

Stock Code: 603605

Bond Code: 113634

Stock Abbreviation: Proya

Bond Abbreviation: Proya Convertible Bond



Proya Cosmetics Co., Ltd.
Semi-Annual Report 2025

A large, stylized graphic at the bottom of the page. It features a blue circular area in the center, surrounded by concentric, swirling lines in shades of blue and white, creating a sense of motion. The word "PROYA" is written in a white, serif font across the center of the blue circle.

PROYA

Important Notes

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

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

III. The Semi-Annual Report has not been audited.

IV. HOU Juncheng, chairman of the Company, and HOU Yameng, CFO, and Ma Nan, person in charge of Accounting Department (and Head of the Accounting Department) of the Company represent and warrant that the financial report in the Semi-Annual Report is authentic, accurate and complete.

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

The Company proposes to distribute a cash dividend of RMB8.00 (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 equity registration date for the implementation of the profit distribution. Based on the total share capital of 396,247,646 shares as of June 30, 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 RMB315,229,456.80 (tax inclusive). No capitalization of the capital reserve into share capital and no bonus shares will be implemented. Prior to the equity registration date for the implementation of the profit 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.

VI. Disclosure of risks involved in forward-looking statements

"☒ Applicable" "☐ Not applicable"

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

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

No

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

No

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

No

X. Disclosure of major risks

The Company has disclosed the existing risks in details in this Report. Refer to “(I) Possible risks”, “V. Other Disclosures”, “Section III Management Discussion and Analysis”.

XI. Others

☐ Applicable" ☒ Not applicable"

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List of Documents Available for Inspection	Financial statements signed and sealed by the Legal Representative, CFO, and person in charge of Accounting Department of the Company
	Original copies of all documents and announcements of the Company disclosed during the Reporting Period in newspapers designated by China Securities Regulatory Commission

Section I Definitions

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

Definition		
Proya Cosmetics, this Company, or the Company	refers to	Proya Cosmetics Co., Ltd.
CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
Articles of Association	refers to	Articles of Association of Proya Cosmetics Co., Ltd.
RMB/RMB '0,000	refers to	RMB/RMB '0,000

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

II. Contact Details

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

III. Changes in General Information

Registered address	No. 588 Xixi Road, Liuxia Neighborhood, Xihu District, Hangzhou City, Zhejiang Province
Historical changes in the Company's registered address	For details, please refer to the <i>Announcement on Revision of the Articles of Association and Change in Business Registration</i> (Announcement No. 2019-008) disclosed by the Company in the designated information disclosure media on February 27, 2019
Office address of the Company	Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Postal code of the registered office address	310023
Company website	http://www.proya-group.com
Email	proyazq@proya.com
Index changes during the Reporting Period	Not applicable

IV. Changes in Information Disclosure and Places for Inspection

Name of designated newspapers for information disclosure by the Company	<i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>
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Website for the publication of the Semi-Annual Report	http://www.sse.com.cn
Place for inspection of the Semi-Annual Report of the Company	Board of Director's Office, Proya Building, No.588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Index changes during the Reporting Period	Not applicable

V. Stock Overview

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

VI. Other Relevant Information

"□ Applicable" "√Not applicable"

VII. Key Accounting Data and Financial Indicators of the Company

(I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	In the Reporting Period (January - June)	Same period of prior year	Year-on-year change (%)
Operating revenue	5,361,890,476.66	5,001,465,470.72	7.21
Total profit	998,497,421.08	896,068,694.72	11.43
Net profit attributable to shareholders of the listed company	798,511,332.07	701,671,374.89	13.80
Net profit attributable to shareholders of the listed company net of non-recurring gains and losses	770,601,133.28	678,996,518.33	13.49
Net cash flows from operating activities	1,293,329,341.66	662,102,794.39	95.34
	End of the Reporting Period	End of prior year	Change from the end of the previous year to the end of the Reporting Period (%)
Net assets attributable to shareholders of the listed company	5,727,137,910.90	5,402,074,485.07	6.02
Total assets	8,282,681,109.99	7,530,182,694.00	9.99

(II) Key financial indicators

Key financial indicators	In the Reporting Period (January - June)	Same period of prior year	Year-on-year change (%)
Basic earnings per share (RMB/share)	2.02	1.78	13.48
Diluted earnings per share (RMB/share)	2.02	1.72	17.44
Basic earnings per share net of non-recurring gains and losses (RMB/share)	1.95	1.72	13.37
Weighted average ROE (%)	14.35	15.34	Down by 0.99 percentage points
Weighted average ROE net of non-recurring gains and losses (%)	13.85	14.85	Down by 1.00 percentage points

Notes to key accounting data and financial indicators

"□ Applicable" "√Not applicable"

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

"□ Applicable" "√Not applicable"

IX. Items and Amounts of Non-recurring Gains and Losses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Non-recurring gains and losses item	Amount	Notes (if applicable)
Gains or losses arising from disposal of non-current assets, including write-offs of provision for asset impairment actually accrued	-346,504.18	
Government grants included in current profit or loss (excluding government grants that are closely related to the Company's normal business operations, compliant with national policies, granted at set standards, and imposing sustaining influence on the Company's profit or loss)	50,677,310.00	
Gains or losses arising from change in fair value generated by financial assets and financial liabilities held by non-financial enterprises, as well as gains or losses arising from disposal of financial assets and financial liabilities, except for valid hedging business related to the Company's normal business operations		
Capital occupation fees charged to non-financial enterprises and included in current profit or loss		
Gains or losses on authorizing others to invest or manage assets		
Gains or losses arising from entrusted loans to external parties		
Asset loss incurred by force majeure such as natural disasters		
Reversal of provision for impairment of receivables individually tested for impairment		
Gains arising when the investment cost of acquiring a subsidiary, an associate or a joint venture is less than the fair value of the identifiable net assets of the investee		
Net profit or loss of subsidiaries arising from business combinations under common control, for the period from the beginning of the Reporting Period to the combination date		
Gains or losses arising from exchange of non-monetary assets		
Gains or losses arising from debt restructuring		
One-off expenses incurred due to the cessation of relevant operating activities, such as staffing expenses		
One-off impact on current profit or loss resulting from adjustments in tax, accounting, or other laws and regulations		
One-off share-based payment recognized for		

cancellation and modification of equity incentive plans		
Gains or losses arising from changes in the fair value of employee compensation payable under cash-settled share-based payment after the vesting date		
Gains or losses arising from changes in the fair value of investment property subsequently measured with the fair value model		
Gains arising from transactions with unreasonable transaction price		
Gains or losses arising from contingencies unrelated to the Company's normal business operations		
Custody fee income from entrusted operations		
Other non-operating revenue and expenses besides the above items	-683,056.90	
Other gains and losses items that conform to the definition of non-recurring gains and losses		
Less: Effect of income tax	12,529,617.88	
Impact of minority interests (after tax)	9,207,932.25	
Total	27,910,198.79	

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

☐ Applicable" ☒ Not applicable"

X. Companies with equity incentive plans or employee stock ownership plans may elect to disclose net profit after detecting the impact of share-based payments

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Key accounting data	In the Reporting Period (January - June)	Same period of prior year	Year-on-year change (%)
Net profit after detecting the impact of share-based payments	819,898,504.73	724,818,531.79	13.12

XI. Others

☐ Applicable" ☒ Not applicable"

Section III Management Discussion and Analysis

I. Description of the Industry in Which the Company Operates and Primary Businesses of the Company during the Reporting Period

(I) Primary businesses

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, INBAHA, Awaken Seeds, UZERO and Anya. The Company's own brands have covered fields such as popular exquisite skincare, make-up, body & hair, and high-efficiency skincare:

1. Popular exquisite skincare brand

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

(2) HAPSODE, positioned as an “Efficacy-oriented skincare for young skin”, focusing on Generation Z consumers aged 18–24, generally priced at RMB50 to RMB200, sold mainly online.

2. Make-up brand

TIMAGE, positioned as a professional make-up artist brand rooted in the concept of “Chinese Makeup, Natural Beauty”, generally priced at RMB150 to RMB300, sold mainly online.

INSBAHA, positioned as an emerging make-up brand built around the core concept of “self”, focusing on Generation Z consumers, generally priced at RMB40 to RMB130, sold mainly online.

3. Body & hair brand

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

4. High-efficiency skincare brand

CORRECTORS, positioned as a “laboratory” professional skincare brand, generally priced at RMB260 to RMB600, sold online.

(II) Business models

1. Sales models

Mainly online sales, supplemented by offline sales.

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

Offline sales are mainly operated through dealers, covering cosmetics franchise stores, department stores, and emerging mall-based multi-brand retailers.

2. Production/R&D models

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

Self-developed R&D is the main form of R&D 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, Beijing Technology and Business University, BASF China, Ashland China, DSM Shanghai, Croda China, Evonik China, LIPOTRUE,S.L. (Spain), Bota Bio, Shenzhen SiyoMicro, Zhejiang Peptide, Jiangsu Trautec, and Shanghai World Leader.

Description of the Company’s significant non-primary businesses added during the Reporting Period
☐ Applicable" ☒ Not applicable"

II. Business Discussion and Analysis

Operating revenue amounted to RMB5.362 billion, up by 7.21% YOY

Including: primary operating revenue was RMB5.356 billion, up by 7.24% YOY

Other operating revenue was RMB6 million

Primary operating revenue:

(1) By channel

By channel		Amount (RMB100 million)	Change in H1 2025 YOY (%)	Change in 2024 YOY (%)	Change in 2023 YOY (%)	Change in 2022 YOY (%)	Proportion of H1 2025 (%)	Proportion of 2024 (%)	Proportion of 2023 (%)	Proportion of 2022 (%)
Online	Direct sales	39.05	4.87	20.35	50.70	59.79	72.90	75.45	75.91	70.40
	Distribution	12.04	25.91	38.40	16.49	16.79	22.49	19.61	17.16	20.58
	Subtotal	51.09	9.17	23.68	42.96	47.50	95.39	95.06	93.07	90.98
Offline	Cosmetics stores	1.70	-23.54	-26.28	11.59	-11.96	3.18	3.38	5.56	6.96
	Others	0.77	-16.50	37.66	-6.98	-32.32	1.43	1.56	1.37	2.06
	Subtotal	2.47	-21.49	-13.63	7.35	-17.62	4.61	4.94	6.93	9.02
Total		53.56	7.24	21.09	39.74	37.69	100.00	100.00	100.00	100.00

Note: The proportion of sales revenue from each channel is as the percentage of primary operating revenue.

(2) By brand

Category	Amount (RMB100 million)	Change in H1 2025 YOY (%)	Change in 2024 YOY (%)	Change in 2023 YOY (%)	Change in 2022 YOY (%)	Proportion of H1 2025 (%)	Proportion of 2024 (%)	Proportion of 2023 (%)	Proportion of 2022 (%)
PROYA	39.79	-0.08	19.55	36.36	37.46	74.27	79.69	80.73	82.74
TIMAGE	7.05	21.11	19.04	75.06	132.04	13.17	11.07	11.26	8.99
Off&Relax	2.79	102.52	71.14	71.17	509.93	5.22	3.42	2.42	1.98
HAPSODE	1.66	3.31	9.41	61.82	188.27	3.11	3.08	3.41	2.94
INSBAHA	0.97	80.18	138.36	-	-	1.81	1.06	-	-
Other brands	1.30	65.97	23.18	18.86	-60.11	2.42	1.68	2.18	2.57
Total	53.56	7.24	21.09	40.86	40.74	100.00	100.00	100.00	99.22

Note: The proportion of sales revenue from each brand is as the percentage of primary operating revenue. The revenue from INSBAHA was incorporated into that of other brands for 2023 and prior years, but has been shown separately since 2024. In 2022, the combined share of all brands accounted for 99.22%, primarily because the 0.78% share of cross-border agency brands was not included.

(3) By category

Category	Amount (RMB100 million)	Change in H1 2025 YOY (%)	Change in 2024 YOY (%)	Change in 2023 YOY (%)	Change in 2022 YOY (%)	Proportion of H1 2025 (%)	Proportion of 2024 (%)	Proportion of 2023 (%)	Proportion of 2022 (%)
Skincare (including cleansing)	41.99	0.20	19.31	37.85	38.56	78.40	83.78	85.03	86.20
Make-up	8.37	25.79	21.96	48.28	21.70	15.63	12.64	12.55	11.82
Body & hair	3.20	131.25	79.41	71.17	509.93	5.97	3.58	2.42	1.98
Total	53.56	7.24	21.09	39.74	37.69	100.00	100.00	100.00	100.00

2. Year-on-year growth in net profit

Net profit attributable to shareholders of the listed company amounted to RMB799 million, up by 13.80% YOY

Net profit attributable to shareholders of the listed company net of non-recurring gains and losses amounted to RMB771 million, up by 13.49% YOY

Indicator	H1 2025	2024	2023	2022	Notes
1. Net profit margin	15.41%	14.71%	13.82%	13.02%	Mainly due to an increase in gross profit margin.
2. Gross profit margin	73.38%	71.39%	69.93%	69.70%	Mainly due to cost reduction and efficiency improvement initiatives, and decrease in operating costs during the current period
3. Sales expense ratio	49.59%	47.88%	44.61%	43.63%	Mainly due to the increased payment for image promotion expenses.

Including: Image promotion expense ratio	44.05%	42.70%	39.69%	37.90%	
4. General and administrative expense ratio	3.31%	3.39%	5.11%	5.13%	
5. R&D expense ratio	1.77%	1.95%	1.95%	2.00%	
6. Accounts receivable turnover rate (times)	27.57	24.99	39.87	53.04	Mainly due to a decrease in the average balance of accounts receivable.
7. Accounts receivable turnover days (days)	13.06	14.40	9.03	6.79	Ditto.
8. Inventory turnover rate (times)	4.21	4.23	3.65	3.46	
9. Inventory turnover days (days)	85.53	85.14	98.57	103.91	

Material changes in business operations of the Company during the Reporting Period and matters that occurred during the Reporting Period that had and are expected to have significant impacts on business operations of the Company

"□ Applicable" "√Not applicable"

III. Analysis of Core Competitiveness during the Reporting Period

"√ Applicable" "□ Not applicable"

The Company's core competitive advantages are primarily reflected in the following aspects:

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

With a keen insight into consumers' needs, the Company continued to sharpen the strengths of hero products, build and improve the matrix of core hero products, as well as expand brand appeal and vitality, based on our strong competence in R&D and backed by our quick-response internal organizational capabilities. A self-driven agile organization was built to serve the second-tier brands and the brands at the incubation stage, forming a fledgling brand matrix in skincare, make-up, and personal care products. By building our own MCN team and content marketing team, we strengthened the internal circular ecology and served PROYA to realize external ecologization.

IV. Main Operations during the Reporting Period

(I) PROYA

1. Products

During the Reporting Period, PROYA's product development remained closely aligned with its core strategy of "deeply aligning with consumer needs". Under its positioning of "Scientific skincare", the brand continued to innovate by focusing on four key directions: Composite and evolving consumer demands; high-growth segments; integration with medical aesthetics trends; and breakthroughs in skincare-infused base make-up. These initiatives have collectively driven continuous upgrades to the product matrix.

(1) High-efficacy, multi-functional products addressing composite consumer needs:

The Double Effect Brightening Series, a category leader in early-stage anti-aging, addresses the increasing demand for whitening by targeting dullness, uneven skin tone, and early fatigue signs in mildly mature skin, and primarily promotes the "anti-early aging + whitening". In April, the whitening special certificate version of the Double Effect Brightening Series was launched, including essence, lotion, emulsion and cream.

In response to consumers' heightened needs for high-protection SPF and post-sun repair, the Sun-screening Series mainly promoted the "Watery Brightening Sunscreen Essence", which focuses on "sun protection + repair". Powered by "Dot Matrix Light Strike Membrane Technology", it provides high-level sun protection, while incorporating multiple natural ingredients to relieve redness after sun exposure.

The "Inaugurating Nourishing" Series targets the "whitening and anti-aging needs of mature skin". Based on mitochondrial research, a new whitening target for activating mitochondria was discovered. In April, the whitening special certificate version of "Inaugurating Luminous Anti-Spot Whitening Series" was launched, offering a one-stop solution to "aging-induced pigmentation" in mature skin.

(2) The high-tech solutions of expanding the high-growth demands:

Based on the rapid growth of the whitening segment in recent years, PROYA developed a structured product strategy tailored to three different skin types: For young skin (aged 18–29), the brand mainly promoted the Double Effect Brightening Series, focusing on radiance and brightening; for early-mature skin (aged 18–35), the brand emphasized intensive whitening, and mainly promoted the Illuminating Skin-Purifying Series, addressing issues such as limited spot-fading efficacy, frequent pigmentation rebound, and skin irritation; and for mature skin (aged 30–40), the brand focused on energized whitening, and mainly promoted the newly launched Inaugurating Luminous Anti-Spot Whitening Series, addressing issues such as limited spot-fading efficacy, frequent pigmentation rebound, and skin irritation.

(3) Alignment with the rapid growth of medical aesthetics trends:

The Advanced Original Repair Series responded swiftly to evolving consumer needs. In April, the brand launched the Advanced Original Repair Special Care Single Use Essence and medical-grade sheet mask, focusing on daily skin emergency care and post-procedure recovery in the context of medical aesthetics.

(4) A new chapter in skincare-infused base make-up:

Amid rapid growth in the skincare-infused base make-up category, PROYA launched the "Long-Wear Night Cushion" during the "3.8" shopping festival, targeting skin concerns such as enlarged pores and excess oil. The product quickly rose to No.1 on Tmall's New Product Chart during the campaign. In June, the brand introduced the "Dual-Shade Night Compact Powder", designed to address issues such as dryness, caking, and mask-like finishes after setting makeup, leaving the skin visibly refreshed and revitalized.

2. Marketing

During the Reporting Period, PROYA continued to center its brand marketing around the dual themes of "Youthful feeling" and "Science-based power", upholding the spirit of "Discovery" by focusing on real individuals and the multifaceted causes of specific skin concerns. Key brand and product marketing initiatives included:

(1) In January, to kick off the year, the brand launched the Chinese New Year campaign "Elevate Your Luck", further enhancing awareness and favorability of the Advanced Firming Nourishing Series. Online, PROYA collaborated with Beigaofeng to release the "Snake Turns to Fortune" New Year co-branded gift box; offline, it invited consumers to participate in a symbolic New Year hike, and hosted a "Good Fortune" drone show at the Hangzhou City Balcony, aiming to bring blessings to consumers. The campaign achieved over 360 million topic impressions and 2.2 million engagements.

(2) In February, the brand mainly promoted the "Watery Brightening Sunscreen Essence" under the positioning "Patented Protection Film, Lightweight and Makeup-Friendly." In the meantime, PROYA officially announced LIU Yifei as its Global Ambassador for Sunscreen Products. The main hashtag on Weibo reached over 100 million reads and 460,000 engagements, dominating Weibo's trending, entertainment, and Sina hot topic charts.

(3) In March, for International Women's Day, PROYA continued to speak out for the "It's Gender, Not Border" theme, releasing the brand's short film *When She Starts to Push Boundaries* to express its ongoing commitment to women's issues. It also partnered with Xiaohongshu for a special live-streaming dialogue campaign titled *She Lives, Her Live*. Related campaign content garnered over 350 million impressions and 2.3 million engagements across all platforms.

(4) In April, PROYA launched the whitening special certificate version of Double Effect Brightening Essence further elevating the product's science-based power. Meanwhile, the brand collaborated with its Global Brand Endorser Jackson Yee to release a new TVC short film and initiated a cross-platform engagement campaign under the theme "Show Off Your Radiant Side", driving deep interaction with fans and the broad whitening and early-stage anti-aging groups. The campaign achieved over 2.8 billion impressions across online and offline channels and over 5 million engagements, effectively boosting brand

awareness.

In April, PROYA announced MA Boquan as its Youth Ambassador to co-interpret the brand's youthful attitude of "Vibrant Inside and Out, Fearless in Challenge". On April 30, MA Boquan appeared in PROYA's official Douyin live-streaming studio, engaging in in-depth dialogue with consumers and further connecting the brand with younger audiences. The announcement garnered over 130 million impressions across platforms.

(5) In May, the brand rolled out a Mother's Day campaign under the theme "A Thoughtful Gift for Mom", giving the Advanced Firming Nourishing Series an emotional positioning – the most suitable gift for mothers, thus reinforcing PROYA's brand association with heartfelt gifting. On Xiaohongshu, the brand launched the "Creative Ways to Pamper Mom" discussion, embedding its "Surprise Flower Box" concept into offline bouquet giveaways and sampling activities through the platform's interactive tools, generating over 170 million impressions.

In May, the Sun Around Shielding Sunscreen further integrated with outdoor scenarios, including a co-branded campaign with the West Lake Half Marathon titled "Outrun the Sun, Shield the Course", highlighting product's strengths of "friction resistance and sweat-proof performance". Nearly 10,000 participants joined the trial campaign.

In May, PROYA sponsored the first episode of the *Under the Sky* concert series held in Dunhuang, inviting numerous celebrities and Douyin musicians, reaching beyond to Douyin's music festival audience segments. The program achieved over 750 million total impressions and was viewed by more than 54 million people. Simultaneously, PROYA's official Douyin live-streaming studio featured a "Dunhuang" themed session, combining cultural tourism, music, and celebrity appeal to convert content heat into brand traffic.

3. Channels

Online:

(1) Tmall

During the Reporting Period, PROYA innovated its product matrix and optimized its product strategy. New products such as sunscreens and the Double Effect Brightening Essence boosted sales through a combination of "platform IP and celebrity collaborations". The brand further enhanced its presence during key gifting occasions such as Chinese New Year, Valentine's Day, and Mother's Day, reinforcing core product gifting awareness and attracting gifting-oriented consumers. AI tools were deeply integrated to drive incremental growth across people, goods, and place, seize high-value traffic, and support cost reduction and efficiency improvement. Driven by the points-based ecosystem, PROYA focused on high-potential categories and full-touch point penetration to increase member point redemption and boost member spending.

During the "618" shopping festival in 2025, the GMV of PROYA's Tmall flagship store ranked No. 1 on Tmall Beauty. In the first half of 2025, the GMV of PROYA's Tmall flagship store ranked No. 1 on Tmall Beauty.

(2) Douyin

During the Reporting Period, in response to adjustments in platform strategy, PROYA further streamlined and optimized its merchandise assortment. Centered around content, it leveraged both self-operated and KOL live-streaming to drive sales growth and adopted a conversion-oriented approach to deepen refined operations.

In terms of self-operated live-streaming, sales growth was driven by a differentiated content matrix, for example, celebrity appearances by DONG Sicheng and MA Boquan in PROYA's official Douyin live-streaming studio encouraged active fan engagement. The brand also capitalized on thematic live-streaming scenarios such as cultural tourism, holidays, and trending topics (e.g., "cloud tour" of Harbin and the Dunhuang-themed concert live-streaming of *Under the Sky*) to capture consumer interest and convert it through engaging content. For KOL live-streaming, the brand optimized the KOL live-streaming structure, and collaborated with more mid-to-upper-tier KOLs. Content was used to drive traffic, for instance, the "Xishuangbanna Sun Protection and Whitening Season" campaign, which resulted in reduced conversion costs for KOL live-streaming.

During the "618" shopping festival in 2025, the GMV of PROYA ranked No.2 on Douyin Beauty. In the first half of 2025, the GMV of PROYA ranked No.2 on Douyin Beauty.

(3) JD

During the Reporting Period, PROYA focused on audience targeting, product stratification, and cross-scenario operational synergy. In terms of audience strategy, the brand continuously refined user behavior tags to enhance precision marketing both on and off the platform., which was complemented by effective promotional mechanisms to unlock user value. On the product strategy, the brand adhered to a series-based branding operation, continued to cultivate core categories, explored potential opportunity categories, and consistently developed hero products. Regarding scenario strategy, the brand leveraged JD's core marketing IPs to drive multiple rounds of sales peaks. At the same time, a cost-reduction and efficiency-enhancement strategy was implemented to improve platform productivity.

During the "618" shopping festival in 2025, the GMV of PROYA ranked No.5 on JD Beauty, and No.1 among domestic beauty products. In the first half of 2025, the GMV of PROYA ranked No.5 on JD Beauty, and No.1 among domestic beauty products.

Offline:

(1) Department store channel

During the Reporting Period, PROYA actively and steadily expanded its high-quality department store channel network, continuously optimized store layout and structure, and upgraded its terminal brand image. At the same time, the brand focused on a high-end product line strategy, with the newly launched the "Inaugurating Luminous Anti-Spot Whitening Series", which received positive market feedback. This further reinforced PROYA's high-end brand positioning and strengthened its promotional foothold within the department store channel.

(2) Cosmetics store channel

During the Reporting Period, PROYA continued to leverage its brand momentum to solidify its core market share. The brand deepened strategic cooperation with emerging mall-based multi-brand retailers, tapping into new growth drivers within emerging channels. Simultaneously, it maintained strong strategic partnerships with key clients in traditional channels, safeguarding its sustained brand influence and ensuring the coordinated and steady development of all channels.

(II) TIMAGE

1. Products

During the Reporting Period, TIMAGE continued to strengthen its brand positioning as a "Professional make-up artist", adhering to a product development philosophy of "Simplifying Complexity, Perfecting Harmony Between Makeup and People". The brand's category structure was gradually optimized, with sustained expansion in the base make-up segment.

Leveraging the expertise of its team of celebrity make-up artists, TIMAGE launched a series of new products that are user-friendly, multi-functional, and deliver outstanding make-up effects. New launches included updated shades of the "Dual-colored Highlighter Palette", the "Soft Gauze Matte Lasting Foundation and Correcting Concealer", the "TIMAGE Cloud Radiant Cushion Foundation and Concealer", and the "TIMAGE Vigorous and Flowing Jade Multi-Functional Color Palette Duo", reinforcing its portfolio of hero products. These products were infused with professional techniques to empower consumers in achieving high-quality make-up looks.

In the first half of 2025, TIMAGE Lasting Foundation and Correcting Concealer series ranked No. 2 in the foundation category on Tmall and No. 1 among domestic foundation products. Its primer ranked No. 2 in the primer category on Tmall and No. 1 among domestic primer products. The TIMAGE contour palettes (including both Tri-colored Contour Palette and Single-colored Contour Palette) ranked No. 1 in the contour category on Tmall, and the Tri-colored Contour Palette ranked No. 2 in the concealer category on Tmall.

2. Marketing

During the Reporting Period, TIMAGE remained committed to the core concept of "Chinese Makeup, Natural beauty", deeply cultivated the essence of Chinese aesthetics, and carried out brand and category marketing:

(1) In January, TIMAGE launched the Limited-edition "Snake of Fortune" Series for New Year to pay homage to traditional Chinese festivals. Building on the brand's principles of "Simplifying Complexity" and the aesthetics of "Eastern minimalism", the series incorporated the symbolic spirit snake motif, integrating it with TIMAGE's signature jade green to create a graceful interpretation of Chinese-style make-up.

(2) In March, TIMAGE partnered with the "2025 Taiziwan Park Tulip Festival" to create a spring-

themed pop-up space, offering consumers an immersive brand experience and hands-on product trials. Professional instructors from TIMAGE Beauty Academy were specially invited to provide on-site consultations and personalized make-up services. Brand founder TANG Yi and popular beauty KOL Wangwang made surprise appearances, engaging directly with consumers.

(3) In April, TIMAGE launched the “TIMAGE Cloud Radiant Cushion Foundation and Concealer”, addressing the dual needs of high coverage and a lightweight finish. Online, the brand collaborated with *Shangchengshi*, a Chinese cultural aesthetics magazine, to release new branded creative materials. Offline, a product launch event was held on the shores of West Lake in Hangzhou, attended by Founder of TIMAGE TANG Yi, and brand ambassador CHEN Duling. TANG Yi, together with a team of professional make-up artists, drew inspiration from 10 iconic scenic spots around West Lake to unveil the brand’s first New Chinese Style Make-up Runway Show. The event was livestreamed in full across all official TIMAGE platforms (including Douyin, Tmall, WeChat, Xiaohongshu, and JD), amplifying overall brand awareness and driving sales performance.

In April, the brand launched the Soft Gauze Matte Lasting Foundation and Correcting Concealer. The blockbuster series continued to expand the brand’s new-customer base, while optimizing its advertising placement structure and efficiency. Cross-platform and multi-scenario marketing, both online and offline, enhanced the exposure-search-conversion funnel. The foundation consistently ranked No. 1 on Xiaohongshu’s foundation search ranking list in Q2.

(4) In May, TIMAGE collaborated with Molly Tea to launch the co-branded campaign “Meet the Mountains, Embrace Lightness”, inspired by the summer theme of “In Lightness, Return to the Mountains”. The campaign blended make-up aesthetics with the refreshing charm of tea culture, illustrating the fluid harmony between light daily make-up and natural landscapes. Online, a limited-edition mini product series was released and integrated with e-commerce sales; offline, co-branded thematic displays and sampling events were rolled out across over 1,500 Molly Tea stores nationwide, precisely targeting HNW consumer groups and extending the brand’s influence beyond its traditional audience.

3. Channels

(1) Tmall

During the Reporting Period, TIMAGE further expanded its market share in the base make-up segment while leveraging its strength in facial make-up categories. With distinctive advantages in techniques, make-up tutorials, and artistry, the brand achieved a favorable market share and category rankings across multiple Tmall subcategories. On the brand operations front, TIMAGE adopted a balanced media placement strategy, implementing an integrated approach that combined external traffic seeding and customer acquisition, internal content enhancement, and the synergy of product shelf and live-streaming operations. This full-funnel content strategy effectively boosted both GMV and conversion efficiency. On the audience front, TIMAGE continued to build around its core base of loyal consumers while deepening penetration among emerging white-collar consumers and high-spending consumers in Tier-2 cities, thereby increasing category user reach and overall coverage.

During the “618” shopping festival in 2025, the GMV of TIMAGE’s Tmall flagship store ranked No.2 in the Make-up category on Tmall, and No.1 among domestic make-up products. In the first half of 2025, the GMV of TIMAGE’s Tmall flagship store ranked No.2 in the Make-up category on Tmall, and No.1 among domestic make-up products.

(2) Douyin

During the Reporting Period, TIMAGE aligned its strategy with Douyin’s category distribution and platform mechanisms, leveraging KOL-driven marketing as the core growth engine while positioning self-operated live-streaming to capture off-platform traffic and brand search demand. In KOL live-streaming, the brand optimized its KOL matrix and ecosystem, increasing the proportion of KOL live-streaming. On the self-operated live-streaming, the brand focused on building momentum for breakthroughs, enhancing consumer repurchase rates and improving the retention potential of loyal consumers. On the product front, the newly launched TIMAGE Cloud Radiant Cushion Foundation and Concealer achieved strong market traction, breaking through category boundaries through a combined strategy of “celebrity launch events + celebrity live-streaming appearances + targeted seeding”. This resulted in a sales conversion rate significantly higher than the industry average for new products.

During the “618” shopping festival in 2025, GMV of TIMAGE ranked No.8 in the Make-up category on Douyin, and No.5 among domestic make-up products.

(III) Off&Relax

1. Products

During the Reporting Period, Off&Relax continued to strengthen its positioning as the “Expert in Asian Scalp Health & Care” by expanding a multi-dimensional product launch matrix (including the Advanced Anti-dandruff Series, seasonal limited-edition fragrance series, hero product size extensions, professional anti-hair loss tools, and customized products for overseas markets). These efforts enhanced its brand image of professionalism and deepened its penetration in both domestic and international markets. At the same time, the brand gradually built the aroma healing image around its “seasonal limited-edition fragrance body & hair series”, reinforcing its differentiated edge.

(1) In February, Off&Relax launched the Advanced Anti-Dandruff Series (shampoo + scalp essence), introducing the innovative concept of “Scalp-specific cleansing & nourishing dual action”. Meanwhile, the products featured Poly-AD, a globally debuting patented anti-dandruff ingredient that gently removes dandruff by regulating microbial membrane autophagy, alongside skincare-grade ingredients such as bisabolol to restore the scalp barrier. The products precisely address seasonal dandruff and itchiness concerns across different scalp types, expanding the advanced scalp care portfolio and improving comprehensive scenario-based coverage.

(2) In March, Off&Relax released the Fluffy Series & Silky Night Repair Series, covering hair mists and hair essences in overseas markets. Differentiated offerings were launched for the Japanese and Malaysian markets to meet local consumer needs, deepen the brand’s image of the “Expert in Asian Scalp Health & Care” and advance its global expansion strategy.

(3) In April, Off&Relax launched a Spring Blossom Limited Edition Haircare and Hair Oil Set. Co-developed with Givaudan, the brand launched a new Spring Blossom Limited Edition Haircare and Hair Oil Set. The classic volumizing formula gently purified the scalp, while the scented hair oil softened and volumized the hair, evoking a lively seasonal mood. Meanwhile, the fragrance product featured a patented triple Scentz therapy complex designed to soothe both the body and emotions, helping to solidify the brand’s aroma healing image 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. This upgraded, high-value device 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 transaction value and reinforced the brand’s professional image in hair growth.

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

2. Marketing

During the Reporting Period, Off&Relax established an integrated marketing strategy of “brand asset building + high-quality content model + multi-channel resonance model,” and carried out the following marketing initiatives around its two core series -Flurry Series and Anti-Hair Loss Series:

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

From February to March, the brand announced actor LIN Yi as its first official brand ambassador. In collaboration with his hit drama *Ski into Love*, Off&Relax launched a co-branded gift box. LIN Yi’s calm and focused persona aligns closely with the brand’s “Relaxation and healing” tone, enabling precise engagement with young female audiences. The TVC *Zero-Pressure Journey, Light as Volume* garnered over 60 million views, supported by offline large-screen promotions across five cities, reaching 15 million people. The campaign achieved total impressions exceeding 100 million and drove strong sales conversion during the “3.8” shopping festival.

From May to June, the brand announced its second ambassador, the actress JIANG Xin, alongside “The Fluffy Lifestyle Ambassador”, actress WANG Yuwen, supplemented by the launch of the original content IP “OR Fluffy Roaming,” in collaboration with over ten 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. Celebrity

content, combined with a multi-dimensional KOL matrix and precise advertising placement and amplification, drove brand growth of over 100% during the “618” shopping festival.

(2) Seasonal limited-edition, and scenario-based breakthrough marketing to drive sales peaks

In April, Off&Relax released its Spring Blossom Limited Edition and collaborated with the “plant b Urban Forest Project” to host a floral-themed marketplace at Hangzhou Botanical Garden. Interactive installations such as the “Relax Moment Wall” encouraged user-generated content, resulting in over 2 million organic impressions.

(3) Scientific communication in professional settings, enabling efficient conversion through integrated short video and live-streaming formats.

In April, Off&Relax participated in the annual academic conference of the Combination of Traditional and Western Medicine Dermatology, where Dr. YANG Dingquan—Director of the Hair Medicine Center at China-Japan Friendship Hospital—formally presented the results of a top-tier hospital clinical trial of the OR Medicated Hair Tonic, providing strong scientific validation for its efficacy.

In May, the brand launched the “Collagen Hair Growth Space” at the Shanghai R&D Center, displaying in separate zones the brand’s R&D assets, the exclusive Type-17 collagen hair growth mechanism, and supporting clinical efficacy data. An interactive scalp diagnostic experience was also set up to further reinforce the brand’s scientific and research-driven image. Dozens of ingredient-focused, beauty vertical, and lifestyle KOLs were invited to the event for on-site experiences and content creation. The campaign integrated short video and live-streaming formats, effectively driving the Anti-Hair Loss Essence to rank No. 1 in its category on Douyin during the “618” shopping festival.

3. Channels

(1) Tmall

During the Reporting Period, Off&Relax further reinforced its hero product strategy on Tmall, increasing the penetration of its flagship shampoo while strategically focusing on the anti-hair loss essence category. The brand continuously optimized operations targeting both new and existing consumers, refined its membership strategy, and improved advertising placement both on and off the platform, resulting in enhanced placement efficiency.

During the “618” shopping festival in 2025, the GMV of Off&Relax’s two Tmall stores ranked No.6 in the Hair Care category on Tmall (excluding dyeing, perming, and styling), and No.1 among domestic hair care products, and maintained its position as the No. 1 Asian hair care brand. Its total GMV increased over 110% YoY, and the brand broke into the Top 3 in the shampoo/anti-hair-loss serum segment. In the first half of 2025, the GMV of Off&Relax’s two Tmall stores ranked No.6 in the Hair Care category on Tmall (excluding dyeing, perming, and styling), and No.2 among domestic hair care products, with GMV increased over 130% YoY.

