

Yunnan Botanee Bio-Technology Group Co. LTD

2024 Semi-annual Report

2024-040

BTN

贝泰妮集团
BOTANEE GROUP

August 2024

WINONA | 薇诺娜
专研敏感肌肤

WINONA
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AOXMED
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PURE&MILD 泊美

Section I Important Notice, Table of Contents, and Definitions

Our Board of Directors, Board of Supervisors, directors, supervisors, and senior managers guarantee that this semi-annual report is true, accurate and complete without falsehoods, misleading statements or major omissions, and undertake individual and joint legal liabilities arising therefrom.

Our Chairman and President Guo Zhenyu, Chief Financial Officer (CFO) Wang Long, and Head of Accounting Department Liu Zhaofeng hereby declare that the financial report herein is true, accurate, and complete.

All directors of Botanee have attended the board meeting for deliberating on this semi-annual report.

Forward-looking statements herein on Botanee’s future prospects, business plans, etc. do not constitute substantial commitments to investors. Investors are advised to read carefully such information, and watch investment risks. Investors and related parties should maintain adequate risk awareness, and understand the differences between plans, forecasts, and commitments.

We have described in detail possible risks in our operations in “10. Risks and Countermeasures of Botanee” of “Section III Discussion and Analysis by the Management” of this report. Investors are kindly requested to pay attention to these sections.

The Company shall comply with the disclosure requirements for "Retail Industry" and “Chemical Industry-related Business” as stated in the *Self-regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*, and the disclosure requirements for “E-commerce Business” as stated in the *Self-regulatory Guidelines for Listed*

Companies of Shenzhen Stock Exchange No. 4 - GEM Industry Information Disclosure.

We plan to not pay cash dividend, grant bonus shares and share issuance by transferring capital reserve.

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Documents Available for Inspection

- i. The original of our 2024 Semi-annual Report signed by the Company's legal representative Mr. Guo Zhenyu.
- ii. The financial statements signed and sealed by the Company's legal representative Mr. Guo Zhenyu, CFO Mr. Wang Long, and Head of Accounting Department Mr. Liu Zhaofeng, the person in charge of the accounting firm (Accounting Supervisor).
- iii. The original of all our documents and announcements that have been publicly disclosed during the Reporting Period.
- iv. Other relevant information.

The above documents are kept at our Board Secretary's Office.

