Stock Code: 603605
Stock Abbreviation: Proya
Bond Code: 113634
Bond Abbreviation: Proya Convertible Bond

PROYA
珀莱雅
COMPANIES

Proya Cosmetics Co., Ltd.

Semi-Annual Report 2026

Important Notes

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

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

III. This Semi-Annual Report is unaudited.

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

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

The Company proposes to distribute a cash dividend of RMB 11.80 (tax inclusive) for every 10 shares to all registered shareholders based on the total share capital (excluding the shares held in the Company's special securities account for repurchase) as of the record date for equity distribution. Based on the total share capital of 395,976,049 shares as of June 30, 2026, and after deducting 4,235,312 shares held in the Company's special securities account for repurchase, the estimated aggregate cash dividend to be distributed will be RMB 462,254,069.66 (tax inclusive). No capitalization of the capital reserve into share capital and no bonus shares will be implemented. Prior to the record date for equity distribution, if the Company's total share capital changes due to the conversion of convertible bonds or other reasons, the distribution ratio per share will remain unchanged, and the total distribution amount will be adjusted accordingly.

In accordance with the *Index for the Guidelines No. 7 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Share Repurchase*, if a listed company uses cash as consideration and repurchases shares through centralized bidding or tender offer, the amount of share repurchase implemented in that year shall be deemed as the amount of cash dividends and included in the relevant proportion of cash dividends in that year. The amount of shares repurchased by the Company through centralized bidding in the first half of 2026 was RMB128,795,293.90 (excluding transaction costs).

To sum up, the Company's cash dividends and share repurchases for the first half of 2026 (including the dividends to be distributed in the first half of 2026 and the amount of shares repurchased through centralized bidding in the first half of 2026) accounted for 50.61% of the net profit attributable to shareholders of the listed company in the consolidated financial statements for the first half of 2026.

VI. Disclaimer of forward-looking statements

√Applicable □Not applicable

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

VII. Whether there is any non-operational use of funds by the controlling shareholder or any other related parties

No

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

No

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

No

X. Significant risk warning

The Company has described the existing risks in detail in this report. Please refer to "(I) Potential risks" in "V. Other disclosures" of "Section III Management Discussion and Analysis."

XI. Others

□ Applicable √ Not applicable

Table of Contents

Documents Available for Inspection	Financial statements signed and sealed by the legal representative, the person in charge of accounting work and the person in charge of accounting institution
	Originals of all documents and announcements of the Company publicly disclosed on the newspapers specified by CSRC during the reporting period

Section I Definitions

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

Definitions of common terms		
Company, 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/RMB 100 million	refers to	RMB/RMB '0,000/RMB 100 million

Section II Company Profile and Key Financial Indicators

I. Company Information

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

II. Contact and Contact Information

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

III. Changes in General Information

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

IV. Brief Introduction to Changes in Information Disclosure and Places for Inspection

Names of media for information disclosure selected by the Company	*Shanghai Securities News*, *Securities Times*, *China Securities Journal*, *Securities Daily*, and *Economic Information Daily*
Website for publishing the Semi-Annual Report	http://www.sse.com.cn
Place for inspection of the Company's Semi-Annual Report	Board of Director's Office, Proya Building, No. 588 Xixi Road, Xihu District, Hangzhou City, Zhejiang Province
Index of changes during the reporting period	Not applicable

V. Stock Overview

Stock type	Stock exchange	Stock abbreviation	Stock code	Stock abbreviation before change
A share	SSE	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	Reporting period (January-June)	Same period of the previous year	Year-on-year change (%)
Operating revenue	5,374,800,725.36	5,361,890,476.66	0.24
Total profits	1,339,569,138.47	998,497,421.08	34.16
Net profit attributable to shareholders of the listed company	1,167,896,499.41	798,511,332.07	46.26
Net profit attributable to shareholders of the listed company net of non-recurring profits and losses	664,234,371.34	770,601,133.28	-13.80
Net cash flows from operating activities	950,841,180.71	1,293,329,341.66	-26.48
	End of the reporting period	End of the previous year	Change compared with the end of previous year (%)
Net assets attributable to shareholders of the listed company	6,708,330,495.49	6,141,055,103.57	9.24
Total assets	10,866,569,404.94	8,487,416,240.25	28.03

(II) Key financial indicators

Key financial indicators	Reporting period (January-June)	Same period of the previous year	Year-on-year change (%)
Basic earnings per share (RMB/share)	2.96	2.02	46.53
Diluted earnings per share (RMB/share)	2.94	2.02	45.54
Basic earnings per share net of non-recurring profits and losses (RMB/share)	1.68	1.95	-13.85
Weighted average return on equity (%)	17.61	14.35	Up by 3.26 percentage points
Weighted average ROE net of non-recurring profits and losses (%)	10.02	13.85	Down by 3.83 percentage points

Description of the Company's 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 Amount of Non-recurring Profits and Losses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount	Note (if applicable)
Profit or loss from the disposal of non-current assets, including the write-off portion of recognized asset impairment provision	1,615,344.26	
Government grants recognized in the current profit or loss, excluding government grants that are closely related to the Company's normal operating activities, in compliance with national policies, obtained according to specified criteria, and have a lasting impact on the Company's profit or loss	49,012,870.71	
Except for effective hedging activities related to the Company's normal business operations, profit or loss arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as profit or loss from the disposal of such financial assets and financial liabilities	15,766,725.20	
Fund possession fee collected from non-financial enterprises and included in the current profit or loss		
Profit or loss arising from entrusting others to invest or manage assets		
Profit or loss from externally entrusted loans		
Various asset losses caused by force majeure factors, such as natural disasters		
Reversal of impairment provision for receivables under separate impairment test		
Income arising when the Company's cost of investment to acquire subsidiaries, associates, and joint ventures is less than the fair value of the identifiable net assets of the investee that it should enjoy at the time of investment		
Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries arising from a business combination under common control		
Profit or loss on exchange of non-monetary assets		
Profit or loss from debt restructuring		
One-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenditures for resettling employees		
One-off impact on the current profit or loss due		

Non-recurring profit and loss items	Amount	Note (if applicable)
to the adjustment of taxation, accounting, and other laws and regulations		
One-off share-based payment expenses recognized due to the cancellation or modification of the equity incentive plan		
For cash-settled share-based payments, profit or loss arising from changes in the fair value of employee compensation payable after the vesting date		
Profit or loss from changes in the fair value of investment properties using the fair value model for subsequent measurement		
Income from transactions where the transaction price is manifestly not at fair value		
Profit or loss arising from contingencies irrelevant to the Company's normal business operation		
Custody fee income from entrusted management		
Other non-operating income and expenses other than the above	16,180,101.72	
Other profit or loss conforming to the definition of non-recurring profit or loss	445,360,152.15	
Less: Effect of income tax	17,354,943.48	
Effect of minority interests (after-tax)	6,918,122.49	
Total	503,662,128.07	

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

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount Involved	Reason
Income from business combination not under common control achieved in stages through multiple transactions	445,360,152.15	In a business combination achieved in stages through multiple transactions, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value. The difference between the fair value and the carrying amount is recognized as income, which, given its incidental nature, is classified as non-recurring profit or loss.

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

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Key accounting data	Reporting period (January—June)	Same period of the previous year	Year-on-year change (%)
Net profit after deducting the impact of share-based payment	1,194,144,155.73	819,898,504.73	45.65

XI. Others

□ Applicable √ Not applicable

Section III Management Discussion and Analysis

I. Description of the Company's Industry and Main Business during the Reporting Period

(I) Main business

The Company seeks to build a new domestic cosmetics industry platform, and is primarily engaged in R&D, production and sales of cosmetic products. Main brands owned by the Company include PROYA, TIMAGE, Off&Relax, Hapsode, CORRECTORS, INSBAHA, Awaken Seeds, UZERO, Anya, and Flower Knows. The Company's own brands have covered fields such as mass-market premium skincare, makeup, body & hair, and high-efficiency skincare:

1. Mass-market premium skincare brands

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

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

2. Makeup brands

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

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

(3) Flower Knows, a makeup brand focusing on "Live Your Fairytales". Flower Knows mainly targets young users aged 15-25, generally priced at RMB 69-159, sold on all channels online and offline.

3. Body & hair brands

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

(2) Awaken Seeds, focusing on efficacious hair care by specializing in the scalp microbiome, generally priced at RMB 79 to RMB 99, sold mainly online.

4. High-efficiency skincare brands

CORRECTORS, positioned as a laboratory-based functional skincare brand, generally priced at RMB 260-600, sold mainly online.

(II) Business models

1. Sales model

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

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

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

2. Production/R&D models

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

Independent R&D is the main R&D model of the Company, supplemented by industry-university-research cooperation. The Company maintains R&D cooperation with front-end research institutions and high-quality raw material suppliers, including Zhejiang University, Shanghai Jiao Tong University, China Pharmaceutical University, Beijing Technology and Business University, Zhejiang Chinese Medical University, BASF (China) Co., Ltd., Ashland (China) Holdings Co., Ltd., DSM Vitamins (Shanghai) Ltd., Croda Chemicals (Shanghai) Co., Ltd., Evonik Specialty Chemicals (Shanghai) Co., Ltd., Spanish LIPOTRUE, S.L., Hangzhou Bota Bio Co., Ltd., Shenzhen Siyomicro Bio-tech Co., Ltd, Zhejiang Peptites Biotech Co., Ltd., and Jiangsu Trautec Medical Technology Co., Ltd.

Description of the Company's new important non-main businesses during the reporting period
□ Applicable √ Not applicable

II. Business Discussion and Analysis

1. Operating revenue

Operating revenue: RMB 5.375 billion, up by 0.24% YOY
Including: RMB 5.367 billion main operating revenue, up by 0.21% YOY
RMB 8 million from other businesses

Main operating revenue:

(1) By channel

Channel		Amount (RMB 100 million)	YOY change in H1 2026 (%)	YOY change in 2025 (%)	YOY change in 2024 (%)	YOY change in 2023 (%)	H1 2026 proportion (%)	2025 proportion (%)	2024 proportion (%)	2023 proportion (%)
Online	Direct sales	40.42	3.50	0.87	20.35	50.70	75.30	77.39	75.45	75.91
	Distribution	10.46	-13.15	-8.84	38.40	16.49	19.49	18.19	19.61	17.16
	Subtotal	50.88	-0.42	-1.14	23.68	42.96	94.79	95.58	95.06	93.07
Offline	Daily chemical stores	1.25	-26.46	-22.70	-26.28	11.59	2.33	2.66	3.38	5.56
	Others	1.54	101.55	11.10	37.66	-6.98	2.88	1.76	1.56	1.37
	Subtotal	2.79	13.27	-12.04	-13.63	7.35	5.21	4.42	4.94	6.93
Total		53.67	0.21	-1.67	21.09	39.74	100.00	100.00	100.00	100.00

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

(2) By brand

Category	Amount (RMB 100 million)	YOY change in H1 2026 (%)	YOY change in 2025 (%)	YOY change in 2024 (%)	YOY change in 2023 (%)	H1 2026 proportion (%)	2025 proportion (%)	2024 proportion (%)	2023 proportion (%)
Proya	36.92	-7.19	-10.39	19.55	36.36	68.79	72.64	79.69	80.73
TIMAGE	5.51	-21.93	5.37	19.04	75.06	10.26	11.86	11.07	11.26
OR	4.77	70.81	102.19	71.14	71.17	8.89	7.03	3.42	2.42
Hapsode	1.75	5.02	11.80	9.41	61.82	3.26	3.50	3.08	3.41
INSBAHA	3.13	222.23	125.38	138.36	-	5.83	2.42	1.06	-
Awaken Seeds	0.82	103.53	441.66	-	-	1.53	0.91	-	-
Other brands	0.77	-13.56	6.77	23.18	18.86	1.44	1.64	1.68	2.18
Total	53.67	0.21	-1.67	21.09	40.86	100.00	100.00	100.00	100.00

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

(3) By category

Category	Amount (RMB 100 million)	YOY change in H1 2026 (%)	YOY change in 2025 (%)	YOY change in 2024 (%)	YOY change in 2023 (%)	H1 2026 proportion (%)	2025 proportion (%)	2024 proportion (%)	2023 proportion (%)
Skincare (Including cleansing)	39.10	-6.87	-9.28	19.31	37.85	72.86	77.29	83.78	85.03
Makeup cosmetics	8.97	7.15	14.86	21.96	48.28	16.71	14.77	12.64	12.55
Body & hair	5.60	74.95	117.85	79.41	71.17	10.43	7.94	3.58	2.42
Total	53.67	0.21	-1.67	21.09	39.74	100.00	100.00	100.00	100.00

2. Net profit

Net profit attributable to shareholders of the listed company was RMB 1.168 billion, up by 46.26% YOY.

Net profit attributable to shareholders of the listed company, net of non-recurring profit and loss, was RMB 664 million, down by 13.80% YOY.

Indicator	2026H1	2025	2024	2023	Notes
1. Net profit margin on sales	22.22%	14.56%	14.71%	13.82%	Mainly due to Shenzhen FlowerKnows E-commerce Co., Ltd. in connection with the business combination not under common control achieved in stages through multiple transactions, resulting in an increase in investment income
2. Gross profit margin on sales	74.32%	73.26%	71.39%	69.93%	Mainly due to cost reduction and efficiency improvement in the current period, operating costs decreased
3. Sales expense ratio	53.13%	49.63%	47.88%	44.61%	Mainly due to an increase in brand promotion and advertising expenses
Including: brand promotion and advertising expense ratio	47.20%	44.03%	42.70%	39.69%	
4. Administrative expense ratio	4.40%	3.81%	3.39%	5.11%	Mainly due to an increase in employee compensation and service fees
5. R&D expense ratio	1.85%	2.05%	1.95%	1.95%	
6. Accounts receivable turnover rate (times)	29.36	36.04	24.99	39.87	Mainly due to an increase in the average balance of accounts receivable
7. Accounts receivable turnover days (days)	12.26	9.99	14.40	9.03	Ditto
8. Inventory turnover rate (times)	3.76	4.37	4.23	3.65	Mainly due to the increase in average inventory balance
9. Inventory turnover days (days)	95.78	82.34	85.14	98.57	Ditto.

Significant changes in the Company's operating conditions during the reporting period, as well as matters that occurred during the reporting period which had a material impact on the Company's operations or are expected to have a material impact in the future.

□ Applicable √ Not applicable

III. Analysis of Core Competitiveness During the Reporting Period

√Applicable □Not applicable

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

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

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

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

IV. Major Operations During the Reporting Period

(I) Analysis of main business

I. Multi-brand and multi-category portfolio development

PROYA

1. Products

During the reporting period, PROYA continued to deepen its "Scientific Skincare" positioning, leveraging forward-looking research as the engine, precise consumer needs as the blueprint, and professional validation as the foundation to systematically enhance product innovation efficiency and build professional barriers.




(1) Anti-aging core series: PROYA launched the Advanced Firming Rejuvenating Micro-Serum in February. Inspired by salon ingredients, it targets people intolerant of retinol and integrates the market trend of nourishing skin with oil. It uses an innovative microbead encapsulation technology for essential oils to expand the coverage of the Advanced Firming Nourishing Series line. In May, PROYA launched the Double Effect Brightening Intensive Single Use Essence and the Double Effect Whitening Brightening Essence. This product has expanded the use scenarios of the Double Effect Brightening Series, consolidated the anti-oxidation and anti-glycation effects, and realized the category synergy and population expansion of PROYA's disposable essence products.

(2) Professional repair system: In January, PROYA MED launched its first cosmetic-registered product, Proya Med Double Usage Lotion Mist. This product has realized a dual-form design of "long-distance spray for essence mist and short-distance spray for essence lotion", addressing diversified application scenarios such as post-aesthetic treatment care, sudden sensitivity relief, and daily skin maintenance. In May, PROYA MED launched the cosmetic-registered Proya Single Use Serum Skin Barrier Repair Quickly Hydrating Soothing Redness Relief Repair Serum, further addressing the demand for supporting products tailored to different skin types in aesthetic medicine. In Q2, the Recombinant Collagen Spray Dressing and the Sodium Hyaluronate Dressing were introduced across OTC and online channels, further enhancing a comprehensive professional repair portfolio that covers multiple application scenarios, including post-procedure recovery and daily skin maintenance.




(3) Sunscreen category: In February, PROYA launched the Sun Around Gentle Safeguarding Mineral Sunscreen, which was jointly validated by Shanghai Skin Disease Hospital as suitable for use after gold microneedling procedures. Positioned with the differentiated value proposition of "sun protection + advanced aesthetic repair", the product further strengthened PROYA's strategic presence in the professional sun care segment.

(4) Whitening category: The Inaugurating Luminous Anti-spot Whitening Series sold well during the 618 shopping festival and became an important growth force for PROYA in the whitening segment. Through phased deployment across the whitening category segment, PROYA continued to refine comprehensive whitening solutions tailored to diverse usage scenarios.

2. Marketing

During the reporting period, PROYA made strengthening the brand's technological capabilities its strategic priority and continued to focus on building differentiated technological perception and solidifying consumer mindshare.

(1) In February, PROYA launched its Chinese New Year (Year of the Horse) campaign centered on the theme "Life is Vast, Ride with Ease". By integrating multiple touchpoints, including Tmall Super Brand Day, Xiaohongshu, Douyin, and offline pop-up activations, the campaign achieved a total of 1.38 billion impressions and delivered significant new customer acquisition results.

(2) In February, in collaboration with its brand Global Ambassador for its sunscreen series, Liu Yifei, PROYA released the all-scenario sunscreen TVC themed "The sun shines just right when I am ready", conveying a composed and positive lifestyle attitude. Concurrently, new sun care products, such as the Sun Around Gentle Safeguarding Mineral Sunscreen, were launched to capture early opportunities in the spring and summer sun care market, generating total exposures of 1.18 billion.

(3) In March, for International Women's Day, PROYA launched the campaign "I See You", focusing on authentic and nuanced emotional connections among women, ensuring that women's genuine growth and inner emotions are truly seen. The campaign achieved over 1.14 billion total impressions across all platforms.

(4) In May, together with brand Global Ambassador for Skincare, Song Jia, PROYA introduced the Advanced Firming Rejuvenating Micro-Serum TVC, promoting the skincare philosophy that "Fullness is the Answer Given by Symbiosis", with total exposures reaching 120 million.

(5) In May, for Mother's Day, PROYA launched the campaign "Special Flowers for Special Moms", moving away from traditional Mother's Day set concepts centered on "anti-wrinkle" and "firming" age-anxiety narratives. Instead, it introduced personalized solutions based on mothers' real lifestyles and skin type needs.

(6) In May, in collaboration with Bilibili's program Chen Luyu's Slow Conversation × Liu Xiaoqing, PROYA executed an integrated communication campaign through opening title placements, brand gift box placements, official posters, static screen takeovers, and UGC content amplification, achieving a total reach of 29.065 million unique users across channels. Within seven days of launch, the associated podcast recorded over 2.83 million plays and generated more than 1.7 billion total impressions across the internet.

3. Channels

(1) Online

Tmall: Focusing on core products, PROYA amplified visibility through coordinated marketing IP collaborations. The strong breakout performance of the premium Inaugurating Luminous Anti-spot Whitening Series during the 618 shopping festival opened up new headroom for brand premiumization. PROYA also refined customer operations by expanding incremental growth through targeted traffic acquisition across specific consumption scenarios, while leveraging digital tools to drive repeat purchases among existing customers.

Douyin: For self-operated livestreaming, PROYA established a matrix of segmented livestreaming rooms, utilizing scenario-based short videos for product promotion and content-driven livestreams for conversion, thereby creating product differentiation and increasing the contribution of self-operated livestreaming to overall sales. For KOL livestreaming, PROYA continued to optimize its influencer mix, focusing on mid-tier vertical influencers and key opinion consumers (KOCs).

JD.com: Leveraging three strategic pillars, namely "expansion of the product matrix, accumulation of gifting-user assets, and enhancement of scenario efficiency", PROYA focused on the launch of new products such as the Proya Men Revitalizing Multi-Effect series to broaden its consumer base. It also strengthened strategic cooperation with the platform on gifting initiatives to enhance penetration in everyday gifting scenarios and build a base of gifting-oriented user assets.

During the 618 Shopping Festival in 2026, the GMV of PROYA's Tmall flagship store ranked No. 1 on Tmall Beauty; the GMV of PROYA ranked No. 1 among domestic brands on Douyin Beauty, and No. 1 among domestic brands in the Beauty category on JD.com. In the first half of 2026, the GMV of PROYA's Tmall flagship store ranked No. 1 among domestic beauty brands on Tmall; the GMV of PROYA ranked No. 2 on Douyin Beauty, and No.1 among domestic beauty brands on JD.com.

(2) Offline:

Beauty multi-brand store: Adhering to a dual-drive strategy driven by major products and new launches, PROYA implemented refined dual-line operations across offline new retail stores and instant retail channels. It also created customized product mixes to precisely match online instant consumption demands with the advantages of offline store scenes.

Department stores channel: Based on city tiers and counter grading, PROYA optimized its department store footprint and advanced structured counter expansion and upgrades. It precisely deployed counters in premium shopping districts in top-tier cities and key regional commercial hubs, steadily promoting new counter openings and image renovations. Meanwhile, PROYA comprehensively enhanced differentiated brand service capabilities and continuously iterated its proprietary skincare service system.

Cosmetics store channel: PROYA continued to focus on tapping into new offline growth, concentrating resources on leading daily-chemical retail chains to achieve lightweight and high-quality channel upgrading. Tailored product assortments and sell-through strategies were implemented across different terminal formats, accelerating the transformation from a pure sales model to an integrated model that combines service, experience, and operational excellence.

HAPSODE

1. Products

During the reporting period, HAPSODE continued to build a matrix of core proprietary ingredients, including the Oroxylum indicum seed extract, Piper methysticum root extract, supramolecular honeycomb salicylic acid, and targeted anti-acne lysozyme. Centered on the "daily care line + efficacy-driven line" (Acne & Sensitive Line, Brightening Line, and Sensitive Repair Line), HAPSODE continuously optimized its product portfolio to further strengthen its professional barriers.

HAPSODE continued to optimize its category structure. The hero product, Ultra Soothing Serum, maintained its leading position within its category, while the Purifying Watery Cleansing Foam consistently ranked among the top products in the cleansing segment, forming a dual-engine growth model driven by "cleansing + repair". The product matrix was further enriched: in February, an innovative Double Tubes Cleanser was launched, featuring a "dual-chamber separation" design that combines the benefits of an "Easy-to-Use Mud Mask" with an "All-in-One Cleansing & Makeup Removing" function, enhancing the competitiveness of the existing cleansing line. Also in February, building on HAPSODE's "instant mood-lifting" gene, the Peachy Glow Cleansing Balm was introduced to extend the cleansing balm range and elevate the user experience. In April, the Sensitive Repair Line was further optimized and upgraded, including an iteration of the Cleansing Mousse to enhance product performance.

2. Marketing

During the reporting period, HAPSODE closely focused on the strategic positioning of a "youth-focused skincare" brand and the annual theme of "YouthLab Discovery", continuing its dual-line drive of "efficacy + emotion".

(1) Efficacy marketing: HAPSODE further strengthened its professional endorsement system. The proprietary ingredient Oroxylum indicum seed extract received the "InnoCosme Awards" for Annual Bioactive Ingredient, reinforcing the brand's efficacy-driven positioning in consumers' minds.

(2) Word-of-mouth promotion: Focusing on major products, HAPSODE continued to consolidate Ultra Soothing Serum's association with "acne mark repair". For the new Double Tubes Cleanser, marketing efforts highlighted its innovative dual-tube design and convenient cleansing scenarios, reinforcing the product proposition of "one product for daily cleansing + periodic deep cleansing". Following its launch, the product received the honor of the 2026 New Cosme Awards—Annual New Product.

(3) Emotional marketing: HAPSODE officially announced Zhuo Yuan as its "Vitality Ambassador", carrying forward the theme "Full of Vitality, Joyful Exploration" throughout the "YouthLab Discovery" communication campaign. This initiative conveyed youthful energy and deepened emotional resonance with Generation Z consumers. At the same time, HAPSODE explored innovative youth-oriented communication formats, including AIGC-generated content, to expand engagement in emerging digital scenarios.

3. Channels

Tmall: HAPSODE increased the sales contribution of the essence category and accelerated its expansion into the efficacy-driven skincare segment. Leveraging new cleanser launches, it maintained its category advantages. For its hero cleansing product, HAPSODE engaged in in-depth collaborations with Tmall livestream hosts to enhance penetration. With the support of celebrity endorsements and platform IPs, HAPSODE strengthened the reach of its marketing campaigns. Through refined consumer operations and an optimized sampling mechanism, it effectively promoted first-time purchase conversion.

Douyin: For self-operated livestreaming, HAPSODE advanced the transformation of livestream scenarios toward more innovative formats, driving conversion through high-quality content. In short-video operations, AI tools were leveraged to accelerate the production and iteration of product promotion content, effectively improving traffic acquisition efficiency. In media placement, a dynamic ROI management system was established to balance advertising efficiency and return on investment.

During the 618 Shopping Festival in 2026, the GMV of HAPSODE surged by 833% YoY on Xiaohongshu, rose by 83% on Douyin's self-operated channel, and grew by 82% on Tmall's KOL livestreaming channel.

TIMAGE

1. Products

During the reporting period, TIMAGE reinforced its concept of "Chinese Makeup, Natural Beauty", expanding new trendy products in layered segments to precisely cover diverse skin types.



(1) The Small Round Tube Liquid Foundation was upgraded and iterated with "24-hour Porcelain-Like Flawless Finish" as its core proposition. The formula incorporates multiple botanical extracts and features an innovative magnetic concealer attachment, expanding multi-functional usage scenarios.

(2) The base makeup line—including cushion foundations, pressed powders, and concealers—was further iterated and expanded. TIMAGE specially launched Cloud Radiant Cushion Foundation, designed for oily skin, to complete the full skin-type coverage strategy. TIMAGE also introduced new shades for concealers and pressed powders to precisely address concerns such as facial imperfections and dull skin tone.

(3) Building on its leadership in the primer category, TIMAGE completed comprehensive upgrades of its makeup setting spray and primer lines for oily skin, strengthening specialized benefits such as oil control and long-lasting makeup performance.

(4) TIMAGE further expanded its color cosmetics portfolio under the upgraded "Infuse Cyan Into Makeup" themed series. New shades were added to TIMAGE's signature contouring and blush products. In addition, TIMAGE launched the lip product "TIMAGE Glazed Veil Elxir Rouge Set", completing the lip makeup segment and achieving full-category coverage across base makeup, primer, facial color cosmetics, and lip products.

In the first half of 2026, TIMAGE's foundation ranked No. 1 among domestic brands in Tmall’s foundation category. Its contouring products ranked No. 1 in Tmall's contouring/highlighting category. TIMAGE's concealer ranked No. 1 in Tmall's concealer category, and its primer ranked No. 3 in Tmall's primer category and No. 2 among domestic brands.

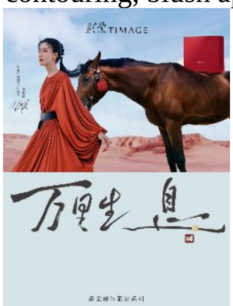


2. Marketing

During the reporting period, TIMAGE experienced comprehensive upgrading, adhering to the core concept of "Chinese Makeup, Natural Beauty" and proposing the brand philosophy of "harmonizing squareness and roundness" to achieve deep expression and full renewal of brand aesthetics. The marketing campaigns it carried out are as follows:

(1) In January, TIMAGE launched the Year of the Horse limited-edition New Year gift set themed "Vitality Across Miles, Auspicious New Beginnings", in collaboration with brand Ambassador Chen Duling. Together, they released the festive campaign film "Endless Vitality", interpreting the enduring vitality and the balance of strength and softness embodied by Oriental women. The campaign generated over 30 million cumulative impressions across the internet.

(2) In February, the new "Infuse Cyan Into Makeup" color theme series was launched, incorporating its signature teal tone to translate the natural balance of Oriental primary colors into a clean, translucent native makeup look. The product lineup covers the full makeup routine, including skin-tone base, contouring, blush application, and lip finishing.



(3) In April, TIMAGE held the Small Round Tube Liquid Foundation 2.0 New Product and Brand Upgrade Conference at the Zhejiang Modern Ceramic Art Museum, initiating a cross-disciplinary aesthetic dialogue between "porcelain and makeup". Tang Yi and brand Ambassador Chen Duling jointly appeared to interpret the product's core proposition of "Matte Porcelain Flawless, 24-hour Long-Lasting Native Finish". The full-cycle campaign achieved over 400 million total impressions.

(4) In May, the Cloud Radiant Cushion Foundation, specially designed for oily skin, debuted at the Shanghai West Bund Wandering Festival through an offline themed activity. Multiple top beauty influencers were invited to attend, with leading KOL Chen Tudou (Bostick Chen) appearing on-site as "Store Manager for a Day", further strengthening market awareness of TIMAGE's comprehensive cushion foundation matrix covering all skin types.

3. Channels

Tmall: Through integrated multimedia advertising beyond Tmall and diversified scenario deployment on Tmall, TIMAGE further refined its operations and added Taobao Shangou as a new channel to enrich multi-scenario coverage. In terms of category mix, the proportion of base makeup continued to increase, with TIMAGE's consumer base gradually shifting toward higher-spending segments and demonstrating increased customer loyalty. For the color cosmetics line, multifunctional categories such as all-in-one face palettes and brow-and-lip palettes were promoted to attract and expand into younger consumer segments.

Douyin: For self-operated livestreaming, TIMAGE stabilized its daily sales baseline, focusing on major base makeup categories such as foundations and cushion foundations, while consolidating its advantages in color categories including contour and blush. For KOL livestreaming, collaboration between mid- and long-tail influencers and top-tier influencers was strengthened, adopting a model of "influencer short-video preheating + dedicated livestream sessions for conversion" to boost individual SKU rankings and search popularity.

In the first half of 2026, the GMV of TIMAGE's Tmall flagship store ranked No. 6 on Tmall Makeup and No. 3 among domestic brands.

INSBAHA

1. Products

During the reporting period, guided by the strategy of "adding new shades to existing products and upgrading core products", INSBAHA focused on lip, contour, and eye product lines to further strengthen the professional competitiveness of functional and color-based items, while continuously extending the lifecycle of core SKUs and enhancing consumer repurchase rates.



(1) Color makeup line: Centered on the hero products Glow Lip Cream and Double-Effect Contouring Stick Matte, INSBAHA continued to expand its color matrix. It launched three new shades for Glow Lip

Cream and three new shades for Double-Effect Contouring Stick Matte. These additions enhanced the products' versatility for daily makeup and multi-scenario applications.

(2) Eye makeup functional line: INSBAHA launched three new shades of the gel eyeliner, further enriching the eye product portfolio. In addition, the Wavy Eyebrow Mascara underwent a comprehensive formula upgrade, significantly improving color payoff, long-lasting performance, and overall user experience.

(3) Facial makeup functional line: INSBAHA further expanded the contour product range by adding one new shade for the Contouring Stick, better addressing the refined contouring needs of consumers with diverse skin tones.

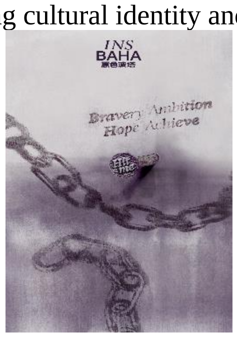


In the first half of 2026, INSBAHA's Wavy Eyebrow Mascara ranked No. 1 in Tmall's brow mascara category and No. 2 in Douyin's brow tint category. The Skinny Melty Chameleon Gel Eyeliner Pen ranked No. 1 in both Tmall's and Douyin's gel eyeliner categories. The Face Concealer Palette ranked No. 2 in Tmall's concealer palette category.

2. Marketing

During the reporting period, focusing on its Brand Upgrade 3.0 initiative, INSBAHA systematically strengthened brand positioning, visual identity, and content asset development. With "breaking aesthetic norms" as its core proposition, INSBAHA aimed to establish itself as a rebellious, attitude-driven color cosmetics label, reinforcing differentiated recognition among young makeup consumers.

For brand expression, INSBAHA established the core tagline "INSIDE ME ", alongside four key brand spirit pillars—Bravery, Ambition, Hope, and Achieve. This marked a shift from purely functional value propositions toward deeper spiritual resonance and attitude expression. For visual system, INSBAHA completed a phased rollout of standardized visual guidelines, unifying brand expression across all channels. A more rebellious, bold, and stylized visual language was adopted to enhance brand texture and external recognition efficiency. For consumer strategies, INSBAHA focused on 18–35-year-old Gen Z consumers and emerging white-collar professionals seeking individuality, while extending its reach to broader audiences pursuing cultural identity and self-expression.



3. Channels

Tmall: Through multi-category synergy, major eye products achieved coordinated on- and off-platform exposure, with paid traffic and algorithm-driven recommendation traffic resonating to expand market share in segmented categories. For facial makeup hero products, INSBAHA continued to strengthen professional base makeup positioning. By precisely targeting high-value potential consumers and implementing multi-touchpoint engagement, INSBAHA drove rapid expansion in category scale.

Douyin: For self-operated livestreaming, INSBAHA upgraded its visual presentation and shifted key promoted products toward higher average selling price tiers, while forming precise product differentiation with influencer livestreaming. For KOL livestreaming, strict daily price controls were maintained, and during major promotional campaigns, INSBAHA leveraged platform subsidies to efficiently capture incremental traffic while safeguarding the integrity of the pricing system. In short-video operations, both old and new products operated as dual growth engines, establishing a structure of "old products stabilizing the base, new products driving incremental growth".

During the 618 Shopping Festival in 2026, the GMV of INSBAHA increased by more than 170% YoY across all channels, including increases of 150% on Tmall and 169% on Douyin.

Off&Relax

1. Products

During the reporting period, Off&Relax continued to deepen its positioning as an "Asian holistic scalp wellness expert". Through systematic product matrix expansion, including the advanced Luminous Repair Series, Oil-Control series, hero product scale extensions, Seasonal Limited Series, and cross-border lines such as the Anti-Hair Loss Ultra Series and cross-border limited collections, Off&Relax delivered a professional and therapeutic hair care experience for consumers.

(1) In January, Off&Relax launched the Luminous Repair Series (shampoo + hair mask + hair milk oil). The series introduced the innovative concept of "differentiated repair tailored to Asian hair types", and debuted a new haircare category—Milky Oil, specifically targeting common concerns among Asian consumers with permed or dyed hair, such as roughness, dullness, split ends, and tangling.

(2) In March, toward the overseas market, Off&Relax introduced the Ocean Breeze Limited Fluffy Hair Care Set. It tailored differentiated SKUs for the Japanese market while enriching its cross-border product portfolio to better meet local consumer needs.

(3) In April, Off&Relax launched the Spring Awakening Green Limited Edition Haircare + Shower Gel + Hair Oil Set. This edition was co-launched by Off&Relax and Givaudan, featuring a spring-exclusive orange blossom fragrance. The classic fluffy wash experience gently and effectively cleanses the scalp, revitalizing hair with a fresh spring vitality.




(4) In April, Off&Relax launched innovative SKUs, SPA Creamy Foaming Powder and Airy Fluffy Water Treatment, under the Fluffy series, further strengthening the brand image of SPA-level scalp care within the Fluffy range.

(5) In April, Off&Relax upgraded its oil control series (oil-control shampoo + oil-control liquid conditioner), expanding into the segment targeting the "four major oil-related scalp conditions common among Asians". The Airy Clarifying Water Treatment specifically addresses the deep-rooted pain points of oily scalp consumers, such as greasy roots with dry lengths and flat, sweat-prone hair.

(6) In April, Off&Relax launched the Anti-Hair Loss Ultra Series (Intensive Revival Scalp Serum + Medicated Hair Tonic) through cross-border channels. The series targets stress-induced hair loss among Asian consumers, featuring patented, clinic-grade PDRN combined with the recombinant humanized collagen type XVII to directly nourish hair follicle stem cells, enhancing follicle repair capacity, and restoring a youthful state to hair follicles.

(7) In June, Off&Relax launched the Green Apple Limited Collection (haircare set + bubble bath lotion + body scrub) for summer. The refreshing apple fragrance paired with Off&Relax's classic fluffy cleansing experience gently purifies the scalp while delivering an enriched summer bathing ritual.




2. Marketing

During the reporting period, Off&Relax continued to promote the integrated marketing strategy of "brand asset development + a high-quality content model + a multi-channel resonance model" and carried out the following marketing work:

(1) In January, Off&Relax officially announced that the acclaimed actress Janice Man Wing Shan serves as its Luminous Ambassador, focusing on promoting the Luminous Repair Series and interpreting the rejuvenation journey of hair from the inside out. At the same time, Off&Relax released the *Asian Hair Health White Paper—Damaged Hair Repair*, systematically proposing a "structural state-oriented" three-dimension-repair strategy. This release has strengthened Off&Relax's professional image.

(2) In March-June, Off&Relax launched its first offline immersive slow pop-up space, "Aqua Healing Space", on Yuyuan Road in Shanghai. Centered on "water" as the narrative thread, the space integrated brand presentation, product experience, scalp SPA treatments, and professional salons, interpreting Off&Relax's core philosophy through an immersive five-senses experience. During the campaign period, Off&Relax invited well-known actresses including Selena Lee Sze Wa, Janice Man Wing Shan, Zhu Wangwang, and Wang Zhen'er to visit and experience the slow pop-up space in person.

(3) In April, Off&Relax launched new products under the SPA Fluffy Series, including OR SPA Creamy Foaming Powder and Airy Fluffy Water Treatment, further completing the fluffy product matrix together with the hero product Fluffy Shampoo. Off&Relax also announced nationally renowned actress Cecilia Cheung Pak-Chi as its Fluffy Ambassador.

(4) In April, upon the upgrade and launch of the Oil-control Series, Off&Relax announced Jiang Heng (Ocean Jiang) as its Purifying Balance Ambassador. In collaboration with JD.com's platform IP, Off&Relax carried out fan marketing campaigns to drive concentrated exposure and conversion.

(5) In April, Off&Relax co-created content with Altay cultural tourism authorities and renowned content creator Zhan Qingyun. Inspired by Altay, Off&Relax launched the new Spring Awakening Green Collection and partnered with multiple high-end B&Bs in Altay by offering them product samples, creating a healing haircare experience infused with the atmosphere of spring.

(6) In May, Off&Relax appeared at the 14th World Congress for Hair Research (WCHR 2026) and showcased its full product portfolio. At the event, Dr. Yang Jianzhong, a global expert in holistic scalp healing and care, shared Off&Relax's four-dimensional scalp healing and care system as well as frontier research on collagen type XVII.

(7) In May, Off&Relax partnered with *Southern Weekly* and beauty influencer Zhu Wangwang to jointly launch the "28-Day Shaved-Hair Challenge", demonstrating the anti-hair-loss and hair-revitalizing efficacy of its Anti-hair Loss Strengthening Ampoule Essence.

3. Channels

(1) Online:

Tmall: Tmall is Off&Relax's core operating channel, on which it mainly promoted key categories, such as the Fluffy series, the Anti-hair loss series, and the Luminous Radiance Luxury Repair Hair series. Off&Relax continued to strengthen hero SKU penetration and multi-category coordinated development on Tmall. Its channel growth gradually shifted from being driven by a single hero product to being jointly driven by multiple categories, including shampoo, scalp care, and haircare sets.

