss provision occurred during the current period:

Applicable Not applicable

Amount of impairment provision for the current period and basis for evaluating whether credit risk of financial instruments increases significantly

Applicable Not applicable

(4). Debt investments actually written off in the current period

Applicable Not applicable

Write-off of significant debt investments

Applicable Not applicable

Description of write-off of debt investments:

Applicable Not applicable

Other notes:

Applicable Not applicable

15. Other creditor's investment

(1). Other debt investments

Applicable Not applicable

Changes in provision for impairment of other debt investments in the current period

Applicable Not applicable

(2). Significant other debt investments at the end of the period

Applicable Not applicable

(3). Impairment provision

Applicable Not applicable

Division basis and proportion of impairment provision at each stage:

None

Description of significant changes in the book balance of other debt investments for which changes in loss provision occurred during the current period:

Applicable Not applicable

Amount of impairment provision for the current period and basis for evaluating whether credit risk of financial instruments increases significantly

Applicable Not applicable

(4). Other debt investments actually written off in the current period

Applicable Not applicable

Write-off of significant other debt investments

Applicable Not applicable

Description of write-off of other debt investments:

Applicable Not applicable

Other descriptions:

Applicable Not applicable

16. Long-term receivables

(1). Long-term receivables

Applicable Not applicable

(2). Disclosure by bad debt accrual method

Applicable Not applicable

Provision for bad debts made on an individual basis:

Applicable Not applicable

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

(3). Provision for bad debts made according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of long-term receivables for which changes in loss provision occurred during the current period:

Applicable Not applicable

Amount of provision for bad debts during the current period and basis for evaluating whether the credit risk of financial instruments increases significantly

Applicable Not applicable

(4). Provision for bad debts

Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(5). Long-term receivables actually written off in the current period

Applicable Not applicable

Write-off of significant long-term receivables

 Applicable Not applicable

Description of write-off of long-term receivables:

 Applicable Not applicable

Other notes:

 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 (carrying amount)	Increase/decrease in the current period								Closing balance (carrying amount)	Ending balance of impairment provision
		Additional investment	Reduced investments	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other equity changes	Cash dividend or profit declared to be distributed	Provision for impairment	Others		
I. Joint venture											
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,263,226.71			-2,107.43						3,261,119.28	
Subtotal	3,263,226.71			-2,107.43						3,261,119.28	
II. Associates											
Xiongke Culture Media (Hangzhou) Co., Ltd.	2,599,909.82			-150.82				2,419,036.12		180,722.88	2,419,036.12
Jiaxing Woyong Investment Partnership (Limited Partnership)	101,197.588.45		103,062,570.22	1,864,981.77							
Zhuhai Haishilong Biotechnology Co., Ltd.	308,644.34			-308,644.34							81,442,213.22
Beijing Xiushi Cultural Development Co., Ltd.	3,721,446.38			-440,703.38						3,280,743.00	
Shenzhen FlowerKno ws E-commerce Co., Ltd.		427,975,763.00		42,605,289.52			35,999,900.00			434,581,152.52	
Subtotal	107,827,588.99	427,975,763.00	103,062,570.22	43,720,772.75			35,999,900.00	2,419,036.12		438,042,618.40	83,861,249.34
Total	111,090,815.70	427,975,763.00	103,062,570.22	43,718,665.32			35,999,900.00	2,419,036.12		441,303,737.68	83,861,249.34

(2). Impairment test of long-term equity investments

Applicable Not applicable

Other notes:

None

18. Investments in other equity instruments**(1). Investments in other equity instruments**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase/decrease in the current period					Closing balance	Dividend income recognized in the current period	Accumulated gains included in other comprehensive income	Accumulated losses included in other comprehensive income	Reasons for being designated as being measured at FVTOCI
		Additional investment	Reduced investments	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Others					
Hangzhou Regenovo Biotechnology Co., Ltd.	20,580,000.00					20,580,000.00				Refer to "Other descriptions" for details	
LIPOTRUE, S.L.	35,822,400.00					35,822,400.00				Refer to "Other descriptions" for details	
Golong Holding Co., Ltd. [note]	14,854,595.18			-2,489,897.12		12,364,698.06			-77,635,301.94	Refer to "Other descriptions" for details	
Beijing ChemPion Biotechnology Co., Ltd.		10,000,000.00				10,000,000.00				Refer to "Other descriptions" for details	
Total	71,256,995.18	10,000,000.00		-2,489,897.12		78,767,098.06			-77,635,301.94	/	

[Note] Due to the difference between the financial position of the investee Golong Holding Co., Ltd. in 2025 and the expectations at the time of investment, the Company determines the ending fair value based on the investee's net assets as of the end of the period.

(2). Description of derecognition in the current period Applicable Not applicable

Other notes:

√ Applicable Not applicable

The Company makes equity investments for strategic investment purposes, and the investees will take the Company's investments as equity instruments. Therefore, the Company designates the investments in such equity instruments as financial assets measured at FVTOCI.

19. Other non-current financial assets Applicable Not applicable

Other notes:

 Applicable Not applicable

20. Investment properties

Measurement model of investment properties

(1). Investment property measured by cost mode

Unit: Yuan Currency: RMB

Item	Premises and buildings	Land use right	Construction in progress	Total
I. Original carrying amount				
1. Beginning balance	78,781,143.26			78,781,143.26
2. Amount increased in the current period				
(1) Outsourcing				
(2) Transfer from inventory/fixed assets/construction in progress				
(3) Increase from business merger				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	78,781,143.26			78,781,143.26
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	15,243,700.06			15,243,700.06
2. Amount increased in the current period	613,028.55			613,028.55
(1) Provision or amortization	613,028.55			613,028.55
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	15,856,728.61			15,856,728.61
III. Impairment provision				
1. Beginning balance				
2. Amount increased in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Carrying amount				
1. Ending carrying amount	62,924,414.65			62,924,414.65
2. Beginning carrying amount	63,537,443.20			63,537,443.20

(2). Investment properties without the title certificates
 Applicable Not applicable

(3). Impairment test of investment properties measured at cost

Applicable Not applicable

Other descriptions:

Applicable Not applicable

21. Fixed assets**List of items**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	893,123,172.84	907,224,090.94
Disposal of fixed assets		
Total	893,123,172.84	907,224,090.94

Other notes:

Applicable Not applicable

Fixed assets**(1). Details of fixed assets**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Premises and buildings	General equipment	Special equipment	Means of transport	Total
I. Original carrying amount:					
1. Beginning balance	767,983,895.51	89,820,796.58	440,748,696.74	35,679,750.24	1,334,233,139.07
2. Amount increased in the current period	11,489,032.11	8,581,497.42	49,734,692.79	1,689,943.95	71,495,166.27
(1) Purchase		4,107,064.28	5,362,254.93	1,689,943.95	11,159,263.16
(2) Transferred from construction in progress	11,489,032.11	4,474,433.14	44,372,437.86		60,335,903.11
(3) Increase from business merger					
3. Amount decreased in the current period		5,220,812.76	3,821,108.46	7,186,679.25	16,228,600.47

(1) Disposal or scrapping		5,171,449.06	3,725,759.08	7,147,774.14	16,044,982.28
(2) Other decreases [note]		49,363.70	95,349.38	38,905.11	183,618.19
4. Ending balance	779,472,927.6 2	93,181,481.2 4	486,662,281.0 7	30,183,014.9 4	1,389,499,704.8 7
II. Accumulated depreciation					
1. Beginning balance	179,070,321.6 0	57,262,857.1 6	166,611,676.4 4	22,726,660.6 7	425,671,515.87
2. Amount increased in the current period	32,301,971.37	9,714,185.98	35,296,339.37	3,609,167.92	80,921,664.64
(1) Provision	32,301,971.37	9,714,185.98	35,296,339.37	3,609,167.92	80,921,664.64
3. Amount decreased in the current period		4,419,491.19	1,973,227.13	5,161,462.42	11,554,180.74
(1) Disposal or scrapping		4,401,998.46	1,941,798.39	5,152,975.97	11,496,772.82
(2) Other decreases [note]		17,492.73	31,428.74	8,486.45	57,407.92
4. Ending balance	211,372,292.9 7	62,557,551.9 5	199,934,788.6 8	21,174,366.1 7	495,038,999.77
III. Impairment provision					
1. Beginning balance			1,337,532.26		1,337,532.26
2. Amount increased in the current period					
(1) Provision					
3. Amount decreased in the current period					
(1) Disposal or scrapping					

4. Ending balance			1,337,532.26		1,337,532.26
IV. Carrying amount					
1. Ending carrying amount	568,100,634.6 5	30,623,929.2 9	285,389,960.1 3	9,008,648.77	893,123,172.84
2. Beginning carrying amount	588,913,573.9 1	32,557,939.4 2	272,799,488.0 4	12,953,089.5 7	907,224,090.94

[Note] Other decreases are due to the disposal of the subsidiary Zhejiang Beauty Cosmetics Co., Ltd. in the current period, resulting in related assets being excluded from the consolidation scope.

(2). Temporarily idle fixed assets

Applicable Not applicable

(3). Fixed assets leased out under operating lease

Applicable Not applicable

(4). Fixed assets without the title certificates

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount	Reasons for failure to obtain property certificates
Longwu R&D Center	80,791,844.37	In process
Subtotal	80,791,844.37	

(5). Impairment test of fixed assets

Applicable Not applicable

Other notes:

Applicable Not applicable

Disposal of fixed assets

Applicable Not applicable

22. Construction in progress

List of items

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Construction in progress	128,341,121.16	74,585,001.38
Engineering materials		
Total	128,341,121.16	74,585,001.38

Other descriptions:

Applicable Not applicable

Construction in progress**(1). Construction in progress**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Proya (Zhejiang) Intelligent Factory Project	87,879,519.09		87,879,519.09	25,481,733.49		25,481,733.49
Information System Upgrade Project	29,525,405.91		29,525,405.91	8,800,900.03		8,800,900.03
Other constructions	9,367,422.35		9,367,422.35	5,460,276.61		5,460,276.61
Huzhou Production Base Expansion Project (Phase I)	1,085,566.40		1,085,566.40	32,051,823.08		32,051,823.08
Longwu R&D Center Construction Project	483,207.41		483,207.41	2,790,268.17		2,790,268.17
Total	128,341,121.16		128,341,121.16	74,585,001.38		74,585,001.38

(2). Changes of important construction in progress in the current year

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Budget	Opening balance	Increase in the current period	Amount transferred into fixed assets in the current period	Other decreases in the current period	Closing balance	Proportion of cumulative project investment in budget (%)	Construction progress	Accumulated amount of capitalized interest	Including: Amount of capitalized interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Huzhou Production Base Expansion Project (Phase I)	RMB 416.7833 million	32,051,823.08	19,989,542.94	47,813,632.13	3,142,167.49	1,085,566.40	100.00	100.00	21,167,901.12		4.57	Raised funds and self-owned funds

Longwu R&D Center Construction Project	RMB 128,611.3 million	2,790,268.17	2,564,117.13	2,418,493.52	2,452,684.37	483,207.41	101.29	100.00	14,857,625.44			Raised funds and self-owned funds
Information System Upgrade Project	RMB 112,395 million	8,800,900.03	22,629,041.89		1,904,536.01	29,525,405.91	95.22	95.22	6,796,731.80	39,388.97	4.57	Raised funds and self-owned funds
Proya Intelligent Factory Project	RMB 1,091.39 million	25,481,733.49	62,397,785.60			87,879,519.09	8.05	8.05				
Total	RMB 1,749,1796 million	69,124,724.77	107,580,487.56	50,232,125.65	7,499,387.87	118,973,698.81	/	/	42,822,258.36	39,388.97	/	/

Description of other decreases in the current period:

The Huzhou Production Base Expansion Project (Phase I) is partially recognized as long-term deferred expenses. Upon completion, the Longwu R&D Center Construction Project was reclassified to intangible assets or long-term deferred expenses, and the Information System Upgrade Project was reclassified to intangible assets.