Definitions

Term	Refers to	Definition
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
The Company/Botanee	Refers to	Yunnan Botanee Bio-Technology Group Co. LTD
Botanee Co., Ltd.	Refers to	Kunming Botanee Bio-Technology Co., Ltd., the predecessor of Botanee
Shanghai Botanee	Refers to	Shanghai Botanee Bio-Technology Co., Ltd., a wholly-owned subsidiary of Botanee
Beixiaoni (Shanghai)	Refers to	Beixiaoni (Shanghai) Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee
Yanyao Medical Management	Refers to	Yanyao (Shanghai) Medical Management Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee
Yanyao Medical Beauty Clinic	Refers to	Shanghai Yanyao Medical Beauty Clinic Co., Ltd., a wholly-owned subsidiary of Yanyao Medical Management
Botanee (Xiamen)	Refers to	Botanee (Xiamen) Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee
Botanee (Hangzhou)	Refers to	Botanee (Hangzhou) Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee
Botanee (Hainan)	Refers to	Botanee (Hainan) E-commerce Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee
Chengdu Botanee	Refers to	Chengdu Botanee Enterprise Management Co., Ltd., a wholly-owned subsidiary of Botanee
Sichuan Botanee	Refers to	Sichuan Botanee Bio-Technology Co., Ltd., a holding subsidiary of Chengdu Botanee
Wuhan Botanee	Refers to	Wuhan Botanee Bio-Technology Co., Ltd., a wholly-owned subsidiary of Botanee
Kunming Botanee Sales	Refers to	Kunming Botanee Bio-Technology Sales Co., Ltd., a wholly-owned subsidiary of Botanee
Kunming Yunzhuang	Refers to	Kunming Yunzhuang Biotechnology Co., Ltd., a wholly-owned subsidiary of Botanee
Kunming Winona	Refers to	Kunming Winona Skincare Co., Ltd., a holding subsidiary of Kunming Yunzhuang
Qiumei Technology (Shanghai)	Refers to	Qiumei Technology (Shanghai) Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee
Qiumei Technology (Kunming)	Refers to	Qiumei Technology (Kunming) Co., Ltd., a wholly-owned subsidiary of Botanee
Shanghai Botanee Technology	Refers to	Shanghai Botanee Health Technology Co., Ltd., a wholly-owned subsidiary of Botanee
Shanghai Jiyuan Biomedical	Refers to	Shanghai Jiyuan Biomedical Development Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee Technology
Botanee (Shanghai) Supply Chain	Refers to	Botanee (Shanghai) Supply Chain Management Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee Technology
Botanee (Kunming) Trading	Refers to	Botanee (Kunming) Trading Co., Ltd., a wholly-owned subsidiary of Botanee
Yunnan Yunke	Refers to	Yunnan Yunke Specialty Plant Extraction Laboratory Co., Ltd., a wholly-owned subsidiary of Botanee
Shanghai Yibeini	Refers to	Shanghai Yibeini Health Technology Co., Ltd., a wholly-owned subsidiary of Botanee
Aoxmed (Shanghai)	Refers to	Aoxmed (Shanghai) Biotechnology Co., Ltd., a holding subsidiary of Shanghai Yibeini
Clinmate (Shanghai)	Refers to	Clinmate (Shanghai) Biotechnology Co., Ltd., a wholly-owned subsidiary of Botanee
Hainan Botanee Investment	Refers to	Hainan Botanee Investment Co., Ltd., a wholly-owned subsidiary of Botanee