Douyin: Off&Relax continued to deepen the coordinated operation of the "content field + shelf field", enhancing both brand content penetration and transaction conversion capacity through multi-scenario linkage. For self-operated livestreaming, Off&Relax continuously optimized livestream content expression, product combinations, and placement structure. For KOL livestreaming, Off&Relax established in-depth collaborations with top-tier KOLs as well as a matrix of mid-tier ones, expanding brand content touchpoints.

During the 618 Shopping Festival in 2026, the GMV of Off&Relax ranked No. 3 in Douyin's Hair Care category and No. 2 among domestic brands. In the first half of 2026, the GMV of Off&Relax's two Tmall stores ranked No. 4 in Tmall's haircare and hair beauty category, excluding hair dyeing, perming, and styling, and No. 1 among domestic brands.

(2) Offline:

During the reporting period, Off&Relax further improved its offline retail channel layout by entering channels such as Sam's Club, Freshippo, Xiaoxiang Supermarket, strengthening penetration into more household consumer touchpoints. At the same time, Off&Relax entered beauty multi-brand stores including Watsons, KKV, HARMAY, and AFIONA, creating a differentiated product assortment strategy through channel-customized sets and limited-edition fragrances. Off&Relax also further expanded into imported supermarket channels such as Ole, city'super, and Jiuguang.

Awaken Seeds

1. Products

During the reporting period, Awaken Seeds continued to reinforce its positioning as an efficacy-driven hair cleansing and care brand specializing in scalp microbiome, and thereby strengthened consumer perception of its professionalism and scientific credibility.

(1) In February, Awaken Seeds upgraded its hero product Oil-Control Shampoo into the 2.0 version. It introduced the core philosophy of "scalp-specific, cause-specific, precision care" and "rejecting a one-solution-for-all approach" for the first time. Based on different levels of scalp oiliness, Awaken Seeds launched two targeted oil-control shampoos: Oil-Control Purifying Shampoo for severely oily scalps and Oil-Control Balancing Shampoo for mildly oily scalps.

(2) In April, Awaken Seeds expanded its anti-dandruff series with the launch of Effective Anti-dandruff Shampoo. Under its core philosophy of segmentation by scalp concern and scalp type, and building on its existing anti-dandruff products—Anti-dandruff Purifying Shampoo—Awaken Seeds introduced Effective Anti-dandruff Shampoo, containing 0.9% refined selenium disulfide, to address severe oily dandruff and seborrheic dermatitis. This further covered targeted needs within dandruff-related pain points and completed the anti-dandruff product matrix.




2. Marketing

During the reporting period, focusing on its core positioning and with "major brand event" as the engine, Awaken Seeds adopted a dual-drive model of "building professional trust through scientific communication and stimulating consumer demand through scenario-based marketing", and successfully made the concept of "type-specific oil control" tangible, credible, and accessible. The marketing initiatives undertaken are as follows:

(1) In January and February, Awaken Seeds launched a series of brand-owned social media campaigns, including the New Year's Day campaign "New Year's Eve Project | Sparkling Life" and the Spring Festival campaign "Pengpeng's New Year". Leveraging the festive New Year atmosphere, Awaken Seeds introduced limited-edition engagement formats to enhance consumer affinity, brand exposure, and interaction.

(2) From March to May, Awaken Seeds developed "Brand Talk" content during the launch period of Oil-Control 2.0 and built a three-dimensional scientific communication matrix. Through a series of content initiatives including "authoritative expert commentary," academic conference endorsements, and ingredient-and-efficacy visualization, Awaken Seeds deepened consumer understanding of the new products and drove conversion.

(3) From May to June, Awaken Seeds launched the "Hair Research Institute" content series. Through expert interpretation of multi-center sampling data and real testing conducted across universities in northern and southern China, Awaken Seeds made the concept of "segmentation by type" more tangible in consumers' everyday lives, while also creating strong talking points for off-platform product promotion.

(4) In June, against the backdrop of channel expansion and based on channel characteristics, Awaken Seeds launched travel-size products exclusively for new retail channels and quickly made them available through instant retail channels. Through off-platform content and on-platform product strategies aligned with scenarios such as business trips, travel, and trial purchases, Awaken Seeds lowered the trial cost for new customers with a relatively low average transaction value, rapidly obtained user profiles within these channels, and explored paths for the subsequent rollout of its full product line.

In the first half of 2026, Awaken Seeds continued to accumulate brand assets through scientific communication. In collaboration with the Company's Shanghai R&D Center, Awaken Seeds communicated more than 10 core R&D outputs, including patents, conference findings, and articles, across a series of touchpoints, generating over one million impressions. These efforts built a professional trust moat and continuously contributed "passive persuasiveness" to long-term conversion.

3. Channels

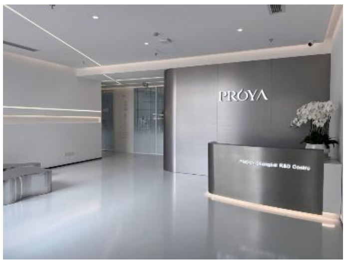
Tmall: Awaken Seeds advanced refined operations around the two priorities of "new customer acquisition" and "conversion efficiency". In terms of acquiring new customers, Awaken Seeds optimized the cost-ratio structure of promotional channels and leveraged a combination of "audience promotion + super short videos" to generate exposure traffic at a lower cost. Awaken Seeds also linked the platform's "Tmall U First" and 10-billion-yuan subsidy programs to send samples, repeatedly retargeting trial users and building an efficient new-customer acquisition loop of "exposure–trial–repurchase". Regarding conversion, Awaken Seeds restructured product combinations, strengthened cross-selling logic, and improved its self-operated livestreaming rooms. Through streamer scripts and interactive mechanisms, Awaken Seeds systematically enhanced overall operating efficiency.

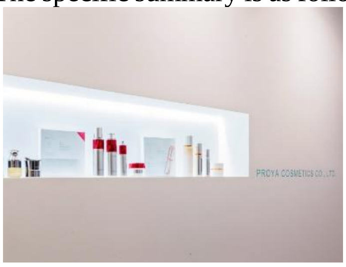
Douyin: Awaken Seeds focused on an integrated operational approach combining short videos, livestreaming, and paid media, supported by refined operations. Content served as the foundation for promotion. Hence, for self-operated livestreaming, Awaken Seeds used major livestreaming sessions to drive smaller themed sessions and create campaign momentum. On the product side, Awaken Seeds used innovative peripheral product bundles to enhance cross-selling. On the account side, Awaken Seeds built a matrix of self-operated livestreaming accounts and short-video accounts, while using mall product bundles (product cards), to drive organic traffic.

During the 618 Shopping Festival in 2026, the GMV of Awaken Seeds grew by 77% YoY across all channels, including increases of 187% on Douyin and 53% on Tmall.

II. New R&D strategy

During the reporting period, the Company continued to prioritize scientific and technological innovation as its core driver and maintained a three-pronged R&D system: independent R&D + industry-university-research-medicine cooperation + international collaboration. It has made systematic progress in skin mechanism research, raw material innovation, cutting-edge technology breakthroughs, efficacy evaluation standardization, and cross-border collaborative innovation. The specific summary is as follows:





1. Patents

During the reporting period, the Company filed 36 new national invention patent applications, 1 utility model patent application, and 27 design patent applications, totaling 64 new patent applications. The Company was also granted 11 national invention patents, 2 utility model patents, and 16 design patents, for a total of 29 newly granted patents. As of the end of the reporting period, the Company had 154 nationally licensed invention patents, 26 utility model patents, and 152 design patents, totaling 332 patents obtained.

2. Standards

During the reporting period, the Company released 1 national standard, 3 light industry standards, and 8 group standards as a drafter. As of the end of the reporting period, the Company had led or participated in the development of 22 national standards, 9 light industry standards, and 48 group standards.

3. Ingredient R&D and technological innovation

(1) During the reporting period, the Company continued to increase its investment in ingredient R&D, reached in-depth cooperation with advanced ingredient suppliers at home and abroad, covering a variety of cross-research fields such as synthetic biology and AI technology fusion application, and completed the filing of three new ingredients: Myristyl Malate Phosphonic Acid, Bicyclic Hexadecapeptide-1, and Itaconic Acid, creating differentiated ingredient advantages.

(2) During the reporting period, the Company completed efficacy validation and product matching for a number of self-developed botanical extracts, botanical ferment specialty ingredients, and innovative ingredients. These ingredients covered multiple brand pipelines of the Company and achieved the commercialization of the Company's proprietary self-developed ingredient technologies.

(3) During the reporting period, the Company continued to strengthen its foundational self-developed technology system and built multi-dimensional independent R&D platforms, providing core technical support for proprietary ingredient development, efficacy upgrades, and formula compounding.

4. Awards and achievements

(1) During the reporting period, the Company attended the Conference of Chinese Dermatovenerology Society of Integrative Medicine (CDSI), sharing interim progress in basic skin research and post-operative repair. At the Annual Meeting of Chinese Society of Dermatology (CSD), the Company released the *PROYA Basement Membrane White Paper* together with its partners, established an evidence chain for the basement membrane in the Chinese population, and highlighted the clinical value of basement membrane research. At the World Congress for Hair Research (WCHR) and the CSD, the Company released 4 and 2 academic posters, respectively, covering research areas including scalp microbiome and scalp health, anti-dandruff technology, mild cleansing, and hair fiber repair.

During the reporting period, the Company's R&D team attended multiple industry conferences and forums, including Cosmetotest 2026 in Lyon, CosmoProf in Italy, the EADV Symposium 2026, and the 2026 Cosmetics Europe Annual Conference. The team also delivered thematic presentations on the Company's scientific research achievements.

(2) During the reporting period, the Company published multiple high-quality papers in domestic and foreign journals and industry conferences:

In the skincare field, the Company published the paper *Asperuloside protects against age-related muscle dysfunction by enhancing FOXO3-mediated mitophagy* in *Phytotherapy Research*, focusing on mitochondrial anti-aging research. The Company also focused on the precise regulation of sunscreen film structure and introduced a new research perspective on sunscreen performance. The related technical research was selected for an oral presentation at IFSCC 2026. Two mechanism and clinical studies related to the Advanced Firming Nourishing Series were accepted by the 2026 China Cosmetics Science and Technology Conference and received the Excellent Paper Award. In addition, the Company developed an age model for the skin condition of Chinese women and quantified the comprehensive performance of the Double Effect Brightening Series in anti-glycation and reducing skin sallowness; the related findings were published in the *Journal of China Cosmetic Science*.

In the field of hair and scalp care, the Company continued to advance joint research on the scalp microbiome with Shanghai Jiao Tong University and achieved new progress in multi-omics research, including lipidomics and metagenomics of oily scalps. The related findings were published in the *Journal of Cosmetic Dermatology*. In anti-dandruff mechanism research, the Company analyzed the regulatory effects of a compound anti-dandruff system on Malassezia, and the findings were published in the *Journal of Applied Microbiology*. The Company published research on the mild exfoliation mechanism of succinic acid in *Cosmetics*. In research on the irritation potential of surfactant compound systems, the Company combined cutting-edge characterization technologies such as synchrotron radiation micro-infrared spectroscopy to visually reveal the correlation mechanism between surfactant micelle aggregation behavior and skin mildness; the findings were published in the *Journal of Colloid and Interface Science*.

5. Strategic cooperation

During the reporting period, the Company continued to deepen industry-university-research-medicine collaboration in innovation, further expanded its diversified cooperation network, and built an innovation framework that integrated internal and external efforts, and focused on core areas such as raw material innovation, technology R&D, and joint platform development.

The Company continued to deepen ingredient-side strategic partnerships. Specifically, it sustained long-term collaboration with Ashland (China) Investment Co., Ltd., DSM Vitamin (Shanghai) Co., Ltd., BASF (China) Co., Ltd., and Hangzhou Bota Bio Co., Ltd., and carried out collaborative innovation in efficacy-ingredient R&D, biotechnology implementation, and green manufacturing.

The Company continued to work closely with medical institutions to deepen foundational research and accelerate clinical translation. In cooperation with Shanghai Skin Disease Hospital, the Company jointly established the Dermatological Clinical Research Laboratory. Moreover, it conducted advanced comprehensive cooperation across efficacy skincare R&D, basic skin science research, professional talent cultivation, and the commercialization of R&D outcomes. Building on its in-depth collaboration with West China Hospital, the Company currently works to form a research ecosystem for mitochondrial anti-aging that integrates "industry-academia-research-medicine", covering mechanism breakthroughs, ingredient innovation, and application implementation, thereby enabling frontier medical research to empower innovation in the cosmetics industry.

Besides, the Company co-established a joint laboratory with Zhejiang University–Veminsyn Bio-AI Center to build an AI-driven life science and consumer health innovation platform. The Company also further deepened cooperation with Zhejiang University, Shanghai Jiao Tong University, Dalian University of Technology, China Pharmaceutical University, East China University of Science and Technology, University of Shanghai for Science and Technology, etc. in skin care, makeup, scalp care, and hair care technology.

III. New supply chain guarantee

1. Green and low-carbon: During the reporting period, the Company continued to promote green and low-carbon initiatives and automation upgrades. It used returnable transit containers, biodegradable packaging film, and reused outer shipping cartons to reduce one-time packaging consumption and carbon emissions effectively. The Company also introduced automated kitting/packaging equipment to upgrade packaging automation, improve packaging efficiency, and enhance standardization, effectively balancing between cost reduction and efficiency improvement and sustainable development.

2. Energy security: During the reporting period, the Company had the low-voltage switchgear in the main distribution substation replaced to ensure safe and stable power supply. The new equipment integrated digital monitoring modules to enable real-time visualization of power data. In the logistics warehouse, the Company had the entire roof lighting panels replaced, enabling "no-light operation" during the daytime in the warehousing area and effectively reducing lighting energy consumption. The Company also optimized water usage classification to save water costs, and advanced safety upgrades together with cost reduction and efficiency improvement.

3. Safety and control upgrades: During the reporting period, the Company introduced multiple intelligent technologies for factory safety and risk control. These included an AI fire-detection system deployed for the charging areas, automatic fire-extinguishing devices installed in the charging zones and the hazardous chemical goods warehouse, and current-limiting protection devices installed in the dormitory buildings. These measures strengthened the Company's fire safety defense line.

4. Digital construction: During the reporting period, the Company leveraged AI technology, the Feishu (Lark) collaboration platform, and low-code development tools to complete multiple digital applications. These applications covered key business scenarios, including supply chain operations, production coordination, warehousing and logistics, quality management, workflow approvals, and project management, thereby breaking down data silos across the supply chain. In addition, through an asset management system, the Company established standardized electronic ledgers covering the full lifecycle of asset procurement, receiving, issuing, and disposal. Through an accounting electronic archive system, the Company collected, stored, and accessed accounting materials online throughout its full workflow, significantly reducing paper usage and warehouse space.

5. AI vision inspection empowered intelligent manufacturing: During the reporting period, the Company used AI vision inspection technology to optimize production and product quality inspection processes and completed upgrade and renovation projects for multiple production manufacturing workshops. By introducing vision inspection solutions such as Cognex, the Company gradually realized information-based management across the full production process and enabled more intelligent equipment operation.

IV. New organizational strategy

1. Mechanism development: With the "Double Ten" Strategy at its core, the Company continued to shape a more agile, efficient, and flat organizational structure. The Company strengthened horizontal collaboration at the organizational level and, at key business milestones or for major projects, formed joint task forces to promote the organic integration of division of labor and collaboration. Besides, the Company fostered a culture that encouraged innovation and tolerated trial and error. It also strengthened domestic employment risk prevention and control, built a compliance knowledge system for overseas employment, and reinforced the global compliance baseline. In addition, the Company upgraded its employee well-being program and built an employee interaction and incentive system, turning "employee well-being" into "organizational resilience" and "core competitiveness".

2. Incentive performance: During the reporting period, the Company systematically upgraded its performance management system. It completed strategy decoding, formed a strategic map, built a Company-level key performance indicator library, and cascaded indicators down to each individual. The Company connected the full closed loop of "strategy–indicators–dashboard", using a high-performance orientation to drive business focus and efficient strategy implementation. In terms of compensation and incentives, the Company continued to upgrade its system around "improving efficiency, optimizing mechanisms, and promoting innovation". It launched the 2026 Employee Stock Ownership Scheme, established an interest-sharing mechanism, and enhanced the team's long-term competitiveness and cohesion.

3. Talent development: Building on its existing promotion mechanism, the Company launched a special "Promotion Fast Track" program to provide momentum for both organizational and individual development. The Company refreshed its leadership model to improve the efficiency and accuracy of talent identification. Using the three-capability model—leadership, professional expertise, and general competencies—as the anchor, the Company made strategic-level talent investments, built a capability development ecosystem, and empowered employee growth.

4. Intelligent human resources development: The Company empowered human resources management with AI and adopted multiple measures to improve management quality and efficiency. It actively advanced a portfolio of projects, achieving a capability leap from online processes and data visualization to intelligent driving. The HRAI project portfolio was fully implemented, integrating and intelligently upgrading modules including performance management, promotion, talent review, succession planning, new employee management, and the internal talent mobility platform. This significantly improved the agility and precision of management decision-making.

V. Digital and Intelligent Strategy

During the reporting period, the Company further embedded its digital-intelligence initiatives into business scenarios. Focusing on areas including the data foundation, business analysis, AI applications, online processes, data security, and organizational capabilities, the Company worked to improve business response efficiency, management transparency, and data-driven decision-making capabilities.

1. Data foundation and business analysis capability building: The Company advanced the construction of its data middle platform into the business-scenario validation stage. It focused on establishing a unified data entry point, data standards, quality criteria, and data asset accumulation. The Company also prioritized projects such as integrated business-finance management reporting and data asset inventory, laying a solid foundation for the subsequent iteration of the business cockpit, marketing cockpit, and cross-brand business analysis.

2. Implementation of applications in marketing, e-commerce, and business scenarios: Around high-frequency scenarios such as major campaign operations, placement monitoring, and business review, the Company launched tools including the 618 Mega Campaign Dashboard, the Company Mega Campaign Daily Report, and the Qianchuan Media Placement Monitoring Agent. These tools helped business teams more quickly understand the progress of major campaigns and improved the efficiency of cross-department data collaboration and business review.

3. AI applications moved from training pilots to business practice: The Company gradually embedded AI-related work into concrete processes such as content production, data governance, system development, and operations monitoring. For example, the AI video project accumulated workflows covering material tagging, script generation, batch video production, and media placement review. The Data Quality Monitoring Agent and Media Placement Alert Bot moved anomaly identification to the stage before data entered the process. The Company also used AI Coding to rapidly deliver applications such as the distribution collaboration platform and the sensory analysis platform.

4. Deploying workflows for finance, supply chain, and business collaboration online: The electronic accounting archive project connected systems including SAP, expense management, and OA, enabling automatic collection and archiving of documents such as vouchers and contracts. The media procurement process covered stages including demand application, order placement, acceptance inspection, and payment, enhancing expense traceability and compliance control. The advancement of the electronic labeling system, outsourced packaging material management, and the overseas intelligent reconciliation platform also strongly improved business efficiency.

5. Data security, data quality, and organizational capability building: The Company completed its first certification for the ISO 27001 Information Security Management System, further standardizing its information security management capabilities. In terms of data quality, the Company established monitoring and notification mechanisms around data sources to reduce the entry of erroneous data into downstream processes. In terms of organizational capabilities, through AI night school, AI video training, and OpenClaw Agent practice, the Company enabled management and business teams to understand and use AI in real scenarios, while accumulating reusable methods and templates.

Notes:

(1) Data sources for the rankings of the above brands, products, and categories:

Data for TIMAGE on Tmall for the first half of 2026 is sourced from Nint Intelligence Cloud. Data for INSBAHA on Tmall is sourced from Nint Intelligence Cloud, data on Douyin is sourced from Feigua. The time periods are from January 1, 2026, to June 30, 2026.

(2) Rankings and data sources for each channel of the above brands:

① Data of each brand during the 618 Shopping Festival in 2026 is sourced from the Company's 2026 618 sales report.

② Data for PROYA on Douyin for the first half of 2026 is sourced from Feigua Pince; data for PROYA on JD.com is sourced from Nint Intelligence Cloud. Data for TIMAGE on Tmall is sourced from Nint Intelligence Cloud. Data for Off&Relax on Tmall is sourced from Nint Intelligence Cloud. The time periods are from January 1, 2026, to June 30, 2026.

1. Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the same period of the previous year	Change (%)
Operating revenue	5,374,800,725.36	5,361,890,476.66	0.24
Operating cost	1,380,206,847.09	1,427,500,235.41	-3.31
Selling expenses	2,855,752,719.23	2,658,870,093.11	7.40
Administrative expenses	236,648,534.10	177,479,237.25	33.34
Financial expenses	-1,859,619.54	-23,420,719.43	Not applicable
R&D expenses	99,429,488.73	95,025,833.06	4.63
Net cash flows from operating activities	950,841,180.71	1,293,329,341.66	-26.48
Net cash flows from investing activities	-697,822,418.10	-174,138,931.67	Not applicable
Net cash flows from financing activities	-138,126,730.33	-477,161,516.14	Not applicable

Change in operating revenue: Operating income was basically flat compared with the same period last year.

Change in operating cost: Mainly attributable to sustained cost optimization initiatives and enhanced operational efficiency.

Change in selling expenses: Selling expenses for the first half of 2026 amounted to RMB 2.856 billion, representing 53.13% of operating revenue (compared to 49.59% in the same period of 2025). Selling expenses grew year on year by RMB 197 million, or 7.40%, driven predominantly by a RMB 175 million (+7.40%) increase in brand promotion and advertising expenditures.

Reasons for changes in administrative expenses: Administrative expenses for the first half of 2026 amounted to RMB 237 million, representing 4.40% of operating revenue (compared to 3.31% in the same period of 2025). Administrative expenses increased by RMB 59 million or 33.34% year-on-year, mainly due to a year-on-year increase of RMB 33 million or 30.37% in employee compensation and service fees during this period.

Reasons for changes in financial expenses: This was primarily due to a decrease of RMB 9.7202 million in interest income, and a shift in exchange gains and losses from a gain of RMB 7.7665 million in the same period of the previous year to a loss of RMB 2.619 million in the current year.

Reasons for changes in R&D expenses: R&D expenses for the first half of 2026 totaled RMB 99 million, representing a year-on-year increase of RMB 4.4037 million, and accounting for 1.85% of operating revenue (compared to 1.77% in the same period of 2025). The parent company's R&D expense ratio reached 4.32% for the first half of 2026 (compared to 4.04% in the same period of 2025).

Reasons for changes in net cash flow from operating activities: 1. A decrease in cash received from sales

of goods; 2. An increase in brand promotion and advertising expenditures.
Reasons for changes in net cash flows from investing activities: 1. An increase in cash paid to purchase wealth management products; 2. An increase in net cash paid to obtain subsidiaries.
Reasons for changes in net cash flows from financing activities: 1. The dividend for the year 2024 was paid during the same period last year, while no such payment has been made for the current period (the dividend for the year 2025 was paid in full in July 2026); 2. An increase in cash paid for share repurchases.

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

□ Applicable √ Not applicable

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

√Applicable □Not applicable

Through multiple transactions, the Company achieved a business combination not under common control of Shenzhen FlowerKnows E-commerce Co., Ltd. in stages. In June 2026, the Company obtained a 51.00% equity interest in Shenzhen FlowerKnows E-commerce Co., Ltd. and included it in the scope of consolidation. The equity interests held prior to the acquisition date were remeasured at their fair value as of the acquisition date, generating investment income of RMB 445,360,152.15 and consequently a significant increase in net profit attributable to the owners of the parent company.

(III) Analysis of assets and liabilities

√Applicable □Not applicable

3. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the current period	Proportion of amount at the end of the current period in total assets (%)	Amount at the end of the previous year	Proportion of amount at the end of the previous year in total assets (%)	Year-over-year change at the end of the current period (%)	Remarks
Held-for-trading financial assets	675,521,041.40	6.22	0.00	0.00	Not applicable	Mainly due to the purchase of wealth management products and structured deposits.
Accounts receivable	298,056,697.94	2.74	70,150,618.87	0.83	324.88	Mainly due to an increase in accounts receivable from Beijing Jingdong Century Trading Co., Ltd. at the end of the period compared to the previous period
Advances to suppliers	397,682,966.01	3.66	169,434,798.38	2.00	134.71	Mainly due to an increase in prepaid expenses such as promotion and advertising expenses, and an increase arising from the business

						combination not under common control involving Shenzhen FlowerKnows E-commerce Co., Ltd.
Other receivables	16,742,444.05	0.15	31,038,260.10	0.37	-46.06	Mainly due to the receipt of dividends receivable
Inventories	853,529,366.36	7.85	634,717,582.47	7.48	34.47	The increase was mainly due to the business combination of Shenzhen FlowerKnows E-commerce Co., Ltd. under non-common control
Long-term equity investments	6,466,347.62	0.06	441,303,737.68	5.20	-98.53	Mainly due to the business combination of Shenzhen FlowerKnows E-commerce Co., Ltd. under non-common control, and an associate was converted into a subsidiary included in the scope of consolidation
Construction in progress	194,088,068.85	1.79	128,341,121.16	1.51	51.23	Mainly due to increased investment in the Proya smart factory
Intangible assets	652,296,315.04	6.00	443,885,112.10	5.23	46.95	Mainly due to the business combination of Shenzhen FlowerKnows E-commerce Co., Ltd. under non-common control, resulting in the appreciation of trademark rights
Deferred tax assets	201,803,104.75	1.86	149,070,224.51	1.76	35.37	Mainly due to an increase in deferred tax assets related to unrealized internal gains and losses and deductible losses.

Goodwill	923,541,784.87	8.50	0.00	0.00	Not applicable	Mainly due to the business combination of Shenzhen FlowerKnows E-commerce Co., Ltd. under non-common control
Accounts payable	1,487,953,698.00	13.69	798,463,950.20	9.41	86.35	Mainly due to an increase in payment for goods payable
Taxes payable	282,313,423.64	2.60	94,748,550.72	1.12	197.96	Mainly due to an increase in VAT payable and corporate income tax payable
Current portion of non-current liabilities	11,644,794.99	0.11	7,738,217.76	0.09	50.48	Mainly due to an increase in lease liabilities due within one year
Other current liabilities	25,410,121.40	0.23	18,877,890.19	0.22	34.60	Mainly due to an increase in accrued refunds payable
Deferred tax liabilities	53,028,754.37	0.49	0.00	0.00	Not applicable	Mainly due to the business combination of Shenzhen FlowerKnows E-commerce Co., Ltd. under non-common control, resulting in deferred tax liabilities arising from the appreciation in the appraised value of assets
Treasury shares	320,956,444.21	2.95	192,144,659.13	2.26	67.04	Mainly due to the company's repurchase of shares through centralized bidding transactions
Non-controlling interests	500,295,012.69	4.60	125,467,025.81	1.48	298.75	Mainly due to the business combination of Shenzhen FlowerKnows E-commerce Co., Ltd. under non-common control

Other descriptions

None

4. Overseas assets

√Applicable □Not applicable

(1) Asset size

Including: Overseas assets of RMB 372,268,231.94, accounting for 3.43% of the total assets.

(2) Description of the high proportion of overseas assets

□ Applicable √ Not applicable

Other descriptions
None

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

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending book balance	Ending carrying amount	Restriction type	Reason for restriction
Monetary funds	1,316,033,612.00	1,316,033,612.00	Cannot be withdrawn at any time	Large-denomination certificate of deposit
	89,000.00	89,000.00	Cannot be withdrawn at any time	ETC deposit
	4,271,103.07	4,271,103.07	Cannot be withdrawn at any time	Direct-sales store deposit
	250,000.00	250,000.00	Cannot be withdrawn at any time	Time deposit margin for transformer
	3,563,114.58	3,563,114.58	Frozen	Judicial freezing
Total	1,324,206,829.65	1,324,206,829.65		

6. Other descriptions

□ Applicable √ Not applicable

(IV) Analysis of investments

1. Overall analysis of external equity investments

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending amount	Beginning amount
Investments in other equity instruments	77,624,085.71	78,767,098.06
Investment in joint ventures	3,259,878.50	3,261,119.28
Investment in associates	3,206,469.12	438,042,618.40
Total	84,090,433.33	520,070,835.74

For details, please refer to the description in "17. Long-term equity investments" and "18. Investments in other equity instruments" in "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

(1) Major equity investments

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name of the invested company	Main business	Whether the target is mainly engaged in investment business	Investment method	Investment amount	Shareholding ratio	Consolidated or not	Statement account (if applicable)	Source of funds	Partners (if applicable)	Investment period (if any)	Progress as of the balance sheet date	Estimated income (if any)	Impact of profit and loss in the current period	Litigation involved or not	Disclosure date (if any)	Disclosure index (if any)
Shenzhen FlowerKnows E-commerce Co., Ltd.	Cosmetics sales	No	Acquired	351,142,798.00	51.00%	Yes		Own funds			Control has been obtained		445,360,152.15	No	May 22, 2026 June 13, 2026	*Announcement of Proya Cosmetics Co., Ltd. on Acquiring Partial Equity of Shenzhen FlowerKnows E-commerce Co., Ltd.* (Announcement No.: 2026-028); *Announcement of Proya Cosmetics Co., Ltd. on*

																Receiving Work Letter from SSE and Verifying Relevant Issues (Announcement No.: 2026-033)
Total	/	/	/	351,142,798.00	51.00%	/	/	/	/	/	/		445,360,152.15	/	/	/

Remarks: During the current period, the Company paid RMB 351,142,798.00 to additionally acquire approximately 12.5479% equity interest in Shenzhen FlowerKnows E-commerce Co., Ltd., which, together with the 38.4521% equity interest already held before the acquisition date, totaled 51.00% and obtained control. The impact of profit and loss in the current period of RMB 445,360,152.15 in the table mainly represents the investment income formed from remeasuring the equity interest held before the acquisition date at fair value on the acquisition date.

(2) Major non-equity investments

□ Applicable √ Not applicable

(3) Financial assets measured at fair value

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category of assets	Beginning amount	Profits or losses from changes in fair value in the current period	Accumulated change in fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sale/redemption amount during the period	Other changes	Ending amount
Others	2,491,804.24				2,910,170.00	2,491,804.24		2,910,170.00
Others	78,767,098.06		-1,143,012.35					77,624,085.71
Others					8,456,662,298.10	7,781,141,256.70		675,521,041.40
Total	81,258,902.30		-1,143,012.35		8,459,572,468.10	7,783,633,060.94		756,055,297.11

Securities investment
□ Applicable √ Not applicable

Description of securities investment
□ Applicable √ Not applicable

Private fund investments
□ Applicable √ Not applicable

Derivative investments
□ Applicable √ Not applicable

(V) Disposal of major assets and equity

□ Applicable √ Not applicable

(VI) Analysis of major controlled or invested companies

√Applicable □Not applicable

Main subsidiaries and joint-stock companies that have an impact on the Company's net profit of 10% or more
□ Applicable √ Not applicable

Acquisition and disposal of subsidiaries during the reporting period
√Applicable □Not applicable

Company name	Method for acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation, and performance
Shenzhen FlowerKnows E-commerce Co., Ltd.	Business combination not under common control	In June 2026, the Company included Shenzhen FlowerKnows E-commerce Co., Ltd. in the scope of consolidation. In the business combination not under common control of Shenzhen FlowerKnows E-commerce Co., Ltd. achieved in stages through multiple transactions, the equity interests held prior to the acquisition date were remeasured at their fair value as of the acquisition date, generating investment income of RMB 445,360,152.15.
PROYA Cosmetics Vietnam Co.,Ltd	Newly established	No impact

Other descriptions
□ Applicable √ Not applicable

(VII) Structured entities controlled by the Company

□ Applicable √ Not applicable

V. Other disclosures

(I) Potential risks

√Applicable □Not applicable

1. Industry competition risks

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

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

2. Project incubation risks

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

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

3. Risks of investment, mergers and acquisitions, and goodwill impairment

The Company may form goodwill through business expansion by means such as investment and mergers and acquisitions, and there may be risks of goodwill impairment in the future.

(II) Other disclosures

□ Applicable √ Not applicable

Section IV Company Governance, Environment, and Society

I. Changes in the Company's directors and senior management

□ Applicable √ Not applicable

Description of changes in the Company's directors and senior management
□ Applicable √ Not applicable

II. Profit distribution plan or capital reserve capitalization plan

Profit distribution plan or capital reserve capitalization plan for the semi-annual period

Whether to allocate or transfer	Yes
Number of bonus shares per 10 shares	0
Number of dividends per 10 shares (RMB) (including tax)	11.80
Number of shares from capital reserve capitalization per 10 shares	0
Description of the profit distribution plan or capital reserve capitalization plan	
The Company proposes to distribute a cash dividend of RMB 11.80 (tax inclusive) for every 10 shares to all registered shareholders based on the total share capital (excluding the shares held in the Company's special securities account for repurchase) as of the record date for equity distribution. Based on the total share capital of 395,976,049 shares as of June 30, 2026, and after deducting 4,235,312 shares held in the Company's special securities account for repurchase, the estimated aggregate cash dividend to be distributed will be RMB 462,254,069.66 (tax inclusive). No capitalization of the capital reserve into share capital and no bonus shares will be implemented. Prior to the record date for equity distribution, if the Company's total share capital changes due to the conversion of convertible bonds or other reasons, the distribution ratio per share will remain unchanged, and the total distribution amount will be adjusted accordingly. In accordance with the *Index for the Guidelines No. 7 of SSE for Self-Regulation of Listed Companies—Share Repurchase*, if a listed company uses cash as consideration and repurchases shares through centralized bidding or tender offer, the amount of share repurchase implemented in that year shall be deemed as the amount of cash dividends and included in the relevant proportion of cash dividends in that year. The amount of shares repurchased by the Company through centralized bidding in the first half of 2026 was RMB 128,795,293.90 (excluding transaction costs). To sum up, the Company's cash dividends and share repurchases for the first half of 2026 (including the dividends to be distributed in the first half of 2026 and the amount of shares repurchased through centralized bidding in the first half of 2026) accounted for 50.61% of the net profit attributable to shareholders of the listed company in the consolidated financial statements for the first half of 2026.	

III. The Company's stock option incentive plan, employee stock ownership scheme, or other employee incentive measures and their impact

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

√Applicable □Not applicable

Overview	Search index
On April 20, 2026, the Company held the 12th meeting of the 4th Board of Directors and deliberated and approved the *Proposal on the 2026 Employee Stock Ownership Scheme (Draft) and the Summary*, the *Proposal on the Management Measures for the 2026 Employee Stock Ownership Scheme*, and the *Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters*	For details, please refer to the *Announcement on Resolutions of the 12th Meeting of the 4th Board of Directors* (Announcement No.: 2026-010), the *Announcement on the 2026 Employee Stock Ownership Plan (Draft) and the Summary* (Announcement No.: 2026-024) and the *Management Measures for the 2026 Employee Stock Ownership Plan* disclosed by the Company on the website of SSE (www.sse.com.cn) on April 22, 2026.

Related to the 2026 Employee Stock Ownership Scheme.	
On June 18, 2026, the Company held the 2025 Annual Shareholders' Meeting and deliberated and approved the *Proposal on the 2026 Employee Stock Ownership Scheme (Draft) and the Summary*, the *Proposal on the Management Measures for the 2026 Employee Stock Ownership Scheme*, and the *Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the 2026 Employee Stock Ownership Scheme*.	For details, please refer to the *Announcement on Resolutions of Annual Shareholders' Meeting in 2025* (Announcement No.: 2026-035) released by the Company on the SSE's website (www.sse.com.cn) on June 18, 2026.
On July 24, 2026, the Company held the 15th meeting of the 4th Board of Directors and deliberated and approved the *Proposal on Adjusting the Purchase Price under the 2026 Employee Stock Ownership Plan*.	For details, please refer to the *Announcement on Adjusting the Purchase Price of 2026 Employee Stock Ownership Plan* (Announcement No.: 2026-043) released by the Company on SSE's website (www.sse.com.cn) on July 25, 2026.