(2) Douyin

During the Reporting Period, Off&Relax shifted its Douyin strategy from “traffic acquisition” to “content deep cultivation”, leveraging refined operations and a content matrix approach to achieve GMV growth while continuously optimizing expense ratios. In self-operated live-streaming, the brand capitalized on the launch of its Spring Blossom Limited Edition to create breakout content moments. Through improvements in placement structure, it enhanced internal promotion efficiency, contributing to overall channel performance gains. In KOL live-streaming, Off&Relax gradually established a “1+X” model, using content-driven partnerships with top-tier KOLs to expand the broader KOL matrix. On the Douyin Mall front, the brand seized platform policy opportunities and continuously optimized product listings to capture organic traffic and drive sales growth.

During the “618” shopping festival in 2025, the GMV of Off&Relax ranked No.6 in the Hair Care category on Douyin and No.4 among domestic hair care products. Its second hero product, the Medicated Hair Tonic, leveraged a combined “short video + live-streaming” strategy to significantly boost category penetration and influence, climbing to the No. 1 ranking in the Scalp Essence category on Douyin. In the first half of 2025, the GMV of Off&Relax’s two Douyin stores achieved YoY growth of over 100%.

(IV) HAPSODE

1. Products

During the Reporting Period, HAPSODE steadily advanced its brand positioning strategy. Centered on the concept of “Efficacy-oriented skincare for young skin”, the brand aimed to enhance its brand image rooted in efficacy while resonating with youthful and joyful emotional appeal. It shaped its brand DNA

across four dimensions: specially-developed efficacy solutions, innovative product design, instantly gratifying sensory experiences, and trend-forward emotional aesthetics.

During the Reporting Period, the brand advanced its product line from “basic cleansing” to functional care focused on “redness repair”, launching new products such as the “Ultra Soothing Serum 2.0” and “Ultra Soothing Mask”, which achieved rapid growth during the “618” shopping festival. In terms of efficacy philosophy, the brand conducted in-depth research into the underlying causes of oily skin and identified a “triangular dilemma” of oil-induced acne, oil-induced sensitivity, and oil-induced pigmentation, offering scientifically backed concepts and solutions in response.

2. Marketing

During the Reporting Period, HAPSODE continued to align with and respond to emerging youth-driven trends and sentiments, deepening brand awareness and driving brand value growth.

(1) In March, HAPSODE partnered with the popular IP “LIPU Friends” to launch the themed campaign “More Outrageous Happiness”! Through co-branded packaging and gift sets across multiple products, the campaign conveyed the brand’s energetic image, resonated with youthful sentiments, and significantly enhanced brand exposure.

(2) In June, HAPSODE collaborated with leading health and wellness platform “Dingxiang Doctor” to reinforce the brand’s functional credibility through professional endorsement.

3. Channels

(1) Tmall

During the Reporting Period, HAPSODE consolidated brand momentum and resources to enhance the penetration of marketing campaigns. By optimizing the product matrix and improving product bundling strategies, the brand increased average order value and the share of repair-focused products within the channel. Additionally, it enhanced synergy between on-platform and off-platform audiences, and improved the tiered user operation system.

(2) Douyin

During the Reporting Period, HAPSODE placed strategic focus on the Douyin platform, achieving growth in both KOL live-streaming and self-operated live-streaming during the “618” shopping festival. With keen market insight, the brand maintained stable partnerships with top-tier KOLs while increasing the frequency of specialized sessions with mid-to-upper-tier KOLs and inviting product and marketing experts into live-streaming studios, effectively boosting the proportion of content-driven sales.

(V) INSBAHA

1. Products

During the Reporting Period, INSBAHA created innovative single products across all categories, securing a solid presence in segmented tracks.

(1) Base make-up: INSBAHA launched the new “Authentic Color Constructing Dual Contour Stick”, pioneering a dual-texture, dual-shade design that marked a transition into the 2.0 era of contour products, with cream & liquid dual contour stick tapping into a niche segment. Additionally, the “Primary Color Multi-Effect Concealer Palette” was upgraded and relaunched, driving a breakthrough in base make-up performance and contributing to rapid sales growth. The product gained a leading position in the facial concealer category rankings.

(2) Color make-up: The “Glow Tint Lip Cream” leveraged its co-branded IP “Hello Kitty” to break into new audience segments, and achieved rapid growth through KOL live-streaming sessions.

(3) Eye make-up: The “Soft Mist Wave Eyebrow Dyeing Cream” and “Wave Mascaras” solidified their roles as core brand assets within the eye category matrix. The Eyebrow Dyeing Cream consistently held the No. 1 sales position across both Tmall and Douyin, with its market share continuing to lead the overall industry.

During the “618” shopping festival in 2025, the “Primary Color Multi-Effect Concealer Palette” ranked Top 2 on Tmall’s Bestselling Concealer List and Top 3 on Tmall’s Positive Reviews List. The Hello Kitty co-branded “Liquid Blusher” ranked the No. 1 position on Douyin’s Liquid Blush Popularity List. The “Wave Mascaras” topped both the Bestselling and Popularity rankings in the eyebrow dyeing cream category on Douyin.

2. Marketing

During the Reporting Period, INSBABA's transformation from an "Eye make-up expert" to a "Balanced, trend-driven make-up brand" began to show tangible results, with a more even performance across product lines. The brand continued to expand its brand awareness through comprehensive campaigns leveraging IP collaborations and holiday and hot-topic marketing.

In April, INSBABA partnered with the iconic IP "Hello Kitty" to launch a co-branded collection (including Liquid Blusher, Cloudy Glow Tint Lip Cream, Wave Mirror Lip Glaze, and Mono Punk Eyeshadow). The campaign brought Hello Kitty back to the golden era of punk rock, blending sweetness and edge to interpret the multifaceted identities of girls.

3. Channels

(1) Tmall

During the Reporting Period, INSBABA improved and balanced its product matrix, achieving incremental growth in its eye make-up hero products while increasing the contribution of base make-up products. The concealer category, in particular, saw a notable breakthrough in rankings during the "618" shopping festival. By adopting a dual-link strategy for hero products, the brand effectively captured both seeding and search-driven traffic. Content modules continued to gain momentum, with Super Short Videos and enhanced product detail pages driving rapid traffic growth. In KOL live-streaming, the brand collaborated with second-tier and mid-level KOLs under a structured framework, while also piloting a new external traffic initiative—the Red Cat Plan CID. During the "618" shopping festival, the brand recorded sales growth.

(2) Douyin

During the Reporting Period, INSBABA continued to optimize its merchandise assortment. Sales in the color make-up category achieved a breakthrough under the boost of IP collaborations, while the eye make-up category led overall growth, and the base make-up category saw explosive sales performance during the "618" shopping festival. In self-operated live-streaming, the brand introduced innovative content strategies, combining "IP collaborations + surprise appearances by brand directors" to create dual-impact marketing. This approach effectively captured and amplified high-quality KOL traffic, driving sales growth. For KOL live-streaming, the brand built a high-quality KOL matrix, significantly boosting output from mid-to-upper-tier KOLs and enabling parallel growth across base make-up, color make-up, and eye make-up categories. On the Douyin Mall front, the brand improved self-operated performance, actively participated in officially tagged campaigns, and gained preferential access to platform traffic resources.

(VI) New R&D strategy

During the Reporting Period, the Company continued to strengthen its global R&D system, completing R&D deployment across all key stages from raw materials to finished products. The Company further enriched its R&D framework and established a professional and diversified R&D team to drive product innovation.

At present, the Company operates three major R&D hubs: the Hangzhou Longwu R&D Center (comprising the International Academy of Sciences and the R&D Innovation Center), the Shanghai R&D Center, and the Europe Innovation Center. With technological innovation as the core driving force, these centers support a full-cycle innovation chain covering basic research, applied development, and clinical translation, providing strong support for technological advancement and industrial upgrading.

1. Patents: During the Reporting Period, the Company newly applied for 19 national invention patents, 1 utility model patents, and 15 design patents, totaling 35 new patents; newly obtained 1 nationally licensed invention patents, 5 utility model patents, and 9 design patents, totaling 15 new patents. As of the end of the Reporting Period, the Company had 124 nationally authorized invention patents, 22 utility model patents, and 94 design patents, totaling 240 patents.

2. Self-developed raw materials: During the Reporting Period, the Company's self-developed *Oroxylum indicum* seed extract was successfully applied to multiple HAPSODE products and is planned for use in future TIMAGE offerings. In addition, the Company's independently developed high-purity *Piper methysticum* root extract has also been successfully incorporated into HAPSODE products.

3. Awards & achievements:

(1) During the Reporting Period, four of the Company's technologies have been registered and certified as Scientific and Technological Achievements of Zhejiang Province, including: "Study on Anti-

Glycation and Anti-oxidation Mechanisms and Verification of Their Whitening & Anti-Aging Efficacy”, “PROYA Advanced Original Repair Products Containing Sterol-Based Ingredients”, “PROYA Advanced Firming Nourishing Series Skincare Products Containing Phytosterols and Squalane”, and “PROYA Inaugurating Luminous Anti-Spot Whitening Series Products Containing Flavonoids and Sterol-Based Ingredients”.

(2) During the Reporting Period, the Company published multiple papers in domestic and international journals and academic conferences.

In the field of dermatological science, the exclusive Type XVII Recombinant Collagen used in the Advanced Original Repair Series has been validated through structural biology, AI-based molecular dynamics modeling, and histological studies, elucidating its anti-aging mechanisms and confirming its ability to restore the integrity of the skin's basement membrane. The related findings have been published in the international journal *methectic of Agricultural and Food Chemistry*. The research achievements on other core technologies of the Advanced Original Repair Series, titled *Study of the Repair Action and Mechanisms of a Moisturizing Cream on an SLS-Damaged Skin Model Using Two-Photon Microscopy*, was published in the international journal *Cosmetics*.

In the area of hair and scalp care, the Company collaborated with systems biology experts from Shanghai Jiao Tong University and published a study in the globally recognized journal *The Journal of Investigative Dermatology*. The paper, titled *Abnormal Microbial Amino Acid Metabolism and Activated Pathogenesis in Scalp with Dandruff*, presents results of metagenomic microbiome analysis on dandruff among young adults.

(3) During the Reporting Period, the Company participated in various industry conferences and forums, including the 30th Annual Meeting of the Chinese Society of Dermatology, Beauty Innovation Days (Spain), Cosmoprof (Italy), and the 2025 China Conference of Cosmetics Science and Technology, and delivered keynote presentations.

4. Strategic cooperation: During the Reporting Period, the Company entered into its first strategic partnership with Hangzhou Bota Bio Co., Ltd., focusing on the integrated application of synthetic biology and AI technologies. It also continued to strengthen existing strategic collaborations with partners such as Ashland (China) Holdings Co., Ltd. and DSM Vitamins Trading (Shanghai) Co., Ltd. In addition, the Company deepened its cooperative efforts with academic and medical institutions including Shanghai Jiao Tong University, Zhejiang University, East China University of Science and Technology, Beijing Technology and Business University, Shanghai Skin Disease Hospital, The Third Affiliated Hospital of Sun Yat-sen University, and the Aging Science Innovation Research Center of the Yangtze Delta Region Institute of Tsinghua University. These partnerships focused on advancing research in skin and hair follicle mechanisms, scalp microbiome studies, and active efficacy ingredients.

(VII) New supply chain guarantee

1. During the Reporting Period, the Company's Huzhou Production Base continued to advance its digitalization and information system development. By leveraging the Feishu collaboration platform, departments achieved both horizontal and vertical integration, driving a transformation toward a new business model. Databases such as the Feishu workforce efficiency system and equipment O&M logs were established, transforming various types of production data into valuable digital assets. This initiative improved production efficiency and enabled more agile and efficient supply chain coordination.

2. During the Reporting Period, the construction of Proya Smart Factory progressed steadily as planned. The project was selected as a national benchmark for digital transformation and upgrading. It has promoted collaborative product development, design coordination, and digital integration across the Company and its upstream and downstream partners. This initiative has driven the digital transformation of stakeholders throughout the value chain, enhancing the overall competitiveness of the industrial ecosystem.

3. During the Reporting Period, the Company Collaborated with an international third-party consulting firm to restructure and upgrade its supply chain through digitalization. This transformation shifted the model from a “push-based” to a “pull-based” supply chain, driven by consumer demand data. By leveraging big data and AI technologies, the Company continuously optimized end-to-end operational efficiency across the product supply chain. Through the use of an industrial internet platform, the supply chain achieved cross-enterprise collaboration and transitioned from a cost center to a value center.

4. During the Reporting Period, the Company's Huzhou Production Base actively embraced China's “carbon peaking and carbon neutrality” policy and thoroughly implemented the directives for building a green manufacturing system, firmly advancing its transition toward intelligent, green, and low-carbon

operations. The Huzhou Production Base initiated a cross-functional innovation team involving R&D, quality, production, and process departments to develop cold processing techniques for liquid-based skincare products and facial mask production. Energy-saving technical upgrades for heating and cooling processes were implemented during production, further optimizing the Company's energy and carbon management platform.

5. In January 2025, the Huzhou Branch obtained the ISO 50001:2018 Energy Management System Certification, which not only affirms the Company's efforts in energy management but also serves as a key credential showcasing its commitment to a green, low-carbon, and environmentally responsible brand image.

(VIII) New organizational strategy

1. Mechanism development layer: During the Reporting Period, the Company established an internal intrapreneurship mechanism based on its business development roadmap to enhance vitality at the business front line by decentralizing authority and resources. The Company also launched the "Million Hero Project", a company-wide initiative to identify and improve mechanisms, processes, and management models that can be continuously optimized, fostering greater organizational efficiency and cross-functional collaboration.

2. Talent development layer: During the Reporting Period, guided by the talent philosophy of "embracing diversity, continuous growth, ambition and integrity", the Company, under a strategy of internationalization and youth empowerment, attracted a cohort of excellent talent with both global perspective and strong local execution capabilities. Internally, the Company continued to invest in talent pipeline development, refining its leadership competency model and applying it to training programs. The management trainee program was further advanced to ensure a youthful, motivated, and growth-oriented team.

3. Corporate culture construction layer: During the Reporting Period, the Company emphasized value alignment to unite like-minded employees. Departments actively promoted the implementation of corporate values through day-to-day operations, embedding cultural development into business contexts and fostering alignment between beliefs and actions to strengthen team cohesion and cultural integration.

(IX) Digital & 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 system and build an efficient digital infrastructure that supports the Company's multi-brand, multi-channel globalization strategy. The Company also launched the Product Lifecycle Management (PLM) project, with defined goals including transparent progress tracking, efficient collaboration, quality control, and closed-loop data management across the entire product lifecycle, strengthening end-to-end support for product development and commercialization.

2. Digital & intelligent empowerment across business scenarios: During the Reporting Period, the Company advanced the selection and development of key digital systems across business domains, including product R&D and development, marketing, manufacturing, and supply chain management. These included the successful completion of the "AI-powered cloud customer service" project—part of the Company's strategic collaboration with Ant Group's "AI Force" initiative. By integrating AI technology with a distributed service network, the project significantly improved customer service efficiency and quality, supporting high-traffic peak scenarios. Additionally, the Company launched the AI formula large-scale model project in partnership with external technology providers, exploring intelligent R&D pathways to facilitate the transformation of formulation expertise into digital assets.

3. Empowering business decision-making: During the Reporting Period, the Company completed a new round of BI system upgrades. By automatically integrating multi-channel, multi-dimensional data resources, the system significantly enhancing brand data management capabilities and operational efficiency, while providing robust data support for refined decision-making.

4. Data infrastructure and system architecture: During the Reporting Period, The Company continued to strengthen the data infrastructure and system foundations, with ongoing improvements in data governance, data security, and cybersecurity capabilities.

5. Organizational initiatives for digital implementation: During the Reporting Period, the Company established the Digitalization Committee and put it into structured operation. Meanwhile, the Company advanced the integration of "business-driven IT" and "IT-enabled business", and carried out training on no-code applications and collaboration tools. In addition, the Company organized digital

culture events, including exclusive AI-themed salons to facilitate cross-departmental technical exchange. It also prepared for an AI + digitalization summit and an Efficiency Pioneer Competition to cultivate organization-wide digital awareness.

(I) Analysis of primary business

1. Analysis of changes in items related to financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Change (%)
Operating revenue	5,361,890,476.66	5,001,465,470.72	7.21
Operating costs	1,427,500,235.41	1,509,530,495.30	-5.43
Sales expenses	2,658,870,093.11	2,339,661,922.31	13.64
General and administrative expenses	177,479,237.25	176,927,741.63	0.31
Financial expenses	-23,420,719.43	-24,649,322.32	Not applicable
R&D expenses	95,025,833.06	94,613,242.52	0.44
Net cash flows from operating activities	1,293,329,341.66	662,102,794.39	95.34
Net cash flows from investing activities	-174,138,931.67	193,194,272.98	-190.14
Net cash flows from financing activities	-477,161,516.14	-508,846,622.56	Not applicable

Reasons for changes in operating revenue: Mainly due to increased online sales.

Reasons for changes in operating costs: Mainly due to cost savings from cost reduction and efficiency improvement initiatives.

Reasons for changes in sales expenses: Sales expenses for January to June 2025 amounted to RMB2.659 billion, accounting for 49.59% of operating revenue (compared with 46.78% for the same period last year). Sales expenses increased by RMB319 million a YOY increase of 13.64%, mainly due to an increase of RMB299 million, a YOY increase of 14.48% in the image promotion expenses in the current period.

Reasons for changes in general and administrative expenses: General and administrative expenses for January to June 2025 amounted to RMB177 million, accounting for 3.31% of operating revenue (compared with 3.54% for the same period last year). General and administrative expenses remained generally flat compared to the same period last year, with no significant changes.

Reasons for changes in financial expenses: Financial expenses for the period from January to June 2025 remained generally flat compared to the same period last year.

Reasons for changes in R&D expenses: R&D expenses for January to June 2025 amounted to RMB95 million, a YOY increase of RMB0.4126 million, accounting for 1.77% of operating revenue (compared with 1.89% for the same period last year). The parent company's R&D expense ratio for January to June 2025 was 4.04% (compared with 3.82% for the same period last year).

Reasons for changes in net cash flows from operating activities: Mainly due to: 1. A YOY increase in operating revenue and the increase in cash received from the sale of goods; 2. The decrease in the payment for goods; 3. The increase in the payment for image promotion expenses. 4. A YOY Increase in cash payments to and on behalf of employees.

Reasons for changes in net cash flows from investing activities: Mainly due to: 1. Decrease in the matured large-denomination certificates of deposit and time deposits recovered in the current period compared to the previous period; 2. Increase in equity investment paid in the current period.

Reasons for changes in net cash flows from financing activities: Mainly due to: 1. Payment of RMB150 million for share repurchase in the previous period, with no such payment in the current period; 2. An increase of RMB120 million in cash paid for the distribution of dividends, profits, or interest payments.

2. A detailed description on significant changes in the Company's business types, profit composition or sources of profit during the current period

"□ Applicable" "√Not applicable"

(II) Description on significant changes in profit caused by non-primary businesses

"□ Applicable" "√ Not applicable"

(III) Analysis of assets and liabilities

"√ Applicable" "□ Not applicable"

1. Assets and liabilities

Unit: Yuan

Item	Closing amount of the current period	Proportion of the closing amount of the current period to total assets (%)	Closing amount of the previous period	Proportion of the closing amount of the previous period to total assets (%)	Change ratio of the closing amount of the current period compared with that of the previous year (%)	Explanation
Other receivables	113,728,869.70	1.37	9,869,822.71	0.13	1,052.29	Mainly due to the transfer payments related to equity transfers of subsidiaries and associates.
Long-term equity investments	9,472,473.37	0.11	111,090,815.70	1.48	-91.47	Mainly due to the external transfer of the associate Jiaxing Woyong Investment Partnership (Limited Partnership).
Right-of-use assets	21,309,400.68	0.26	14,541,665.50	0.19	46.54	Mainly due to added lease of office buildings.
Long-term deferred expenses	133,842,067.80	1.62	70,202,612.96	0.93	90.65	Mainly due to added endorsement fees.
Other non-current assets	263,415,009.08	3.18	11,258,403.15	0.15	2,239.72	Mainly due to the increase in prepayments for equity transfer funds and long-term asset purchase funds.
Accounts	1,052,738,520.01	12.71	676,388,126.18	8.98	55.64	Mainly due to

payable						an increase in the closing balance of trade accounts payable and accrued expenses.
Receipts in advance	269,656.48	0.00	129,400.52	0.00	108.39	Mainly due to the increased rents receivable in advance.
Employee compensation payable	106,935,889.22	1.29	155,703,420.95	2.07	-31.32	Mainly due to the opening balance includes the unpaid year-end bonus payable for the year 2024.
Non-current liabilities due within one year	4,807,612.33	0.06	3,473,806.48	0.05	38.40	Mainly due to increase in lease liabilities due within one year
Lease liabilities	15,450,142.03	0.19	10,955,380.12	0.15	41.03	Mainly due to added lease of office buildings.

Other explanations

None

2. Overseas assets

"√ Applicable" "□ Not applicable"

(1). Scale of assets

Including overseas assets of RMB22,443.70 (Unit: RMB '0,000 Currency: RMB), accounting for 2.71% of the total assets.

(2). Description of a high percentage of overseas assets

"□ Applicable" "√Not applicable"

Other explanations

None

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

"√ Applicable" "□ Not applicable"

Unit: Yuan

Item	Closing book balance	Closing book value	Type of restrictions	Cause for restrictions
Monetary capital	1,240,357,805.54	1,240,357,805.54	Not available for withdrawal on demand	Large-denomination certificates of deposit
	70,000.00	70,000.00	Not available for withdrawal on demand	ETC deposit

Item	Closing book balance	Closing book value	Type of restrictions	Cause for restrictions
	3,205,013.45	3,205,013.45	Not available for withdrawal on demand	Deposit for directly-operated store
	3,416,733.86	3,416,733.86	Frozen	Judicially frozen funds
	250,000.00	250,000.00	Not available for withdrawal on demand	Time deposit margin for transformer
Total	1,247,299,552.85	1,247,299,552.85		

4. Other explanations

"☐ Applicable" "☒ Not applicable"

(IV) Analysis of investment

1. Overall analysis of external equity investments

"☒ Applicable" "☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing amount	Opening amount
Other equity instrument investments	71,256,995.18	71,256,995.18
Investment in joint ventures	3,260,940.24	3,263,226.71
Investment in associates	6,211,533.13	107,827,588.99
Total	80,729,468.55	182,347,810.88

For details, refer to the particulars contained in “17. Long-term equity investments” in “VII. Notes to the Items in Consolidated Financial Statements”, “Section VIII Financial Report” of this Report.

(1).Significant equity investments

☐ Applicable" ☒ Not applicable"

(2).Significant non-equity investments

☐ Applicable" ☒ Not applicable"

(3).Financial assets measured at fair value

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Asset category	Opening amount	Gains or losses from fair value changes for the current period	Accumulated fair value changes included in equity	Impairment provisions made during the current period	Purchase amount for the current period	Disposal/redemption amount during the current period	Other changes	Closing amount
Others	71,256,995.18							71,256,995.18
Total	71,256,995.18							71,256,995.18

Information on security investments

☐ Applicable" ☒ Not applicable"

Explanation of securities investment

☐ Applicable" ☒ Not applicable"

Information on private equity fund investment

☐ Applicable" ☒ Not applicable"

Information on derivative investments

☐ Applicable" ☒ Not applicable"

(V) Significant asset and equity disposals

☐ Applicable" ☒ Not applicable"

(VI) Analysis of major subsidiaries and associates

☒ Applicable" ☐ Not applicable"

Major subsidiaries and associates contributing over 10% to net profit

☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000 Currency: RMB

Company name	Company type	Primary businesses	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Ningbo TIMAGE Cosmetics Co., Ltd.	Subsidiary	Cosmetics sales	100.00	53,655.76	39,541.55	70,293.51	13,555.21	9,654.86

Acquisitions and disposals of subsidiaries during the Reporting Period

☒ Applicable" ☐ Not applicable"

Company name	Methods of acquisitions and disposals of subsidiaries during the Reporting Period	Impact on overall operations and performance
Zhejiang Beauty Cosmetics Co., Ltd.	100% equity transfer	No significant impact

Other explanations

☐ Applicable" ☒ Not applicable"

(VII) Structured entities under control of the Company

☐ Applicable" ☒ Not applicable"

V. Other Disclosures**(I) Possible risks**

☒ Applicable" ☐ Not applicable"

1. Industry competition risk

(1) Intensifying competition among brands in the industry; and the Company's brand and channel strategies falling short of expectations;

(2) Increasing competition in marketing placement; and cost control over digital and precision marketing investments falling short of expectations.

2. Project incubation risk

(1) New brand incubation risk: High marketing investment; and underperforming results;

(2) New category development risk: Significant differences in operational models across categories; team performance not meeting requirements; and overall results falling short of expectations.

(II) Other disclosures

"☐ Applicable" "☒ Not applicable"

Section IV Company Governance, Environment, and Society

I. Changes in Directors, Supervisors and Senior Management of The Company

"√ Applicable" "□ Not applicable"

Name	Position held	Change in position
WANG Li	Deputy General Manager, Board Secretary, CFO	Resigned

Description of changes in directors, supervisors and senior management of the Company

"√ Applicable" "□ Not applicable"

On May 19, 2025, the Company's Board of Directors received a written resignation letter from Ms. WANG Li. Due to her personal career development plans, Ms. WANG applied to resign from her positions as Deputy General Manager, Board Secretary, and CFO of the Company. Following her resignation, Ms. WANG Li will no longer hold any position within the Company.

During the vacancy of the Board Secretary position, Chairman Mr. HOU Juncheng will temporarily assume the responsibilities of Board Secretary. During the vacancy of the CFO position, General Manager Mr. HOU Yameng will temporarily assume the responsibilities of CFO.

II. Profit Distribution Plan and Plan for Capitalization of Capital Reserves

Profit distribution plan and plan for capitalization of capital reserves proposed for the first half of 2025

Distribution or capitalization or not	Yes
Number of bonus shares distributed per 10 shares (share)	0
Amount of cash dividends per 10 shares (RMB) (tax inclusive)	8.00
Number of shares capitalized per 10 shares (share)	0
Description of profit distribution plan and plan for capitalization of capital reserves	
The Company proposes to distribute a cash dividend of RMB8.00 (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 equity registration date for the implementation of the profit distribution. Based on the total share capital of 396,247,646 shares as of June 30, 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 RMB315,229,456.80 (tax inclusive). No capitalization of the capital reserve into share capital and no bonus shares will be implemented. Prior to the equity registration date for the implementation of the profit 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.	

III. The Company's Equity Incentive Plans, Employee Stock Ownership Plans or Other Employee Incentives and Their Impact

(I) Relevant equity incentive matters disclosed in the interim announcement and with no progress or change in subsequent implementation

"√ Applicable" "□ Not applicable"

Matter	Reference
Announcement on Adjusting the Price and Quantity of Restricted Shares Repurchased under the 2022 Restricted Shares Incentive Plan	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 the Implementation of the Repurchase	Announcement No. 2023-044 disclosed on SSE website, <i>Shanghai Securities News</i> , and <i>Securities Times</i> on August 22, 2023

and Cancellation of Some Restricted Shares under the 2022 Restricted Shares Incentive Plan	
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 Shares 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 the 2022 Restricted Shares 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 the Implementation of the Repurchase and Cancellation of Some Restricted Shares under the 2022 Restricted Shares 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 the 2022 Restricted Shares 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 the Implementation of the Repurchase and Cancellation of Some Restricted Shares under the 2022 Restricted Shares Incentive Plan	Announcement No. 2024-049 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 21, 2024
Announcement on the Satisfaction of Conditions for Release from Sales Restrictions in the Second Release Period under the 2022 Restricted Shares Incentive Plan and Listing	Announcement No. 2024-052 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 25, 2024
Announcement on Adjusting the Repurchase Price of the 2022 Restricted Shares Incentive Plan	Announcement No. 2025-033 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 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</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 June 27, 2025
Announcement on the Implementation of the Repurchase and Cancellation of Some Restricted Shares under the 2022 Restricted Shares Incentive Plan	Announcement No. 2025-037 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 19, 2025

(II) Incentives not disclosed in the interim announcement or with subsequent progress

Particulars of equity incentives

☐ Applicable" ☒ Not applicable"

Other explanations

☐ Applicable" ☒ Not applicable"

Particulars of employee stock ownership plans

☐ Applicable" ☒ Not applicable"

Other incentives

☐ Applicable" ☒ Not applicable"

IV. Environmental information disclosure of listed companies and their major subsidiaries included in the list of companies subject to mandatory environmental information disclosure

☐ Applicable" ☒ Not applicable"

Other explanations

☐ Applicable" ☒ Not applicable"

V. Poverty Alleviation and Rural Revitalization Progress

☐ Applicable" ☒ Not applicable"

Section V Important Matters

I. Fulfillment of Commitments

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

"√ Applicable" "□ Not applicable"

Background of commitment	Commitment type	Commitment party	Commitment content	Commitment date	Any deadline for performance	Duration	Whether the commitment is timely and strictly performed	Specific reasons for failure of on-time fulfillment	The next step in the event of failure of on-time fulfillment
IPO-related commitments	Restrictions on sales of shares	Directors, senior management HOU Juncheng, FANG Yuyou and CAO Liangguo	(1) During their terms as the Company's director/senior management, they shall not transfer more than 25% of their total shares directly or indirectly held in the Company each year. Within 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 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	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months. Their commitments above shall survive job change and resignation. (3) Should any of them/their partnership violate the said share lock-up commitments, the lock-up period for their/their partnership's shares in the Company will be automatically extended for 6 months.						
	Restrictions on sales 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	April 16, 2018	No	From April 16, 2018 to long term	Yes	Not applicable	Not applicable

			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. (3) If their shares in the Company are sold within two years upon expiration of the lock-up period, the selling price shall not be lower than the offering price. If the closing price of the Company's shares is lower than the offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months. Their commitments above shall survive job change and resignation. (4) Should any of them/their partnership violate the said share lock-up commitments, the lock-up period for their/their						
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			partnership's shares in the Company will be automatically extended for 6 months.						
	Restrictions on sales 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 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	September 3, 2018	No	From September 3, 2018 to long term	Yes	Not applicable	Not applicable

			Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months. Their commitments above shall survive job change and resignation. (4) Should any of them/their partnership violate the said share lock-up commitments, the lock-up period for their/their partnership's shares in the Company will be automatically extended for 6 months.						
	Restrictions on sales of shares	Controlling shareholder and actual controller HOU Juncheng and FANG Aiqin	(1) Within 24 months upon expiration of the lock-up period, they shall not directly or indirectly reduce their shares in the issuer by more than 6% of the total number of shares of the issuer before such IPO. (2) They can only 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	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			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 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.						
	Restrictions on sales 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	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			<p>the exchange on shareholders for share reduction, whereby reducing shares gradually upon expiration of the lock-up period. (2) They can only 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 must explain the cause for failing to do so at the Company's General Meeting of Shareholders and the media designated by the CSRC</p>						
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			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 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	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			protect the interests of the Company's investors as much as possible. Within three years from the date of the Company's IPO, if the Company appoints new directors and senior management, the Company 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 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	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			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 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 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.	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

	Others	The Company	If the Company's prospectus contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities transactions, they will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange 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, compensation in advance, and effective protection of investors' interests, especially small and	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable
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			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 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 causes investors to suffer losses in securities transactions, they will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange on which the Company is listed or the competent judicial authority, the Company will actively compensate investors for direct economic losses incurred	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			therefrom by settling with investors with respect to measurable economic losses directly incurred to investors, mediating with investors through a third party and establishing an investor compensation fund based on the principles of procedure simplification, active negotiation, compensation in advance, and effective protection of investors' interests, especially small and medium investors. If found to have violated the said commitments, the Company's controlling shareholders and actual controllers will publicly apologize to the issuer's shareholders and public investors for failing to perform the said compensation measures at the issuer's General Meeting of Shareholders and the media designated by the CSRC and will not receive shareholder dividends from the Issuer within 5 working days from the date when the said commitments are violated,						
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			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 causes investors to suffer losses in securities transactions, they will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange 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,	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			active negotiation, compensation in advance, and effective protection of investors' interests, especially small and medium investors. If found to have violated the said commitments, the Company's directors, supervisors and senior management will publicly apologize to the issuer's shareholders and public investors for failing to perform the said compensation measures at the issuer's General Meeting of Shareholders and the media designated by the CSRC and will not receive compensation (or allowances) and shareholder dividends (if any) from the issuer within 5 working days from the date when the said commitments are violated, and their shares 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	November 15, 2017	No	From November	Yes	Not applicable	Not applicable

			proceeds from the IPO, effectively prevent the risk of diluting immediate returns and improve future returns, the Company intends to take measures including tightening operation management and internal control, accelerating the progress of fundraising projects, and strengthening the investor return mechanism, so as to improve asset quality, increase 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 Shanghai Stock Exchange. If found to have violated the said commitments, the Company will promptly announce the facts and cause of such violation, except for force majeure or other reasons not			15, 2017 to long term			
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			attributable to the Company, apologize to the Company's shareholders and public investors, make supplementary commitments or substitute commitments to investors to protect the interests of investors as much as possible, and implement such supplementary commitments or substitute commitments subject to the approval by the Company's General Meeting of Shareholders.						
	Others	Controlling shareholder and actual controller HOU Juncheng and FANG Aiqin	In order to ensure that the Company's measures to fill the diluted immediate returns can be effectively performed, they, as the Company's controlling shareholder and actual controller, promise that: (1) Under no circumstances will they abuse their position as the controlling shareholder and actual controller by ultra vires interfering with the Company's operation and management activities or encroaching on the Company's interests; (2) After the CSRC and the	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			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 SSE; (3) They will fully, completely and promptly perform the Company's measures regarding compensation for the diluted immediate returns and his or her commitments regarding the measures to compensate for the diluted immediate returns. If found to have violated such commitments, which causes losses to the Company or shareholders, they are willing to: ①						
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			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 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, senior management	In order to ensure that the Company's measures to fill for the diluted immediate returns can be effectively performed, they, as the Company's directors and senior management, promise that: (1) They will not offer benefits to other entities or individuals for free or on unfair terms, or otherwise harm the Company's interests; (2) They will strictly follow the Company's budget	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			management by limiting his or her duty 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 to his or her duties; (4) They will actively work towards the improvement of the Company's the 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 developing, revising and supplementing the Company's compensation system; promise that the vesting conditions for the Company's equity						
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			incentives to be announced will be linked to the implementation of the Company's measures to fill the returns; (5) After the CSRC and the SSE otherwise release the opinions and implementation rules on the measures to fill the diluted immediate returns and their commitments, if the Company's relevant provisions and his or her commitments contradict such rules, they will immediately make supplementary commitments in line with the rules of the CSRC and the SSE, and actively work towards the Company's making of new commitments or taking new measures to comply with the requirements of the CSRC and the 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						
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			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 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.						
	Avoiding horizontal competition	Controlling shareholder and actual controller HOU Juncheng and FANG Aiqin	1. They do not and will not directly or indirectly engage in any activities constituting horizontal competition with the existing and future businesses of the Company and its holding subsidiaries, including but not limited to the R&D, production and	November 15, 2017	No	From November 15, 2017 to long term	Yes	Not applicable	Not applicable

			sale of any 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 through the 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 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						
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			<p>business scope, withdraw from the competition by: (1) stopping the production of competing or potentially competing products; (2) stopping the operation of competing or potentially competing business; (3) transferring the competing business to the Company; or (4) transferring the competing business to an unrelated third party. 4. Their shareholding companies, including Hangzhou Huazhuang Industrial Investment Co., Ltd. and Huzhou Mogan Wangshu Cosmetics Industry Phase I Venture Capital Partnership (Limited Partnership), and enterprises that they invest in or engage in no cosmetics business or upstream and downstream business thereof. If these companies engage in such businesses in the future, they commit that they will withdraw their investment in the enterprises through equity transfer and other means, and that the Company will be given</p>						
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			priority to decide whether to invest in the said enterprises according to legal provisions and the consent of other shareholders of such enterprises.						
Commitments on refinancing	Others	Controlling shareholder and actual controller 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 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	April 21, 2021	No	From April 21, 2021 to long term	Yes	Not applicable	Not applicable

			latest requirements of the CSRC at that time; 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 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, 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 individuals	April 21, 2021	No	From April 21, 2021 to long term	Yes	Not applicable	Not applicable

			for free or on unfair terms, or otherwise harm the Company's interests; 2. They will restrict their post-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 announced will be linked to the implementation of the Company's measures to fill the returns; 6. From the date of this commitment to the completion of the Company's public offering of A-share convertible corporate bonds, if the CSRC makes other new						
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			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 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. Non-operating Capital Occupation by the Controlling Shareholders and Other Related Parties during the Reporting Period