(3). Impairment provision for construction in progress in the current period

Applicable Not applicable

(4). Impairment test of construction in progress

Applicable Not applicable

Other notes:

Applicable Not applicable

Engineering materials

(5). Construction materials

Applicable Not applicable

23. Bearer biological assets

(1). Bearer biological assets measured at cost

Applicable Not applicable

(2). Impairment test of bearer biological assets measured at cost

Applicable Not applicable

(3). Bearer biological assets measured at fair value

Applicable Not applicable

Other notes:

Applicable Not applicable

24. Oil and gas assets

(1). Oil and gas assets

Applicable Not applicable

(2). Impairment test of oil and gas assets

Applicable Not applicable

Other descriptions:

None

25. Right-of-use assets

(1). Right-of-use assets

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Premises and buildings	Total
I. Original carrying amount		
1. Beginning balance	25,848,363.48	25,848,363.48
2. Amount increased in the current period	19,004,324.30	19,004,324.30
(1) Rent	19,004,324.30	19,004,324.30
3. Amount decreased in the current period	7,745,621.78	7,745,621.78
(1) Expiration	7,745,621.78	7,745,621.78
4. Ending balance	37,107,066.00	37,107,066.00
II. Accumulated depreciation		
1. Beginning balance	11,306,697.98	11,306,697.98
2. Amount increased in the current period	6,428,636.11	6,428,636.11
(1) Provision	6,428,636.11	6,428,636.11
3. Amount decreased in the current period	7,745,621.78	7,745,621.78
(1) Expiration	7,745,621.78	7,745,621.78
4. Ending balance	9,989,712.31	9,989,712.31
III. Impairment provision		
1. Beginning balance		
2. Amount increased in the current period		
(1) Provision		
3. Amount decreased in the current period		
(1) Disposal		
4. Ending balance		
IV. Carrying amount		
1. Ending carrying amount	27,117,353.69	27,117,353.69
2. Beginning carrying amount	14,541,665.50	14,541,665.50

(2). Impairment test of right-of-use assets

□ Applicable √ Not applicable

Other notes:

None

26. Intangible assets**(1). Intangible assets**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Land use right	Office software	Patent right	Non-patented technology	Customer resources	Trademark right	Total
I. Original carrying amount							
1. Beginning 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
2. Amount increased in the current period	28,840,000.00	7,274,789.15		113,062.50			36,227,851.65
(1) Purchase	28,840,000.00	2,804,505.90		113,062.50			31,757,568.40
(2) Internal R&D							
(3) Increase from business merger							
(4) Transferred from construction in progress		4,470,283.25					4,470,283.25
3. Amount decreased in the current period		62,123.89					62,123.89
(1) Disposal							
(2) Other decreases		62,123.89					62,123.89
4. Ending balance	536,960,530.10	42,444,166.77	467,589.70	676,355.57	12,833,684.00	39,897,000.00	633,279,326.14

II. Accumulated amortization							
1. Beginning balance	116,280,368.2 0	27,293,944.4 1	438,867.9 2	551,728.00	12,833,684. 00	10,320,148.7 0	167,718,7 41.23
2. Amount increased in the current period	12,781,759.66	4,925,640.44	28,721.78	11,774.82		3,989,700.00	21,737,59 6.70
(1) Provision	12,781,759.66	4,925,640.44	28,721.78	11,774.82		3,989,700.00	21,737,59 6.70
3. Amount decreased in the current period		62,123.89					62,123.89
(1) Disposal							
(2) Other decreases		62,123.89					62,123.89
4. Ending balance	129,062,127.8 6	32,157,460.9 6	467,589.7 0	563,502.82	12,833,684. 00	14,309,848.7 0	189,394,2 14.04
III. Impairment provision							
1. Beginning balance							
2. Amount increased in the current period							
(1) Provision							
3. Amount decreased in the current period							
(1) Disposal							
4. Ending balance							
IV. Carrying amount							
1. Ending carrying amount	407,898,402.2 4	10,286,705.8 1		112,852.75		25,587,151.3 0	443,885,1 12.10

2. Beginning carrying amount	391,840,161.9 0	7,937,557.10	28,721.78	11,565.07		29,576,851.3 0	429,394,8 57.15
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[Note] Other decreases are due to the disposal of the subsidiary Zhejiang Beauty Cosmetics Co., Ltd. in the current period.

The proportion of intangible assets formed through internal R&D of the Company to the balance of intangible assets at the end of the current period was 0.00%.

(2). Data resources recognized as intangible assets

Applicable Not applicable

(3). Land use rights without the title certificates

Applicable Not applicable

(4). Impairment test of intangible assets

Applicable Not applicable

Other notes:

Applicable Not applicable

27. Goodwill

(1). Original carrying amount of goodwill

Applicable Not applicable

(2). Provision for impairment of goodwill

Applicable Not applicable

(3). Information about the asset group or portfolio of asset groups where goodwill is located

Applicable Not applicable

Change in asset groups or combination of asset groups

Applicable Not applicable

Other descriptions:

Applicable Not applicable

(4). Specific determination method for 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 according to the present value of the expected future cash flow

Applicable Not applicable

Reasons for the obvious inconsistency between the aforementioned information and the information used in the impairment test of previous years or external information

Applicable Not applicable

Reasons for the obvious inconsistency between the information adopted by the Company's impairment test in previous years and the actual situation in those years

Applicable Not applicable

(5). Performance commitment and corresponding goodwill impairment

There was a performance commitment when the goodwill was formed, and the reporting period or the previous reporting period was within the performance commitment period.

Applicable Not applicable

Other notes:

Applicable Not applicable

28. Long-term deferred expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Amortization amount in the current period	Other decreased amount	Ending balance
Decoration cost	68,985,581.96	14,866,866.45	22,298,468.28		61,553,980.13
Software service fee	1,217,031.00	1,582,641.51	1,567,912.40		1,231,760.11
Endorsement fee		81,132,075.48	33,254,717.02		47,877,358.46
Total	70,202,612.96	97,581,583.44	57,121,097.70		110,663,098.70

Other notes:

None

29. Deferred income tax assets/deferred income tax liabilities

(1). Deferred tax assets not offset

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Accrued expenses and excess advertising fees	265,076,467.49	66,269,116.87	209,381,318.53	52,345,329.62
Unrealized profit of internal transactions	197,360,434.64	49,340,108.66	280,081,217.39	70,020,304.35
Unredeemed member points	110,687,836.24	27,671,959.06	103,895,960.81	25,973,990.21
Changes in fair value of investments in other equity instruments	77,635,301.93	11,645,295.29	75,145,404.82	11,271,810.72
Provision for decline in the value of inventories	46,105,751.50	8,653,788.93	59,745,773.22	12,479,497.95
Asset-related government subsidies	22,680,204.91	4,002,030.74	15,260,760.59	2,289,114.09
Rental fee	27,447,783.71	3,050,085.79	14,429,186.60	2,610,265.96
Deductible loss	15,000,000.00	3,750,000.00		

Estimated return loss	6,592,052.92	1,648,013.23	18,726,919.15	4,681,729.78
Provision for bad debts of accounts receivable	8,385,623.13	1,709,112.88	29,524,454.74	7,378,583.94
Unrealized rebate at the end of period	4,232,290.93	1,058,072.73		
Impact of share-based payment			12,546,699.10	2,441,849.98
Total	781,203,747.40	178,797,584.18	818,737,694.95	191,492,476.60

(2). Deferred tax liabilities not offset

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets evaluation appreciation in the business merger not under the same control				
Changes in fair value of other debt investments				
Changes in fair value of investments in other equity instruments				
One-off deduction of depreciation of fixed assets	178,693,126.36	26,803,968.95	167,487,716.46	25,173,508.26
Deferred income tax recognized on right-of use assets	26,842,548.04	2,923,390.72	14,365,827.19	2,585,956.39
Total	205,535,674.40	29,727,359.67	181,853,543.65	27,759,464.65

(3). Deferred tax assets or liabilities presented in the net amount after offsetting

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Mutual offset amount between deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset	Mutual offset amount between deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
Deferred tax assets	29,727,359.67	149,070,224.51	27,759,464.65	163,733,011.95
Deferred tax liabilities	29,727,359.67		27,759,464.65	

(4). Details of unrecognized deferred income tax assets

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	271,944,368.96	250,499,417.84
Deductible loss	204,111,424.66	222,622,232.20

Total	476,055,793.62	473,121,650.04
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(5). Deductible loss of unrecognized deferred income tax assets will be due in the following years√ Applicable Not applicable

Unit: Yuan Currency: RMB

Year	Ending balance	Beginning balance	Remarks
2025		22,880,897.02	
2026	23,230,512.26	11,897,550.37	
2027	32,899,952.32	60,688,622.74	
2028	61,907,470.43	93,689,299.28	
2029	20,138,290.97	33,465,862.79	
2030	65,935,198.68		
Total	204,111,424.66	222,622,232.20	/

Other notes:

 Applicable Not applicable**30. Other non-current assets**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Contract acquisition costs						
Contract performance costs						
Return cost receivable						
Contract assets						
Long-term asset purchase prepayment	1,109,582.30		1,109,582.30	370,449.00		370,449.00
Other long-term assets	14,692,395.63		14,692,395.63	10,887,954.15		10,887,954.15
Total	15,801,977.93		15,801,977.93	11,258,403.15		11,258,403.15

Other notes:

None

31. Assets with restricted ownership or use right√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Closing				Opening			
	Book balance	Carrying amount	Restriction type	Restricted conditions	Book balance	Carrying amount	Restriction type	Restricted conditions

Monetary funds	1,126,737,919.50	1,126,737,919.50	Others	Note 1	1,339,556,732.22	1,339,556,732.22	Others	Note 2
Notes receivables								
Inventories								
Including: Data resources								
Fixed assets								
Intangible assets								
Including: Data resources								
Total	1,126,737,919.50	1,126,737,919.50	/	/	1,339,556,732.22	1,339,556,732.22	/	/

Other notes:

Note 1: Restricted monetary capitals amount to RMB 1,123,321,185.64, including: large-denomination certificates of deposit: RMB 1,119,455,583.40; direct-sale store deposit: RMB 3,526,602.24; time deposit margin for transformer: RMB 250,000.00; ETC deposit: RMB 89,000.00; frozen monetary funds amounted to RMB 3,416,733.86, of which: judicially frozen funds: RMB 3,416,733.86.

Note 2: Restricted monetary capitals amount to RMB 1,336,139,998.36, including: large-denomination certificates of deposit: RMB 1,327,741,986.16; direct-sale store deposit: RMB 8,078,012.20; time deposit margin for transformer: RMB 250,000.00; ETC deposit: RMB 70,000.00; frozen monetary funds amounted to RMB 3,416,733.86, of which: judicially frozen funds: RMB 3,416,733.86.

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 loans		
Guaranteed borrowings		
Credit borrowings	80,052,800.00	
Total	80,052,800.00	

Description of classification of short-term borrowings:

None

(2). Short-term borrowings overdue but unpaid

Applicable Not applicable

Significant short-term borrowings overdue but unpaid were as follows:

Applicable Not applicable

Other notes:

Applicable Not applicable

33. Held-for-trading financial liabilities

Applicable Not applicable

Other notes:

Applicable Not applicable

34. Derivative financial liabilities

Applicable Not applicable

35. Notes payable

(1). Presentation of notes payable

Applicable Not applicable

36. Accounts payable

(1). Presentation of accounts payable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Payment for goods	435,694,465.69	340,707,102.70
Expenses	309,158,171.12	297,407,595.54
Payments for long-term assets	53,611,313.39	38,273,427.94
Total	798,463,950.20	676,388,126.18

(2). Significant payables aged over 1 year or overdue

Applicable Not applicable

Other notes:

Applicable Not applicable

37. Advance from clients

(1). Presentation of advances from customers

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Rental received in advance	345,362.16	129,400.52
Total	345,362.16	129,400.52

(2). Significant advances from customers with aging over 1 year

Applicable Not applicable

(3). Amount and reasons for significant changes in carrying amount during the reporting period

Applicable Not applicable

Other notes:

Applicable Not applicable

38. Contract liabilities**(1). Contract liabilities**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Unredeemed member points	113,866,992.10	109,942,861.10
Advances on sales	53,420,410.73	43,767,727.52
Total	167,287,402.83	153,710,588.62

(2). Significant contract liabilities aged over 1 year Applicable Not applicable**(3). Amounts experiencing significant changes in their carrying amounts during the reporting period and reasons for the changes** Applicable Not applicable

Other notes:

 Applicable Not applicable**39. Employee benefits payable****(1). Presentation of employee compensation payable**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	152,573,822.93	786,920,644.28	783,248,464.18	156,246,003.03
II. Post-employment benefits - defined contribution plan	952,083.02	34,552,276.59	33,168,886.73	2,335,472.88
III. Dismissal welfare	2,177,515.00	19,813,716.78	19,183,101.28	2,808,130.50
IV. Other welfare due within one year				
Total	155,703,420.95	841,286,637.65	835,600,452.19	161,389,606.41

(2). Presentation of short-term compensation√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Wages, bonus, allowances and subsidies	149,496,614.06	715,921,431.35	710,833,371.81	154,584,673.60
II. Employee benefits		26,082,495.56	26,082,495.56	
III. Social insurance premiums	2,800,385.87	20,336,934.40	21,712,034.34	1,425,285.93
Including: Medical insurance premium	2,729,751.90	19,313,934.59	20,686,488.08	1,357,198.41
Work-related injury insurance premium	65,610.24	1,007,477.41	1,007,718.80	65,368.85
Maternity insurance premium	5,023.73	15,522.40	17,827.46	2,718.67
IV. Housing provident fund	276,823.00	18,757,374.50	18,798,154.00	236,043.50

V. Labor union funds and employee education funds		5,822,408.47	5,822,408.47	
VI. Short-term compensated absence				
VII. Short-term profit sharing plan				
Total	152,573,822.93	786,920,644.28	783,248,464.18	156,246,003.03

(3). Presentation of defined contribution plans√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	886,385.88	33,500,169.66	32,124,709.91	2,261,845.63
2. Unemployment insurance premium	65,697.14	1,052,106.93	1,044,176.82	73,627.25
3. Enterprise annuity				
Total	952,083.02	34,552,276.59	33,168,886.73	2,335,472.88

Other notes:

 Applicable Not applicable**40. Taxes payable**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Corporate income tax	67,548,692.76	86,110,649.72
Individual income tax withheld	9,953,694.91	6,221,416.93
Property tax	7,586,731.91	8,183,500.87
VAT	5,497,144.41	20,502,881.02
Land use tax	1,731,432.00	1,731,432.00
Deed tax	840,000.00	
Urban maintenance and construction tax	379,631.66	1,119,263.03
Stamp duty	599,442.75	894,877.77
Consumption tax	310,031.86	
Educational surcharges	181,049.05	653,609.96
Local educational surcharges	120,699.41	435,739.98
Total	94,748,550.72	125,853,371.28