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

Stock option incentives
□ Applicable √ Not applicable

Other descriptions
□ Applicable √ Not applicable

Employee stock ownership scheme
□ Applicable √ Not applicable

Other incentives
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

Other descriptions
□ Applicable √ Not applicable

V. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

□ Applicable √ Not applicable

Section V Important Matters

I. Performance of Commitments

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

√Applicable □Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
Commitment related to IPO	Restricted sale of shares	Directors and senior management Hou Juncheng, Fang Yuyou, and Cao Liangguo	(1) During their terms as the Company's director/senior management, they shall not transfer more than 25% of their total shares directly or indirectly held in the Company each year. Within 6 months after leaving office, they shall not transfer their shares directly or indirectly held in the Company. (2) If their shares in the Company are sold within two years upon expiration of the lock-up period, the selling price shall not	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			be lower than the offering price. If the closing price of the Company's shares is lower than the offering price for 20 consecutive trading days within 6 months after the Company's IPO, or the closing price as of the end of the 6-month period after the Company's IPO is lower than the offering price, the lock-up period for their shares in the Company will be automatically extended for 6 months. Their commitments above shall survive job change and resignation. (3) Should any of them/their partnership violate the said share lock-up						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			commitments, the lock-up period for their/their partnership's shares in the Company will be automatically extended for 6 months.						
	Restricted sale of shares	Senior management Jin Yanhua	(1) Within 12 months from the date of the Company's IPO, they shall not transfer or authorize others to manage their shares directly or indirectly held in the Company or have the Company repurchase such shares. (2) During their terms as the Company's senior management, they shall not transfer more than 25% of their total shares directly or indirectly held in the Company each year. Within 6 months after leaving	April 16, 2018	No	From April 16, 2018 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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.						
	Restricted sale of shares	Senior management Wang Li	(1) Within 12 months from the date of the Company's IPO, they shall not transfer or authorize others to manage their shares directly or indirectly held in the Company or have the Company repurchase such shares. (2) During	September 3, 2018	No	From September 3, 2018 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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 Company's						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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.						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
	Restricted sale of shares	Controlling shareholders and actual controllers 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 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	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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.						
	Restricted sale of shares	Shareholders Fang Yuyou and Li Xiaolin directly	(1) If they intend to reduce shares after the lock-up period expires, they will prudently make a	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
		holding more than 5% shares in the Company	share reduction plan as necessary for the Company to stabilize the share price, carry on business and conduct capital operation as required by the CSRC and the exchange on shareholders for share reduction, whereby reducing shares gradually upon expiration of the lock-up period. (2) They can only 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						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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 public investors.						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
	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	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			required by laws, regulations and competent regulators; if the losses are caused due to force majeure, the Company shall work out a plan in the shortest possible time to minimize losses to investors and submit it to the General Meeting of Shareholders for deliberation, so as to Company's investors as much as possible. Within three years from the date of the Company's IPO, if the Company appoints new directors and senior management, the Company will require such new directors and senior management to fulfill the commitments made by the directors						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			issuer within 5 working days from the date when the said incident occurs, and they will not be able to transfer their shares until they have taken and carried out measures to stabilize the share price as per the said plan.						
	Others	The Company's directors (excluding independent directors) and senior management	When the preconditions for enabling the share price stabilization measures are met, if failing to take specific measures to stabilize the share price as per the share price stabilization plan, they must explain the cause for failing to do so at the issuer's General Meeting of Shareholders and the media designated by the CSRC and	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			publicly apologize to the issuer's shareholders and public investors. Where the commitment is not fulfilled, they will not receive compensation and shareholder dividends (if any) from the issuer within 5 working days from the date when the said incident occurs, and they will not be able to transfer their shares until they have taken and carried out measures to stabilize the share price as per the said plan.						
	Others	The Company	If the Company's prospectus contains false records, misleading statements or major omissions, which cause investors to suffer losses in	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			based on the principles of procedure simplification, active negotiation, compensation in advance, and effective protection of investors' interests, especially small and medium investors. If found to have violated the said commitments, the Company will publicly apologize to shareholders and public investors for failing to perform the said compensation measures at the General Meeting of Shareholders and the media designated by the CSRC and compensate investors for the actual losses identified by the CSRC and the						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			competent judicial authority.						
	Others	The issuer's controlling shareholders and actual controllers	If the issuer's prospectus contains false records, misleading statements or major omissions, which cause investors to suffer losses in securities transactions, they will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange on which the Company is listed or the competent judicial authority, the Company will actively compensate investors for direct economic losses incurred therefrom by settling with investors	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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, 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,	If the issuer's prospectus contains false records,	November 15, 2017	No	From November	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
		and senior management	misleading statements or major omissions, which cause investors to suffer losses in securities transactions, they will compensate investors for such losses by law. After the illegal facts mentioned above are identified by the CSRC or the stock exchange on which the Company is listed or the competent judicial authority, the Company will actively compensate investors for direct economic losses incurred therefrom by settling with investors with respect to measurable economic losses directly incurred to investors, mediating with			15, 2017 onwards			

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			investors through a third party and establishing an investor compensation fund based on the principles of procedure simplification, active negotiation, compensation in advance, and effective protection of investors' interests, especially small and medium investors. If found to have violated the said commitments, the Company's directors, supervisors and senior management will publicly apologize to the issuer's shareholders and public investors for failing to perform the said compensation						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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 proceeds from the IPO, effectively prevent the risk of diluting immediate	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			subsequently issued by the CSRC and SSE. If found to have violated the said commitments, the Company will promptly announce the facts and cause of such violation, except for force majeure or other reasons not attributable to the Company, apologize to the 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						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			to the approval by the Company's General Meeting of Shareholders.						
	Others	Controlling shareholders and actual controllers Hou Juncheng and Fang Aiqin	In order to ensure that the Company's measures to fill the diluted immediate returns can be effectively performed, they, as the Company's controlling shareholders and actual controllers, promise that: (1) Under no circumstances will they abuse their position as the controlling shareholders and actual controllers by ultra vires interfering with the Company's operation and management activities or encroaching on the	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			Company's interests; (2) After the CSRC and the SSE have otherwise released opinions and implementation rules on measures to fill the diluted immediate returns and such commitments, if the Company's relevant provisions and his or her commitments contradict such rules, they will immediately make supplementary commitments in line with such rules 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						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			Company's measures regarding filling the diluted immediate returns and his or her commitments regarding the measures to fill the diluted immediate returns. If found to have violated such commitments, which causes losses to the Company or shareholders, they are willing to: ① explain the cause and apologize at the General Meeting of Shareholders and the media designated by the CSRC; ② be held liable for compensation to the Company and/or shareholders by law; ③ unconditionally accept the penalties or regulatory measures taken by the						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			CSRC and/or the SSE and other securities regulators as per relevant regulations and rules. The said measures to fill the diluted immediate returns shall not be deemed to constitute a guarantee for the Company's future profits.						
	Others	Directors and senior management	In order to ensure that the Company's measures to fill the diluted immediate returns can be 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	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			interests; (2) They will strictly follow the Company's budget management by limiting his or her position-related consumption to the extent required, subject to the Company's supervision and management and free from waste or excessive consumption; (3) They will not use the Company's assets to engage in investment and consumption activities unrelated to his or her duties; (4) They will actively work towards the improvement of the Company's compensation system, so as to be more in line with the requirements for						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			filling the diluted immediate returns; support the Company's Board of Directors or Compensation Committee in linking the implementation of the Company's measures to fill the diluted immediate returns to the development, revision, and supplementation of the Company's compensation system; promise that the vesting conditions for the Company's equity incentives to be announced will be linked to the implementation of the Company's measures to fill the returns; (5) After the CSRC and the SSE have otherwise released						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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; (6) They will fully, completely and promptly perform the Company's measures regarding filling the diluted immediate returns and his or her						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			commitments regarding the measures to fill the diluted immediate returns. If found to have violated such commitments, which causes losses to the Company or shareholders, they are willing to: ① explain the cause and apologize at the General Meeting of Shareholders and the media designated by the CSRC; ② be held liable for compensation to the Company and/or shareholders by law; ③ unconditionally accept the penalties or regulatory measures taken by the CSRC and/or the SSE and other securities regulators as per relevant regulations						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			and rules. The said measures to fill the diluted immediate returns shall not be deemed to constitute a guarantee for the issuer's future profits.						
	Solution to horizontal competition	Controlling shareholders and actual controllers Hou Juncheng and Fang Aiqin	1. They do not and will not directly or indirectly engage in any activities constituting horizontal competition with the existing and future businesses of the Company and its holding subsidiaries, including but not limited to the R&D, production and sales of any 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	November 15, 2017	No	From November 15, 2017 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			the above commitments to the Company. 2. For the enterprises under his or her control, they will perform their obligations under such commitments by assigning agencies and personnel (including but not limited to directors and managers), and they shall be liable for the economic losses caused by violation of the above commitments to the Company. 3. From the date of signing this letter of commitment, if the Company further expands the scope of its products and business, they or the enterprises under his or her control shall not compete with the						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			Company within the expanded product or business scope, or will, in case of any possible competition with the Company within the expanded product or business scope, withdraw from the competition by: (1) stopping the production of competing or potentially competing products; (2) stopping the operation of competing or potentially competing business; (3) transferring the competing business to the Company; or (4) transferring the competing business to an unrelated third party. 4. Their shareholding companies, including Hangzhou						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			Huazhuang Industrial Investment Co., Ltd. and Huzhou Mogan Wangshu Cosmetics Industry Phase I Venture Capital Partnership (Limited Partnership), and companies that they invest in, engage in no cosmetics business or related upstream and downstream business. If they engage in such businesses in the future, they commit that they will withdraw their investment in those business through equity transfer and other means, and that the Company will be given priority to invest in the said enterprises according to legal provisions and the consent of						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			other shareholders of those enterprises.						
Commitments related to refinancing	Others	Controlling shareholders and actual controllers Hou Juncheng and Fang Aiqin	In order to ensure that the Company's measures to fill the immediate returns can be effectively performed, they commit that: 1. They will not interfere with the Company's operation and management activities beyond their authority or encroach on the Company's interests; 2. From the date of making these commitments to the completion of the Company's public offering of A-share convertible corporate bonds, in the event that the CSRC makes other new regulatory requirements regarding the	April 21, 2021	No	From April 21, 2021 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			measures to fill returns and the commitments thereof, and if the above commitments cannot satisfy such requirements of the CSRC, they will make supplementary commitments as per the latest requirements of the CSRC; 3. They will effectively implement the Company's measures to fill returns and their commitments in this regard, and if found to have violated such commitments, which results in losses to the Company or investors, they are willing to be liable for compensation to the Company or investors according to law. As						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			one of the parties responsible for the measures to fill the returns, should they violate or refuse to fulfill the above commitments, they shall be subject to the punishment or relevant regulatory measures imposed on them by the security regulatory authorities such as the CSRC and the SSE in accordance with the relevant regulations and rules.						
	Others	Directors and senior management	In order to ensure that the Company's measures to fill the immediate returns can be effectively performed, they commit that: 1. They will not offer benefits to other entities or individuals for free or on unfair terms, or	April 21, 2021	No	From April 21, 2021 onwards	Yes	Not applicable	Not applicable

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			otherwise harm the Company's interests; 2. They will restrict their position-related consumption behaviors; 3. They will not use the Company's assets to engage in investment and consumption activities unrelated to his or her duties; 4. They will link the compensation system established by the Board of Directors or the Compensation and Appraisal Committee to the implementation of the Company's measures for filling returns; 5. If the Company implements equity incentives in the future, the vesting conditions for the Company's equity incentives to be						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			announced will be linked to the implementation of the Company’s measures to fill the returns; 6. From the date of making these commitments to the completion of the Company's public offering of A-share convertible corporate bonds, if the CSRC makes other new regulatory requirements regarding the measures to fill returns and the commitments thereof, and if the above commitments cannot satisfy such requirements of the CSRC, they will make supplementary commitments as per the latest requirements of the						

Commitment background	Commitment Type	Commitment party	Commitment Content	Commitment time	Whether deadline for performance is provided	Commitment period	Whether the commitment is performed timely and strictly	Reasons for failure in timely performance	Next plan in case of failure in timely performance
			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.						

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

□ Applicable √ Not applicable

III. Illegal Guarantee

□ Applicable √ Not applicable

IV. Audit of Semi-annual Report

□ Applicable √ Not applicable

V. Changes and Handling of Matters Involved in Non-standard Audit Opinions in the Annual Report of Last Year

□ Applicable √ Not applicable

VI. Matters Related to Bankruptcy Reorganization

□ Applicable √ Not applicable

VII. Major Litigation and Arbitration Matters

□ The company had major litigation and arbitration matters during the reporting period √ The company had no major litigation or arbitration matters during the reporting period

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

□ Applicable √ Not applicable

XI. Description of the Integrity of the Company and Its Controlling Shareholders and Actual Controllers during the Reporting Period

√Applicable □Not applicable

During the reporting period, the Company and its controlling shareholders and actual controllers were in good faith.

X. Major Related Party Transactions

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

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

3. Matters undisclosed in temporary announcements

□ Applicable √ Not applicable

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

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

3. Matters undisclosed in temporary announcements

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

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

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

3. Matters undisclosed in temporary announcements

□ Applicable √ Not applicable

(IV) Debt transactions between related parties

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

3. Matters undisclosed in temporary announcements

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(VI) Other major related party transactions

□ Applicable √ Not applicable

(VII) Others

□ Applicable √ Not applicable

XI. Significant Contracts and Their Fulfillment

(I) Trusteeship, contracting and leasing

□ Applicable √ Not applicable

(II) Major guarantees performed and not yet completed during the reporting period

□ Applicable √ Not applicable

(III) Other significant contracts

□ Applicable √ Not applicable

XII. Progress Report on the Utilization of Raised Funds

√Applicable □Not applicable

(I) General usage of raised funds

√Applicable □Not applicable

Unit: RMB '0,000

Sources of raised funds	Availability time of raised funds	Total raised funds	Net amount of raised funds (1)	Total committed investment by raised funds in the offering circular or prospectus (2)	Total amount of extra raised funds (3) = (1)-(2)	Total cumulative raised funds invested as of the end of the reporting period (4)	Including: Total cumulative extra raised funds invested as of the end of the reporting period (5)	Cumulative investment progress of raised funds as of the end of the reporting period (%) (6) = (4)/(1)	Cumulative investment progress of extra raised funds as of the end of the reporting period (%) (7) = (5)/(3)	Amount invested in the current year (8)	Proportion of amount invested in the current year (%) (9) = (8)/(1)	Total raised funds for changed use
Issuance of convertible bonds	December 14, 2021	75,171.30	74,450.87	74,450.87		76,117.48		102.24		773.44	1.04	
Total	/	75,171.30	74,450.87	74,450.87		76,117.48		/	/	773.44	/	

Other descriptions

□ Applicable √ Not applicable

(II) Details of investment projects financed by raised funds

√Applicable □Not applicable

4. Detailed utilization of raised funds

√Applicable □Not applicable

Unit: RMB '0,000

Sources of raised funds	Item	Project nature	A committed investment project in the offering circular or prospectus or not	Change in investment direction involved or not	Total planned investment by raised funds (1) [Note 1]	Amount invested in the current year	Total cumulative raised funds invested as of the end of the reporting period (2)	Cumulative investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Date on which the projects is ready for its intended use	Closed or not	Whether the investment progress aligns with the schedule	Specific reason for failing to meet the investment schedule	Benefits achieved in the current year	Benefits achieved or R&D achievements by the project	Significant change in project feasibility or not (if any, please specify)	Balance
Issuance of convertible bonds	Huzhou Production Base Expansion Project (Phase I) [Note 2]	Construction	Yes	No	33,850.00		34,695.75	102.50	December 2024	Yes	Yes	Not applicable	13,034.46	91,631.86	No	
Issuance of convertible bonds	Longwu R&D Center Construction Project [Note 2]	R&D	Yes	No	19,450.00		19,700.80	101.29	June 2024	Yes	Yes	Not applicable		Not applicable	No	
Issuance of convertible bonds	Information System Upgrade Project	Operation management	Yes	No	8,801.27	773.44	9,153.63	104.00	May 2026 [Note 3]	Yes	Yes	Not applicable		Not applicable	No	
Issuance of convertible bonds	Supplementary current capital [Note 2]	Replenishment of working capital and loan repayment	Yes	No	12,349.60		12,567.30	101.76		Yes		Not applicable		Not applicable	No	
Total	/	/	/	/	74,450.87	773.44	76,117.48	/	/	/	/	/	13,034.46	/	/	

[Note 1] The adjusted total investment is RMB 744.5087 million, while the total committed investment by raised funds is RMB 751.713 million, resulting in a difference of RMB 7.2043 million. This difference represents underwriting and sponsorship fees, legal and accounting fees, credit rating fees, and issuance service fees in the offering. The actual net amount of raised funds was RMB 744.5087 million. To address the difference, the Company adjusted the total investment of raised funds for the information system upgrade project and the replenishment of working capital.

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

[Note 3] The raised funds had been fully used in accordance with the plan, and the special account for proceeds had no further use. The Company had closed the special account for raised funds. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Closure of the Special Account for Proceeds from the Public Issuance of Convertible Corporate Bonds* disclosed by the Company on SSE’s website on May 13, 2026 (Announcement No.: 2026-027).

2. Detailed utilization of extra raised funds

□ Applicable √ Not applicable

3. Specific situation of re-verification of fundraising projects during the reporting period

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(IV) Other considerations regarding the utilization of raised funds during the reporting period

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

3. Use of idle raised funds for cash management and investment in related products

□ Applicable √ Not applicable

4. Others

□ Applicable √ Not applicable

(V) Explanation on abnormalities in the verification of storage and use of raised funds by intermediaries

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

XIII. Description of Other Major Events

□ Applicable √ Not applicable

Section VI Shareholders and Changes in Shares

I. Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: 10,000 shares

	Before the change		Increase or decrease (+ or -) due to the change					After the change	
	Quantity	Proportion (%)	Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Subtotal	Quantity	Proportion (%)
I. Restricted shares	0	0.00						0	0.00
1. State shareholding									
2. State-owned legal person shareholding									
3. Other domestic shareholding									
Including: Domestic non-state-									

owned legal person shareholding									
Domestic natural person shareholding									
4. Foreign shareholding									
Including: Foreign legal person shareholding									
Foreign natural person shareholding									
II. Shares not subject to selling restrictions	39,597.5998	100.00				0.0051	0.0051	39,597.6049	100.00
1. RMB-denominated ordinary shares	39,597.5998	100.00				0.0051	0.0051	39,597.6049	100.00
2. Domestic listed foreign shares									
3. Foreign listed foreign shares									
4. Others									
III. Total amount of shares	39,597.5998	100.00				0.0051	0.0051	39,597.6049	100.00

2. Description of changes in shares

√Applicable □Not applicable

With the approval of the CSRC, namely, the *Reply on Approving Proya Cosmetics Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No. 3408), the Company publicly issued 7,517,130 convertible corporate bonds on December 8, 2021, with a face value of RMB 100 each and a total issuance amount of RMB 751,713,000. The maturity period is 6 years. As approved by the SSE under the *Self-Discipline Regulation Decision* ([2021] No. 503), the convertible corporate bonds with the principal amount of RMB 751,713,000 issued by the Company were listed on SSE on January 4, 2022. These bonds are officially referred to as "Proya Convertible Bonds", with the bond code of "113634". The conversion of Proya Convertible Bonds was commenced on June 14, 2022. During the reporting period, Proya Convertible Bonds with RMB principal amount of 5,000 were converted into 51 A-shares of the Company, increasing the Company's unrestricted tradable shares by 51.

3. The impact of share changes on financial indicators such as earnings per share and net assets per share from the reporting period to the disclosure date of the semi-annual report (if any)

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(II) Changes in restricted shares

□ Applicable √ Not applicable

II. Shareholders

(I) Total number of shareholders

Total number of common shareholders at the end of the reporting period (Nr.)	65,520
Total number of preferred shareholders with restored voting rights up to the end of the reporting period (Nr.)	0

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

Unit: share

Shareholding status of the top 10 shareholders (excluding shares lent through margin financing and securities lending)							
Shareholder name (full name)	Increase/ decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Number of restricted shares	Pledged, marked or frozen		Nature of shareholders
					Status of shares	Quantity	
Hou Juncheng	0	136,739,037	34.53	0	None	0	Domestic natural person
Fang Yuyou	0	59,625,258	15.06	0	Frozen and pledged	42,636,269	Domestic natural person
Hong Kong Securities Clearing Company Limited	-1,524,046	9,111,876	2.30	0	None	0	Others
Industrial and Commercial Bank of China Limited - Dongfanghong Ruixi Three-year Holding Period Hybrid Securities Investment Fund	2,043,623	5,188,863	1.31	0	None	0	Others
Basic Pension Fund Portfolio No. 16032	3,865,741	3,865,741	0.98	0	None	0	Others
Industrial and Commercial Bank of China Limited - CSI Consumer Staples ETF	-192,599	3,245,601	0.82	0	None	0	Others
Industrial and Commercial Bank of China Limited-Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	-400,000	2,200,000	0.56	0	None	0	Others

China Merchants Bank Co., Ltd. - Dongfanghong Ruize Three-year Holding Period Hybrid Securities Investment Fund	2,025,019	2,025,019	0.51	0	None	0	Others
Gu Jiyong	25,600	1,654,696	0.42	0	None	0	Others
Zhao Wentao	814,620	1,650,000	0.42	0	None	0	Others

Shareholding status of the top 10 shareholders without restrictions on sale (excluding shares lent through margin financing and securities lending)			
Shareholder name	Number of unrestricted public shares	Type and number of shares	
		Category	Quantity
Hou Juncheng	136,739,037	RMB-denominated ordinary shares	136,739,037
Fang Yuyou	59,625,258	RMB-denominated ordinary shares	59,625,258
Hong Kong Securities Clearing Company Limited	9,111,876	RMB-denominated ordinary shares	9,111,876
Industrial and Commercial Bank of China Limited - Dongfanghong Ruixi Three-year Holding Period Hybrid Securities Investment Fund	5,188,863	RMB-denominated ordinary shares	5,188,863
Basic Pension Fund Portfolio No. 16032	3,865,741	RMB-denominated ordinary shares	3,865,741
Industrial and Commercial Bank of China Limited - CSI Consumer Staples ETF	3,245,601	RMB-denominated ordinary shares	3,245,601
Industrial and Commercial Bank of China Limited-Invesco Great Wall Emerging Growth Hybrid Securities Investment Fund	2,200,000	RMB-denominated ordinary shares	2,200,000
China Merchants Bank Co., Ltd. - Dongfanghong Ruize Three-year Holding Period Hybrid Securities Investment Fund	2,025,019	RMB-denominated ordinary shares	2,025,019
Gu Jiyong	1,654,696	RMB-denominated ordinary shares	1,654,696

Zhao Wentao	1,650,000	RMB-denominated ordinary shares	1,650,000
Special securities repurchase account of the top 10 shareholders	As of the end of the reporting period, 4,235,312 shares of the Company were held in the Company's special securities account for repurchase, representing 1.07% of the Company's total share capital.		
Description of the above shareholders' proxy voting rights, entrusted voting rights and waiver of voting rights	None		
Description of the related relationship or concerted action of the above shareholders	Fang Yuyou is the younger brother of Hou Juncheng's spouse Fang Aiqin, so there is an associated relationship between Hou Juncheng and Fang Yuyou.		
Description of preferred shareholders with restored voting rights and shareholdings	None		

Involvement of shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares in lending of share through margin financing and securities lending
□ Applicable √ Not applicable

Changes in the top 10 shareholders and the top 10 shareholders of unrestricted tradable shares due to lending/returning of share through margin financing and securities lending compared with the previous period
□ Applicable √ Not applicable

Shareholdings of the top 10 restricted shareholders and the corresponding restrictions
□ Applicable √ Not applicable

(III) Strategic investors or general legal persons became the top 10 shareholders due to the allotment of new shares
□ Applicable √ Not applicable

III. Directors and Senior Management

(I) Changes in shareholding of directors and senior management in office and resigned during the reporting period
□ Applicable √ Not applicable

Other information
□ Applicable √ Not applicable

(II) Stock option incentives granted to directors and senior management during the reporting period
□ Applicable √ Not applicable

(III) Other descriptions
□ Applicable √ Not applicable

IV. Change of controlling shareholder or actual controller

□ Applicable √ Not applicable

V. Preferred Shares

□ Applicable √ Not applicable

Section VII Information on Bonds

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

□ Applicable √ Not applicable

II. Convertible Corporate Bonds

√Applicable □Not applicable

(I) Issuance of convertible bonds

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

As approved by the SSE under the Self-Discipline Regulation Decision ([2021] No. 503), the convertible corporate bonds with the principal amount of RMB 751,713,000 issued by the Company were listed on SSE on January 4, 2022. These bonds are officially referred to as "Proya Convertible Bonds", with the bond code of "113634". The coupon rate of the convertible corporate bonds issued this time is as follows: 0.30% in the first year, 0.50% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.80% in the fifth year and 2.00% in the sixth year. The term of the convertible corporate bonds is from December 8, 2021 to December 7, 2027.

According to relevant regulations and the *Prospectus of Proya Cosmetics Co., Ltd. for the Public Offering of A-Share Convertible Corporate Bonds*, the Proya Convertible Bonds issued by the Company can be converted into the Company's shares from June 14, 2022. The conversion period is from June 14, 2022 to December 7, 2027. The initial conversion price was RMB 195.98/share, and the latest conversion price has been adjusted to RMB 94.27/share. The previous adjustments to the conversion price are as follows:

1. Since the 2021 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 139.37/share on May 30, 2022. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2021 Equity Distribution Plan (Announcement No. 2022-029)* released by the Company on the SSE website (www.sse.com.cn) on May 24, 2022.

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

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

4. Since the Company completed the repurchase and cancellation of 105,350 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.62/share on August 29, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Completion of Repurchase and Cancellation of Some Equity Incentive Restricted Shares and Adjustment of Conversion Price of "Proya Convertible Bonds"* (Announcement No. 2023-045) released by the Company on the SSE website (www.sse.com.cn) on August 28, 2023.

5. Since the 2023 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.24/share on October 23, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion*

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

6. Since the Company completed the repurchase and cancellation of 66,192 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.25/share on December 18, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement No. 2023-086) released by the Company on the SSE website (www.sse.com.cn) on December 15, 2023.

7. Since the 2023 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 97.35/share on June 25, 2024. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Equity Distribution Plan* (Announcement No. 2024-028) released by the Company on the SSE website (www.sse.com.cn) on June 19, 2024.

8. Since the Company completed the repurchase and cancellation of 509,992 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 97.41/share on October 28, 2024. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement No. 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2024.

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

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

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

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

13. Since the 2025 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 94.27/share on July 22, 2026. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2025 Equity Distribution Plan* (Announcement No. 2026-040) released by the Company on the SSE website (www.sse.com.cn) on July 16, 2026.

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

Name of convertible corporate bond	Proya Convertible Bonds
Number of holders of convertible bonds at the end of the reporting	4,829

period		
Guarantor of the convertible bond of the Company	None	
Significant changes in the profitability, asset status, and credit status of the guarantor	None	
The top ten convertible bond holders are as follows:		
Name of convertible corporate bond holder	Amount of bonds held at the end of the reporting period (RMB)	Proportion (%)
China Merchants Bank Co., Ltd. - Bosera CSI Convertible Bond and Exchangeable Bond ETF	69,310,000	9.23
Dajia Asset - Postal Savings Bank of China - Dajia Asset - Wenjian Select No. 6 (Series 2) Collective Asset Management Product	51,547,000	6.87
China Merchants Kangtai Comprehensive Index Fixed-Income Pension Product - Shanghai Pudong Development Bank Co., Ltd.	35,724,000	4.76
China Everbright Bank Co., Ltd. - China Merchants Anben Enhanced Return Bond Securities Investment Fund	34,394,000	4.58
China Merchants Bank Co., Ltd. - Franklin Guohai Hengrui Bond Securities Investment Fund	33,506,000	4.46
China Merchants Bank Co., Ltd. - Hua'an Convertible Bond Bond Securities Investment Fund	30,000,000	4.00
China Merchants Kangxing Fixed-Income Pension Product - China Merchants Bank Co., Ltd.	29,669,000	3.95
CITIC Securities Co., Ltd. - HFT SSE Investment Grade Convertible Bond and Exchangeable Bond ETF	26,175,000	3.49
China Galaxy Securities Co., Ltd.	25,000,000	3.33
Industrial and Commercial Bank of China - Lion Balanced Securities Investment Fund	18,068,000	2.41

(III) Change in convertible bonds during the reporting period

Unit: Yuan Currency: RMB

Name of convertible corporate bond	Before the change	Increase or decrease due to the change			After the change
		Share conversion	Redemption	Sell-back	
Proya Convertible Bonds	750,732,000	5,000			750,727,000

(IV) Information on total conversion of convertible bonds in the reporting period

Name of convertible corporate bond	Proya Convertible Bonds
Amount of shares converted in the reporting period (RMB)	5,000
Number of shares converted in the reporting period (shares)	51
Total number of shares converted (shares)	7,263
Proportion of total number of shares converted in total number of shares issued by the Company before conversion (%)	0.0026
Amount of shares not converted (RMB)	750,727,000
Proportion of convertible bonds without conversion in total convertible bonds issued (%)	99.8688

(V) Information on each adjustment of conversion price

Unit: Yuan Currency: RMB

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

				Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2022 Equity Distribution Plan (Announcement No. 2023-030) released by the Company on the SSE website (www.sse.com.cn) on May 23, 2023.
August 29, 2023	RMB 98.62/share	August 28, 2023	SSE website, *Shanghai Securities News*, and *Securities Times*	Since the Company completed the repurchase and cancellation of 105,350 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.62/share on August 29, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Completion of Repurchase and Cancellation of Some Equity Incentive Restricted Shares and Adjustment of Conversion Price of "Proya Convertible Bonds"* (Announcement No. 2023-045) released by the Company on the SSE website (www.sse.com.cn) on August 28, 2023.
October 23, 2023	RMB 98.24/share	October 17, 2023	SSE website, *Shanghai Securities News*, *Securities Times*, *China Securities Journal*, *Securities Daily*, *Economic Information Daily*, and *China Daily*	Since the 2023 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.24/share on October 23, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Semi-Annual Equity Distribution Plan* (Announcement No. 2023-065) released by the Company on the SSE website (www.sse.com.cn) on October 17, 2023.
December 18, 2023	RMB 98.25/share	December 15, 2023	SSE website, *Shanghai Securities News*, *Securities Times*, *China Securities Journal*, *Securities Daily*, *Economic Information Daily*, and *China Daily*	Since the Company completed the repurchase and cancellation of 66,192 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 98.25/share on December 18, 2023. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement No. 2023-086) released by the Company on the SSE website (www.sse.com.cn) on December 15, 2023.
June 25, 2024	RMB 97.35/share	June 19, 2024	SSE website, *Shanghai Securities News*, *Securities*	Since the 2023 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 97.35/share on June 25, 2024. For details,

			Times, *China Securities Journal*, *Securities Daily*, *Economic Information Daily*, and *China Daily*	please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2023 Equity Distribution Plan* (Announcement No. 2024-028) released by the Company on the SSE website (www.sse.com.cn) on June 19, 2024.
October 28, 2024	RMB 97.41/share	October 25, 2024	SSE website, *Shanghai Securities News*, *Securities Times*, *China Securities Journal*, *Securities Daily*, *Economic Information Daily*, and *China Daily*	Since the Company completed the repurchase and cancellation of 509,992 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 97.41/share on October 28, 2024. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement No. 2024-055) released by the Company on the SSE website (www.sse.com.cn) on October 25, 2024.
June 17, 2025	RMB 96.23/share	June 11, 2025	SSE website, *Shanghai Securities News*, *Securities Times*, *China Securities Journal*, *Securities Daily*, *Economic Information Daily*, and *China Daily*	Since the 2024 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 96.23/share on June 17, 2025. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2024 Equity Distribution Plan* (Announcement No. 2025-026) released by the Company on the SSE website (www.sse.com.cn) on June 11, 2025.
August 26, 2025	RMB 96.26/share	August 25, 2025	SSE website, *Shanghai Securities News*, *Securities Times*, *China Securities Journal*, *Securities Daily*, *Economic Information Daily*, and *China Daily*	Since the Company completed the repurchase and cancellation of 242,424 equity incentive restricted shares under the 2022 Restricted Stock Incentive Plan, the conversion price of the Proya Convertible Bonds was adjusted to RMB 96.26/share on August 26, 2025. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on the Adjustment of Conversion Price of "Proya Convertible Bonds" and Conversion Suspension* (Announcement No. 2025-038) released by the Company on the SSE website (www.sse.com.cn) on August 25, 2025.
October 17, 2025	RMB 95.46/share	October 13, 2025	SSE website, *Shanghai Securities News*,	Since the 2025 Semi-Annual Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to

			Securities Times, China Securities Journal, Securities Daily, Economic Information Daily, and *China Daily*	RMB 95.46/share on October 17, 2025. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2025 Semi-Annual Equity Distribution Plan* (Announcement No. 2025-065) released by the Company on the SSE website (www.sse.com.cn) on October 13, 2025.
Latest conversion price as of the end of the reporting period		RMB 95.46/share		

Note: Since the 2025 Equity Distribution Plan was implemented by the Company, the conversion price of the Proya Convertible Bonds was adjusted to RMB 94.27/share on July 22, 2026. For details, please refer to the *Announcement of Proya Cosmetics Co., Ltd. on Adjustment of Conversion Price due to 2025 Equity Distribution Plan* (Announcement No. 2026-040) released by the Company on the SSE website (www.sse.com.cn) on July 16, 2026.

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

√ Not applicable

(VII) Other descriptions of convertible bonds

None.

Section VIII Financial Report

I. Auditor's Report

□ Applicable √ Not applicable

II. Financial statements

Consolidated Balance Sheet

June 30, 2026

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2026	December 31, 2025
Current assets:			
Monetary funds	VII. 1	5,372,588,109.51	5,060,981,558.27
Settlement reserve fund			
Loans to banks and other financial institutions			
Held-for-trading financial assets	VII. 2	675,521,041.40	
Derivative financial assets			
Notes receivable			
Accounts receivable	VII. 5	298,056,697.94	70,150,618.87
Receivables financing	VII. 7	2,910,170.00	2,491,804.24
Advances to suppliers	VII. 8	397,682,966.01	169,434,798.38
Premiums receivable			
Reinsurance premium receivable			
Reinsurance contract reserve receivable			
Other receivables	VII. 9	16,742,444.05	31,038,260.10
Including: Interest receivable			
Dividends receivable			20,000,000
Financial assets purchased under agreements to resell			
Inventories	VII. 10	853,529,366.36	634,717,582.47
Including: Data resources			
Contract assets			
Held-for-sale assets			
Current portion of non-current assets			
Other current assets	VII. 13	134,328,846.90	167,604,306.60
Total current assets		7,751,359,642.17	6,136,418,928.93
Non-current assets:			
Loans and advances			
Creditors' investments			
Other creditor's investment			
Long-term receivables			

Long-term equity investments	VII. 17	6,466,347.62	441,303,737.68
Investments in other equity instruments	VII. 18	77,624,085.71	78,767,098.06
Other non-current financial assets			
Investment properties	VII. 20	62,655,720.31	62,924,414.65
Fixed assets	VII. 21	864,418,625.45	893,123,172.84
Construction in progress	VII. 22	194,088,068.85	128,341,121.16
Bearer biological assets			
Oil and gas assets			
Right-of-use assets	VII. 25	27,948,439.60	27,117,353.69
Intangible assets	VII. 26	652,296,315.04	443,885,112.10
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill	VII. 27	923,541,784.87	
Long-term deferred expenses	VII. 28	86,739,124.70	110,663,098.70
Deferred tax assets	VII. 29	201,803,104.75	149,070,224.51
Other non-current assets	VII. 30	17,628,145.87	15,801,977.93
Total non-current assets		3,115,209,762.77	2,350,997,311.32
Total assets		10,866,569,404.94	8,487,416,240.25
Current liabilities:			
Short-term borrowings	VII. 32	80,048,000.00	80,052,800.00
Borrowings from the central bank			
Placements from banks and other financial institutions			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable	VII. 36	1,487,953,698.00	798,463,950.20
Advances from customers	VII. 37	296,545.74	345,362.16
Contract liabilities	VII. 38	216,525,384.07	167,287,402.83

Financial assets sold under agreements to repurchase			
Customer bank deposits and due to banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Employee compensation payable	VII. 39	135,725,454.85	161,389,606.41
Taxes payable	VII. 40	282,313,423.64	94,748,550.72
Other payables	VII. 41	505,498,229.26	45,208,485.79
Including: Interest payable			
Dividends payable		470,088,884.40	
Handling charges and commissions payable			
Dividend payable for reinsurance			
Held-for-sale liabilities			
Current portion of non-current liabilities	VII. 43	11,644,794.99	7,738,217.76
Other current liabilities	VII. 44	25,410,121.40	18,877,890.19
Total current liabilities		2,745,415,651.95	1,374,112,266.06
Non-current liabilities:			
Insurance contract reserves			
Long-term borrowings			
Bonds payable	VII. 46	822,579,500.49	804,392,073.95
Including: Preferred stocks			
Perpetual bonds			
Lease liabilities	VII. 47	15,092,562.88	19,709,565.95
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income	VII. 51	21,827,427.07	22,680,204.91
Deferred tax liabilities	VII. 29	53,028,754.37	
Other non-current liabilities			
Total non-current liabilities		912,528,244.81	846,781,844.81
Total liabilities		3,657,943,896.76	2,220,894,110.87
Owners' equity (or shareholders' equity):			

Paid-in capital (or share capital)	VII. 53	395,976,049.00	395,975,998.00
Other equity instruments	VII. 54	50,889,774.28	50,890,120.00
Including: Preferred stocks			
Perpetual bonds			
Capital reserve	VII. 55	825,306,328.87	825,300,520.47
Less: Treasury shares	VII. 56	320,956,444.21	192,144,659.13
Other comprehensive income	VII. 57	-68,807,747.26	-67,081,795.57
Special reserves			
Surplus reserves	VII. 59	198,411,582.50	198,411,582.50
General risk provision			
Undistributed profits	VII. 60	5,627,510,952.31	4,929,703,337.30
Total owners' equity (or shareholders' equity) attributable to the parent company		6,708,330,495.49	6,141,055,103.57
Non-controlling interests		500,295,012.69	125,467,025.81
Total owners' equity (or shareholders' equity)		7,208,625,508.18	6,266,522,129.38
Total liabilities and owners' equity (or shareholders' equity)		10,866,569,404.94	8,487,416,240.25

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

Parent Company's Balance Sheet

June 30, 2026

Prepared by: Proya Cosmetics Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	June 30, 2026	December 31, 2025
Current assets:			
Monetary funds		2,766,893,467.39	2,974,726,706.16
Held-for-trading financial assets		480,000,000.00	
Derivative financial assets			
Notes receivable			
Accounts receivable	XIX. 1	802,877,983.88	639,135,911.08
Receivables financing			
Advances to suppliers		81,104,293.36	41,408,715.44
Other receivables	XIX. 2	40,082,376.63	41,144,201.31
Including: Interest receivable			
Dividends receivable			
Inventories		258,191,086.28	295,063,916.97
Including: Data resources			
Contract assets			
Held-for-sale assets			

Current portion of non-current assets			
Other current assets		103,321,482.36	112,629,290.61
Total current assets		4,532,470,689.90	4,104,108,741.57
Non-current assets:			
Creditors' investments			
Other creditor's investment			
Long-term receivables			
Long-term equity investments	XIX. 3	1,101,619,652.60	750,833,092.14
Investments in other equity instruments		41,801,685.71	42,944,698.06
Other non-current financial assets			
Investment properties		88,008,212.57	89,005,231.48
Fixed assets		819,463,474.80	856,924,521.92
Construction in progress		40,005,860.12	37,850,170.72
Bearer biological assets			
Oil and gas assets			
Right-of-use assets		13,928,792.00	16,087,439.00
Intangible assets		349,316,233.65	354,900,482.93
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term deferred expenses		80,680,888.96	106,533,387.79
Deferred tax assets		5,092,414.65	631,313.52
Other non-current assets		14,176,438.02	15,824,997.32
Total non-current assets		2,554,093,653.08	2,271,535,334.88
Total assets		7,086,564,342.98	6,375,644,076.45
Current liabilities:			
Short-term borrowings		80,048,000.00	80,052,800.00
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		771,147,494.12	488,885,903.87
Advances from customers			
Contract liabilities			3,983,845.12
Employee compensation payable		77,685,886.80	101,368,962.43
Taxes payable		97,401,438.71	29,454,422.49
Other payables		477,570,257.76	56,554,754.88
Including: Interest payable			
Dividends payable		470,088,884.40	
Held-for-sale liabilities			
Current portion of non-current liabilities		4,836,179.57	4,252,913.64
Other current liabilities			
Total current liabilities		1,508,689,256.96	764,553,602.43
Non-current liabilities:			
Long-term borrowings			

Bonds payable		822,579,500.49	804,392,073.95
Including: Preferred stocks			
Perpetual bonds			
Lease liabilities		9,448,872.11	12,524,052.42
Long-term payables			
Long-term employee compensation payable			
Estimated liabilities			
Deferred income		15,827,427.07	16,680,204.91
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		847,855,799.67	833,596,331.28
Total liabilities		2,356,545,056.63	1,598,149,933.71
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		395,976,049.00	395,975,998.00
Other equity instruments		50,889,774.28	50,890,120.00
Including: Preferred stocks			
Perpetual bonds			
Capital reserve		878,679,887.65	878,674,079.25
Less: Treasury shares		320,956,444.21	192,144,659.13
Other comprehensive income		-66,961,567.15	-65,990,006.65
Special reserves			
Surplus reserves		198,411,582.50	198,411,582.50
Undistributed profits		3,593,980,004.28	3,511,677,028.77
Total owners' equity (or shareholders' equity)		4,730,019,286.35	4,777,494,142.74
Total liabilities and owners' equity (or shareholders' equity)		7,086,564,342.98	6,375,644,076.45