☐ Applicable" ☒ Not applicable"

III. Illegal Guarantee

☐ Applicable" ☒ Not applicable"

IV. Audit of the Semi-Annual Report

☐ Applicable" ☒ Not applicable"

V. Information on Changes and Handling of Matters Related to Non-Standard Audit Opinions in the Annual Report for the Previous Year

☐ Applicable" ☒ Not applicable"

VI. Matters Related to Bankruptcy and Reorganization

☐ Applicable" ☒ Not applicable"

VII. Material Litigations and Arbitrations

☐ The Company had material litigations and arbitrations during the Reporting Period"

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

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

☐ Applicable" ☒ Not applicable"

IX. 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.

X. Significant Related-party Transactions

(I) Related-party transactions pertaining to daily operation

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

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

3. Matters not disclosed in the interim announcement

☐ Applicable" ☒ Not applicable"

(II) Related-party transactions relevant to asset acquisition or equity acquisition and disposal

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

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

3. Matters not disclosed in the interim announcement

☐ Applicable" ☒ Not applicable"

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Matters not disclosed in the interim announcement

☐ Applicable ☒ Not applicable

(IV) Credits and debits with related parties

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3. Matters not disclosed in the interim announcement

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

(VI) Other significant related-party transactions

☐ Applicable ☒ Not applicable

(VII) Others

☐ Applicable ☒ Not applicable

XI. Significant Contracts and Their Performance

(I) Trusteeship, contracting and leasing

☐ Applicable ☒ Not applicable

(II) Significant guarantees that have been performed or remained outstanding during the Reporting Period

"☐ Applicable" "☒ Not applicable"

(III) Other material contracts

☐ Applicable" ☒ Not applicable"

XII. Progress on the Use of Raised Funds

☒ Applicable" ☐ Not applicable"

(I) Overall use of raised funds

☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000

Source of raised funds	Time of paying in	Total amount of raised funds	Net raised funds (1)	Total committed investment of raised funds in the prospectus (2)	Total amount of over-raised funds (3)=(1)-(2)	Total amount of raised funds invested as of the end of the Reporting Period (4)	Including: Total amount of over-raised funds invested as of the end of the Reporting Period (5)	Proportion of raised funds invested as of the end of the Reporting Period (%) (6)=(4)/(1)	Proportion of over-raised funds invested 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 amount of raised funds whose purpose is changed
Issuance of convertible bonds	December 14, 2021	75,171.30	74,450.87	74,450.87		73,979.71		99.37		1,061.69	1.43	0.00
Total	/	75,171.30	74,450.87	74,450.87		73,979.71		/	/	1,061.69	/	0.00

Other explanations

☐ Applicable" ☒ Not applicable"

(II) Details of fund-raising investment projects

☒ Applicable" ☐ Not applicable"

1. Details of the use of raised funds

☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000

Source of raised funds	Project name	Project nature	Whether it is a committed investment project in the prospectus	Whether investment project is changed	Total planned investment amount of raised funds (1)	Amount invested in the current year	Total amount of raised funds invested as of the end of the Reporting Period (2)	Proportion of amount invested as of the end of the Reporting Period (%) (3)=(2)/(1)	Date when the project reaches their intended use	Settled or not	Whether investment progress in line with the planned schedule	Reason for failure to keep up with the schedule	Benefit achieved in the current year	Benefit or research achievement that has been realized in this project	Whether there is a significant change in the feasibility of the project. If so, please provide specific details	Amount of balance
Issuance of convertible bonds	Huzhou Production Base Expansion Project (Phase I)[Note 1]	Production and construction	Yes	No	33,850.00		34,695.75	102.50	December 2024	Yes	Yes	Not applicable	16,139.19	64,936.45	No	0.00
Issuance of convertible bonds	Longwu R&D Center Construction Project [Note 1]	Research and development	Yes	No	19,450.00		19,700.80	101.29	June 2024	Yes	Yes	Not applicable		Not applicable	No	0.00
Issuance of convertible bonds	Information System Upgrade Project	Operation management	Yes	No	8,801.27	1,061.69	7,015.86	79.71	December 2025 [Note 2]	No	No	The rapid growth of the Company's business has led to an increased demand for a robust IT support platform. Meanwhile,		Not applicable	No	2,131.18

												system debugging and implementation optimization are also required to align with this growth.				
Issuance of convertible bonds	Replenishment of working capital [Note 1]	Supplementing working capital and repaying debts	Yes	No	12,349.60		12,567.30	101.76		Yes		Not applicable		Not applicable	No	0.00
Total	/	/	/	/	74,450.87	1,061.69	73,979.71	/	/	/	/	/	16,139.19	/	/	2,131.18

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

Note 2: According to the resolutions passed at the 19th meeting of the third session of Board of Directors and the 17th meeting of the third session of Board of Supervisors held on August 26, 2024, the Company decided to postpone the expected date for the Information System Upgrade Project to reach its intended use from December 2024 to December 2025, in light of the current actual construction progress of the raised funds investment projects. The Company has decided to extend the construction period of the Information System Upgrade Project for the following reason: With the rapid growth of the Company's businesses and continuous advancements in information technology, the Company has higher requirements for the IT support platform, including the need for iterative software and hardware upgrades, as well as system debugging and optimization. To ensure the high-quality implementation of the investment projects and the effective use of the raised funds, the Company, adhering to the principles of prudence and maximizing efficiency, has planned to extend the construction period of the Information System Upgrade Project.

2. Details of the use of over-raised funds

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

(IV) Other uses of raised funds during the Reporting Period**1. Advance investment and replacement in the project invested with the raised funds**

☐ Applicable" ☒ Not applicable"

2. Use of idle raised funds to temporarily replenish working capital

☐ Applicable" ☒ Not applicable"

3. Management of idled raised funds through investment

☐ Applicable" ☒ Not applicable"

4. Others

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

Explanation of any abnormalities identified during verification

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

XIII. Explanations on Other Significant Matters

☐ 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 this change		Increase or decrease (+ or -) due to this change					After this change	
	Number	Percentage (%)	Issuance of new shares	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Number	Percentage (%)
I. Restricted shares	84.2520	0.2126						84.2520	0.2126
1. Shares held by the state									
2. Shares held by state-owned legal persons									
3. Shares held by other	84.2520	0.2126						84.2520	0.2126

domestic funds									
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons	84.2520	0.2126						84.2520	0.2126
4. Shares held by foreign funds									
Including: Shares held by foreign legal persons									
Shares held by foreign natural persons									
II. Unrestricted circulating shares	39,540.5035	99.7874				0.0091	0.0091	39,540.5126	99.7874
1. RMB ordinary shares	39,540.5035	99.7874				0.0091	0.0091	39,540.5126	99.7874
2. Foreign-funded shares listed domestically									
3. Foreign-funded shares listed overseas									
4. Others									
III. Total shares	39,624.7555	100.00				0.0091	0.0091	39,624.7646	100.00

2. Explanation on changes in shares

"√ Applicable" "□ Not applicable"

With the approval of the CSRC's the *Reply on Approving Proya Cosmetics Co., Ltd.'s Public Issuance of Convertible Corporate Bonds* (ZJXK [2021] No. 3408), on December 8, 2021, the Company publicly issued 7,517,130 convertible corporate bonds with a face value of RMB100 per share and a total face value of RMB751,713,000, with a term of 6 years. With the approval of the SSE's *Self-Regulatory Supervision Decision Letter* ([2021] No. 503), the convertible corporate bonds issued by the Company amounting to RMB751,713,000 would be listed and traded on the Shanghai Stock Exchange from January 4, 2022, with the short name of "Proya Convertible Bond" and the bond code of "113634". Proya Convertible Bonds have been convertible into shares since June 14, 2022 During the Reporting Period, RMB9,000 of Proya Convertible Bond had been converted to 91 A shares of the Company. The number of the unrestricted circulating shares of the Company increased by 91.

3. Impact of share changes on earnings per share, net assets per share and other financial indicators from the end of the Reporting Period to the disclosure date of the interim report (if any)

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

(II) Changes in restricted shares

☐ Applicable" ☒ Not applicable"

II. Shareholders**(I) Total number of shareholders:**

Total number of shareholders of ordinary shares as of the end of the Reporting Period (account)	60,268
Total number of shareholders of preference shares whose voting rights have been restored as of the end of the Reporting Period (account)	0

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

Unit: Share

Shareholdings of the top ten shareholders (excluding securities lending and refinancing)							
Name of shareholder (Full name)	Change during the Reporting Period	Number of shares held at the end of the period	Percentage (%)	Number of restricted shares held	Pledged, marked or frozen		Nature of shareholder
					Share status	Number	
HOU Juncheng	0	136,739,037	34.51	0	None		Domestic natural person
FANG Yuyou	0	59,625,258	15.05	0	Frozen	17,041,269	Domestic natural person
Hong Kong Securities Clearing Company Limited	22,595,197	47,519,579	11.99	0	None		Others
National Social Security Fund Portfolio 109	-1,299,166	4,787,374	1.21	0	None		Others
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-End Index Securities Investment Fund	210,018	3,523,723	0.89	0	None		Others

Industrial and Commercial Bank of China Limited - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	0	3,332,000	0.84	0	None		Others
Industrial and Commercial Bank of China Limited – Dongfanghong Ruixi Three-Year Holding Period Hybrid Securities Investment Fund	2,664,940	2,890,440	0.73	0	None		Others
China Construction Bank Co., Ltd. - CUAM Consumer Industry Hybrid Securities Investment Fund	-600,007	2,000,002	0.50	0	None		Others
Industrial and Commercial Bank of China Limited – CSI Major Consumer Exchange Traded Open-End Index Securities Investment Fund	-108,800	1,964,800	0.50	0	None		Others
Schroder Investment Management (Hong Kong) Limited - Schroder International Selection Fund China A-share (stock exchange)	-197,200	1,961,800	0.50	0	None		Others

Shareholdings of the top ten unrestricted shareholders (excluding securities lending and refinancing, and shares reserved for executives)

Name of shareholder	Number of unrestricted circulating shares held	Type and number of shares	
		Type	Number
HOU Juncheng	136,739,037	RMB ordinary shares	136,739,037
FANG Yuyou	59,625,258	RMB ordinary shares	59,625,258
Hong Kong Securities Clearing Company Limited	47,519,579	RMB ordinary shares	47,519,579
National Social Security Fund Portfolio 109	4,787,374	RMB ordinary shares	4,787,374

Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-End Index Securities Investment Fund	3,523,723	RMB ordinary shares	3,523,723
Industrial and Commercial Bank of China Limited - Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	3,332,000	RMB ordinary shares	3,332,000
Industrial and Commercial Bank of China Limited – Dongfanghong Ruixi Three-Year Holding Period Hybrid Securities Investment Fund	2,890,440	RMB ordinary shares	2,890,440
China Construction Bank Co., Ltd. - CUAM Consumer Industry Hybrid Securities Investment Fund	2,000,002	RMB ordinary shares	2,000,002
Industrial and Commercial Bank of China Limited – CSI Major Consumer Exchange Traded Open-End Index Securities Investment Fund	1,964,800	RMB ordinary shares	1,964,800
Schroder Investment Management (Hong Kong) Limited - Schroder International Selection Fund China A-share (stock exchange)	1,961,800	RMB ordinary shares	1,961,800
Explanation on the special account for repurchase among the top ten 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 total share capital of the Company.		
Explanation on the above-mentioned shareholders' entrusting voting rights, entrusted voting rights and abstention from voting rights	None		
Explanation on the association or concerted action among the shareholders mentioned above	FANG Yuyou is the younger brother of HOU Juncheng's spouse FANG Aiqin, so HOU Juncheng and FANG Yuyou are associated.		
Explanation on the shareholders of preference shares with voting rights restored and their shareholdings	None		

Securities lending and refinancing involved by shareholders holding more than 5% shares, the top ten shareholders and the top ten shareholders of unrestricted circulating shares
☐ Applicable" ☒ Not applicable"

Change in the top ten shareholders and the top ten shareholders of unrestricted circulating shares over the previous period due to securities lending and refinancing/their returning
☐ Applicable" ☒ Not applicable"

Shareholdings and sales restrictions of the top ten restricted shareholders
☒ Applicable" ☐ Not applicable"

Unit: Share

S/N	Name of shareholder of restricted shares	Number of restricted shares held	Availability of restricted shares for circulation and trading		Sales restrictions
			Time of availability for circulation and trading	Number of new shares available for circulation and trading	
1	Equity incentive object	842,520			See the note below for details
Explanation on the association or concerted action among the shareholders mentioned above		None			

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

(III) Strategic investors or general legal persons becoming the top ten shareholders through placement of new shares

☐ Applicable ☒ Not applicable

III. Information on Directors, Supervisors and Senior Management

(I) Changes in shareholdings of current directors, supervisors, and senior management and those who resigned during the Reporting Period

☒ Applicable ☐ Not applicable

Unit: Share

Name	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Change in shares during the Reporting Period	Cause for change
JIN Yanhua	Director, Deputy General Manager	227,862	170,962	56,900	Shares reduced for personal capital need
WANG Li	Deputy General Manager, Board Secretary, CFO (resigned)	236,651	177,651	59,000	Shares reduced for personal capital need

Other explanations

☐ Applicable ☒ Not applicable

(II) Equity incentives granted to directors, supervisors and senior management during the Reporting Period

☐ Applicable ☒ Not applicable

(III) Other explanations

☐ Applicable ☒ Not applicable

IV. Changes in Controlling Shareholders and Actual Controllers

"☐ Applicable" "☒ Not applicable"

V. Information on Preference 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. Information on Convertible Corporate Bonds

☒ Applicable ☐ Not applicable

(I) Information on issuance of convertible bonds

With the approval of the CSRC's the *Reply on Approving Proya Cosmetics Co., Ltd.'s Public Issuance of Convertible Corporate Bonds* (ZJXK [2021] No. 3408), on December 8, 2021, the Company publicly issued 7,517,130 convertible corporate bonds with a face value of RMB100 per share and a total face value of RMB751,713,000. These convertible corporate bonds were issued at face value with a term of 6 years.

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

According to the relevant regulations and the *Prospectus of Proya Cosmetics Co., Ltd. for the Public Offering of A-Share Convertible Corporate Bonds*, this “Proya Convertible Bond” 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 is RMB195.98/share, and the latest conversion price is RMB96.23/share. The historical adjustments to the conversion price are as follows:

1. Since the 2021 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bond has been adjusted to RMB139.37/share since May 30, 2022. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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 Shares Incentive Plan was completed, the conversion price of the Proya Convertible Bond has been adjusted to RMB138.92/share since September 9, 2022. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of “Proya Convertible Bond” 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 Proya Convertible Bond has been adjusted to RMB98.61/share since May 29, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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 Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB98.62/share since August 29, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Completion of Repurchase and Cancellation of Some Equity Incentive Restricted Shares and Adjustment of Conversion Price of “Proya Convertible Bond”* (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 Bond has been adjusted to RMB98.24/share since October 23, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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 Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB98.25/share since December 18, 2023. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of “Proya Convertible Bond” and Trading Suspension for Conversion* (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 Proya Convertible Bond has been adjusted to RMB97.35/share since June 25, 2024. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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 Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB97.41/share since October 28, 2024. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of “Proya Convertible Bond” and Trading Suspension for Conversion* (Announcement No.: 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2023.

9. Since the 2024 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bond has been adjusted to RMB96.23/share since June 17, 2025. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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 Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB96.26/share since August 26, 2025. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of “Proya Convertible Bond” and Trading Suspension for Conversion* (Announcement No.: 2025-038) released by the Company on the SSE website (www.sse.com.cn) on August 25, 2025.

(II) Information on holders and guarantors of convertible bonds during the Reporting Period

Name of the convertible corporate bond	Proya Convertible Bond	
Number of holders of the convertible corporate bond at the end of the Reporting Period	5,956	
Guarantors of the convertible bond of the Company	None	
Material changes in the profitability, asset conditions and credit conditions of the guarantors	None	
The top ten holders of the convertible bond are as follows:		
Name of holders of the convertible corporate bond	Number of bonds held at the end of the Reporting Period (RMB)	Holding ratio (%)
China Merchants Bank Co., Ltd. – Franklin Templeton Sealand Hengrui Bond Securities Investment Fund	67,139,000	8.94
China Merchants Bank Co., Ltd. – Bosera CSI Convertible Bond & Exchangeable Bond Index ETF	33,046,000	4.40
China Life Pension Hongyi Fixed-benefit Pension Products - Industrial and Commercial Bank of China Limited	32,790,000	4.37
China Merchants Kangtai Comprehensive Index Fixed-Income Pension Product – Shanghai Pudong Development Bank Co., Ltd.	28,302,000	3.77

China Galaxy Securities Co., Ltd.	26,510,000	3.53
SDIC Securities Co., Ltd.	21,193,000	2.82
PICC Asset Management – Bank of Communications – PICC Asset Management Credit Enhancement No.1 Asset Management Product	20,947,000	2.79
China Life Pension Anxiangxinqi Mixed Pension Products - Industrial and Commercial Bank of China Limited	19,190,000	2.56
China Everbright Bank Co., Ltd. – China Merchants Aberdeen Enhanced Income Bond Securities Investment Fund	18,841,000	2.51
SWS MU Fund– Shenwan Hongyuan Group Co., Ltd. – SWS MU – Shenhong Stable No.1 Single Asset Management Plan	15,686,000	2.09

(III) Changes in convertible bonds during the Reporting Period

Unit: Yuan Currency: RMB

Name of the convertible corporate bond	Before this change	Increase or decrease due to this change			After this change
		Share conversion	Redemption	Sell-back	
Proya Convertible Bond	750,753,000	9,000			750,744,000

(IV) Cumulative conversion of convertible bonds into shares during the Reporting Period

Name of the convertible corporate bond	Proya Convertible Bond
Amount of shares converted from bonds in the Reporting Period (RMB)	9,000
Number of shares converted from bonds in the Reporting Period (share)	91
Accumulated number of shares converted from bonds (share)	7,092
Proportion of the accumulated number of converted shares in the total number of issued shares of the Company before conversion (%)	0.0025
Amount of bonds not converted into shares (RMB)	750,744,000
Proportion of unconverted convertible bonds in the total amount of convertible bonds issued (%)	99.8711

(V) Historical adjustments to the conversion price

Unit: Yuan Currency: RMB

Name of the convertible corporate bond		Proya Convertible Bond		
Date of adjustments to the conversion price	Adjusted conversion price	Time of disclosure	Media of disclosure	Explanation on adjustments to the conversion price
May 30, 2022	RMB139.37/share	May 24, 2022	SSE website, Shanghai Securities News, Securities	Since the 2021 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bond has been adjusted to RMB139.37/share since

			<i>Times</i>	May 30, 2022. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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	RMB138.92/share	September 8, 2022	SSE website, <i>Shanghai Securities News, Securities Times</i>	Since the registration of restricted shares involved in the grant under the 2022 Restricted Shares Incentive Plan was completed, the conversion price of the Proya Convertible Bond has been adjusted to RMB138.92/share since September 9, 2022. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of “Proya Convertible Bond” 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	RMB98.61/share	May 23, 2023	SSE website, <i>Shanghai Securities News, Securities Times</i>	Since the 2022 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bond has been adjusted to RMB98.61/share since May 29, 2023. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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	RMB98.62/share	August 28, 2023	SSE website, <i>Shanghai Securities News, Securities Times</i>	Since the Company completed the repurchase and cancellation of 105,350 equity incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB98.62/share since August 29, 2023. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Completion of Repurchase and Cancellation of Some Equity Incentive Restricted Shares and Adjustment of Conversion Price of “Proya Convertible Bond”</i> (Announcement

				No.: 2023-045) released by the Company on the SSE website (www.sse.com.cn) on August 28, 2023.
October 23, 2023	RMB98.24/share	October 17, 2023	SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>	Since the 2023 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bond has been adjusted to RMB98.24/share since October 23, 2023. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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	RMB98.25/share	December 15, 2023	SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>	Since the Company completed the repurchase and cancellation of 66,192 equity incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB98.25/share since December 18, 2023. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of "Proya Convertible Bond" and Trading Suspension for Conversion</i> (Announcement No.: 2023-086) released by the Company on the SSE website (www.sse.com.cn) on December 15, 2023.
June 25, 2024	RMB97.35/share	June 19, 2024	SSE website, <i>Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>	Since the 2023 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bond has been adjusted to RMB97.35/share since June 25, 2024. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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	RMB97.41/share	October 25, 2024	SSE website, <i>Shanghai Securities News,</i>	Since the Company completed the repurchase and cancellation of 509,992 equity incentive restricted shares under the 2022 Restricted

			<i>Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>	Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB97.41/share since October 28, 2024. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of "Proya Convertible Bond" and Trading Suspension for Conversion</i> (Announcement No.: 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2024.
June 17, 2025	RMB96.23/share	June 11, 2025	<i>SSE website, Shanghai Securities News, Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, China Daily</i>	Since the 2024 Equity Distribution Plan was implemented by the Company, the conversion price of Proya Convertible Bond has been adjusted to RMB96.23/share since June 17, 2025. For details, see the <i>Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of Convertible Bonds 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.
Latest conversion price as of the end of the Reporting Period		RMB96.23/share		

Note: Since the Company completed the repurchase and cancellation of 242,424 equity incentive restricted shares under the 2022 Restricted Shares Incentive Plan, the conversion price of the Proya Convertible Bond has been adjusted to RMB96.26/share since August 26, 2025. For details, see the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price of "Proya Convertible Bond" and Trading Suspension for Conversion* (Announcement No.: 2025-038) released by the Company on the SSE website (www.sse.com.cn) on August 25, 2025.

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

Not applicable.

(VII) Other explanations on convertible bonds

None.

Section VIII Financial Report

I. Audit Report

"□ Applicable" "√Not applicable"

II. Financial Statements

Consolidated Balance Sheet

June 30, 2025

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2025	December 31, 2024
Current assets:			
Monetary capital	VII. 1	4,632,525,992.85	4,082,126,416.84
Provision for settlement			
Placements with banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	VII. 5	424,659,711.97	517,954,587.12
Receivables financing	VII. 7	1,221,062.00	
Prepayments	VII. 8	254,055,702.98	223,879,388.67
Premiums receivable			
Reinsurance accounts receivable			
Provision for reinsurance contract receivables			
Other receivables	VII. 9	113,728,869.70	9,869,822.71
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventory	VII. 10	628,867,485.50	661,410,153.37
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	VII. 13	100,958,321.47	118,117,428.18
Total current assets		6,156,017,146.47	5,613,357,796.89
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	VII. 17	9,472,473.37	111,090,815.70
Other equity instrument investments	VII. 18	71,256,995.18	71,256,995.18

Other non-current financial assets			
Investment property	VII. 20	62,540,424.26	63,537,443.20
Fixed assets	VII. 21	878,906,277.66	907,224,090.94
Construction in progress	VII. 22	86,718,518.58	74,585,001.38
Productive biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	21,309,400.68	14,541,665.50
Intangible assets	VII. 26	421,716,056.04	429,394,857.15
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term deferred expenses	VII. 28	133,842,067.80	70,202,612.96
Deferred income tax assets	VII. 29	177,486,740.87	163,733,011.95
Other non-current assets	VII. 30	263,415,009.08	11,258,403.15
Total non-current assets		2,126,663,963.52	1,916,824,897.11
Total assets		8,282,681,109.99	7,530,182,694.00
Current liabilities:			
Short-term borrowings			
Borrowings from the central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	VII. 36	1,052,738,520.01	676,388,126.18
Receipts in advance	VII. 37	269,656.48	129,400.52
Contract liabilities	VII. 38	199,073,153.00	153,710,588.62
Financial assets sold under repurchase agreements			
Customer deposits and deposits from banks and other financial institutions			
Funds from securities trading agencies			
Funds from underwriting securities agencies			
Employee compensation payable	VII. 39	106,935,889.22	155,703,420.95
Taxes payable	VII. 40	136,472,719.80	125,853,371.28
Other payables	VII. 41	81,446,495.70	91,776,722.59
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Reinsurance accounts payable			
Held-for-sale liabilities			

Non-current liabilities due within one year	VII. 43	4,807,612.33	3,473,806.48
Other current liabilities	VII. 44	4,894,674.30	5,509,508.59
Total current liabilities		1,586,638,720.84	1,212,544,945.21
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings			
Bonds payable	VII. 46	797,652,424.97	780,011,293.32
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII. 47	15,450,142.03	10,955,380.12
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities	VII. 50	29,418,726.32	25,162,463.80
Deferred income	VII. 51	17,532,982.75	15,260,760.59
Deferred income tax liabilities	VII. 29	520,375.58	
Other non-current liabilities			
Total non-current liabilities		860,574,651.65	831,389,897.83
Total liabilities		2,447,213,372.49	2,043,934,843.04
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)	VII. 53	396,247,646.00	396,247,555.00
Other equity instruments	VII. 54	50,890,934.53	50,891,546.26
Including: Preference shares			
Perpetual bonds			
Capital reserve	VII. 55	840,426,352.63	846,600,405.28
Less: Treasury shares	VII. 56	237,561,329.17	238,275,443.41
Other comprehensive income	VII. 57	-84,277,085.01	-84,904,946.54
Special reserve			
Surplus reserve	VII. 59	198,411,582.50	198,411,582.50
General risk reserve			
Undistributed profits	VII. 60	4,562,999,809.42	4,233,103,785.98
Total owner's equity (or shareholders' equity) attributable to the parent company		5,727,137,910.90	5,402,074,485.07
Minority interests		108,329,826.60	84,173,365.89
Total owner's equity (or shareholders' equity)		5,835,467,737.50	5,486,247,850.96
Total liabilities and owners' equity (or shareholders' equity)		8,282,681,109.99	7,530,182,694.00

The chairman of the Company: HOU Juncheng
Head of Accounting Department: MA Nan

CFO of the Company: HOU Yameng

Parent Company's Balance Sheet

June 30, 2025

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2025	December 31, 2024
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Current assets:			
Monetary capital		2,948,606,262.26	2,661,232,993.94
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	XIX. 1	697,459,206.70	885,685,804.30
Receivables financing			
Prepayments		53,882,366.16	46,305,894.31
Other receivables	XIX. 2	154,904,408.59	41,361,558.56
Including: Interest receivable			
Dividends receivable			
Inventory		325,968,714.05	308,611,161.72
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		60,923,766.77	55,091,658.88
Total current assets		4,241,744,724.53	3,998,289,071.71
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XIX. 3	297,873,904.44	409,703,070.22
Other equity instrument investments		35,434,595.18	35,434,595.18
Other non-current financial assets			
Investment property		91,413,151.97	92,410,170.91
Fixed assets		839,922,712.64	867,115,341.44
Construction in progress		47,636,197.35	48,890,613.02
Productive biological assets			
Oil and gas assets			
Right-of-use assets		8,521,596.93	10,230,842.34
Intangible assets		359,069,988.54	364,307,434.65
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term deferred expenses		129,826,383.57	65,634,671.84
Deferred income tax assets		5,758,066.08	2,371,405.09
Other non-current assets		263,438,028.47	11,481,422.54
Total non-current assets		2,078,894,625.17	1,907,579,567.23
Total assets		6,320,639,349.70	5,905,868,638.94
Current liabilities:			
Short-term borrowings			
Financial liabilities held for trading			
Derivative financial liabilities			

Notes payable			
Accounts payable		641,621,847.74	353,447,048.72
Receipts in advance			
Contract liabilities		61,474,019.55	49,339,586.16
Employee compensation payable		63,635,307.60	89,370,973.53
Taxes payable		73,662,801.51	80,811,992.33
Other payables		52,083,662.05	57,498,140.16
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		1,289,027.98	2,426,200.55
Other current liabilities		7,991,622.54	6,414,146.20
Total current liabilities		901,758,288.97	639,308,087.65
Non-current liabilities:			
Long-term borrowings			
Bonds payable		797,652,424.97	780,011,293.32
Including: Preference shares			
Perpetual bonds			
Lease liabilities		6,517,443.99	7,544,106.32
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income		17,532,982.75	15,260,760.59
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		821,702,851.71	802,816,160.23
Total liabilities		1,723,461,140.68	1,442,124,247.88
Owner's equity (or shareholders' equity):			
Paid-in capital (or share capital)		396,247,646.00	396,247,555.00
Other equity instruments		50,890,934.53	50,891,546.26
Including: Preference shares			
Perpetual bonds			
Capital reserve		893,799,911.41	899,973,964.06
Less: Treasury shares		237,561,329.17	238,275,443.41
Other comprehensive income		-84,123,594.10	-84,123,594.10
Special reserve			
Surplus reserve		198,411,582.50	198,411,582.50
Undistributed profits		3,379,513,057.85	3,240,618,780.75
Total owner's equity (or shareholders' equity)		4,597,178,209.02	4,463,744,391.06
Total liabilities and owners' equity (or shareholders' equity)		6,320,639,349.70	5,905,868,638.94

The chairman of the Company: HOU Juncheng
Head of Accounting Department: MA Nan

CFO of the Company: HOU Yameng

Consolidated Income Statement

January to June 2025

Unit: Yuan Currency: RMB

Item	Notes	H1 2025	H1 2024
I. Total operating revenue	VII. 61	5,361,890,476.66	5,001,465,470.72
Including: Operating revenue		5,361,890,476.66	5,001,465,470.72
Interest income			
Premiums earned			
Fees and commission income			
II. Total operating costs		4,380,686,724.29	4,137,984,289.63
Including: Operating costs	VII. 61	1,427,500,235.41	1,509,530,495.30
Interest expenses			
Fees and commissions expenses			
Surrenders			
Net compensation expenses			
Net provision for insurance liability reserves			
Insurance policy dividend expenses			
Reinsurance expenses			
Taxes and surcharges	VII. 62	45,232,044.89	41,900,210.19
Sales expenses	VII. 63	2,658,870,093.11	2,339,661,922.31
General and administrative expenses	VII. 64	177,479,237.25	176,927,741.63
R&D expenses	VII. 65	95,025,833.06	94,613,242.52
Financial expenses	VII. 66	-23,420,719.43	-24,649,322.32
Including: Interest expenses		15,892,178.30	10,601,806.58
Interest income		31,863,929.06	37,663,413.80
Add: Other income	VII. 67	56,393,553.24	66,048,236.39
Investment income (“-” for losses)	VII. 68	-3,579,433.65	-2,153,663.74
Including: Investment income from associates and joint ventures		1,444,227.90	-2,153,663.74
Gains from derecognition of financial assets measured at amortized cost (“-” for losses)			
Foreign exchange gains (“-” for losses)			
Net gain on exposure hedging (“-” for losses)			
Gains on changes in fair value (“-” for losses)			
Credit impairment losses (“-” for losses)	VII. 71	-3,123,395.54	2,297,873.84
Asset impairment losses (“-” for losses)	VII. 72	-31,433,006.97	-32,417,516.03
Gains from disposal of assets (“-” for losses)	VII. 73	-346,504.18	-712,859.58
III. Operating profit (“-” for losses)		999,114,965.27	896,543,251.97
Add: Non-operating revenue	VII. 74	507,490.19	956,198.43
Less: Non-operating expenses	VII. 75	1,125,034.38	1,430,755.68
IV. Total profit (“-” for total losses)		998,497,421.08	896,068,694.72
Less: Income tax expenses	VII. 76	172,423,588.09	172,136,418.43

V. Net profit (“-” for net losses)		826,073,832.99	723,932,276.29
(I) Classified by operation continuity			
1. Net profit from continuing operations (“-” for net losses)		826,073,832.99	723,932,276.29
2. Net profit from discontinued operations (“-” for net losses)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (“-” for net losses)		798,511,332.07	701,671,374.89
2. Profit or loss attributable to minority interests (“-” for net losses)		27,562,500.92	22,260,901.40
VI. Other comprehensive income, net of tax	VII. 77	627,861.53	-131,551.25
(I) Other comprehensive income attributable to owners of the parent company, net of tax		627,861.53	-131,551.25
1. Other comprehensive income that cannot be reclassified into profit or loss			
(1) Changes arising from re-measurement of defined benefit plans			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
(3) Changes in the fair value of other equity instrument investments			
(4) Changes in the fair value of the Company's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss		627,861.53	-131,551.25
(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) Credit impairment provisions of other debt investments			
(5) Cash flow hedging reserve			
(6) Conversion differences of financial statements denominated in foreign currencies		627,861.53	-131,551.25
(7) Others			
(II) Other comprehensive income attributable to minority interests, net of tax			
VII. Total comprehensive income		826,701,694.52	723,800,725.04
(I) Total comprehensive income attributable to owners of the parent company		799,139,193.60	701,539,823.64
(II) Total comprehensive income attributable to minority interests		27,562,500.92	22,260,901.40

VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		2.02	1.78
(II) Diluted earnings per share (RMB/share)		2.02	1.72

For business combinations involving enterprises under common control in the current period, the net profit realized by the combined party before the combination is RMB0.00, and the net profit realized thereby in the prior period was RMB0.00.