Other notes:

None

41. Other payables**(1). List of items**√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable		
Other payables	45,208,485.79	91,776,722.59
Total	45,208,485.79	91,776,722.59

Other descriptions:

Applicable Not applicable

(2). Interest payable

Presentation by category

Applicable Not applicable

Overdue significant interest payable:

Applicable Not applicable

Other notes:

Applicable Not applicable

(3). Dividends payable

Presentation by category

Applicable Not applicable

(4). Other payables

Other payables presented by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Guarantee and security deposits	39,849,689.43	40,845,487.15
Repurchase obligation for restricted shares		46,130,784.28
Others	5,358,796.36	4,800,451.16
Total	45,208,485.79	91,776,722.59

Significant other payables aged over 1 year or overdue

Applicable Not applicable

Other notes:

Applicable Not applicable

42. Held-for-sale liabilities

Applicable Not applicable

43. Current portion of non-current liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within 1 year		
Bonds payable due within 1 year		
Long-term payables due within 1 year		
Current portion of lease liabilities	7,738,217.76	3,473,806.48
Total	7,738,217.76	3,473,806.48

Other notes:

None

44. Other current liabilities

Other current liabilities

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Short-term bonds payable		
Refunds payable	11,638,059.86	
Output VAT to be transferred	7,239,830.33	5,509,508.59
Total	18,877,890.19	5,509,508.59

Changes in short-term bonds payable:

Applicable Not applicable

Other notes:

Applicable Not applicable

45. Long-term loans**(1). Classification of long-term borrowings**

Applicable Not applicable

Other notes:

Applicable Not applicable

46. Bonds payable**(1). Bonds payable**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Convertible corporate bonds	804,392,073.95	780,011,293.32
Total	804,392,073.95	780,011,293.32

(2). Details of bonds payable: (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Bond name	Par value (RMB)	Coupon rate (%)	Issuance date	Bond maturity	Issuance amount	Opening balance	Issued in the current period	Interest accrued at par value	Amortization of premiums and discounts	Repayment in the current period	Impact of share conversion	Closing balance	Breach or not
Proya Convertible Bonds	100.00	1.50	December 8, 2021	6 years	751,713,000.00	780,011,293.32		11,412,184.96	24,237,062.96	11,260,980.00	7,487.29	804,392,073.95	No
Total	/	/	/	/	751,713,000.00	780,011,293.32		11,412,184.96	24,237,062.96	11,260,980.00	7,487.29	804,392,073.95	/

(3). Description of convertible corporate bonds

√ Applicable □ Not applicable

Item	Conditions for transferring shares	Share conversion time
Proya Convertible Bonds	<p>With the approval of the CSRC, namely, the <i>Reply on Approving Proya Cosmetics Co., Ltd. to Publicly Issue Convertible Corporate Bonds</i> (ZJXK [2021] No. 3408), the Company publicly issued 7,517,130 convertible corporate bonds to non-specific objects on December 8, 2021, with a face value of RMB 100.00 each and a total issuance amount of RMB 751,713,000.00.</p> <p>The coupon rates of the convertible corporate bonds issued above is 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. 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 interest 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 face value of the convertible bonds issued that time (including the annual interests of the last tranche).</p> <p>The conversion period of convertible bonds starts from the first trading day after the expiration of 6 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 rights 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-rights or</p>	From June 14, 2022 to December 7, 2027

	<p>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 implementation of 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 the Public Offering 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 RMB 95.46/share, and the adjusted price took effect on October 17, 2025.</p>	
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Accounting method and judgment basis for transfer of equity

Applicable Not applicable

In the current period, 210 convertible corporate bonds were converted into shares in total, with an increase of RMB 211.00 in share capital, an increase of RMB 8,702.55 in capital reserve (stock premium), and a decrease of RMB 1,426.26 in other equity instruments.

(4). Description of other financial instruments classified as financial liabilities

Basic information of preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

Applicable Not applicable

Changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of period

Applicable Not applicable

Basis for financial instruments classified as financial liabilities

Applicable Not applicable

Other notes:

Applicable Not applicable

47. Lease liabilities√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Operating lease payables	20,858,221.63	12,060,501.83
Unrecognized financing costs	-1,148,655.68	-1,105,121.71
Total	19,709,565.95	10,955,380.12

Other notes:

None

48. Long-term payables**List of items** Applicable Not applicable

Other descriptions:

 Applicable Not applicable**Long-term payables****(1). Long-term payables by nature** Applicable Not applicable**Special payables****(2). Presentation of special payables 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
External guarantee			
Pending litigation			
Product quality guarantee			
Reorganization obligation			
Onerous contracts to be executed			
Refunds payable		25,162,463.80	Estimate future potential return losses
Others			
Total		25,162,463.80	/

Other descriptions, including relevant significant assumptions and estimates of significant estimated liabilities:

None

51. Deferred income

Deferred income

 Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Cause
Government subsidies	15,260,760.59	9,000,000.00	1,580,555.68	22,680,204.91	Government grants
Total	15,260,760.59	9,000,000.00	1,580,555.68	22,680,204.91	/

Other descriptions:

 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 the change					Ending balance
		Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Subtotal	
Total number of shares	396,247,555	-271,768			211	-271,557	395,975,998

Other notes:

According to the resolutions of the 5th meeting of the 4th Board of Directors and the 4th meeting of the 4th Board of Supervisors, the 6th meeting of the 4th Board of Directors and the 5th meeting of the 4th Board of Supervisors in 2025, the Company applied for repurchase in cash of 271,768 restricted RMB-denominated ordinary shares (A shares) granted but not yet released, and paid a total of RMB 14,383,761.78 for share repurchase, including a reduction of RMB 271,768 in share capital and a reduction of RMB 14,111,993.78 in capital reserve (stock premium). As of the balance sheet date, the above cancellation had been completed.

In the current period, 210 convertible corporate bonds were converted into shares in total, with an increase of RMB 211.00 in share capital, an increase of RMB 8,702.55 in capital reserve (stock premium), and a decrease of RMB 1,426.26 in other equity instruments.

54. Other equity instruments**(1). Basic information of preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period** Applicable Not applicable

(2). Changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of period√ Applicable Not applicable

Unit: Yuan Currency: RMB

Outstanding financial instruments	Opening		Increase in the current period		Decrease in the current period		Closing	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Proya Convertible Bonds	7,507,530	50,891,546.26			210	1,426.26	7,507,320	50,890,120.00
Total	7,507,530	50,891,546.26			210	1,426.26	7,507,320	50,890,120.00

Changes in other equity instruments in the current period, the reasons for the changes and the basis for the related accounting treatment:

 Applicable Not applicable

Other descriptions:

√ Applicable Not applicable

The decrease in the current period amounted to RMB 1,426.26 due to the conversion of 210 convertible corporate bonds into shares in total, with an increase of RMB 211.00 in share capital, an increase of RMB 8,702.55 in capital reserve (stock premium), and a decrease of RMB 1,426.26 in other equity instruments.

55. Capital reserve√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (stock premium)	794,055,277.25	35,982,385.70	14,111,993.78	815,925,669.17
Other capital reserves	52,545,128.03		43,170,276.73	9,374,851.30
Total	846,600,405.28	35,982,385.70	57,282,270.51	825,300,520.47

Other descriptions, including changes in the current period and reasons for the changes:

1) Changes in capital premium

In the current period, the capital premium (share premium) increased by RMB 35,982,385.70, as detailed below: ① RMB 8,702.55 was increased due to the conversion of convertible corporate bonds into shares in the current period. For details, please refer to the description in "46. Bonds payable", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report; ② RMB 35,973,683.15 was increased due to the transfer of other capital reserves recognized during the vesting period for the released portion of restricted shares issued under the equity incentive plan into stock premium.

In the current period, the capital reserve (stock premium) decreased by RMB 14,111,993.78 due to the Company's repurchase in cash and cancellation of restricted shares. For details, please refer to the description in "53. Share capital", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

2) Changes in other capital reserves

In the current period, other capital reserves decreased by RMB 43,170,276.73, as detailed below: ① RMB 7,196,593.58 was decreased by the Company's reversal of restricted share incentive expenses of RMB 7,196,593.58 for resigned personnel according to the equity incentive plan and inclusion of these expenses in other capital reserves; ② RMB 35,973,683.15 was decreased due to the transfer of other

capital reserves recognized during the vesting period for the released portion of restricted shares issued under the equity incentive plan into stock premium.

56. Treasury shares

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Restricted shares with repurchase obligation	46,130,784.28		46,130,784.28	
Share repurchase	192,144,659.13			192,144,659.13
Total	238,275,443.41		46,130,784.28	192,144,659.13

Other descriptions, including changes in the current period and reasons for the changes:

The decrease in the current period amounted to RMB 46,130,784.28, detailed as follows: ① RMB 30,257,275.77 was decreased as the Company released 570,752 restricted shares according to the *Proposal on the Satisfaction of Conditions for Release from Sales Restrictions in the Third Release Period under the 2022 Restricted Stock Incentive Plan* deliberated and approved at the 7th Meeting of the 4th Board of Directors and the 6th Meeting of the 4th Board of Supervisors on September 8, 2025 (the Company issued 0.40 shares per share to all shareholders through capitalization of the capital reserve in May 2023, resulting in a total of 407,680 shares before the capitalization of the capital reserve), and the grant price per share was RMB 53.01 after the deduction of the distributed cash dividends. ② RMB 14,383,761.78 was decreased due to the repurchase in cash of 271,768 restricted RMB-denominated ordinary shares (A shares) granted but not yet released (for details, please refer to the description in "53. Share capital", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report); ③ RMB 1,489,746.73 was decreased as the dividends allocated to restricted shares not yet released were offset against treasury stocks and other accounts payable were adjusted accordingly.

57. Other comprehensive income

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amount incurred in the current period						Closing balance
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to current profits or losses	Less: Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	After-tax amount attributable to shareholder	Attributable to minority shareholders after tax	
I. Other comprehensive income items not to be reclassified into profits and losses	- 84,123,594.10	- 2,489,897.12		-17,212,500.00	- 3,410,984.57	18,133,587.45		- 65,990,006.65
Including: Changes arising from remeasurement of the defined benefit plan								

Other comprehensive income that cannot be reclassified into profit or loss under the equity method	20,250,000.00				-17,212,500.00	3,037,500.00	20,250,000.00		
Changes in fair value of investments in other equity instruments	63,873,594.10	2,489,897.12				373,484.57	2,116,412.55		65,990,006.65
Changes in fair value of the Company's own credit risk									
II. Other comprehensive income items to be reclassified into profits and losses	781,352.44	381,109.36					-310,436.48	-70,672.88	1,091,788.92
Including: Other comprehensive income that can be reclassified into profit or loss under the equity method									
Changes in fair value of other debt investments									
Amount of financial assets reclassified and included in other comprehensive income									
Provision for credit impairment of other debt investments									
Reserves for cash flow hedge									

Translation difference of foreign currency financial statements	- 781,352.4 4	- 381,109.3 6				-310,436.48	-70,672.88	- 1,091,78 8.92
Total other comprehensive income	- 84,904,94 6.54	- 2,871,006. 48		-17,212,500.00	- 3,410,984. 57	17,823,150. 97	-70,672.88	- 67,081,7 95.57

Other descriptions, including adjustment of the effective portion of profit or loss arising from cash flow hedging converted to initially recognized amount of hedged item:

None

58. Special reserves

Applicable Not applicable

59. Surplus reserve

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	198,411,582.50			198,411,582.50
Discretionary surplus reserves				
Reserve funds				
Enterprise development fund				
Others				
Total	198,411,582.50			198,411,582.50

Description of surplus reserve, including increase/decrease during the current period and reasons for such changes:

The Company does not need to allocate further amounts if the cumulative amount of the statutory reserve reaches 50% or more of the registered capital.

60. Undistributed profits

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	4,233,103,785.98	3,040,145,490.59
Adjustment (increase +/-decrease -) to total undistributed profit at the beginning of the period		
Undistributed profit at the beginning of the period after adjustment	4,233,103,785.98	3,040,145,490.59
Add: Net profit attributable to owners of the parent company during the current period	1,497,751,418.11	1,551,995,692.29
Less: Appropriation to statutory surplus reserves		

Appropriation of discretionary surplus reserves		
Appropriation to general risk provision		
Dividends of ordinary shares payable	783,939,366.79	359,037,396.90
Ordinary share dividends transferred to share capital		
Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	17,212,500.00	
Undistributed profits at the end of the period	4,929,703,337.30	4,233,103,785.98

1) According to the resolution of the 2024 Annual General Meeting of Shareholders, the Company distributed a cash dividend of RMB 11.90 (tax inclusive) per 10 shares to all shareholders, based on the total share capital of 394,036,801 shares. This was calculated by deducting the 2,210,825 shares held in the Company's special securities repurchase account from the total share capital of 396,247,626 shares on the equity distribution record date. The total cash dividend amounted to RMB 468,903,793.19 (tax inclusive).