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

Consolidated Income Statement

January-June 2026

Unit: Yuan Currency: RMB

Item	Notes	Semi-annual 2026	Semi-annual 2025
I. Total operating revenue	VII. 61	5,374,800,725.36	5,361,890,476.66
Including: Operating revenue	VII. 61	5,374,800,725.36	5,361,890,476.66
Interest income			
Premium earned			
Handling charges and commission income			
II. Total operating cost		4,612,897,468.58	4,380,686,724.29
Including: Operating cost	VII. 61	1,380,206,847.09	1,427,500,235.41
Interest expenses			
Handling charges and commission expenses			
Surrenders			
Net payments for insurance claims			

Net provision for insurance contract reserves			
Policyholder dividend expenses			
Expenses for reinsurance accepted			
Taxes and surcharges	VII. 62	42,719,498.97	45,232,044.89
Selling expenses	VII. 63	2,855,752,719.23	2,658,870,093.11
Administrative expenses	VII. 64	236,648,534.10	177,479,237.25
R&D expenses	VII. 65	99,429,488.73	95,025,833.06
Financial expenses	VII. 66	-1,859,619.54	-23,420,719.43
Including: Interest expenses		17,338,106.20	15,892,178.30
Interest income		22,143,756.73	31,863,929.06
Add: Other income	VII. 67	54,730,377.80	56,393,553.24
Investment income (loss to be listed with "-")	VII. 68	539,455,350.75	-3,579,433.65
Including: Income from investment in associates and joint ventures		78,328,473.40	1,444,227.90
Income from derecognition of financial assets measured at amortized cost (loss to be listed with "-")			
Exchange gains (loss to be listed with "-")			
Net exposure hedging income (loss to be listed with "-")			
Gains from changes in fair values (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")	VII. 71	-10,138,485.80	-3,123,395.54
Asset impairment loss (loss to be listed with "-")	VII. 72	-24,176,807.04	-31,433,006.97
Income from disposal of assets (loss to be listed with "-")	VII. 73	1,616,671.67	-346,504.18
III. Operating profit (loss to be listed with "-")		1,323,390,364.16	999,114,965.27
Add: Non-operating revenue	VII. 74	18,144,972.69	507,490.19
Less: Non-operating expenses	VII. 75	1,966,198.38	1,125,034.38
IV. Total profit (total loss to be listed with "-")		1,339,569,138.47	998,497,421.08
Less: Income tax expenses	VII. 76	145,424,982.74	172,423,588.09
V. Net profit (net loss to be listed with "-")		1,194,144,155.73	826,073,832.99
(I) Classified by continuity of operation			
1. Net profit from continuing operations (net loss to be listed with "-")		1,194,144,155.73	826,073,832.99
2. Net profit from discontinued operations (net loss to be listed with "-")			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company (net loss to be listed with "-")		1,167,896,499.41	798,511,332.07

2. Minority interest income (net loss to be listed with "-")		26,247,656.32	27,562,500.92
VI. Net after-tax amount of other comprehensive income	VII. 77	-1,818,455.72	627,861.53
(I) Other comprehensive income attributable to owners of the parent company, net of tax		-1,725,951.69	627,861.53
1. Other comprehensive income that cannot be reclassified into profit or loss		-971,560.50	
(1) Changes arising from re-measurement of the defined benefit plan			
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments		-971,560.50	
(4) Changes in fair value of the enterprise's credit risk			
2. Other comprehensive income to be reclassified into profit or loss		-754,391.19	627,861.53
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method			
(2) Changes in the fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Provision for credit impairment in other debt investments			
(5) Cash flow hedge reserve			
(6) Translation difference of foreign currency financial statements		-754,391.19	627,861.53
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of tax		-92,504.03	
VII. Total comprehensive income		1,192,325,700.01	826,701,694.52
(I) Total comprehensive income attributable to owners of the parent company		1,166,170,547.72	799,139,193.60
(II) Total comprehensive income attributable to minority shareholders		26,155,152.29	27,562,500.92
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		2.96	2.02
(II) Diluted earnings per share (yuan/share)		2.94	2.02

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

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

Parent Company's Income Statement

January-June 2026

Unit: Yuan Currency: RMB

Item	Notes	Semi-annual 2026	Semi-annual 2025
I. Operating revenue	XIX. 4	2,244,252,359.01	2,265,766,163.84
Less: Operating cost	XIX. 4	867,319,673.41	892,190,410.65
Taxes and surcharges		18,410,766.43	20,054,047.40
Selling expenses		424,709,040.07	394,796,391.27
Administrative expenses		200,377,974.15	157,745,484.54
R&D expenses		97,058,630.63	91,609,103.87
Financial expenses		5,841,694.36	-14,339,715.19
Including: Interest expenses		17,085,229.70	15,677,099.26
Interest income		18,849,428.48	24,839,807.39
Add: Other income	XIX. 5	6,039,647.49	5,861,160.50
Investment income (loss to be listed with "-")		8,982,391.30	5,239,832.73
Including: Income from investment in associates and joint ventures		-75,514.66	1,444,227.90
Income from derecognition of financial assets measured at amortized cost (loss to be listed with "-")			
Net exposure hedging income (loss to be listed with "-")			
Gains from changes in fair values (loss to be listed with "-")			
Credit impairment loss (loss to be listed with "-")		-13,846,419.67	-19,010,005.14
Asset impairment loss (loss to be listed with "-")		-3,022,480.87	-783,990.24
Income from disposal of assets (loss to be listed with "-")		1,610,262.67	52,599.54
II. Operating profit (loss to be listed with "-")		630,297,980.88	715,070,038.69
Add: Non-operating revenue		11,310,045.28	86,750.33
Less: Non-operating expenses		1,699,247.41	378,673.00
III. Total profit (total loss to be listed with "-")		639,908,778.75	714,778,116.02
Less: Income tax expenses		87,516,918.84	107,268,530.29
IV. Net profit (net loss to be listed with "-")		552,391,859.91	607,509,585.73
(I) Net profit from going concern (net loss to be listed with "-")		552,391,859.91	607,509,585.73
(II) Net profit from discontinued operations (net loss to be listed with "-")			
V. Net after-tax amount of other comprehensive income		-971,560.50	
(I) Other comprehensive income that cannot be reclassified into profit or loss		-971,560.50	

1. Changes arising from the remeasurement of the defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments		-971,560.50	
4. Changes in fair value of the Company's credit risk			
(II) Other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Financial assets reclassified and accrued into other comprehensive income			
4. Credit impairment provision of other creditor's investment			
5. Reserves for cash flow hedge			
6. Translation differences arising from the financial statements of foreign currency			
7. Others			
VI. Total comprehensive income		551,420,299.41	607,509,585.73
VII. Earnings per share:			
(I) Basic earnings per share (yuan/share)			
(II) Diluted earnings per share (yuan/share)			

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

Consolidated Cash Flow Statement

January-June 2026

Unit: Yuan Currency: RMB

Item	Notes	Semi-annual 2026	Semi-annual 2025
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of labor services		5,883,743,879.23	6,013,187,328.26
Net increase in deposits from customers and placements from banks and other financial institutions			
Net increase in borrowings from the central bank			
Net increase in placements from other financial institutions			

Cash received from receiving premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interests, handling charges, and commissions			
Net increase in placements from banks and other financial institutions			
Net increase in buyback business capital			
Net cash received from securities brokering			
Receipts of tax refunds		4,858,017.65	2,201,499.78
Other cash received relating to operating activities	VII. 78	95,633,748.40	112,052,517.31
Subtotal of cash inflows from operating activities		5,984,235,645.28	6,127,441,345.35
Cash paid for the purchase of goods and receipt of labor services		956,385,511.78	1,110,062,782.98
Net increase in loans and advances to customers			
Net increase of deposits in the central bank and other banks			
Cash paid for claims of original insurance contracts			
Net increase in loans to banks and other financial institutions			
Cash paid for interests, handling charges, and commissions			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		499,890,264.94	515,977,828.09
Payments of taxes and surcharges		406,471,961.52	573,014,836.83
Other cash paid relating to operating activities	VII. 78	3,170,646,726.33	2,635,056,555.79
Subtotal of cash outflows from operating activities		5,033,394,464.57	4,834,112,003.69
Net cash flows from operating activities		950,841,180.71	1,293,329,341.66
II. Cash flows from investing activities:			
Cash received from disposal of investments		7,781,141,256.70	
Cash received from investment income		58,808,652.20	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,053,578.60	196,323.67

Net cash receipts from disposals of subsidiaries and other business units			
Other cash received relating to investing activities	VII. 78		102,075,000.00
Subtotal of cash inflows from investing activities		7,845,003,487.50	102,271,323.67
Cash paid to acquire fixed assets, intangible assets and other long-term assets		66,425,450.92	46,670,255.34
Cash paid for investments		8,341,161,752.98	229,740,000.00
Net increase in pledge loans			
Net amount of cash paid for the acquisition of subsidiaries and other operating entities		135,238,701.70	
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		8,542,825,905.60	276,410,255.34
Net cash flows from investing activities		-697,822,418.10	-174,138,931.67
III. Cash flows from financing activities:			
Cash receipts from capital contributions			286,400.00
Including: Cash receipts from capital contributions from minority owners of subsidiaries			286,400.00
Cash received from borrowings			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities			286,400.00
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits or settlement of interest expenses		873,600.00	472,596,233.39
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries			3,692,440.20
Other cash paid relating to financing activities	VII. 78	137,253,130.33	4,851,682.75
Subtotal of cash outflows from financing activities		138,126,730.33	477,447,916.14
Net cash flows from financing activities		-138,126,730.33	-477,161,516.14
IV. Effect of exchange rate changes on cash and cash equivalents		-754,391.19	627,861.53
V. Net increase in cash and cash equivalents		114,137,641.09	642,656,755.38
Add: Beginning balance of cash and cash equivalents		3,934,243,638.77	2,742,569,684.62

VI. Ending balance of cash and cash equivalents		4,048,381,279.86	3,385,226,440.00

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

Parent Company's Cash Flow Statement

January-June 2026

Unit: Yuan Currency: RMB

Item	Notes	Semi-annual 2026	Semi-annual 2025
I. Cash flow from operating activities:			
Cash received from sales of goods or rendering of labor services		2,286,677,993.55	2,753,908,479.31
Receipts of tax refunds			
Other cash received relating to operating activities		45,598,558.38	289,933,833.78
Subtotal of cash inflows from operating activities		2,332,276,551.93	3,043,842,313.09
Cash paid for the purchase of goods and receipt of labor services		617,821,675.64	782,498,832.21
Cash paid to and on behalf of employees		287,450,081.00	243,592,098.89
Payments of taxes and surcharges		182,155,995.88	299,215,772.27
Other cash paid relating to operating activities		481,691,346.30	713,794,379.56
Subtotal of cash outflows from operating activities		1,569,119,098.82	2,039,101,082.93
Net cash flows from operating activities		763,157,453.11	1,004,741,230.16
II. Cash flows from investing activities:			
Cash received from disposal of investments		3,872,084,539.28	
Cash received from investment income		9,073,366.68	9,200,158.27
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		5,047,169.60	46,323.67
Net cash receipts from disposals of subsidiaries and other business units			
Other cash received relating to investing activities			51,000,000.00
Subtotal of cash inflows from investing activities		3,886,205,075.56	60,246,481.94
Cash paid to acquire fixed assets, intangible assets and other long-term assets		27,088,561.92	30,894,904.86
Cash paid for investments		4,703,142,798.00	235,326,614.82
Net amount of cash paid for the acquisition of subsidiaries and other operating entities			

Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		4,730,231,359.92	266,221,519.68
Net cash flows from investing activities		-844,026,284.36	-205,975,037.74
III. Cash flows from financing activities:			
Cash receipts from capital contributions			
Cash received from borrowings			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities			
Cash repayments of borrowings			
Cash payments for distribution of dividends or profits or settlement of interest expenses		873,600.00	468,903,793.19
Other cash paid relating to financing activities		136,034,640.80	3,120,269.75
Subtotal of cash outflows from financing activities		136,908,240.80	472,024,062.94
Net cash flows from financing activities		-136,908,240.80	-472,024,062.94
IV. Effect of exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-217,777,072.05	326,742,129.48
Add: Beginning balance of cash and cash equivalents		2,098,963,097.26	1,622,509,857.26
VI. Ending balance of cash and cash equivalents		1,881,186,025.21	1,949,251,986.74

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

Consolidated Statement of Changes in Owners' Equity

January-June 2026

Unit: Yuan Currency: RMB

Item	Semi-annual 2026														
	Owners' equity attributable to the parent company													Non-controlling interests	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
I. Closing balance of the previous year	395,975,998.00			50,890,120.00	825,300,520.47	192,144,659.13	-67,081,795.57		198,411,582.50		4,929,703,337.30		6,141,055,103.57	125,467,025.81	6,266,522,129.38
Add: Changes in accounting policies															
Correction of prior errors															
Others															
II. Beginning balance of the current year	395,975,998.00			50,890,120.00	825,300,520.47	192,144,659.13	-67,081,795.57		198,411,582.50		4,929,703,337.30		6,141,055,103.57	125,467,025.81	6,266,522,129.38
III. Increase/decrease in the current period (decrease to be listed with "-")	51.00			-345.72	5,808.40	128,811,785.08	-1,725,951.69				697,807,615.01		567,275,391.92	374,827,986.88	942,103,378.80
(I) Total comprehensive income							-1,725,951.69				1,167,896,499.41		1,166,170,547.72	26,155,152.29	1,192,325,700.01

(II) Capital invested and decreased by owners	51.00			-345.72	5,808.40								5,513.68		5,513.68
1. Ordinary shares contributed by the owner															
2. Capital contributed by the holders of other equity instruments															
3. Amounts of share-based payments included in owner's equity															
4. Others	51.00			-345.72	5,808.40								5,513.68		5,513.68
(III) Profit distribution											-470,088,884.40		-470,088,884.40		-470,088,884.40
1. Appropriation to surplus reserve															
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)											-470,088,884.40		-470,088,884.40		-470,088,884.40
4. Others															

(IV) Internal carryover of owners' equity															
1. Capital (or share capital) transferred from capital reserves															
2. Capital (or share capital) transferred from surplus reserves															
3. Surplus reserves to cover losses															
4. Retained earnings carried forward from changes in the defined benefit plan															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserves															
1. Appropriation in the current period															

2. Utilization in the current period															
(VI) Others						128,811,785.08							-128,811,785.08	348,672,834.59	219,861,049.51
IV. Ending balance of the current period	395,976,049.00			50,889,774.28	825,306,328.87	320,956,444.21	-68,807,747.26		198,411,582.50		5,627,510,952.31		6,708,330,495.49	500,295,012.69	7,208,625,508.18

Item	Semi-annual 2025														
	Owners' equity attributable to the parent company													Non-controlling interests	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provision	Undistributed profits	Others	Subtotal		
		Preferred 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 of prior errors															
Others															
II. Beginning balance of the current year	396,247,555.00			50,891,546.26	846,600,405.28	238,275,443.41	-84,904,946.54		198,411,582.50		4,233,103,785.98		5,402,074,485.07	84,173,365.89	5,486,247,850.96
III. Increase/decrease in the current period (decrease to be listed with "-")	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
(I) Total comprehensive income							627,861.53				798,511,332.07		799,139,193.60	27,562,500.92	826,701,694.52

(II) Capital invested and decreased by owners	91.00			-611.73	-6,174,052.65								-6,174,573.38	286,400.00	-5,888,173.38
1. Ordinary shares contributed by the owner														286,400.00	286,400.00
2. Capital contributed by the holders of other equity instruments															
3. Amounts of share-based payments included in owner's equity					-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. Appropriation to surplus reserve															
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)						-714,114.24					-468,615,308.63		-467,901,194.39	-3,692,440.21	-471,593,634.60
4. Others															
(IV) Internal carryover of owners' equity															
1. Capital (or share capital) transferred from capital reserves															
2. Capital (or share capital)															

transferred from surplus reserves															
3. Surplus reserves to cover losses															
4. Retained earnings carried forward from changes in the defined benefit plan															
5. Retained earnings carried forward from other comprehensive income															
6. Others															
(V) Special reserves															
1. Appropriation in the current period															
2. Utilization in the current period															
(VI) Others															
IV. Ending balance of 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

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

Parent Company's Statement of Changes in Owners' Equity

January-June 2026

Unit: Yuan Currency: RMB

Item	Semi-annual 2026										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the previous year	395,975,998.00			50,890,120.00	878,674,079.25	192,144,659.13	-65,990,006.65		198,411,582.50	3,511,677,028.77	4,777,494,142.74
Add: Changes in accounting policies											
Correction of prior errors											
Others											
II. Beginning balance of the current year	395,975,998.00			50,890,120.00	878,674,079.25	192,144,659.13	-65,990,006.65		198,411,582.50	3,511,677,028.77	4,777,494,142.74
III. Increase/decrease in the current period (decrease to be listed with "-")	51.00			-345.72	5,808.40	128,811,785.08	-971,560.50			82,302,975.51	-47,474,856.39
(I) Total comprehensive income							-971,560.50			552,391,859.91	551,420,299.41
(II) Capital invested and decreased by owners	51.00			-345.72	5,808.40						5,513.68
1. Ordinary shares contributed by the owner											
2. Capital contributed by the holders of other equity instruments											
3. Amounts of share-based payments included in owner's equity											
4. Others	51.00			-345.72	5,808.40						5,513.68
(III) Profit distribution										-470,088,884.40	-470,088,884.40
1. Appropriation to surplus reserve										-470,088,884.40	-470,088,884.40
2. Distribution to owners (or shareholders)											
3. Others											

(IV) Internal carryover of owners' equity											
1. Capital (or share capital) transferred from capital reserves											
2. Capital (or share capital) transferred from surplus reserves											
3. Surplus reserves to cover losses											
4. Retained earnings carried forward from changes in the defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriation in the current period											
2. Utilization in the current period											
(VI) Others						128,811,785.08					-128,811,785.08
IV. Ending balance of the current period	395,976,049.00			50,889,774.28	878,679,887.65	320,956,444.21	-66,961,567.15		198,411,582.50	3,593,980,004.28	4,730,019,286.35

Item	Semi-annual 2025										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred shares	Perpetual bonds	Others							
I. Closing balance of the previous year	396,247,555.00			50,891,546.26	899,973,964.06	238,275,443.41	-84,123,594.10		198,411,582.50	3,240,618,780.75	4,463,744,391.06
Add: Changes in accounting policies											
Correction of prior errors											
Others											
II. Beginning balance of the current year	396,247,555.00			50,891,546.26	899,973,964.06	238,275,443.41	-84,123,594.10		198,411,582.50	3,240,618,780.75	4,463,744,391.06

III. Increase/decrease in the current period (decrease to be listed with "-")	91.00			-611.73	-6,174,052.65	-714,114.24				138,894,277.10	133,433,817.96
(I) Total comprehensive income										607,509,585.73	607,509,585.73
(II) Capital invested and decreased by owners	91.00			-611.73	-6,174,052.65						-6,174,573.38
1. Ordinary shares contributed by the owner											
2. Capital contributed by the holders of other equity instruments											
3. Amounts of share-based payments included in owner's 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. Appropriation to surplus reserve											
2. Distribution to owners (or shareholders)						-714,114.24				-468,615,308.63	-467,901,194.39
3. Others											
(IV) Internal carryover of owners' equity											
1. Capital (or share capital) transferred from capital reserves											
2. Capital (or share capital) transferred from surplus reserves											
3. Surplus reserves to cover losses											
4. Retained earnings carried forward from changes in the defined benefit plan											

5. Retained earnings carried forward from other comprehensive income											
6. Others											
(V) Special reserves											
1. Appropriation in the current period											
2. Utilization in the current period											
(VI) Others											
IV. Ending balance of the current period	396,247,646.00			50,890,934.53	893,799,911.41	237,561,329.17	-84,123,594.10		198,411,582.50	3,379,513,057.85	4,597,178,209.02

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

III. General Information of the Company

1. Company Overview

√Applicable □Not applicable

Proya Cosmetics Co., Ltd. (hereinafter referred to as the "Company"), formerly known as Proya (Huzhou) Cosmetics Co., Ltd., was registered with the Huzhou Municipal Administration for Industry and Commerce on May 24, 2006. The Company is headquartered in Hangzhou, Zhejiang Province. The Company currently holds a business license with a unified social credit code of 91330100789665033F, with a registered capital of RMB 396,005,182.00 and a paid-in capital of RMB 395,976,049.00. There are 395,976,049 A-shares without trading restrictions on sale. The shares of the Company were listed on the SSE on November 15, 2017.

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

The financial statements were approved for release by the 16th meeting of the 4th Board of Directors of the Company on August 21, 2026.

IV. Preparation Basis of Financial Statements

1. Preparation basis

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

2. Going concern

√Applicable □Not applicable

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

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

√Applicable □Not applicable

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

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

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

2. Accounting period

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

3. Operating cycle

√Applicable □Not applicable

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

4. Functional currency

The Company and its domestic subsidiaries take Renminbi (RMB) as the functional currency, while overseas subsidiaries, including Hapsode Co., Ltd., Hanna Cosmetics Co., Ltd., and OR Off & Relax, choose the currency of the main economic environment in which they operate as the functional currency since they engage in overseas operations.

5. Method and basis for determination of materiality

√Applicable □Not applicable

Item	Materiality criteria
Significant accounts receivable with provision for bad debts made on an individual basis:	The Company recognizes accounts receivable individually exceeding 0.3% of its total assets as significant account receivables.
Recovery or reversal of provision for bad debts for significant accounts receivable	The Company recognizes accounts receivable individually exceeding 0.3% of its total assets as significant account receivables.
Write-off of significant accounts receivable	The Company recognizes accounts receivable individually exceeding 0.3% of its total assets as significant account receivables.
Significant receivables financing with impairment provision made on an individual basis	The Company recognizes receivables financing individually exceeding 0.3% of its total assets as significant receivables financing.
Reversal or recovery of impairment provision for significant receivables financing	The Company recognizes receivables financing individually exceeding 0.3% of its total assets as significant receivables financing.
Significant receivables financing written off	The Company recognizes receivables financing individually exceeding 0.3% of its total assets as significant receivables financing.
Other significant accounts receivable with provision for bad debts made on an individual basis	The Company recognizes other accounts receivable individually exceeding 0.3% of its total assets as significant other accounts receivable.
Recovery or reversal of provision for bad debts for significant other accounts receivable	The Company recognizes other accounts receivable individually exceeding 0.3% of its total assets as significant other accounts receivable.
Write-off of significant other accounts receivable	The Company recognizes other accounts receivable individually exceeding 0.3% of its total assets as significant other accounts receivable.
Significant dividends receivable aged over 1 year	The Company recognizes dividends receivable individually exceeding 0.3% of its total assets as significant dividends receivable.
Significant prepayments aged over 1 year	The Company recognizes prepayments individually exceeding 0.3% of its total assets as significant prepayments.
Significant construction in progress	The Company recognizes construction in progress with amount individually exceeding 0.3% of its total assets as significant construction in progress.
Significant accounts payable aged over 1 year	The Company recognizes accounts payable individually exceeding 0.3% of its total assets as significant accounts payable.
Significant advances from customers aged over 1 year or being overdue	The Company recognizes advances from customers individually exceeding 0.3% of its total assets as significant advances from customers.
Significant contract liabilities with aging over 1 year	The Company recognizes contract liabilities individually exceeding 0.3% of its total assets as significant contract liabilities.
Significant other payables aged over 1 year	The Company recognizes other payables individually exceeding 0.3% of its total assets as significant other payables.
Significant provisions	The Company recognizes estimated liabilities individually exceeding 0.3% of its total assets as significant estimated liabilities.
Significant cash flows from investing activities	The Company recognizes cash flows from investing activities individually exceeding 5% of its total assets as significant cash flows from investing activities.
Significant subsidiaries and non-	The Company recognizes subsidiaries with absolute value of

wholly-owned subsidiaries	contribution to total profits exceeding 5% of the absolute value of consolidated total profits as significant subsidiaries or significant non-wholly-owned subsidiaries.
Significant joint ventures, associates and joint operations	Joint ventures, associates and joint operations with the absolute value of contribution to total profits exceeding 5% of the absolute value of the total consolidated profit are determined as important joint ventures, associated enterprises and joint operation companies
Significant contingencies	The Company recognizes contingencies that have an impact on balance sheet items exceeding 1% of its total assets or an impact on income statement items exceeding 5% of its total profits as significant contingencies.
Significant commitments	The Company recognizes commitments that have an impact on balance sheet items exceeding 1% of its total assets or an impact on income statement items exceeding 5% of its total profits as significant commitments.
Significant events after the balance sheet date	The Company recognizes events after the balance sheet date that have an impact on balance sheet items exceeding 1% of its total assets or an impact on income statement items exceeding 5% of its total profits as significant events after the balance sheet date.

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

√Applicable □Not applicable

1. Accounting treatment method for business combinations under common control

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

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

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

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

√Applicable □Not applicable

1. Judgment of control

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

2. Preparation method of consolidated financial statements

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

(2) Accounting treatment methods for buying and then selling, or selling and then buying the equity of the same subsidiary in two consecutive fiscal years

The acquisition of the equity of the acquiree is to control its operating and financial policies and to obtain long-term benefits from its operating activities. When the control over the acquiree is acquired, it is included in the consolidation scope of the consolidated financial statements. Due to changes in the Company's business plans and arrangements, if the equity of the acquiree is disposed of in the second fiscal year to the point of losing control over it, the acquiree will be excluded from the consolidation scope of the consolidated financial statements when the control is lost.

8. Classification of joint-operation arrangement and accountant treatment method of joint operation

√Applicable □Not applicable

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

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

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

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

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

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

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

9. Recognition criteria for cash and cash equivalents

Cash presented in the cash flow statement refers to cash on hand and readily available deposits. Cash equivalents refer to short-term, highly liquid investments held by the Company that are readily convertible to known amounts of cash and have an insignificant risk of change in value.

10. Foreign currency transactions and translation of foreign currency statements

√Applicable □Not applicable

1. Translation of foreign currency transactions

Foreign currency transactions are initially recognized by translating the foreign currency amount into RMB using the approximate exchange rate of the spot rate on the transaction date. For the foreign currency monetary items, conversion shall be based on the spot exchange rate on the balance sheet date and the exchange difference incurred from different exchange rates, except for the exchange difference of principal and interest incurred due to foreign currency loan related to acquisition or construction of assets that can meet the condition of capitalization, shall be included in the current profits or losses; foreign currency non-monetary items measured at historical cost are still converted as per the approximate exchange rate at the transaction date and keep the RMB amount unchanged; foreign currency non-monetary items measured at fair value shall be converted as per the spot exchange rate on the date of determining the fair value and the difference shall be included in the current profits or losses or other comprehensive incomes.

2. Translation of foreign currency financial statements

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

11. Financial instruments

√Applicable □Not applicable

1. Classification of financial assets and financial liabilities

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

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

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

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

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

(2) Subsequent measurement methods for financial assets

1) Financial assets measured at amortized cost

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

2) Debt instrument investments measured at FVTOCI

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

3) Investments in equity instruments measured at FVTOCI

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

4) Financial assets measured at FVTPL

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities measured at FVTPL

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

2) Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets

are measured in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets.

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

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

4) Financial liabilities measured at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

(3) Level 3 inputs refer to non-observable inputs of the related assets or liabilities, including interest rates that cannot be directly observed or verified by observable market data, stock volatility, the future

cash flow of abandoned obligations assumed in the business combination, and financial projections by using self-owned data.

5. Impairment of financial instruments

Based on expected credit losses, the Company accounts for the impairment of and recognizes provisions for losses on financial assets measured at amortized cost, debt instrument investments measured at FVTOCI, contract assets, lease receivables, loan commitment not classified as financial liabilities measured at FVTPL, and financial guarantee contracts not classified as financial liabilities measured at FVTPL or financial liabilities formed by the transfer of financial assets that do not meet the derecognition conditions or continue to be involved in the transferred financial assets.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and discounted by the Company at the original effective interest rate and all cash flows expected to be received, that is, the present value of all cash shortages. The credit-impaired financial assets that are purchased or originated by the Company shall be discounted on the basis of the credit-adjusted effective interest rate of the financial assets.

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

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

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

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

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

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

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

6. Offset of financial assets and financial liabilities

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

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

12. Notes receivable

□ Applicable √ Not applicable

13. Accounts receivable

√Applicable □Not applicable

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

√Applicable □Not applicable

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

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

√Applicable □Not applicable

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

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

√Applicable □Not applicable

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

14. Receivables financing

√Applicable □Not applicable

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

√Applicable □Not applicable

Portfolio category	Basis for portfolio determination	Method for measuring expected credit losses
Bank acceptance bills receivable	Bill type	The expected credit loss is calculated by referring to the historical credit loss experience, combining the current situation with the forecast of future economic conditions through default risk exposure and the expected credit loss rate for the whole duration.

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

15. Other receivables

√Applicable □Not applicable

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

√Applicable □Not applicable

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

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

√Applicable □Not applicable

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

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

√Applicable □Not applicable

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

16. Inventories

√Applicable □Not applicable

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

√Applicable □Not applicable

1. Classification of inventories

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

2. Valuation method for dispatching inventory

The moving weighted average method is adopted for dispatching inventories.

3. Inventory system of inventories

The perpetual inventory system is applied to inventories.

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

(1) Low-value consumables

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

(2) Packing materials

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

Recognition criteria and accrual method for the provision for decline in the value of inventories
√Applicable □Not applicable

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

Portfolio category and determination basis for provision for decline in the value of inventories accrued in portfolios and determination basis for net realizable value of different inventories
□ Applicable √ Not applicable

Calculation method and determination basis for net realizable value of inventories recognized based on inventory age
□ Applicable √ Not applicable

17. Contract assets

√Applicable □Not applicable
Recognition methods and standards for contract assets
√Applicable □Not applicable

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

Portfolio category and determination basis of provision for bad debts by portfolio of credit risk features
√Applicable □Not applicable

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

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

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

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

√Applicable □Not applicable

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

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

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

Recognition standard and presentation method for discontinued operations

□ Applicable √ Not applicable

19. Long-term equity investments

√Applicable □Not applicable

1. Judgment of common control and significant influence

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

2. Determination of investment cost

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

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

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

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

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

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

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

3. Subsequent measurement and recognition of profit or loss

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

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

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

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

1) These transactions are concluded simultaneously or by taking the mutual impact into account;

2) These transactions reach a complete commercial result as a whole;

3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

4) A transaction alone is not economical, but it is when considered with other transactions.

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

1) Separate financial statements

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

2) Consolidated financial statements

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

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

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

1) Separate financial statements

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

2) Consolidated financial statements

The transactions are treated as one transaction of disposing of a subsidiary and loss of the right to control. However, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment in each case before the loss of the right to control is recognized in the consolidated financial statements as other comprehensive incomes and transferred to the current profits and losses upon the loss of the right to control.

20. Investment properties

(1) If measured at cost:

Depreciation or amortization method

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

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

21. Fixed assets

(1) Recognition conditions

√Applicable □Not applicable

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

(2) Depreciation method

√Applicable □Not applicable

Category	Depreciation method	Depreciation life (year)	Residual value rate	Annual depreciation rate
Premises and buildings	Straight-line method	10 or 30	5%	9.50% or 3.17%
General equipment	Straight-line method	3-10	5%	31.67%-9.50%
Special equipment	Straight-line method	2-10	5%	47.50%-9.50%
Means of transport	Straight-line method	5	5%	19.00%

22. Construction in progress

√Applicable □Not applicable

1. Construction in progress can be recognized when the economic benefit can flow into the Company and the cost can be reliably measured. Construction in progress shall be measured at the actual cost incurred before the assets under construction become ready for the intended use.

2. When the construction in progress is ready for its intended use, it shall be measured at the actual

cost and transferred to fixed assets. For a completed project ready for its intended use but the final accounts for completion have not been made, the asset is transferred to fixed assets at an estimated value. After the final accounts for completion have been made, the previously estimated value is adjusted at the actual cost, but there is no need to adjust the depreciation retrospectively.

Category	Standard and time point for construction in progress to be transferred to fixed assets
Special equipment	Meeting the design requirements or standards specified in the contract after installation and commissioning
Premises and buildings	The physical construction has been fully completed or substantially completed and can be put into use.

23. Borrowing costs

√Applicable □Not applicable

1. Recognition principles for capitalization of borrowing costs

The borrowing costs of the Company which can be assigned to acquisition and construction or production of assets in compliance with capitalization conditions shall be capitalized and charged to relevant asset costs; other borrowing costs shall be recognized as expenses when they are incurred and shall be charged to current profits and losses.

2. Period of borrowing costs capitalization

(1) The borrowing costs which meet the following conditions simultaneously shall begin to be capitalized: 1) expenditures to assets have already been incurred; 2) borrowing costs have already been incurred; 3) the acquisition and construction or production activities necessary for the assets to reach the expected usable or marketable condition have already started.

(2) Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs occurred during such suspension period shall be recognized as current expenses until the acquisition and construction or production of the asset restarts.

(3) When the acquisition, construction or production of assets that meet the capitalization conditions is ready for its intended use or sale, the capitalization of borrowing costs shall cease.

3. Capitalization rate and capitalization amount of borrowing costs

For specific borrowings used to acquire, construct or originate assets qualified for capitalization, the amount of interest costs (including amortization of discount or premium determined by the effective interest method) actually incurred on such borrowings for the period shall be capitalized after deducting any interest earned from depositing the unused borrowings in the bank or any investment income arising from the temporary investment of those borrowings. For general borrowings used to acquire, construct, or originate assets qualified for capitalization, the capitalized amount of interest on general borrowings shall be determined by multiplying the weighted average (of the excess of cumulative assets expenditures over the specific borrowings) by the capitalization rate (of used general borrowings).

24. Biological assets

□ Applicable √ Not applicable

25. Oil and gas assets

□ Applicable √ Not applicable

26. Intangible assets

(1) Service life and its determination basis, estimation, amortization method or review procedure

√Applicable □Not applicable

1. Intangible assets include land use rights, patent rights, and non-patented technologies and shall be initially measured at cost.

2. Intangible assets with a limited service life shall be systematically and properly amortized based

on the expected methods for realizing economic benefits relevant to such assets within the service life; otherwise, they shall be amortized using the straight-line method. The details are as follows:

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

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

√Applicable □Not applicable

1. Collection scope of R&D expenditures

(1) Personnel and labor costs

Personnel and labor costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work-related injury insurance premiums, maternity insurance premiums, and housing provident fund contributions of in-house R&D personnel, as well as labor costs of external R&D personnel.

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

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

(2) Direct input costs

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

(3) Depreciation and long-term deferred expenses

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

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

Long-term deferred expenses refer to the long-term deferred expenses arising from the reconstruction, modification, decoration, and repair of R&D facilities. They are categorized according to actual expenditures and amortized averagely by stages within the specified period.

(4) Amortization expenses of intangible assets

The amortization expenses of intangible assets refer to the amortization expenses of software, intellectual property rights, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used in R&D activities.

(5) Entrusted external R&D expenses

The expenses for entrusted external R&D refer to the expenses incurred when the Company entrusts other institutions or individuals at home and abroad to carry out R&D activities (the achievements of R&D activities are owned by the Company and closely related to its main business).

(6) Other expenses

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

2. The expenditures on the internal research and development project in the research stage shall be included in the current profit and loss when incurred. The expenditures on the internal research and development project in the development stage can be recognized as intangible assets if they satisfy all the conditions below: (1) it is technically feasible to make the intangible assets available for use or sale; (2) it is intended to finish and use or sell the intangible assets; (3) the model of economic benefits generated by operating the intangible assets can demonstrate that there is a market for the products manufactured with the intangible assets or for the assets themselves, and the assets used internally can prove serviceable; (4) there are sufficient technical, financial and other resources to support the development and usage or sale of the intangible assets; (5) the expenditures on the intangible assets in the development stage can be reliably measured.

27. Impairment of long-term assets

√Applicable □Not applicable

The recoverable amount of long-term assets such as long-term equity investments, investment property measured at cost, fixed assets, construction in progress, right-of-use assets, and intangible assets with a finite life, is estimated where there is a sign of impairment on the balance sheet date. Impairment tests are conducted on goodwill formed in business combination and intangible assets with uncertain useful life every year no matter whether there is any sign of impairment. The impairment test of goodwill is carried out in combination with its related asset group or asset group portfolio.

If the recoverable value of the aforementioned long-term assets is less than their carrying amount, an impairment provision is recognized for the difference and included in the current profit and loss.

28. Long-term deferred expenses

√Applicable □Not applicable

Long-term deferred expenses accounting refers to all expenses that have occurred, with the amortization period of more than 1 year (excluding 1 year). These expenses are recorded as actually incurred and amortized evenly over the benefit period or specified period. If the long-term deferred expenses do not benefit the future accounting period, the amortized value of the deferred expenses shall be all transferred into the current profit and loss.

29. Contract liabilities

√Applicable □Not applicable

The Company presents the obligation to transfer goods to customers for consideration received or receivable from customers as a contract liability.

30. Employee compensation

(1) Accounting treatment of short-term benefits

√Applicable □Not applicable

During the accounting period when employees provide services for the Company, the actual short-term benefits are recognized as liabilities and charged to the current profit or loss or the cost of related assets.

(2) Accounting treatment of post-employment benefits

√Applicable □Not applicable

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

(1) During the accounting period when an employee provides services for the Company, the Company shall recognize the amount payable calculated according to the defined contribution plan as a liability, and include it in the current profit and loss or the cost of related assets.

(2) The accounting treatment of the defined benefit plan generally includes the following steps:

1) The unbiased and mutually agreed actuarial assumptions are adopted with the projected unit credit method to estimate the relevant demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and determine the period of relevant obligations. Meanwhile, the obligations arising from the defined benefit plan are discounted to determine the present value of such obligations under the defined benefit plan and the service cost for the current period;

2) If there are assets in the defined benefit plan, the deficit or surplus formed by the present value of obligations under the defined benefit plan minus the fair value of assets under the defined benefit plan should be recognized as a net liability or a net asset under the defined benefit plan. Where there is a surplus in the defined benefit plan, the surplus of the defined benefit plan and the upper limit of the assets (whichever is lower) will be adopted to calculate the net assets of the defined benefit plan;

3) At the end of the period, employee compensation costs under the defined benefit plan are recognized as three parts including service costs, net interest of net liabilities or net assets under the defined benefit plan, and the variables generated from net liabilities or net assets under the remeasured defined benefit plan. Among them, the service costs and net interest of net liabilities or net assets under the defined benefit plan are included in the current profit and loss or the cost of related assets, the variables generated from net liabilities or net assets under the remeasured defined benefit plan are included in other comprehensive income, which are not allowed to be reversed to the profit or loss during the subsequent accounting period but are allowed to be transferred to the amount recognized in other comprehensive income within the scope of equity.

(3) Accounting treatment of dismissal welfare

√Applicable □Not applicable

For the dismissal benefits provided for employees, the employee compensation liabilities arising from the dismissal benefits are recognized at the earlier of the following two dates and included in the current profit or loss: (1) the date when the Company cannot unilaterally recall the dismissal benefits provided due to the labor relation termination plan or the layoff suggestions; (2) the date when the Company recognizes the costs or expenses related to the restructuring involving the dismissal benefit payment.