The chairman of the Company: HOU Juncheng
Head of Accounting Department: MA Nan

CFO of the Company: HOU Yameng

Parent Company's Income Statement

January to June 2025

Unit: Yuan Currency: RMB

Item	Notes	H1 2025	H1 2024
I. Operating revenue	XIX. 4	2,265,766,163.84	2,475,390,588.58
Less: Operating costs	XIX. 4	892,190,410.65	1,157,388,181.64
Taxes and surcharges		20,054,047.40	11,550,127.35
Sales expenses		394,796,391.27	430,271,487.56
General and administrative expenses		157,745,484.54	155,479,110.03
R&D expenses		91,609,103.87	94,436,533.40
Financial expenses		-14,339,715.19	-17,929,131.62
Including: Interest expenses		15,677,099.26	10,394,771.26
Interest income		24,839,807.39	29,144,053.33
Add: Other income		5,861,160.50	26,613,066.79
Investment income ("-" for losses)	XIX. 5	5,239,832.73	1,838,583.82
Including: Investment income from associates and joint ventures		1,444,227.90	-2,153,663.74
Gains from derecognition of financial assets measured at amortized cost ("-" for losses)			
Net gain on exposure hedging ("-" for losses)			
Gains on changes in fair value ("-" for losses)			
Credit impairment losses ("-" for losses)		-19,010,005.14	-14,432,000.29
Asset impairment losses ("-" for losses)		-783,990.24	-1,841,545.51
Gains from disposal of assets ("-" for losses)		52,599.54	-535,789.27
II. Operating profit ("-" for losses)		715,070,038.69	655,836,595.76
Add: Non-operating revenue		86,750.33	514,727.31
Less: Non-operating expenses		378,673.00	1,270,771.69
III. Total profit ("-" for total losses)		714,778,116.02	655,080,551.38
Less: Income tax expenses		107,268,530.29	96,556,946.45
IV. Net profit ("-" for net losses)		607,509,585.73	558,523,604.93
(I) Net profit from continuing operations ("-" for net losses)		607,509,585.73	558,523,604.93
(II) Net profit from discontinuing operations ("-" for net losses)			

V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit and loss			
1. Changes arising from the re-measurement of defined benefit plans			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in the fair value of other investments in equity instrument			
4. Changes in the fair value of the Company's own credit risks			
(II) Other comprehensive income that will 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 the fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions of other debt investments			
5. Cash flow hedging reserve			
6. Conversion differences of financial statements denominated in foreign currencies			
7. Others			
VI. Total comprehensive income		607,509,585.73	558,523,604.93
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

The chairman of the Company: HOU Juncheng
Head of Accounting Department: MA Nan

CFO of the Company: HOU Yameng

Consolidated Cash Flow Statement

January to June 2025

Unit: Yuan Currency: RMB

Item	Notes	H1 2025	H1 2024
I. Cash flows from operating activities:			
Cash receipts from sales of goods and rendering of services		6,013,187,328.26	5,188,493,822.96
Net increase in customer deposits and deposits from banks and other financial institutions			
Net increase in borrowings from the central bank			

Net increase in placements from other financial institutions			
Cash receipts from premiums under original insurance contracts			
Net cash receipts from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash receipts from interest, fees and commissions			
Net increase in placements from banks and other financial institutions			
Net increase of returned business capital			
Net cash receipts from securities trading agency services			
Receipts of tax refunds		2,201,499.78	706,235.61
Other cash receipts relating to operating activities	VII. 78	112,052,517.31	95,696,427.87
Subtotal of cash inflows from operating activities		6,127,441,345.35	5,284,896,486.44
Cash payments for goods purchased and services received		1,110,062,782.98	1,428,665,826.98
Net increase in loans and advances to customers			
Net increase in deposits with the central bank and other financial institutions			
Cash paid for compensation payments under original insurance contract			
Net increase in placements with banks and other financial institutions			
Cash payments for interest, fees and commissions			
Cash payments for policy dividends			
Cash payments to and on behalf of employees		515,977,828.09	435,062,730.66
Taxes and fees paid		573,014,836.83	578,999,517.56
Other cash payments relating to operating activities	VII. 78	2,635,056,555.79	2,180,065,616.85
Subtotal of cash outflows from operating activities		4,834,112,003.69	4,622,793,692.05
Net cash flows from operating activities		1,293,329,341.66	662,102,794.39
II. Cash flows from investing activities:			
Cash receipts from returns on investments			
Cash receipts from investments income			5,570,000.01

Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		196,323.67	1,831,479.00
Net cash receipts from the disposal of subsidiaries and other operating entities			
Other cash receipts relating to investing activities	VII. 78	102,075,000.00	300,000,000.00
Subtotal of cash inflows from investing activities		102,271,323.67	307,401,479.01
Cash payments for purchase and construction of fixed assets, intangible assets and other long-term assets		46,670,255.34	114,207,206.03
Cash payments for investments		229,740,000.00	
Net increase in pledged loans			
Net cash payments for acquisition of subsidiaries and other operating entities			
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		276,410,255.34	114,207,206.03
Net cash flows from investing activities		-174,138,931.67	193,194,272.98
III. Cash flows from financing activities:			
Cash receipts from capital contributions		286,400.00	125,051.00
Including: Cash receipts by subsidiaries from minority shareholders' investment		286,400.00	125,051.00
Cash receipts from borrowings			
Other cash receipts relating to financing activities			
Subtotal of cash inflows from financing activities		286,400.00	125,051.00
Cash payments for debt repayment			
Cash payments for distribution of dividends, profits or payment of interest expenses		472,596,233.39	352,238,406.92
Including: Dividends and profits paid by subsidiaries to minority shareholders		3,692,440.20	
Other cash payments relating to financing activities	VII. 78	4,851,682.75	156,733,266.64
Subtotal of cash outflows from financing activities		477,447,916.14	508,971,673.56
Net cash flows from financing activities		-477,161,516.14	-508,846,622.56
IV. Effect of changes in foreign exchange rates on cash and cash equivalents		627,861.53	-131,551.25
V. Net increase in cash and cash equivalents		642,656,755.38	346,318,893.56

Add: Opening balance of cash and cash equivalents		2,742,569,684.62	3,659,267,712.03
VI. Closing balance of cash and cash equivalents		3,385,226,440.00	4,005,586,605.59

The chairman of the Company: HOU Juncheng
Head of Accounting Department: MA Nan

CFO of the Company: HOU Yameng

Parent Company's Cash Flow Statement

January to June 2025

Unit: Yuan Currency: RMB

Item	Notes	H1 2025	H1 2024
I. Cash flows from operating activities:			
Cash receipts from sales of goods and rendering of services		2,753,908,479.31	2,462,318,871.31
Receipts of tax refunds			
Other cash receipts relating to operating activities		289,933,833.78	41,149,587.8
Subtotal of cash inflows from operating activities		3,043,842,313.09	2,503,468,459.11
Cash payments for goods purchased and services received		782,498,832.21	1,120,239,457.41
Cash payments to and on behalf of employees		243,592,098.89	221,756,428.15
Taxes and fees paid		299,215,772.27	320,479,322.60
Other cash payments relating to operating activities		713,794,379.56	534,201,388.16
Subtotal of cash outflows from operating activities		2,039,101,082.93	2,196,676,596.32
Net cash flows from operating activities		1,004,741,230.16	306,791,862.79
II. Cash flows from investing activities:			
Cash receipts from returns on investments			25,686,259.80
Cash receipts from investments income		9,200,158.27	5,570,000.01
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		46,323.67	1,119,759.00
Net cash receipts from the disposal of subsidiaries and other operating entities			
Other cash receipts relating to investing activities		51,000,000.00	300,000,000.00
Subtotal of cash inflows from investing activities		60,246,481.94	332,376,018.81
Cash payments for purchase and construction of fixed assets, intangible assets and other long-term assets		30,894,904.86	112,494,647.56
Cash payments for investments		235,326,614.82	5,550,640.00
Net cash payments for acquisition of subsidiaries and other operating entities			

Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		266,221,519.68	118,045,287.56
Net cash flows from investing activities		-205,975,037.74	214,330,731.25
III. Cash flows from financing activities:			
Cash receipts from capital contributions			
Cash receipts from borrowings			
Other cash receipts relating to financing activities			
Subtotal of cash inflows from financing activities			
Cash payments for debt repayment			
Cash payments for distribution of dividends, profits or payment of interest expenses		468,903,793.19	352,238,406.92
Other cash payments relating to financing activities		3,120,269.75	155,580,389.64
Subtotal of cash outflows from financing activities		472,024,062.94	507,818,796.56
Net cash flows from financing activities		-472,024,062.94	-507,818,796.56
IV. Effect of changes in foreign exchange rates on cash and cash equivalents			
V. Net increase in cash and cash equivalents		326,742,129.48	13,303,797.48
Add: Opening balance of cash and cash equivalents		1,622,509,857.26	2,472,028,148.09
VI. Closing balance of cash and cash equivalents		1,949,251,986.74	2,485,331,945.57

The chairman of the Company: HOU Juncheng
Head of Accounting Department: MA Nan

CFO of the Company: HOU Yameng

Consolidated Statements of Changes in Owners' Equity

January to June 2025

Unit: Yuan Currency: RMB

Item	H1 2025														
	Equity attributable to owners of the parent company												Minority interests	Total equity attributable to owners	
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others			Subtotal
Preference shares		Perpetual bonds	Others												
I. Closing 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 for previous errors															
Others															
II. Opening 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 or decrease in the current	91.00			-611.73	-6,174,052.65	-714,114.24	627,861.53				329,896,023.44		325,063,425.83	24,156,460.71	349,219,886.54

period ("-" for decrease)															
(I) Total comprehensive income							627,861.53				798,511,332.07		799,139,193.60	27,562,500.92	826,701,694.52
(II) Owner's contribution and capital reduction	91.00			-611.73	- 6,174,052.65								- 6,174,573.38	286,400.00	- 5,888,173.38
1. Ordinary shares contributed by owners														286,400.00	286,400.00
2. Capital contributions by other equity instrument holders															
3. Amount of share- based payments credited to owners' equity					- 6,175,328.26								- 6,175,328.26		- 6,175,328.26
4. Others	91.00			-611.73	1,275.61								754.88		754.88
(III) Profit distribution						- 714,114.24					- 468,615,308.63		- 467,901,194.39	- 3,692,440.21	- 471,593,634.60

1. Withdraw al of surplus reserve															
2. Withdraw al of general risk reserve															
3. Distributi on to owners (or sharehold ers)						- 714,114.2 4				- 468,615,30 8.63		- 467,901,19 4.39	- 3,692,440 .21	- 471,593,63 4.60	
4. Others															
(IV) Internal carry- forward of owners' equity															
1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus reserve to capital (or share capital)															

3. Surplus reserve to cover loss															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehe nsive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdraw al for the current period															
2. Utilizatio n for the current period															
(VI) Others															

IV. Closing balance for the current period	396,247,646.00			50,890,934.53	840,426,352.63	237,561,329.17	-84,277,085.01		198,411,582.50		4,562,999,809.42		5,727,137,910.90	108,329,826.60	5,835,467,737.50
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Item	H1 2024														
	Equity attributable to owners of the parent company													Minority interests	Total equity attributable to owners
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal		
Preference shares		Perpetual bonds	Others												
I. Closing 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															
Correction for previous errors															
Others															
II. Opening 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 or decrease	231.00			-1,559.11	889,428.89	151,692,295.26	-131,551.25				343,070,246.55		192,134,500.82	22,385,952.40	214,520,453.22

in the current period ("-" for decrease)															
(I) Total comprehensive income							131,551.25				701,671.374.89		701,539.823.64	22,260.901.40	723,800.725.04
(II) Owner's contribution and capital reduction	231.00			-1,559.11	889,428.89	153,062.20.18							152,174.119.40	125,051.00	152,049.068.40
1. Ordinary shares contributed by owners														125,051.00	125,051.00
2. Capital contributions by other equity instrument holders															
3. Amount of share-based payments credited to owners' equity					886,255.50								886,255.50		886,255.50
4. Others	231.00			-1,559.11	3,173.39	153,062.20.18							153,060.374.90		153,060.374.90

(III) Profit distributi on						- 1,369,924 .92					- 358,601,12 8.34		- 357,231,20 3.42		- 357,231,20 3.42
1. Withdraw al of surplus reserve															
2. Withdraw al of general risk reserve															
3. Distributi on to owners (or sharehold ers)						- 1,369,924 .92					- 358,601,12 8.34		- 357,231,20 3.42		- 357,231,20 3.42
4. Others															
(IV) Internal carry- forward of owners' equity															
1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus reserve to															

capital (or share capital)															
3. Surplus reserve to cover loss															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehe nsive income carried forward to retained earnings															
6. Others															
(V) Special reserve															
1. Withdraw al for the current period															
2. Utilizatio n for the current period															

(VI) Others															
IV. Closing balance for the current period	396,757,4 15.00			50,892,4 27.49	865,040,4 03.32	298,659,0 30.87	- 53,978,65 2.16		198,411,5 82.50		3,383,215, 737.14		4,541,679, 882.42	73,151,8 01.81	4,614,831, 684.23

The chairman of the Company: HOU Juncheng

CFO of the Company: HOU Yameng

Head of Accounting Department: MA Nan

Statement of Changes in Owners' Equity of the Parent Company
January to June 2025

Unit: Yuan Currency: RMB

Item	H1 2025										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehen sive income	Special reserve	Surplus reserve	Undistribu ted profits	Total equity attributabl e to owners
		Preference shares	Perpetual bonds	Others							
I. Closing balance of the previous year	396,247,55 5.00			50,891,546. 26	899,973,96 4.06	238,275,44 3.41	- 84,123,59 4.10		198,411,5 82.50	3,240,618, 780.75	4,463,744, 391.06
Add: Changes in accounting policies											
Correction for previous errors											
Others											
II. Opening balance of the current year	396,247,55 5.00			50,891,546. 26	899,973,96 4.06	238,275,44 3.41	- 84,123,59 4.10		198,411,5 82.50	3,240,618, 780.75	4,463,744, 391.06
III. Increase or decrease in the current period ("-" for decrease)	91.00			-611.73	- 6,174,052. 65	- 714,114.24				138,894,2 77.10	133,433,81 7.96
(I) Total comprehensive income										607,509,5 85.73	607,509,58 5.73

(II) Owner's contribution and capital reduction	91.00			-611.73	6,174,052.65						6,174,573.38
1. Ordinary shares contributed by owners											
2. Capital contributions by other equity instrument holders											
3. Amount of share-based payments credited to owners' equity					6,175,328.26						6,175,328.26
4. Others	91.00			-611.73	1,275.61						754.88
(III) Profit distribution						714,114.24				468,615,308.63	467,901,194.39
1. Withdrawal of surplus reserve											
2. Distribution to owners (or shareholders)						714,114.24				468,615,308.63	467,901,194.39
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover loss											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for the current period											
2. Utilization for the current period											

(VI) Others											
IV. Closing balance for the current period	396,247,64 6.00			50,890,934. 53	893,799,91 1.41	237,561,32 9.17	84,123,59 4.10	-	198,411,5 82.50	3,379,513, 057.85	4,597,178, 209.02

Item	H1 2024										
	Paid-up capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total equity attributable to owners
		Preference shares	Perpetual bonds	Others							
I. Closing balance of the previous year	396,757,18 4.00			50,893,986. 60	917,524,53 3.21	146,966,73 5.61	- 53,180,70 0.00		198,411,5 82.50	2,416,408, 547.32	3,779,848, 398.02
Add: Changes in accounting policies											
Correction for previous errors											
Others											
II. Opening balance of the current year	396,757,18 4.00			50,893,986. 60	917,524,53 3.21	146,966,73 5.61	- 53,180,70 0.00		198,411,5 82.50	2,416,408, 547.32	3,779,848, 398.02
III. Increase or decrease in the current period ("-" for decrease)	231.00			-1,559.11	889,428.88	151,692,29 5.26				199,922,4 76.59	49,118,282 .10
(I) Total comprehensive income										558,523,6 04.93	558,523,60 4.93
(II) Owner's contribution and capital reduction	231.00			-1,559.11	889,428.88	153,062,22 0.18					- 152,174,11 9.41
1. Ordinary shares contributed by owners											
2. Capital contributions by other equity instrument holders											
3. Amount of share-based payments credited to owners' equity					886,255.49						886,255.49

4. Others	231.00			-1,559.11	3,173.39	153,062,220.18					153,060,374.90
(III) Profit distribution						- 1,369,924.92				- 358,601,128.34	- 357,231,203.42
1. Withdrawal of surplus reserve											
2. Distribution to owners (or shareholders)						- 1,369,924.92				- 358,601,128.34	- 357,231,203.42
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Transfer of capital reserve to capital (or share capital)											
2. Transfer of surplus reserve to capital (or share capital)											
3. Surplus reserve to cover loss											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for the current period											
2. Utilization for the current period											
(VI) Others											
IV. Closing balance for the current period	396,757,415.00			50,892,427.49	918,413,962.09	298,659,030.87	- 53,180,700.00		198,411,582.50	2,616,331,023.91	3,828,966,680.12

The chairman of the Company: HOU Juncheng

CFO of the Company: HOU Yameng

Head of Accounting Department: MA Nan

III. General Information about the Company

1. Company profile

☒ Applicable" ☐ Not applicable"

Proya Cosmetics Co., Ltd. (hereinafter referred to as “Company” or the “Company”), formerly known as Proya (Huzhou) Cosmetics Co., Ltd., was registered in Huzhou Municipal Administration for Industry and Commerce on May 24, 2006. The Company is headquartered in Hangzhou, Zhejiang Province. The Company currently holds a business license with unified social credit code of 91330100789665033F, with a registered capital of RMB396,247,606 and paid-in capital of RMB396,247,646.00 (an increase of RMB40.00 due to pending industrial and commercial changes related to the conversion of convertible bonds). Among these, there are 842,520 A shares with restrictions in circulation, and 395,405,126 A shares with no restrictions in circulation. The shares of the Company were listed for trading on 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 external disclosure by the Company's fourth session of the Board of Directors at its sixth meeting on August 25, 2025.

IV. Preparation Basis of Financial Statements

1. Preparation basis

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

2. Going concern

☒ Applicable" ☐ Not applicable"

There are no matters or situations that may substantially affect the going-concern ability of the Company within 12 months since the end of the Reporting Period.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

☒ Applicable" ☐ Not applicable"

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

1. Statement of compliance with accounting standards for business enterprises

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

2. Accounting period

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

3. Operating cycle

☒ Applicable" ☐ Not applicable"

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

4. Functional currency

The Company and our domestic subsidiaries use RMB as the functional currency, while our overseas subsidiaries, such as Hapsode Co., Ltd., Hanna Cosmetics Co., Ltd., and OR Off&Relax choose the

currency of the main economic environment in which they operate as the functional currency since they engage in overseas operations.

5. Determination method and selection basis of importance criteria

"√ Applicable" "□ Not applicable"

Item	Importance criteria
Important accounts receivable for which individual bad debt provision has been made	The Company recognizes accounts receivable that individually exceed 0.3% of the total assets as important accounts receivable.
Reversal or recovery of bad debt provisions on important accounts receivable	The Company recognizes accounts receivable that individually exceed 0.3% of the total assets as important accounts receivable.
Important accounts receivable actually written off	The Company recognizes accounts receivable that individually exceed 0.3% of the total assets as important accounts receivable.
Important receivables financing for which individual impairment provision has been made	The Company recognizes receivables financing that individually exceed 0.3% of the total assets as important receivables financing.
Reversal or recovery of impairment provision for important receivables financing	The Company recognizes receivables financing that individually exceed 0.3% of the total assets as important receivables financing.
Important receivables financing actually written off	The Company recognizes receivables financing that individually exceed 0.3% of the total assets as important receivables financing.
Important other receivables for which individual bad debt provision has been made	The Company recognizes other receivables that individually exceed 0.3% of the total assets as important other receivables.
Reversal or recovery of bad debt provisions on important other receivables	The Company recognizes other receivables that individually exceed 0.3% of the total assets as important other receivables.
Important other receivables actually written off	The Company recognizes other receivables that individually exceed 0.3% of the total assets as important other receivables.
Important prepayments aged over 1 year	The Company recognizes prepayments that individually exceed 0.3% of the total assets as important prepayments.
Important construction in progress	The Company recognizes construction in progress that individually exceeds 0.3% of the total assets as important construction in progress.
Important accounts payable aged over 1 year	The Company recognizes accounts payable that individually exceed 0.3% of the total assets as important accounts payable.
Important other payables aged over 1 year	The Company recognizes other payables that individually exceed 0.3% of the total assets as important other payables.
Important receipts in advance aged over 1 year or overdue	The Company recognizes receipts in advance that individually exceed 0.3% of the total assets as important receipts in advance.
Important contract liabilities aged over 1 year	The Company recognizes contract liabilities that individually exceed 0.3% of the total assets as important contract liabilities.
Important estimated liabilities	The Company recognizes estimated liabilities that individually exceed 0.3% of the total assets as important estimated liabilities.
Important cash flows from investing activities	The Company recognizes cash flows from investing activities that individually exceed 5% of the total

	assets as important cash flows from investing activities.
Important overseas operating entities	The Company recognizes overseas operating entities with absolute value of contribution to total profit that exceeds 5% of the absolute value of consolidated total profits as important overseas operating entities.
Important subsidiaries and non-wholly-owned subsidiaries	The Company recognizes subsidiaries with absolute value of contribution to total profits that exceeds 5% of the absolute value of consolidated total profits as important subsidiaries or important non-wholly-owned subsidiaries.
Significant joint ventures, associates and joint operation	The Company recognizes joint ventures, associates and joint operations with absolute value of contribution to total profits that exceeds 5% of the absolute value of consolidated total profits as important joint ventures, associates and joint operations.
Important commitments	The Company recognizes commitments that have an impact on balance sheet items exceeding 1% of total assets or an impact on income statement items exceeding 5% of total profits as important commitments.
Important contingencies	The Company recognizes contingencies that have an impact on balance sheet items exceeding 1% of total assets or an impact on income statement items exceeding 5% of total profits as important contingencies.
Important events after the balance sheet date	The Company recognizes events after the balance sheet date that have an impact on balance sheet items exceeding 1% of total assets or an impact on income statement items exceeding 5% of total profits as important events after the balance sheet date.

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

"√ Applicable" "□ Not applicable"

1. Accounting treatment of business combination under common control

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

2. Accounting treatment of business combination not under common control

Where the cost of the combination exceeds the Company's fair value share of the acquiree's identifiable net assets as at the acquisition date, the Company recognizes such difference as goodwill. Where the cost of the combination is less than the Company's fair value share of the acquiree's identifiable net assets, the Company shall review the measurement of the fair value of the identifiable assets, liabilities, and contingent liabilities acquired from the acquiree, as well as the cost of combination. If, after such review, the cost of combination still remains lower than the fair value share of the acquiree's identifiable net assets, the difference shall be recognized in current profit or loss.

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

"√ Applicable" "□ Not applicable"

1. Judgment of control

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

2. Preparation of consolidated financial statements

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

(2) Accounting treatment of acquisition and disposal of or disposal and acquisition of equity of the same subsidiary in two consecutive accounting 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 right to control 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 arrangement and accounting treatment for joint operation

☒ Applicable" ☐ Not applicable"

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

2. When the Company is involved in a joint operation, the following items related to the share of interest in joint operation are recognized:

- (1) The solely-held assets, and jointly owned assets according to the shareholding;
- (2) The solely-assumed liabilities, and jointly undertaken liabilities according to the shareholding;
- (3) Income incurred from disposing of the Company's share of output under the joint operation;
- (4) Income incurred from disposing of assets of joint operation according to the Company's share;
- (5) The solely-incurred expenses, and expenses incurred from joint operation according to the Company's share.

9. Standards for determination of cash and cash equivalents

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

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

☒ Applicable" ☐ Not applicable"

1. Translation of foreign currency transactions

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

2. Translation of foreign currency financial statements

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

11. Financial instruments

"√ Applicable" "□ Not applicable"

1. Classification of financial assets and financial liabilities

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

Financial liabilities are divided into the following four categories during initial recognition: (1) financial liabilities measured at fair value with changes included in current profit or loss; (2) financial liabilities arising from failure of transfer of financial assets to meet the derecognition conditions or continued involvement in transferred financial assets; (3) financial guarantee contracts not belonging (1) or (2) above, and loan commitments that are given at a rate lower than the market interest rate, and not in the case described in (1) above; (4) financial liabilities measured at amortized cost.

2. Recognition basis, measurement method and derecognition conditions for financial assets and financial liabilities

(1) Recognition basis and initial measurement method for financial assets and financial liabilities

One financial asset or financial liability is recognized when the Company becomes one party of a financial instrument contract. The financial assets or financial liabilities are measured at the fair value during initial recognition. For financial assets and financial liabilities measured at fair value with changes included in current profit or loss, relevant transaction expenses are directly included in current profit or loss; for other kinds of financial assets or financial liabilities, relevant transaction expenses are included in the amount of initial recognition. However, where the accounts receivable initially recognized by the Company do not contain a significant financing component or the Company does not consider the financing component in the contract of less than one year, the initial measurement is made according to the transaction price defined in the *Accounting Standards for Business Enterprises No. 14 - Revenue*.

(2) Subsequent measurement method of financial assets

1) Financial assets measured at amortized cost

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

2) Debt instrument investment measured at fair value with changes included in other comprehensive income

The method of subsequent measurement at the fair value is adopted. The interest, impairment losses or gains, and exchange gains and losses based on the effective interest method are included in current profit or loss, and other gains or losses are included in other comprehensive income. During derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income to the current profit or loss.

3) Equity instrument investment measured at fair value with changes included in other comprehensive income

The method of subsequent measurement at the fair value is adopted. The dividends obtained (except for the part from investment cost recovery) shall be included in current profit or loss, and other gains or losses are included in other comprehensive income. During derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

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

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

(3) Subsequent measurement method of financial liabilities

1) Financial liabilities measured at fair value with changes included in current profit or loss

Such financial liabilities include financial liabilities held for trading (including derivative instruments belonging to financial liabilities) and those designated as financial liabilities measured at fair value with changes included in current profit or loss. Such financial liabilities are subsequently measured at fair value. The fair value changes of financial liabilities measured at fair value with change included in current profit or loss due to an adjustment in the Company's own credit risk are included in other comprehensive income, unless the treatment will cause or enlarge the accounting mismatch in the profit or loss. Other gains or

losses generated from such financial liabilities (including interest expense, except the fair value changes arising from the credit risk adjustment of the Company) shall be included in current profit or loss, unless the financial liabilities belong to part of the hedging relationship. During derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

2) For financial liabilities from failure of transfer of financial assets to meet the derecognition conditions or continued involvement in transferred financial assets, measurement shall be performed in accordance with the *Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets*.

3) Financial guarantee contracts not belonging to 1) or 2) above, and loan commitments that are given at a rate lower than the market interest rate, and not in the case described in 1) above

The subsequent measurement is made at the higher one of the following two amounts, after initial recognition: ① loss provisions determined according to regulations on impairment of financial instruments; ② balance of the initially recognized amount after deducting cumulative amortization recognized in accordance with the regulations set out in the *Accounting Standards for Business Enterprises No. 14 - Revenue*.

4) Financial liabilities measured at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

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

① The contract right to collect cash flow from the financial assets has been terminated;

② The financial assets have been transferred and such transfer meets the provisions for derecognition of financial assets in the *Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets*.

2) When the existing obligations under the financial liabilities (or part thereof) are released, such financial liabilities (or that part thereof) are derecognized.

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

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

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

4. Method of determining the fair value of financial assets and financial liabilities

The Company adopts valuation techniques appropriate to the prevailing circumstances with the support of sufficient data and other information available, to determine the fair value of relevant financial

assets and financial liabilities. The Company divides the inputs for the estimation technique into the following levels and uses them in turn:

(1) The input of the first level is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market;

(2) The input of the second level is the directly or indirectly observable input of related assets or liabilities except the input of the first level, including: the quotation of similar assets or liabilities in an active market; the quotation of the same or similar assets or liabilities in an inactive market; other observable inputs other than quotation, such as the interest rate and yield curves that can be observed during the normal quotation intervals; and the inputs for market validation;

(3) The input of the third level is the unobservable input of related assets or liabilities, including interest rates that cannot be observed directly or cannot be verified according to observable market data, stock volatility, future cash flows of retirement obligations borne during the business combination, and financial forecasts based on its own data.

5. Impairment of financial instruments

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

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the balance between all contractual cash flows discounted according to the original effective interest rate and receivables under contract by the Company and all cash flows expected to be collected, i.e. the present value of all cash shortages. In particular, the purchased or underlying financial assets of the Company with credit impairment incurred shall be discounted according to their effective interest rate upon credit adjustment.

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

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

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

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

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

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

The Company re-measures the expected credit loss on each balance sheet date, and the increased or reversed amount of the loss provision arising therefrom, as losses or gains from impairment, shall be included in current profit or loss. For financial assets measured at amortized cost, the loss provision deducts the book value of the financial assets listed in the balance sheet; for the debt investment measured

at fair value with changes included in other comprehensive income, the Company recognizes its loss provision in other comprehensive income without deducting the book value of the financial assets.

Recognition criteria and accrual methods for expected credit losses on receivables and contract assets:

1) Receivables and contract assets with expected credit losses accrued based on the portfolio of credit risk characteristics

Portfolio category	Basis for determining the portfolio	Method for measurement of expected credit loss
Bank acceptance notes receivable	Note type	Calculating the expected credit loss by the default risk exposure and the expected credit loss rate in the whole duration by referring to historical experience in credit loss and according to the current situation and the forecast on future economic conditions
Accounts receivable - aging portfolio	Account age	Calculating the expected credit loss by preparing a comparison table between age of accounts receivable and expected credit loss rate in referring to historical experience in credit loss and according to the current situation and the forecast on future economic conditions
Other receivables - aging portfolio	Account age	Calculating the expected credit loss by preparing a comparison table between age of other receivables and expected credit loss rate in referring to historical experience in credit loss and according to the current situation and the forecast on future economic conditions

2) Comparison table between age of aging portfolio and expected credit loss rate

Account age	Accounts receivable Expected credit loss rate (%)	Other receivables Expected credit loss rate (%)
Within 1 year (inclusive, same for below)	5.00	5.00
1-2 years	30.00	30.00
2-3 years	50.00	50.00
Above 3 years	100.00	100.00

The aging of accounts receivable / other receivables is calculated from the date of initial recognition.

3) Criteria for identifying receivables and contract assets for which expected credit losses are accrued on an individual basis

For receivables and contract assets with significantly different credit risk and credit risk portfolio, the Company accrues expected credit losses on an individual basis.

6. Offset of financial assets and financial liabilities

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

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

12. Notes receivable

"□ Applicable" "√Not applicable"

13. Accounts receivable

☒ Applicable" ☐ Not applicable"

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

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

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

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

Criteria for judgment of provision for bad debts accrued individually

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

14. Receivables financing

☒ Applicable" ☐ Not applicable"

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

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

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

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

Criteria for judgment of provision for bad debts accrued individually

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

15. Other receivables

☒ Applicable" ☐ Not applicable"

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

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

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

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

Criteria for judgment of provision for bad debts accrued individually

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

16. Inventory

☒ Applicable" ☐ Not applicable"

Inventory category, issue valuation method, inventory system, amortization of low-value consumables and packaging materials

☒ Applicable" ☐ Not applicable"

1. Classification of inventories

Inventories include finished goods or commodities held for sale in the ordinary course of business, goods in process during the production, materials and supplies consumed in the course of production and rendering of labor services.

2. Valuation method of delivered inventories

The moving weighted average method is adopted for delivered inventories.

3. Inventory system

The Company adopts a perpetual inventory system.

4. Amortization of low-value consumables and packaging materials

(1) Low-value consumables

Amortization is performed by the immediate write-off method.

(2) Packaging materials

Amortization is performed by the immediate write-off method.

Recognition criteria and accrual methods of provision for devaluation of inventories

☒ Applicable" ☐ Not applicable"

At the balance sheet date, inventories are measured at the lower of cost and net realizable value, and provision for devaluation of inventories is made based on the difference between a cost and its net realizable value. The net realizable value of inventories directly for sale is determined by the amount of the estimated selling price after deducting the estimated sales expenses and relevant taxes during the ordinary course of production and business; the net realizable value of inventories required to be processed is determined by the amount of the estimated selling price of the finished products after deducting the estimated cost to be incurred to completion, the estimated sales expenses and relevant taxes during the ordinary course of production and business. On the balance sheet date, the net realizable value is determined separately for the two parts of the same inventory with or without contract price, and is compared with the relevant costs to separately determine the amount withdrawn or reversed for provision for inventory depreciation.

Portfolio category and determination basis for accruing inventory depreciation reserves according to portfolios, and determination basis for the net realizable value of different categories of inventories

☐ Applicable" ☒ Not applicable"

Calculation method and determination basis for the net realizable value of each inventory age portfolio based on the inventory age

☐ Applicable" ☒ Not applicable"

17. Contract assets

☒ Applicable" ☐ Not applicable"

Recognition methods and standards of contract assets

☒ Applicable" ☐ Not applicable"

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

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

☒ Applicable" ☐ Not applicable"

Refer to "11. Financial instruments" in "V. Significant Accounting Policies and Accounting Estimates" of "Section VIII Financial Report" of this report for details.

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

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

Criteria for judgment of provision for bad debts accrued individually

☒ Applicable" ☐ Not applicable"

Refer to “11. Financial instruments” in “V. Significant Accounting Policies and Accounting Estimates” of “Section VIII Financial Report” of this report for details.

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

☐ Applicable" ☒ Not applicable"

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

☐ Applicable" ☒ Not applicable"

Identification criteria and presentation methods for discontinued operations

☐ Applicable" ☒ Not applicable"

19. Long-term equity investments

☒ Applicable" ☐ Not applicable"

1. Joint control and significant influence criterion

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

2. Determination of investment cost

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

The Company judges whether the item is a “package deal” via long-term equity investment formed by business combination under common control through multiple transactions. For the “package deal”, multiple deals are subject to accounting treatment as one deal with control rights having been acquired. For items that do not belong to the “package deal”, the initial investment cost is determined on the basis of the share with reference to the book value of the net assets of the combined party in the consolidated financial statements of the ultimate controlling party after combination on the combination date. The difference between initial investment cost of long-term equity investment on the combination date and the sum of the carrying amount of long-term equity investment before combination and book value of newly paid consideration for additional shares acquired on the combination date is to adjust capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings are adjusted.

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

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

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

2) In the consolidated financial statements, the item is determined whether it is a “package deal”. For the “package deal”, multiple deals are subject to accounting treatment as one deal with control rights having been acquired. For items that do not belong to the “package deal”, the equity of the acquiree held before the acquisition date is re-measured at the fair value of this equity on the acquisition date, and the difference between the fair value and its book value is included in the current investment income. If the equity of the acquiree held before the acquisition date is related to other comprehensive income under the equity method, the other related comprehensive income is converted into the current income on the acquisition date, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

(3) For cases other than business combination: if it is acquired with cash, the initial investment cost shall be the actual payment. If it is acquired through issuing equity securities, the initial investment cost is the fair value of the equity securities in issue. If it is acquired through debt restructuring, the initial investment cost is determined based on the *Accounting Standards for Business Enterprises No. 12 - Debt Restructuring*. If it is acquired through the exchange of non-monetary assets, the initial investment cost is determined based on the *Accounting Standards for Business Enterprises No. 7 - Exchange of Non-monetary Assets*.

3. Subsequent measurement and recognition of profit or loss

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

4. Treatment of step-by-step disposal through several transactions until the loss of control of investment in subsidiaries

(1) Principles for determining whether a transaction is a “package deal”

In the event of a step-by-step disposal of equity investments in subsidiaries through several transactions until the loss of control, the Company determines whether the step-by-step transaction is a “package deal” by taking into account the terms of the transaction agreement for each step of the step-by-step transaction, the disposal consideration obtained, the object of the disposal, the method of disposal, and the point of time of the disposal, among other information. The terms, conditions and economic effects of individual transactions generally indicate that multiple transactions are a “package deal” when one or more of the following conditions are met:

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

(2) Accounting treatment that is not a “package deal”

1) Individual financial statements

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

2) Consolidated financial statements

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

When control over the original subsidiary is lost, the remaining equity is re-measured at fair value as at the date on which the control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity minus the share of the net assets of the original subsidiary proportionate to the original shareholding accumulated from the date of acquisition or merger is included in investment gains of the period during which the control is lost, and meanwhile, the goodwill is offset. Other comprehensive income related to the equity investment in the original subsidiary is transferred to investment gains of the period during which the control is lost.

(3) Accounting treatment belonging to “package deal”

1) Individual financial statements

Accounting treatment is made by taking each transaction as one transaction disposing the subsidiary and losing the control right. However, the difference between each disposal consideration before the control is lost and the book value of the long-term equity investment corresponding to the disposal of investment is recognized as other comprehensive income in the individual financial statements, and is transferred to profit or loss of the period during which the control is lost upon loss of control.

2) Consolidated financial statements

Accounting treatment is made by taking each transaction as one transaction disposing the subsidiary and losing the control right. However, the difference between each disposal consideration before the control is lost and the share of net assets of said subsidiary corresponding to the disposal of investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to profit or loss of the period during which the control is lost upon loss of control.

20. Investment property

(1) In case of cost measurement model:

Depreciation or amortization method

1. Investment property include leased land use rights, land use rights held for transfer upon appreciation, and rental buildings.

2. The cost method is employed for initial measurement of investment property, and cost model for subsequent measurement. Depreciation or amortization shall be withdrawn using the same method as that for fixed assets and intangible assets.

21. Fixed assets

(1) Conditions for recognition

☒ Applicable" ☐ Not applicable"

Fixed assets are tangible assets that are held for the sake of production of goods, rendering of services, lease or business management, with a service life of more than one accounting year. A fixed asset is recognized when related economic benefits are likely to flow into the Company and the cost of this fixed asset can be measured reliably.

(2) Method for depreciation

☒ Applicable" ☐ Not applicable"

Category	Method for depreciation	Useful lives of depreciation (year)	Residual value	Annual depreciation rate
Houses and buildings	Straight-line method	10 or 30	5%	9.50% or 3.17%
General equipment	Straight-line method	3-10	5%	31.67%-9.50%
Dedicated equipment	Straight-line method	5-10	5%	19.00%-9.50%
Transportation vehicles	Straight-line method	5	5%	19.00%

22. Construction in progress

☒ Applicable" ☐ Not applicable"

1. Construction in progress is recognized when the following conditions are satisfied at the same time: economic benefits are likely to flow into the Company; and the costs of such construction in progress can be measured reliably. Construction in progress is measured at the actual cost incurred to make the assets ready for their intended use.

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

Category	Standards and timings for converting construction in progress to fixed assets
Dedicated equipment	Meet the design requirements or the standards stipulated in the contract after installation and commissioning
Houses and buildings	When the physical construction has been fully completed or substantially completed and can be put into use

23. Borrowing costs

☒ Applicable" ☐ Not applicable"

1. Criteria for recognition of capitalized borrowing costs

For borrowing costs incurred by the Company that are directly attributable to the acquisition and construction or production of assets qualified for capitalization, the costs will be capitalized and included in the costs of the related assets. Other borrowing costs shall be recognized as expenses as they are incurred and are included in current profit or loss.

2. Capitalization period of borrowing costs

(1) Capitalization of borrowing costs begins when the following three conditions are fully satisfied: 1) expenditures for the assets have been incurred; 2) borrowing costs have been incurred; 3) acquisition and construction or production that are necessary to make the assets ready for the intended use or sale have begun.

(2) Where abnormal interruption of the assets eligible for capitalization occurs during the acquisition and construction or production process and such interruption has lasted for more than 3 consecutive months, the capitalization of borrowing costs is suspended; the borrowing costs during the interruption are recognized as expenses of the current period till resumption of acquisition and construction or production of the assets.