Term	Refers to	Definition
Yunnan Weijia	Refers to	Yunnan Weijia Biotechnology Co., Ltd., a holding subsidiary of Botanee
Sichuan Huifu Hospital Management	Refers to	Sichuan Huifu Hospital Management Co., Ltd., a wholly-owned subsidiary of Chengdu Botanee
Chengdu Huifu Internet Hospital	Refers to	Chengdu Wuhou Huifu Internet Hospital Co., Ltd., a wholly-owned subsidiary of Sichuan Huifu Hospital Management
Chengdu Huifu Outpatient Clinic	Refers to	Chengdu Wuhou Yiduo Huifu Outpatient Clinic Co., Ltd., a wholly-owned subsidiary of Sichuan Huifu Hospital Management
Shanghai Haimoni	Refers to	Shanghai Haimoni Biotechnology Co., Ltd., a wholly-owned subsidiary of Kunming Yunzhuang
Xiamen Chonglou	Refers to	Xiamen Chonglou Private Equity Fund Management Co., Ltd., a wholly-owned subsidiary of Botanee
Nibe (Shanghai) Technology	Refers to	Nibe (Shanghai) Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Yibeini
Kunming Ansute	Refers to	Kunming Ansute Biotechnology Co., Ltd., a wholly-owned subsidiary of Shanghai Haimoni
Hangzhou Ansute	Refers to	Hangzhou Ansute Biotechnology Co., Ltd., a wholly-owned subsidiary of Shanghai Haimoni
Shanghai Beforteen	Refers to	Shanghai Beforteen Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Yibeini
Sichuan Beforteen Enterprise	Refers to	Sichuan Beforteen Enterprise Management Co., Ltd., a wholly-owned subsidiary of Chengdu Botanee
Chengdu Beforteen Internet Hospital	Refers to	Chengdu Wuhou Beforteen Internet Hospital Co., Ltd., a wholly-owned subsidiary of Sichuan Beforteen Enterprise
Chengdu Beifu Outpatient Clinic	Refers to	Chengdu Wuhou Beifu Comprehensive Outpatient Clinic Co., Ltd., a wholly-owned subsidiary of Sichuan Beforteen Enterprise
Yunnan Botanee Technology	Refers to	Yunnan Botanee Health Technology Co., Ltd., a wholly-owned subsidiary of Botanee
Huzhou Botanee	Refers to	Huzhou Botanee Biotechnology Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee Technology
Shangri-La Yunke	Refers to	Shangri-La Yunke Specialty Chinese Medicinal Materials Planting Co., Ltd., a wholly-owned subsidiary of Yunnan Yunke
Nuoweitai (Kunming)	Refers to	Nuoweitai (Kunming) Biotechnology Co., Ltd., a holding subsidiary of Shanghai Yibeini
Clinmate (Kunming)	Refers to	Clinmate (Kunming) Biotechnology Co., Ltd., a wholly-owned subsidiary of Clinmate (Shanghai)
Hunan Botanee	Refers to	Hunan Botanee Biotechnology Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee Technology
Hunan Botanee Medical Equipment	Refers to	Hunan Botanee Medical Equipment Co., Ltd., a wholly-owned subsidiary of Hunan Botanee
Hunan Botanee Technology	Refers to	Hunan Botanee Health Technology Co., Ltd., a wholly-owned subsidiary of Hunan Botanee
Yuejiang Investment	Refers to	ME (Guangzhou) Investment Co., Ltd., a wholly-owned subsidiary of Hainan Botanee Investment
Yunnan Kelaiyimei	Refers to	Yunnan Kelaiyimei Health Management Co., Ltd., a wholly-owned subsidiary of Clinmate (Shanghai)
Beijing Yibeini	Refers to	Beijing Yibeini Health Technology Co., Ltd., a wholly-owned subsidiary of Kunming Botanee Sales
Beibeini (Shanghai)	Refers to	Beibeini (Shanghai) Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee
Hangzhou Meixi	Refers to	Hangzhou Meixi Aesthetics Biotechnology Management Co., Ltd., a associate invested by Hainan Botanee Investment
Shenzhen Nature	Refers to	Shenzhen Nature Technology Co., Ltd., a associate invested by Hainan Botanee Investment
Beijing Huanfang Shidai	Refers to	Beijing Huanfang Shidai Information Technology Co., Ltd., a associate invested by Hainan Botanee Investment