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

√Applicable □Not applicable

Other long-term benefits provided by the Company to employees, when meeting the conditions of the defined contribution plan, will be subjected to accounting under the defined contribution plan. Other long-term benefits other than the above benefits will be subjected to accounting under the defined benefit plan. To simplify corresponding accounting methods, the employee benefits costs incurred are recognized as the service cost and the total net amount of the components such as net interest amount of net liabilities or net assets in terms of other long-term employee benefits, and changes arising from re-measuring the net liabilities or net assets in terms of other long-term employee benefits are recognized in the current profit or loss or relevant cost of assets.

31. Estimated liabilities

√Applicable □Not applicable

1. When the obligations pertinent to contingencies such as external security, litigation, product quality assurance and onerous contract become the current obligations of the Company, the performance

of the obligations may result in the outflow of economic benefits from the Company, and when the amount of the obligations can be measured reliably, the Company will recognize the obligations as estimated liabilities.

2. The Company should initially measure the estimated liabilities based on the best estimate required to be paid when performing relevant current obligations and review the carrying amount of the estimated liabilities on the balance sheet date.

32. Share-based payment

√Applicable □Not applicable

1. Types of share-based payment

The types of share-based payments should consist of equity-settled share-based payments and cash-settled share-based payments.

2. Accounting treatment related to the implementation, modification, and termination of share-based payment plans

(1) Equity-settled share-based payment

As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments should, on the grant date, be included in the relevant costs or expenses and the capital reserves should be adjusted accordingly. As to an equity-settled share-based payment in return for services of employees, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period should, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses at the fair value of the equities instruments on the grant date, and the capital reserves should be adjusted accordingly.

Equity-settled share-based payments in return for services rendered by other parties are measured at the fair value of the services rendered by other parties on the receiving date if such fair value can be reliably measured. If the fair value of the services rendered by other parties cannot be reliably measured, but the fair value of the equity instruments cannot be reliably measured, the equity-settled share-based payments in return for services rendered by other parties are measured at the fair value of the equity instruments on the date of receiving services and included in relevant costs or expenses and owner's equity is increased accordingly.

(2) Cash-settled share-based payments

As to a cash-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Company should, on the grant date, be included in the relevant costs or expenses, and the liabilities should be increased accordingly. As to a cash-settled share-based payment in return for services of employees, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period should, based on the best estimate of the information about the vesting conditions, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company.

(3) Modification and termination of share-based payment plan

If the fair value of the granted equity instrument is increased due to a modification, the Company should accordingly recognize the increment of the obtained services according to the increasing fair value of the equity instrument; if the quantity of the granted equity instrument is increased due to a modification, the Company should accordingly recognize the fair value of the increased equity instrument as the increment of obtained services; if the Company modifies the vesting conditions on terms favorable to its employees, it will consider the vesting conditions after the modification when dealing with the conditions.

If the fair value of the granted equity instrument is decreased due to a modification, the Company will continue to recognize the amount of services obtained based on the fair value of the equity instrument on the grant date without any consideration of the decrease in the fair value of the equity instrument. If the quantity of the equity instrument is decreased due to a modification, the Company will handle the decreased part as a cancellation of the granted equity instrument. If the Company modifies the vesting conditions on terms not favorable to its employees, it will not consider the vesting conditions after the modification when dealing with the conditions.

Suppose the granted equity instrument is canceled or settled within the vesting period (except that the cancellation is due to the failure to meet the vesting conditions). In this case, the Company should deal with the cancellation or settlement as accelerated vesting and immediately recognize the amount that is supposed to be recognized within the residual vesting period.

33. Other financial instruments including preferred stocks and perpetual bonds

√Applicable □Not applicable

According to the relevant standards for financial instruments and the Regulations on Accounting Treatment Related to Perpetual Bonds (CK [2019] No. 2), for financial instruments such as convertible corporate bonds issued, the Company classifies these financial instruments or their components as financial assets, financial liabilities or equity instruments during initial recognition, based on the contractual terms of the financial instruments issued and the economic substance they reflect, not only in legal form, but in combination with the definitions of financial assets, financial liabilities and equity instruments.

On the balance sheet date, for financial instruments classified as equity instruments, the interest expense or dividend distribution is treated as a distribution of profits of the Company and the buy-back and write-off are treated as changes in equity. For financial instruments classified as financial liabilities, the interest expense or dividend distribution is treated as the borrowing cost and the gains or losses from their buy-back or redemption are included in the current profit and loss.

34. Revenue

(1) (1). Disclosure of accounting policies used for revenue recognition and measurement by business type

√Applicable □Not applicable

1. Revenue recognition principles

On the commencement date of a contract, the Company evaluates the contract, identifies all performance obligations contained in the contract, and determines to perform these performance obligations within a certain period of time or at a certain time point.

When one of the following conditions is met, it is to perform the performance obligations within a certain period of time; otherwise, it is to perform the performance obligations at a certain time point: (1) The customer obtains and consumes the economic benefits brought by the Company's performance during the Company's performance; (2) The customer can control the goods under construction during the Company's performance; (3) The goods produced during the Company's performance are for irreplaceable purposes, and the Company has the right to collect funds for the cumulatively completed performance part so far during the whole contract period.

In the case of performance obligations to be performed within a certain period of time, the Company should recognize the revenue within that period according to the performance progress. If the performance progress cannot be reasonably confirmed and the costs incurred can be expected to be compensated, the income shall be recognized according to the amount of costs incurred until the performance progress can be reasonably confirmed. In the case of performance obligations to be performed at a certain time point, the income is recognized at the certain time point when the customer obtains control of relevant goods or services. When judging whether the customer has obtained the control right of the goods, the Company shall consider the following conditions: (1) the Company enjoys the right to the current collection, i.e. the customer has the obligation to pay immediately for the goods; (2) the Company has transferred the legal ownership of the goods to the customer, i.e. the customer owns the legal ownership of the goods; (3) the Company has transferred the goods to the customer in kind, i.e. the customer has possessed the goods; (4) the Company has transferred the major risks and reward from the ownership of the goods to the customer, i.e. the customer has obtained the major risks and reward on the ownership of the goods; (5) the customer has accepted the goods; (6) other conditions showing that the customer has gained control over the goods.

2. Revenue measurement principles

(1) The Company measures revenue according to the transaction price apportioned to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for goods or services transferred to the customer, excluding the amount collected on behalf of third parties or expected to be refunded to the customer.

(2) If there is a variable consideration in the contract, the Company determines the appropriate estimate based on the expected value or the most likely amount, provided that a transaction price including

variable consideration shall not exceed the amount of cumulative income recognized which is highly unlikely to be subject to significant reversal when the uncertainty associated with the variable consideration is subsequently resolved.

(3) Where there is a significant financing component in the contract, the Company determines the transaction price on the basis of the amount payable in cash assuming that the customer acquired control of goods or services at the time of acquisition. The difference between the transaction price and the contract consideration should be amortized within the contract period with the effective interest method. By the commencement date of the contract, if the Company estimates that the interval between the time when the customer acquires control of goods or services and the customer payment date is not more than 1 year, the significant financing component existing in the contract should not be considered.

(4) If the contract contains two or more performance obligations, the Company shall, on the commencement date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the goods promised in each performance obligation.

(2) Recognition methods and measurement methods for the same kind of business with different business models and different revenue

√Applicable □Not applicable

The company mainly sells cosmetics. Its sales models are classified as distribution, direct sales, and sales on commission.

(1) Distribution

The sales revenue shall be recognized after the Company delivers the products to the buyer according to the provisions of the contract and the buyer accepts the same.

(2) Direct sales

The sales revenue shall be recognized after the Company delivers the commodities to the consumer, and the consumer confirms receipt and makes payment.

(3) Sales on commission

The sales revenue shall be recognized after the Company delivers the products to the commissioned party according to the provisions of the contract and the commissioned party provides the list of sales on commission to the Company upon selling the products to others.

35. Contract cost

□ Applicable √ Not applicable

36. Government subsidies

√Applicable □Not applicable

1. Government subsidies can only be recognized when the following conditions are met at the same time: (1) the Company can meet the attached conditions for the government subsidies; (2) the Company can receive the government subsidies. If government subsidies are monetary assets, they shall be measured at the amount received or receivable. If government subsidies are non-monetary assets, they shall be measured based on the fair value. If the fair value cannot be reliably obtained, they shall be measured at the nominal amount.

2. Judgment basis and accounting treatment of asset-related government subsidies

Government documents stipulate that government subsidies used to form long-term assets through purchase, construction, or other means are classified as asset-related government subsidies. If the government documents have no such clear stipulation, the judgment shall be based on the basic conditions that must be met to obtain the subsidies, and if the basic conditions are to form long-term assets through purchase, construction, or other means, it shall be regarded as asset-related government subsidies. Asset-related government subsidies are offset against the carrying amount of the related assets or recognized as deferred incomes. If asset-related government subsidies are recognized as deferred incomes, they shall be included in the profit and loss by stages in a reasonable and systematic manner within the service life of the related assets. Government subsidies measured at the nominal amount shall be directly included in the current profit and loss. When the related assets are sold, transferred, scrapped, or damaged before the end of service life, all the undistributed deferred income shall be transferred to the current profit and loss on the disposal of the assets.

3. Judgment basis and accounting treatment of income-related government subsidies

Government subsidies other than those related to assets are classified as income-related government subsidies. Government subsidies that encompass both asset-related and income-related components, which are challenging to differentiate, are classified entirely as income-related government subsidies. Income-related government subsidies used to compensate for related costs or losses during future periods shall be recognized as deferred incomes, and included in the current profit and loss or offset relevant costs when relevant costs or losses are recognized; while those used to compensate for the incurred related costs or losses shall be directly included in the current profit and loss or offset relevant costs.

4. Government subsidies related to daily business activities of the Company shall be included in other income or offset relevant costs based on the substance of business transactions. Government subsidies irrelevant to the daily activities of the Company shall be included in non-operating revenue and expenses.

37. Deferred income tax assets/deferred income tax liabilities

√Applicable □Not applicable

1. Deferred income tax assets and liabilities shall be measured at the temporary differences between the carrying amount of certain assets or liabilities and their tax base (or between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws), and the tax rates that are expected to apply to the period when the asset is realized or the liability is settled according to the requirements of tax laws.

2. Deferred income tax assets shall be recognized to the extent of taxable income that is likely to be obtained by the Company to deduct the deductible temporary difference. On the balance sheet date, if any conclusive evidence proves that enough taxable income will be possibly obtained and used to deduct the deductible temporary difference in the future, the deferred income tax assets that have not been recognized in previous accounting periods can be recognized.

3. On the balance sheet date, the carrying amount of deferred income tax assets shall be reviewed; if it is unlikely to acquire sufficient taxable income that may be used to deduct the interests of deferred income tax assets, the carrying amount of the deferred income tax assets shall be reduced. Any such reduction in amount is reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The current income tax and deferred income tax of the Company shall be included in the current profit and loss as income tax expenses or revenue, except the relevant income taxes in the following conditions: (1) business combination; (2) transactions or items that are recognized directly as owners' equity.

5. When the following conditions are met at the same time, the deferred income tax assets and liabilities are presented in the net amount after offset: (1) the Company has the legal right to settle the current tax assets and liabilities on a net basis; (2) deferred income tax assets and liabilities are related to the income tax levied by the same tax collection and management department on the same taxpayer or related to the income tax levied on different taxpayers, but in the period during which each important deferred income tax asset and liability will be reversed back in the future, the taxpayer involved intends to settle the current tax assets and liabilities on a net basis or acquire assets and pay off debts at the same time.

38. Lease

√Applicable □Not applicable

Judgment basis and accounting treatment method for the lessee to simplify short-term leases and low-value asset leases

√Applicable □Not applicable

On the commencement date of the lease term, the Company recognizes leases with a lease term not exceeding 12 months and without a purchase option as short-term leases and leases with a lower value as low-value asset leases when single lease assets are brand-new. Where the Company subleases or intends to sublease the lease asset, the original lease shall not be recognized as a low-value asset lease.

For all short-term leases and low-value asset leases, the Company includes lease payments in related asset costs or current profits and losses by the straight-line method during each period of the lease term.

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

(1) Right-of-use assets

The right-of-use assets shall be initially measured at cost, which include 1) the initial measured amount of lease liabilities; 2) the lease amount paid on or before the commencement date of the lease term (in case of lease incentives, the amount related to the lease incentives already enjoyed shall be deducted); 3) the initial direct costs borne by the lessee; 4) the costs expected to incur from the lessee's dismantling and removing the lease assets, recovering the original site of the lease assets, or restoring the lease assets to the state as specified in the lease provisions.

The Company makes provision for the depreciation of right-of-use assets by the straight-line method. If it can be reasonably determined that the ownership of the lease assets will be obtained at the expiration of the lease term, the Company shall make provision for the depreciation of the lease assets during the remaining service life of such assets. If it is impossible to reasonably determine that the ownership of the lease assets can be obtained at the expiration of the lease term, the Company shall make provision for the depreciation of the lease assets within the lease term or the remaining service life of such assets, whichever is shorter.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes the present value of unpaid lease payments as lease liabilities. When the present value of lease payments is calculated, the interest rate implicit in lease is used as the discount rate. If the interest rate implicit in lease cannot be determined, the incremental borrowing rate of the Company is used as the discount rate. The Company recognizes the difference between the lease payment and its present value as an unrecognized financing expense, recognizes the interest expenses incurred according to the discount rate of the present value of the recognized lease payment during each period of the lease term, and includes the interest expenses in the current profit and loss. Variable lease payments not included in the measurement of lease liabilities are included in current profits and losses when actually incurred.

After the commencement date of the lease term, when the substantial fixed payment changes, the expected payable amount of guarantee residual value changes, the index or ratio used to determine the lease payment changes, and the assessment result or actual exercise of purchase option, renewal option or termination option changes, the Company remeasures the lease liabilities at present value of the changed lease payment and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero but the lease liabilities still need to be further reduced, the remaining amount is included in current profits and losses.

Lease classification standard and accounting treatment method as the lessor

√Applicable □Not applicable

On the commencement date of the lease term, the Company classifies leases that substantially transfer almost all the risks and rewards related to the ownership of the lease assets as finance leases and others as operating leases.

(1) Operating lease

The Company recognizes the lease receipt as rental income according to the straight-line method during each period of the lease term. The incurred initial direct expenses are capitalized and amortized on the same basis as the recognition of rental income and included in the current profit and loss by stages. Variable lease payments obtained by the Company and related to operating leases that are not included in the lease receipts are included in the current profit and loss when actually incurred.

(2) Finance lease

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

The variable leasing payment which is obtained by the Company but not included in the measurement of net leasing investment is included in the current profit and loss when it actually occurs.

39. Other significant accounting policies and accounting estimates

√Applicable □Not applicable

Accounting method related to repurchase of the Company's shares

If the Company's shares are repurchased due to a reduction in registered capital or reward for employees, the amount actually paid will be regarded as treasury shares and registered for reference. If the shares repurchased are canceled, the capital reserve will be written down by the difference between the total par value of shares calculated as per the par value and the number of the canceled shares and the amount actually paid for repurchases. If the capital reserve is insufficient to be written down, retained earnings will be written down. If the repurchased shares are awarded to the Company's employees as equity-settled share payment, the cost of treasury shares delivered to the employees and the accumulative amount of capital reserve (other capital reserves) during the vesting period should be written off when the employees receive the payments for purchasing the shares of the Company through the exercise of their rights. Meanwhile, the capital reserve (equity premium) is adjusted based on the difference.

40. Changes in significant accounting policies and accounting estimates

(1) Significant changes in accounting policies

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Content and reasons for changes in accounting policies	Name of statement item significantly affected	Amount affected
"Accounting treatment of compensatory assets in business combinations not under common control" in the *Interpretation No. 19 of Accounting Standards for Business Enterprises*	/	/
"Accounting treatment of related capital reserve upon disposal of a subsidiary originally acquired through a business combination under common control" in the *Interpretation No. 19 of Accounting Standards for Business Enterprises*	/	/
"Derecognition of financial liabilities settled through electronic payment systems" in the *Interpretation No. 19 of Accounting Standards for Business Enterprises*	/	/
"Evaluation and related disclosure of contractual cash flow characteristics of financial assets" in the *Interpretation No. 19 of Accounting Standards for Business Enterprises*	/	/
"Disclosure of equity instruments designated as measured at fair value and whose changes are included in other comprehensive income" in the *Interpretation No. 19 of Accounting Standards for Business Enterprises*	/	/

Other descriptions

Changes in accounting policies caused by changes in enterprise accounting standards

1. The Company has implemented the provision of the *Interpretation No. 19 of Accounting Standards for Business Enterprises* issued by the Ministry of Finance, namely "accounting treatment of compensatory assets in business combinations not under common control", since January 1, 2026, and made retrospective adjustments to indemnification assets existing as of January 1, 2026. This change in accounting policy had no impact on the Company’s financial statements.

2. The Company has implemented the provision of the *Interpretation No. 19 of Accounting Standards for Business Enterprises* issued by the Ministry of Finance, namely "accounting treatment of related capital reserve upon disposal of a subsidiary originally acquired through a business combination under common control", since January 1, 2026, and made retrospective adjustments. This change in accounting policy had no impact on the Company’s financial statements.

3. The Company has implemented the provision of the *Interpretation No. 19 of Accounting Standards for Business Enterprises* issued by the Ministry of Finance, namely "derecognition of financial liabilities settled through electronic payment systems", since January 1, 2026. Pursuant to the relevant transition provisions between the old and new standards, information for the comparative period was not adjusted,

and the cumulative effect as at the date of initial application was adjusted against the opening retained earnings and other relevant items in the financial statements for the reporting period. This change in accounting policy had no impact on the Company's financial statements.

4. The Company has implemented the provision of the *Interpretation No. 19 of the Accounting Standards for Business Enterprises* issued by the Ministry of Finance, namely "evaluation and related disclosure of contractual cash flow characteristics of financial assets", since January 1, 2026. Pursuant to the relevant transition provisions between the old and new standards, information for the comparative period was not adjusted, and the cumulative effect as at the date of initial application was adjusted against the opening retained earnings and other relevant items in the financial statements for the reporting period. This change in accounting policy had no impact on the Company's financial statements.

5. The Company has implemented the provision of the *Interpretation No. 19 of the Accounting Standards for Business Enterprises* issued by the Ministry of Finance, namely "Disclosure of equity instruments designated as measured at fair value and whose changes are included in other comprehensive income", since January 1, 2026.

(2) Changes in significant accounting estimates

□ Applicable √ Not applicable

(3) The first implementation of new accounting standards or interpretation of standards from 2026 involves adjustment to the financial statements at the beginning of the year of the first implementation

□ Applicable √ Not applicable

41. Others

□ Applicable √ Not applicable

VI. Taxes

1. Main taxes and tax rates

Information on main taxes and tax rates

√Applicable □Not applicable

Tax category	Tax basis	Tax rates
VAT	The output tax shall be calculated on the basis of the income from the sale of goods and taxable services calculated in accordance with the provisions of the tax law. After deducting the input tax allowed to be deducted in the current period, the difference is the VAT payable.	13%, 9%, 6%, 3%, 1%
Consumption tax	Taxable sales (volume)	15%
Property tax	For taxation according to price, the property tax will be calculated and paid at 1.2% of the remaining value after deducting 30% from the original value of the house property; for taxation according to lease, the property tax will be calculated and paid at 12% of the rental income.	12%, 1.2%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%
Educational surcharges	Turnover tax actually paid	3%

Local educational surcharges	Turnover tax actually paid	2%
Corporate income tax	Taxable income	[Note]

[Note] Description of corporate income tax rates for various taxpayers within the Company
If there are taxpayers with different enterprise income tax rates, the disclosure shall be as follows
√Applicable □Not applicable

Name of taxpayer	Income tax rate (%)
The Company	15
Hangzhou Proya Trade Co., Ltd.	25
Anya (Huzhou) Cosmetics Co., Ltd.	25
Yueqing Laiya Trading Co., Ltd.	25
Mijing Siyu (Hangzhou) Cosmetics Co., Ltd.	25
Zhejiang Meiligu Electronic Commerce Co., Ltd.	25
Huzhou Chuangdai E-commerce Co., Ltd.	25
Hapsode (Hangzhou) Cosmetics Co., Ltd.	25
Huzhou Hapsode Trading Co., Ltd.	25
Ningbo TIMAGE Cosmetics Co., Ltd.	25
Ningbo Tangyu Trading Co., Ltd.	25
Proya (Hainan) Investment Co., Ltd.	25
Proya (Zhejiang) Cosmetics Co., Ltd.	25
Shenzhen FlowerKnows E-commerce Co., Ltd.	25
Hangzhou FlowerKnows E-commerce Co., Ltd.	25
Hangzhou FlowerKnows Cosmetics Co., Ltd.	25
Huai'an FlowerKnows E-commerce Co., Ltd.	25
Lishui FlowerKnows E-commerce Co., Ltd.	15
Lishui FlowerKnows Cosmetics Co., Ltd.	15
Hanna Cosmetics Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in the Republic of Korea.
Hapsode Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in the Republic of Korea.
Hong Kong Keshi Trading Co., Ltd.	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China.
Hong Kong Xinghuo Industry Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China.
Hong Kong Zhongwen Electronic Commerce Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China.
Hong Kong Xuchen Trading Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China.
Boya (Hong Kong) Investment Management Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China.
Proya Europe SARL	Relevant taxes are calculated and paid according to local tax regulations in Luxembourg.
OR Off & Relax	Relevant taxes are calculated and paid according to local tax regulations in Japan.
PROYA PTE. LTD	Relevant taxes are calculated and paid according to local tax regulations in Singapore.
PROYA BEAUTY MALAYSIA SDN. BHD.	Relevant taxes are calculated and paid according to local tax regulations in Malaysia.
PROYA EUROPE SAS	Relevant taxes are calculated and paid according to local tax regulations in the France.
PROYA Cosmetics Vietnam Co., Ltd	Relevant taxes are calculated and paid according to local tax regulations in Vietnam
Flower Knows Cosmetics Inc.	Relevant taxes are calculated and paid according to local tax regulations in the U.S.
Hong Kong Flower Knows Cosmetics Co., Limited	Relevant taxes are calculated and paid according to local tax regulations in Hong Kong, China.

Other taxpayers	20

2. Tax preference

√Applicable □Not applicable

According to the *Announcement on the Value-added Tax Additional Deduction Policy for Advanced Manufacturing Enterprises* issued by the Ministry of Finance and the State Taxation Administration (MOF and STA Announcement [2023] No. 43), from January 1, 2023, to December 31, 2027, advanced manufacturing enterprises may deduct an additional 5% of the current deductible input VAT from the VAT payable. The Company was entitled to the VAT additional deduction policy for advanced manufacturing enterprises.

According to the *Announcement on the VAT Reduction and Exemption Policy for Small-scale VAT Taxpayers* (MOF and STA Announcement [2023] No. 19), subsidiaries, including Hainan FlowerKnows Biotechnology Co., Ltd., met the criteria for small-scale VAT taxpayers. Where their monthly sales do not exceed RMB100,000, inclusive, they are exempt from VAT. For taxable sales income subject to a 3% levy rate, VAT is levied at a reduced rate of 1%.

The Company passed the high-tech enterprise review on December 8, 2023 and obtained the high-tech enterprise certificate, with the period of validity of 3 years and the preferential enterprise income tax period from 2023 to 2025. According to the *Notice of the Department of Economy and Information Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Tax Service of the State Taxation Administration on Organizing the Application and Recognition of High and New Technology Enterprises for 2026*, the certificate of high and new technology enterprises recognized in 2023 remains valid until 2026. In the current period, the enterprise income tax is calculated and paid at the preferential tax rate of 15%.

According to Article 29 of the *Enterprise Income Tax Law of the People's Republic of China*, which provides that "the autonomous departments of ethnic autonomous areas may decide to reduce or exempt the portion of enterprise income tax payable by enterprises in such ethnic autonomous areas that is shared by local governments," the subsidiary Lishui FlowerKnows E-commerce Co., Ltd. was established in Jingning She Autonomous County, Lishui City, and entered into an agreement with the Management Committee of Zhejiang Jingning Economic Development Zone. Under the agreement, it is entitled to an exemption from the locally shared portion of enterprise income tax for ten years from the date of registration. From 2021 to 2031, Lishui FlowerKnows E-commerce Co., Ltd. and Lishui FlowerKnows Cosmetics Co., Ltd. are subject to an effective income tax rate of 15%.

According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax and Fee Policies to Further Support the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households* (MOF and STA Announcement [2023] No. 12), Huzhou UZERO Trading Co., Ltd., Hangzhou Proya Commercial Management Co., Ltd., Hangzhou TIMAGE Cosmetics Co., Ltd., Ningbo Jingzhe Cosmetics Co., Ltd., Hangzhou Oumisi Trading Co., Ltd., and other entities meet the tax criteria for small low-profit enterprises. During the current period, they calculated their taxable income at a reduced rate of 25% and paid enterprise income tax at a tax rate of 20%.

According to the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Businesses (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), subsidiaries Huzhou UZERO Trading Co., Ltd., Hangzhou Proya Commercial Management Co., Ltd., Hangzhou TIMAGE Cosmetics Co., Ltd., Ningbo Jingzhe Cosmetics Co., Ltd., and Hangzhou Oumisi Trading Co., Ltd. meet the tax standards for small and low-profit enterprises or small-scale VAT taxpayers, so the following taxes are levied at half the standard rate: resource tax (excluding water resources tax), urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding securities trading stamp tax), cultivated land occupation tax, education surcharge, and local education surcharge.

According to the *Notice of the Ministry of Finance and the State Taxation Administration on Tax Policies for Cross-border E-commerce Retail Exports* (Caishui [2013] No. 96), subsidiaries including Hangzhou TIMAGE Cosmetics Co., Ltd., Hangzhou Oumisi Trading Co., Ltd., Hangzhou FlowerKnows E-commerce Co., Ltd., and Hangzhou FlowerKnows Cosmetics Co., Ltd. meet the conditions for the VAT and consumption tax refund/exemption policy for goods exported by e-commerce export enterprises, and are therefore entitled to VAT and consumption tax refunds/exemptions.

3. Others

□ Applicable √ Not applicable

VII. Notes to Items in Consolidated Financial Statements

1. Monetary funds

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Cash on hand	12,234.28	6,119.19
Cash at bank	5,246,194,732.64	5,003,821,704.79
Other monetary funds	126,381,142.59	57,153,734.29
Deposits in financial companies		
Total	5,372,588,109.51	5,060,981,558.27
Including: Total amount deposited abroad	218,540,695.83	234,384,366.70

Other descriptions

As of the end of the period, restricted funds included: large-denomination certificates of deposit: RMB 1,316,033,612.00; judicially frozen funds: RMB 3,563,114.58; transformer deposits: RMB 250,000.00; ETC deposits classified under other monetary funds: RMB 89,000.00, and direct-sales store deposit: RMB 4,271,103.07.

As of the beginning of the period, restricted funds included: large-denomination certificates of deposit: RMB 1,119,455,583.40; judicially frozen funds: RMB 3,416,733.86; transformer time deposit: RMB 250,000.00; ETC deposits classified under other monetary funds: RMB 89,000.00, and direct-sales store deposit: RMB 3,526,602.24.

2. Held-for-trading financial assets

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reasons and basis for designation
Financial assets measured at FVTPL	675,521,041.40		/
Including:			
Financial products	20,521,041.40		/
Structured deposits	655,000,000.00		/
Designated financial assets at FVTPL			
Including:			
Total	675,521,041.40		/

Other notes:

□ 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 by the Company at the end of the period

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(4) Disclosure by bad debt accrual method

□ Applicable √ Not applicable

Provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

Provision for bad debts made according to the general model of expected credit loss
□ Applicable √ Not applicable

Division basis and proportion of provision for bad debts at each stage
None

Description of significant changes in the book balance of notes receivable that experienced changes in loss provision during the current period:
□ Applicable √ Not applicable

(5) Provision for bad debts

□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(6) Notes receivable actually written off in the current period

□ Applicable √ Not applicable

Write-off of significant notes receivable:
□ Applicable √ Not applicable

Description of write-off of notes receivable:
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

5. Accounts receivable

(1) Disclosure by aging

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance

Within 1 year (including 1 year)	313,025,634.20	73,480,615.07
Including: within 1 year	313,025,634.20	73,480,615.07
1-2 years	803,262.65	705,299.67
2 to 3 years	240,027.43	2,566.41
Over 3 years	9,892,073.61	9,993,547.76
3-4 years		
4-5 years		
Over 5 years		
Total	323,960,997.89	84,182,028.91

(2) Disclosure by bad debt accrual method

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made on an individual basis	5,733,805.34	1.78	5,733,805.34	100.00		5,838,987.99	6.94	5,838,987.99	100.00	
Including:										
Provision for bad debts made on an individual basis	5,733,805.34	1.78	5,733,805.34	100.00		5,838,987.99	6.94	5,838,987.99	100.00	
Provision for bad debts made on a portfolio basis	318,227,192.55	98.22	20,170,494.61	6.34	298,056,697.94	78,343,040.92	93.06	8,192,422.05	10.46	70,150,618.87
Including:										
Aging portfolio	318,227,192.55	98.22	20,170,494.61	6.34	298,056,697.94	78,343,040.92	93.06	8,192,422.05	10.46	70,150,618.87
Total	323,960,997.89	/	25,904,299.95	/	298,056,697.94	84,182,028.91	/	14,031,410.04	/	70,150,618.87

Provision for bad debts made on an individual basis:

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision

Provision for bad debts made on an individual basis	5,733,805.34	5,733,805.34	100.00	Expected to be irrecoverable
Total	5,733,805.34	5,733,805.34	100.00	/

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
√Applicable □Not applicable
Items with provision for bad debts made on a portfolio basis: aging portfolio

Unit: Yuan Currency: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	313,025,634.20	15,651,233.83	5.00
1-2 years	803,262.65	240,978.79	30.00
2-3 years	240,027.43	120,013.72	50.00
Over 3 years	4,158,268.27	4,158,268.27	100.00
Total	318,227,192.55	20,170,494.61	6.34

Description of provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

Provision for bad debts made according to the general model of expected credit loss
□ Applicable √ Not applicable

Division basis and proportion of provision for bad debts at each stage
None

Description of significant changes in the book balance of accounts receivable that experienced changes in loss provision during the current period:
□ Applicable √ Not applicable

(3) Provision for bad debts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts made on an individual basis	5,838,987.99	-105,182.65				5,733,805.34
Provision for bad debts made on a portfolio basis	8,192,422.05	10,142,319.83			1,835,752.73	20,170,494.61
Total	14,031,410.04	10,037,137.18			1,835,752.73	25,904,299.95

[Note] Among the other changes, RMB 1,847,481.99 was the bad debt provision for accounts receivable transferred from the merger of Shenzhen FlowerKnows E-commerce Co., Ltd., and the rest was caused by changes in the exchange rate of foreign currency accounts receivable.
Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(4) Accounts receivable actually written off in the current period

□ Applicable √ Not applicable

Write-off of significant accounts receivable
□ Applicable √ Not applicable

Description of write-off of accounts receivable:
□ Applicable √ Not applicable

(5) Top five accounts receivable and contract assets, categorized by debtors, based on the ending balances

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts
Beijing Jingdong Century Trading Co., Ltd.	197,784,714.05		197,784,714.05	61.05	9,889,235.70
VIPSHOP INTERNATIONAL HOLDINGS LIMITED [Note 1]	29,509,669.60		29,509,669.60	9.11	1,475,624.11
Alibaba Group Holding Co., Ltd. [Note 2]	15,573,628.75		15,573,628.75	4.81	778,681.43
Hangzhou Poyan Biotechnology Co., Ltd.	12,290,565.73		12,290,565.73	3.79	614,528.29
Walmart (China) Investment Co., Ltd.	9,332,495.10		9,332,495.10	2.88	466,624.76
Total	264,491,073.23		264,491,073.23	81.64	13,224,694.29

[Note 1] Vipshop (China) Co., Ltd., Chongqing Vipshop E-Commerce Co., Ltd., and Chongqing Pinwei E-Commerce Co., Ltd. are all under the control of VIPSHOP INTERNATIONAL HOLDINGS LIMITED, which shall be disclosed on a consolidated basis.

[Note 2] Shanghai Hema Internet of Things Co., Ltd. and Zhejiang Haochao Network Technology Co., Ltd. are both affiliated to Alibaba Group Holding Co., Ltd., so they were disclosed on a consolidated basis.

Other descriptions
None

Other notes:
□ Applicable √ Not applicable

6. Contract assets

(1) Contract assets

□ Applicable √ Not applicable

(2) Amounts experiencing significant changes in their carrying amounts during the reporting period and reasons for the changes

□ Applicable √ Not applicable

(3) Disclosure by bad debt accrual method

□ Applicable √ Not applicable

Provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

Provision for bad debts made according to the general model of expected credit loss
□ Applicable √ Not applicable

Division basis and proportion of provision for bad debts at each stage
None

Description of significant changes in the book balance of contract assets that experienced changes in loss provision during the current period:
□ Applicable √ Not applicable

(4) Provision for bad debts of contract assets during the current period

□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(5) Contract assets actually written off during the current period

□ Applicable √ Not applicable

Write-off of significant contract assets
□ Applicable √ Not applicable

Description of write-off of contract assets:
□ Applicable √ Not applicable

Other descriptions:
□ Applicable √ Not applicable

7. Receivables financing

(1) Presentation of receivables financing by category

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Bank acceptance notes	2,910,170.00	2,491,804.24
Total	2,910,170.00	2,491,804.24

(2) Receivables financing pledged by the Company at the end of the period

□ Applicable √ Not applicable

(3) Receivables financing endorsed or discounted by the Company at the end of the period but not yet expired on the balance sheet date

□ Applicable √ Not applicable

(4) Disclosure by bad debt accrual method

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made on an individual basis										
Including:										
Provision for bad debts made on a portfolio basis	2,910,170.00	100.00			2,910,170.00	2,491,804.24	100.00			2,491,804.24
Including:										
Bank acceptance notes	2,910,170.00	100.00			2,910,170.00	2,491,804.24	100.00			2,491,804.24
Total	2,910,170.00	/		/	2,910,170.00	2,491,804.24	/		/	2,491,804.24

Provision for bad debts made on an individual basis:

□ Applicable √ Not applicable

Description of provision for bad debts made on an individual basis:

□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
√Applicable □Not applicable
Items with bad debt provision made on a portfolio basis: bank acceptance notes

Unit: Yuan Currency: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Portfolio of bank acceptance bills	2,910,170.00		
Total	2,910,170.00		

Description of provision for bad debts made on a portfolio basis
□ Applicable √ Not applicable

Provision for bad debts made according to the general model of expected credit loss
□ Applicable √ Not applicable

Division basis and proportion of provision for bad debts at each stage
None

Description of significant changes in the book balance of receivables financing that experienced changes in loss provision during the current period:
□ Applicable √ Not applicable

(5) Provision for bad debts
□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(6) Receivables financing actually written off in the current period
□ Applicable √ Not applicable

Among them, the receivables financing written off were material
□ Applicable √ Not applicable

Write-off description:
□ Applicable √ Not applicable

(7) Increase/decrease in receivables financing in the current period and changes in their fair value:
□ Applicable √ Not applicable

(8) Other notes:
□ Applicable √ Not applicable

8. Advances to suppliers

(1) Advances to suppliers presented by aging
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	390,448,186.47	98.18	166,128,272.34	98.05

1-2 years	3,144,361.43	0.79	1,882,681.46	1.11
2 to 3 years	2,220,553.16	0.56	802,211.48	0.47
Over 3 years	1,869,864.95	0.47	621,633.10	0.37
Total	397,682,966.01	100.00	169,434,798.38	100.00

Description of reasons for delayed settlement of significant advances to suppliers aged over 1 year:
None

(2) Advances to suppliers from the top five prepaid parties classified based on the ending balance

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance	Proportion in total ending balance of advances to suppliers (%)
Lingzhi Jingshi Advertising Co., Ltd.	114,348,259.59	28.75
Inly Media Co., Ltd.	86,570,060.02	21.77
Alibaba Group Holding Co., Ltd. [Note 1]	25,518,261.03	6.42
Wuhan Juliang Xingtu Technology Co., Ltd. [Note 2]	19,237,754.05	4.84
Guangxi Jingdong Qingchuan E-commerce Co., Ltd. [Note 3]	12,518,405.25	3.15
Total	258,192,739.94	64.93

[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 Hubei Ocean Engine Technology Co., Ltd. and Wuhan Juliang Xingtu Technology Co., Ltd.

[Note 3] Consolidated statistics of companies under common control, including Guangxi Jingdong Qingchuan E-commerce Co., Ltd. and Chongqing Jingdong Haijia E-commerce Co., Ltd.

Other notes:
None

Other descriptions
□ Applicable √ Not applicable

9. Other receivables

List of items

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		20,000,000.00
Other receivables	16,742,444.05	11,038,260.10
Total	16,742,444.05	31,038,260.10

Other descriptions:
□ Applicable √ Not applicable

Interest receivable

(1) Classification of interests receivable

□ Applicable √ Not applicable

(2) Significant overdue interest

□ Applicable √ Not applicable

(3) Disclosure by bad debt accrual method

□ Applicable √ Not applicable

Provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(5) Provision for bad debts

□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(6) Interest receivable actually written off during the current period

□ Applicable √ Not applicable

Write-off of significant interest receivable
□ Applicable √ Not applicable

Write-off description:
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

Dividends receivable

(7) Dividends receivable

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Project (or the investee)	Ending balance	Beginning balance
Shenzhen FlowerKnows E-commerce Co., Ltd.		20,000,000.00
Total		20,000,000.00

(8) Significant dividends receivable aged over 1 year

□ Applicable √ Not applicable

(9) Disclosure by bad debt accrual method

□ Applicable √ Not applicable

Provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

(10) Provision for bad debts according to the general model of expected credit loss
□ Applicable √ Not applicable

(11) Provision for bad debts
□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(12) Dividends receivable actually written off during the current period
□ Applicable √ Not applicable

Write-off of significant dividends receivable
□ Applicable √ Not applicable

Write-off description:
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

Other receivables
(13) Disclosure by aging
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	13,654,745.98	8,283,182.72
Including: within 1 year	13,654,745.98	8,283,182.72
1-2 years	3,226,543.28	2,666,543.34
2 to 3 years	3,023,543.50	2,605,313.32
Over 3 years	32,790,273.15	32,832,847.10
3-4 years		
4-5 years		
Over 5 years		
Total	52,695,105.91	46,387,886.48

(14) Classification of receivables by nature
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Ending book balance	Beginning book balance
Temporary payments receivable	33,742,257.15	29,546,184.32
Guarantee and security deposits	17,110,773.83	15,011,662.92
Reserve fund	1,328,194.99	206,144.09
Others	513,879.94	1,623,895.15

Total	52,695,105.91	46,387,886.48

(15) Provision for bad debts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss for the next 12 months	Expected credit loss in the duration (no credit impairment occurs)	Expected credit loss over the lifetime (credit impairment has occurred)	
Balance as of January 1, 2026	414,159.65	799,962.98	34,135,503.75	35,349,626.38
Balance as of January 1, 2026 in the current period				
- Transferred to Stage II	-161,327.16	161,327.16		
- Transferred to Stage III		-907,063.05	907,063.05	
- Transferred back to Stage II				
- Transferred back to Stage I				
Provision in the current period	380,329.62	778,735.90	-1,057,716.90	101,348.62
Reversal in the current period				
Write-off in the current period				
Cancellation in the current period				
Other changes	49,491.86	135,000.00	317,195.00	501,686.86
Balance as of June 30, 2026	682,653.97	967,962.99	34,302,044.90	35,952,661.86

[Note] Among the other changes, RMB 515,346.28 was the bad debt provision for accounts receivable transferred from the merger of Shenzhen FlowerKnows E-commerce Co., Ltd., and the rest was caused by changes in the exchange rate of foreign currency accounts receivable.