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

3. Capitalization rate and amount of borrowing costs

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

24. Biological assets

☐ Applicable" ☒ Not applicable"

25. Oil and gas assets

☐ Applicable" ☒ Not applicable"

26. Intangible assets

(1) Useful life and the basis for its determination, estimation, amortization methods or review procedures

☒ Applicable" ☐ Not applicable"

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

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

Item	Useful life and basis for determination	Amortization method
Land use rights	Useful life determined based on property ownership registration period: 40–50 years	Straight-line method
Non-patented technologies	Useful life determined based on expected benefit period: 5 years	Straight-line method
Office software	Useful life determined based on expected benefit period: 3–10 years	Straight-line method
Patent right	Useful life determined based on expected benefit period: 5 years	Straight-line method
Customer resources	Useful life determined based on expected benefit period: 3 years	Straight-line method
Trademark rights	Useful life determined based on legal protection period: 10 years	Straight-line method

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

"√ Applicable" "□ Not applicable"

1. Collection scope of R&D expenditures

(1) Labor costs

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

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

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

(2) Direct input costs

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

(3) Depreciation expenses 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 incurred in the process of reconstruction, modification, decoration and repair of R&D facilities, which are collected according to the actual expenditures and amortized evenly by stages within the prescribed period.

(4) Amortization expenses of intangible assets

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

(5) Entrusted external R&D expenses

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

(6) Others expenses

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

2. Expenses incurred during the research phase of internal R&D projects are included in current profit or loss when actually incurred. Expenses incurred during the development phase of internal R&D projects are recognized as intangible assets when all of the following conditions are satisfied: (1) it is technically feasible to complete the intangible assets so that it will be available for use or sale; (2) there is an intention to complete the intangible assets for use or sale; (3) the intangible assets can produce economic benefits, including that there is evidence that the products produced using the intangible assets has a market or the intangible assets itself has a market; if the intangible assets is for internal use, there is evidence that there exists usage for the intangible assets; (4) there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible assets, and there is capability to use or sell the intangible assets; (5) the expenses attributable to the development phase of the intangible assets can be measured reliably.

27. Impairment of long-term assets

☒ Applicable" ☐ Not applicable"

For such long-term assets as long-term equity investment, investment property measured by the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with limited useful life, in case that there are signs indicating impairment on the balance sheet date, the recoverable amount shall be estimated. Whether there is a sign of impairment or not, the goodwill acquired in the business combination and intangible assets with indefinite useful life is tested for impairment each year. The impairment test on goodwill is carried out in combination with its related asset group or asset group portfolio.

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

28. Long-term deferred expenses

☒ Applicable" ☐ Not applicable"

The long-term deferred expenses involve all expenses already paid with amortization period of more than 1 year (excluding 1 year). Long-term deferred expenses are recorded at the actual amount incurred and are amortized equally over the period of benefit or over a specified period. If the long-term deferred expenses cannot provide benefit to future accounting periods, then all of the amortized value of the unamortized long-term deferred expenses are transferred into current profit or loss.

29. Contract liabilities

☒ Applicable" ☐ Not applicable"

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

30. Employee compensation

(1) Accounting treatment for short-term compensation

☒ Applicable" ☐ Not applicable"

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

(2) Accounting treatment for post-employment benefits

"√ Applicable" "□ Not applicable"

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

(1) During the accounting period when employees provide service for the Company, the amount to be deposited as calculated according to the defined contribution plan shall be recognized as liabilities, and will be included in current profit or loss or the costs of the related assets.

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

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

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

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

(3) Accounting treatment for termination benefits

"√ Applicable" "□ Not applicable"

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

(4) Accounting treatment for other long-term employees' benefits

"√ Applicable" "□ Not applicable"

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

31. Estimated liabilities

"√ Applicable" "□ Not applicable"

1. The obligations imposed by contingencies, such as providing external guarantee, lawsuits, product quality assurance and onerous contracts, become the current obligations assumed by the Company, which are determined by the Company as estimated liabilities when their performance is very likely to result in economic benefit outflow from the Company and their amount can be measured reliably.

2. The estimated liabilities are initially measured by the Company based on the optimal estimate to be paid for performing relevant current obligations and their book value are reviewed on the balance sheet date.

32. Share-based Payments

"√ Applicable" "□ Not applicable"

1. Types of share-based payments

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

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

(1) Equity-settled share-based payment expenses

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

The equity-settled share-based payments exchanged for services of other parties are measured as per the fair value of the services of other parties on the date of acquisition if its reliable measurement is possible. If the reliable measurement of the fair value of other parties' services is impossible, but that of the equity instruments is possible, it will be measured as per the fair value of the equity instruments on the date of acquiring the services and are included in relevant costs or expenses, and the owner's equity is increased accordingly.

(2) Cash-settled share-based payment expenses

These cash-settled share-based payments vested immediately after the grant date and exchanged for employee services shall be included in relevant costs or expenses as per the fair value of the liabilities assumed by the Company on the grant date, and the liabilities shall be increased accordingly. For these cash-settled share-based payments that are vested only after the services within the waiting period are completed or the specified performance conditions are satisfied and that are exchanged for employee services, the services acquired in the current period shall be included in relevant costs or expenses and corresponding liabilities as per the fair value of the liabilities assumed by the Company based on the optimal estimate of the vesting conditions on each balance sheet date within the waiting period.

(3) Modifying and terminating the share-based payment scheme

If the modification increases the fair value of the granted equity instruments, the Company recognizes the increase of the acquired services according to the increase of the fair value of the equity instruments. If the modification increases the number of the granted equity instruments, the Company recognizes the increased fair value of the equity instruments as the increase of the acquired services accordingly. If the Company modifies the vesting conditions in a way favorable to employees, the Company considers the modified vesting conditions when dealing with the vesting conditions.

If the modification decreases the fair value of the granted equity instruments, the Company continues to recognize the amount of the acquired services according to the fair value of the equity instruments on the grant date, without taking into account the decrease of the fair value of the equity instruments. If the modification decreases the number of the granted equity instruments, the Company treats the decreased part as cancellation of the granted equity instruments. If the Company modifies the vesting conditions in a way unfavorable to employees, the Company will not consider the modified vesting conditions when dealing with the vesting conditions.

If the Company cancels or settles the granted equity instruments within the waiting period (other than the cancellation arising from failure to meet the vesting conditions), the cancellation or settlement is regarded as accelerated vesting treatment to immediately recognize the amount that should be recognized within the remaining waiting period.

33. Preference shares, perpetual bonds and other financial instruments

"√ Applicable" "□ Not applicable"

According to the relevant standards for financial instruments and Regulations on the *Accounting Treatment of Perpetual Bonds* (CK [2019] No. 2), for financial instruments such as convertible corporate bonds issued, the Company shall classify 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 or equity instruments.

On the balance sheet date, for financial instruments classified as equity instruments, the accounting treatment for interest expense or dividend distribution as the Company's profit distribution, and for repurchase, cancellation, etc. as changes in equity is carried out; for financial instruments classified as financial liabilities, the accounting treatment for interest expense or dividend distribution as borrowing costs is carried out, and the gains or losses from repurchase or redemption are included in current profit or loss.

34. Revenue

(1) Accounting policy applied for recognition and measurement of revenues disclosed by business type

"√ Applicable" "□ Not applicable"

1. Revenue recognition principle

The Company shall, on the commencement date of the contract, evaluate the contract, identify the individual performance obligations provided in the contract and determine whether to perform them within a period or at a time point.

The performance obligations shall be deemed to be performed within a period if one of the following conditions is satisfied, otherwise, it will be deemed to be performed at a time point: (1) the customer acquires and consumes the economic benefits brought by the Company's performance while the Company is performing its obligations; (2) the customer is capable to control the commodities in progress during the Company's performance; (3) the commodities produced during the Company's performance have irreplaceable purpose and the Company has the right to collect the amounts for the performance part already completed to date within the whole contract term.

For the obligations performed within a period, the Company shall recognize the revenue according to the performance progress in that period. If the performance progress cannot be determined in a reasonable way, but the incurred costs are expected to be reimbursed, the revenue shall be recognized according to the incurred amount of costs until the performance progress can be determined in a reasonable way. For the obligations performed at a time point, the revenue shall be recognized at the time of the customer's acquiring the control of related commodities or services. The Company shall take into account the following when judging whether the customer has acquired the commodity control: (1) the Company has the current right for collection, namely the customer has the current obligation for payment with respect to the commodity; (2) the Company has transferred the legal title of the commodity to the customer, namely the customer has possessed the legal title of the commodity; (3) the Company has transferred the physical commodity to the customer, namely the customer has physical possession of the commodity; (4) the Company has passed the main risks and return on the commodity's title to the customer, namely the customer has acquired the same; (5) the customer has accepted the commodity; and (6) there is other information indicating that the customer has acquired the commodity control.

2. Revenue measurement principle

(1) The Company shall measure the revenue according to the transaction price apportioned to the individual performance obligations. The transaction price refers to the consideration amount of which the Company is expected to have right for collection due to transfer of commodities or services to the customer, excluding the amounts charged on behalf of the third party and expected to refund to the customer.

(2) In case of variable consideration in the contract, the Company shall determine the optimal estimate of the variable consideration according to the expected value or the amount most likely to be incurred, while the transaction price including the variable consideration shall not exceed the amount under the circumstance where the accumulatively recognized revenue will be highly unlikely to suffer major reversal when relevant uncertainties are eliminated.

(3) In case of major financing composition in the contract, the Company shall determine the transaction price according to the payable amount assumed to be paid by the customer in cash immediately after he acquires the control of the commodities or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method within the contract term. If the Company expects, on the commencement date of the contract, that the interval between the customer's acquisition of the control of the commodities or services and its payment is not more than one year, the major financing composition in the contract shall not be taken into account.

(4) In case of two or more performance obligations in the contract, the Company shall, on the commencement date of the contract, apportion the transaction price to the individual performance obligations according to the relative proportion of the individual sales price of the commodities undertaken as per the individual performance obligations.

(2) Different business models for similar businesses involve different revenue recognition and measurement methods

☒ Applicable" ☐ Not applicable"

The Company mainly sells cosmetics. It has different sales models classified as distribution, direct selling 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 selling

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 grants

☒ Applicable" ☐ Not applicable"

1. Government grants are recognized when all of the following conditions are satisfied: (1) the Company is able to meet the conditions attached to the government grants; (2) the Company is able to receive the government grants. In case of government grants as monetary assets, they shall be measured as per the amount received or receivable. In case of government grants as non-monetary assets, they shall be measured as per the fair value; in case that the fair value cannot be acquired in a reliable way, they shall be measured as per the nominal amount.

2. Basis of determination and accounting treatment for government grants related to assets

These government grants that are used for purchasing and constructing or otherwise forming long-term assets as specified in government documents are classified as government grants related to assets. In case of no provision in government documents, the government grants shall be determined on the basis of the essential condition required for obtaining the grants, and shall be considered as related to assets if the essential condition is purchasing and constructing or otherwise forming long-term assets. The government grants related to assets shall offset the book value of relevant assets or be recognized as deferred income. If the government grants related to assets are recognized as deferred income, they shall be included in the profit or loss in a reasonable and systematic way within the useful life of relevant assets. The government grants measured as per the nominal amount shall be directly included in current profit or loss. If related assets are sold, transferred, scrapped or damaged before the end of their useful life, the related deferred income balance unallocated shall be transferred into the current profit or loss of assets disposal.

3. Basis of determination and accounting treatment for government grants related to income

The government grants other than those related to assets are classified as government grants related to income. If it is difficult to distinguish whether the government grants containing both the part related to assets and the part related to income are related to assets or income, they shall be entirely classified as the government grants related to income. The government grants related to income that are used for compensation for relevant costs or losses in subsequent periods shall be recognized as deferred income, and included in current profit or loss or offset relevant costs in the period in which relevant costs or losses are recognized; those used for compensation for relevant costs or losses that have incurred shall be directly included in current profit or loss or offset relevant costs.

4. The government grants related to daily business activities of the Company shall be included in other income or offset relevant costs according to the nature of the economic business. The government

grants unrelated to the daily activities of the Company shall be included in non-operating income and expenses.

37. Deferred income tax assets or liabilities

☒ Applicable" ☐ Not applicable"

1. According to the difference between the book value of the assets and liabilities and their tax basis (if the tax basis of the items recognized not as assets and liabilities can be determined according to the provisions of the tax law, the difference between that tax basis and their carrying amount), the deferred income tax assets or liabilities shall be calculated and recognized according to the tax rate applicable in the period where it is expected to recover the assets or liquidate the liabilities.

2. Deferred income tax assets are recognized to the extent that it is very likely to obtain the taxable income to deduct the deductible temporary differences. If on the balance sheet date, there are conclusive evidence proving that it is very likely to obtain sufficient taxable income in future periods to deduct the deductible temporary differences, the deferred income tax assets not recognized yet in previous accounting periods shall be recognized.

3. If the book value of the deferred income tax assets is reviewed on the balance sheet date and it is very likely to not obtain sufficient taxable income in future periods to deduct their benefits, the book value of the deferred income tax assets shall be written down. When it is very likely to obtain sufficient taxable income, the amount written down shall be reversed.

4. The current income tax and deferred income tax of the Company are included in current profit or loss as the income tax expense or income, except for the income tax arising from the following circumstances: (1) business combination; (2) transaction or matters recognized directly in the owner's equity.

5. Where the following conditions are met simultaneously, the Company will present the deferred income tax assets and deferred income tax liabilities at the net amount after offset: (1) the Company has a legal right to settle the current income tax assets and liabilities on a net basis; (2) the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxpayer, or different taxpayers. However, in the future, for each significant period of deferred income tax assets and liabilities being reversed, the involved taxable entity intends to either settle current income tax assets and liabilities on a net basis, or to acquire the assets and settle the liabilities simultaneously.

38. Lease

☒ Applicable" ☐ Not applicable"

Basis of judgment and accounting treatment of the Company as the lessee for short-term leases and low-value asset leases subject to simplified treatment

☒ Applicable" ☐ Not applicable"

On the commencement date of the lease term, the Company recognizes leases with a lease term not exceeding 12 months and no purchase option as short-term leases; leases with low value when individual leased assets are brand-new assets are recognized as low-value asset leases. If the Company subleases or is expected to sublease the leased assets, the original lease is not recognized as a lease of low-value assets.

For all short-term leases and low-value asset leases, the Company records the lease payments in the cost of related assets or the current profit or loss.

Except for the above-mentioned short-term leases and low-value asset leases that adopt simplified treatment, the Company recognizes leases as right-of-use assets and lease liabilities, on the commencement date of the lease term.

(1) Right-of-use assets

Right-of-use assets are initially measured at cost which includes: 1) the initial measurement amount of lease liabilities; 2) the lease payments made on or before the commencement date of the lease term, deducting the amounts related to the lease incentive given if there is a lease incentive; 3) the initial direct costs incurred by the lessee; 4) the estimated costs to be incurred by the lessee to dismantle and remove leased assets, restore the site where the leased assets are located, or restore the leased assets to the condition agreed upon in the lease terms.

The Company depreciates right-of-use assets by the straight-line method. If it can be reasonably determined that the ownership of the leased assets will be acquired at the expiration of the lease term, the Company shall accrue depreciation over the remaining useful life of the leased assets. If it cannot be reasonably determined that the ownership of the leased assets can be acquired at the expiration of the lease

term, the Company shall accrue depreciation over the lease term or the remaining useful life of the leased assets, whichever is shorter.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes the present value of the outstanding lease payments as lease liabilities. When calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate. If the interest rate implicit in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. The difference between the lease payment and its present value is regarded as the unrecognized financing expense, and the interest expense is recognized in each period of the lease term according to the discount rate of the present value of the recognized lease payment, and is included in current profit or loss. Variable lease payments that are not included in the measurement of lease liabilities are included in current profit or loss when actually incurred.

After the commencement date of the lease term, when there is a change in the actual amount of fixed payment, a change in the estimated payable amount of the guaranteed residual value, a change in the index or ratio used to determine the lease payment amount, or a change in the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company re-measures the lease liabilities according to the present value of the changed lease payments, and adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount shall be included in current profit or loss.

Classification and accounting treatment of the Company as the lessor for leases

☒ Applicable" ☐ Not applicable"

On the commencement date of the lease term, the Company classifies the leases that have almost all the risks and rewards related to the ownership of the leased assets substantially transferred as financial leases, and other leases as operating leases.

(1) Operating lease

During each period of the lease term, the Company recognizes the lease receipts as rental income by the straight-line method, capitalizes the initial direct expenses incurred and amortizes the expenses on the same basis as for rental income recognition, to be included in current profit or loss in installments. The variable lease payments obtained by the Company related to operating leases but not included in the lease receipts are included in current profit or loss when actually incurred.

(2) Financial lease

On the commencement date of the lease term, the Company recognizes the financial lease receivables based on the net lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received on the commencement date of the lease term discounted at the interest rate implicit in the lease), and derecognizes financial lease assets. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate implicit in the lease.

The variable lease payments received by the Company that are not included in the measurement of net lease investment are included in current profit or loss when actually incurred.

39. Other significant accounting policies and accounting estimates

☒ Applicable" ☐ Not applicable"

Accounting treatment related to repurchasing the Company's shares

If the Company's shares are acquired due to reasons such as reducing registered capital or rewarding employees, the actual amount paid is treated as treasury shares and recorded for future reference. Where the repurchased shares are canceled, the difference between the total face value of the shares calculated based on the face value and number of canceled shares and the actual amount paid for the repurchase will be offset against the capital reserve. If the capital reserve is insufficient to be offset, the retained earnings will be offset. Where the repurchased shares are rewarded to employees of the Company as equity-settled share-based payments, the cost of treasury shares delivered to employees and the cumulative amount of capital reserves (other capital reserves) during the waiting period is charged off when employees exercise their rights to purchase shares of the Company and relevant payments are received, and the capital reserves (share premium) are also adjusted according to the difference.

40. Changes in significant accounting policies and accounting estimates**(1) Changes in significant accounting policies**

☐ Applicable" ☒ Not applicable"

(2) Changes in significant accounting estimates

☐ Applicable" ☒ Not applicable"

(3) Adjustments to financial statements at the beginning of the year relating to the initial adoption of the new accounting standards or interpretation of standards since 2025

☐ Applicable" ☒ Not applicable"

41. Others

☐ Applicable" ☒ Not applicable"

VI. Taxes**1. Major tax types and tax rates**

Particulars on major tax types and tax rates

☒ Applicable" ☐ Not applicable"

Tax type	Taxing basis	Tax rate
Value-added tax (VAT)	The output tax is calculated on the basis of the income from sales of products and taxable income from rendering of services calculated according to the provisions of the tax law. The difference between the output tax and the amount after deducting the input tax which is allowed to be deductible in the current period is the payable VAT.	13%, 9%, 6%, 1%
Consumption tax	Taxable sales (volume)	15%
Property tax	In case of ad valorem taxation, it is calculated and paid as per 1.2% of the remaining value after 30% of the original value of the property is deducted in a lump sum; in case of taxation according to lease, it is calculated and paid as per 12% of the rental income.	12%, 1.2%
Urban maintenance and construction tax	Actual turnover tax paid	7%, 5%
Education surcharge	Actual turnover tax paid	3%
Surcharge for local education	Actual turnover tax paid	2%
Enterprise income tax	Taxable income	[Note]

[Note]: Descriptions on tax payers with different enterprise income tax rates

If there are taxpayers with different enterprise income tax rates, details will be disclosed

☒ Applicable" ☐ Not applicable"

Name of taxpayer	Income tax rate (%)
The Company	15
Hangzhou Proya Trade Co., Ltd.	25
Anya (Huzhou) Cosmetics Co., Ltd.	25
Yueqing Laiya Trading Co., Ltd.	25
Mijing Siyu (Hangzhou) Cosmetics Co., Ltd.	25
Zhejiang Meiligu Electronic Commerce Co., Ltd.	25
Huzhou Chuangdai E-commerce Co., Ltd.	25
Hangzhou CORRECTORS Trade Co., Ltd.	25
Hapsode (Hangzhou) Cosmetics Co., Ltd.	25
Huzhou Hapsode Trading Co., Ltd.	25

Ningbo TIMAGE Cosmetics Co., Ltd.	25
Ningbo Tangyu Trading Co., Ltd.	25
Proya (Zhejiang) Cosmetics Co., Ltd.	25
Hanna Cosmetics Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in South Korea
Hapsode Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in South Korea
Hong Kong Keshi Trading Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Xinghuo Industry Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Wanyan Electronic Commerce Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Zhongwen Electronic Commerce Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Hong Kong Xuchen Trading Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Boya (Hong Kong) Investment Management Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China
Proya Europe SARL	Relevant taxes are calculated and paid according to local tax regulations in Luxembourg
OR Off&Relax	Relevant taxes are calculated and paid according to local tax regulations in Japan
PROYA PTE. LTD	Relevant taxes are calculated and paid according to local tax regulations in Singapore
PROYA BEAUTY MALAYSIA SDH. BHD.	Relevant taxes are calculated and paid according to local tax regulations in Malaysia
Proya EUROPE SAS	Relevant taxes are calculated and paid according to local tax regulations in France
Tax payers other than the above	20

2. Tax preference

"√ Applicable" "□ Not applicable"

The Company passed the high-tech enterprise review on December 8, 2023 and obtained the high-tech enterprise certificate, which is valid for 3 years. The preferential period of enterprise income tax is from 2023 to 2025. The Company was subject to the enterprise income tax at the preferential rate of 15% during the Reporting Period.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Additional Value-Added Tax Credit 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 allowed to deduct an additional 5% of the current deductible input VAT from the VAT payable. The Company qualifies for and enjoys the policy for advanced manufacturing enterprises.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Policies of Income Tax for Micro and Small Enterprises* (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration) and the *Announcement on Preferential Policies of Income Tax for Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration), the subsidiaries Huzhou Niuke Technology Co., Ltd., Xuzhou Laibo Information Technology Co., Ltd., Ningbo Jingzhe Cosmetics Co., Ltd., and Hangzhou Weiluohe Cosmetics Co., Ltd. meet the tax standards for small low-profit enterprises. Thus, the portion of taxable income not exceeding RMB1 million in the current period is reduced by 25% to be included in the taxable income and the enterprise income tax is paid by such subsidiaries at the rate of 20%, and the portion of taxable income exceeding RMB1 million but not exceeding RMB3 million in the current period is also reduced by 25% to be included in the taxable income and the enterprise income tax is also paid by such subsidiaries at the rate of 20%.

According to the *Announcement on Further Implementing the “Six Taxes and Two Fees” Reduction and Exemption Policies for Micro and Small Enterprises* (Announcement No. 10 [2022] of the Ministry of Finance and the State Taxation Administration), the subsidiaries Huzhou UZERO Trading Co., Ltd., Hangzhou Proya Commercial Management Co., Ltd., and 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. Thus, urban maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities trading stamp tax), farmland occupation tax, education surcharges, or surcharges for local education shall be subject to the reduced tax rate of 50% or less.

According to the *Announcement on Exempting Small-Scale Value-Added Tax Taxpayers from Value-Added Tax* (Announcement No. 19 [2023] of the Ministry of Finance and the State Taxation Administration), the subsidiaries Hangzhou Luxiaotie Fitness Co., Ltd. meet the tax conditions of small-scale VAT taxpayers. Thus, small-scale VAT taxpayers are exempted from VAT if their monthly sales are less than RMB100,000 (inclusive), and taxable sales income subject to a 3% levy rate is reduced by 1% levy rate to levy VAT.

According to the *Circular of the Ministry of Finance, and the State Taxation Administration on the Taxation Policy for Cross-border E-commerce Retail Exports* (CS (2013) No. 96), the 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 exporters, and are eligible to enjoy VAT and consumption tax refund (exemption).

3. Others

☐ Applicable ☒ Not applicable

VII. Notes to the Items in Consolidated Financial Statements

1. Monetary capital

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB		
Item	Closing balance	Opening balance
Cash on hand	8,307.93	9,229.11
Cash at bank	4,552,887,381.90	4,017,352,725.93
Other monetary capital	79,630,303.02	64,764,461.80
Deposits with finance companies		
Total	4,632,525,992.85	4,082,126,416.84
Of which: Total cash deposited outside China	157,412,710.37	118,098,472.97

Other explanations

As of the end of the Reporting Period, restricted funds included: Large-denomination certificates of deposit: RMB1,240,357,805.54; Judicially frozen funds: RMB3,416,733.86; Time deposit margin for transformer: RMB250,000.00; ETC deposit classified under other monetary capital: RMB70,000.00; Deposit for directly-operated store: RMB3,205,013.45.

At the beginning of the period, restricted funds included: Large-denomination certificates of deposit: RMB1,327,741,986.16; Judicially frozen funds: RMB3,416,733.86; Time deposit margin for transformer: RMB250,000.00; and ETC deposit classified under other monetary capital: RMB70,000.00; Pinduoduo deposit: RMB5,298,890.00; Deposit for directly-operated store: RMB2,779,122.20.

2. Financial assets held for trading

☐ Applicable ☒ Not applicable

3. Derivative financial assets

☐ Applicable ☒ Not applicable

4. Notes receivable

(1) Presentation of notes receivable by category

☐ Applicable" ☒ Not applicable"

(2) Notes receivable pledged by the Company at the end of the period

☐ Applicable" ☒ Not applicable"

(3) Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

☐ Applicable" ☒ Not applicable"

(4) Disclosed by classification of bad debt provisions

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued individually:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued by portfolio:

☐ Applicable" ☒ Not applicable"

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable" ☒ Not applicable"

Classification basis and provision ratio of provision for bad debts for each stage

None

Explanation on significant changes in book balance of notes receivable with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

(5) Information on provision for bad debts

☐ Applicable" ☒ Not applicable"

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

(6) Information on notes receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein, information on write-off of important notes receivable:

☐ Applicable" ☒ Not applicable"

Explanation on the write-off of notes receivable:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

5. Accounts receivable**(1) Disclosed by account age**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Account age	Closing book balance	Opening book balance
Within 1 year (inclusive)	446,642,941.50	544,412,381.63
Including: Within 1 year	446,642,941.50	544,412,381.63
1-2 years	371,065.89	314,688.33
2-3 years	178,342.92	1,088,678.56
Above 3 years	9,745,044.13	9,459,313.78
3-4 years		
4-5 years		
Above 5 years		
Total	456,937,394.44	555,275,062.30

(1) Disclosed by classification of bad debt provisions

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)		Amount	Percentage (%)	Amount	Provision ratio (%)	
Provision for bad debts accrued individually	5,875,500.42	1.29	5,875,500.42	100.00		5,681,306.63	1.02	5,681,306.63	100.00	
Including:										
Provision for bad debts accrued individually	5,875,500.42	1.29	5,875,500.42	100.00		5,681,306.63	1.02	5,681,306.63	100.00	
Provision for bad debts accrued by portfolio	451,061,894.02	98.71	26,402,182.05	5.85	424,659,711.97	549,593,755.67	98.98	31,639,168.55	5.76	517,954,587.12
Including:										
Aging portfolio	451,061,894.02	98.71	26,402,182.05	5.85	424,659,711.97	549,593,755.67	98.98	31,639,168.55	5.76	517,954,587.12
Total	456,937,394.44	/	32,277,682.47	/	424,659,711.97	555,275,062.30	/	37,320,475.18	/	517,954,587.12

Provision for bad debts accrued individually:

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance			
	Book balance	Provision for bad debts	Provision ratio (%)	Reason for provision
Provision for bad debts accrued individually	5,875,500.42	5,875,500.42	100.00	Expected to be unrecoverable
Total	5,875,500.42	5,875,500.42	100.00	/

Explanation on provision for bad debts by item:

"□ Applicable" "√ Not applicable"

Provision for bad debts accrued by portfolio:

☒ Applicable ☐ Not applicable

Provision by portfolio: aging portfolio

Unit: Yuan Currency: RMB

Item	Closing balance		
	Book balance	Provision for bad debts	Provision ratio (%)
Within 1 year	446,642,941.50	22,332,147.11	5.00
1-2 years	371,065.89	111,319.77	30.00
2-3 years	178,342.92	89,171.46	50.00
Above 3 years	3,869,543.71	3,869,543.71	100.00
Total	451,061,894.02	26,402,182.05	5.85

Explanation on provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

Classification basis and provision ratio of provision for bad debts for each stage

None

Explanation on significant changes in book balance of accounts receivable with changes in provision for loss in the current period:

☐ Applicable ☒ Not applicable

(2) Information on provision for bad debts

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provision	Withdrawal or write-back	Charge-off or write-off	Other changes	
Provision for bad debts accrued individually	5,681,306.63	194,193.79				5,875,500.42
Provision for bad debts accrued by portfolio	31,639,168.55	- 4,014,299.95			1,222,686.55	26,402,182.05
Total	37,320,475.18	- 3,820,106.16			1,222,686.55	32,277,682.47

[Note] Other changes during the current period refer to the disposal of the 100% equity interest in Zhejiang Beauty Cosmetics Co., Ltd., resulting in a decrease of RMB1,222,686.55 in the provision for bad debts on accounts receivable.

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(3) Information on accounts receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Among them, information on accounts receivable significantly written off

☐ Applicable" ☒ Not applicable"

Explanation on the write-off of the accounts receivable:

☐ Applicable" ☒ Not applicable"

(4) Information on accounts receivable and contract assets of the top five closing balances collected by debtor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Beijing Jingdong Century Trading Co., Ltd.	377,518,697.07		377,518,697.07	82.62	18,875,934.85
Vipshop (China) Co., Ltd.	29,020,781.76		29,020,781.76	6.35	1,451,039.08
Zhejiang Haochao Network Technology Co., Ltd.	12,550,002.05		12,550,002.05	2.75	627,500.10
Chongqing Pinwei E-Commerce Co., Ltd.	7,014,457.53		7,014,457.53	1.54	350,722.88
Fujian Sanfu Apparel Co., Ltd.	3,246,334.30		3,246,334.30	0.71	162,316.72
Total	429,350,272.71		429,350,272.71	93.97	21,467,513.63

Other explanations

None

Other explanations:

☐ Applicable" ☒ Not applicable"

6. Contract assets

(1) Information on contract assets

☐ Applicable" ☒ Not applicable"

(2) Significant changes in book value during the Reporting Period and the reasons thereof

☐ Applicable" ☒ Not applicable"

(3) Disclosed by classification of bad debt provisions

☐ Applicable ☒ Not applicable

Provision for bad debts accrued individually:

☐ Applicable ☒ Not applicable

Explanation on provision for bad debts by item:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

Classification basis and provision ratio of provision for bad debts for each stage

None

Explanation on significant changes in book balance of contract assets with changes in provision for loss in the current period:

☐ Applicable ☒ Not applicable

(4) Information on provision for bad debts of contract assets accrued in the current period

☐ Applicable ☒ Not applicable

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(5) Information on contract assets actually written off in the current period

☐ Applicable ☒ Not applicable

Wherein, information on write-off of important contract assets:

☐ Applicable ☒ Not applicable

Explanation on write-off of contract assets:

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

7. Receivables financing**(1) Presentation of receivables financing by category**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	1,221,062.00	
Total	1,221,062.00	

(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 and not yet due on the balance sheet date

☐ Applicable ☒ Not applicable

(4) Disclosed by classification of bad debt provisions

☐ Applicable ☒ Not applicable

Provision for bad debts accrued individually:

☐ Applicable ☒ Not applicable

Explanation on provision for bad debts by item:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

Classification basis and provision ratio of provision for bad debts for each stage

None

Explanation on significant changes in book balance of receivables financing with changes in provision for loss in the current period:

☐ Applicable ☒ Not applicable

(5) Information on provision for bad debts

☐ Applicable ☒ Not applicable

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(6) Information on receivables financing actually written off in the current period

☐ Applicable ☒ Not applicable

Wherein, write-off of important receivables financing:

☐ Applicable ☒ Not applicable

Explanation on write-off:

☐ Applicable ☒ Not applicable

(7) Information on changes in the current period of receivables financing and changes in fair value:

☐ Applicable ☒ Not applicable

(8) Other explanations:

☐ Applicable ☒ Not applicable

8. Prepayments**(1) Presentation of prepayments by account age**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Account age	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	248,231,921.00	97.71	221,486,974.88	98.93
1-2 years	3,716,816.89	1.46	1,742,907.69	0.78
2-3 years	1,754,632.59	0.69	559,429.73	0.25
Above 3 years	352,332.50	0.14	90,076.37	0.04
Total	254,055,702.98	100.00	223,879,388.67	100.00

Explanation on reasons why prepayments aged over one year and a significant amount are not settled in time:

None

(2) Information on prepayments of the top five closing balances collected by prepaid objects

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Company name	Closing balance	Percentage of the total closing balance of prepayments (%)
Shanghai Vision Star Co., Ltd.	36,090,714.87	14.21
Hangzhou Alimama Software Service Co., Ltd. [Note 1]	30,051,223.55	11.83
Guangxi Jingdong Qingchuan E-commerce Co., Ltd. [Note 2]	26,282,824.41	10.35
Wuhan Juliang Xingtu Technology Co., Ltd. [Note 3]	20,623,134.31	8.12
Shanghai Yixin Culture Media Co., Ltd.	11,759,054.41	4.63
Total	124,806,951.55	49.14

Other explanations:

[Note 1] Consolidated statistics of companies under common control, including Hangzhou Alimama Software Service Co., Ltd. And Zhejiang Alibaba Communication 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 Hubei Juliang Engine Technology Co., Ltd. and Wuhan Juliang Xingtu Technology Co., Ltd.