2) According to the resolution of the First Extraordinary General Meeting of Shareholders in 2025, the Company distributed a cash dividend of RMB 8.00 (tax inclusive) per 10 shares to all shareholders, based on the total share capital of 393,794,467 shares. This was calculated by deducting the 2,210,825 shares held in the Company's special securities repurchase account from the total share capital of 396,005,292 shares on the equity distribution record date. The total cash dividend amounted to RMB 315,035,573.60 (tax inclusive).

Details of adjustments to undistributed profits at the beginning of the period:

1. Due to the retrospective adjustment of the *Accounting Standards for Business Enterprises* and its related new regulations, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
2. Due to changes in accounting policies, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
3. Due to the correction of major accounting errors, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
4. Due to the change in the scope of consolidation caused by the same control, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
5. Other adjustments affected the undistributed profit of RMB 0.00 at the beginning of the period.

61. Operating revenue and operating cost

(1). Operating revenue and operating cost

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 business	10,585,354,026.82	2,825,597,999.07	10,765,600,419.70	3,077,384,979.23
Other business	12,074,495.41	7,644,683.48	12,811,361.50	6,463,900.20
Total	10,597,428,522.23	2,833,242,682.55	10,778,411,781.20	3,083,848,879.43

(2). Breakdown information of operating revenue and operating cost

Applicable Not applicable

Other notes:

Applicable Not applicable

1) Breakdown of revenue from contracts with clients by goods or service type

Item	Amount in the current period		Amount in the same period of the previous year	
	Revenue	Cost	Revenue	Cost
Sales of products	10,585,354,026.82	2,825,597,999.07	10,765,518,668.97	3,075,757,461.90
Others	4,920,814.12	2,169,576.49	3,530,922.39	1,560,487.29
Subtotal	10,590,274,840.94	2,827,767,575.56	10,769,049,591.36	3,077,317,949.19

2) Breakdown of revenue from contracts with clients by goods or service transfer time

Item	Amount in the current period	Amount in the same period of the previous year
Revenue recognized at a certain time point	10,588,433,366.73	10,769,049,591.36
Revenue recognized over a period of time	1,841,474.21	
Subtotal	10,590,274,840.94	10,769,049,591.36

(3). Description of performance obligations

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Time for performing performance obligations	Important payment terms	Nature of goods promised to be transferred by the Company	Whether the Company acts as main responsible person	Amount assumed by the Company and expected to be refunded to customers	Types of quality assurance provided by the Company and related obligations
Sales of goods	Fulfill the performance obligations when the customer obtains control over relevant goods	Advance payment or completion of payment within a certain credit period	Cosmetics, etc.	Yes	None	Guaranteed quality assurance
Rendering of services	Fulfill the performance obligations when the customer obtains control over relevant services	Monthly payment in general	Operation services, etc.	Yes	None	None
Total	/	/	/	/		/

(4). Description of allocation to remaining performance obligations

□ Applicable √ Not applicable

(5). Major contract changes or major transaction price adjustments

Applicable Not applicable

Other descriptions:

The income recognized in the current period included in the initial carrying amount of contract liabilities is RMB 153,473,719.19.

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	41,209,757.94	34,381,687.66
Educational surcharges	20,671,354.99	17,407,467.54
Local educational surcharges	13,780,903.30	11,596,410.85
Property tax	8,586,614.08	10,447,428.83
Stamp duty	6,468,484.55	6,665,400.34
Land use tax	1,713,621.00	3,352,581.00
Consumption tax	446,045.16	139,440.28
Cultural undertaking construction tax		109,491.54
Vehicle and vessel tax	27,964.72	53,152.00
Total	92,904,745.74	84,153,060.04

Other notes:

None

63. Selling expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Image promotion expenses	4,665,780,209.25	4,601,875,386.48
Employee compensation and service fees	515,384,233.08	483,933,673.51
Office expenses	58,040,504.23	47,299,689.89
Travel expenses	13,118,227.21	14,875,394.33
Conference expenses	4,453,038.95	8,354,966.40
Survey consulting fees	1,280,820.47	3,717,242.84
Equity incentive expenses for restricted shares	847,023.50	97,447.08
Others	508,441.58	858,243.99
Total	5,259,412,498.27	5,161,012,044.52

Other notes:

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	240,486,633.67	207,748,107.61
Office allowance and business entertainment expenses	63,425,491.53	68,149,033.02
Depreciation, amortization and lease expenses	49,017,250.13	47,917,890.02
Consulting and intermediary expenses	39,609,778.59	27,160,119.46
Equity incentive expenses for restricted shares	-7,925,645.98	6,333,205.68
Travel and conference expenses	13,587,109.84	5,644,816.06
Others	5,343,012.33	2,903,268.00
Total	403,543,630.11	365,856,439.85

Other notes:

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 costs	105,444,073.81	100,363,632.47
Commissioned R&D fees	71,000,368.11	69,110,473.44
Depreciation, amortization and lease expenses	23,011,243.20	20,500,514.01
Direct input costs	12,718,611.25	14,153,394.93
Equity incentive expenses for restricted shares	-117,971.10	3,112,503.62
Others	4,786,915.52	3,145,472.93
Total	216,843,240.79	210,385,991.40

Other notes:

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	36,642,250.36	31,018,228.96
Exchange gains and losses	-7,576,099.38	4,401,542.48
Handling charges	646,062.83	827,831.80
Interest income	-58,312,686.17	-72,069,542.92
Total	-28,600,472.36	-35,821,939.68

Other notes:

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
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Asset-related government subsidies	1,580,555.68	973,598.74
Income-related government subsidies	54,190,782.70	53,881,878.18
Refund of handling charges for withholding individual income tax	1,005,074.90	1,065,583.35
VAT additional deduction	13,049,902.45	29,882,561.58
Total	69,826,315.73	85,803,621.85

Other notes:

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	43,718,665.32	-2,483,342.79
Investment income from disposal of long-term equity investment	-5,023,661.55	
Investment income from held-for-trading financial assets during the holding period	5,331,694.81	
Dividend income from investments in other equity instruments during the holding period		
Interest income during the holding period of debt instruments		
Interest income from other debt investments during the holding period		
Investment income from disposal of financial assets held for trading		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investment		
Income from debt restructuring		
Total	44,026,698.58	-2,483,342.79

Other notes:

None

69. Net exposure hedging income

Applicable Not applicable

70. Income from changes 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	22,066,378.61	-10,003,853.55
Loss on bad debts of other receivables	-2,390,907.80	4,881,377.61
Impairment loss on debt investments		
Impairment loss on other debt investments		
Loss on bad debts of long-term receivables		
Impairment loss related to financial guarantee		
Total	19,675,470.81	-5,122,475.94

Other notes:

None

72. Asset impairment loss√ 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. Losses on inventory depreciation and impairment losses on contract performance costs	-74,161,706.29	-95,860,216.77
III. Impairment loss on long-term equity investments	-2,419,036.12	
IV. Impairment loss on investment properties		
V. Impairment loss on fixed assets		
VI. Loss on construction materials		
VII. Impairment loss on construction in progress		
VIII. Impairment loss on bearer biological assets		
IX. Impairment loss on oil and gas assets		
X. Impairment loss on intangible assets		
XI. Impairment loss on goodwill		
XII. Others		
Total	-76,580,742.41	-95,860,216.77

Other notes:

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	-1,092,963.57	-1,115,734.04
Income from disposal of intangible assets		-2,304.16
Total	-1,092,963.57	-1,118,038.20

Other notes:

None

74. Non-operating revenue

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 gains 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			
Right-protection related receivables	675,169.53	1,846,394.98	675,169.53
Income from fines and liquidated damages	966,861.35	318,673.43	966,861.35
Amounts not to be paid	104,082.28	132,715.70	104,082.28
Others	173,200.69	247,094.57	173,200.69
Total	1,919,313.85	2,544,878.68	1,919,313.85

Other notes:

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 losses from disposal of non-current assets			

Including: Losses from disposal of fixed assets			
Losses from disposal of intangible assets			
Losses from exchange of non-monetary assets			
External donation	5,817,467.26	2,588,720.39	5,817,467.26
Fine	90,100.00	623,260.00	90,100.00
Overdue fine	1,177,560.23	246,788.61	1,177,560.23
Loss from destruction and retirement of non-current assets	104,604.35	5,175.47	104,604.35
Others	117,577.55	64,340.46	117,577.55
Total	7,307,309.39	3,528,284.93	7,307,309.39

Other notes:

None

76. Income tax expenses

(1). List of income tax expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expenses	312,990,917.61	353,713,426.40
Deferred tax expenses	15,036,272.01	-49,778,136.63
Total	328,027,189.62	303,935,289.77

(2). Adjustment process of accounting profits and income tax expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Total profit	1,870,548,980.73
Income tax expenses based on statutory/applicable tax rate	467,637,245.18
Effect of different tax rates applied to subsidiaries	-136,949,297.65
Effect of adjustment to prior years' income tax	14,813,493.76
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	5,314,102.07
Impact of investment income on income tax expenses	-10,708,456.16
Effect of using deductible losses of unrecognized deferred tax assets in the previous period	-5,277,968.68
Effect of deductible temporary difference or deductible losses on unrecognized deferred tax assets in the current period	22,401,483.24
Weighted deduction of R&D expenses	-29,203,412.14
Income tax expenses	328,027,189.62

Other notes:

Applicable Not applicable

77. Other comprehensive income

Applicable Not applicable

For details of other comprehensive income, net of tax, please refer to the description in "57. Other comprehensive income" in "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

78. Items of cash flow statement

(1). Cash related to operating activities

Cash received relating to other operating activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Transaction payments and other payments	14,845,441.64	19,398,199.38
Interest income from bank deposits	29,814,088.93	52,543,585.89
Government subsidies	63,190,782.70	64,798,461.53
Total	107,850,313.27	136,740,246.80

Description of other cash received relating to operating activities:

None

Cash paid relating to other operating activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash payment	4,660,035,730.13	4,810,518,392.57
Transaction payments and other payments	14,272,662.45	623,174.55
Total	4,674,308,392.58	4,811,141,567.12

Description of other cash paid relating to operating activities:

None

(2). Cash related to investing activities

Cash received relating to significant investing activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Recovery of wealth management principal	2,454,890,000.00	
Disposal of long-term equity investments	99,990,000.00	
Total	2,554,880,000.00	

Description of cash received relating to significant investing activities

None

Description of cash paid relating to significant investing activities

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payments made to acquire long-term assets	169,322,089.49	299,736,867.13
Wealth management principal expenditure	2,454,890,000.00	
Equity capital increase of Beijing ChemPion Biotechnology Co., Ltd.	10,000,000.00	
Equity investment funds of Shenzhen FlowerKnows E-commerce Co., Ltd.	427,975,763.00	
Total	3,062,187,852.49	299,736,867.13

Description of cash paid relating to significant investing activities

None

Other cash received relating to investment activities

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Redemption of principal and interest on time deposits	236,785,000.00	307,072,222.23
Total	236,785,000.00	307,072,222.23

Description of other cash received relating to investing activities:

None

Other cash paid relating 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 large-denomination certificates of deposit and time deposits		1,280,000,000.00
Total		1,280,000,000.00

Description of other cash paid relating to investing activities:

None

(3). Cash related to financing activities

Other cash received relating to financing activities

 Applicable Not applicable

Other cash paid relating to financing activities

√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
H-share listing expenses	23,416,121.94	
Payment for equity incentive repurchase	14,383,761.78	27,643,096.38

Payment of operating lease rent	6,515,212.07	6,977,426.01
Repurchase of company shares		153,062,220.18
Total	44,315,095.79	187,682,742.57

Description of other cash paid relating to financial activities

None

Changes in liabilities arising from financing activities

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Change in cash	Non-cash changes	Change in cash	Non-cash changes	
Short-term borrowings		80,000,000.00	412,800.00	360,000.00		80,052,800.00
Bonds payable (including those due within one year)	780,011,293.32		35,649,247.92	11,260,980.00	7,487.29	804,392,073.95
Lease liabilities (including those due within one year)	14,429,186.60		19,533,809.18	6,515,212.07		27,447,783.71
Total	794,440,479.92	80,000,000.00	55,595,857.10	18,136,192.07	7,487.29	911,892,657.66

(4). Description of presentation of cash flows on a net basis

Applicable Not applicable

(5). Significant activities and financial influences that did not involve current cash receipts and payments but affected the financial position of the Company or may affect the cash flow of the Company 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 in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,542,521,791.11	1,585,278,157.77
Add: Impairment provision for assets	76,580,742.41	95,860,216.77

Credit impairment loss	-19,675,470.81	5,122,475.94
Depreciation of fixed assets, consumption of oil and gas assets, and depreciation of productive biological assets	81,534,693.19	75,078,673.97
Amortization of right-of-use assets	6,428,636.11	5,770,741.34
Amortization of intangible assets	21,737,596.70	19,070,667.56
Amortization of long-term deferred expenses	57,121,097.70	19,494,213.63
Losses from disposal of fixed assets, intangible assets, and other long-term assets (gain to be listed with "-")	1,092,963.57	1,118,038.20
Loss from retirement of fixed assets (gain to be listed with "-")	104,604.35	5,175.47
Loss from changes in fair value (gain to be listed with "-")		
Financial expense (gain to be listed with "-")	8,143,653.12	12,469,676.93
Investment loss (gain to be listed with "-")	-44,026,698.58	2,483,342.79
Decrease of deferred tax assets (increase to be listed with "-")	14,662,787.44	-49,778,136.63
Increase of deferred tax liabilities (decrease to be listed with "-")		
Decrease of inventory (increase to be listed with "-")	-47,469,135.39	39,944,785.54
Decrease of operating receivables (increase to be listed with "-")	487,686,264.84	-133,678,474.86
Increase in operating items payable (decrease to be listed with "-")	13,899,716.95	-580,782,046.61
Others	-7,196,593.58	9,543,156.38
Net cash flows from operating activities	2,193,146,649.13	1,107,000,664.19
2. Major investment and financing activities not relating to cash deposit and withdrawal:		
Transfer of debt into capital		
Current portion of convertible corporate bonds		
Fixed assets acquired under financial leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	3,934,243,638.77	2,742,569,684.62
Less: Beginning balance of cash	2,742,569,684.62	3,659,267,712.03
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	1,191,673,954.15	-916,698,027.41