Division basis and proportion of provision for bad debts at each stage

None

Description of significant changes in book balance of other receivables that experienced changes in loss provision during the current period:

□ Applicable √ Not applicable

The provision amount of bad debt reserve in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

□ Applicable √ Not applicable

(16) Provision for bad debts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery	Charge-	Other	

			or reversal	off or write-off	changes	
Provision for bad debts made on an individual basis	26,747,860.23	-665,216.72				26,082,643.51
Provision for bad debts made on a portfolio basis	8,601,766.15	766,565.34			501,686.86	9,870,018.35
Total	35,349,626.38	101,348.62			501,686.86	35,952,661.86

Significant amount of provision for bad debts reversed or recovered during the current period:
□ Applicable √ Not applicable

Other descriptions
None

(17) Other receivables actually written off in the current period
□ Applicable √ Not applicable

Write-off of significant other receivables:
□ Applicable √ Not applicable

Description of write-off of other receivables:
□ Applicable √ Not applicable

(18) Other receivables from top five borrowers classified based on ending balance
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance	Proportion in total ending balance of other accounts receivable (%)	Nature of payment	Aging	Provision for bad debts Ending balance
EURL PHARMATICA	18,142,026.50	34.43	Temporary payments receivable	Over 3 years	18,142,026.50
SIKEROM EUROPE GMBH	7,940,617.01	15.07	Temporary payments receivable	Over 3 years	7,940,617.01
Hangzhou Property Service and Maintenance Fund Management Center	4,708,614.72	8.94	Guarantee and security deposits	Over 3 years	4,708,614.72
Alibaba Group Holding Co., Ltd. [Note 1] [Note 2]	3,550,147.11	6.74			301,007.35
VIPSHOP INTERNATIONAL HOLDINGS LIMITED	2,000,000.00	3.80	Guarantee and security deposits	2-3 years	1,000,000.00
Total	36,341,405.34	68.98	/	/	32,092,265.58

[Note 1] Among them, the temporary payment receivable was RMB 3,420,147.11, and the deposit was RMB 130,000.00.
[Note 2] Among them, the temporary payment receivable was within 1 year, and the deposit guarantee was more than 3 years.

(19) Presentation in other receivables due to centralized management of funds

□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

10. Inventories

(1) Classification of inventories

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Provision for decline in the value of inventories/provision for impairment of contract performance costs	Carrying amount	Book balance	Provision for decline in the value of inventories/provision for impairment of contract performance costs	Carrying amount
Raw materials	50,192,794.57	2,015,488.73	48,177,305.84	35,073,426.98	926,318.71	34,147,108.27
Packaging materials	33,304,691.73	1,179,364.28	32,125,327.45	28,564,655.02	1,629,284.26	26,935,370.76
Work in progress	9,717,001.23	153,163.32	9,563,837.91	10,275,585.17	292,882.27	9,982,702.90
Purchased gifts	25,125,117.19	866,280.73	24,258,836.46	17,754,283.61	1,212,716.05	16,541,567.56
Goods in stock	796,969,590.33	59,007,827.78	737,961,762.55	598,010,277.02	60,862,978.37	537,147,298.65
Low-value consumables	1,897,591.91	455,295.76	1,442,296.15	10,433,559.17	470,024.84	9,963,534.33
Total	917,206,786.96	63,677,420.60	853,529,366.36	700,111,786.97	65,394,204.50	634,717,582.47

(2) Data resources recognized as inventory

□ Applicable √ Not applicable

(3) Provision for decline in the value of inventories and impairment provision for contract performance cost

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	926,318.71	1,144,338.85		55,168.83		2,015,488.73

Packaging materials	1,629,284.26	-54,154.60		395,765.38		1,179,364.28
Work in progress	292,882.27	45,542.61		185,261.56		153,163.32
Purchased gifts	1,212,716.05	1,634,976.59		1,981,411.91		866,280.73
Goods in stock	60,862,978.37	21,240,109.79	2,026,739.31	25,121,999.69		59,007,827.78
Low-value consumables	470,024.84	-14,729.08				455,295.76
Total	65,394,204.50	23,996,084.16	2,026,739.31	27,739,607.37		63,677,420.60

[Note] Other increases are inventory impairment provisions transferred from the merger of Shenzhen FlowerKnows E-commerce Co., Ltd.

Reasons for reversal or write-off of provision for decline in the value of inventories
√Applicable □Not applicable

At the end of the current period, the net realizable value of some products was lower than their corresponding cost, so the provision for decline in the value of inventories was accrued based on the difference between the cost and the net realizable value. In the current period, the Company consumed, sold or scraped some of the inventories of which the Company had already accrued provision for decline in the value of inventories, so the provision for decline in the value of inventories was charged off in the current period.

Provision for decline in the value of inventories made on a collective basis
□ Applicable √ Not applicable

Provision standards for provision for decline in the value of inventories made on a collective basis
□ Applicable √ Not applicable

(4) The capitalized amount of borrowing costs contained in the ending balance of inventories and the standard and basis for its calculation

□ Applicable √ Not applicable

(5) Description of amortization amount of contract performance cost in the current period

□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

11. Held-for-sale assets

□ Applicable √ Not applicable

12. Current portion of non-current assets

□ Applicable √ Not applicable

Debt investments due within one year

□ Applicable √ Not applicable

Other debt investments due within one year

□ Applicable √ Not applicable

Other descriptions of current portion of non-current assets:
None

13. Other current assets

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Contract acquisition costs		
Return cost receivable	5,193,857.73	3,435,917.85
Input VAT to be deducted	92,396,816.68	136,914,077.94
H-share listing expenses	31,278,309.79	23,416,121.94
Prepaid tax	5,459,862.70	3,838,188.87
Total	134,328,846.90	167,604,306.60

Information related to compensatory assets
□ Applicable √ Not applicable

Other notes:
None

14. Creditors' investments

(1) Debt investments

□ Applicable √ Not applicable

Change in impairment provision for debt investments in the current period
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(3) Impairment provision

□ Applicable √ Not applicable

Division basis and proportion of impairment provision at each stage:
None

Description of significant changes in the book balance of debt investments for which changes in loss provision occurred during the current period:
□ Applicable √ Not applicable

Amount of impairment provision for the current period and basis for evaluating whether the credit risk of financial instruments increases significantly
□ Applicable √ Not applicable

(4) Debt investments actually written off in the current period

□ Applicable √ Not applicable

Write-off of significant debt investments
□ Applicable √ Not applicable

Description of write-off of debt investments:
□ Applicable √ Not applicable

Other notes:
None

15. Other creditor's investment

(1) Other debt investments

□ Applicable √ Not applicable

Changes in provision for impairment of other debt investments in the current period
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(3) Impairment provision

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

Write-off of significant other debt investments
□ Applicable √ Not applicable

Description of write-off of other debt investments:
□ Applicable √ Not applicable

Other descriptions:
□ Applicable √ Not applicable

16. Long-term receivables

(1) Long-term receivables

□ Applicable √ Not applicable

(2) Disclosure by bad debt accrual method

□ Applicable √ Not applicable

Provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

Provision for bad debts made according to the general model of expected credit loss
□ Applicable √ Not applicable

(3) Provision for bad debts

□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(4) Long-term receivables actually written off in the current period

□ Applicable √ Not applicable

Write-off of significant long-term receivables

□ Applicable √ Not applicable

Write-off description:

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

17. Long-term equity investments

(1) Information on long-term equity investments

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Investee	Opening Balance (carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period								Closing Balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Reduced investments	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other equity changes	Cash dividend or profit declared to be distributed	Provision for impairment	Others		
I. Joint venture												
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,261,119.28				-1,240.78						3,259,878.50	
Subtotal	3,261,119.28				-1,240.78						3,259,878.50	
II. Associates												
Xiongke Culture Media (Hangzhou) Co., Ltd.	180,722.88	2,419,036.12							180,722.88			2,599,759.00
Zhuhai Haishilong Biotechnology Co., Ltd.		81,442,213.22										81,442,213.22

Investee	Opening Balance (carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period								Closing Balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Reduced investments	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other equity changes	Cash dividend or profit declared to be distributed	Provision for impairment	Others		
Beijing Xiushi Cultural Development Co., Ltd.	3,280,743.00				-74,273.88						3,206,469.12	
Shenzhen FlowerKnows E-commerce Co., Ltd.	434,581,152.52		351,142,798.00		78,403,988.06			23,041,927.00		-841,086,011.58		
Subtotal	438,042,618.40	83,861,249.34	351,142,798.00		78,329,714.18			23,041,927.00	180,722.88	-841,086,011.58	3,206,469.12	84,041,972.22
Total	441,303,737.68	83,861,249.34	351,142,798.00		78,328,473.40			23,041,927.00	180,722.88	-841,086,011.58	6,466,347.62	84,041,972.22

[Note] "Others" was due to the remeasurement at fair value as of the acquisition date of the previously held equity investment in Shenzhen FlowerKnows E-commerce Co., Ltd. in connection with the business combination not under common control achieved in stages through multiple transactions. For details, please refer to "1. Business Combination Not Under Common Control" in "IX. Changes in the Consolidation Scope" of "Section VIII Financial Report".

(2) Impairment test of long-term equity investments

√Applicable □Not applicable

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

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount	Recoverable amount	Amount of impairment	Determination method of fair value and disposal cost	Key parameters	Justification for critical parameters
Xiongke Culture Media (Hangzhou) Co., Ltd.	180,722.88	0.00	180,722.88	Determine the ending fair value according to the investee's net assets as of the end of the period	Determine the net assets as of the end of the period based on the investee's financial statements	Determine the net assets as of the end of the period based on the investee's financial statements
Total	180,722.88	0.00	180,722.88	/	/	/

The recoverable amount is determined according to the present value of the expected future cash flow

□ Applicable √ Not applicable

Reasons for the obvious inconsistency between the aforementioned information and the information used in the impairment test of previous years or external information

□ Applicable √ Not applicable

Reasons for the obvious inconsistency between the information adopted by the Company's impairment test in previous years and the actual situation in those years

□ Applicable √ Not applicable

Other descriptions

None

18. Investments in other equity instruments

(1) Investments in other equity instruments

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Opening Balance	Increase/decrease in the current period	Closing Balance	Dividend income	Accumulated gains	Accumulated losses	Reasons for being

		Additional investment	Reduced investments	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Others		recognized in the current period	included in other comprehensive income	included in other comprehensive income	designated as being measured at FVTOCI
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 Holding Co., Ltd.	12,364,698.06				-1,143,012.35		11,221,685.71			-78,778,314.29	
Beijing ChemPion Biotechnology Co., Ltd.	10,000,000.00						10,000,000.00				
Total	78,767,098.06				-1,143,012.35		77,624,085.71			-78,778,314.29	/

Reasons for designating investments in equity instruments measured at FVTOCI:

The Company makes equity investments for strategic investment purposes, and the investees will take the Company's investments as equity instruments. Therefore, the Company designates the investments in such equity instruments as financial assets measured at FVTOCI.

(2) Description of derecognition in the current period

□ Applicable √ Not applicable

Other descriptions:

□ Applicable √ Not applicable

19. Other non-current financial assets

□ Applicable √ Not applicable

20. Investment properties

Measurement model of investment properties

(1) Investment property measured by cost mode

Unit: Yuan Currency: RMB

Item	Premises and buildings	Land use right	Construction in progress	Total
I. Original carrying amount				
1. Beginning balance	78,781,143.26			78,781,143.26
2. Amount increased in the current period				
(1) Outsourcing				
(2) Transfer from inventory/fixed assets/construction in progress				
(3) Increase from business merger				
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	78,781,143.26			78,781,143.26
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	15,856,728.61			15,856,728.61
2. Amount increased in the current period	268,694.34			268,694.34
(1) Provision or amortization	268,694.34			268,694.34
3. Amount decreased in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	16,125,422.95			16,125,422.95
III. Impairment provision				
1. Beginning balance				
2. Amount increased in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Carrying amount				
1. Ending carrying amount	62,655,720.31			62,655,720.31
2. Beginning carrying amount	62,924,414.65			62,924,414.65

(2) Investment properties without the title certificates

□ Applicable √ Not applicable

(3) Impairment test of investment properties measured at cost

□ Applicable √ Not applicable

Other descriptions

□ Applicable √ Not applicable

21. Fixed assets

List of items

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Fixed assets	864,418,625.45	893,123,172.84
Disposal of fixed assets		
Total	864,418,625.45	893,123,172.84

Other descriptions:

None

Fixed assets

(1) Details of fixed assets

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Premises and buildings	General equipment	Special equipment	Means of transport	Total
I. Original carrying amount:					
1. Beginning balance	779,472,927.62	93,181,481.24	486,662,281.07	30,183,014.94	1,389,499,704.87
2. Amount increased in the current period	-24,383.33	7,676,435.35	8,264,649.48	1,794,645.73	17,711,347.23
(1) Purchase		5,833,759.66	1,604,414.18	421,244.86	7,859,418.70
(2) Transferred from construction in progress	196,244.39	899,274.33	2,702,405.41	122,230.09	3,920,154.22
(3) Increase from business merger		943,401.36	3,957,829.89	1,251,170.78	6,152,402.03
(4) Other decreases [note]	-220,627.72				-220,627.72
3. Amount decreased in the current period		4,474,137.76	9,488,868.20	172,176.99	14,135,182.95
(1) Disposal or scrapping		4,474,137.76	9,488,868.20	172,176.99	14,135,182.95
4. Ending balance	779,448,544.29	96,383,778.83	485,438,062.35	31,805,483.68	1,393,075,869.15
II. Accumulated depreciation					
1. Beginning balance	211,372,292.97	62,557,551.95	199,934,788.68	21,174,366.17	495,038,999.77
2. Amount increased in the current period	15,001,258.18	5,324,997.13	19,660,183.30	1,511,588.15	41,498,026.76
(1) Provision	15,001,258.18	5,324,997.13	19,660,183.30	1,511,588.15	41,498,026.76
(2) Business combination					
3. Amount decreased in the current period		4,238,736.96	4,926,468.25	52,109.88	9,217,315.09

(1) Disposal or scrapping		4,238,736.96	4,926,468.25	52,109.88	9,217,315.09
4. Ending balance	226,373,551.15	63,643,812.12	214,668,503.73	22,633,844.44	527,319,711.44
III. Impairment provision					
1. Beginning balance			1,337,532.26		1,337,532.26
2. Amount increased in the current period					
(1) Business combination					
3. Amount decreased in the current period					
(1) Disposal or scrapping					
4. Ending balance			1,337,532.26		1,337,532.26
IV. Carrying amount					
1. Ending carrying amount	553,074,993.14	32,739,966.71	269,432,026.36	9,171,639.24	864,418,625.45
2. Beginning carrying amount	568,100,634.65	30,623,929.29	285,389,960.13	9,008,648.77	893,123,172.84

[Note] Other changes in premises and buildings were due to adjustments to the original estimated value of fixed assets transferred from construction in progress upon completion of final accounts.

(2) Temporarily idle fixed assets

□ Applicable √ Not applicable

(3) Fixed assets leased out under operating lease

□ Applicable √ Not applicable

(4) Fixed assets without the title certificates

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount	Reasons for failure to obtain property certificates
Longwu R&D Center	79,247,977.90	In process

(5) Impairment test of intangible assets

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

Disposal of fixed assets

□ Applicable √ Not applicable

22. Construction in progress

List of items

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Construction in progress	194,088,068.85	128,341,121.16
Engineering materials		
Total	194,088,068.85	128,341,121.16

Other descriptions:

None

Construction in progress

(1) Construction in progress

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Proya (Zhejiang) Intelligent Factory Project	151,363,293.18		151,363,293.18	87,879,519.09		87,879,519.09
Information System Upgrade Project	32,165,665.46		32,165,665.46	29,525,405.91		29,525,405.91
Huzhou Production Base Expansion Project (Phase I)	707,964.60		707,964.60	1,085,566.40		1,085,566.40
Longwu R&D Center Construction Project	483,207.41		483,207.41	483,207.41		483,207.41
Other constructions	9,367,938.20		9,367,938.20	9,367,422.35		9,367,422.35
Total	194,088,068.85		194,088,068.85	128,341,121.16		128,341,121.16

(2) Changes of important construction in progress in the current year

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Budget	Beginning balance	Increase in the current period	Amount transferred into fixed assets in the current period	Other decreases in the current period	Ending balance	Proportion of cumulative project investment in budget (%)	Construction progress	Accumulated amount of capitalized interest	Including: Amount of capitalized interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Huzhou Production Base Expansion Project (Phase I)	RMB 416,783,300	1,085,566.40	1,040,442.49	479,106.23	938,938.06	707,964.60	100.00	100.00	21,167,901.12		4.57	Raised funds and self-owned funds
Longwu R&D Center Construction Project	RMB 128.6113 million	483,207.41				483,207.41	101.29	100.00	14,857,625.44			Raised funds and self-owned funds
Information System Upgrade Project	RMB 112.395 million	29,525,405.91	2,693,356.89	53,097.34		32,165,665.46	97.76	97.76	7,897,921.71	1,101,189.91	4.57	Raised funds and self-owned funds

Proya (Zhejiang) Intelligent Factory Project	RMB 1,091.39 million	87,879,519.09	63,483,774.09			151,363,293.18	14.62	14.62				Own funds
Total	RMB 1,749.1796 million	118,973,698.81	67,217,573.47	532,203.57	938,938.06	184,720,130.65	/	/	43,923,448.27	1,101,189.91	/	/

(3) Impairment provision for construction in progress in the current period

□ Applicable √ Not applicable

(4) Impairment test of construction in progress

□ Applicable √ Not applicable

Other descriptions

□ Applicable √ Not applicable

Engineering materials

□ Applicable √ Not applicable

23. Bearer biological assets

(1) Bearer biological assets measured at cost

□ Applicable √ Not applicable

(2) Impairment test of bearer biological assets measured at cost

□ Applicable √ Not applicable

(3) Bearer biological assets measured at fair value

□ Applicable √ Not applicable

Other descriptions

□ Applicable √ Not applicable

24. Oil and gas assets

(1) Oil and gas assets

□ Applicable √ Not applicable

(2) Impairment test of oil and gas assets

□ Applicable √ Not applicable

Other notes:

None

25. Right-of-use assets

(1) Right-of-use assets

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Premises and buildings	Total
I. Original carrying amount		
1. Beginning balance	37,107,066.00	37,107,066.00

2. Amount increased in the current period	4,747,621.97	4,747,621.97
(1) Rent		
(2) Business combination	4,747,621.97	4,747,621.97
3. Amount decreased in the current period		
(1) Disposal		
4. Ending balance	41,854,687.97	41,854,687.97
II. Accumulated depreciation		
1. Beginning balance	9,989,712.31	9,989,712.31
2. Amount increased in the current period	3,916,536.06	3,916,536.06
(1) Provision	3,916,536.06	3,916,536.06
(2) Business combination		
3. Amount decreased in the current period		
(1) Disposal		
4. Ending balance	13,906,248.37	13,906,248.37
III. Impairment provision		
1. Beginning balance		
2. Amount increased in the current period		
(1) Provision		
3. Amount decreased in the current period		
(1) Disposal		
4. Ending balance		
IV. Carrying amount		
1. Ending carrying amount	27,948,439.60	27,948,439.60
2. Beginning carrying amount	27,117,353.69	27,117,353.69

(2) Impairment test of right-of-use assets

□ Applicable √ Not applicable

Other notes:
None

26. Intangible assets

(1) Intangible assets

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Land use right	Office software	Patent right	Non-patented technology	Customer resources	Trademark right	Total
I. Original carrying amount							
1. Beginning balance	536,960,530.10	42,444,166.77	467,589.70	676,355.57	12,833,684.00	39,897,000.00	633,279,326.14
2. Amount increased in the current period	4,636,960.98	3,735,754.05				212,091,344.28	220,464,059.31

(1) Purchase		3,735,754.05				582,524.28	4,318,278.33
(2) Transferred from construction in progress	234,969.74						234,969.74
(3) Increase from business merger	4,401,991.24					211,508,820.00	215,910,811.24
3. Amount decreased in the current period							
(1) Disposal							
4. Ending balance	541,597,491.08	46,179,920.82	467,589.70	676,355.57	12,833,684.00	251,988,344.28	853,743,385.45
II. Accumulated amortization							
1. Beginning balance	129,062,127.86	32,157,460.96	467,589.70	563,502.82	12,833,684.00	14,309,848.70	189,394,214.04
2. Amount increased in the current period	6,723,895.11	3,267,888.09		7,970.74		2,053,102.43	12,052,856.37
(1) Provision	6,723,895.11	3,267,888.09		7,970.74		2,053,102.43	12,052,856.37
(2) Increase from business merger							
3. Amount decreased in the current period							
(1) Disposal							
4. Ending balance	135,786,022.97	35,425,349.05	467,589.70	571,473.56	12,833,684.00	16,362,951.13	201,447,070.41
III. Impairment provision							
1. Beginning balance							
2. Amount increased in the current period							
(1) Provision							
3. Amount decreased in the current period							
(1) Disposal							
4. Ending balance							
IV. Carrying amount							
1. Ending carrying amount	405,811,468.11	10,754,571.77		104,882.01		235,625,393.15	652,296,315.04
2. Beginning carrying amount	407,898,402.24	10,286,705.81		112,852.75		25,587,151.30	443,885,112.10

The proportion of intangible assets formed through internal R&D of the Company to the balance of intangible assets at the end of the current period was 0.00%.

(2) Data resources recognized as intangible assets
□ Applicable √ Not applicable

(3) Land use rights without the title certificates
□ Applicable √ Not applicable

(4) Impairment test of intangible assets
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

27. Goodwill
(1) Original carrying amount of goodwill
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name of the investee or matters forming goodwill	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Formed by business combination		Disposition		
Shenzhen FlowerKnows E-commerce Co., Ltd.		923,541,784.87				923,541,784.87
Total		923,541,784.87				923,541,784.87

(2) Provision for impairment of goodwill
□ Applicable √ Not applicable

(3) Information about the asset group or portfolio of asset groups where goodwill is located
□ Applicable √ Not applicable

Change in asset groups or combination of asset groups
□ Applicable √ Not applicable

Other descriptions
□ Applicable √ Not applicable

(4) Specific determination method for recoverable amount
The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value
□ Applicable √ Not applicable

The recoverable amount is determined according to the present value of the expected future cash flow
□ Applicable √ Not applicable

Reasons for the obvious inconsistency between the aforementioned information and the information used in the impairment test of previous years or external information
□ Applicable √ Not applicable

Reasons for the obvious inconsistency between the information adopted by the Company's impairment test in previous years and the actual situation in those years
□ Applicable √ Not applicable

(5) Performance commitment and corresponding goodwill impairment

There was a performance commitment when the goodwill was formed, and the reporting period or the previous reporting period was within the performance commitment period.
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

28. Long-term deferred expenses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Amortization amount in the current period	Other decreased amount	Ending balance
Decoration cost	61,553,980.13	7,440,570.46	9,858,193.98		59,136,356.61
Software service fee	1,231,760.11	8,428.49	1,231,760.11		8,428.49
Endorsement fee	47,877,358.46		20,283,018.86		27,594,339.60
Total	110,663,098.70	7,448,998.95	31,372,972.95		86,739,124.70

Other notes:
None

29. Deferred income tax assets/deferred income tax liabilities

(1) Deferred tax assets not offset

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Unrealized profit of internal transactions	280,603,573.91	69,316,188.16	197,360,434.64	49,340,108.66
Accrued expenses and excess advertising fees	258,718,215.09	64,679,553.77	265,076,467.49	66,269,116.87
Unredeemed member points	161,404,489.66	40,521,936.54	110,687,836.24	27,671,959.06
Deductible loss	90,908,061.73	22,727,015.44	15,000,000.00	3,750,000.00
Changes in fair value of investments in other equity instruments	78,778,314.29	11,816,747.14	77,635,301.93	11,645,295.29
Provision for decline in the value of inventories	36,765,432.91	6,512,053.77	46,105,751.50	8,653,788.93
Provision for bad debts of accounts receivable	27,572,984.01	6,269,817.90	8,385,623.13	1,709,112.88
Rental fee	26,737,357.88	3,167,471.82	27,447,783.71	3,050,085.79
Asset-related government subsidies	21,827,427.07	3,874,114.06	22,680,204.91	4,002,030.74
Estimated return loss	12,756,958.72	3,189,239.68	6,592,052.92	1,648,013.23
Unrealized rebate at the end of period	1,874,781.37	380,882.09	4,232,290.93	1,058,072.73

Impairment of fixed assets	1,095,695.86	273,923.97		
Total	999,043,292.50	232,728,944.34	781,203,747.40	178,797,584.18

(2) Deferred tax liabilities not offset

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets evaluation appreciation in the business merger not under the same control	211,508,820.00	52,877,205.00		
One-off deduction of depreciation of fixed assets	178,684,231.28	26,801,745.18	178,693,126.36	26,803,968.95
Deferred income tax recognized on right-of use assets	27,715,218.90	3,667,707.73	26,842,548.04	2,923,390.72
Recognition of deferred income tax from interest revenue	1,938,204.23	477,675.68		
Changes in fair value of held-for-trading financial assets	521,041.40	130,260.36		
Total	420,367,515.81	83,954,593.95	205,535,674.40	29,727,359.67

(3) Deferred tax assets or liabilities presented in the net amount after offsetting

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance		Beginning balance	
	Mutual offset amount between deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset	Mutual offset amount between deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
Deferred tax assets	30,925,839.58	201,803,104.75	29,727,359.67	149,070,224.51
Deferred tax liabilities	30,925,839.58	53,028,754.37	29,727,359.67	

(4) Details of unrecognized deferred income tax assets

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Deductible temporary difference	364,658,547.18	271,944,368.96
Deductible loss	223,004,577.16	204,111,424.66
Total	587,663,124.34	476,055,793.62

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

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Year	Ending balance	Beginning balance	Remarks
2026	18,114,626.53	23,230,512.26	

2027	31,415,457.02	32,899,952.32	
2028	55,025,631.32	61,907,470.43	
2029	19,994,443.52	20,138,290.97	
2030	65,427,793.25	65,935,198.68	
January-June 2031	33,026,625.52		
Total	223,004,577.16	204,111,424.66	/

Other notes:
□ Applicable √ Not applicable

30. Other non-current assets
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Contract acquisition costs						
Contract performance costs						
Return cost receivable						
Contract assets						
Compensatory assets						
Long-term asset purchase prepayment	3,474,727.24		3,474,727.24	1,109,582.30		1,109,582.30
Other long-term assets	14,153,418.63		14,153,418.63	14,692,395.63		14,692,395.63
Total	17,628,145.87		17,628,145.87	15,801,977.93		15,801,977.93

Information related to compensatory assets
□ Applicable √ Not applicable

Other notes:
None

31. Assets with restricted ownership or use right
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Closing				Opening			
	Book balance	Carrying amount	Restriction type	Restricted conditions	Book balance	Carrying amount	Restriction type	Restricted conditions
Monetary funds	1,324,206,829.65	1,324,206,829.65	Others	[Note 1]	1,126,737,919.50	1,126,737,919.50	Others	[Note 2]
Notes receivable								
Inventories								
Including: Data								

resources								
Fixed assets								
Intangible assets								
Including: Data resources								
Total	1,324,206,829.65	1,324,206,829.65	/	/	1,126,737,919.50	1,126,737,919.50	/	/

[Note 1] Restricted monetary capitals amounted to RMB 1,320,643,715.07, including: large-denomination certificates of deposit: RMB 1,316,033,612.00; ETC deposit: RMB 89,000.00; direct-sale store deposit: RMB 4,271,103.07; transformer deposit: RMB 250,000.00; judicially frozen funds: RMB 3,563,114.58.
[Note 2] Restricted monetary capitals amounted to RMB 1,123,321,185.64, including: large-denomination certificates of deposit: RMB 1,119,455,583.40; direct-sale store deposit: RMB 89,000.00; transformer deposit: RMB 3,526,602.24; ETC deposit: RMB 250,000.00; judicially frozen funds: RMB 3,416,733.86.

Other notes:

None

32. Short-term borrowings

(1) Classification of short-term borrowings

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Pledged borrowings		
Mortgaged loans		
Guaranteed borrowings		
Credit borrowings	80,048,000.00	80,052,800.00
Total	80,048,000.00	80,052,800.00

Description of classification of short-term borrowings:
None

(2) Short-term borrowings overdue but unpaid

□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

33. Held-for-trading financial liabilities

□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

34. Derivative financial liabilities

□ Applicable √ Not applicable

35. Notes payable

□ Applicable √ Not applicable

36. Accounts payable

(1) Presentation of accounts payable

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Payment for goods	977,788,194.11	435,694,465.69
Expenses	433,949,578.62	309,158,171.12
Payments for long-term assets	76,215,925.27	53,611,313.39
Total	1,487,953,698.00	798,463,950.20

(2) Significant payables aged over 1 year or overdue

□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

37. Advances from customers

(1) Presentation of advances from customers

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Rental received in advance	296,545.74	345,362.16
Total	296,545.74	345,362.16

(2) Significant advances from customers with aging over 1 year

□ Applicable √ Not applicable

(3) Amounts experiencing significant changes in their carrying amounts during the reporting period and reasons for the changes

□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

38. Contract liabilities

(1) Contract liabilities

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Unredeemed member points	166,185,002.63	113,866,992.10
Advances on sales	50,340,381.44	53,420,410.73
Total	216,525,384.07	167,287,402.83

(2) Significant contract liabilities aged over 1 year

□ Applicable √ Not applicable

(3) Amounts experiencing significant changes in their carrying amounts during the reporting period and reasons for the changes

□ Applicable √ Not applicable

Other descriptions:
□ Applicable √ Not applicable

39. Employee compensation payable

(1) Presentation of employee compensation payable

□ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Short-term compensation	156,246,003.03	427,721,114.00	453,858,534.85	130,108,582.18
II. Post-employment benefits - defined contribution plan	2,335,472.88	24,400,513.81	21,762,561.02	4,973,425.67
III. Dismissal welfare	2,808,130.50	4,795,559.60	6,960,243.10	643,447.00
IV. Other welfare due within one year				
Total	161,389,606.41	456,917,187.41	482,581,338.97	135,725,454.85

(2) Presentation of short-term compensation

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
I. Wages, bonus, allowances and subsidies	154,584,673.60	390,935,527.24	420,291,593.70	125,228,607.14
II. Employee benefits		8,122,896.91	8,122,896.91	
III. Social insurance premiums	1,425,285.93	14,108,204.95	12,510,658.14	3,022,832.74
Including: Medical insurance premium	1,357,198.41	13,203,432.40	11,748,119.84	2,812,510.97
Work-related injury insurance premium	65,368.85	904,247.02	759,319.03	210,296.84
Maternity insurance premium	2,718.67	525.53	3,219.27	24.93
IV. Housing provident fund	236,043.50	10,028,870.60	9,772,695.00	492,219.10
V. Labor union funds and employee education funds		4,525,614.30	3,160,691.10	1,364,923.20
VI. Short-term compensated absence				
VII. Short-term profit sharing plan				
Total	156,246,003.03	427,721,114.00	453,858,534.85	130,108,582.18

(3) Presentation of defined contribution plans

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	2,261,845.63	23,689,500.68	21,128,988.60	4,822,357.71
2. Unemployment insurance premium	73,627.25	711,013.13	633,572.42	151,067.96
3. Enterprise annuity				
Total	2,335,472.88	24,400,513.81	21,762,561.02	4,973,425.67

Other notes:

□ Applicable √ Not applicable

40. Taxes payable

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
VAT	129,356,928.23	5,497,144.41
Corporate income tax	126,375,106.60	67,548,692.76
Urban maintenance and construction tax	8,622,234.72	379,631.66
Individual income tax withheld	8,024,460.94	9,953,694.91
Educational surcharges	4,080,943.87	181,049.05
Local educational surcharges	2,720,161.71	120,699.41
Property tax	2,103,019.25	7,586,731.91
Stamp duty	1,030,568.32	599,442.75
Land use tax		1,731,432.00
Deed tax		840,000.00
Consumption tax		310,031.86
Total	282,313,423.64	94,748,550.72

Other notes:

None

41. Other payables

(1) List of items

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest payable		
Dividends payable	470,088,884.40	
Other payables	35,409,344.86	45,208,485.79
Total	505,498,229.26	45,208,485.79

(2) Interest payable

□ Applicable √ Not applicable

(3) Dividends payable

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Dividends of ordinary shares	470,088,884.40	
Total	470,088,884.40	

Notes: including significant dividends payable that had remained unpaid for more than one year, for which the reasons for non-payment shall be disclosed:

None

(4) Other payables

Other payables presented by nature

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Guarantee and security deposits	30,566,055.12	39,849,689.43

Suspense receipts payable	745,884.48	
Others	4,097,405.26	5,358,796.36
Total	35,409,344.86	45,208,485.79

Significant other payables aged over 1 year or overdue
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

42. Held-for-sale liabilities
□ Applicable √ Not applicable

43. Current portion of non-current liabilities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Long-term borrowings due within 1 year		
Bonds payable due within 1 year		
Long-term payables due within 1 year		
Current portion of lease liabilities	11,644,794.99	7,738,217.76
Total	11,644,794.99	7,738,217.76

Other notes:
None

44. Other current liabilities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Short-term bonds payable		
Refunds payable	19,218,580.17	11,638,059.86
Output VAT to be transferred	6,191,541.23	7,239,830.33
Total	25,410,121.40	18,877,890.19

Changes in short-term bonds payable:
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

45. Long-term borrowings
(1) Classification of long-term borrowings
□ Applicable √ Not applicable

Other descriptions
□ Applicable √ Not applicable

46. Bonds payable

(1) Bonds payable

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Convertible corporate bonds	822,579,500.49	804,392,073.95
Total	822,579,500.49	804,392,073.95

(2) Details of bonds payable: (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Bonds Name	Par value (RMB)	Coupon rate (%) [Note]	Issuance date	Bonds Time limit	Issuance Amount	Opening Balance	Current period Issuance	Interest accrued at par value	Amortization of premiums and discounts	Current period Settlement	Impact of share conversion	Closing Balance	Breach or not
Proya Convertible Bonds	100.00		December 8, 2021	6 years	751,713,000.00	804,392,073.95		6,702,884.20	11,490,056.02		5,513.68	822,579,500.49	
Total	/	/	/	/	751,713,000.00	804,392,073.95		6,702,884.20	11,490,056.02		5,513.68	822,579,500.49	/

[Note] The coupon rates of the convertible corporate bonds issued above are 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.

(3) Description of convertible corporate bonds

√Applicable □Not applicable

Item	Conditions for transferring shares	Share conversion time
Proya Convertible Bonds	With the approval of the CSRC, namely, the *Reply on Approving Proya Cosmetics Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No. 3408), the Company publicly issued 7,517,130 convertible corporate bonds to non-specific objects on December 8, 2021, with a face value of RMB 100.00 each and a total issuance amount of RMB 751,713,000.00. 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). The conversion period of convertible bonds starts from the first trading day after the expiration of 6 months from the issuance date of convertible bonds until the maturity date of convertible bonds. The initial conversion price is RMB195.98/share, in no case, lower than the average trading price of A shares of the Company in the twenty trading days prior to the publication of the prospectus (if the stock price is adjusted for ex rights or ex dividend in the twenty trading days, the closing price of the trading day before such adjustment is calculated according to the price after the ex-rights or ex-dividend adjustment) or the average trading price of A shares of the Company in the previous trading day, and is not adjusted up.	From June 14, 2022 to December 7, 2027

	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 Prospectus of Proya Cosmetics Co., Ltd. for the Public Offering of A-Share Convertible Corporate Bonds and the relevant provisions of the CSRC on the issuance of convertible corporate bonds, the conversion price of Proya Convertible Bonds was adjusted to RMB 95.46/share, and the adjusted price took effect on October 17, 2025.	

Accounting method and judgment basis for transfer of equity

√Applicable □Not applicable

In the current period, 50 convertible corporate bonds were converted into shares in total, with an increase of RMB 51.00 in share capital, an increase of RMB 5,808.40 in capital reserve (stock premium), and a decrease of RMB 345.72 in other equity instruments.

(4) Description of other financial instruments classified as financial liabilities

Basic information of preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

□ Applicable √ Not applicable

Changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of period

□ Applicable √ Not applicable

Basis for financial instruments classified as financial liabilities

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

47. Lease liabilities

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Operating lease payables	15,932,025.46	20,858,221.63
Unrecognized financing costs	-839,462.58	-1,148,655.68
Total	15,092,562.88	19,709,565.95

Other notes:

None

48. Long-term payables

List of items

□ Applicable √ Not applicable

Long-term payables

□ Applicable √ Not applicable

Special payables

□ Applicable √ Not applicable

49. Long-term employee compensation payable

□ Applicable √ Not applicable

50. Estimated liabilities

□ Applicable √ Not applicable

51. Deferred income

Deferred income

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance	Cause
Government subsidies	22,680,204.91		852,777.84	21,827,427.07	Government grants
Total	22,680,204.91		852,777.84	21,827,427.07	/

Other descriptions:

□ Applicable √ Not applicable

52. Other non-current liabilities

□ Applicable √ Not applicable

53. Share capital

√Applicable □Not applicable

Unit: Yuan Currency: RMB

	Beginning balance	Increase or decrease (+ or -) due to the change					Ending balance
		Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Others	Subtotal	
Total number of shares	395,975,998				51	51	395,976,049

Other notes:

In the current period, 50 convertible corporate bonds were converted into shares in total, with an increase of RMB 51.00 in share capital, an increase of RMB 5,808.40 in capital reserve (stock premium), and a decrease of RMB 345.72 in other equity instruments.

54. Other equity instruments

(1) Basic information of preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

□ Applicable √ Not applicable

(2) Changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of period

√Applicable □Not applicable

Unit: Yuan Currency: RMB

	Opening	Increase in the current period	Decrease in the current period	Closing

Outstanding financial instruments	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Proya Convertible Bonds	7,507,320	50,890,120.00			51	345.72	7,507,269	50,889,774.28
Total	7,507,320	50,890,120.00			51	345.72	7,507,269	50,889,774.28

Changes in other equity instruments in the current period, the reasons for the changes and the basis for the related accounting treatment:
□ Applicable √ Not applicable

Other notes:
√Applicable □Not applicable

The decrease in the current period amounted to RMB 345.72 due to the conversion of 50 convertible corporate bonds into shares in total, with an increase of RMB 51.00 in share capital, an increase of RMB 5,808.40 in capital reserve (stock premium), and a decrease of RMB 345.72 in other equity instruments.