Other explanations

☐ Applicable ☒ Not applicable

9. Other receivables

Presentation by item

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	113,728,869.70	9,869,822.71
Total	113,728,869.70	9,869,822.71

Other explanations:

☐ Applicable ☒ Not applicable

Interest receivable

(1) Classification of interest receivable

☐ Applicable ☒ Not applicable

(2) Significant overdue interest

☐ Applicable ☒ Not applicable

(3) Disclosed by classification of bad debt provisions

☐ Applicable ☒ Not applicable

Provision for bad debts accrued individually:

☐ Applicable ☒ Not applicable

Explanation on provision for bad debts by item:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

(4) Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

(5) Information on provision for bad debts

☐ Applicable ☒ Not applicable

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(6) Information on interest receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Among them, information on interest receivable significantly written off

☐ Applicable ☒ Not applicable

Explanation on write-off:

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

Dividends receivable

(7) Dividends receivable

☐ Applicable ☒ Not applicable

(8) Important dividends receivable aged over one year

☐ Applicable ☒ Not applicable

(9) Disclosed by classification of bad debt provisions

☐ Applicable ☒ Not applicable

Provision for bad debts accrued individually:

☐ Applicable ☒ Not applicable

Explanation on provision for bad debts by item:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

(10) Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

(11) Information on provision for bad debts

☐ Applicable ☒ Not applicable

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(12) Dividends receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Among them, information on dividends receivable significantly written off

☐ Applicable ☒ Not applicable

Explanation on write-off:

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

Other receivables

(13) Disclosed by account age

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Account age	Closing book balance	Opening book balance
Within 1 year (inclusive)	118,700,268.61	8,169,679.79
Including: Within 1 year	118,700,268.61	8,169,679.79
1-2 years	2,857,150.62	2,757,016.92
2-3 years	458,496.00	357,430.09
Above 3 years	31,642,913.55	31,600,762.86
3-4 years		
4-5 years		
Above 5 years		
Total	153,658,828.78	42,884,889.66

(14) Information on classification by nature of payment

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Closing book balance	Opening book balance
Equity transfer payment	107,840,000.00	
Suspense payment receivables	32,255,641.69	26,993,854.60
Security deposits	11,950,671.19	14,015,875.84

Reserve funds	706,613.21	119,490.16
Others	905,902.69	1,755,669.06
Total	153,658,828.78	42,884,889.66

(15) Information on provision for bad debts

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment 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 into the second stage	-142,857.53	142,857.53		
– Transferred into the third stage		-21,075.35	21,075.35	
– Transferred back to the second stage				
– Transferred back to the first stage				
Amount accrued in the current period	5,611,383.96	137,505.63	1,194,612.11	6,943,501.70
Amount written-back in the current period				
Amount charged-off in the current period				
Amount written-off in the current period	8,609.57		20,000.00	28,609.57
Other changes				
Balance as of June 30, 2025	5,868,400.84	1,086,392.89	32,975,165.35	39,929,959.08

Classification basis and provision ratio of provision for bad debts for each stage

None

Explanation on significant changes in book balance of other receivables with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

The amount of provision for bad debts in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly:

☐ Applicable" ☒ Not applicable"

(16) Information on provision for bad debts

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provision	Withdrawal or write-back	Charge-off or write-off	Other changes	
Provision for bad debts accrued individually	25,716,049.90	1,271,341.86				26,987,391.76
Provision for bad debts accrued by portfolio	7,299,017.05	5,672,159.84		28,609.57		12,942,567.32
Total	33,015,066.95	6,943,501.70		28,609.57		39,929,959.08

Among them, significant amount of bad-debt provision written back or withdrawn in the current period:

"□ Applicable" "√ Not applicable"

Other explanations

None

(17) Information on other receivables actually written-off in the current period

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Written off amount
Other receivables actually written off	28,609.57

Among them, information on write-off of other important receivables:

"□ Applicable" "√ Not applicable"

Explanation on write-off of other receivables:

"□ Applicable" "√ Not applicable"

(18) Information on other receivables of the top five closing balances collected by debtor

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Company name	Closing balance	As a proportion of total closing balance in other receivables (%)	Nature of payment	Account age	Closing balance of provision for bad debts
Zhejiang Dadao Qiyun Group Co., Ltd.	99,990,000.00	65.07	Equity transfer payment	Within 1 year	4,999,500.00
EURL PHARMATICA	18,397,282.14	11.97	Suspense payment receivables	Above 3 years	18,397,282.14
SIKEROM EUROPE GMBH	8,590,109.62	5.59	Suspense payment receivables	Above 3 years	8,590,109.62

Meilie (Hangzhou) Network Technology Co., Ltd.	7,457,500.00	4.85	Equity transfer payment	Within 1 year	372,875.00
Hangzhou Property Service and Maintenance Fund Management Center	4,708,614.72	3.06	Security deposits	Above 3 years	4,708,614.72
Total	139,143,506.48	90.54	/	/	37,068,381.48

(19) Presented as other receivables due to centralized fund management

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

10. Inventory**(1) Classification of inventories**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for devaluation of inventories/Impairment provision of contract performance cost	Book value	Book balance	Provision for devaluation of inventories/Impairment provision of contract performance cost	Book value
Raw materials	40,250,150.02	3,557,906.17	36,692,243.85	45,032,279.00	3,188,808.69	41,843,470.31
Packaging materials	26,081,188.50	3,331,852.89	22,749,335.61	36,170,512.87	2,468,567.76	33,701,945.11
Goods in process	26,021,035.51	2,512,671.88	23,508,363.63	17,373,287.09	812,798.37	16,560,488.72
Outsourcing gifts	20,276,710.48	1,721,889.91	18,554,820.57	16,841,778.88	825,636.21	16,016,142.67
Inventory commodities	575,077,391.30	60,728,849.70	514,348,541.60	616,144,739.85	72,818,643.02	543,326,096.83
Low-value consumables	13,604,760.08	590,579.84	13,014,180.24	10,360,216.97	398,207.24	9,962,009.73
Total	701,311,235.89	72,443,750.39	628,867,485.50	741,922,814.66	80,512,661.29	661,410,153.37

(2) Data resources recognized as inventory

☐ Applicable ☒ Not applicable

(3) Provision for devaluation of inventories and impairment provision of contract performance cost

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Provision	Others	Write-back or charge-off	Others	
Raw materials	3,188,808.69	879,631.18		54,363.09	456,170.61	3,557,906.17
Packaging materials	2,468,567.76	1,139,962.91		117,002.48	159,675.30	3,331,852.89
Goods in process	812,798.37	2,387,164.11		120,099.02	567,191.58	2,512,671.88
Outsourcing gifts	825,636.21	1,515,923.57		619,669.87		1,721,889.91
Inventory commodities	72,818,643.02	25,243,364.57		37,323,026.57	10,131.32	60,728,849.70
Low-value consumables	398,207.24	266,960.63		74,588.03		590,579.84
Total	80,512,661.29	31,433,006.97		38,308,749.06	1,193,168.81	72,443,750.39

[Note] Other decreases during the current period refer to the disposal of the 100% equity interest in Zhejiang Beauty Cosmetics Co., Ltd., resulting in a reduction of RMB1,193,168.81 in provision for devaluation of inventories.

Reasons for the reversal or write-off of provision for devaluation 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 devaluation of inventories was accrued based on the difference between the cost and the net realizable value; In the current period, the Company consumed, sold or scrapped some of the inventories of which the Company had already accrued provisions for devaluation, so the provisions for devaluation was charged off in the current period.

Provision for devaluation of inventories accrued by portfolio

☐ Applicable ☒ Not applicable

Accrual standards for provision for devaluation of inventories accrued by portfolio

☐ Applicable ☒ Not applicable

(4) Capitalized amount of borrowing costs included in closing balance of inventories and its calculation standard and basis

☐ Applicable ☒ Not applicable

(5) Explanation on current amortization amount of contract performance cost

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

11. Assets held for sale

☐ Applicable ☒ Not applicable

12. Non-current assets due within one year

☐ Applicable ☒ Not applicable

Debt investments due within one year

☐ Applicable ☒ Not applicable

Other debt investments due within one year

☐ Applicable" ☒ Not applicable"

Other explanations on non-current assets due within one year

None

13. Other current assets

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Contract acquisition cost		
Return cost receivable	6,311,485.46	5,370,864.86
Input VAT to be deducted	72,473,991.77	102,375,817.29
Advance payment of taxes	22,172,844.24	10,370,746.03
Total	100,958,321.47	118,117,428.18

Other explanations:

None

14. Debt investments**(1) Information on debt investments**

☐ Applicable" ☒ Not applicable"

Changes in impairment provisions of debt investments in the current period

☐ Applicable" ☒ Not applicable"

(2) Significant debt investments at the end of the period

☐ Applicable" ☒ Not applicable"

(3) Information on accrual of impairment provisions

☐ Applicable" ☒ Not applicable"

Classification basis and provision ratio of impairment provisions for each stage

None

Explanation on significant changes in book balance of debt investments with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

Amount of impairment provision accrued in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly:

☐ Applicable" ☒ Not applicable"

(4) Information on debt investments actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein, write-off of important debt investments

☐ Applicable" ☒ Not applicable"

Explanation on write-off of debt investments:

☐ Applicable" ☒ Not applicable"

Other explanations:

None

15. Other debt investments**(1) Information on other debt investments**

☐ Applicable ☒ Not applicable

Changes in impairment provisions of other debt investments in the current period

☐ Applicable ☒ Not applicable

(2) Important other debt investments at the end of the period

☐ Applicable ☒ Not applicable

(3) Information on accrual of impairment provisions

☐ Applicable ☒ Not applicable

(4) Information on other debt investments actually written off in the current period

☐ Applicable ☒ Not applicable

Wherein, write-off of important other debt investments

☐ Applicable ☒ Not applicable

Explanation on write-off of other debt investments:

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

16. Long-term receivables**(1) Information on long-term receivables**

☐ Applicable ☒ Not applicable

(2) Disclosed by classification of bad debt provisions

☐ Applicable ☒ Not applicable

Provision for bad debts accrued individually:

☐ Applicable ☒ Not applicable

Explanation on provision for bad debts by item:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

(3) Information on provision for bad debts

☐ Applicable ☒ Not applicable

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(4) Information on long-term receivables actually written off in the current period

☐ Applicable" ☒ Not applicable"

Wherein, write-off of important long-term receivables

☐ Applicable" ☒ Not applicable"

Explanation on write-off:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

17. Long-term equity investments**(1) Information on long-term equity investments**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Investee	Opening balance (book value)	Opening balance of provision for impairment	Changes in the current period								Closing balance (book value)	Closing balance of provision for impairment
			Additional investment	Investment decrease	Recognized investment gain and loss under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
I. Joint Venture												
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,263,226.71				-2,286.47						3,260,940.24	
Subtotal	3,263,226.71				-2,286.47						3,260,940.24	
II. Associates												
Xiongke Culture Media (Hangzhou) Co., Ltd.	2,599,909.82				-150.84						2,599,758.98	
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	81,442,213.22			-308,644.34							81,442,213.22
Beijing Xiushi Cultural Development Co., Ltd.	3,721,446.38				-109,672.23						3,611,774.15	
Subtotal	107,827,588.99	81,442,213.22		103,062,570.22	1,446,514.36						6,211,533.13	81,442,213.22
Total	111,090,815.70	81,442,213.22		103,062,570.22	1,444,227.89						9,472,473.37	81,442,213.22

(2) Information on impairment test of long-term equity investments

☐ Applicable" ☒ Not applicable"

Other explanations

None

18. Other equity instrument investments**(1) Information on other equity instrument investments**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Opening balance	Changes in the current period					Closing balance	Dividend income recognized in the current period	Accumulated gains recognized in other comprehensive income	Accumulated losses recognized in other comprehensive income	Reason for designation as measured at fair value through other comprehensive income
		Additional investment	Investment decrease	Gains recognized in other comprehensive income in the current period	Losses recognized in other comprehensive income in the current period	Others					
Hangzhou Regenovo Biotechnology Co., Ltd.	20,580,000.00						20,580,000.00				
LIPOTRUE,S.L.	35,822,400.00						35,822,400.00				
Golong Holdings Co., Ltd.	14,854,595.18						14,854,595.18				
Total	71,256,995.18						71,256,995.18				/

(2) Explanation on derecognition in the current period

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

19. Other non-current financial assets

☐ Applicable" "☒Not applicable"

20. Investment property

Measurement mode of investment property

(1) Investment property with the cost measurement mode

Unit: Yuan Currency: RMB

Item	Building and construction	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	78,781,143.26			78,781,143.26
2. Amount increased in the current period				
(1) Outsourcing				
(2) Transfer-in of inventories, fixed assets, or construction in progress				
(3) Increase due to business combination				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	78,781,143.26			78,781,143.26
II. Accumulated depreciation and amortization				
1. Opening balance	15,243,700.06			15,243,700.06
2. Amount increased in the current period	997,018.94			997,018.94
(1) Provision or amortization	997,018.94			997,018.94
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	16,240,719.00			16,240,719.00
III. Impairment provision				
1. Opening balance				
2. Amount increased in the current period				
(1) Provision				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Book value				
1. Closing book value	62,540,424.26			62,540,424.26
2. Opening book value	63,537,443.20			63,537,443.20

(2) Information on investment property with pending property right certificate:

☐ Applicable" "☒Not applicable"

(3) Information on impairment test of investment property with the cost measurement mode

☐ Applicable" ☒ Not applicable"

Other explanations

☐ Applicable" ☒ Not applicable"

21. Fixed assets**Presentation by item**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	878,906,277.66	907,224,090.94
Disposal of fixed assets		
Total	878,906,277.66	907,224,090.94

Other explanations:

None

Fixed assets**(1) Information on fixed assets**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Houses and buildings	General equipment	Dedicated equipment	Transportation vehicles	Total
I. Original book value:					
1. Opening 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	2,135,197.40	3,661,281.73	5,973,072.26	358,592.92	12,128,144.31
(1) Purchase	1,672,768.04	3,661,281.73	2,254,525.65	358,592.92	7,947,168.34
(2) Transfer-in of construction in progress	462,429.36		3,718,546.61		4,180,975.97
(3) Increase due to business combination					
3. Amount decreased in the current period		2,090,120.34	927,076.71	130,534.30	3,147,731.35
(1) Disposal or scrapping		2,040,756.64	831,727.33	91,629.19	2,964,113.16
(2) Disposal of subsidiary – transfer out		49,363.70	95,349.38	38,905.11	183,618.19
4. Closing balance	770,119,092.91	91,391,957.97	445,794,692.29	35,907,808.86	1,343,213,552.03
II. Accumulated depreciation					
1. Opening balance	179,070,321.60	57,262,857.16	166,611,676.44	22,726,660.67	425,671,515.87
2. Amount increased in the current period	15,648,958.69	4,626,251.10	17,475,731.64	1,935,559.63	39,686,501.06

(1) Provision	15,648,958.69	4,626,251.10	17,475,731.64	1,935,559.63	39,686,501.06
3. Amount decreased in the current period		1,472,377.35	820,363.29	95,534.18	2,388,274.82
(1) Disposal or scrapping		1,453,678.20	790,140.97	87,047.73	2,330,866.90
(2) Disposal of subsidiary – transfer out		18,699.15	30,222.32	8,486.45	57,407.92
4. Closing balance	194,719,280.29	60,416,730.91	183,267,044.79	24,566,686.12	462,969,742.11
III. Impairment provision					
1. Opening 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. Closing balance			1,337,532.26		1,337,532.26
IV. Book value					
1. Closing book value	575,399,812.62	30,975,227.06	261,190,115.24	11,341,122.74	878,906,277.66
2. Opening book value	588,913,573.91	32,557,939.42	272,799,488.04	12,953,089.57	907,224,090.94

(2) Information on temporarily idle fixed assets

☐ Applicable" ☒ Not applicable"

(3) Fixed assets leased out through operating lease

☐ Applicable" ☒ Not applicable"

(4) Information on fixed assets with pending property right certificate

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Book value	Reason for pending property right certificate
Expansion of Huzhou Production Base	146,499,558.62	The property right certificate is still being processed
Longwu R&D Center	86,149,937.99	The property right certificate is still being processed
Subtotal	232,649,496.61	

(5) Information on impairment test of fixed assets

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

Disposal of fixed assets

☐ Applicable ☒ Not applicable

22. Construction in progress**Presentation by item**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	86,718,518.58	74,585,001.38
Engineering materials		
Total	86,718,518.58	74,585,001.38

Other explanations:

None

Construction in progress**(1) Information on construction in progress**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Huzhou Production Base Expansion Project (Phase I)	31,816,305.66		31,816,305.66	32,051,823.08		32,051,823.08
Information System Upgrade Project	8,297,094.35		8,297,094.35	8,800,900.03		8,800,900.03
Proya Smart Factory Project	38,749,453.97		38,749,453.97	25,481,733.49		25,481,733.49
Longwu R&D Center Construction Project				2,790,268.17		2,790,268.17
Other sporadic projects	7,855,664.60		7,855,664.60	5,460,276.61		5,460,276.61
Total	86,718,518.58		86,718,518.58	74,585,001.38		74,585,001.38

(2) Information on changes in important construction in progress projects in the current period

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Project name	Budget	Opening balance	Increased amount in the current period	Amount of transfer to fixed assets in the current period	Amount of other decreases in the current period	Closing balance	Proportion of accumulated project investment to budget (%)	Progress of project	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in the current period	Interest capitalization rate in the current period (%)	Source of funds

Huzhou Production Base Expansion Project (Phase I)	RMB416.7833 million	32,051,823.08	1,542,200.33	1,072,041.88	705,675.87	31,816,305.66	92.40	92.40%	21,167,901.12			Raised funds and self-owned funds
Information System Upgrade Project	RMB112.395 million	8,800,900.03	5,279,686.31	2,210,673.09	3,572,818.90	8,297,094.35	82.54	82.54%	7,490,302.88	732,960.05	4.57	Raised funds and self-owned funds
Proya Smart Factory Project	RMB1,091.39 million	25,481,733.49	13,267,720.48			38,749,453.97	3.55	3.55%				Self-owned funds
Total	RMB1,620.5683	66,334,456.60	20,089,607.12	3,282,714.97	4,278,494.77	78,862,853.98	/	/	28,658,204.00	732,960.05	/	/

(3) Information on impairment provision of construction in progress accrued in the current period

☐ Applicable ☒ Not applicable

(4) Information on impairment test of construction in progress

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

Engineering materials

☐ Applicable ☒ Not applicable

23. Productive biological assets**(1) Productive biological assets with the cost measurement mode**

☐ Applicable ☒ Not applicable

(2) Information on impairment test of productive biological assets with the cost measurement mode

☐ Applicable ☒ Not applicable

(3) Productive biological assets with fair value measurement mode

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

24. Oil and gas assets**(1) Information on oil and gas assets**

☐ Applicable ☒ Not applicable

(2) Information on impairment test of oil and gas assets

☐ Applicable ☒ Not applicable

Other explanations:

None

25. Right-of-use assets**(1) Information on right-of-use assets**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Houses and buildings	Total
I. Original book value		
1. Opening balance	25,848,363.48	25,848,363.48
2. Amount increased in the current period	9,457,944.98	9,457,944.98
(1) Lease-in	9,457,944.98	9,457,944.98
3. Amount decreased in the current period		
4. Closing balance	35,306,308.46	35,306,308.46
II. Accumulated depreciation		
1. Opening balance	11,306,697.98	11,306,697.98
2. Amount increased in the current period	2,690,209.80	2,690,209.80
(1) Provision	2,690,209.80	2,690,209.80
3. Amount decreased in the current period		
(1) Disposal		
4. Closing balance	13,996,907.78	13,996,907.78
III. Impairment provision		
1. Opening balance		
2. Amount increased in the current period		
(1) Provision		
3. Amount decreased in the current period		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Closing book value	21,309,400.68	21,309,400.68
2. Opening book value	14,541,665.50	14,541,665.50

(2) Information on impairment test of right-of-use assets

"□ Applicable" "√ Not applicable"

Other explanations:

None

26. Intangible assets**(1) Information on intangible assets**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Land use rights	Office software	Patent right	Non-patented technologies	Customer resources	Trademark rights	Total
I. Original book value							
1. Opening 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		2,918,048.25	100,000.00				3,018,048.25
(1) Purchase		2,918,048.25	100,000.00				3,018,048.25
(2) Internal R&D							
(3) Increase due to business combination							
3. Amount decreased in the current period		62,123.89					62,123.89
(1) Disposal							
(2) Disposal of subsidiary – transfer out		62,123.89					62,123.89
4. Closing balance	508,120,530.10	38,087,425.87	567,589.70	563,293.07	12,833,684.00	39,897,000.00	600,069,522.74
II. Accumulated amortization							
1. Opening balance	116,280,368.20	27,293,944.41	438,867.92	551,728.00	12,833,684.00	10,320,148.70	167,718,741.23
2. Amount increased in the current period	6,360,838.18	2,337,357.10	3,804.08			1,994,850.00	10,696,849.36
(1) Provision	6,360,838.18	2,337,357.10	3,804.08			1,994,850.00	10,696,849.36
3. Amount decreased in the current period		62,123.89					62,123.89
(1) Disposal							
(2) Disposal of subsidiary – transfer out		62,123.89					62,123.89
4. Closing balance	122,641,206.38	29,569,177.62	442,672.00	551,728.00	12,833,684.00	12,314,998.70	178,353,466.70
III. Impairment provision							
1. Opening balance							
2. Amount increased in the							

current period							
(1) Provision							
3. Amount decreased in the current period							
(1) Disposal							
4. Closing balance							
IV. Book value							
1. Closing book value	385,479,323.72	8,518,248.25	124,917.70	11,565.07		27,582,001.30	421,716,056.04
2. Opening book value	391,840,161.90	7,937,557.10	28,721.78	11,565.07		29,576,851.30	429,394,857.15

At the end of the current period, the proportion of intangible assets formed through internal R&D of the Company to the balance of intangible assets is 0.00%.

(2) Data resources recognized as intangible assets

☐ Applicable ☒ Not applicable

(3) Information on land use rights with pending property right certificate

☐ Applicable ☒ Not applicable

(4) Information on impairment test of intangible assets

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

27. Goodwill

(1) Original book value of goodwill

☐ Applicable ☒ Not applicable

(2) Impairment provision of goodwill

☐ Applicable ☒ Not applicable

(3) Information about the asset group or combination of asset groups of goodwill

☐ Applicable ☒ Not applicable

Changes to the asset group or combination of asset groups

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

(4) Specific methods for determining the recoverable amount

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

☐ Applicable" ☒ Not applicable"

The recoverable amount is determined based on the present value of expected future cash flows

☐ Applicable" ☒ Not applicable"

Reasons for significant discrepancies between the aforementioned information and the information used in previous years' impairment tests or external information

☐ Applicable" ☒ Not applicable"

Reasons for significant discrepancies between the information used in previous years' impairment tests of the Company and the actual situation of the current year

☐ Applicable" ☒ Not applicable"

(5) Information on performance commitments and corresponding goodwill impairment

When goodwill is formed, there is a performance commitment and the Reporting Period or its previous period is within the performance commitment period

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

28. Long-term deferred expenses

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Opening balance	Increased amount in the current period	Amortized amount in the current period	Other decreased amount	Closing balance
Renovation costs	68,985,581.96	6,609,744.26	10,495,791.09		65,099,535.13
Endorsement fees		81,132,075.48	12,971,698.12		68,160,377.36
Software service fees	1,217,031.00		634,875.69		582,155.31
Total	70,202,612.96	87,741,819.74	24,102,364.90		133,842,067.80

Other explanations:

None

29. Deferred income tax assets or liabilities

(1) Deferred income tax assets without offset

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for bad debts of accounts receivable	24,909,977.44	6,219,741.55	29,524,454.74	7,378,583.94
Provision for devaluation of inventories	55,669,576.94	10,948,902.63	59,745,773.22	12,479,497.95
Impact of share-based payments	17,607,174.69	3,625,134.27	12,546,699.10	2,441,849.98
Unrealized profit from internal transactions	203,110,091.53	50,777,522.89	280,081,217.39	70,020,304.35

Unused membership points	154,300,496.33	38,575,124.09	103,895,960.81	25,973,990.21
Government grants pertinent to assets	17,532,982.75	2,629,947.41	15,260,760.59	2,289,114.09
Anticipated return losses	22,927,372.30	5,731,843.07	18,726,919.15	4,681,729.78
Lease expenses	20,257,754.36	4,283,791.40	14,429,186.60	2,610,265.96
Accrued expenses	34,891,854.80	8,722,963.70	209,381,318.53	52,345,329.62
Deductible losses	247,371,740.56	61,842,935.14		
Changes in the fair value of other equity instrument investments	75,145,404.82	11,271,810.75	75,145,404.82	11,271,810.72
Total	873,724,426.52	204,629,716.90	818,737,694.95	191,492,476.60

(2) Deferred income tax liabilities without offset

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Asset assessment appreciation in businesses combination not under common control				
Changes in the fair value of other debt investments				
Changes in the fair value of other equity instrument investments				
One-off deduction for depreciation of fixed assets	153,785,079.73	23,242,260.02	167,487,716.46	25,173,508.26
Deferred income tax recognized on right-of-use assets	20,948,741.70	4,421,091.61	14,365,827.19	2,585,956.39
Total	174,733,821.43	27,663,351.63	181,853,543.65	27,759,464.65

(3) Deferred income tax assets or liabilities presented in net amount after offset

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deferred income tax assets and liabilities offset	Balance of deferred income tax assets or liabilities after offset	Deferred income tax assets and liabilities offset	Balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	27,142,976.03	177,486,740.87	27,759,464.65	163,733,011.95
Deferred income tax liabilities	27,142,976.03	520,375.58	27,759,464.65	

(4) Details of unrecognized deferred income tax assets

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	214,986,522.40	250,499,417.84
Deductible losses	192,389,525.71	222,622,232.20
Total	407,376,048.11	473,121,650.04

(5) Deductible loss of unrecognized deferred income tax assets will expire in the following years

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remarks
2025	17,334,123.49	22,880,897.03	
2026	10,920,192.44	11,897,550.37	
2027	46,856,499.85	60,688,622.74	
2028	77,843,744.10	93,689,299.28	
2029	20,284,891.49	33,465,862.79	
January - June 2030	19,150,074.34		
Total	192,389,525.71	222,622,232.21	/

Other explanations:

"□ Applicable" "√ Not applicable"

30. Other non-current assets

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract acquisition cost						
Contract performance cost						
Return cost receivable						
Contract assets						
Prepaid equity transfer payment	229,740,000.00		229,740,000.00			
Funds prepaid for purchase of long-term assets	21,806,622.93		21,806,622.93	370,449.00		370,449.00
Other long-term assets	11,868,386.15		11,868,386.15	10,887,954.15		10,887,954.15
Total	263,415,009.08		263,415,009.08	11,258,403.15		11,258,403.15

Other explanations:

None

31. Assets with limited ownership or use rights

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing				Opening			
	Book balance	Book value	Type of restrictions	Description of restrictions	Book balance	Book value	Type of restrictions	Description of restrictions
Monetary capital	1,247,299,552.85	1,247,299,552.85	Others	Note 1	1,339,556,732.22	1,339,556,732.22	Others	Note 2
Notes receivable								
Inventory								
Including: Data resources								
Fixed assets								
Intangible assets								
Including: Data resources								
Total	1,247,299,552.85	1,247,299,552.85	/	/	1,339,556,732.22	1,339,556,732.22	/	/

Note 1: Restricted monetary capitals amount to RMB1,247,299,552.85, including: large-denomination certificates of deposit: RMB1,240,357,805.54; Judicially frozen funds: RMB3,416,733.86; time deposit margin for transformer: RMB250,000.00; ETC deposit: RMB70,000.00; Deposit for directly-operated store: RMB3,205,013.45.

Note 2: Restricted monetary capital amount to RMB 1,339,556,732.22, including: large-denomination certificates of deposit: RMB 1,327,741,986.16; Pinduoduo deposit: RMB 5,298,890.00; Deposit for directly-operated store: RMB 2,779,122.20; Time deposit margin for transformer: RMB 250,000.00; ETC deposit: RMB 70,000.00. Judicially frozen monetary capitals amount to RMB3,416,733.86.

Other explanations:

None

32. Short-term borrowings**(1) Classification of short-term borrowings**

"□ Applicable" "√Not applicable"

(2) Information on overdue but yet unrepaid short-term borrowings

"□ Applicable" "√Not applicable"

Other explanations:

"□ Applicable" "√Not applicable"

33. Financial liabilities held for trading

"□ Applicable" "√Not applicable"

Other explanations:

"□ Applicable" "√Not applicable"

34. Derivative financial liabilities

☐ Applicable ☒ Not applicable

35. Notes payable

☐ Applicable ☒ Not applicable

36. Accounts payable**(1) Presentation of accounts payable**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Payment for goods	570,336,792.59	340,707,102.70
Expenses	435,533,542.65	297,407,595.54
Payment for acquisition of long-term assets	46,868,184.77	38,273,427.94
Total	1,052,738,520.01	676,388,126.18

(2) Important accounts payable aged over one year or overdue

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

37. Receipts in advance**(1) Presentation of receipts in advance**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Rents receivable in advance	269,656.48	129,400.52
Total	269,656.48	129,400.52

(2) Important receipts in advance aged over one year

☐ Applicable ☒ Not applicable

(3) Significant changes in book value during the Reporting Period and the reasons thereof

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

38. Contract liabilities**(1) Information on contract liabilities**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Unused membership points	160,347,396.63	109,942,861.10
Receipts in advance for goods	38,725,756.37	43,767,727.52
Total	199,073,153.00	153,710,588.62

(2) Important contract liabilities aged over one year

☐ Applicable ☒ Not applicable

(3) Significant changes in book value during the Reporting Period and the reasons thereof

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

39. Employee compensation payable**(1) Presentation of employee compensation payable**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term compensation	152,573,822.93	440,949,860.19	488,918,010.15	104,605,672.97
II. Post-employment benefits – defined contribution plans	952,083.02	17,069,606.52	15,691,473.29	2,330,216.25
III. Dismissal benefits	2,177,515.00	7,069,583.73	9,247,098.73	
IV. Other benefits due within one year				
Total	155,703,420.95	465,089,050.44	513,856,582.17	106,935,889.22

(2) Presentation of short-term compensation

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Salaries, bonuses, allowances and subsidies	149,496,614.06	409,184,745.11	455,650,555.08	103,030,804.09
II. Welfare expense of employees		10,422,308.50	10,397,908.50	24,400.00
III. Social insurance premium	2,800,385.87	9,692,043.14	11,169,696.13	1,322,732.88
Including: Medical insurance premium	2,729,751.90	9,188,410.94	10,664,105.40	1,254,057.44
Work-related injury insurance premium	65,610.24	496,917.99	494,583.38	67,944.85
Maternity insurance premium	5,023.73	6,714.21	11,007.35	730.59
IV. Housing provident fund	276,823.00	9,346,770.00	9,395,857.00	227,736.00
V. Trade union fund and staff education fund		2,303,993.44	2,303,993.44	
VI. Short-term paid leave				
VII. Short-term profit sharing plan				
Total	152,573,822.93	440,949,860.19	488,918,010.15	104,605,672.97

(3) Presentation by defined contribution plan

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	886,385.88	16,479,167.88	15,116,067.69	2,249,486.07
2. Unemployment insurance	65,697.14	590,438.64	575,405.60	80,730.18
3. Enterprise annuity payment				
Total	952,083.02	17,069,606.52	15,691,473.29	2,330,216.25

Other explanations:

☐ Applicable" ☒ Not applicable"**40. Taxes payable**☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax (VAT)	23,371,099.33	20,502,881.02
Enterprise income tax	95,002,107.62	86,110,649.72
Withholding of personal income tax	10,106,812.27	6,221,416.93
Urban maintenance and construction tax	2,793,296.99	1,119,263.03
Property tax	2,014,479.63	8,183,500.87
Land use tax		1,731,432.00
Stamp duties	880,942.50	894,877.77
Education surcharge	1,382,388.87	653,609.96
Surcharge for local education	921,592.59	435,739.98
Total	136,472,719.80	125,853,371.28

Other explanations:

None

41. Other payables**(1) Presentation by item**☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable		
Other payables	81,446,495.70	91,776,722.59
Total	81,446,495.70	91,776,722.59

(2) Interest payable☐ Applicable" ☒ Not applicable"**(3) Dividends payable**☐ Applicable" ☒ Not applicable"**(4) Other payables**

Other payables presented by nature of payment

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Security deposits	28,600,461.64	40,845,487.15
Restricted share repurchase obligations	45,128,185.48	46,130,784.28
Others	7,717,848.58	4,800,451.16
Total	81,446,495.70	91,776,722.59

Important other payables aged over one year or overdue

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Reason for failure to repay or carry forward
Restricted share repurchase obligations	45,128,185.48	Restricted share repurchase obligations have not been fulfilled yet
Total	45,128,185.48	/

Other explanations:

☐ Applicable ☒ Not applicable

42. Held-for-sale liabilities

☐ Applicable ☒ Not applicable

43. Non-current liabilities due within one year

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within 1 year		
Bonds payable due within 1 year		
Long-term payables due within 1 year		
Lease liabilities due within 1 year	4,807,612.33	3,473,806.48
Total	4,807,612.33	3,473,806.48

Other explanations:

None

44. Other current liabilities

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Return payment payable		
Tax on items to be resold	4,894,674.30	5,509,508.59
Total	4,894,674.30	5,509,508.59

Changes in short-term bonds payable:

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

45. Long-term borrowings**(1) Classification of long-term loans**

☐ Applicable" ☒ Not applicable"

Other explanations

☐ Applicable" ☒ Not applicable"

46. Bonds payable**(1) Bonds payable**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Convertible corporate bonds	797,652,424.97	780,011,293.32
Total	797,652,424.97	780,011,293.32

(2) Specific information on bonds payable: (excluding other financial instruments such as preference shares and perpetual bonds classified as financial liabilities)

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Bond name	Face value (Yuan)	Coupon rate (%)	Issuance date	Bond term	Issuance amount	Opening balance	Issuance during current period	Interest accrued by face value	Premium or discount amortization	Repayment during current period	Closing balance	Default or not
Proya Convertible Bond	100.00	1.50	December 8, 2021	6 years	751,713,000.00	780,011,293.32		5,585,736.83	12,056,149.70		797,652,424.97	No
Total	/	/	/	/	751,713,000.00	780,011,293.32		5,585,736.83	12,056,149.70		797,652,424.97	/

(3) Explanation on convertible corporate bonds

☒ Applicable" ☐ Not applicable"

Item	Share conversion conditions	Share conversion time
Proya Convertible Bond	<p>With the approval of the CSRC, namely, the <i>Reply on Approving Proya Cosmetics Co., Ltd.'s Public Issuance of Convertible Corporate Bonds</i> (ZJXK [2021] No. 3408), the Company publicly issued 7,517,130 convertible bonds to non-specific targets on December 8, 2021, each bond with a face value of RMB100.00. The total amount of issuance is RMB751,713,000.00.</p> <p>The nominal interest rate of the convertible corporate bonds issued above was as follows: 0.30% in the first year, 0.50% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. 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 convertible period of convertible bonds starts from the first trading day after the expiration of six months from the issuance date of convertible bonds until the maturity date of convertible bonds. The initial</p>	From June 14, 2022, to December 7, 2027

	<p>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 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 RMB96.23/share, and the adjusted price took effect on June 17, 2025.</p>	
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Accounting treatment and judgment basis of share conversion rights

☒ Applicable" ☐ Not applicable"

In the current period, a total of 90 convertible corporate bonds were converted, with an increase of RMB91.00 in capital stock, an increase of RMB1,275.61 in capital reserve (capital stock premium), and a decrease of RMB611.73 in other equity instruments.

(4) Explanation on other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preference shares and perpetual bonds that are outstanding at the end of the period

☐ Applicable" ☒ Not applicable"

Statement of changes in financial instruments such as preference shares and perpetual bonds that are outstanding at the end of the period

☐ Applicable" ☒ Not applicable"

Explanation on the basis of classifying other financial instruments into financial liabilities

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

47. Lease liabilities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Payable operating lease payment	16,700,750.44	12,060,501.83
Unrecognized financing expenses	-1,250,608.41	-1,105,121.71
Total	15,450,142.03	10,955,380.12

Other explanations:

None

48. Long-term payables**Presentation by item**

☐ Applicable" ☒ Not applicable"

Long-term payables

☐ Applicable" ☒ Not applicable"

Special accounts payable

☐ Applicable" ☒ Not applicable"

49. Long-term employee compensation payable

☐ Applicable" ☒ Not applicable"

50. Estimated liabilities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Cause of formation
Provide external guarantees			
Pending litigations			
Product quality assurance			
Restructuring obligation			
Loss-making contract to be performed			
Return payment payable	29,418,726.32	25,162,463.80	Estimated future potential return losses
Others			
Total	29,418,726.32	25,162,463.80	/

Other particulars, including the particulars on key assumptions and estimates concerning estimated significant liabilities:

None

51. Deferred income**Information on deferred income**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government grants	15,260,760.59	3,000,000.00	727,777.84	17,532,982.75	Government appropriation
Total	15,260,760.59	3,000,000.00	727,777.84	17,532,982.75	/

Other explanations:

☐ Applicable" ☒ Not applicable"

52. Other non-current liabilities

☐ Applicable" ☒ Not applicable"

53. Share capital

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

	Opening balance	Increase or decrease in the change (+, -)					Closing balance
		Issuance of new shares	Bonus shares	Shares converted from capital reserve	Others	Subtotal	
Total shares	396,247,555				91	91	396,247,646

Other explanations:

In the current period, a total of 90 convertible corporate bonds were converted, with an increase of RMB91.00 in capital stock, an increase of RMB1,275.61 in capital reserve (capital stock premium), and a decrease of RMB611.73 in other equity instruments.

54. Other equity instruments**(1). Basic information on other financial instruments such as preference shares and perpetual bonds that are outstanding at the end of the period**

"□ Applicable" "√ Not applicable"

(2). Statement of changes in financial instruments such as preference shares and perpetual bonds that are outstanding at the end of the period

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Outstanding financial instruments	Opening		Increase in the current period		Decrease in the current period		Closing	
	Number	Book value	Number	Book value	Number	Book value	Number	Book value
Proya Convertible Bond	7,507,530	50,891,546.26			90	611.73	7,507,440	50,890,934.53
Total	7,507,530	50,891,546.26			90	611.73	7,507,440	50,890,934.53

Information on changes of other equity instruments in the current period, explanation on reasons for changes, and basis for relevant accounting treatment:

"□ Applicable" "√ Not applicable"

Other explanations:

"√ Applicable" "□ Not applicable"

In the current period, there was a decrease of RMB611.73 due to the current conversion of 90 convertible corporate bonds into shares, with an increase of RMB91 in capital stock, an increase of RMB1,275.61 in capital reserve (capital stock premium), and a decrease of RMB611.73 in other equity instruments.

55. Capital reserve

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (Equity premium)	794,055,277.25	1,275.61		794,056,552.86

Other capital reserve	52,545,128.03	-6,175,328.26		46,369,799.77
Total	846,600,405.28	-6,174,052.65		840,426,352.63

Other explanations, including the information on current changes and the explanation on reasons for the changes:

1) Changes in capital premium

The capital premium (equity premium) of the current period increased by RMB1,275.61, which was due to the conversion of convertible corporate bonds in the current period. For details, refer to the particulars contained in “46. Bonds payable”, “VII. Notes to the Items in Consolidated Financial Statements”, “Section VIII Financial Report” of this Report.