(2). Net cash paid for acquisition of 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	3,934,243,638.77	2,742,569,684.62
Including: Cash on hand	6,119.19	9,229.11
Cash at bank available for payment at any time	3,880,699,387.53	2,685,944,005.91
Other monetary funds available for payment at any time	53,538,132.05	56,616,449.60
Central bank deposits available for payment		
Interbank deposits		
Loans to other banks		
II. Cash equivalents		
Including: Bond investment due within three months		
III. Ending balance of cash and cash equivalents	3,934,243,638.77	2,742,569,684.62
Including: Restricted cash and cash equivalents used by the parent company or subsidiaries under the Group	242,114,323.46	149,891,967.73

(5). Presentation of restricted monetary funds as cash and cash equivalents√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Reason
Raised funds	7,729,956.76	Special account for raised funds
Cash subject to foreign exchange control of overseas subsidiaries	234,384,366.70	Subject to foreign exchange control
Total	242,114,323.46	/

(6). Monetary funds that are not cash or cash equivalents√ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reason
Large-denomination certificates of deposit and time deposits	1,119,455,583.40	1,327,741,986.16	Cannot be withdrawn at any time
ETC deposit	89,000.00	70,000.00	Cannot be withdrawn at any time
Direct-sales store deposit	3,526,602.24	8,078,012.20	Cannot be withdrawn at any time
Judicially frozen	3,416,733.86	3,416,733.86	Frozen
Time deposit margin for transformer	250,000.00	250,000.00	Cannot be withdrawn at any time
Total	1,126,737,919.50	1,339,556,732.22	/

Other notes:

 Applicable Not applicable**80. Notes to items in the statement of changes in owners' equity**

Description of the name of the item "others" that adjusted the ending balance of the previous year and the amount of adjustment:

 Applicable Not applicable**81. Foreign currency monetary items****(1). Foreign currency monetary items** Applicable Not applicable

Unit: RMB

Item	Ending balance in foreign currency	Exchange rate	Ending balance in RMB
Monetary funds	-	-	201,035,961.62
Including: USD	7,240,378.68	7.0288	50,891,173.67
CHF	22,954.22	8.8510	203,167.80
HKD	89,512,478.92	0.9032	80,847,670.96
KRW	60,871,582.00	0.0049	298,270.75
MYR	3,083,784.76	1.7319	5,340,806.83
EUR	5,672,996.64	8.2355	46,719,963.83
JPY	363,071,870.00	0.0448	16,265,619.78
SGD	69,048.30	5.4586	376,907.05
VND	24,218,927.00	0.0003	7,265.68
TWD	376,424.00	0.2231	83,980.19
THB	5,101.50	0.2225	1,135.08
Accounts receivable	-	-	4,683,885.72
Including: EUR	218,942.52	8.2355	1,803,101.12
JPY	64,299,701.70	0.0448	2,880,626.64
KRW	32,236.47	0.0049	157.96
Other receivables	-	-	29,074,966.83
Including: EUR	2,858,897.36	8.2355	23,544,449.20
HKD	265,721.88	0.9032	240,000.00
JPY	37,669,194.34	0.0448	1,687,579.91
SGD	660,047.95	5.4586	3,602,937.72
Accounts payable	-	-	18,340,521.19
Including: HKD	84,303.49	0.9032	76,142.91
MYR	444,707.04	1.7319	770,188.12
JPY	192,947,673.21	0.0448	8,644,055.76
EUR	1,074,632.31	8.2355	8,850,134.40
Other payables	-	-	883,403.12
Including: CHF	5,017.92	8.8510	44,413.64
KRW	160,364,627.90	0.0049	785,786.68
JPY	1,187,562.50	0.0448	53,202.80

Other notes:

None

(2). Description of overseas operating entities, including their main premises, functional currency and basis of selection for significant overseas operating entities, and the reason for changes in functional currency

Applicable Not applicable

Hapsode Co., Ltd. and Hanna Cosmetics Co., Ltd. operate in the Republic of Korea, and their business income and expenditures are mainly in KRW, so they choose KRW as the functional currency. Hong Kong Xinghuo Industry Limited, Hong Kong Zhongwen Electronic Commerce Co., Limited, Hong Kong Xuchen Trading Limited, Hong Kong Keshi Trading Co., Ltd., and Boya (Hong Kong) Investment Management Co., Limited operate in Hong Kong, China, and therefore choose RMB as the functional currency. OR Off & Relax operates in Japan and its business income and expenditures are mainly in JPY, so it chooses JPY as the functional currency. PROYA PTE. LTD. operates in Singapore, and its business income and expenditures are mainly in SGD, so it chooses SGD as the functional currency. PROYA BEAUTY MALAYSIA SDH. BHD. operates in Malaysia, and its business income and expenditures are mainly in MYR, so it chooses MYR as the functional currency. PROYA EUROPE SAS operates in France, and its business income and expenditure are mainly in EUR, so it chooses EUR as the functional currency. PROYA EUROPE SARL operates in Luxembourg, and its business income and expenditure are mainly in EUR, so it chooses EUR as the functional currency.

82. Lease

(1). As lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

Lease expenses for short-term leases and low-value asset leases utilizing the practical expedient

Applicable Not applicable

Item	Amount in the current period	Amount in the same period of the previous year
Short-term lease expenses	3,505,844.38	3,592,043.94
Expenses for low-value asset leases (excluding short-term leases)	2,213,606.50	1,365,855.26
Total	5,719,450.88	4,957,899.20

Sale and leaseback transactions and judgment basis

Applicable Not applicable

Total cash outflows related to lease: RMB 12,698,078.62 (unit: Yuan; currency: RMB)

(2). As lessor

Operating lease as lessor

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease payments
Investment properties	7,153,681.29	
Total	7,153,681.29	

For details of fixed assets leased under operating leases, please refer to the description in "20. Investment properties", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

Finance lease as lessor

Applicable Not applicable

Reconciliation of undiscounted lease receipts to net lease investment

Applicable Not applicable

Undiscounted lease receipts in the next five years

Applicable Not applicable

(3). Recognition of selling profit or loss on a finance lease as a producer or distributor

Applicable Not applicable

Other notes:

None

83. Data resources

Applicable Not applicable

84. Others

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 costs	105,444,073.81	100,363,632.47
Commissioned R&D fees	71,000,368.11	69,110,473.44
Depreciation, amortization and lease expenses	23,011,243.20	20,500,514.01
Direct input costs	12,718,611.25	14,153,394.93
Equity incentive expenses for restricted shares	-117,971.10	3,112,503.62
Others	4,786,915.52	3,145,472.93
Total	216,843,240.79	210,385,991.40
Including: Expensed R&D expenditures	216,843,240.79	210,385,991.40
Capitalized R&D expenditures		

Other notes:

None

2. R&D project development expenditures eligible for capitalization

Applicable Not applicable

Significant capitalized R&D projects

Applicable Not applicable

Impairment provision for development expenditures

Applicable Not applicable

Other notes:

None

3. Significant outsourcing projects under research

Applicable Not applicable

IX. Changes in the Consolidation Scope

1. Business combination not under common control

Applicable Not applicable

2. Business combination under common control

Applicable Not applicable

3. Reverse acquisition

Applicable Not applicable

4. Disposal of subsidiaries

Whether there was any transaction or event involving loss of control over a subsidiary in the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Subsidiary name	Time point of loss of control	Disposal price at the time point of loss of control	Disposal proportion at the time point of loss of control (%)	Disposal method at the time point of loss of control	Basis for determination of time point for loss of control	Difference between the disposal price and the share of the subsidiary's net assets in the consolidated financial statement corresponding to the disposal investment	Proportion of remaining equity on the date of loss of control (%)	Carrying amount of remaining equity in the consolidated financial statement on the date of loss of control	Fair value of remaining equity in the consolidated financial statement on the date of loss of control	Gains or losses from remeasurement of remaining equity at fair value	Determination method and main assumptions for the fair value of remaining equity in the consolidated financial statement on the date of loss of control	Profit or loss on investment or retained earnings transferred from other comprehensive income in connection with equity investment of the original subsidiary
Zhejiang Beauty Cosmetics Co., Ltd.	April 2025	7,850,000	100.00	Equity transfer	Completion of transfer of property rights	-1,951,091.32	0.00	0.00	0.00	0.00		

Other notes:

Applicable Not applicable

Whether there was step-by-step disposal of investments in subsidiaries through multiple transactions and the loss of control in the current period

Applicable Not applicable

Other notes:

Applicable Not applicable

5. Changes in consolidation scope for other reasons

Changes in consolidation scope for other reasons (such as establishing new subsidiaries and liquidating subsidiaries) and related information:

Applicable Not applicable

1. Increase in consolidation scope

Company name	Acquisition method of equity	Time point of acquisition of equity	Amount of contribution	Proportion of contribution
Xuzhou Boya Enterprise Management Co., Ltd.	Newly established subsidiary	February 2025	1,000,000.00	100.00%
Proya (Hainan) Investment Co., Ltd.	Newly established subsidiary	July 2025	10,000,000.00	100.00%
Hangzhou Proya Biotechnology Co., Ltd.	Newly established subsidiary	October 2025	1,000,000.00	100.00%

2. Decrease in consolidation scope

Company name	Equity disposal method	Time point of equity disposal	Net assets as of the disposal date	Net profit from the beginning of the period to the disposal date
Zhejiang Beauty Cosmetics Co., Ltd.	External transfer	March 2025	9,801,091.32	95,093.85
Hangzhou Tielexin Aini Catering Management Co., Ltd.	Cancelled	April 2025	-894,830.04	-2.11
Hangzhou Luxiaotie Fitness Co., Ltd.	Cancelled	June 2025	184.27	702,726.08
Hong Kong Wanyan Electronic Commerce Co., Limited	Cancelled	July 2025	-7,856,326.28	-31,503.33

6. Others

Applicable Not applicable

X. Equity in Other Entities

1. Interests in subsidiaries

(1). Composition of the Group

√ Applicable □ Not applicable

Unit: RMB '0,000 Currency: RMB

Subsidiary name	Main place of business	Registered capital	Place of registration	Nature of business	Shareholding proportion (%)		Acquisition method
					Direct	Indirect	
Zhejiang Meiligu Electronic Commerce Co., Ltd.	Hangzhou	1,000	Hangzhou	Wholesale and retail	100.00		Establishment
Ningbo TIMAGE Cosmetics Co., Ltd.	Ningbo	100	Ningbo	Wholesale and retail	71.36		Establishment
Proya (Zhejiang) Cosmetics Co., Ltd.	Huzhou	1,000	Huzhou	Manufacturing	100.00		Establishment

Description of the difference between the shareholding percentage and voting rights percentage in the subsidiary:

None

The basis for the Company's control over the investee when holding half or less of the voting rights and the Company's control over the investee when holding more than half of the voting rights:

None

Basis for control over significant structured entities incorporated in the consolidation scope:

None

Basis to determine whether the Company is the agent or the principal:

None

Other notes:

None

(2). Significant non-wholly-owned subsidiaries

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Subsidiary name	Shareholding proportion of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Equity balance of minority shareholders at the end of the period
Ningbo TIMAGE Cosmetics Co., Ltd.	28.64%	43,708,428.52	3,692,440.20	129,134,553.34

Description of the difference between the shareholding percentage of minority shareholders of subsidiaries and the voting rights ratio:

Applicable Not applicable

Other notes:

Applicable Not applicable

(3). Main financial information of significant non-wholly-owned subsidiaries

Applicable Not applicable

Unit: Yuan Currency: RMB

Subsidiary name	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.	539,168,956.20	2,502,654.98	541,671,611.18	90,793,130.72		90,793,130.72	409,860,637.36	3,037,284.38	412,897,921.74	97,988,699.94	3,464,427.19	101,453,127.13

Subsidiary name	Amount incurred in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Ningbo TIMAGE Cosmetics Co., Ltd.	1,257,659,687.63	152,011,619.57	152,011,619.57	167,686,307.80	1,191,554,060.03	116,449,923.76	116,449,923.76	69,238,223.53

Other notes:

None

(4). Substantial restrictions on the use of assets and the settlement of liabilities of the Group

Applicable Not applicable

(5). Financial support or other support provided for structured entities within the scope of the consolidated financial statements

Applicable Not applicable

Other notes:

Applicable Not applicable

2. Transactions in which the owners' equity in a subsidiary has changed and the subsidiary is still under control

Applicable Not applicable

3. Equity in joint ventures or associates

Applicable Not applicable

(1). Significant joint ventures or associates

Applicable Not applicable

(2). Main financial information of significant joint ventures

Applicable Not applicable

(3). Main financial information of important associates

Applicable Not applicable

(4). Summary of financial information of insignificant joint ventures and associates

Applicable Not applicable

Unit: Yuan Currency: RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in the previous period
Joint ventures:		
Total carrying amount of investments	3,261,119.28	3,263,226.71
Total amount of the following items at the shareholding percentage		
- Net profit	-2,107.43	203,234.80
- Other comprehensive income		
- Total comprehensive income		
Associates:		
Total carrying amount of investments	438,042,618.40	107,827,588.99
Total amount of the following items at the shareholding percentage		
- Net profit	43,720,772.75	-2,686,577.59
- Other comprehensive income		
- Total comprehensive income		

Other notes:

None

(5). Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

Applicable Not applicable

(6). Excess loss incurred by joint ventures or associates

Applicable Not applicable

(7). Unrecognized commitments related to investment in joint ventures

Applicable Not applicable

(8). Contingent liabilities related to investment in joint ventures or associates

Applicable Not applicable

4. Significant joint operation

Applicable Not applicable

5. Equity in structured entities not included in the consolidated financial statements

Description of structured entities not included in the consolidated financial statements:

Applicable Not applicable

6. Others

Applicable Not applicable

XI. Government Subsidies**1. Government subsidies recognized as per amount receivable at the end of reporting period**

Applicable Not applicable

Reasons for failing to receive the estimated 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 of financial statements	Beginning balance	Amount of new subsidies in the current period	Amount included in non-operating income in the current period	Other income transferred in the current period	Other changes in the current period	Ending balance	Asset/income-related
Deferred income	15,260,760.59	9,000,000.00		1,580,555.68		22,680,204.91	Asset-related
Total	15,260,760.59	9,000,000.00		1,580,555.68		22,680,204.91	/

3. Government subsidies included in the current profits and losses

Applicable Not applicable

Unit: Yuan Currency: RMB

Type	Amount incurred in the current period	Amount incurred in the previous period
Revenue-related	54,190,782.70	53,881,878.18
	1,580,555.68	973,598.74
Total	55,771,338.38	54,855,476.92

Other descriptions:

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 policies governing these risks as outlined below:

(I) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party.

1. Credit risk management practice

(1) Assessment method of credit risk

The Company assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition on each balance sheet date. When determining whether the credit risk has increased significantly since the initial recognition, the Company considers that reasonable and well-founded information can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the changes in the risk of default during the expected duration of financial instrument.

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

1) Quantitative criteria mainly refer to the probability of default for the remaining life on the balance sheet date increasing by more than a certain percentage from the initial recognition;

2) Qualitative criteria mainly refer to the significant adverse change in debtor's operation or financial position and existing or anticipated changes in the technological, market, economic or legal environment that will have a material adverse effect on the debtors' ability to make repayment to the Company.

(2) Definition of default and credit-impaired asset

When a financial instrument meets one or more of the following conditions, the Company defines a financial asset as a default asset, which is consistent with the definition of credit-impaired asset:

- 1) The debtor has major financial difficulties;
- 2) The debtor violates the binding provisions of the contract;
- 3) The debtor is likely to go bankrupt or undergo financial restructuring;
- 4) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor concessions that would not have been made in any other circumstances.

2. Measurement of expected credit loss

The key parameters for the measurement of expected credit losses include default probability, default loss rate and default risk exposure. The Company considers the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, category of mortgage and pledge, repayment method, etc.) to establish the default probability, default loss rate and default risk exposure model.

3. For details of the reconciliation statement of the beginning balance and ending balance of the loss provision for financial instruments, please refer to the description in "5. Accounts receivable", "7. Receivables financing", and "9. Other receivables" in "VII. Notes to Items in Consolidated Financial Statements", "Section VIII 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) Cash at bank and on hand

The Company keeps bank deposits and other monetary funds in financial institutions with higher credit ratings, ensuring that its credit risk is low.

(2) Accounts receivable

The Company regularly conducts credit assessments on customers who trade on credit terms. Based on the assessment results, the Company chooses to trade with recognized and creditworthy customers and monitors their accounts receivable balances to ensure that the Company will not be exposed to significant bad debt risk.

Since the Company only deals with approved and reputable third parties, no collateral is required. Credit risk concentration is managed on a per-customer basis. As of December 31, 2025, the Company had a certain credit concentration risk, with 69.12% (95.05% as of December 31, 2024) of the Company's accounts receivable attributed to the top five customers in terms of balance. The Company did not hold any collateral or other credit enhancement for the balance of accounts receivable.

The maximum credit risk exposure of the Company was the carrying amount of each financial asset on the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of shortage of funds arising from the performance of the Company's obligations to settle through the delivery of 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.

In order to control such risk, the Company maintains a balance between financing continuity and flexibility by using several financing methods such as notes settlement and bank borrowings and optimizing the financing structure through a combination of long and short-term financing. The Company has obtained lines of credit from a number of commercial banks to meet working capital requirements and capital expenditure.

Classification of financial liabilities by the remaining maturity:

Item	Ending amount				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	80,052,800.00	81,752,000.00	81,752,000.00		
Accounts payable	798,463,950.20	798,463,950.20	798,463,950.20		
Other payables	45,208,485.79	45,208,485.79	45,208,485.79		
Bonds payable	804,392,073.95	877,869,328.56	13,515,778.56	86,435,3550.00	
Lease liabilities	19,709,565.95	20,858,221.63		18,380,716.13	2,477,505.50
Current portion of non-current liabilities	7,738,217.76	8,526,342.28	8,526,342.28		
Subtotal	1,755,565,093.65	1,832,678,328.46	947,466,556.83	882,734,266.13	2,477,505.50

(Continued)

Item	Ending balance of the previous year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings					
Accounts payable	676,388,126.18	676,388,126.18	676,388,126.18		
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
Current portion of non-current liabilities	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

(III) Market risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks mainly include interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in the market interest rate. Interest-bearing financial instruments with a fixed interest rate expose the Company to fair value interest risk, while interest-bearing financial instruments with variable interest rates expose the Company to cash flow interest rate risk. 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 fluctuation in fair value or future cash flow of financial instruments due to changes in the foreign exchange rate. The risk of fluctuations in exchange rates faced by the Company is largely associated with its foreign currency monetary assets and liabilities. The Company operates 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 details of the Company's foreign currency monetary assets and liabilities at the end of the period, please refer to "81. Foreign currency monetary items", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

2. Hedging

(1). The Company carries out hedging business for risk management

Applicable Not applicable

Other notes:

Applicable Not applicable

(2). The Company carries out eligible hedging business and applies hedge accounting

Applicable Not applicable

Other notes:

Applicable Not applicable

(3). The Company carries out hedging business for risk management and expects to achieve the risk management objectives, but does not apply hedge accounting

Applicable Not applicable

Other notes:

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). Continuing involvement with transferred financial assets

Applicable Not applicable

Other notes:

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			
	Level 1 measurement at fair value	Level 2 measurement at fair value	Level 3 measurement at fair value	Total
I. Continuous fair value measurement				
(I) Financial assets held for trading				
1. Financial assets at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Equity instrument investments				
(3) Derivative financial assets				
2. Designated financial assets at FVTPL				
(1) Investments in debt instruments				
(2) Equity instrument investments				
(II) Other debt investments				
(III) Investments in other equity instruments			78,767,098.06	78,767,098.06
(IV) Investment properties				
1. Land use right for lease				
2. Buildings for lease				
3. Land use rights possessed and ready for transfer after appreciation				
(V) Biological assets				
1. Consumptive biological assets				
2. Productive biological assets				
Receivables financing			2,491,804.24	2,491,804.24
Total assets continuously measured at fair value			81,258,902.30	81,258,902.30
(VI) Held-for-trading financial liabilities				
1. Financial liabilities measured at FVTPL				

Including: Held-for-trading bonds issued				
Derivative financial liabilities				
Others				
2. Designated financial liabilities at FVTPL				
Total liabilities measured at fair value on a continuous basis				
II. Non-continuous fair value measurement				
(I) Held-for-sale assets				
Total amount of assets non-continuously measured at fair value				
Total amount of liabilities non-continuously measured at fair value				

2. Basis for recognition of market prices for continuous and non-continuous level 1 measurement items at fair value

Applicable Not applicable

3. Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level 2 measurement items at fair value

Applicable Not applicable

4. Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level 3 measurement items at fair value

Applicable Not applicable

As for investments in other equity instruments held by the Company, since there have been no significant changes in the operating environment and conditions, financial conditions, and external valuation of the investees, including Hangzhou Regenovo Biotechnology Co., Ltd., Beijing ChemPion Biotechnology Co., Ltd., and LIPOTRUE,S.L., the Company measures these investments based on the investment cost as a reasonable estimate of the fair value. Due to the difference between the financial position of the investee Golong Holding Co., Ltd. in 2025 and the expectations at the time of investment, the Company determines the ending fair value based on the investee's net assets as of the end of the period.

5. Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 measurement items at fair value

Applicable Not applicable

6. For continuous fair value measurement items that undergo transfers between different levels within the current period, the reasons for such transfers and the policy for determining the timing of the transfers.

Applicable Not applicable

7. Change in valuation techniques in the current period and reasons for such change

Applicable Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

Applicable Not applicable

9. Others

Applicable Not applicable

XIV. Related Party and Related Party Transactions**1. Parent company of the Company**

Applicable Not applicable

2. Subsidiaries of the Company

The information on the Company's subsidiaries is detailed in the Notes.

Applicable Not applicable

For details of the Company's subsidiaries, please refer to "X. Equity in Other Entities", "Section VIII Financial Report" of this Report.

3. Joint ventures and associates of the Company

The information on the Company's significant joint ventures and associates is detailed in the Notes.

Applicable Not applicable

For details of the Company's significant joint ventures and associates, please refer to "X. Equity in Other Entities", "Section VIII Financial Report" of this Report.

Other joint ventures or associates with which the Company had related party transactions during the current period or in prior periods that resulted in balances are as follows:

Applicable Not applicable

Other notes:

Applicable Not applicable

4. Information on other related parties

Applicable Not applicable

Name of other related parties	Relationship between other related party and the Company
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Others
Hangzhou Regenovo Biotechnology Co., Ltd.	Others
Beijing Xiushi Cultural Development Co., Ltd.	Others
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Others
Proya Foundation	Others
Hangzhou Slow Coral Cultural Tourism Planning and Design Co., Ltd.	Others
Zhejiang Tieding Yoyo Biotechnology Co., Ltd.	Others
Quadratic (Zhejiang) Health Technology Co., Ltd.	Others

PARISEZHAN HK LIMITED	Others
EURL PHARMATICA	Others
SARL ORTUS	Others
S.A.S AREDIS	Others
Beauty Hi-tech Innovation Co., Ltd.	Others
Pan Xiang	Others

Other notes:

None

5. Related party transactions

(1). Related party transactions for the purchase and sale of goods and rendering and receipt of services

Purchase of goods/receipt of services

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Approved transaction limits (if applicable)	Whether the transaction limits are exceeded (if applicable)	Amount incurred in the previous period
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Property service	501,519.11	Not applicable	No	349,744.83
Hangzhou Regenovo Biotechnology Co., Ltd.	Technical services	214,835.85	Not applicable	No	172,726.79
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Technical services	20,000.00	Not applicable	No	30,000.00
Beauty Hi-tech Innovation Co., Ltd.	Technical services	6,577,100.29	Not applicable	No	33,708.96
Beijing Xiushi Cultural Development Co., Ltd.	Promotion services		Not applicable	No	6,500,000.00
Hangzhou Slow Coral Cultural Tourism Planning and Design Co., Ltd.	Promotion services		Not applicable	No	269,433.96

Information on selling goods/rendering services

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
Proya Foundation	Sales of goods	90,807.08	
Zhejiang Tieding Yoyo Biotechnology Co., Ltd.	Technical services	3,326.02	
Quadratic (Zhejiang) Health Technology Co., Ltd.	Technical services	1,210.62	

Description of related party transactions for the purchase and sale of goods and rendering and receipt of services

Applicable Not applicable

(2). Related entrusted management/contracting and entrusting management/outsourcing

The Company's entrusted management/contracting:

Applicable Not applicable

Description of related entrusting/contracting

Applicable Not applicable

The Company's entrusting management/outsourcing

Applicable Not applicable

Description of related management/outsourcing

Applicable Not applicable

(3). Related party lease

The Company as the lessor:

Applicable Not applicable

The Company as the lessee:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Amount incurred in the current period					Amount incurred in the previous period				
		Rental expenses for simplified short-term leases and low-value asset leases (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rents paid	Interest expenses on lease liabilities assumed	Increased right-of-use assets	Rental expenses for simplified short-term leases and low-value asset leases (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rents paid	Interest expenses on lease liabilities assumed	Increased right-of-use assets
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Venue	372,010.09					3,600.00		536,845.00	14,444.53	

Description of related party leases

□ Applicable √ Not applicable

(4). Related party guarantees

The Company as the guarantor

 Applicable Not applicable

The Company as the guaranteed party

 Applicable Not applicable

Description of related party guarantees

 Applicable Not applicable**(5). Borrowings from related parties** Applicable Not applicable**(6). Asset transfer and debt restructuring of related parties** Applicable Not applicable**(7). Remuneration of key executives** 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 executives	1,033.64	1,421.62

Note: The above remuneration excludes the relevant compensation recognized by share-based payment.