55. Capital reserve

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (stock premium)	815,925,669.17	5,808.40		815,931,477.57
Other capital reserves	9,374,851.30			9,374,851.30
Total	825,300,520.47	5,808.40		825,306,328.87

Other descriptions, including changes in the current period and reasons for the changes:

The increase of RMB 5,808.40 in capital premium (share premium) in the current period was due to the conversion of convertible corporate bonds into shares. For details, please refer to the explanation of "46. Bonds payable" in "VII. Notes to Items in Consolidated Financial Statements" of "Section VIII Financial Report".

56. Treasury shares

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Share repurchase	192,144,659.13	128,811,785.08		320,956,444.21
Total	192,144,659.13	128,811,785.08		320,956,444.21

Other descriptions, including changes in the current period and reasons for the changes:

The increase of RMB 128,811,785.08 in the current period was due to the Company's repurchase of 2,024,487 shares through centralized bidding transactions. The total amount of funds paid was RMB 128,795,293.90 (excluding transaction expenses such as stamp duty and commission), and the transaction expenses incurred by the repurchase were RMB 16,491.18.

57. Other comprehensive income

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Opening Balance	Amount incurred in the current period						Closing Balance
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to current profits or losses	Less: Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	After-tax amount attributable to shareholder	Attributable to minority shareholders after tax	
I. Other comprehensive income items not to be reclassified into profits and losses	-65,990,006.65	-1,143,012.35			-171,451.85	-971,560.50		-66,961,567.15
Including: Changes arising from remeasurement of the defined benefit plan								
Other comprehensive income that cannot be reclassified into profit or loss under the equity method								
Changes in fair value of investments in other equity instruments	-65,990,006.65	-1,143,012.35			-171,451.85	-971,560.50		-66,961,567.15
Changes in fair value of the Company's own credit risk								
II. Other comprehensive income items to be reclassified into profits and losses	-1,091,788.92	-846,895.22				-754,391.19	-92,504.03	-1,846,180.11
Including: Other comprehensive income that can be reclassified								

Item	Opening Balance	Amount incurred in the current period						Closing Balance
		Amount incurred before income tax in the current period	Less: Amount included in other comprehensive income in the previous period and transferred to current profits or losses	Less: Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	After-tax amount attributable to shareholder	Attributable to minority shareholders after tax	
into profit or loss under the equity method								
Changes in fair value of other debt investments								
Amount of financial assets reclassified and included in other comprehensive income								
Provision for credit impairment of other debt investments								
Reserves for cash flow hedge								
Translation difference of foreign currency financial statements	-1,091,788.92	-846,895.22				-754,391.19	-92,504.03	-1,846,180.11
Total other comprehensive income	-67,081,795.57	-1,989,907.57			-171,451.85	-1,725,951.69	-92,504.03	-68,807,747.26

Other descriptions, including adjustment of the effective portion of profit or loss arising from cash flow hedging converted to initially recognized amount of hedged item:

None

58. Special reserves

□ Applicable √ Not applicable

59. Surplus reserves

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	198,411,582.50			198,411,582.50
Discretionary surplus reserves				
Reserve funds				
Enterprise development fund				
Others				
Total	198,411,582.50			198,411,582.50

Description of surplus reserve, including increase/decrease during the current period and reasons for such changes:

None

60. Undistributed profits

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Last year
Undistributed profit at the end of the previous period before adjustment	4,929,703,337.30	4,233,103,785.98
Adjustment (increase +/decrease -) to total undistributed profit at the beginning of the period		
Undistributed profit at the beginning of the period after adjustment	4,929,703,337.30	4,233,103,785.98
Add: Net profit attributable to owners of the parent company during the current period	1,167,896,499.41	1,497,751,418.11
Less: Appropriation to statutory surplus reserves		
Appropriation of discretionary surplus reserves		
Appropriation to general risk provision		
Dividends of ordinary shares payable	470,088,884.40	783,939,366.79
Ordinary share dividends transferred to share capital		
Amount included in other comprehensive income in the previous period and transferred to retained earnings in the current period		17,212,500.00
Undistributed profits at the end of the period	5,627,510,952.31	4,929,703,337.30

According to the resolution of the Company’s 2025 annual general meeting, based on the total share capital of 395,976,049 shares as of the record date for dividend distribution, less 4,235,312 shares held in the Company’s special securities account for repurchase, resulting in a base of 391,740,737 shares, the Company distributed a cash dividend of RMB1.20 per share, inclusive of tax, to all shareholders, totaling RMB 470,088,884.40, inclusive of tax.

Details of adjustments to undistributed profits at the beginning of the period:

1. Due to the retrospective adjustment of the Accounting Standards for Business Enterprises and its related new regulations, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
2. Due to changes in accounting policies, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
3. Due to the correction of major accounting errors, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
4. Due to the change in the scope of consolidation caused by the same control, the undistributed profit of RMB 0.00 at the beginning of the period was affected.
5. Other adjustments affected the undistributed profit of RMB 0.00 at the beginning of the period.

61. Operating revenue and operating cost

(1) Operating revenue and operating cost

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	5,367,107,034.21	1,375,956,929.08	5,355,933,153.77	1,424,026,988.54
Other business	7,693,691.15	4,249,918.01	5,957,322.89	3,473,246.87
Total	5,374,800,725.36	1,380,206,847.09	5,361,890,476.66	1,427,500,235.41

(2) Breakdown information of operating revenue and operating cost

□ Applicable √ Not applicable

Other descriptions

√Applicable □Not applicable

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

Item	Amount in the current period		Amount in the same period of the previous year	
	Revenue	Cost	Revenue	Cost
Sales of products	5,367,107,034.21	1,375,956,929.08	5,355,933,153.77	1,424,026,988.54
Others	3,052,381.63	2,919,958.48	2,575,964.80	2,274,216.51
Subtotal	5,370,159,415.84	1,378,876,887.56	5,358,509,118.57	1,426,301,205.05

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

Item	Amount in the current period	Amount in the same period of the previous year
Revenue recognized at a certain time point	5,368,650,424.58	5,357,372,914.53
Revenue recognized over a period of time	1,508,991.26	1,136,204.04
Subtotal	5,370,159,415.84	5,358,509,118.57

(3) Description of performance obligations

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Time for performing performance obligations	Important payment terms	Nature of goods promised to be transferred by the Company	Whether the Company acts as main responsible person	Amount assumed by the Company and expected to be refunded to customers	Types of quality assurance provided by the Company and related obligations
Sales of goods	Fulfill the performance obligations when the customer obtains control over relevant goods	Advance payment or completion of payment within a certain credit period	Cosmetics, etc.	Yes	0.00	Guaranteed quality assurance
Rendering of services	Fulfill the performance obligations when the customer obtains control over relevant services	Monthly payment in general	Operation services, etc.	Yes	0.00	None
Total	/	/	/	/		/

(4) Description of allocation to remaining performance obligations

□ Applicable √ Not applicable

(5) Major contract changes or major transaction price adjustments

□ Applicable √ Not applicable

Other notes:

The income recognized in the current period, included in the initial carrying amount of contract liabilities, was RMB 78,747,326.23.

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	283,789.74	843.50
Urban maintenance and construction tax	19,848,303.50	21,205,185.90
Educational surcharges	9,909,508.62	10,646,460.01
Local educational surcharges	6,605,871.42	7,097,640.01
Stamp duty	3,005,966.79	3,390,583.46
Property tax	2,793,003.60	2,886,572.69
Land use tax	259,605.00	-17,811.00
Vehicle and vessel tax	13,450.30	22,570.32
Total	42,719,498.97	45,232,044.89

Other notes:
None

63. Selling expenses
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Image promotion expenses	2,536,827,913.63	2,361,952,542.82
Employee compensation and service fees	272,716,242.82	250,218,869.49
Office expenses	27,244,315.12	26,204,386.31
Travel expenses	7,298,729.30	6,145,634.87
Conference expenses	1,621,930.54	4,324,896.03
Equity incentive expenses for restricted shares		747,859.78
Survey consulting fees	8,346,028.92	6,124,218.88
Others	1,697,558.90	3,151,684.93
Total	2,855,752,719.23	2,658,870,093.11

Other notes:
None

64. Administrative expenses
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee compensation and service fees	140,534,206.46	107,793,125.41
Office allowance and business entertainment expenses	29,146,954.67	28,900,157.79
Equity incentive expenses for restricted shares		-7,764,649.82
Depreciation, amortization and lease expenses	26,583,120.86	24,920,000.03
Travel and conference expenses	7,858,761.17	7,151,047.43
Consulting and intermediary expenses	32,419,801.62	13,578,786.25
Others	105,689.32	2,900,770.16
Total	236,648,534.10	177,479,237.25

Other notes:
None

65. R&D expenses
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Labor costs	58,664,073.52	54,780,873.53
Commissioned R&D fees	21,906,998.44	23,485,285.47
Depreciation, amortization and lease expenses	10,749,351.54	10,846,012.39
Direct input costs	4,540,291.96	2,975,707.06
Equity incentive expenses for restricted shares		841,461.78

Others	3,568,773.27	2,096,492.83
Total	99,429,488.73	95,025,833.06

Other notes:
None

66. Financial expenses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	17,338,106.20	15,892,178.30
Exchange gains and losses	2,619,041.15	-7,766,541.70
Handling charges	326,989.84	317,573.03
Interest income	-22,143,756.73	-31,863,929.06
Total	-1,859,619.54	-23,420,719.43

Other notes:
None

67. Other incomes

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Classification by nature	Amount incurred in the current period	Amount incurred in the previous period
Asset-related government subsidies	852,777.84	727,777.84
Income-related government subsidies	49,159,551.95	50,677,310.00
Refund of handling charges for withholding individual income tax	1,289,858.33	1,005,074.90
VAT additional deduction	3,351,557.86	3,903,017.13
VAT reduction and exemption	76,631.82	80,373.37
Total	54,730,377.80	56,393,553.24

Other notes:
None

68. Investment income

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by the equity method	78,328,473.40	1,444,227.90
Investment income from disposal of long-term equity investment		-5,023,661.55
Investment income from held-for-trading financial assets during the holding period		
Dividend income from investments in other equity instruments during the holding period		
Interest income during the holding period of debt instruments		

Interest income from other debt investments during the holding period		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investment		
Income from debt restructuring		
Income from business combination not under common control achieved in stages through multiple transactions [Note]	445,360,152.15	
Investment income from disposal of financial assets held for trading	15,766,725.20	
Total	539,455,350.75	-3,579,433.65

Other notes:

[Note] This amount represents the investment income arising from the remeasurement, at acquisition-date fair value, of the equity interest previously held by the Company in Shenzhen FlowerKnows E-commerce Co., Ltd., in connection with a business combination not under common control achieved in stages through multiple transactions. For details, please refer to Note 1 “Business Combinations Not Under Common Control” under Note IX “Changes in the Scope of Consolidation” in Section VIII “Financial Report” of this report.

69. Net exposure hedging income

□ Applicable √ Not applicable

70. Income from changes in fair value

□ Applicable √ Not applicable

71. Credit impairment loss

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Loss on bad debts of notes receivable		
Loss on bad debts of accounts receivable	-10,037,137.18	3,820,106.16
Loss on bad debts of other receivables	-101,348.62	-6,943,501.70
Impairment loss on debt investments		
Impairment loss on other debt investments		
Loss on bad debts of long-term receivables		
Impairment loss related to financial guarantee		
Total	-10,138,485.80	-3,123,395.54

Other notes:

None

72. Asset impairment loss

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Impairment loss of contract assets		
II. Losses on inventory depreciation and impairment losses on contract performance costs	-23,996,084.16	-31,433,006.97
III. Impairment loss on long-term equity investments	-180,722.88	
IV. Impairment loss on investment properties		
V. Impairment loss on fixed assets		
VI. Loss on construction materials		
VII. Impairment loss on construction in progress		
VIII. Impairment loss on bearer biological assets		
IX. Impairment loss on oil and gas assets		
X. Impairment loss on intangible assets		
XI. Impairment loss on goodwill		
XII. Others		
Total	-24,176,807.04	-31,433,006.97

Other notes:

None

73. Income from disposal of assets

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from disposal of fixed assets	1,616,671.67	-346,504.18
Total	1,616,671.67	-346,504.18

Other notes:

□ 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 gains from disposal of non-current assets			
Including: Gains from disposal of fixed assets			
Gains from disposal of intangible assets			

Gains from debt restructuring			
Gains from exchange of non-monetary assets			
Income from fines and liquidated damages	15,795,459.05	37,771.56	15,795,459.05
Right-protection related receivables	567,281.52	357,775.88	567,281.52
Amounts not to be paid		32,110.91	
Others	1,782,232.12	79,831.84	1,782,232.12
Total	18,144,972.69	507,490.19	18,144,972.69

Other notes:
□ Applicable √ Not applicable

75. Non-operating expenses
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount included in current non-recurring gains and losses
Total losses from disposal of non-current assets			
Including: Losses from disposal of fixed assets			
Losses from disposal of intangible assets			
Loss from debt restructuring			
Losses from exchange of non-monetary assets			
External donation	651,055.67	89,024.60	651,055.67
Loss from destruction and retirement of non-current assets	1,327.41	33,715.42	1,327.41
Overdue fine	187,428.58	299,413.26	187,428.58
Others	1,126,386.72	702,881.10	1,126,386.72
Total	1,966,198.38	1,125,034.38	1,966,198.38

Other notes:
None

76. Income tax expenses

(1) List of income tax expenses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expenses	193,907,529.57	185,656,941.44
Deferred tax expenses	-48,482,546.83	-13,233,353.35
Total	145,424,982.74	172,423,588.09

(2) Adjustment process of accounting profits and income tax expenses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Total profits	1,339,569,138.47
Income tax expenses based on statutory/applicable tax rate	334,892,284.62
Effect of different tax rates applied to subsidiaries	-60,016,892.92
Effect of adjustment to prior years' income tax	10,536,066.92
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	1,429,362.57
Effect of using deductible losses of unrecognized deferred tax assets in the previous period	-5,870,799.35
Effect of deductible temporary difference or deductible losses on unrecognized deferred tax assets in the current period	5,992,481.25
Weighted deduction of R&D expenses	-10,956,610.97
Impact of investment income on income tax expenses	-130,580,909.38
Income tax expenses	145,424,982.74

Other notes:

□ Applicable √ Not applicable

77. Other comprehensive income

√Applicable □Not applicable

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

78. Items of cash flow statement

(1) Cash related to operating activities

Cash received relating to other operating activities

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies	52,037,031.38	53,677,310.00
Interest income from bank deposits	15,424,238.33	22,320,583.93
Transaction payments and other payments	28,172,478.69	36,054,623.38
Total	95,633,748.40	112,052,517.31

Description of other cash received relating to operating activities:

None

Cash paid relating to other operating activities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Cash payment	3,163,739,511.64	2,625,517,107.20
Intercourse funds	6,907,214.69	9,539,448.59
Total	3,170,646,726.33	2,635,056,555.79

Description of other cash paid relating to operating activities:

None

(2) Cash related to investing activities

Cash received relating to significant investing activities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Redemption of principal of wealth management products	7,781,141,256.70	
Income from redemption of wealth management products	15,766,725.20	
Dividends received from investment companies	43,041,927.00	
Total	7,839,949,908.90	

Description of cash received relating to significant investing activities
None

Description of cash paid relating to significant investing activities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Payments made to acquire long-term assets	66,425,450.92	46,670,255.34
Total	66,425,450.92	46,670,255.34

Description of cash paid relating to significant investing activities
None

Other cash received relating to investment activities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

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

Description of other cash received relating to investing activities:

None

Other cash paid relating to investing activities
□ Applicable √ Not applicable

(3) Cash related to financing activities

Other cash received relating to financing activities
□ Applicable √ Not applicable

Other cash paid relating to financing activities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Repurchase of company shares	128,811,785.08	
Payment of operating lease rent	3,758,271.44	4,851,682.75
Payment of intermediary fee for H-share listing	4,683,073.81	
Total	137,253,130.33	4,851,682.75

Description of other cash paid relating to financial activities

None

Changes in liabilities arising from financing activities
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase in the current period		Decrease in the current period		Ending balance
		Change in cash	Non-cash changes	Change in cash	Non-cash changes	
Bonds payable (including those due within one year)	804,392,073.95		18,192,940.22		5,513.68	822,579,500.49
Lease liabilities (including those due within one year)	27,447,783.71		3,955,833.02	3,758,271.44	907,987.41	26,737,357.88
Total	831,839,857.66		22,148,773.24	3,758,271.44	913,501.09	849,316,858.37

(4) Description of presentation of cash flows on a net basis

□ Applicable √ Not applicable

(5) Significant activities and financial influences that did not involve current cash receipts and payments but affected the financial position of the Company or may affect the cash flow of the Company in the future

□ Applicable √ Not applicable

79. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Supplementary Information	Amount in the current period	Amount in the previous period
1. Reconciliation of net profit to cash flows from operating activities:		

Net profit	1,194,144,155.73	826,073,832.99
Add: Impairment provision for assets	24,176,807.04	31,433,006.97
Credit impairment loss	10,138,485.80	3,123,395.54
Depreciation of fixed assets, consumption of oil and gas assets, and depreciation of productive biological assets	41,498,026.76	40,683,520.00
Amortization of right-of-use assets	3,916,536.06	2,690,209.80
Amortization of intangible assets	12,052,856.37	10,696,849.36
Amortization of long-term deferred expenses	31,372,972.95	24,102,364.90
Losses from disposal of fixed assets, intangible assets, and other long-term assets (gain to be listed with "-")	-1,616,671.67	346,504.18
Loss from retirement of fixed assets (gain to be listed with "-")	1,327.41	33,715.42
Loss from changes in fair value (gain to be listed with "-")		
Financial expense (gain to be listed with "-")	17,338,106.20	2,380,549.75
Investment loss (gain to be listed with "-")	-539,455,350.75	3,579,433.65
Decrease of deferred tax assets (increase to be listed with "-")	-48,653,998.68	-13,137,240.30
Increase of deferred tax liabilities (decrease to be listed with "-")		-96,113.02
Decrease of inventory (increase to be listed with "-")	-10,612,025.26	-12,614,397.75
Decrease of operating receivables (increase to be listed with "-")	-376,080,012.31	60,820,256.09
Increase in operating items payable (decrease to be listed with "-")	592,619,965.06	319,388,782.34
Others		-6,175,328.26
Net cash flows from operating activities	950,841,180.71	1,293,329,341.66
2. Major investment and financing activities not relating to cash deposit and withdrawal:		
Transfer of debt into capital		
Current portion of convertible corporate bonds		
Fixed assets acquired under financial leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	4,048,381,279.86	3,385,226,440.00
Less: Beginning balance of cash	3,934,243,638.77	2,742,569,684.62
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	114,137,641.09	642,656,755.38

(2) Net cash paid for acquisition of subsidiaries in the current period

□ Applicable □ Not applicable

Unit: Yuan Currency: RMB

	Amount

Cash or cash equivalents paid in the current period for business combinations occurring in the current period	351,142,798.00
Less: Cash and cash equivalents held by subsidiaries on the acquisition day	215,904,096.30
Add: Cash or cash equivalents paid in the current period for corporate mergers that occurred during previous periods	
Net cash paid for the acquisition of subsidiaries	135,238,701.70

Other notes:
None

(3) Net cash received from disposal of subsidiaries in the current period

□ Applicable √ Not applicable

(4) Composition of cash and cash equivalents

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
I. Cash	4,048,381,279.86	3,934,243,638.77
Including: Cash on hand	12,234.28	6,119.19
Cash at bank available for payment at any time	3,926,348,006.06	3,880,699,387.53
Other monetary funds available for payment at any time	122,021,039.52	53,538,132.05
Central bank deposits available for payment		
Interbank deposits		
Loans to other banks		
II. Cash equivalents		
Including: Bond investment due within three months		
III. Ending balance of cash and cash equivalents	4,048,381,279.86	3,934,243,638.77
Including: Restricted cash and cash equivalents used by the parent company or subsidiaries under the Group	218,540,695.83	242,114,323.46

(5) Presentation of restricted monetary funds as cash and cash equivalents

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Reason
Cash subject to foreign exchange control of overseas subsidiaries	218,540,695.83	Subject to foreign exchange control
Total	218,540,695.83	/

(6) Monetary funds that are not cash or cash equivalents

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance	Reason
Large-denomination certificates of	1,316,033,612.00	1,119,455,583.40	Cannot be withdrawn at any time

deposit and time deposits			
Judicial freezing	3,563,114.58	3,416,733.86	Judicial freezing
Direct-sales store deposit	4,271,103.07	3,526,602.24	Cannot be withdrawn at any time
Transformer deposit	250,000.00	250,000.00	Cannot be withdrawn at any time
ETC deposit	89,000.00	89,000.00	Cannot be withdrawn at any time
Total	1,324,206,829.65	1,126,737,919.50	/

Other notes:

□ Applicable √ Not applicable

80. Notes to items in the statement of changes in owners' equity

Description of the name of the item "others" that adjusted the ending balance of the previous year and the amount of adjustment:
□ Applicable √ Not applicable

81. Foreign currency monetary items

(1) **Foreign currency monetary items**

√Applicable □Not applicable

Unit: RMB

Item	Ending balance in foreign currency	Exchange Rate	Ending balance in RMB Balance
Monetary funds	-	-	349,459,808.01
Including: USD	26,408,077.74	6.8109	179,862,776.68
HKD	90,144,614.76	0.8686	78,299,612.38
EUR	7,847,158.46	7.7671	60,949,664.47
JPY	629,849,284.00	0.0420	26,453,669.93
MYR	1,335,835.56	1.6734	2,235,387.23
SGD	217,306.38	5.2605	1,143,140.21
KRW	61,143,053.00	0.0044	269,029.43
CHF	22,954.34	8.4228	193,339.81
New Taiwan dollar	241,853.00	0.2136	51,659.80
VND	4,805,159.00	0.0003	1,441.55
Thai Baht	423.70	0.2042	86.52
Accounts receivable	-	-	14,256,851.32
Including: USD	1,407,159.41	6.8109	9,584,022.03
EUR	218,948.01	7.7671	1,700,591.09
Japanese Yen	68,946,690.97	0.0421	2,902,655.69
Singapore dollar	4,976.58	5.2605	26,179.30
KRW	351,290.91	0.0044	1,545.68
British pound	242.77	9.0145	2,188.45
Canadian dollar	6,396.63	4.7847	30,605.96
Peso	23,256.66	0.3897	9,063.12
Other receivables			27,157,554.69
Including: USD	601,321.30	6.8109	4,095,539.24
EUR	2,855,641.94	7.7671	22,180,056.51
Japanese Yen	18,813,787.41	0.0421	792,060.45
HKD	24,398.60	0.8686	21,192.62
SGD	1,646.00	5.2605	8,658.78

KRW	13,647,065.91	0.0044	60,047.09
Accounts payable			17,497,474.31
Including: USD	374,453.35	6.8109	2,550,364.32
EUR	989,990.06	7.7671	7,689,351.80
Japanese Yen	168,574,488.60	0.0421	7,096,985.97
SGD	2,000.00	5.2605	10,521.00
MYR	89,787.99	1.6734	150,251.22
Other payables			837,653.32
Including: USD	3,288.58	6.8109	22,398.19
EUR	6,699.85	7.7671	52,038.40
JPY	939,688.84	0.0421	39,560.90
KRW	164,467,234.09	0.0044	723,655.83

Other notes:

None

(2) The nature of the lack of currency convertibility and its financial impact, the spot exchange rate used and its estimation process, and the risks faced by enterprises due to the lack of currency convertibility

□ Applicable √ Not applicable

(3) Description of overseas operating entities, including their main premises, functional currency and basis of selection for significant overseas operating entities, and the reason for changes in functional currency

√Applicable □Not applicable

Hapsode Co., Ltd. and Hanna Cosmetics Co., Ltd. operate in South Korea, and their business receipts and payments are mainly denominated in Korean won; therefore, they use the Korean won as their functional currency. Hong Kong Xinghuo Industry Limited, Hong Kong Zhongwen Electronic Commerce Co., Limited, Hong Kong Xuchen Trading Co., Ltd., Hong Kong Keshi Trading Co., Ltd., Boya (Hong Kong) Investment Management Co., Ltd., Hong Kong Wanyan Electronic Commerce Co., Limited, and other companies operate in Hong Kong, China, and use Renminbi as their functional currency. 株式会社オー・アンド・アール operates in Japan, and its business receipts and payments are mainly denominated in Japanese yen; therefore, it uses the Japanese yen as its functional currency. PROYA PTE. LTD operates in Singapore, and its business receipts and payments are mainly denominated in Singapore dollars; therefore, it uses the Singapore dollar as its functional currency. PROYA BEAUTY MALAYSIA SDH. BHD. operates in Malaysia, and its business receipts and payments are mainly denominated in ringgit; therefore, it uses ringgit as its functional currency. PROYA EUROPE SAS operates in France, and its business receipts and payments are mainly denominated in euros; therefore, it uses the euro as its functional currency. PROYA EUROPE SARL operates in Luxembourg, and its business receipts and payments are mainly denominated in euros; therefore, it uses the euro as its functional currency. PROYA Cosmetics Vietnam Co., Ltd. operates in Vietnam, and its business receipts and payments are mainly denominated in Vietnamese dong; therefore, it uses the Vietnamese dong as its functional currency. Flower Knows Cosmetics Inc. operates in the United States, and its business receipts and payments are mainly denominated in U.S. dollars; therefore, it uses the U.S. dollar as its functional currency. Hong Kong Flower Knows Cosmetics Co., Limited operates in Hong Kong, China, and its business receipts and payments are mainly denominated in U.S. dollars; therefore, it uses the U.S. dollar as its functional currency.

(4) Circumstances in which there is a lack of exchangeability between the functional currency of a foreign operation and the presentation currency of the enterprise

□ Applicable √ Not applicable

82. Lease

(1) As a lessee

√Applicable □Not applicable

Variable lease payments not included in the measurement of lease liabilities
□ Applicable √ Not applicable

Lease expenses for short-term leases and low-value asset leases utilizing the practical expedient
√Applicable □Not applicable

1) For detailed information on right-of-use assets, please refer to the description of "25. Right-of-use assets" in "VII. Notes to Items in Consolidated Financial Statements" of "Section VIII Financial Report" of this report.

2) For details of the Company's accounting policies for short-term leases and low-value asset leases, please refer to the explanation of "38. Lease" in "V. Significant Accounting Policies and Accounting Estimates" of "Section VIII Financial Report". The amount of short-term lease expenses and low-value asset lease expenses included in the current profit and loss is as follows:

Item	Amount in the current period	Amount in the same period of the previous year
Short-term lease expenses	1,865,114.57	1,861,594.32
Expenses for low-value asset leases (excluding short-term leases)	1,737,465.77	475,310.64
Total	3,602,580.34	2,336,904.96

Sale and leaseback transactions and judgment basis
□ Applicable √ Not applicable

Total cash outflows related to lease: RMB 9,485,182.36 (currency: RMB)

(2) As the lessor

Operating lease as lessor
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease payments
Investment properties	4,641,309.52	
Total	4,641,309.52	

For details of fixed assets leased under operating leases, please refer to the description in "20. Investment properties", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

Finance lease as lessor
□ Applicable √ Not applicable

Reconciliation of undiscounted lease receipts to net lease investment
□ Applicable √ Not applicable

Undiscounted lease receipts in the next five years
□ Applicable √ Not applicable

(3) Recognition of selling profit or loss on a finance lease as a producer or distributor

□ Applicable √ Not applicable

Other descriptions
None

83. Data resources

□ Applicable √ Not applicable

84. Others

□ Applicable √ Not applicable

VIII. R&D expenditures

1. Presentation by nature of expenses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Labor costs	58,664,073.52	54,780,873.53
Commissioned R&D fees	21,906,998.44	23,485,285.47
Depreciation, amortization and lease expenses	10,749,351.54	10,846,012.39
Direct input costs	4,540,291.96	2,975,707.06
Equity incentive expenses for restricted shares		841,461.78
Others	3,568,773.27	2,096,492.83
Total	99,429,488.73	95,025,833.06
Including: Expensed R&D expenditures	99,429,488.73	95,025,833.06
Capitalized R&D expenditures		

Other notes:
None

2. R&D project development expenditures eligible for capitalization

□ Applicable √ Not applicable

Significant capitalized R&D projects
□ Applicable √ Not applicable

Impairment provision for development expenditures
□ Applicable √ Not applicable

Other descriptions
None

3. Significant outsourcing projects under research

□ Applicable √ Not applicable

IX. Changes in the consolidation scope

1. Business combination not under common control

√Applicable □Not applicable

(1) Business merger under different control in the current period

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name of the acquiree	Time point of acquisition of equity	Equity acquisition cost	Equity acquisition ratio (%)	Acquisition method of equity	Acquisition date	Basis for determining the acquisition date	Income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flow of the acquiree from the acquisition date to the end of the period
Shenzhen FlowerKnows E-commerce Co., Ltd.	August 2025	427,975,763.00	38.4521	Equity acquisition and capital increase					
Shenzhen FlowerKnows E-commerce Co., Ltd.	June 2026	351,142,798.00	12.5479	Equity acquisition	June 2026	Transfer of actual control			

Other notes:

None

(2) Consolidation cost and goodwill

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Consolidation cost	Shenzhen FlowerKnows E-commerce Co., Ltd.
—Cash	351,142,798.00
—Fair value of non-cash assets	
—Fair value of debt issued or assumed	
—Fair value of equity securities issued	
—Fair value of contingent consideration	
—Fair value of equity held before the acquisition date on the acquisition day	935,303,365.73
—Others	
Total merger cost	1,286,446,163.73
Less: Fair value of identifiable net assets acquired	362,904,378.86
Amount of goodwill/amount by which the merger cost is less than the share of the fair value of identifiable net assets acquired.	923,541,784.87

Recognition method for fair value of merger cost:

√Applicable □Not applicable

According to the *Value Analysis Report Regarding the Contemplation of Understanding on the Fair Value Analysis Project for the 38.4521% Equity Interest in Shenzhen FlowerKnows E-commerce Co., Ltd. Held by Proya Cosmetics Co., Ltd.* (KYPZ [2026] No. 178) issued by Kun Yuan Asset Appraisal Co., Ltd., the equity of Shenzhen FlowerKnows E-commerce Co., Ltd. held by the Company before the acquisition date was valued at RMB 935.3034 million with June 30, 2026 as the valuation base date.

Achievement of performance commitments:

□ Applicable √ Not applicable

Main reasons for the formation of large-amount goodwill:

√Applicable □Not applicable

The Company acquired 51.00% equity of Shenzhen FlowerKnows E-commerce Co., Ltd. through the business combination not under common control, and recognized goodwill of RMB 923,541,784.87 for the difference between the merger cost of RMB 1,286,446,163.73 and the fair value share of net identifiable assets on the acquisition date of RMB 362,904,378.86 enjoyed according to the equity ratio.

Other notes:

None

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

√Applicable □Not applicable

Unit: Yuan Currency: RMB

	Shenzhen FlowerKnows E-commerce Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:		
Monetary funds	400,321,801.82	400,321,801.82
Accounts receivable	36,803,532.00	36,803,532.00
Inventories	232,195,842.79	232,195,842.79
Fixed assets	6,152,402.03	6,152,402.03
Intangible assets	215,910,811.24	4,401,991.24
Other assets	158,827,190.33	158,827,190.33
Liabilities:		
Loans		
Payables	228,340,093.16	228,340,093.16
Deferred tax liabilities	53,028,754.37	151,549.37
Other liabilities	57,265,519.23	57,265,519.23
Net assets	711,577,213.45	552,945,598.45
Less: Non-controlling interests		
Net assets acquired	711,577,213.45	552,945,598.45

Method for determining the fair value of identifiable assets and liabilities:
The fair value of identifiable assets and liabilities was based on the book value of Shenzhen FlowerKnows E-commerce Co., Ltd., which increased the value of intangible assets such as identifiable trademark rights. According to the *Asset Appraisal Report on the Valuation of Identifiable Assets and Liabilities of Shenzhen FlowerKnows E-commerce Co., Ltd. Involved in the Proposed Business Combination Purchase Price Allocation by Proya Cosmetics Co., Ltd*. (KYPB [2026] No. 838), issued by Kun Yuan Asset Appraisal Co., Ltd., the valuation value of intangible assets such as identifiable trademark rights of Shenzhen FlowerKnows E-commerce Co., Ltd. after appraisal using the asset-based approach with June 30, 2026 as the appraisal base date was RMB 211.50882 million.

Contingent liabilities of the acquired party assumed in the enterprise merger:
None
Other notes:
None

(4) Gains or losses arising from the remeasurement of equity interests held before the acquisition date at fair value

Whether there were transactions in which business combinations were achieved in stages through multiple transactions and control was obtained during the reporting period
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name of the acquiree	Date on which the originally held equity interest before the acquisition date was acquired	Proportion of the originally held equity interest before the acquisition date (%)	Acquisition cost of the originally held equity interest before the acquisition date	Method of acquisition of the originally held equity interest before the acquisition date	Book value of the originally held equity interest before the acquisition date as at the acquisition date	Fair value of the originally held equity interest before the acquisition date as at the acquisition date	Gains or losses arising from the remeasurement of the originally held equity interest before the acquisition date at fair value	Method for determining the fair value of the originally held equity interest before the acquisition date as at the acquisition date and key assumptions	Amount of other comprehensive income related to the original equity held before the acquisition date transferred to investment income or retained earnings
Shenzhen FlowerKnows E-commerce Co., Ltd.	August 2025	38.4521	427,975,763.00	Equity acquisition and capital increase	489,943,213.58	935,303,365.73	445,360,152.15	[Note]	

[Note]:

According to the *Value Analysis Report Regarding the Contemplation of Understanding on the Fair Value Analysis Project for the 38.4521% Equity Interest in Shenzhen FlowerKnows E-commerce Co., Ltd. Held by Proya Cosmetics Co., Ltd.* (KYPZ [2026] No. 178) issued by Kun Yuan Asset Appraisal Co., Ltd., the equity of Shenzhen FlowerKnows E-commerce Co., Ltd. held by the Company before the acquisition date was valued at RMB 935.3034 million with June 30, 2026 as the valuation base date.

Other notes:

None

(5) Explanation where the combination consideration or the fair value of the acquiree's identifiable assets and liabilities cannot be reasonably determined as at the acquisition date or at the end of the period in which the combination occurs.

□ Applicable √ Not applicable

(6) Other descriptions

□ Applicable √ Not applicable

2. Business combination under common control

□ Applicable √ Not applicable

3. Reverse acquisition

□ Applicable √ Not applicable

4. Disposal of subsidiaries

Whether there was any transaction or event involving loss of control over a subsidiary in the current period
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

Whether there was step-by-step disposal of investments in subsidiaries through multiple transactions and the loss of control in the current period
□ Applicable √ Not applicable

Other notes:
□ Applicable √ Not applicable

5. Changes in consolidation scope for other reasons

Changes in consolidation scope for other reasons (such as establishing new subsidiaries and liquidating subsidiaries) and related information:
√Applicable □Not applicable

1. Increase in consolidation scope

Company name	Acquisition method of equity	Time point of acquisition of equity	Amount of contribution	Proportion of contribution
PROYA Cosmetics Vietnam Co.,Ltd	Newly established subsidiary	April 2026	VND 12,952,317,000	100.00%

2. Decrease in consolidation scope

Company name	Equity disposal method	Time point of equity disposal	Net assets as of the disposal date	Net profit from the beginning of the period to the disposal date Net profit
Proya (Hainan) Cosmetics Co., Ltd.	Cancelled	January 2026	84,534.11	

6. Others

□ Applicable √ Not applicable

X. Equity in Other Entities

1. Interests in subsidiaries

(1) Composition of the Group

√Applicable □Not applicable

Unit: RMB '0,000 Currency: RMB

Subsidiary name	Main place of business	Registered capital	Place of registration	Nature of business	Shareholding proportion (%)		Acquisition method
					Direct	Indirect	
Zhejiang Meiligu Electronic Commerce Co., Ltd.	Hangzhou	RMB 10 million	Hangzhou	Wholesale and retail	100.00		Establishment
Ningbo TIMAGE Cosmetics Co., Ltd.	Ningbo	RMB 1 million	Ningbo	Wholesale and retail	71.36		Establishment
Proya (Zhejiang) Cosmetics Co., Ltd.	Huzhou	RMB 10 million	Huzhou	Manufacturing	100.00		Establishment

Description of the difference between the shareholding percentage and voting rights percentage in the subsidiary:
None

The basis for the Company's control over the investee when holding half or less of the voting rights and the Company's control over the investee when holding more than half of the voting rights:
None

Basis for control over significant structured entities incorporated in the consolidation scope:
None

Basis to determine whether the Company is the agent or the principal:
None

Other notes:
None

(2) Significant non-wholly-owned subsidiaries

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Subsidiary name	Shareholding proportion of minority shareholders Proportion (%)	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Equity balance of minority shareholders at the end of the period
Ningbo TIMAGE Cosmetics Co., Ltd.	28.64	24,016,450.38		153,151,003.72

Description of the difference between the shareholding percentage of minority shareholders of subsidiaries and the voting rights ratio:

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

(3) Main financial information of significant non-wholly-owned subsidiaries

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Subsidiary name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ningbo TIMAGE Cosmetics Co., Ltd.	669,432,320.10	2,717,735.91	672,150,056.01	137,462,677.74		137,462,677.74	539,168,956.20	2,502,654.98	541,671,611.18	90,793,130.72		90,793,130.72

Subsidiary name	Amount incurred in the current period				Amount incurred in the previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities

Ningbo TIMAGE Cosmetics Co., Ltd.	549,884,940.25	83,808,897.81	83,808,897.81	122,631,278.07	702,935,081.96	96,548,591.74	96,548,591.74	124,837,615.99

Other notes:
None

(4) Substantial restrictions on the use of assets and the settlement of liabilities of the Group

□ Applicable √ Not applicable

(5) Financial support or other support provided for structured entities within the scope of the consolidated financial statements

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

2. Transactions in which the owners' equity in a subsidiary has changed and the subsidiary is still under control

□ Applicable √ Not applicable

3. Equity in joint ventures or associates

√Applicable □Not applicable

(1) Significant joint ventures or associates

□ Applicable √ Not applicable

(2) Main financial information of significant joint ventures

□ Applicable √ Not applicable

(3) Main financial information of important associates

□ Applicable √ Not applicable

(4) Summary of financial information of insignificant joint ventures and associates

√Applicable □Not applicable

Unit: Yuan Currency: RMB

	Ending balance/amount incurred in the current period	Beginning balance/amount incurred in the previous period
Joint ventures:		
Total carrying amount of investments	3,259,878.50	3,261,119.28
Total amount of the following items at the shareholding percentage		
- Net profit	-1,240.78	-2,286.47
- Other comprehensive income		
- Total comprehensive income	-1,240.78	-2,286.47
Associates:		
Total carrying amount of investments	3,206,469.12	438,042,618.40
Total amount of the following items at the shareholding percentage		
- Net profit	-74,273.88	1,446,514.36
- Other comprehensive income		
- Total comprehensive income	-74,273.88	1,446,514.36

Other descriptions

None

(5) Description of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

□ Applicable √ Not applicable

(6) Excess loss incurred by joint ventures or associates
□ Applicable √ Not applicable

(7) Unrecognized commitments related to investment in joint ventures
□ Applicable √ Not applicable

(8) Contingent liabilities related to investment in joint ventures or associates
□ Applicable √ Not applicable

4. Significant joint operation
□ Applicable √ Not applicable

5. Equity in structured entities not included in the consolidated financial statements
Description of structured entities not included in the consolidated financial statements:
□ Applicable √ Not applicable

6. Others
□ Applicable √ Not applicable

XI. Government grants
1. Government subsidies recognized as per amount receivable at the end of reporting period
□ Applicable √ Not applicable

Reasons for failing to receive the estimated amount of government subsidies at the expected time point
□ Applicable √ Not applicable

2. Liability items involving government subsidies
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Items of financial statements	Beginning balance	Amount of new subsidies in the current period	Amount included in non-operating income in the current period	Other income transferred in the current period	Other changes in the current period	Ending balance	Asset/income-related
Deferred income	22,680,204.91		852,777.84			21,827,427.07	Asset-related
Total	22,680,204.91		852,777.84			21,827,427.07	/

3. Government subsidies included in the current profits and losses
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Type	Amount incurred in the current period	Amount incurred in the previous period
Revenue-related	50,012,329.79	51,405,087.84
Total	50,012,329.79	51,405,087.84

Other notes:
None

XII. Risks Related to Financial Instruments

1. Risks of financial instruments

√Applicable □Not applicable

The Company's risk management aims to reach balancing between risks and benefits, to minimize the negative impact of risks on the Company's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Company's basic strategy for risk management is to determine and analyze various risks faced by the Company, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

The Company faces various risks related to financial instruments in its daily activities, including credit risk, liquidity risk and market risk. The Management has deliberated and approved the policies governing these risks as outlined below:

(I) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, resulting in financial losses to the other party.