Term	Refers to	Definition
Yizheng (Suzhou) Biotech	Refers to	Yizheng (Suzhou) Biotechnology Co., Ltd., a associate invested by Shanghai Botanee
Hunan Miaomiao Clinic	Refers to	Hunan Miaomiao Kelaiyimei Medical Beauty Clinic Co., Ltd., a associate invested by Clinmate (Shanghai)
WEMT Medical	Refers to	WEMT Medical Technology (Wuxi) Co., Ltd., a associate invested by Hainan Botanee Investment
Shanghai Weimu Medical	Refers to	Shanghai Weimu Medical Technology Co., Ltd., a associate invested by Hainan Botanee Investment
Shenzhen Dieckman Biotechnology	Refers to	Shenzhen Dieckman Biotechnology Co., Ltd., a associate invested by Hainan Botanee Investment
Metis Information Technology (Guangzhou)	Refers to	Metis Information Technology (Guangzhou) Co., Ltd., a associate invested by Hainan Botanee Investment
Hubei Yisen Clinic	Refers to	Hubei Kelaiyimei Yisen Clinic Co., Ltd., a associate invested by Clinmate (Shanghai)
Nuona Technology	Refers to	Kunming Nuona Technology Co., Ltd., a controlling shareholder of the Company
Sequoia Juye	Refers to	Tianjin Sequoia Juye Equity Investment Partnership (Limited Partnership), a shareholder of Botanee
Zhenli Consulting	Refers to	Xiamen Zhenli Consulting Co., Ltd., a shareholder of Botanee
Yunnan Haqisheng	Refers to	Yunnan Haqisheng Enterprise Management Co., Ltd., a shareholder of Botanee
<i>Company Law</i>	Refers to	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People's Republic of China</i>
KOL	Refers to	Key opinion leader, which usually refers to a person who has more access to product information, is trusted by his/her audience, and can influence their purchase
KOC	Refers to	Key opinion consumer, a consumer who can influence his/her friends and fans to buy things
618	Refers to	The online shopping day that falls on June 18 every year, originated from large-scale promotion activities created by JD.com on June 18, 2010
Double 11	Refers to	The online retail festival that takes place on November 11 every year, originated from the large promotion created by Taobao Mall (now Tmall) on November 11, 2009
Cosmetics	Refers to	Chemical industrial products or fine chemical products applied by smearing, spraying, or other similar means to any part of the surface of human body, such as skin, hair, fingernails, toenails, lips, and teeth, for the purpose of cleaning, taking care of, beautifying, modifying or altering the appearance, or for modifying body odor to maintaining human body in good condition
Skincare products	Refers to	Cosmetics designed to protect or take care of the skin, and enhance its elasticity and vitality
Dermatological level/functional skincare products	Refers to	Skin care products with a mild and scientific formula suitable for sensitive skin and other skin conditions which emphasizes safety and professionalism, as defined by Euromonitor on dermocosmetics
Cosmetics industry	Refers to	The industry that covers infant and children products, bath products, cosmetics, deodorant antiperspirants, hair removers, perfumes, hair care products, men's care products, oral care products, skincare products, sunscreen products, etc., as defined by Euromonitor on beauty and personal care
Medical devices	Refers to	Instruments, equipment, appliances, in vitro diagnostic reagents and calibrators, materials, and other similar or related articles used directly or indirectly on human body. The medical devices manufactured and used by us mainly include hyaluronic acid-based biofilms and hyaluronic acid-based dressings used for the protection and care of barrier damaged skin after minimally invasive procedures
E-commerce	Refers to	A new type of business operating model that enables online shopping by

Term	Refers to	Definition
		consumers, online transactions between merchants, and online electronic payments, as well as various business activities, transactions, financial activities and related integrated services amidst a wide range of commercial trade activities around the world, based on browser/server applications in an open network environment on the Internet, where buyers and sellers conduct various commercial activities without meeting each other
Online sales/online channel sales	Refers to	Product sales through e-commerce channels (telephone shopping, and TV shopping included)
OMO sales/OMO channel sales	Refers to	Short for "Online-Merge-Offline", which adopts a new retail model that combines online and offline methods for product sales by emphasizing user experience and satisfying consumers' purchasing and social sharing needs.
Offline sales/offline channel sales	Refers to	Product sales through traditional sales channels (including department stores, hypermarkets, cosmetic specialty stores, self-operated stores, pharmacies, etc.)
Registrant or filer of cosmetics	Refers to	Registrant who has obtained the special cosmetics registration certificate or filer who has passed the filing of cosmetics. Registrants or filers are required to fulfill the obligations of product registration and filing, launch the product in the market in their name, are responsible for the quality, safety and efficacy claims throughout the whole life cycle of the product, and manage the quality and safety of the registered or filed cosmetics from research and development, production (including but not limited to self-production or commissioned manufacturing) to operation.
Registered or filed products	Refers to	Products that have been granted a special cosmetics registration certificate by Botanee as a cosmetic registrant or filer, or that have passed the cosmetic filing
Commissioned manufacturing	Refers to	A manufacturing mode in which the client provides the commissioned with product formula, raw and auxiliary materials, and packaging materials, and sends an internal control team to guide and supervise the commissioned to manufacture products in accordance with required process
CNY	Refers to	China's statutory currency
The end of the Reporting Period	Refers to	June 30, 2024
The beginning of the Reporting Period	Refers to	January 1, 2024
The end of previous/ last year	Refers to	December 31, 2023
The Reporting Period	Refers to	From January 1, 2024 to June 30, 2024
Same period of previous/last year	Refers to	From January 1, 2023 to June 30, 2023