2) Changes in other capital reserves

Other capital reserves of the current period increased by RMB-6,175,328.26, which was due to the restricted stock incentives of RMB-6,175,328.26 recognized under the Equity Incentive Plan and calculated into other capital reserves.

56. Treasury shares

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Restricted shares with repurchase obligation	46,130,784.28		714,114.24	45,416,670.04
Share repurchase	192,144,659.13			192,144,659.13
Total	238,275,443.41		714,114.24	237,561,329.17

Other explanations, including the information on current changes and the explanation on reasons for the changes:

None

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: Included in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Included in other comprehensive income for the previous period and transferred in retained earnings for the current period	Less: Income tax expenses	Attributed to parent company after tax	Attributed to minority shareholders after tax	
I. Other comprehensive income that will not be subsequently reclassified into profit and loss	-84,123,594.10							-84,123,594.10
Including: Changes arising from the re-measurement of defined benefit plans								

Other comprehensive income that can't be reversed through profit or loss under the equity method	-20,250,000.00							-20,250,000.00
Changes in the fair value of other equity instrument investments	-63,873,594.10							-63,873,594.10
Changes in the fair value of enterprise's own credit risk								
II. Other comprehensive income that will be reclassified into profit or loss	-781,352.44	627,861.53				627,861.53		-153,490.91
Including: Other comprehensive income that can be converted into profit or loss under the equity method								
Changes in the fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Credit impairment provision of other debt investments								
Cash flow hedge reserve								
Difference from translation of financial statements in foreign currency	-781,352.44	627,861.53				627,861.53		-153,490.91
Total other comprehensive income	-84,904,946.54	627,861.53				627,861.53		-84,277,085.01

Other explanations, including the adjustment of the effective part of cash flow hedging gains and losses into the initially recognized amount of the hedged item:

None

58. Special reserve

☐ Applicable ☒ Not applicable

59. Surplus reserve

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Legal surplus reserve	198,411,582.50			198,411,582.50
Discretionary surplus reserve				
Reserve fund				
Enterprise development fund				
Others				
Total	198,411,582.50			198,411,582.50

Explanation on surplus reserves, including the current changes and the explanation on the reasons for the changes:

None

60. Undistributed profits

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Current period	Previous year
Undistributed profits at the end of previous period before adjustment	4,233,103,785.98	3,040,145,490.59
Total undistributed profits at the beginning of the adjustment period (+ for increase, - for decrease)		
Unappropriated earnings at the beginning of the period after adjustment	4,233,103,785.98	3,040,145,490.59
Plus: Net profit attributable to the owner of the parent company in the current period	798,511,332.07	1,551,995,692.29
Less: Withdrawal of statutory surplus reserve		
Withdrawal of discretionary surplus reserve		
Withdrawal of general risk reserve		
Dividends payable on common stock	468,615,308.63	359,037,396.90
Common stock dividends converted to share capital		
Undistributed profits at the end of the period	4,562,999,809.42	4,233,103,785.98

According to the Resolution of the 2024 Annual General Meeting of Shareholders of the Company, the Company distributed cash dividends of RMB1.19 (tax inclusive) per share to all shareholders based on the total share capital of 394,036,801 after deducting 2,210,825 shares in the Company's special securities account for repurchase from the total share capital of 396,247,626 shares registered on the registration date of dividend-paying equity, totaling RMB468,903,793.19 (tax inclusive).

The difference between common stock dividends payable and actual cash dividends distributed in the first half of 2025 was RMB288,484.56, which was due to other payables offset by cash dividends of RMB288,484.56 distributed on restricted shares that were not expected to be released from sales restrictions in the future.

Details of the adjustment of the undistributed profits at the beginning of the period:

1. The undistributed profits affected by the retroactive adjustment in accordance with Accounting Standards for Business Enterprises and its related new regulations at the beginning of the period is RMB0.00.
2. The undistributed profits affected by the change of accounting policy at the beginning of the period is RMB0.00.
3. The undistributed profits affected by the correction of major accounting errors at the beginning of the period is RMB0.00.
4. The undistributed profits affected by the change of combination scope caused by common control at the beginning of the period is RMB0.00.
5. The undistributed profits affected by other adjustments at the beginning of the period is RMB0.00.

61. Operating revenue and operating costs

(1). Information on operating revenue and operating costs

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	5,355,933,153.77	1,424,026,988.54	4,994,448,428.25	1,505,899,972.32
Other business	5,957,322.89	3,473,246.87	7,017,042.47	3,630,522.98
Total	5,361,890,476.66	1,427,500,235.41	5,001,465,470.72	1,509,530,495.30

(2). Breakdown of operating revenue and operating costs

"□ Applicable" "√Not applicable"

Other explanations

"□ Applicable" "√Not applicable"

(3). Explanation on performance obligations

"□ Applicable" "√Not applicable"

(4). Explanation on remaining performance obligations allocated

"□ Applicable" "√Not applicable"

(5). Significant contract changes or significant transaction price adjustments

"□ Applicable" "√Not applicable"

Other explanations:

1) Breakdown of income generated from contracts with clients by goods or service type

Item	Amount for the current period		Amount for the same period last year	
	Revenue	Cost	Revenue	Cost
Products sales	5,355,933,153.77	1,424,026,988.54	4,994,448,428.25	1,505,899,972.32
Others	2,575,964.80	2,274,216.51	4,448,351.74	2,845,660.77
Subtotal	5,358,509,118.57	1,426,301,205.05	4,998,896,779.99	1,508,745,633.09

2) Breakdown of income generated from contracts with clients by goods or service transfer time

Item	Amount for the current period	Amount for the same period last year
Income recognized at a certain point	5,357,372,914.53	4,998,208,843.92
Income recognized in a certain period	1,136,204.04	687,936.07
Subtotal	5,358,509,118.57	4,998,896,779.99

3) Revenue recognized in the current period and included in the opening book value of contract liabilities is RMB98,813,124.92.

62. Taxes and surcharges

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Consumption tax	843.50	59.75
Urban maintenance and construction tax	21,205,185.90	17,943,891.92
Education surcharge	10,646,460.01	9,071,363.17
Surcharge for local education expenses	7,097,640.01	6,047,575.39
Stamp duties	3,390,583.46	3,465,294.13
Property tax	2,886,572.69	3,609,939.77
Land use tax	-17,811.00	1,621,149.00
Vehicle and vessel tax	22,570.32	31,445.52
Cultural undertaking construction tax		109,491.54
Total	45,232,044.89	41,900,210.19

Other explanations:

None

63. Sales expenses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Image promotion expenses	2,361,952,542.82	2,063,265,280.58
Employee compensation and service fees	250,218,869.49	220,539,736.18
Office allowances	26,204,386.31	23,824,926.89
Travel expenses	6,145,634.87	6,990,788.80
Meeting affair charges	4,324,896.03	6,203,280.37
Equity incentive expenses for restricted shares	747,859.78	1,409,139.57
Survey consulting fees	6,124,218.88	12,183,721.55
Others	3,151,684.93	5,245,048.37
Total	2,658,870,093.11	2,339,661,922.31

Other explanations:

None

64. General and 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	107,793,125.41	93,348,489.89
Office allowance and business entertainment expenses	28,900,157.79	49,824,234.51
Equity incentive expenses for restricted shares	-7,764,649.82	-2,220,910.90
Expenses for depreciation, amortization and lease	24,920,000.03	23,848,662.05
Travel expense and conference fees	7,151,047.43	3,536,158.74
Consultation and intermediary fees	13,578,786.25	7,581,867.14
Others	2,900,770.16	1,009,240.20
Total	177,479,237.25	176,927,741.63

Other explanations:

None

65. R&D expenses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Labor cost	54,780,873.53	47,707,793.99
Outsourced R&D expenses	23,485,285.47	27,339,439.25
Expenses for depreciation, amortization and lease	10,846,012.39	9,073,764.54
Direct input costs	2,975,707.06	7,027,978.71
Equity incentive expenses for restricted shares	841,461.78	1,698,026.83
Others	2,096,492.83	1,766,239.20
Total	95,025,833.06	94,613,242.52

Other explanations:

None

66. Financial expenses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	15,892,178.30	10,601,806.58
Exchange gains and losses	-7,766,541.70	2,013,990.08
Handling fees	317,573.03	398,294.82
Interest income	-31,863,929.06	-37,663,413.80
Total	-23,420,719.43	-24,649,322.32

Other explanations:

None

67. Other incomes

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Classification by nature	Amount incurred in the current period	Amount incurred in the previous period
Government grants pertinent to assets	727,777.84	517,738.80
Government grants related to income	50,677,310.00	41,996,899.59
Refund of service charges for withholding personal income tax	1,005,074.90	1,004,204.26
Additional deduction for VAT	3,903,017.13	22,529,393.74
VAT exemption	80,373.37	
Total	56,393,553.24	66,048,236.39

Other explanations:

None

68. Investment income

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by equity method	1,444,227.90	-2,153,663.74
Investment income from disposal of long-term equity investment	-5,023,661.55	
Investment income of held-for-trading financial assets during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of held-for-trading financial assets		
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
Gains from debt restructuring		
Total	-3,579,433.65	-2,153,663.74

Other explanations:

None

69. Net exposure hedging income☐ Applicable ☒ Not applicable**70. Gains on 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
Bad debt loss on notes receivable		
Bad debt loss on accounts receivable	3,820,106.16	-2,460,128.17
Bad debt loss on other receivables	-6,943,501.70	4,758,002.01
Impairment losses on debt investment		
Impairment losses on other debt investments		
Bad debt loss on long-term receivables		
Impairment losses related to financial guarantees		
Total	-3,123,395.54	2,297,873.84

Other explanations:

None

72. Asset impairment losses

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Impairment losses on contract assets		
II. Loss on devaluation of inventories and impairment loss on contract performance cost	-31,433,006.97	-32,417,516.03
III. Impairment loss on long-term equity investment		
IV. Impairment loss on investment property		
V. Impairment loss on fixed assets		
VI. Impairment loss on engineering materials		
VII. Impairment loss on construction in progress		
VIII. Impairment loss on productive biological assets		
IX. Impairment loss on oil and gas assets		
X. Impairment loss on intangible assets		
XI. Impairment loss on goodwill		
XII. Others		
Total	-31,433,006.97	-32,417,516.03

Other explanations:

None

73. Gains from disposal of assets

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Gains from disposal of fixed assets	-346,504.18	-712,859.58
Total	-346,504.18	-712,859.58

Other explanations:

"□ Applicable" "√ Not applicable"

74. Non-operating revenue

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Total profit from disposal of non-current assets			

Including: Gains from disposal of fixed assets			
Gains from disposal of intangible assets			
Revenue from debt restructuring			
Gains from non-monetary asset exchange			
Revenue from fines and liquidated damages	37,771.56	34,990.95	37,771.56
Amount not required to be paid	32,110.91	132,267.59	32,110.91
Right-protection related receivables	357,775.88	509,800.00	357,775.88
Others	79,831.84	279,139.89	14,319.13
Total	507,490.19	956,198.43	441,977.48

Other explanations:

☐ Applicable" ☒ Not applicable"

75. Non-operating expenses

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Total loss from disposal of non-current assets			
Including: Loss from disposal of fixed assets			
Loss from disposal of intangible assets			
Loss from debt restructuring			
Loss from non-monetary asset exchange			
External donation	89,024.60	1,259,344.27	89,024.60
Loss from damage and scrapping of non-current assets	33,715.42	648.90	33,715.42
Late payment fee	299,413.26	132,634.13	299,413.26
Others	702,881.10	38,128.38	702,881.10
Total	1,125,034.38	1,430,755.68	1,125,034.38

Other explanations:

None

76. Income tax expenses**(1). Income tax expense statement**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	185,656,941.44	170,235,144.31
Deferred income tax expense	-13,233,353.35	1,901,274.12
Total	172,423,588.09	172,136,418.43

(2). Adjustment process of accounting profit and income tax expense

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Total profit	998,497,421.08
Income tax expense calculated at statutory/applicable tax rate	249,624,355.27
Impact of different tax rates applicable to subsidiaries	-69,467,030.06
Impact of adjusting income tax in previous periods	1,036,740.91
Impact of non-taxable income	
Impact of non-deductible costs, expenses and losses	29,370,119.48
Impact of using deductible losses of deferred income tax assets unrecognized in the previous period	-7,879,503.59
Impact of deductible temporary differences or deductible losses of deferred income tax assets unrecognized in the current period	-19,183,160.03
Additional deductions for R&D expenditures	-11,077,933.89
Income tax expenses	172,423,588.09

Other explanations:

"□ Applicable" "√ Not applicable"

77. Other comprehensive income

"√ Applicable" "□ Not applicable"

For details on the after-tax net amount of other comprehensive income, please refer to the particulars contained in "57. Other comprehensive income" in "VII. Notes to the Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

78. Items in the cash flow statement**(1). Cash related to operating activities**

Other cash received related to operating activities

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest income from bank deposits	22,320,583.93	37,087,699.04
Government grants	53,677,310.00	43,030,869.59
Receivables and payables and others	36,054,623.38	15,577,859.24
Total	112,052,517.31	95,696,427.87

Explanation on other cash received related to operating activities:

None

Other cash paid related to operating activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Expenses paid in cash	2,625,517,107.20	2,144,901,217.47
Receivables and payables	9,539,448.59	35,164,399.38
Total	2,635,056,555.79	2,180,065,616.85

Explanation on other cash paid related to operating activities:

None

(2). Cash related to investing activities

Important cash received related to investing activities

☐ Applicable" ☒ Not applicable"

Important cash paid related to investing activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payments for the acquisition and construction of long-term assets	46,670,255.34	114,207,206.03
Prepaid equity transfer payment	229,740,000.00	
Total	276,410,255.34	114,207,206.03

Explanation on important cash paid related to investing activities

None

Other cash received related to investing activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Redemption of Large-denomination certificates of deposit and time deposits	102,075,000.00	300,000,000.00
Total	102,075,000.00	300,000,000.00

Explanation on other cash received related to investing activities:

None

Other cash paid related to investing activities

☐ Applicable" ☒ Not applicable"

(3). Cash related to financing activities

Other cash received related to financing activities

☐ Applicable" ☒ Not applicable"

Other cash paid related to financing activities

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment for operating lease rent	4,851,682.75	3,671,046.46
Repurchase of the Company's shares		153,062,220.18
Total	4,851,682.75	156,733,266.64

Explanation on other cash paid related to financing activities:

None

Information on changes in liabilities arising from financing activities

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Other payables (obligation for repurchase of restricted shares)	46,130,784.28				1,002,598.80	45,128,185.48
Bonds payable (including bonds payable due within one year)	780,011,293.32		17,641,886.53		754.88	797,652,424.97
Lease liabilities (including lease liabilities due within one year)	14,429,186.60		10,680,250.51	4,851,682.75		20,257,754.36
Total	840,571,264.20		28,322,137.04	4,851,682.75	1,003,353.68	863,038,364.81

(4). Explanation on presentation of cash flows at net amount

☐ Applicable ☒ Not applicable

(5). Significant activities and financial impacts that do not involve current cash receipts and payments but affect the financial condition of the enterprise or may affect the cash flow of the enterprise in the future

☐ Applicable ☒ Not applicable

79. Supplementary information to cash flow statement**(1). Supplementary information to cash flow statement**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Supplementary information	Amount for the current period	Amount of previous period
1. Reconciliation of net profits to cash flows from operating activities:		
Net profit	826,073,832.99	723,932,276.29
Add: Provision for asset impairment	31,433,006.97	32,417,516.03
Credit impairment loss	3,123,395.54	-2,297,873.84
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	40,683,520.00	35,429,876.22
Amortization of right-of-use assets	2,690,209.80	3,316,453.06
Amortization of intangible assets	10,696,849.36	8,967,362.97
Amortization of long-term deferred expenses	24,102,364.90	9,178,246.26
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for income)	346,504.18	712,859.58
Losses from scrapping of fixed assets ("-" for income)	33,715.42	648.90
Losses on changes in fair value ("-" for income)		
Financial expenses ("-" for income)	2,380,549.75	10,320,057.93
Investment loss ("-" for income)	3,579,433.65	2,153,663.74
Decrease in deferred income tax assets ("-" for increase)	-13,137,240.30	1,124,671.65
Increase in deferred income tax liabilities ("-" for decrease)	-96,113.02	776,602.47
Decrease in inventory ("-" for increase)	-12,614,397.75	-32,743,508.58
Decrease in operating receivables ("-" for increase)	60,820,256.09	19,731,991.89
Increase in operating payables ("-" for decrease)	319,388,782.34	-151,804,305.68
Others	-6,175,328.26	886,255.50
Net cash flows from operating activities	1,293,329,341.66	662,102,794.39
2. Major investment and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	3,385,226,440.00	4,005,586,605.59
Less: Opening balance of cash	2,742,569,684.62	3,659,267,712.03
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	642,656,755.38	346,318,893.56

(2). Net cash paid to acquire subsidiaries in the current period

☐ Applicable" ☒ Not applicable"

(3). Net cash received from disposal of subsidiaries in the current period

☐ Applicable" ☒ Not applicable"

(4). Composition of cash and cash equivalents

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	3,385,226,440.00	2,742,569,684.62
Including: Cash on hand	8,307.93	9,229.11
Bank deposits that can be used for payment at any time	3,308,862,842.50	2,685,944,005.91
Other monetary capital that can be used for payment at any time	76,355,289.57	56,616,449.60
Funds deposited with the central bank for payment		
Deposits in other banks		
Funds for interbank lending		
II. Cash equivalents		
Including: Bond investment due within three months		
III. Closing balance of cash and cash equivalents	3,385,226,440.00	2,742,569,684.62
Including: Cash and cash equivalents with restricted use by the parent company or a subsidiary of the group	178,724,473.69	149,891,967.73

(5). Information on funds with restricted use but still presented as cash and cash equivalents

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Reason
Raised funds	21,311,763.32	Special account of raised funds
Cash subject to foreign exchange control of overseas operating subsidiaries	157,412,710.37	Subject to foreign exchange control
Total	178,724,473.69	/

(6). Monetary capital not belonging to cash and cash equivalents

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reason
Large-denomination certificates of deposit and time deposits	1,240,357,805.54	1,327,741,986.16	Not available for withdrawal on demand
Judicially frozen funds	3,416,733.86	3,416,733.86	Judicially frozen funds

Deposit for directly-operated store	3,205,013.45	2,779,122.20	Not available for withdrawal on demand
Transformer deposit	250,000.00	250,000.00	Not available for withdrawal on demand
ETC deposit	70,000.00	70,000.00	Not available for withdrawal on demand
Pinduoduo deposit		5,298,890.00	Not available for withdrawal on demand
Total	1,247,299,552.85	1,339,556,732.22	/

Other explanations:

☐ Applicable" ☒ Not applicable"

80. Notes on items in the statement of changes in owners' equity

Explanation on the names of "others" items for adjusting the closing balance of the previous year and adjustment amounts:

☐ Applicable" ☒ Not applicable"

81. Foreign-currency monetary items

(1). Foreign-currency monetary items

☒ Applicable" ☐ Not applicable"

Unit: Yuan

Item	Ending foreign currency balance	Converted exchange rate	Converted RMB balance at the end of period
Monetary capital	-	-	141,086,815.20
Including: USD	5,392,953.25	7.1586	38,605,995.14
HKD	45,099,302.10	0.9120	41,130,563.52
EUR	5,593,181.33	8.4024	46,996,146.81
JPY	213,200,146.00	0.0496	10,574,727.24
KRW	60,315,937.00	0.0053	319,674.47
SGD	76,391.39	5.6179	429,159.19
MYR	1,602,486.70	1.6950	2,716,214.96
SF	22,954.10	8.9721	205,946.48
VND	14,904,793.00	0.0003	4,471.44
TWD	421,625.00	0.2462	103,804.08
THB	509.20	0.2197	111.87
Accounts receivable	-	-	4,038,614.13
Including: EUR	218,942.52	8.4024	1,839,642.63
JPY	44,330,630.00	0.0496	2,198,799.25
KRW	32,500.00	0.0053	172.25
Other receivables	-	-	5,824,498.72
Including: USD	17,955.43	7.1586	128,535.74
EUR	567,292.42	8.4024	4,766,617.83
JPY	17,908,950.00	0.0496	888,283.92
SGD	7,309.00	5.6179	41,061.23
Accounts payable	-	-	12,432,171.50
Including: EUR	1,177,641.53	8.4024	9,895,015.19
JPY	51,152,345.00	0.0496	2,537,156.31
Other payables	-	-	986,612.68
Including: EUR	4,585.57	8.4024	38,529.79
HKD	411,497.65	0.9120	375,285.86
JPY	526,678.00	0.0496	26,123.23

KRW	103,146,000.00	0.0053	546,673.80
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Other explanations:

None

(2).Explanation on overseas operating entities, including the main overseas operating location, functional currency, selection criteria, and reasons for change in the functional currency of important overseas operating entities, which should be disclosed

☒ Applicable" ☐ Not applicable"

Hapsode Co., Ltd. and Hanna Cosmetics Co., Ltd. operate in South Korea, and their business income and expenditures are mainly in KRW, thus they choose KRW as the 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., Boya (Hong Kong) Investment Management Co., Limited and Hong Kong Wanyan Electronic Commerce Co., Limited operate in Hong Kong, China, thus they choose RMB as the functional currency. OR Off&Relax operates in Japan and its business income and expenditures are mainly in JPY, thus it chooses JPY as the functional currency. PROYA PTE. LTD. operates in Singapore, and its business income and expenditures are mainly in SGD, thus 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, thus it chooses MYR as the functional currency. PROYA EUROPE SAS operates in Europe, and its business income and expenditures are mainly in EUR, thus it chooses EUR as the functional currency. PROYA EUROPE SARL operates in Luxembourg, and its business income and expenditures are mainly in EUR, thus it chooses EUR as the bookkeeping currency.

82. Lease

(1). The Company as the lessee

☒ Applicable" ☐ Not applicable"

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable" ☒ Not applicable"

Lease expenses of short-term leases or low-value asset leases subject to simplified treatment

☒ Applicable" ☐ Not applicable"

1) For details on right-of-use assets, refer to the particulars contained in “25. Right-of-use assets” in “VII. Notes to the Items in Consolidated Financial Statements”, “Section VIII Financial Report” of this Report.

2) For the details on accounting policies for short-term leases and low-value asset leases of the Company, refer to the particulars contained in “38. Lease” in “V. Significant Accounting Policies and Accounting Estimates”, “Section VIII Financial Report” of this Report. The amounts of short-term lease expenses and low-value asset lease expenses included in the current profit or loss are as follows:

Item	Amount for the current period	Amount for the same period last year
Short-term lease expenses	1,861,594.32	1,263,050.54
Low-value asset lease expenses (except for short-term lease expenses)	475,310.64	105,249.31
Total	2,336,904.96	1,368,299.85

Sale and leaseback transactions and judgment basis

☐ Applicable" ☒ Not applicable"

Total cash outflows related to leases is 7,958,355.55 (Unit: Yuan Currency: RMB)

(2). The Company as the lessor

Operating lease where the Company is the lessor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Investment property	3,229,752.57	
Total	3,229,752.57	

For the details of fixed assets leased out through operating lease, refer to the particulars contained in “20. Investment property” in “VII. Notes to the Items in Consolidated Financial Statements”, “Section VIII Financial Report” of this Report.

Financing lease where the Company is the lessor

☐ Applicable" ☒ Not applicable"

Reconciliation Statement of undiscounted lease receipts and net lease investments

☐ Applicable" ☒ Not applicable"

Undiscounted lease receipts in the next five years

☐ Applicable" ☒ Not applicable"

(3). Profits and losses of financial lease sales recognized by the Company as a manufacturer or dealer

☐ Applicable" ☒ Not applicable"

Other explanations

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 cost	54,780,873.53	47,707,793.99
Outsourced R&D expenses	23,485,285.47	27,339,439.25
Expenses for depreciation, amortization and lease	10,846,012.39	9,073,764.54
Direct input costs	2,975,707.06	7,027,978.71
Equity incentive expenses for restricted shares	841,461.78	1,698,026.83
Others	2,096,492.83	1,766,239.20
Total	95,025,833.06	94,613,242.52
Including: Expensed R&D expenditures	95,025,833.06	94,613,242.52
Capitalized R&D expenditures		

Other explanations:

None

2. R&D project development expenditures eligible for capitalization

☐ Applicable" ☒ Not applicable"

Important capitalized R&D project

☐ Applicable" ☒ Not applicable"

Impairment provision of development expenditures

☐ Applicable" ☒ Not applicable"

Other explanations

None

3. Important outsourcing projects under research

☐ Applicable" ☒ Not applicable"

IX. Change of Consolidation Scope

1. Business combination not under common control

☐ Applicable" ☒ Not applicable"

2. Business combination under common control

☐ Applicable" ☒ Not applicable"

3. Counter purchase

☐ Applicable ☒ Not applicable

4. Disposal of subsidiaries

Were there any transactions or events that resulted in the loss of control over a subsidiary in the current period

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Time of loss of control	Disposal consideration at the time of loss of control	Disposal ratio at the time of loss of control (%)	Disposal method at the time of loss of control	Basis for judgment of loss of control	Difference between disposal consideration and the share of net assets of said subsidiary corresponding to the disposal of investment in consolidated financial statements	Remaining equity ratio on the date of loss of control (%)	Book value of remaining equity in consolidated financial statements on the date of loss of control	Fair value of remaining equity in consolidated financial statements on the date of loss of control	Gains or losses from remeasuring remaining equity at fair value	Method and key assumptions used to determine the fair value of remaining equity in consolidated financial statements on the date of loss of control	Amount of other comprehensive income related to former subsidiaries' equity investments reclassified to investment gains or losses or retained earnings
Zhejiang Beauty Cosmetics Co., Ltd.	April 2025	7,850,000.00	100.00	Equity transfer	Completion of property right transfer	-1,951,091.32						

Other explanations:

☐ Applicable ☒ Not applicable

Was there a stepwise disposal of investment to subsidiaries through multiple transactions and a loss of control in the current period

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable" ☒ Not applicable"

5. Change of consolidation scope for other reasons

Explanation of the changes in the consolidation scope caused by other reasons (for example, newly established subsidiary, liquidated subsidiary, etc.) and the specific information:

☒ Applicable" ☐ Not applicable"

1. Increase in consolidation scope

Company name	Equity acquisition method	Time point of equity acquisition	Contribution amount	Contribution ratio
Xuzhou Boya Enterprise Management Co., Ltd.	Newly established subsidiary	February 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 at the disposal date	From beginning of the period to the disposal date Net profit
Hangzhou Tielexin Aini Catering Management Co., Ltd.	Cancel	April 2025	-894,830.04	-2.11

6. Others

☐ Applicable" ☒ Not applicable"

X. Equity in Other Entities

1. Equity in subsidiaries

(1).Composition of enterprise group

☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000 Currency: RMB

Name of subsidiary	Main place of business	Registered capital	Registration place	Nature of business	Shareholding ratio (%)		Mode of acquisition
					Direct	Indirect	
Ningbo TIMAGE	Ningbo	100	Ningbo	Wholesale and retail	71.36		Establishment

Cosmetics Co., Ltd.							
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Explanation on the shareholding ratio in subsidiaries different from the voting ratio:

None

Basis for holding half or less voting rights but still controlling the investee, and holding more than half voting rights but not controlling the investee:

None

Basis for controlling the important structured entities included in the consolidation scope:

None

Basis for determining whether a company is an agent or a principal:

None

Other explanations:

None

(2).Important non-wholly owned subsidiaries

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding ratio of the minority shareholders (%)	Profit or loss attributable to minority shareholders in the current period	Dividends declared and distributed to minority shareholders in the current period	Balance of minority interests at the end of the period
Ningbo TIMAGE Cosmetics Co., Ltd.	28.64	27,688,077.19	3,692,440.20	112,717,579.40

Explanation on the shareholding ratio of minority shareholders in subsidiaries different from the voting ratio:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

(3).Major financial information of important non-wholly owned subsidiaries

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Name of subsidiary	Closing balance						Opening 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.	533,875,948.07	2,681,672.83	536,557,620.90	137,677,741.08	3,464,427.19	141,142,168.27	409,860,637.36	3,037,284.38	412,897,921.74	97,988,699.94	3,464,427.19	101,453,127.13

Name of subsidiary	Amount incurred in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities
Ningbo TIMAGE Cosmetics Co., Ltd.	702,935,081.96	96,548,591.74	96,548,591.74	124,837,615.99	583,568,251.38	78,510,623.85	78,510,623.85	80,370,846.40

Other explanations:

None

(4).Major restrictions on using enterprise group assets and paying off enterprise group debts:☐ Applicable" ☒ Not applicable"**(5).Financial support or other support provided to structured entities included in the scope of consolidated financial statements:**☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"**2. Transactions where the share of owners' equity in a subsidiary changes and the subsidiary is still controlled**☐ Applicable" ☒ Not applicable"**3. Rights and interests in joint ventures or associates**☒ Applicable" ☐ Not applicable"**(1). Important joint ventures or associates**☐ Applicable" ☒ Not applicable"**(2). Major financial information of important joint ventures**☐ Applicable" ☒ Not applicable"**(3). Major financial information of important associates**☐ Applicable" ☒ Not applicable"**(4). Summary financial information of unimportant joint ventures and associates**☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

	Closing balance/amount incurred in the current period	Opening balance/amount incurred in the previous period
Joint ventures:		
Total book value of investment	3,260,940.24	3,053,932.83
Total of the following items calculated according to the shareholding ratio		
– Net profit	-2,286.47	-6,059.09
– Other comprehensive income		
– Total comprehensive income	-2,286.47	-6,059.09
Associates:		
Total book value of investment	6,211,533.13	109,520,225.67
Total of the following items calculated according to the shareholding ratio		
– Net profit	1,446,514.36	-993,940.92
– Other comprehensive income		
– Total comprehensive income	1,446,514.36	-993,940.92

Other explanations

None

(5). Explanation on major restrictions on the ability of joint ventures or associates to transfer capital to the Company☐ Applicable ☒ Not applicable**(6). Excess losses incurred by joint ventures or associates**☐ Applicable ☒ Not applicable**(7). Unconfirmed commitments related to investments in joint ventures**☐ Applicable ☒ Not applicable**(8). Contingent liabilities related to investments in joint ventures or associates**☐ Applicable ☒ Not applicable**4. Important joint operations**☐ Applicable ☒ Not applicable**5. Rights and interests in structured entities not included in the scope of consolidated financial statements**

Explanation on structured entities not included in the scope of consolidated financial statements:

☐ Applicable ☒ Not applicable**6. Others**☐ Applicable ☒ Not applicable**XI. Government grants****1. Government grants recognized by amount receivable at the end of the Reporting Period**☐ Applicable ☒ Not applicable

Reasons for failure to receive the expected amount of government grants at the expected time point

☐ Applicable ☒ Not applicable**2. Liability items involving government grants**☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items in financial statements	Opening balance	Amount of new subsidies in the current period	Amount included in non-operating revenue in the current period	Amount transferred in other income in the current period	Other changes in the current period	Closing balance	Related to assets or income
Deferred income	15,260,760.59	3,000,000.00		727,777.84		17,532,982.75	Related to assets
Total	15,260,760.59	3,000,000.00		727,777.84		17,532,982.75	/

3. Government grants included in current profit or loss☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Type	Amount incurred in the current period	Amount incurred in the previous period
Related to income	50,677,310.00	41,996,899.59
Related to assets	727,777.84	517,738.80
Total	51,405,087.84	42,514,638.39

Other explanations:

None

XII. Risks Related to Financial Instruments

1. Risks of financial instruments

"√ Applicable" "□ Not applicable"

The Company's risk management aims to reach balancing between risks and benefits, to minimize the negative impact of risks on the Company's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Company's basic strategy for risk management is to determine and analyze various risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

The Company faces various risks related to financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The management has considered and approved the policies governing these risks as outlined below.

(I) Credit risk

Credit risk refers to the risk that one party of a financial instrument fails to fulfill its obligations, resulting in financial losses to the other party.

1. Credit risk management practice

(1) Assessment method of credit risk

The Company, on each balance sheet date, assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since initial recognition, the Company takes into account the reasonable and well-founded information available without unnecessary additional costs or efforts, including qualitative and quantitative analyses based on historical data, external credit risk rating and forward-looking information. The Company determines the changes that may result in default risk of financial instruments within their expected duration by comparing the default risk of the financial instruments on the balance sheet date and the initial recognition date based on an individual financial instrument or combined financial instruments with similar credit risk characteristics.

The Company deems that the credit risk of the financial instruments has increased significantly if one or more of the following quantitative or qualitative standards are reached:

1) The quantitative standard is mainly that the probability of default within the remaining duration on the balance sheet date has increased by more than a certain proportion compared with that at the initial recognition;

2) The qualitative standard is mainly that there are material adverse changes occurring to the business or financial conditions of the debtor and changes in the exiting or anticipated technology, market, economic or legal environment which have a material adverse effect on the debtor's ability to make repayment to the Company.

(2) Definitions of default and assets with credit impairment

If the financial instruments meet one or more of the following conditions, the Company defines the financial assets as in default, with its standard consistent with the definition of credit impairment:

- 1) The debtor faces major financial difficulties;
- 2) The debtor breaches the provisions governing it in the contract;
- 3) The debtor is very likely to become bankrupt or go into other financial restructuring proceedings;
- 4) The creditor makes a concession to the debtor which it will not make under any other circumstances for the economic or contractual considerations in connection with the debtor's financial difficulties.

2. Measurement of expected credit loss

The key parameters for measurement of expected credit loss include the probability of default, loss given default and default risk exposure. The Company builds the models of probability of default, loss

given default and default risk exposure considering the quantitative analysis of historical statistical data (such as counterparty rating, guarantee type, category of collateral and pledge, repayment method) and forward-looking information.

3. For the details on the reconciliation statement of opening balance and closing balance of financial instrument loss reserve, refer to the particulars contained in “5. Accounts receivable”, “7. Receivables financing” and “9. Other receivables” in “VII. Notes to the 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 capital and receivables. To control the above related risk, the Company has respectively taken the following measures.

(1) Monetary capital

The bank deposit and other monetary capitals of the Company were deposited with financial institutions with high credit rating. Therefore, the credit risk was low.

(2) Receivables

The Company continuously carries out credit assessments on customers who trade in credit. According to the results of credit assessments, the Company deals with approved and credible customers, and monitors the balance of its receivables, so as to prevent significant bad debt risk.

No guarantee is required as the Company only transacts with recognized and reputable third parties. Credit risk concentration is managed on a per-customer basis. As of June 30, 2025, the Company had a certain credit concentration risk of 93.97% (as of December 31, 2024: 95.05%) of the Company's accounts receivable originating from the top five customers in the balance. The Company had no guarantee or other credit enhancement on the balance of the accounts receivable.

The maximum credit risk exposure of the Company is the book value of the financial assets in the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the Company fulfills its obligation to settle by delivering cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value as soon as possible, or the counterparty's inability to pay off its contractual debts, or early maturity of debt, or the inability to generate expected cash flows.

To control such risk, the Company applies various financing methods, such as bill settlements and bank loans, in appropriate combination of long-term and short-term financing to optimize the financing structure and keep the balance between financing sustainability and flexibility. The Company has obtained lines of credit from several commercial banks to satisfy its working capital demand and capital expenditure.

Classification of financial liabilities by the remaining due days

Item	Closing amount				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Above 3 years
Accounts payable	1,052,738,520.01	1,052,738,520.01	1,052,738,520.01		
Other payables	81,446,495.70	81,446,495.70	81,446,495.70		
Bonds payable	797,652,424.97	882,801,559.10	12,522,807.54	870,278,751.56	
Lease liabilities	15,450,142.03	16,700,750.44		11,095,798.15	5,604,952.29
Non-current liabilities due within one year	4,807,612.33	5,364,826.62	5,364,826.62		
Subtotal	1,952,095,195.04	2,039,052,151.87	1,152,072,649.87	881,374,549.71	5,604,952.29

(Continued)

Item	Balance at the end of the previous year				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	Above 3 years
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
Non-current liabilities due within one year	3,473,806.48	4,902,153.69	4,902,153.69		
Subtotal	1,562,605,328.69	1,675,014,671.41	784,472,662.6	883,465,781.81	7,076,227.00

(III) Market risk

Market risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market prices. Market risks mainly include interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. Interest-bearing financial instruments with a fixed interest rate expose the Company to the interest rate risk of fair value, and those with a floating interest rate expose the Company to the interest rate risk of cash flow. The Company determines the proportion of financial instruments with a fixed interest rate and a floating interest rate according to the market environment, and maintains an appropriate combination of financial instruments through regular review and monitoring.

2. Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value or future cash flow of financial instruments due to the change of foreign exchange rates. The risk of changes in foreign exchange rates faced by the Company is mainly related to the Company's foreign currency assets and liabilities. The Company carries out business in the Chinese mainland, and therefore has main activities valued in RMB. Therefore, the market risk of foreign exchange changes faced by the Company is minor.

For the details on foreign-currency monetary assets and liabilities of the Company at the end of the period, refer to the particulars contained in "81. Foreign-currency monetary items" in "VII. Notes to the Items 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 explanations

☐ Applicable ☒ Not applicable

(2). The Company carries out qualified hedging business and applies hedging accounting

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

(3). The Company carries out hedging business for risk management, and expects to achieve risk management objectives, but does not apply hedging accounting☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable**3. Transfer of financial assets****(1). Classification of transfer methods**☐ Applicable ☒ Not applicable**(2). Financial assets derecognized due to transfer**☐ Applicable ☒ Not applicable**(3). Financial assets transferred due to continued involvement**☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable**XIII. Disclosure of Fair Value****1. Closing fair value of assets and liabilities measured at fair value**☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement				
(I) Financial assets held for trading				
1. Financial assets measured at fair value with changes included in current profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
2. Financial assets designated as measured at fair value with changes included in current profit or loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(II) Other debt investments				
(III) Other equity instrument investments			71,256,995.18	71,256,995.18

(IV) Investment property				
1. Land use rights for lease				
2. Leased buildings				
3. Land use rights that are held for transfer upon appreciation				
(V) Biological assets				
1. Consumable biological assets				
2. Productive biological				
Receivables financing			1,221,062.00	1,221,062.00
Total assets continuously measured at fair value			72,478,057.18	72,478,057.18
(VI) Financial liabilities held for trading				
1. Financial liabilities measured at fair value with changes included in current profit or loss				
Including: Trading bonds issued				
Derivative financial liabilities				
Others				
2. Financial liabilities designated as measured at fair value with changes included in current profit or loss				
Total liabilities continuously measured at fair value				
II. Non-continuous fair value measurement				
(I) Assets held for sale				
Total assets not continuously measured at fair value				
Total liabilities not continuously measured at fair value				

2. Determination basis for the market price of continuous and non-continuous first-level fair value measurement items

☐ Applicable" ☒ Not applicable"

3. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous second-level fair value measurement items

☐ Applicable" ☒ Not applicable"

4. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous third-level fair value measurement items

☒ Applicable" ☐ Not applicable"

1. For bank acceptance bills held by the Company, the fair value is determined by the par value.

2. As for investments in other equity instruments held by the Company, due to the fact that there were no important changes in business environment, operating conditions, financial conditions and external valuation of the investees, including Hangzhou Regenovo Biotechnology Co., Ltd. and LIPOTRUE,S.L., the Company takes the investment cost as a reasonable estimate of fair value for measurement. Due to the difference between the financial condition of the investee - Golong Holdings Co., Ltd. and the expectations at the time of investment, the Company determines the fair value at the end of the period based on the investee's net assets as of the end of the period.

5. Adjustment information and sensitivity analysis of non-observable parameters between opening and closing book value for continuous third-level fair value measurement items

☐ Applicable" ☒ Not applicable"

6. For continuous fair value measurement items, if the conversion occurs among different levels within the current period, the reasons for the conversion and the policy for determining the conversion time point

☐ Applicable" ☒ Not applicable"

7. Changes in valuation techniques during the current period and the reasons for the changes

☐ Applicable" ☒ Not applicable"

8. Information on fair value of financial assets and financial liabilities not measured at fair value

☐ Applicable" ☒ Not applicable"

9. Others

☐ Applicable" ☒ Not applicable"

XIV. Related Parties and Related-Party Transactions

1. Information on the parent company of the Company

☐ Applicable" ☒ Not applicable"

2. Information on subsidiaries of the Company

Refer to the notes for the details on subsidiaries of the Company

☒ Applicable" ☐ Not applicable"

For the details on subsidiaries of the Company, refer to the particulars contained in "X. Equity in Other Entities", "Section VIII Financial Report" of this Report.

3. Information on joint ventures and associates of the Company

Refer to the notes for details of the important joint ventures or associates of the Company

☒ Applicable" ☐ Not applicable"

For the details on the important joint ventures or associates of the Company, refer to the particulars contained in "X. Equity in Other Entities", "Section VIII Financial Report" of this Report.

Information on other joint ventures or associates that have related party transactions with the Company in the current period, or have balance resulting from related-party transactions with the Company in the previous period is as follows

☐ Applicable" ☒ Not applicable"

4. Information on other related parties

☒ Applicable" ☐ Not applicable"

Name of other related party	Relationship between other related party and the Company
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Others

Ningbo Weiman Cosmetics Co., Ltd. [Note]	Others
Beijing Xiushi Cultural Development Co., Ltd.	Others
Hangzhou Regenovo Biotechnology Co., Ltd.	Others
Hangzhou Slow Coral Cultural Tourism Planning and Design Co., Ltd.	Others
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Others
Proya Foundation	Others
PARISEZHAN HK LIMITED	Minority shareholder of subsidiary Hong Kong Keshi Trading Co., Ltd.
EURL PHARMATICA	Same actual controller as PARISEZHAN HK LIMITED
SARL ORTUS	Same actual controller as PARISEZHAN HK LIMITED
S.A.S AREDIS	Same actual controller as PARISEZHAN HK LIMITED
Beauty Hi-tech Innovation Co., Ltd.	Minority shareholder of subsidiary OR Off&Relax

[Note] Ningbo Weiman Cosmetics Co., Ltd. was originally a company controlled by the associate Jiaxing Woyong Investment Partnership (Limited Partnership). In June 2025, the Company transferred its equity interest in the associate Jiaxing Woyong Investment Partnership (Limited Partnership) to external parties.

Other explanations

None

5. Information on related party transactions

(1). Related-party transactions in purchasing and selling goods, and rendering and receiving labor services

Statement of purchasing goods/receiving labor services

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Related parties	Details of related-party transactions	Amount incurred in the current period	Approved transaction limit (if applicable)	Exceeding the transaction limit or not (if applicable)	Amount incurred in the previous period
Beijing Xiushi Cultural Development Co., Ltd.	Promotion services		Not applicable	No	4,716,981.14
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Property services	175,085.00	Not applicable	No	157,873.57
Hangzhou Slow Coral Cultural Tourism Planning and Design Co., Ltd.	Promotion services		Not applicable	No	107,639.89

Beauty Hi-tech Innovation Co., Ltd.	Agent operation service fee	34,519.05	Not applicable	No	152,982.54
Hangzhou Regenovo Biotechnology Co., Ltd.	Testing model	30,578.31	Not applicable	No	
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Association membership fee	20,000.00	Not applicable	No	

Statements of sales of goods/rendering of services

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related parties	Details of related-party transactions	Amount incurred in the current period	Amount incurred in the previous period
Ningbo Weiman Cosmetics Co., Ltd.	Sales of goods		464.60
Proya Foundation	Sales of goods	86,283.18	

Explanation on related-party transactions in purchasing and selling goods, and rendering and receiving labor services

☐ Applicable ☒ Not applicable

(2). Related entrusted management/contracting and entrusted management/outsourcing

Statement of entrusted management/contracting of the Company:

☐ Applicable ☒ Not applicable

Explanation on related trusteeship/contracting

☐ Applicable ☒ Not applicable

Statement of entrusted management/outsourcing of the Company:

☐ Applicable ☒ Not applicable

Explanation on related management/outsourcing

☐ Applicable ☒ Not applicable

(3). Information of related lease

The Company as the lessor:

☐ Applicable ☒ Not applicable

The Company as the lessee:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of lessor	Types of leased assets	Amount incurred in the current period					Amount incurred in the previous period				
		Rent expenses of short-term leases and low-value asset leases subject to simplified treatment (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rent paid	Interest expenses on lease liabilities assumed	Right-of-use assets increased	Rent expenses of short-term leases and low-value asset leases subject to simplified treatment (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rent paid	Interest expenses on lease liabilities assumed	Right-of-use assets increased
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Venue	247,964.48						495,928.96		7,222.26	

Explanation on related lease

☐ Applicable ☒ Not applicable

(4). Information on related guarantees

The Company as the guarantor

☐ Applicable" ☒ Not applicable"

The Company as the guarantee

☐ Applicable" ☒ Not applicable"

Explanation on related guarantees

☐ Applicable" ☒ Not applicable"**(5). Borrowing of related party funds**☐ Applicable" ☒ Not applicable"**(6). Information on asset transfer and debt restructuring of related parties**☐ Applicable" ☒ Not applicable"**(7). Compensation of key management personnel**☒ Applicable" ☐ Not applicable"

Unit: RMB '0,000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Compensation of key management personnel	657.81	974.06

Note: The above compensation excludes the relevant compensation recognized by share-based payment

(8). Other related-party transactions☒ Applicable" ☐ Not applicable"

During the current period, the Company donated materials totaling RMB38,539.50 to the Proya Foundation.

6. Information on unsettled items such as accounts receivable from and accounts payable to related parties**(1). Items receivable**☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Prepayments					
	Huzhou Beauty Town Technology Incubation Park Co., Ltd.	247,964.48			
Subtotal		247,964.48			
Other receivables					
	Huzhou Beauty Town Technology Incubation Park Co., Ltd.	131,568.20	131,568.20	131,568.20	131,568.20
	EURL PHARMATICA [Note]	18,397,282.14	18,397,282.14	18,022,225.76	18,022,225.76
	Beauty Hi-tech			76,207.38	76,207.38

	Innovation Co., Ltd.				
Subtotal		18,528,850.34	18,528,850.34	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). Items payable

☐ Applicable ☒ Not applicable

(3). Other items

☐ Applicable ☒ Not applicable

7. Commitment of related parties

☐ Applicable ☒ Not applicable

8. Others

☐ Applicable ☒ Not applicable

XV. Share-based Payments

1. Equity instruments

(1). Detailed Information

☒ Applicable ☐ Not applicable

Quantity unit: Share Amount unit: Yuan Currency: RMB

Categories of granted objects	Awarded in the current period		Exercised in the current period		Released in the current period		Invalid in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management							236,936	14,606,721.45
R&D personnel							5,488	338,326.33
Sales specialists								
Total							242,424	14,945,047.78

(2). Outstanding stock options or other equity instruments at the end of the period

☒ Applicable ☐ Not applicable

Categories of granted objects	Outstanding stock options at the end of the period		Outstanding other equity instruments at the end of the period	
	Scope of exercise price	Remaining term of contract	Scope of exercise price	Remaining term of contract
Management	Not applicable	Not applicable	RMB78.56/share	13 months
R&D personnel	Not applicable	Not applicable	RMB78.56/share	13 months
Sales specialists	Not applicable	Not applicable	RMB78.56/share	13 months

Other explanations

On July 25, 2022, the Company, according to the Proposal on the 2022 *Restricted Shares Incentive Plan of the Company (Draft) and Its Summary* deliberated and approved at the First Extraordinary General Meeting of Shareholders of the Company in 2022, under the Incentive Plan, proposed to grant up to 2,100,000 restricted shares to incentive objects. The grant date of restricted shares is July 25, 2022, and the incentive objects are 101 persons including senior management, middle management and core backbone personnel of the Company (excluding independent directors, supervisors and shareholders or actual controllers holding more than 5% of the Company's shares alone or in total, as well as their spouses, parents and children). The grant price is RMB78.56 per share. The subject shares under the Incentive Plan are derived from the A-share ordinary shares of the Company privately issued by the Company to the

incentive objects. The validity period of the Incentive Plan begins from the date when the registration of the grant of restricted shares is completed to the date when all the restricted shares granted to the incentive objects are released or repurchased and de-registered, in no case taking longer than 48 months. The granted restricted shares will be released in three tranches (30%, 30%, 40%) over 36 months after the expiration of 12 months from the date of the initial grant of the restricted shares. The performance condition for the first release period is that: On the basis of the operating revenue and net profit in 2021, the growth rate of operating revenue and net profit in 2022 was no less than 25% and 25%, respectively. The performance condition for the second release period is that: On the basis of the operating revenue and net profit in 2021, the growth rate of operating revenue and net profit in 2023 was no less than 53.75% and 53.75%, respectively. The performance condition for the third release period is that: On the basis of the operating revenue and net profit in 2021, the growth rate of operating revenue and net profit in 2024 was no less than 87.58% and 87.58%, respectively.

On September 8, 2023, according to the *Proposal on Satisfying the Conditions for Release from Sales Restrictions in the First Release Period under the 2022 Restricted Shares Incentive Plan* deliberated and approved at the 14th meeting of the third session of Board of Directors of the Company in 2023, the Company released the 811,398 restricted shares held by the incentive objects who had satisfied the first release conditions (and issued 0.40 shares for every one share to all shareholders through capitalization of the capital reserve, so this number is the number of shares after the capitalization of the capital reserve). The circulating date of the sales was September 26, 2023.

On October 24, 2024, according to the *Proposal on Satisfying the Conditions for Release from Sales Restrictions in the Second Release Period under the 2022 Restricted Shares Incentive Plan* deliberated and approved at the 2nd meeting of the fourth session of Board of Directors of the Company, a total of 604,548 restricted shares held by incentive objects (adjusted for a 0.40-share capital reserve bonus issue per share; all quantities reflect post-adjustment figures) that met the release conditions for the second release period were unlocked. The shares became eligible for trading on October 31, 2024.

2. Equity-settled share-based payment

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Equity-settled share-based payment object	
Determination method of the fair value of equity instruments on the grant date	Determined as per the share price on the grant date and the grant price of restricted shares
Important parameters of fair value of equity instruments on the grant date	Determined as per the share price on the grant date and the grant price of restricted shares
Basis for determining the quantity of feasible equity instruments	Determined according to the estimated performance conditions in the release period
Reason for significant difference with estimation in the current period and estimation in the previous period	Not applicable
Cumulative amount of equity-settled share-based payments included in the capital reserve	166,932,641.12

Other explanations

None

3. Information on cash-settled share-based payments

☐ Applicable" ☒ Not applicable"

4. Share-based payment expenses in the current period

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Categories of granted objects	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Management	-7,764,649.82	
R&D personnel	841,461.78	
Sales specialists	747,859.78	

Total	-6,175,328.26	
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Other explanations
None

5. Information on modification and termination of share-based payments

☐ Applicable ☒ Not applicable

6. Others

☐ Applicable ☒ Not applicable

XVI. Commitments and Contingencies

1. Important commitments

☒ Applicable ☐ Not applicable

Important external commitments, nature and amount on the balance sheet date

As of June 30, 2025, the investment projects with raised funds conducted by the Company through public issuance of convertible bonds were as follows:

Unit: RMB '0,000

Project name	Total investment amount	Committed investment amount of raised funds upon adjustment	Cumulative investment amount as of end of the period	Project filing or approval document No.
Huzhou Production Base Expansion Project (Phase I)	43,752.54	33,850.00	34,695.75	2011-330502-04-01-178735
Longwu R&D Center Construction Project	21,774.45	19,450.00	19,700.80	2101-330106-04-02-307916
Information System Upgrade Project	11,239.50	8,801.27	7,015.86	
Replenishment of working capital	18,000.00	12,349.60	12,567.30	
Total	94,766.49	74,450.87	73,979.71	

2. Contingencies

(1). Important contingencies on the balance sheet date

☐ Applicable ☒ Not applicable

(2). Even if the Company does not have important contingencies that need to be disclosed, it must also state:

☐ Applicable ☒ Not applicable

3. Others

☐ Applicable ☒ Not applicable

XVII. Events after the balance sheet date

1. Important non-adjustment matters

☐ Applicable ☒ Not applicable

2. Information on profit distribution

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Proposed profits or dividends to be distributed	315,229,456.80
Profits or dividends declared for distribution upon approval	

According to the 6th meeting of the fourth session of Board of Directors of the Company held on August 25, 2025, the Company proposes to distribute a cash dividend of RMB8.00 (tax inclusive) for every 10 shares to all registered shareholders, based on the total share capital as of the equity registration date for the implementation of the profit distribution. Based on the total share capital of 396,247,646 shares as of June 30, 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 RMB315,229,456.80 (tax inclusive). Prior to the equity registration date for the implementation of the profit 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 above matter is still subject to approval by the General Meeting of Shareholders.

3. Sales return

☐ Applicable" ☒ Not applicable"

4. Explanation on other events after the balance sheet date

☐ Applicable" ☒ Not applicable"

XVIII. Other Important Matters**1. Correction of early accounting errors****(1). Retrospective restatement method**

☐ Applicable" ☒ Not applicable"

(2). Prospective application method

☐ Applicable" ☒ Not applicable"

2. Important debt restructuring

☐ Applicable" ☒ Not applicable"

3. Asset replacement**(1). Exchange of non-monetary assets**

☐ Applicable" ☒ Not applicable"

(2). Replacement of other assets

☐ Applicable" ☒ Not applicable"

4. Annuity plan

☐ Applicable" ☒ Not applicable"

5. Termination of operation

☐ Applicable" ☒ Not applicable"

6. Segment information**(1). Determination basis and accounting policy of reportable segment**

☒ Applicable" ☐ Not applicable"

The Company's primary business is the research and development, production and sale of cosmetics. The Company regards this business as a whole to implement management and evaluate business results. Therefore, the Company has no need to disclose segment information. For the details on revenue breakdown of the Company, refer to the particulars contained in "61. Operating revenue and operating costs" in "VII. Notes to the Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

The details of primary operating revenue and primary business cost of the Company classified by brands are as follows:

January - June 2025

Brand	Primary operating revenue	Primary business cost	Gross profit
PROYA	3,977,982,163.00	1,035,028,577.81	2,942,953,585.19
Other brands	1,377,950,990.77	388,998,410.73	988,952,580.04
Subtotal	5,355,933,153.77	1,424,026,988.54	3,931,906,165.23

January - June 2024

Brand	Primary operating revenue	Primary business cost	Gross profit
PROYA	3,980,976,357.20	1,199,974,564.49	2,781,001,792.71
Other brands	1,013,472,071.05	305,925,407.83	707,546,663.22
Subtotal	4,994,448,428.25	1,505,899,972.32	3,488,548,455.93

(2). Financial information of the reportable segment

☐ Applicable" ☒ Not applicable"

(3). If the Company has no reportable segment, or cannot disclose the total assets and liabilities of each reportable segment, the reasons must be explained

☐ Applicable" ☒ Not applicable"

(4). Other explanations

☐ Applicable" ☒ Not applicable"

7. Other important transactions and matters that have an impact on investors' decisions

☐ Applicable" ☒ Not applicable"

8. Others

☐ Applicable" ☒ Not applicable"

XIX. Notes on Main Items of the Financial Statements of the Parent Company**1. Accounts receivable****(1). Disclosed by account age**

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Account age	Closing book balance	Opening book balance
Within 1 year (inclusive)	680,502,036.24	908,227,207.92
Including: Within 1 year	680,502,036.24	908,227,207.92
1-2 years	65,411,924.48	30,236,129.40
2-3 years	10,387,848.28	3,409,332.39
Above 3 years	1,772,415.18	

3-4 years		
4-5 years		
Above 5 years		
Total	758,074,224.18	941,872,669.71

(2). Disclosed by classification of bad debt provisions

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)		Amount	Percentage (%)	Amount	Provision ratio (%)	
Provision for bad debts accrued individually										
Including:										
Provision for bad debts accrued by portfolio	758,074,224.18	100.00	60,615,017.48	8.00	697,459,206.70	941,872,669.71	100.00	56,186,865.41	5.97	885,685,804.30
Including:										
Aging portfolio	758,074,224.18	100.00	60,615,017.48	8.00	697,459,206.70	941,872,669.71	100.00	56,186,865.41	5.97	885,685,804.30
Total	758,074,224.18	/	60,615,017.48	/	697,459,206.70	941,872,669.71	/	56,186,865.41	/	885,685,804.30

Provision for bad debts accrued individually:

"□ Applicable" "√Not applicable"

Provision for bad debts accrued by portfolio:

"√ Applicable" "□ Not applicable"

Provision by portfolio: aging portfolio

Unit: Yuan Currency: RMB

Item	Closing balance		
	Book balance	Provision for bad debts	Provision ratio (%)
Within 1 year	680,502,036.24	34,025,100.82	5.00
1-2 years	65,411,924.48	19,623,577.34	30.00
2-3 years	10,387,848.28	5,193,924.14	50.00
Above 3 years	1,772,415.18	1,772,415.18	100.00
Total	758,074,224.18	60,615,017.48	8.00

Explanation on provision for bad debts accrued by portfolio:

"□ Applicable" "√Not applicable"

Provision for bad debts accrued according to the general model of expected credit loss

"□ Applicable" "√Not applicable"

Classification basis and provision ratio of provision for bad debts for each stage

None

Explanation on significant changes in book balance of accounts receivable with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

(3). Information on provision for bad debts

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provision	Withdrawal or write-back	Charge-off or write-off	Other changes	
Provision for bad debts accrued by portfolio	56,186,865.41	4,428,152.07				60,615,017.48
Total	56,186,865.41	4,428,152.07				60,615,017.48

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable" ☒ Not applicable"

Other explanations

None

(4). Information on accounts receivable actually written off in the current period

☐ Applicable" ☒ Not applicable"

Among them, information on accounts receivable significantly written off

☐ Applicable" ☒ Not applicable"

Explanation on the write-off of the accounts receivable:

☐ Applicable" ☒ Not applicable"

(5). Information on accounts receivable and contract assets of the top five closing balances collected by debtor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Proya (Zhejiang) Cosmetics Co., Ltd.	435,027,542.54		435,027,542.54	57.39	21,751,377.13
Huzhou Hapsode Trading Co., Ltd.	89,649,083.60		89,649,083.60	11.83	4,482,454.18

Ningbo Tangyu Trading Co., Ltd.	56,580,286.30		56,580,286.30	7.46	13,705,523.22
Hangzhou Proya Commercial Management Co., Ltd.	42,784,581.29		42,784,581.29	5.64	9,731,993.12
Huzhou UZERO Trading Co., Ltd.	41,072,307.93		41,072,307.93	5.42	2,053,615.4
Total	665,113,801.66		665,113,801.66	87.74	51,724,963.05

Other explanations

None

Other explanations:

☐ Applicable ☒ Not applicable

2. Other receivables

Presentation by item

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	154,904,408.59	41,361,558.56
Total	154,904,408.59	41,361,558.56

Other explanations:

☐ Applicable ☒ Not applicable

Interest receivable

(1). Classification of interest receivable

☐ Applicable ☒ Not applicable

(2). Significant overdue interest

☐ Applicable ☒ Not applicable

(3). Disclosed by classification of bad debt provisions

☐ Applicable ☒ Not applicable

Provision for bad debts accrued individually:

☐ Applicable ☒ Not applicable

Explanation on provision for bad debts by item:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

(4). Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

(5). Information on provision for bad debts

☐ Applicable ☒ Not applicable

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(6). Information on interest receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Among them, information on interest receivable significantly written off

☐ Applicable ☒ Not applicable

Explanation on write-off:

☐ Applicable ☒ Not applicable

Other explanations:

☐ Applicable ☒ Not applicable

Dividends receivable**(7). Dividends receivable**

☐ Applicable ☒ Not applicable

(8). Important dividends receivable aged over one year

☐ Applicable ☒ Not applicable

(9). Disclosed by classification of bad debt provisions

☐ Applicable ☒ Not applicable

Provision for bad debts accrued individually:

☐ Applicable ☒ Not applicable

Explanation on provision for bad debts by item:

☐ Applicable ☒ Not applicable

Provision for bad debts accrued by portfolio:

☐ Applicable ☒ Not applicable

(10). Provision for bad debts accrued according to the general model of expected credit loss

☐ Applicable ☒ Not applicable

(11). Information on provision for bad debts

☐ Applicable ☒ Not applicable

Among them, significant amount of bad debt provision withdrawn or written back in the current period:

☐ Applicable ☒ Not applicable

Other explanations:

None

(12). Dividends receivable actually written off in the current period☐ Applicable" ☒ Not applicable"

Among them, information on dividends receivable significantly written off

☐ Applicable" ☒ Not applicable"

Explanation on write-off:

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"**Other receivables****(13). Disclosed by account age**☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Account age	Closing book balance	Opening book balance
Within 1 year (inclusive)	142,194,844.51	19,581,322.85
Including: Within 1 year	142,194,844.51	19,581,322.85
1-2 years	15,993,859.49	17,530,160.15
2-3 years	17,247,209.32	29,065,546.26
Above 3 years	19,7352,122.94	178,486,303.90
3-4 years		
4-5 years		
Above 5 years		
Total	372,788,036.26	244,663,333.16

(14). Information on classification by nature of payment☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Nature of payment	Closing book balance	Opening book balance
Current accounts receivable	256,404,842.73	236,519,811.73
Equity transfer payment	107,840,000.00	
Security deposits	6,704,600.05	6,659,600.05
Suspense payment receivables	1,193,626.89	525,933.76
Others	644,966.59	957,987.62
Total	372,788,036.26	244,663,333.16

(15). Information on provision for bad debts☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit losses over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment 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 into the second stage	-799,692.97	799,692.97		
– Transferred into the third stage		-9,432,909.52	9,432,909.52	
– Transferred back to the second stage				
– Transferred back to the first stage				
Amount accrued in the current period	6,933,419.06	18,478,881.02	-10,830,447.01	14,581,853.07
Amount written-back in the current period				
Amount charged-off in the current period				
Amount written-off in the current period				
Other changes				
Balance as of June 30, 2025	7,109,742.22	13,421,762.51	197,352,122.94	217,883,627.67

Classification basis and provision ratio of provision for bad debts for each stage
None

Explanation on significant changes in book balance of other receivables with changes in provision for loss in the current period:

☐ Applicable" ☒ Not applicable"

The amount of provision for bad debts in the current period and the basis for evaluating whether the credit risk of financial instruments increases significantly:

☐ Applicable" ☒ Not applicable"

(16). Information on provision for bad debts

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of changes in the current period				Closing balance
		Provision	Withdrawal or write-back	Charge-off or write-off	Other changes	
Provision for bad debts accrued by portfolio	203,301,774.60	14,581,853.07				217,883,627.67
Total	203,301,774.60	14,581,853.07				217,883,627.67

Among them, significant amount of bad-debt provision written back or withdrawn in the current period:
☐ Applicable" ☒ Not applicable"

Other explanations

None

(17). Information on other receivables actually written-off in the current period

☐ Applicable" ☒ Not applicable"

Among them, information on write-off of other important receivables:

☐ Applicable" ☒ Not applicable"

Explanation on write-off of other receivables:

☐ Applicable" ☒ Not applicable"

(18). Information on other receivables of the top five closing balances collected by debtor

☒ Applicable" ☐ Not applicable"

Unit: Yuan Currency: RMB

Company name	Closing balance	As a proportion of total closing balance in other receivables (%)	Nature of payment	Account age	Closing balance of provision for bad debts
Hong Kong Xinghuo Industry Limited	168,666,337.75	45.24	Current accounts receivable	[Note 1]	139,027,148.66
Zhejiang Dadao Qiyun Group Co., Ltd.	99,990,000.00	26.82	Equity transfer payment	Within 1 year	4,999,500.00
Boya (Hong Kong) Investment Management Co., Limited	40,331,520.00	10.82	Current accounts receivable	Above 3 years	40,331,520.00
Ningbo Tangyu Trading Co., Ltd.	10,032,500.00	2.69	Current accounts receivable	Within 1 year	501,625.00
Ningbo Jingzhe Cosmetics Co., Ltd.	8,218,020.86	2.20	Current accounts receivable	Within 1 year	410,901.04
Total	327,238,378.61	87.77	/	/	185,270,694.70

[Note 1] RMB23,909,938.64 with an account age within 1 year, RMB2,538,103.00 with an account age of 1 to 2 years, RMB10,296,150.57 with an account age of 2 to 3 years, and RMB131,922,145.54 with an account age of above 3 years.

(19). Presented as other receivables due to centralized fund management

☐ Applicable" ☒ Not applicable"

Other explanations:

☐ Applicable" ☒ Not applicable"

3. Long-term equity investments

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	331,421,431.07	43,020,000.00	288,401,431.07	341,632,254.52	43,020,000.00	298,612,254.52
Investments in associates and joint ventures	90,914,686.59	81,442,213.22	9,472,473.37	192,533,028.92	81,442,213.22	111,090,815.70
Total	422,336,117.66	124,462,213.22	297,873,904.44	534,165,283.44	124,462,213.22	409,703,070.22

(1). Investments in subsidiaries

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Investee	Opening balance (book value)	Opening balance of provision for impairment	Changes in the current period				Closing balance (book value)	Closing balance of provision for impairment
			Additional investment	Investment decrease	Provision for impairment	Others		
Hangzhou Proya Trade Co., Ltd.	32,640,974.39		379,467.45				33,020,441.84	
Hanna Cosmetics Co., Ltd.	2,094,048.00						2,094,048.00	
Zhejiang Meiligu Electronic Commerce Co., Ltd.	50,688,608.83		-1,795,291.12				48,893,317.71	
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		28,264.75				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		-4,173,285.04				43,711,038.05	
Hangzhou Yizhuo Culture Media Co., Ltd.	1,000,000.00						1,000,000.00	
Hangzhou Oumisi Trading Co., Ltd.	3,900,000.00						3,900,000.00	
Hangzhou Weiluohe Cosmetics Co., Ltd.	500,000.00						500,000.00	
Singuladerm (Hangzhou) Cosmetics Co., Ltd.	5,000,000.00						5,000,000.00	
Proya (Hainan) Cosmetics Co., Ltd.	100,000.00						100,000.00	
Hangzhou TIMAGE Cosmetics Co., Ltd.	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		4,532,003.72				8,869,193.72	
Xuzhou Boya Enterprise Management Co., Ltd.			1,000,000.00				1,000,000.00	
Total	298,612,254.52	43,020,000.00	-28,840.24	10,181,983.21			288,401,431.07	43,020,000.00

(2). Investments in associates and joint ventures

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Investment entity	Opening balance (book value)	Opening balance of provision for impairment	Changes in the current period								Closing balance (book value)	Closing balance of provision for impairment
			Additional investment	Investment decrease	Recognized investment gain and loss under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
I. Joint Venture												
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,263,226.71				-2,286.47						3,260,940.24	
Subtotal	3,263,226.71				-2,286.47						3,260,940.24	
II. Associates												
Xiongke Culture Media (Hangzhou) Co., Ltd.	2,599,909.82				-150.84						2,599,758.98	
Jiaxing Woyong Investment Partnership (Limited Partnership)	101,197,588.45			103,062,570.22	1,864,981.77							
Zhuhai Haishilong	308,644.34	81,442,213.22			-308,644.34							81,442,213.22

Biotechnology Co., Ltd.												
Beijing Xiushi Cultural Development Co., Ltd.	3,721,446.38				-109,672.23						3,611,774.15	
Subtotal	107,827,588.99	81,442,213.22		103,062,570.22	1,446,514.36						6,211,533.13	81,442,213.22
Total	111,090,815.70	81,442,213.22		103,062,570.22	1,444,227.89						9,472,473.37	81,442,213.22

(3). Information on impairment test of long-term equity investments

"☐ Applicable" "☒ Not applicable"

Other explanations:

"☐ Applicable" "☒ Not applicable"

4. Operating revenue and operating costs**(1). Information on operating revenue and operating costs**

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	2,250,478,947.62	888,636,815.19	2,457,017,125.15	1,152,454,471.96
Other business	15,287,216.22	3,553,595.46	18,373,463.43	4,933,709.68
Total	2,265,766,163.84	892,190,410.65	2,475,390,588.58	1,157,388,181.64

(2). Breakdown of operating revenue and operating costs

☐ Applicable ☒ Not applicable

Other explanations

☐ Applicable ☒ Not applicable

(3). Explanation on performance obligations

☐ Applicable ☒ Not applicable

(4). Explanation on remaining performance obligations allocated

☐ Applicable ☒ Not applicable

(5). Significant contract changes or significant transaction price adjustments

☐ Applicable ☒ Not applicable

Other explanations:

1) Breakdown of income generated from contracts with clients by goods or service type

Item	Amount for the current period		Amount for the same period last year	
	Revenue	Cost	Revenue	Cost
Products sales	2,250,478,947.62	888,636,815.19	2,457,017,125.15	1,152,454,471.96
Others	1,659,268.85	632,684.33	2,502,856.41	1,393,243.82
Subtotal	2,252,138,216.47	889,269,499.52	2,459,519,981.56	1,153,847,715.78

2) Breakdown of income generated from contracts with clients by goods or service transfer time

Item	Amount for the current period	Amount for the same period last year
Income recognized at a certain point	2,250,478,947.62	2,457,017,125.15
Income recognized in a certain period		
Subtotal	2,250,478,947.62	2,457,017,125.15

3) Revenue recognized in the current period and included in the opening book value of contract liabilities is RMB49,339,586.16.

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 cost method	9,200,158.27	
Long-term equity investment income calculated by equity method	1,444,227.90	-2,153,663.74
Investment income from disposal of long-term equity investment	-5,404,553.44	3,992,247.56
Investment income of held-for-trading financial assets during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of held-for-trading financial assets		
Investment income from disposal of other equity instrument investments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investments		
Gains from debt restructuring		
Total	5,239,832.73	1,838,583.82

Other explanations:

None

6. Others

"□ Applicable" "√ Not applicable"

XX. Supplementary information**1. Statement of non-recurring gains and losses for the current period**

"√ Applicable" "□ Not applicable"

Unit: Yuan Currency: RMB

Item	Amount	Notes
Gains or losses arising from disposal of non-current assets, including write-offs of provision for asset impairment accrued	-346,504.18	
Government grants included in current profit or loss (excluding government grants that are closely related to the Company's normal business operations, compliant with national policies, granted at set standards, and imposing sustaining influence on the Company's profit or loss)	50,677,310.00	
Gains or losses arising from change in fair value generated by financial assets and financial		

liabilities held by non-financial enterprises, as well as gains or losses arising from disposal of financial assets and financial liabilities, except for valid hedging business related to the Company's normal business operations		
Capital occupation fees charged to non-financial enterprises and included in current profit or loss		
Gains or losses on authorizing others to invest or manage assets		
Gains or losses arising from entrusted loans to external parties		
Asset loss incurred by force majeure such as natural disasters		
Reversal of provision for impairment of receivables individually tested for impairment		
Gains arising when the investment cost of acquiring a subsidiary, an associate or a joint venture is less than the fair value of the identifiable net assets of the investee		
Net profit or loss of subsidiaries arising from business combinations under common control, for the period from the beginning of the Reporting Period to the combination date		
Gains or losses arising from exchange of non-monetary assets		
Gains or losses arising from debt restructuring		
One-off expenses incurred due to the cessation of relevant operating activities, such as staffing expenses		
One-off impact on current profit or loss resulting from adjustments in tax, accounting, or other laws and regulations		
One-off share-based payment recognized for cancellation and modification of equity incentive plans		
Gains or losses arising from changes in the fair value of employee compensation payable under cash-settled share-based payment after the vesting date		
Gains or losses arising from changes in the fair value of investment property subsequently measured with the fair value model		
Gains arising from transactions with unreasonable transaction price		
Gains or losses arising from contingencies unrelated to the Company's normal business operations		
Custody fee income from entrusted operations		
Other non-operating revenue and expenses besides the above items	-683,056.90	
Other gains and losses items that conform to the definition of non-recurring gains and losses		
Less: Effect of income tax	12,529,617.88	
Impact of minority interests (after tax)	9,207,932.25	
Total	27,910,198.79	

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

☐ Applicable" ☒ Not applicable"

Other explanations

☐ Applicable" ☒ Not applicable"

2. ROE and earnings per share

☒ Applicable" ☐ Not applicable"

Profit during the Reporting Period	Weighted average ROE (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	14.35	2.02	2.02
Net profits attributable to ordinary shareholders of the Company net of non-recurring gains and losses	13.85	1.95	1.95

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

☐ Applicable" ☒ Not applicable"

4. Others

☐ Applicable" ☒ Not applicable"

Chairman: HOU Juncheng

Date of submission approved by the Board of Directors: August 25, 2025

Revision information

☐ Applicable" ☒ Not applicable"