1. Credit risk management practice

(1) Assessment method of credit risk

The Company assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition on each balance sheet date. When determining whether the credit risk has increased significantly since the initial recognition, the Company considers that reasonable and well-founded information can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the changes in the risk of default during the expected duration of financial instrument.

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria have been met:

1) Quantitative criteria mainly refer to the probability of default for the remaining life on the balance sheet date increasing by more than a certain percentage from the initial recognition;

2) Qualitative criteria mainly refer to the significant adverse change in debtor's operation or financial position and existing or anticipated changes in the technological, market, economic or legal environment that will have a material adverse effect on the debtors' ability to make repayment to the Company.

(2) Definition of default and credit-impaired asset

When a financial instrument meets one or more of the following conditions, the Company defines a financial asset as a default asset, which is consistent with the definition of credit-impaired asset:

1) The debtor has major financial difficulties;

2) The debtor violates the binding provisions of the contract;

3) The debtor is likely to go bankrupt or undergo financial restructuring;

4) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor concessions that would not have been made in any other circumstances.

2. Measurement of expected credit loss

The key parameters for the measurement of expected credit losses include default probability, default loss rate and default risk exposure. The Company considers the quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, category of mortgage and pledge, repayment method, etc.) to establish the default probability, default loss rate and default risk exposure model.

3. For details of the reconciliation statement of the beginning balance and ending balance of the loss provision for financial instruments, please refer to the description in "5. Accounts receivable", "7. Receivables financing", and "9. Other receivables" in "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

4. Credit risk exposure and credit risk concentration

The credit risk of the Company is derived mainly from the monetary funds and accounts receivable. To control the above related risk, the Company has respectively taken the following measures.

(1) Cash at bank and on hand

The Company keeps bank deposits and other monetary funds in financial institutions with higher credit ratings, ensuring that its credit risk is low.

(2) Accounts receivable

The Company regularly conducts credit assessments on customers who trade on credit terms. Based on the assessment results, the Company chooses to trade with recognized and creditworthy customers and monitors their accounts receivable balances to ensure that the Company will not be exposed to significant bad debt risk.

Since the Company only deals with approved and reputable third parties, no collateral is required. Credit risk concentration is managed on a per-customer basis. As of June 30, 2026, the Company had a certain credit concentration risk, with 81.64% (70.97% as of December 31, 2025) of the Company's accounts receivable attributable to the top five customers by balance. The Company did not hold any collateral or other credit enhancement for the balance of accounts receivable.

The maximum credit risk exposure of the Company was the carrying amount of each financial asset on the balance sheet.

(II) Liquidity risk

Liquidity risk refers to the risk of shortage of funds arising from the performance of the Company's obligations to settle through the delivery of cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value as soon as possible, the counterparty's inability to pay off its contractual debt, the acceleration of debt or the inability to generate expected cash flow.

In order to control such risk, the Company maintains a balance between financing continuity and flexibility by using several financing methods such as notes settlement and bank borrowings and optimizing the financing structure through a combination of long and short-term financing. The Company has obtained lines of credit from a number of commercial banks to meet working capital requirements and capital expenditure.

Classification of financial liabilities by the remaining maturity:

Item	Ending amount				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	80,048,000.00	80,417,600.00	80,417,600.00		
Accounts payable	1,487,953,698.00	1,487,953,698.00	1,487,953,698.00		
Other payables	505,498,229.26	505,498,229.26	505,498,229.26		
Bonds payable	822,579,500.49	869,292,751.56	69,189,072.12	800,103,679.44	
Lease liabilities	15,092,562.88	15,583,260.70		13,105,755.20	2,477,505.50
Current portion of non-current liabilities	11,644,794.99	10,891,566.37	10,891,566.37		
Subtotal	2,922,816,785.62	2,969,637,105.89	2,153,950,165.75	813,209,434.64	2,477,505.50

(Continued)

Item	Ending balance of the previous year				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Short-term borrowings	80,052,800.00	81,752,000.00	81,752,000.00		
Accounts payable	798,463,950.20	798,463,950.20	798,463,950.20		
Other payables	45,208,485.79	45,208,485.79	45,208,485.79		
Bonds payable	804,392,073.95	877,869,328.56	13,515,778.56	864,353,550.00	
Lease liabilities	19,709,565.95	20,858,221.63		18,380,716.13	2,477,505.50
Current portion of non-current liabilities	7,738,217.76	8,526,342.28	8,526,342.28		
Subtotal	1,755,565,093.65	1,832,678,328.46	947,466,556.83	882,734,266.13	2,477,505.50

(III) Market risk

Market risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks mainly include interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in the market interest rate. Interest-bearing financial instruments with a fixed interest rate expose the Company to fair value interest risk, while interest-bearing financial instruments with variable interest rates expose the Company to cash flow interest rate risk. The Company determines the proportion of financial instruments with a fixed interest rate and financial instruments with a floating interest rate according to the market environment, and maintains an appropriate combination of financial instruments through regular review and monitoring.

2. Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuation in fair value or future cash flow of financial instruments due to changes in the foreign exchange rate. The Company operates in the Chinese mainland, and therefore has main activities valuated in RMB. Therefore, the market risk of foreign exchange changes faced by the Company is minor.

For details of the Company's foreign currency monetary assets and liabilities at the end of the period, please refer to "81. Foreign currency monetary items", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

2. Hedging

(1) The Company carries out hedging business for risk management

□ Applicable √ Not applicable

Other descriptions

□ Applicable √ Not applicable

(2) The Company carries out eligible hedging business and applies hedge accounting

□ Applicable √ Not applicable

Other descriptions

□ Applicable √ Not applicable

(3) The Company carries out hedging business for risk management and expects to achieve the risk management objectives, but does not apply hedge accounting

□ Applicable √ Not applicable

Other descriptions

□ Applicable √ Not applicable

3. Transfer of financial assets

(1) Classification of transfer methods

□ Applicable √ Not applicable

(2) Financial assets derecognized due to transfer

□ Applicable √ Not applicable

(3) Continuing involvement with transferred financial assets

□ Applicable √ Not applicable

Other descriptions

□ Applicable √ Not applicable

XIII. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending fair value			
	Level 1 measurement at fair value	Level 2 measurement at fair value	Level 3 measurement at fair value	Total
I. Continuous fair value measurement				
(I) Financial assets held for trading		675,521,041.40		675,521,041.40
1. Financial assets at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Equity instrument investments				
(3) Derivative financial assets				
2. Designated financial assets at FVTPL				
(1) Investments in debt instruments				
(2) Equity instrument investments				
(II) Other debt investments				
(III) Investments in other equity instruments			77,624,085.71	77,624,085.71
(IV) Investment properties				
1. Land use right for lease				
2. Buildings for lease				
3. Land use rights possessed and ready for transfer after appreciation				
(V) Biological assets				
1. Consumptive biological assets				
2. Productive biological assets				
Receivables financing			2,910,170.00	2,910,170.00
Total assets continuously measured at fair value		675,521,041.40	80,534,255.71	756,055,297.11
(VI) Held-for-trading financial liabilities				
1. Financial liabilities measured at FVTPL				
Including: Held-for-trading bonds issued				
Derivative financial liabilities				
Others				
2. Designated financial liabilities at FVTPL				

Total liabilities measured at fair value on a continuous basis				
II. Non-continuous fair value measurement				
(I) Held-for-sale assets				
Total amount of assets non-continuously measured at fair value				
Total amount of liabilities non-continuously measured at fair value				

2. Basis for recognition of market prices for continuous and non-continuous level 1 measurement items at fair value

□ Applicable √ Not applicable

3. Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level 2 measurement items at fair value

√Applicable □Not applicable

For held-for-trading financial assets, their fair value was determined based on the investment cost and expected rate of return or observable interest rates during the investment period.

4. Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level 3 measurement items at fair value

√Applicable □Not applicable

1. For bank acceptance bills held, their fair value is determined based on the face amount.

2. As for investments in other equity instruments held by the Company, since there had been no significant changes in the operating environment and conditions, financial conditions, and external valuation of the investees, including Hangzhou Regenovo Biotechnology Co., Ltd. and LIPOTRUE, S.L., the Company measured these investments based on the investment cost as a reasonable estimate of the fair value. Due to the difference between the financial position of the investee, Golong Holding Co., Ltd., and the expectations at the time of investment, the Company determined the ending fair value based on the investee's net assets as of the end of the period.

5. Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous level 3 measurement items at fair value

□ Applicable √ Not applicable

6. For continuous fair value measurement items that undergo transfers between different levels within the current period, the reasons for such transfers and the policy for determining the timing of the transfers.

□ Applicable √ Not applicable

7. Change in valuation techniques in the current period and reasons for such change

□ Applicable √ Not applicable

8. Fair value of financial assets and financial liabilities not measured at fair value

□ Applicable √ Not applicable

9. Others

□ Applicable √ Not applicable

XIV. Related party and related party transactions

1. Parent company of the Company

□ Applicable √ Not applicable

2. Subsidiaries of the Company

The information on the Company's subsidiaries is detailed in the Notes.
√Applicable □Not applicable

For details of the Company's subsidiaries, please refer to "X. Equity in Other Entities", "Section VIII Financial Report" of this Report.

3. Joint ventures and associates of the Company

The information on the Company's significant joint ventures and associates is detailed in the Notes.
√Applicable □Not applicable

For details of the Company's joint ventures and associates, please refer to "X. Equity in Other Entities", "Section VIII Financial Report" of this Report.

Other joint ventures or associates with which the Company had related party transactions during the current period or in prior periods that resulted in balances are as follows:
□ Applicable √ Not applicable

4. Information on other related parties

√Applicable □Not applicable

Name of other related parties	Relationship between other related party and the Company
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Others
Hangzhou Regenovo Biotechnology Co., Ltd.	Others
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Others
Proya Foundation	Others
Quadratic (Zhejiang) Health Technology Co., Ltd.	Others
PARISEZHAN HK LIMITED	Others
EURL PHARMATICA	Others
SARL ORTUS	Others
S.A.S AREDIS	Others
Beauty Hi-tech Innovation Co.,Ltd	Others
Pan Xiang	Others

Other descriptions
None

5. Related party transactions

(1) Related party transactions for the purchase and sale of goods and rendering and receipt of services

Purchase of goods/receipt of services
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Approved transaction limits (if applicable)	Whether the transaction limits are exceeded (if applicable)	Amount incurred in the previous period

Beauty Hi-tech Innovation Co., Ltd.	Technical services, etc.	4,216,060.60	Not applicable	No	34,519.05
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Property service	239,043.59	Not applicable	No	175,085.00
Hangzhou Regenovo Biotechnology Co., Ltd.	Detection model		Not applicable	No	30,578.31
Hangzhou Zheshang Enterprise Information Consulting Partnership Enterprise (Limited Partnership)	Association dues		Not applicable	No	20,000.00

Information on selling goods/rendering services
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Related party	Content of related party transaction	Amount incurred in the current period	Amount incurred in the previous period
Quadratic (Zhejiang) Health Technology Co., Ltd.	Sales of goods	109,293.45	
Proya Foundation	Sales of goods		86,283.18

Description of related party transactions for the purchase and sale of goods and rendering and receipt of services
□ Applicable √ Not applicable

(2) Related entrusted management/contracting and entrusting management/outsourcing

The Company's entrusted management/contracting:
□ Applicable √ Not applicable

Description of related entrusting/contracting
□ Applicable √ Not applicable

The Company's entrusting management/outsourcing
□ Applicable √ Not applicable

Description of related management/outsourcing
□ Applicable √ Not applicable

(3) Related party lease

The Company as the lessor:
□ Applicable √ Not applicable

The Company as the lessee:
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Amount incurred in the current period					Amount incurred in the previous period				
		Rental expenses for simplified short-term leases and low-value asset leases (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rents paid	Interest expenses on lease liabilities assumed	Increased right-of-use assets	Rental expenses for simplified short-term leases and low-value asset leases (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rents paid	Interest expenses on lease liabilities assumed	Increased right-of-use assets
Huzhou Beauty Town Technology Incubation Park Co., Ltd.	Venue	41,327.41					247,964.48				

Description of related party leases
□ Applicable √ Not applicable

(4) Related party guarantees

The Company as the guarantor
□ Applicable √ Not applicable

The Company as the guaranteed party
□ Applicable √ Not applicable

Description of related party guarantees
□ Applicable √ Not applicable

(5) Borrowings from related parties

□ Applicable √ Not applicable

(6) Asset transfer and debt restructuring of related parties

□ Applicable √ Not applicable

(7) Remuneration of key executives

√Applicable □Not applicable

Unit: RMB '0,000 Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key executives	572.35	657.81

(8) Other related party transactions

□ Applicable √ Not applicable

6. Related party receivables and payables and other unsettled items

(1) Receivables

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Advances to suppliers					
	Beauty Hi-tech Innovation Co.,Ltd	13,876.50			
Subtotal		13,876.50			
Other receivables					
	EURL PHARMATICA [Note]	18,142,026.50	18,142,026.50	18,328,379.16	18,328,379.16
	Huzhou Beauty Town Technology Incubation Park Co., Ltd.			131,568.20	131,568.20
	Beauty Hi-tech Innovation Co.,Ltd			888,038.81	44,401.94
Subtotal		18,142,026.50	18,142,026.50	19,347,986.17	18,504,349.30

[Note] Other receivables from EURL PHARMATICA are the consolidated statistics of receivables from Pan Xiang and receivables from EURL PHARMATICA, PARISEZHAN HK LIMITED, SARL ORTUS, and S.A.S AREDIS controlled by Pan Xiang.

(2) Payables

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Related party	Ending book balance	Beginning book balance
Accounts payable	Beauty Hi-tech Innovation Co.,Ltd		1,340,000.00
			1,340,000.00

(3) Other items

□ Applicable √ Not applicable

7. Commitments by related parties

□ Applicable √ Not applicable

8. Others

□ Applicable √ Not applicable

XV. Share-based payment

1. Various equity instruments

(1) Details

□ Applicable √ Not applicable

(2) Outstanding stock options or other equity instruments at the end of the period

□ Applicable √ Not applicable

2. Equity-settled share-based payment

□ Applicable √ Not applicable

3. Cash-settled share-based payment

□ Applicable √ Not applicable

4. Share-based payment expenses in the current period

□ Applicable √ Not applicable

5. Changes to and termination of shared-based payment

□ Applicable √ Not applicable

6. Others

□ Applicable √ Not applicable

XVI. Commitments and contingencies

1. Significant commitments

□ Applicable √ Not applicable

2. Contingencies

(1) Significant contingencies on the balance sheet date

□ Applicable √ Not applicable

(2) A description shall be provided in case of no significant contingencies to be disclosed:

□ Applicable √ Not applicable

3. Others

□ Applicable √ Not applicable

XVII. Events after the Balance Sheet Date

1. Significant non-adjusting events

□ Applicable √ Not applicable

2. Profit distribution

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Profit or dividend to be distributed	462,254,069.66
Profit or dividend declared upon deliberation and approval	

According to the 16th meeting of the 4th Board of Directors on August 21, 2026, the Company intended to distribute a cash dividend (including tax) of RMB 11.80 per 10 shares to all registered shareholders, based on the total share capital as of the registration date for the equity distribution. Based on the total share capital of 395,976,049 shares as of June 30, 2026, and after deducting 4,235,312 shares held in the Company's special securities account for repurchase, the estimated aggregate cash dividend to be distributed will be RMB 462,254,069.66 (tax inclusive). Prior to the record date for equity distribution, if the Company's total share capital changes due to the conversion of convertible bonds or other reasons, the distribution ratio per share will remain unchanged, and the total distribution amount will be adjusted accordingly. The above matters are yet to be reviewed and approved by the shareholders' meeting.

3. Sales return

□ Applicable √ Not applicable

4. Description of other events after the balance sheet date

□ Applicable √ Not applicable

XVIII. Other important matters

1. Correction of accounting errors in the previous period

(1) Retrospective restatement

□ Applicable √ Not applicable

(2) Prospective application method

□ Applicable √ Not applicable

2. Debt restructuring

□ Applicable √ Not applicable

3. Asset replacement

(1) Exchange of non-monetary assets

□ Applicable √ Not applicable

(2) Exchange of other assets

□ Applicable √ Not applicable

4. Annuity plan

□ Applicable √ Not applicable

5. Discontinued operation

□ Applicable √ Not applicable

6. Segment information

(1) Basis for determining reporting segments and accounting policies

√Applicable □Not applicable

The Company's main business is the production and sales of cosmetics. The Company takes this business as a whole to manage and evaluate the operating results. Therefore, the Company is not required to disclose segment information. For the details on revenue breakdown of the Company, please refer to the description in "61. Operating revenue and operating cost", "VII. Notes to Items in Consolidated Financial Statements", "Section VIII Financial Report" of this Report.

The details of main operating revenue and main business cost of the Company classified by brands are as follows:

January-June 2026

Brand	Main operating revenue	Cost of main business	Gross profit
PROYA	3,692,104,151.45	955,651,428.22	2,736,452,723.23
Other brands	1,675,002,882.76	420,305,500.86	1,254,697,381.90
Subtotal	5,367,107,034.21	1,375,956,929.08	3,991,150,105.13

January-June 2025

Brand	Main operating revenue	Cost of main business	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

(2) Financial information of reporting segments

□ Applicable √ Not applicable

(3) Explanation should be given if the Company has no reporting segments or cannot disclose total assets and total liabilities of reporting segments

□ Applicable √ Not applicable

(4) Other descriptions

□ Applicable √ Not applicable

7. Other significant transactions and events affecting investors' decisions

□ Applicable √ Not applicable

8. Others

√Applicable □Not applicable

The Company submitted its application to issue H shares and list them on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") to the Hong Kong Stock Exchange on October 30, 2025, and published the application materials for the proposed issuance and listing on the website of the Hong Kong Stock Exchange on the same day. The proposed issuance and listing remain subject to approval, authorization, or filing by the China Securities Regulatory

Commission, the Hong Kong Securities and Futures Commission, the Hong Kong Stock Exchange, and other relevant authorities, and the matter remains uncertain.

XIX. Notes to Major Items of the Parent Company's Financial Statements

1. Accounts receivable

(1) Disclosure by aging

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	763,750,263.89	616,918,305.54
Including: within 1 year	763,750,263.89	616,918,305.54
1-2 years	76,325,441.38	74,557,747.63
2 to 3 years	48,415,764.44	4,017,026.96
Over 3 years	5,113,698.92	2,538,385.02
3-4 years		
4-5 years		
Over 5 years		
Total	893,605,168.63	698,031,465.15

(2) Disclosure by bad debt accrual method

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts made on an individual basis	2,793,122.00	0.31	2,793,122.00	100.00		2,793,122.00	0.40	2,793,122.00	100.00	
Including:										
Provision for bad debts made on an individual basis	2,793,122.00	0.31	2,793,122.00	100.00		2,793,122.00	0.40	2,793,122.00	100.00	
Provision for bad debts made on a portfolio basis	890,812,046.63	99.69	87,934,062.75	9.87	802,877,983.88	695,238,343.15	99.6	56,102,432.07	8.07	639,135,911.08
Including:										
Aging portfolio	890,812,046.63	99.69	87,934,062.75	9.87	802,877,983.88	695,238,343.15	99.6	56,102,432.07	8.07	639,135,911.08

Total	893,605,168.63	/	90,727,184.75	/	802,877,983.88	698,031,465.15	/	58,895,554.07	/	639,135,911.08

Provision for bad debts made on an individual basis:
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Reasons for provision
Provision for bad debts made on an individual basis	2,793,122.00	2,793,122.00	100.00	Expected to be irrecoverable
Total	2,793,122.00	2,793,122.00	100.00	/

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
√Applicable □Not applicable
Items with provision for bad debts made on a portfolio basis: aging portfolio

Unit: Yuan Currency: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	763,750,263.89	38,187,513.19	5.00
1-2 years	76,325,441.38	22,897,632.42	30.00
2-3 years	47,774,848.44	23,887,424.22	50.00
Over 3 years	2,961,492.92	2,961,492.92	100.00
Total	890,812,046.63	87,934,062.75	9.87

Description of provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

Provision for bad debts made according to the general model of expected credit loss
□ Applicable √ Not applicable

Division basis and proportion of provision for bad debts at each stage
None

Description of significant changes in the book balance of accounts receivable that experienced changes in loss provision during the current period:
□ Applicable √ Not applicable

(3) Provision for bad debts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts made on an individual basis	2,793,122.00					2,793,122.00

Provision for bad debts made on a portfolio basis	56,102,432.07	31,831,630.68				87,934,062.75
Total	58,895,554.07	31,831,630.68				90,727,184.75

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other descriptions
None

(4) Accounts receivable actually written off in the current period

□ Applicable √ Not applicable

Write-off of significant accounts receivable
□ Applicable √ Not applicable

Description of write-off of accounts receivable:
□ Applicable √ Not applicable

(5) Top five accounts receivable and contract assets, categorized by debtors, based on the ending balances

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Proportion in total ending balance of accounts receivable and contract assets (%)	Ending balance of provision for bad debts
Zhejiang Meiligu Electronic Commerce Co., Ltd.	249,764,591.20		249,764,591.20	27.95	12,488,229.56
Proya (Zhejiang) Cosmetics Co., Ltd.	168,231,466.10		168,231,466.10	18.83	8,411,573.31
Ningbo Jingzhe Cosmetics Co., Ltd.	90,178,866.34		90,178,866.34	10.09	10,813,751.00
Huzhou Hapsode Trading Co., Ltd.	77,809,217.12		77,809,217.12	8.71	3,890,460.86
Ningbo Tangyu Trading Co., Ltd.	65,186,624.78		65,186,624.78	7.29	26,105,609.94
Total	651,170,765.54		651,170,765.54	72.87	61,709,624.67

Other descriptions

None

Other notes:
□ Applicable √ Not applicable

2. Other receivables

List of items

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	40,082,376.63	41,144,201.31
Total	40,082,376.63	41,144,201.31

Other descriptions:
□ Applicable √ Not applicable

Interest receivable

(1) Classification of interests receivable

□ Applicable √ Not applicable

(2) Significant overdue interest

□ Applicable √ Not applicable

(3) Disclosure by bad debt accrual method

□ Applicable √ Not applicable

Provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(5) Provision for bad debts

□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

(6) Accounts receivable actually written off in the current period

□ Applicable √ Not applicable

Write-off of significant interest receivable

□ Applicable √ Not applicable

Write-off description:
□ Applicable √ Not applicable

Other descriptions:
□ Applicable √ Not applicable

Dividends receivable

(7) Dividends receivable

□ Applicable √ Not applicable

(8) Significant dividends receivable aged over 1 year

□ Applicable √ Not applicable

(9) Disclosure by bad debt accrual method

□ Applicable √ Not applicable

Provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Description of provision for bad debts made on an individual basis:
□ Applicable √ Not applicable

Provision for bad debts made on a portfolio basis:
□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

(11) Provision for bad debts

□ Applicable √ Not applicable

Significant amount of provision for bad debts recovered or reversed in the current period:
□ Applicable √ Not applicable

Other notes:
None

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

□ Applicable √ Not applicable

Write-off of significant dividends receivable
□ Applicable √ Not applicable

Write-off description:
□ Applicable √ Not applicable

Other descriptions:
□ Applicable √ Not applicable

Other receivables

(13) Disclosure by aging

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year (including 1 year)	10,134,904.24	25,923,182.62
Including: within 1 year	10,134,904.24	25,923,182.62
1-2 years	25,695,710.00	17,996,238.65
2 to 3 years	24,934,441.25	17,515,160.15
Over 3 years	191,102,588.89	209,480,098.65
3-4 years		
4-5 years		
Over 5 years		
Total	251,867,644.38	270,914,680.07

(14) Classification of receivables by nature

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Nature of payment	Ending book balance	Beginning book balance
Current accounts receivable	241,639,173.03	262,193,566.74
Guarantee and security deposits	7,409,335.67	7,088,751.94
Temporary payments receivable	1,745,969.09	1,246,811.07
Others	1,073,166.59	385,550.32
Total	251,867,644.38	270,914,680.07

(15) Provision for bad debts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss for the next 12 months	Expected credit loss in the duration (no credit impairment occurs)	Expected credit loss over the lifetime (credit impairment has occurred)	
Balance as of January 1, 2026	1,255,409.15	5,342,277.08	223,172,792.53	229,770,478.76
Balance as of January 1, 2026 in the current period				
- Transferred to Stage II	-1,284,785.50	1,284,785.50		
- Transferred to Stage III		-7,480,332.38	7,480,332.38	
- Transferred back to Stage II				
- Transferred back to Stage I				
Provision in the current period	536,121.57	8,561,982.81	-27,083,315.39	-17,985,211.01
Reversal in the current period				
Write-off in the current period				
Cancellation in the current period				

Other changes				
Balance as of June 30, 2026	506,745.22	7,708,713.01	203,569,809.52	211,785,267.75

Division basis and proportion of provision for bad debts at each stage
None

Description of significant changes in book balance of other receivables that experienced changes in loss provision during the current period:
□ Applicable √ Not applicable

The provision amount of bad debt reserve in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:
□ Applicable √ Not applicable

(16) Provision for bad debts

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	Beginning balance	Amount of change during the current period				Ending balance
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Provision for bad debts made on an individual basis	15,549,061.83					15,549,061.83
Provision for bad debts made on a portfolio basis	214,221,416.93	-17,985,211.01				196,236,205.92
Total	229,770,478.76	-17,985,211.01				211,785,267.75

Significant amount of provision for bad debts reversed or recovered during the current period:
□ Applicable √ Not applicable

Other descriptions
None

(17) Other receivables actually written off in the current period

□ Applicable √ Not applicable

Write-off of significant other receivables:
□ Applicable √ Not applicable

Description of write-off of other receivables:
□ Applicable √ Not applicable

(18) Other receivables from top five borrowers classified based on ending balance

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Ending balance	Proportion in total ending balance of other accounts receivable (%)	Nature of payment	Aging	Provision for bad debts Ending balance
Hong Kong Xinghuo Industry Limited	147,071,611.33	58.39	Current accounts receivable	[Note 1]	135,136,780.80
Boya (Hong Kong) Investment Management Co., Limited	40,669,442.50	16.15	Current accounts receivable	Over 3 years	40,669,442.50
Ningbo Tangyu Trading Co., Ltd.	10,336,666.64	4.10	Current accounts receivable	[Note 2]	3,024,958.33
Ningbo Jingzhe Cosmetics Co., Ltd.	8,497,854.22	3.37	Current accounts receivable	[Note 3]	2,879,397.93
Hangzhou Yizhuo Culture Media Co., Ltd.	8,419,561.66	3.34	Current accounts receivable	Over 3 years	8,419,561.66
Total	214,995,136.35	85.36	/	/	190,130,141.22

[Note 1] RMB 953,735.90 within 1 year; RMB 4,713,901.35 in 1-2 years; RMB 15,458,100.97 in 2-3 years; RMB 125,945,873.11 over 3 years.

[Note 2] RMB 304,166.64 within 1 year; RMB 10,032,500.00 for 1-2 years.

[Note 3] RMB 279,833.36 within 1 year; RMB 6,218,020.86 in 1-2 years; RMB 2,000,000.00 in 2-3 years.

(19) Presentation in other receivables due to centralized management of funds

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

3. Long-term equity investments

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Ending balance			Beginning balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investment in subsidiaries	1,139,173,304.98	44,020,000.00	1,095,153,304.98	788,130,506.98	44,020,000.00	744,110,506.98
Investment in associates and joint ventures	90,508,319.84	84,041,972.22	6,466,347.62	90,583,834.50	83,861,249.34	6,722,585.16
Total	1,229,681,624.82	128,061,972.22	1,101,619,652.60	878,714,341.48	127,881,249.34	750,833,092.14

(1) Investment in subsidiaries

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Investee	Beginning balance (carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period				Ending balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Reduced investments	Provision for impairment	Others		
Hangzhou Proya Trade Co., Ltd.	33,070,757.96						33,070,757.96	
Hanna Cosmetics Co., Ltd.	2,094,048.00						2,094,048.00	
Zhejiang Meiligu Electronic Commerce Co., Ltd.	48,386,601.12						48,386,601.12	
Yueqing Laiya Trading Co., Ltd.	1,000,000.00						1,000,000.00	
Hapsode (Hangzhou)		42,500,000.00						42,500,000.00

Cosmetics Co., Ltd.								
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.	61,571,348.02						61,571,348.02	
Ningbo Keshi Trading Limited		520,000.00						520,000.00
Ningbo Proya Enterprise	43,922,427.59						43,922,427.59	

Consulting Management Co., Ltd.								
Hangzhou Yizhuo Culture Media Co., Ltd.		1,000,000.00						1,000,000.00
Hangzhou Oumisi Trading Co., Ltd.	5,000,000.00						5,000,000.00	
Hangzhou Weiluoke Cosmetics Co., Ltd.	500,000.00						500,000.00	
Singuladerm (Hangzhou) Cosmetics Co., Ltd.	5,000,000.00						5,000,000.00	
Proya (Hainan) Cosmetics Co., Ltd.	100,000.00			100,000.00				
Hangzhou TIMAGE Cosmetics Co., Ltd.	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	13,723,280.56						13,723,280.56	

Xuzhou Boya Enterprise Management Co., Ltd.	1,000,000.00						1,000,000.00	
Proya (Hainan) Investment Co., Ltd.	450,000,000.00		351,142,798.00				801,142,798.00	
Hangzhou Proya Biotechnology Co., Ltd.	1,000,000.00						1,000,000.00	
Total	744,110,506.98	44,020,000.00	351,142,798.00	100,000.00			1,095,153,304.98	44,020,000.00

(2) Investment in associates and joint ventures

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Investment Unit	Opening Balance (carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period								Ending balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Reduced investments	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other equity changes	Cash dividend or profit declared to be distributed	Provision for impairment	Others		
I. Joint venture												
Huzhou Panrui Industry Investment Partnership (Limited Partnership)	3,261,119.28				-1,240.78						3,259,878.50	
Subtotal	3,261,119.28				-1,240.78						3,259,878.50	
II. Associates												

Investment Unit	Opening Balance (carrying amount)	Beginning balance of impairment provision	Increase/decrease in the current period								Ending balance (carrying amount)	Ending balance of impairment provision
			Additional investment	Reduced investments	Investment profit or loss recognized by equity method	Other comprehensive income adjustments	Other equity changes	Cash dividend or profit declared to be distributed	Provision for impairment	Others		
Xiongke Culture Media (Hangzhou) Co., Ltd.	180,722.88	2,419,036.12							180,722.88			2,599,759.00
Jiaxing Woyong Investment Partnership (Limited Partnership)												
Zhuhai Haishilong Biotechnology Co., Ltd.		81,442,213.22										81,442,213.22
Beijing Xiushi Cultural Development Co., Ltd.	3,280,743.00				-74,273.88						3,206,469.12	
Subtotal	3,461,465.88	83,861,249.34			-74,273.88				180,722.88		3,206,469.12	84,041,972.22
Total	6,722,585.16	83,861,249.34			-75,514.66				180,722.88		6,466,347.62	84,041,972.22

(3) Impairment test of long-term equity investments

√Applicable □Not applicable

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

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount	Recoverable amount	Amount of impairment	Determination method of fair value and disposal cost	Key parameters	Justification for critical parameters
Xiongke Culture Media (Hangzhou) Co., Ltd.	180,722.88	0.00	180,722.88	Determine the ending fair value according to the investee's net assets as of the end of the period	Determine the net assets as of the end of the period based on the investee's financial statements	Determine the net assets as of the end of the period based on the investee's financial statements
Total	180,722.88	0.00	180,722.88	/	/	/

The recoverable amount is determined according to the present value of the expected future cash flow

□ Applicable √ Not applicable

Reasons for the obvious inconsistency between the aforementioned information and the information used in the impairment test of previous years or external information

□ Applicable √ Not applicable

Reasons for the obvious inconsistency between the information adopted by the Company's impairment test in previous years and the actual situation in those years

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

4. Operating revenue and operating cost

(1) Operating revenue and operating cost

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenue	Cost	Revenue	Cost
Main business	2,227,780,745.86	863,280,023.03	2,250,478,947.62	888,636,815.19
Other business	16,471,613.15	4,039,650.38	15,287,216.22	3,553,595.46
Total	2,244,252,359.01	867,319,673.41	2,265,766,163.84	892,190,410.65

(2) Breakdown information of operating revenue and operating cost

□ Applicable √ Not applicable

Other descriptions

√Applicable □Not applicable

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

Item	Amount in the current period		Amount in the same period of the previous year	
	Revenue	Cost	Revenue	Cost
Sales of products	2,227,780,745.86	863,280,023.03	2,250,478,947.62	888,636,815.19
Others	3,579,649.33	1,684,479.37	1,659,268.85	632,684.33
Subtotal	2,231,360,395.19	864,964,502.40	2,252,138,216.47	889,269,499.52

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

Item	Amount in the current period	Amount in the same period of the previous year
Revenue recognized at a certain time point	2,231,360,395.19	2,252,138,216.47
Revenue recognized over a period of time		
Subtotal	2,231,360,395.19	2,252,138,216.47

(3) Description of performance obligations

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Time for performing performance obligations	Important payment terms	Nature of goods promised to be transferred by the Company	Whether the Company acts as main responsible person	Amount assumed by the Company and expected to be refunded to customers	Types of quality assurance provided by the Company and related obligations
Sales of goods	Fulfill the performance obligations when the customer obtains control over	Advance payment or completion of payment within a	Cosmetics, etc.	Yes	0.00	Guaranteed quality assurance

	relevant goods	certain credit period				
Rendering of services	Fulfill the performance obligations when the customer obtains control over relevant services	Monthly payment in general	Lease, operation services, etc.	Yes	0.00	None
Total	/	/	/	/		/

(4) Description of allocation to remaining performance obligations

□ Applicable √ Not applicable

(5) Major contract changes or major transaction price adjustments

□ Applicable √ Not applicable

Other descriptions:

None

5. Investment income

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by the cost method		9,200,158.27
Long-term equity investment income calculated by the equity method	-75,514.66	1,444,227.90
Investment income from disposal of long-term equity investment	-15,460.72	-5,404,553.44
Investment income from held-for-trading financial assets during the holding period		
Dividend income from investments in other equity instruments during the holding period		
Interest income during the holding period of debt instruments		
Interest income from other debt investments during the holding period		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investment		
Investment income from disposal of other debt investment		
Income from debt restructuring		
Investment income from disposal of financial assets held for trading	9,073,366.68	
Total	8,982,391.30	5,239,832.73

Other descriptions:
None

6. Others
□ Applicable √ Not applicable

XX. Additional information

1. Breakdown of current non-recurring profits and losses
√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Amount	Notes
Profit or loss from the disposal of non-current assets, including the write-off portion of recognized asset impairment provision	1,615,344.26	
Government grants recognized in the current profit or loss, excluding government grants that are closely related to the Company's normal operating activities, in compliance with national policies, obtained according to specified criteria, and have a lasting impact on the Company's profit or loss	49,012,870.71	
Except for effective hedging activities related to the Company's normal business operations, profit or loss arising from changes in the fair value of financial assets and financial liabilities held by non-financial enterprises, as well as profit or loss from the disposal of such financial assets and financial liabilities	15,766,725.20	
Fund possession fee collected from non-financial enterprises and included in the current profit or loss		
Profit or loss arising from entrusting others to invest or manage assets		
Profit or loss from externally entrusted loans		
Various asset losses caused by force majeure factors, such as natural disasters		
Reversal of impairment provision for receivables under separate impairment test		
Income arising when the Company's cost of investment to acquire subsidiaries, associates, and joint ventures is less than the fair value of the identifiable net assets of the investee that it should enjoy at the time of investment		
Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries arising from a business combination under common control		
Profit or loss on exchange of non-monetary assets		
Profit or loss from debt restructuring		
One-time expenses incurred by the enterprise due to the discontinuation of related business activities, such as expenditures for resettling employees		
One-off impact on the current profit or loss due		

Item	Amount	Notes
to the adjustment of taxation, accounting, and other laws and regulations		
One-off share-based payment expenses recognized due to the cancellation or modification of the equity incentive plan		
For cash-settled share-based payments, profit or loss arising from changes in the fair value of employee compensation payable after the vesting date		
Profit or loss from changes in the fair value of investment properties using the fair value model for subsequent measurement		
Income from transactions where the transaction price is manifestly not at fair value		
Profit or loss arising from contingencies irrelevant to the Company's normal business operation		
Custody fee income from entrusted management		
Other non-operating income and expenses other than the above	16,180,101.72	
Other profit or loss conforming to the definition of non-recurring profit or loss	445,360,152.15	
Less: Effect of income tax	17,354,943.48	
Effect of minority interests (after-tax)	6,918,122.49	
Total	503,662,128.07	

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

√Applicable □ Not applicable

Unit: Yuan Currency: RMB

Item	Amount Involved	Reason
Income from business combination not under common control achieved in stages through multiple transactions	445,360,152.15	In a business combination achieved in stages through multiple transactions, the acquirer remeasures its previously held equity interest in the acquiree at its acquisition-date fair value. The difference between the fair value and the carrying amount is recognized as income, which, given its incidental nature, is classified as non-recurring profit or loss.

Other descriptions

□ Applicable √ Not applicable

2. Return on net assets and earnings per share

√Applicable □Not applicable

Profit during the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	17.61	2.96	2.94
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	10.02	1.68	1.68

3. Differences in accounting data under domestic and overseas accounting standards

□ Applicable √ Not applicable

4. Others

□ Applicable √ Not applicable

Legal representative: Hou Juncheng

Submission date approved by the Board of Directors: August 21, 2026

Revision information

□ Applicable √ Not applicable