(8). Other related party transactions Applicable Not applicable

During the current period, the Company donated a total of RMB 4,550,000.00 in cash to the Proya Foundation.

6. Related party receivables and payables and other unsettled items**(1). Receivables** Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Other receivables					
	EURL PHARMATI CA [Note]	18,328,379.16	18,328,379.16	18,022,225.76	18,022,225.76
	Huzhou Beauty Town Technology Incubation Park Co., Ltd.	131,568.20	131,568.20	131,568.20	131,568.20
	Beauty Hi-tech	888,038.81	44,401.94	76,207.38	76,207.38

	Innovation Co., Ltd.				
Subtotal		19,347,986.17	18,504,349.30	18,230,001.34	18,230,001.34

[Note] Other receivables from EURL PHARMATICA are the consolidated statistics of receivables from Pan Xiang and receivables from EURL PHARMATICA, PARISEZHAN HK LIMITED, SARL ORTUS, and S.A.S AREDIS controlled by Pan Xiang.

(2). Payables

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Related party	Ending book balance	Beginning book balance
Accounts payable	Beauty Hi-tech Innovation Co., Ltd.	1,340,000.00	
Subtotal		1,340,000.00	

(3). Other items

Applicable Not applicable

7. Commitments by related parties

Applicable Not applicable

8. Others

Applicable Not applicable

XV. Share-based Payment

1. Various equity instruments

(1). Details

Applicable Not applicable

Quantity unit: Shares Amount unit: Yuan Currency: RMB

Category of grantees	Granted in the current period		Exercised in the current period		Released in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management personnel					341,656	21,534,089.57	171,752	9,105,088.78
R&D personnel					95,648	6,028,556.79	11,760	619,042.48
Sales personnel					133,448	8,411,036.79	88,256	4,659,630.53
Total					570,752	35,973,683.15	271,768	14,383,761.79

[Note] On May 29, 2023, the Company implemented the annual dividend distribution for 2022, distributing a cash dividend of RMB 0.87 (tax-inclusive) per share, and issuing 0.40 shares per 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.

(2). Outstanding stock options or other equity instruments at the end of the period

Applicable Not applicable

Category of grantees	Outstanding stock options at the end of the period	Other outstanding equity instruments at the end of the period
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	Scope of strike price	Remaining contract period	Scope of strike price	Remaining contract period
Management personnel	Not applicable	Not applicable	Not applicable	Not applicable
R&D personnel	Not applicable	Not applicable	Not applicable	Not applicable
Sales personnel	Not applicable	Not applicable	Not applicable	Not applicable

Other descriptions

On July 25, 2022, 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, the Company proposed to grant up to 2.1 million restricted shares to incentive recipients. The grant date of restricted shares was July 25, 2022, and there were 101 incentive recipients, including senior executives, middle management, and core 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 was RMB 78.56 per share. The subject shares under the Incentive Plan were derived from the A-share ordinary shares of the Company privately issued by the Company to the incentive recipients. The incentive plan remained valid for a maximum of 48 months from the date when the registration of the granting of restricted shares was completed to the date when all restricted shares granted to the incentive objects were released from restriction or repurchased and cancelled. The granted restricted shares were to be released from sales restrictions 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 release in the first release period was 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 release in the second release period was 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 release in the second release period was that: On the basis of the operating revenue and net profit in 2021, 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 the Satisfaction of Conditions for Release from Sales Restrictions in the First Release Period under the 2022 Restricted Stock Incentive Plan* deliberated and approved at the 14th meeting of the 3rd Board of Directors of the Company in 2023, the Company released 811,398 restricted shares held by the incentive recipients who had satisfied the conditions for release in the first release period (with 0.40 shares per share issued to all shareholders through capitalization of the capital reserve, so this figure is the number of shares after the capitalization of the capital reserve). The listing and circulation date was September 26, 2023.

According to the *Proposal on the Satisfaction of Conditions for Release from Sales Restrictions in the Second Release Period under the 2022 Restricted Stock Incentive Plan* deliberated and approved at the 2nd meeting of the 4th Board of Directors of the Company in 2024, the Company released 604,548 restricted shares held by the incentive recipients who had satisfied the conditions for release in the second release period (with 0.40 shares per share issued to all shareholders through capitalization of the capital reserve, so this figure is the number of shares after the capitalization of the capital reserve). The listing and circulation date was October 31, 2024.

According to the *Proposal on the Satisfaction of Conditions for Release from Sales Restrictions in the Third Release Period under the 2022 Restricted Stock Incentive Plan* deliberated and approved at the 7th meeting of the 4th Board of Directors and the 6th meeting of the 4th Board of Supervisors of the Company in 2025, the Company released 570,752 restricted shares held by the incentive recipients who had satisfied the conditions for release in the third release period (with 0.40 shares per share issued to all shareholders through capitalization of the capital reserve, so this figure is the number of shares after the capitalization of the capital reserve). The listing and circulation date was September 17, 2025.

2. Equity-settled share-based payment

Applicable Not applicable

Unit: Yuan Currency: RMB

Equity-settled share-based payment object	
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Determination methods for 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
Key parameters 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
Basis for determining the number of exercisable equity instruments	Estimated according to the performance conditions in the release period
Reasons for significant differences between current estimates and previous estimates	None
Aggregate amount of equity-settled share-based payment charged to the capital reserve	125,218,736.75

Other notes:

None

3. Cash-settled share-based payment

Applicable Not applicable

4. Share-based payment expenses in the current period

Applicable Not applicable

Unit: Yuan Currency: RMB

Category of grantees	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Management personnel	-7,925,645.98	
R&D personnel	-117,971.10	
Sales personnel	847,023.50	
Total	-7,196,593.58	

Other descriptions

None

5. Changes to and termination of shared-based payment

Applicable Not applicable

6. Others

Applicable Not applicable

XVI. Commitments and Contingencies

1. Significant commitments

Applicable Not applicable

2. Contingencies

(1). Significant contingencies on the balance sheet date

Applicable Not applicable

(2). A description shall be provided in case of no significant contingencies to be disclosed:

Applicable Not applicable

3. Others

Applicable Not applicable

XVII. Events after the Balance Sheet Date**1. Significant non-adjusting events**

Applicable Not applicable

2. Profit distribution

Applicable Not applicable

Unit: Yuan Currency: RMB

Profit or dividend to be distributed	472,518,207.60
Profit or dividend declared upon deliberation and approval	468,903,708.70

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 accounting errors in the previous period**

For details, please refer to "Analysis and Description of the Reasons for and Effects of Changes in the Accounting Policies and Accounting Estimates of the Company or Correction of Major Accounting Errors" in Section V "Important Matters".

2. Debt restructuring

Applicable Not applicable

3. Asset replacement**(1). Exchange of non-monetary assets**

Applicable Not applicable

(2). Exchange of other assets

Applicable Not applicable

4. Annuity plan

Applicable Not applicable

5. Discontinued operation

Applicable Not applicable

6. Segment information**(1). Basis for determining reporting segments and accounting policies**

Applicable Not applicable

The Company's main business is the production and sales of cosmetics. The Company takes this business as a whole to manage and evaluate the operating results. Therefore, the Company is not required

to disclose segment information. For the details on revenue breakdown of the Company, please refer to the description in "61. Operating revenue and operating cost", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

The details of main operating revenue and main business cost of the Company classified by brands are as follows:

For the year 2025

Brand	Main operating revenue	Cost of main business	Gross profit
PROYA	7,689,071,485.67	2,036,260,455.42	5,652,811,030.25
Other brands	2,896,282,541.15	789,337,543.65	2,106,944,997.50
Subtotal	10,585,354,026.82	2,825,597,999.07	7,759,756,027.75

For the year 2024

Brand	Main operating revenue	Cost of main business	Gross profit
PROYA	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

(2). Financial information of reporting segments

Applicable Not applicable

(3). Explanation should be given if the Company has no reporting segments or cannot disclose total assets and total liabilities of reporting segments

Applicable Not applicable

(4). Other descriptions

Applicable Not applicable

7. Other significant transactions and events affecting investors' decisions

Applicable Not applicable

8. Others

Applicable Not applicable

XIX. Notes to Major Items of the Parent Company's Financial Statements

1. Accounts receivable

(1). Disclosure by aging

Applicable Not applicable

Aging	Ending book balance	Unit: Yuan Currency: RMB Beginning book balance
Within 1 year (including 1 year)	616,918,305.54	908,227,207.92
Including: within 1 year (including 1 year)	616,918,305.54	908,227,207.92
1-2 years	74,557,747.63	30,236,129.40

2 to 3 years	4,017,026.96	3,409,332.39
Over 3 years	2,538,385.02	
3 to 4 years		
4-5 years		
Over 5 years		
Total	698,031,465.15	941,872,669.71

(2). Disclosure by bad debt accrual method

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made on an individual basis	2,793,122.00	0.40	2,793,122.00	100.00						
Including:										
Provision for bad debts made on an individual basis	2,793,122.00	0.40	2,793,122.00	100.00						
Provision for bad debts made on a portfolio basis	695,238,343.15	99.60	56,102,432.07	8.07	639,135,911.08	941,872,669.71	100.00	56,186,865.41	5.97	885,685,804.30
Including:										
Aging portfolio	695,238,343.15	99.60	56,102,432.07	8.07	639,135,911.08	941,872,669.71	100.00	56,186,865.41	5.97	885,685,804.30
Total	698,031,465.15	/	58,895,554.07	/	639,135,911.08	941,872,669.71	/	56,186,865.41	/	885,685,804.30

Provision for bad debts made on an individual basis:

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision

Provision for bad debts made on an individual basis	2,793,122.00	2,793,122.00	100.00	Expected to be irrecoverable
Total	2,793,122.00	2,793,122.00	100.00	/

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

Items with provision for bad debts made on a portfolio basis: aging portfolio

Unit: Yuan Currency: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	616,418,305.54	30,820,915.28	5.00
1-2 years	74,492,747.63	22,347,824.29	30.00
2-3 years	2,787,194.96	1,393,597.48	50.00
Over 3 years	1,540,095.02	1,540,095.02	100.00
Total	695,238,343.15	56,102,432.07	8.07

Description of provision for bad debts made on a portfolio basis:

Applicable Not applicable

Provision for bad debts made according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of accounts receivable that experienced changes in loss provision during the current period:

Applicable Not applicable

(3). Provision for bad debts

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts made on an individual basis		2,793,122.00				2,793,122.00
Provision for bad debts made on a portfolio basis	56,186,865.41	-84,433.34				56,102,432.07
Total	56,186,865.41	2,708,688.66				58,895,554.07

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(4). Accounts receivable actually written off in the current period Applicable Not applicable

Write-off of significant accounts receivable

 Applicable Not applicable

Description of write-off of accounts receivable:

 Applicable Not applicable**(5). Top five accounts receivable and contract assets, categorized by debtors, based on the ending balances** Applicable Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts
Proya (Zhejiang) Cosmetics Co., Ltd.	323,641,535.40		323,641,535.40	46.36	16,182,076.77
Huzhou Hapsode Trading Co., Ltd.	73,909,455.55		73,909,455.55	10.59	3,695,472.78
Ningbo Tangyu Trading Co., Ltd.	64,586,452.74		64,586,452.74	9.25	15,831,960.94
Ningbo Jingzhe Cosmetics Co., Ltd.	50,495,307.18		50,495,307.18	7.23	4,779,216.72
Hangzhou CORRECTORS Trade Co., Ltd.	29,655,695.01		29,655,695.01	4.25	1,729,686.52
Total	542,288,445.88		542,288,445.88	77.68	42,218,413.73

Other notes:

None

Other notes:

 Applicable Not applicable**2. Other receivables****List of items** Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		

Dividends receivable		
Other receivables	41,144,201.31	41,361,558.56
Total	41,144,201.31	41,361,558.56

Other notes:

Applicable Not applicable

Interest receivable

(1). Classification of interests receivable

Applicable Not applicable

(2). Significant overdue interest

Applicable Not applicable

(3). Disclosure by bad debt accrual method

Applicable Not applicable

Provision for bad debts made on an individual basis:

Applicable Not applicable

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

(4). Provision for bad debts according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of interest receivable that experienced changes in loss provision during the current period:

Applicable Not applicable

(5). Provision for bad debts

Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(6). Interest receivable actually written off during the current period

Applicable Not applicable

Write-off of significant interest receivable

Applicable Not applicable

Write-off description:

Applicable Not applicable

Other notes:

Applicable Not applicable

Dividends receivable

(7). Dividends receivable

Applicable Not applicable

(8). Significant dividends receivable aged over 1 year

Applicable Not applicable

(9). Disclosure by bad debt accrual method

Applicable Not applicable

Provision for bad debts made on an individual basis:

Applicable Not applicable

Description of provision for bad debts made on an individual basis:

Applicable Not applicable

Provision for bad debts made on a portfolio basis:

Applicable Not applicable

(10). Provision for bad debts according to the general model of expected credit loss

Applicable Not applicable

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in the book balance of dividends receivable that experienced changes in loss provision during the current period:

Applicable Not applicable

(11). Provision for bad debts

Applicable Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:

Applicable Not applicable

Other notes:

None

(12). Dividends receivable actually written off during the current period

Applicable Not applicable

Write-off of significant dividends receivable

Applicable Not applicable

Write-off description:

Applicable Not applicable

Other notes:

 Applicable Not applicable**Other receivables****(13). Disclosure by aging** Applicable Not applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	25,923,182.62	19,581,322.85
Including: within 1 year (including 1 year)	25,923,182.62	19,581,322.85
1-2 years	17,996,238.65	17,530,160.15
2 to 3 years	17,515,160.15	29,065,546.26
Over 3 years	209,480,098.65	178,486,303.90
3 to 4 years		
4-5 years		
Over 5 years		
Total	270,914,680.07	244,663,333.16

(14). Classification of receivables by nature Applicable Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Ending book balance	Beginning book balance
Current accounts receivable	262,193,566.74	236,519,811.73
Guarantee and security deposits	7,088,751.94	6,659,600.05
Temporary payments receivable	1,246,811.07	525,933.76
Others	385,550.32	957,987.62
Total	270,914,680.07	244,663,333.16

(15). Provision for bad debts Applicable Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss for the next 12 months	Expected credit loss in the duration (no credit impairment occurs)	Expected credit loss over the lifetime (credit impairment has occurred)	
Balance as of January 1, 2025	976,016.13	3,576,098.04	198,749,660.43	203,301,774.60
Balance as of January 1, 2025 in the current period				
- Transferred to Stage II	-890,379.51	890,379.51		
- Transferred to Stage III		-2,895,668.79	2,895,668.79	
- Transferred back to Stage II				
- Transferred back to Stage I				
Provision in the	1,169,772.53	3,771,468.32	21,527,463.31	26,468,704.16

current period				
Reversal in the current period				
Write-off in the current period				
Cancellation in the current period				
Other changes				
Balance as of December 31, 2025	1,255,409.15	5,342,277.08	223,172,792.53	229,770,478.76

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in book balance of other receivables that experienced changes in loss provision during the current period:

Applicable Not applicable

The provision amount of bad debt reserve in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

(16). Provision for bad debts

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts made on an individual basis	7,114,500.16	815,000.01				15,549,061.83
Provision for bad debts made on a portfolio basis	196,187,274.44	25,653,704.15				214,221,416.93
Total	203,301,774.60	26,468,704.16				229,770,478.76

Significant amount of provision for bad debts reversed or recovered during the current period:

Applicable Not applicable

Other notes:

None

(17). Other receivables actually written off in the current period

Applicable Not applicable

Write-off of significant other receivables:

Applicable Not applicable

Description of write-off of other receivables:

Applicable Not applicable

(18). Other receivables from top five borrowers classified based on ending balance

Applicable Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance	Proportion in total ending balance of other accounts receivable (%)	Nature of payment	Aging	Ending balance of provision for bad debts
Hong Kong Xinghuo Industry Limited	169,782,585.17	62.67	Current accounts receivable	[Note 1]	159,052,803.75
Boya (Hong Kong) Investment Management Co., Limited	39,530,400.00	14.59	Current accounts receivable	Over 3 years	39,530,400.00
Ningbo Tangyu Trading Co., Ltd.	10,185,833.32	3.76	Current accounts receivable	Within 1 year	509,291.67
Hangzhou Yizhuo Culture Media Co., Ltd.	8,419,561.66	3.11	Current accounts receivable	[Note 2]	8,419,561.66
Ningbo Jingzhe Cosmetics Co., Ltd.	8,359,087.54	3.09	Current accounts receivable	[Note 3]	2,437,767.92
Total	236,277,467.69	87.22	/	/	209,949,825.00

[Note 1] RMB 4,701,400.18 with an account age within 1 year, RMB 7,963,055.26 with an account age of 1-2 years, RMB 1,378,625.13 with an account age of 2-3 years, and RMB 155,739,504.60 with an account age of more than 3 years.

[Note 2] RMB 800,000.00 with an account age within 1 year, RMB 127,648.35 with an account age of 1-2 years, RMB 2,253,097.49 with an account age of 2-3 years, and RMB 5,238,815.82 with an account age of more than 3 years.

[Note 3] RMB 279,833.36 with an account age within 1 year and RMB 8,079,254.18 with an account age of 1-2 years.

(19). Presentation in other receivables due to centralized management of funds

Applicable Not applicable

Other notes:

Applicable Not applicable

3. Long-term equity investments

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
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	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investment in subsidiaries	788,130,506.98	44,020,000.00	744,110,506.98	341,632,254.52	43,020,000.00	298,612,254.52
Investment in associates and joint ventures	90,583,834.50	83,861,249.34	6,722,585.16	192,533,028.92	81,442,213.22	111,090,815.70
Total	878,714,341.48	127,881,249.34	750,833,092.14	534,165,283.44	124,462,213.22	409,703,070.22

(1). Investment in subsidiaries

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Investee	Beginning balance (carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period				Ending balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Reduced investments	Provision for impairment	Others		
Hangzhou Proya Trade Co., Ltd.	32,640,974.39		429,783.57				33,070,757.96	
Hanna Cosmetics Co., Ltd.	2,094,048.00						2,094,048.00	
Zhejiang Meiligu Electronic Commerce Co., Ltd.	50,688,608.83			2,302,007.71			48,386,601.12	
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	
Shanghai Zhongwen Electronic Commerce Co., Ltd.	6,022,092.04						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.	61,543,083.27		100,000.00	71,735.25			61,571,348.02	
Ningbo Keshi Trading Limited		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.	47,884,323.09			3,961,895.50			43,922,427.59	
Hangzhou Yizhuo Culture Media Co., Ltd.	1,000,000.00				1,000,000.00			1,000,000.00
Hangzhou Oumisi Trading Co., Ltd.	3,900,000.00		1,100,000.00				5,000,000.00	
Hangzhou Weiluke 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.	132,359.99						132,359.99	
Hubei Laibo Technology 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		9,386,090.56				13,723,280.56	
Xuzhou Boya Enterprise Management Co., Ltd.			1,000,000.00				1,000,000.00	

Proya (Hainan) Investment Co., Ltd.			450,000,000.00				450,000,000.00	
Hangzhou Proya Biotechnology Co., Ltd.			1,000,000.00				1,000,000.00	
Total	298,612,254.52	43,020,000.00	463,015,874.13	16,517,621.67	1,000,000.00		744,110,506.98	44,020,000.00

(2). Investment in associates and joint ventures

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Investment Unit	Opening balance (carrying amount)	Increase/decrease in the current period								Closing balance (carrying amount)	Ending balance of impairment provision
		Additional investment	Reduced investments	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other equity changes	Cash dividend or profit declared to be distributed	Provision for impairment	Others		
I. Joint venture											
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,263,226.71			-2,107.43						3,261,119.28	
Subtotal	3,263,226.71			-2,107.43						3,261,119.28	
II. Associates											
Xiongke Culture Media (Hangzhou) Co., Ltd.	2,599,909.82			-150.82					2,419,036.12	180,722.88	2,419,036.12
Jiaying Woyong Investment Partnership (Limited Partnership)	101,197,588.45		103,062,570.22	1,864,981.77							
Zhuhai Haishilong Biotechnology Co., Ltd.	308,644.34			-	308,644.34						81,442,213.22
Beijing Xiushi Cultural Development Co., Ltd.	3,721,446.38			-	440,703.38					3,280,743.00	

Subtotal	107,827,588.99		103,062,570.22	1,115,483.23				2,419,036.12		3,461,465.88	83,861,249.34
Total	111,090,815.70		103,062,570.22	1,113,375.80				2,419,036.12		6,722,585.16	83,861,249.34

(3). Impairment test of long-term equity investments

Applicable Not applicable

Other notes:

None

4. Operating revenue and operating cost**(1). Operating revenue and operating cost**

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 business	4,311,071,265.64	1,834,099,046.20	4,952,105,970.85	2,172,787,064.89
Other business	50,533,715.77	10,426,577.96	42,691,353.18	10,904,163.41
Total	4,361,604,981.41	1,844,525,624.16	4,994,797,324.03	2,183,691,228.30

(2). Breakdown information of operating revenue and operating cost

Applicable Not applicable

Other notes:

Applicable Not applicable

1) Breakdown of revenue from contracts with clients by goods or service type

Item	Amount in the current period		Amount in the same period of the previous year	
	Revenue	Cost	Revenue	Cost
Sales of products	4,311,071,265.64	1,834,099,046.20	4,952,105,970.85	2,172,787,064.89
Others	22,415,574.72	1,890,763.09	13,026,860.11	4,649,289.37
Subtotal	4,333,486,840.36	1,835,989,809.29	4,965,132,830.96	2,177,436,354.26

2) Breakdown of revenue from contracts with clients by goods or service transfer time

Item	Amount in the current period	Amount in the same period of the previous year
Revenue recognized at a certain time point	4,333,486,840.36	4,965,132,830.96
Revenue recognized over a period of time		
Subtotal	4,333,486,840.36	4,965,132,830.96

(3). Description of performance obligations

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Time for performing performance obligations	Important payment terms	Nature of goods promised to be transferred by the Company	Whether the Company acts as main responsible person	Amount assumed by the Company and expected to be refunded to customers	Types of quality assurance provided by the Company and related obligations
Sales of goods	Fulfill the performance obligations when the customer obtains control over relevant goods	Advance payment or completion of payment within a certain credit period	Cosmetics, etc.	Yes	None	Guaranteed quality assurance
Rendering of services	Fulfill the performance obligations when the customer obtains control over relevant services	Monthly payment in general	Lease and operation services	Yes	None	None
Total	/	/	/	/	/	/

(4). Description of allocation to remaining performance obligations

Applicable Not applicable

(5). Major contract changes or major transaction price adjustments

Applicable Not applicable

Other descriptions:

The revenue recognized in the opening carrying amount of contract liabilities during the current period was RMB 49,339,586.16.

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 the cost method		
Long-term equity investment income calculated by the equity method	1,113,375.80	-2,483,342.79
Investment income from disposal of long-term equity investment	-5,404,553.44	1,493,806.28
Investment income from held-for-trading financial assets during the holding period	2,633,122.59	

Dividend income from investments in other equity instruments during the holding period		
Interest income during the holding period of debt instruments		
Interest income from other debt investments during the holding period		
Investment income from disposal of financial assets held for trading		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investment		
Income from debt restructuring		
Dividends from subsidiaries	9,200,158.27	
Total	7,542,103.22	-989,536.51

Other descriptions:

None

6. Others

Applicable Not applicable

XX. Supplementary Information

1. Breakdown of current non-recurring profits and losses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Amount	Remarks
Profit or loss from the disposal of non-current assets, including the write-off portion of recognized asset impairment provision	-1,197,567.92	
Government grants recognized in the current profit or loss, excluding government grants that are closely related to the Company's normal operating activities, in compliance with national policies, obtained according to specified criteria, and have a lasting impact on the Company's profit or loss	54,190,782.70	
Profit or loss from changes in the fair value of financial assets and financial liabilities held by the Company as a non-financial company, as well as profit or loss from the disposal of the financial assets and financial liabilities, except in effective hedging activities related to the normal operating activities of the Company		
Fund possession fee collected from non-financial enterprises and included in the current profit or loss		
Profits and losses on the assets by entrusting others to invest or manage		
Profit or loss from externally entrusted loans		
Various asset losses caused by force majeure		

factors, such as natural disasters		
Reversal of impairment provision for receivables under separate impairment test		
Income arising when the Company's cost of investment to acquire subsidiaries, associates, and joint ventures is less than the fair value of the identifiable net assets of the investee that it should enjoy at the time of investment		
Net profits or losses of subsidiaries from the beginning of the period to the combination date arising from business combination involving entities under common control		
Profit or loss on exchange of non-monetary assets		
Profit or loss from debt restructuring		
One-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenditures for relocating employees		
One-time influence on the current profit or loss due to adjustment of taxation and accounting laws and regulations		
One-off share-based payment expense recognized due to cancellation or modification of stock ownership incentive		
For cash-settled share-based payments, gains and losses from changes in the fair value of employee salaries payable after the vesting date		
Profit or loss from changes in the fair value of investment properties using the fair value model for subsequent measurement		
Income from transactions where the transaction price is obviously unfair		
Profits and losses arising from contingencies irrelevant to the Company's normal business operation		
Trustee fee income achieved from the entrusted management		
Investment income from disposal of long-term equity investment	-5,023,661.55	
Investment income from disposal of financial assets held for trading	5,331,694.81	
Other non-operating income and expenses other than the above	-5,283,391.19	
Other profit or loss conforming to the definition of non-recurring profit or loss		
Less: Effect of income tax	13,340,547.80	
Amount of influence of minority stockholder's interests (after-tax)	9,435,593.96	
Total	25,241,715.09	

If the Company identifies items that are not specified in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses* as non-recurring gain and loss items and their amounts are significant, or if the Company identifies items specified in the announcement as recurring gain and loss items, the reasons should be stated.

Applicable Not applicable

Other notes:

Applicable Not applicable

2. Return on net assets and earnings per share

Applicable Not applicable

Profit during the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	25.80	3.81	3.80
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	25.36	3.74	3.74

3. Differences in accounting data under domestic and overseas accounting standards

Applicable Not applicable

4. Others

Applicable Not applicable

Chairman: Hou Juncheng

Submission date approved by the Board of Directors: April 20, 2026

Revision information

Applicable Not applicable