Section II Company Profile and Key Financial Indicators

I. Company profile

Stock name	Botanee	Stock code	300957
Stock exchange on which shares are listed	Shenzhen Stock Exchange		
Company name (in Chinese)	云南贝泰妮生物科技集团股份有限公司		
Company name for short (in Chinese)	贝泰妮		
Company name (in English)	Yunnan Botanee Bio-Technology Group Co. LTD		
Company name for short (in English)	BTN		
Legal representative	Guo Zhenyu		

II. Contact information

	Board Secretary	Securities Representative
Name	Wang Long	Xu Ling
Address	No. 53, Keyi Road, High-tech Development Zone, Kunming City, Yunnan Province	No. 53, Keyi Road, High-tech Development Zone, Kunming City, Yunnan Province
Tel.	0871-6801 3210	0871-6801 3210
Fax	0871-6801 3210	0871-6801 3210
Email	ir@botanee.com	ir@botanee.com

III. Other information

1. Contact information

Whether our registered address, office address and postal code, website and e-mail address have changed during the Reporting Period or not

Applicable N/A

Our registered address, office address and postal code, website and e-mail address didn't change during the Reporting Period For details, please refer to the *2023 Annual Report of Yunnan Botanee Bio-Technology Group Co. LTD* (announcement No.: 2024-011) disclosed by CNINFO (<http://www.cninfo.com.cn>).

2. Information disclosure and place for keeping documents available for inspection

Whether information disclosure and place for keeping documents available for inspection have changed during the Reporting Period or not

Applicable N/A

The name and address of the stock exchange website and media where we disclose our semi-annual report and the place for keeping the semi-annual report available for inspection didn't change during the Reporting Period. For details, please refer to the *2023 Annual Report of Yunnan Botanee Bio-Technology Group Co. LTD* (announcement No.: 2024-011) disclosed by CNINFO

(<http://www.cninfo.com.cn>).

3. Changes in registration

Whether our registration has changed during the Reporting Period

Applicable N/A

Our registration didn't change during the Reporting Period For details, please refer to the *2023 Annual Report of Yunnan Botanee Bio-Technology Group Co. LTD* (announcement No.: 2024-011) disclosed by CNINFO (<http://www.cninfo.com.cn>).

IV. Key accounting data and financial indicators

Whether we retrospectively adjusted or restated accounting data for previous years or not:

Yes No

	Current Reporting Period	Same Period of Previous Year	Change over the Same Period of Previous Year
Operating revenue (CNY)	2,804,672,799.97	2,367,742,613.94	18.45%
Net profit attributable to our shareholders (CNY)	483,768,021.72	450,012,214.05	7.50%
Net profit attributable to our shareholders after deducting non-recurring gains and losses (CNY)	419,593,813.84	373,682,873.48	12.29%
Net cash flows from our operating activities (CNY)	141,202,986.52	284,985,036.70	-50.45%
Basic earnings per share (CNY/share)	1.15	1.06	8.49%
Diluted earnings per share (CNY/share)	1.15	1.06	8.49%
Weighted average return on net assets	7.98%	7.79%	Up by 0.19 percentage points
	End of the Current Reporting Period	End of the Previous Year	Change over the End of the Previous Year
Total assets (CNY)	7,736,105,425.38	7,506,930,342.79	3.05%
Net assets attributable to our shareholders (CNY)	5,970,813,515.54	5,860,994,371.02	1.87%

Whether our share capital has changed from the end of the Reporting Period to the date disclosing this semi-annual report due to issuance of new shares, additional issuance, allotment of shares, exercise of equity incentive, repurchase, etc., and whether the amount of owners' equity has been affected or not:

Yes No

Dividends for preferred shares that have been paid	
Interest paid on perpetual bonds (CNY)	
Fully diluted earnings per share calculated based on the latest share capital (CNY/share)	1.1420

V. Differences in accounting data under Chinese and overseas accounting standards

1. Differences in net profit and net assets disclosed in our financial report prepared under the Chinese accounting standards (CAS) and the international financial reporting standards (IFRS)

Applicable N/A

2. Differences in net profit and net assets disclosed in our financial report prepared under CAS and overseas accounting standards

Applicable N/A

VI. Item and amount of non-recurring gains and losses

Applicable N/A

Unit: CNY

Item	Amount	Note
Gains and losses from disposal of non-current assets (including the write-off of assets impairment on provision)	-1,392,988.30	
Government grants included in current profits and losses (except for government grants that are closely related to our normal business operations, meet national policies and regulations, are enjoyed in accordance with established standards, and have a lasting impact on our gains and losses)	42,466,126.97	Government grants included in "other income"
Profit or loss arising from changes in fair value arising from the holding of financial assets and financial liabilities by non-financial enterprises, and gains and losses arising from the disposal of financial assets and financial liabilities in addition to effective hedging business related to our normal business operations	20,709,760.81	Profit or loss arising from changes in fair value of entrusted financial management of cash management
Gains and losses from assets invested or managed by the entrusted	28,489,104.21	Investment income generated by the maturity of entrusted financial management of cash management
Other non-operating income and expenses other than the above	-7,935,493.09	Public welfare donations included in "non-operating expenses"
Minus: the Company's income tax	17,229,393.62	
Minority shareholders' interests (after tax)	932,909.10	
Total	64,174,207.88	

Particulars about other items that meet the definition of non-recurring gains and losses:

Applicable N/A

Explain the reasons if we identified an item as recurring gain/loss which is enumerated as non-recurring gains and losses in the *Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1: Non-recurring Profit and Loss*:

Applicable N/A

Section III Discussion and Analysis by the Management

Disclosure requirements for the “retail industry” as stated in the *Self-regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*;

Disclosure requirements for “Chemical Industry-related Business” as stated in the *Self-regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 3 - Industry Information Disclosure*; and

Disclosure requirements for “E-commerce Business” as stated in the *Self-regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 4 - GEM Industry Information Disclosure*.

I. Main business operations during the Reporting Period

1. Overview of the industry during the Reporting Period

Botanee operates in the daily chemical product manufacturing industry, which is classified as “Manufacture of Chemical Raw Materials and Chemical Products” (C26) in the *Industry Classification Guidelines for Listed Companies issued by the China Association for Public Companies*. According to the *Industrial Classification for National Economic Activities (GB/T4754-2017)*, Botanee falls under the industry segment of cosmetics manufacturing (C2682) under daily chemical product manufacturing (C268).

According to data from the National Bureau of Statistics, the total retail sales of consumer goods in China during the Reporting Period amounted to approximately CNY23.60 trillion, which represented a year-on-year increase of approximately 3.70%. Specifically, the retail sales of cosmetics and personal care products by enterprises above designated size amounted to approximately CNY216.81 billion, a year-on-year increase of approximately 1%. During the Reporting Period, the year-on-year growth rate of retail sales of cosmetics and personal care products was lower than that of total retail sales of consumer goods, mainly due to the fact that the recovery of domestic consumption capacity during the Reporting Period was yet to be further improved, and the cosmetics industry has shown strong demand resilience.

2. Main business and products

Botanee focuses on the development of multiple brands, including core brand Winona as well as Winona Baby, AOXMED, Beforteen, Za, and PURE&MILD. We specialize in providing professional and effective skincare products using pure natural plant-derived active ingredients, with a particular emphasis on sensitive skin. As a specialized cosmetics manufacturer that integrates deeply with internet-based sales channels, our mission is to “create China’s skin health ecosystem” by deeply understanding consumer needs, basing its products on dermatological theories, and combining multidisciplinary technologies such as biology and botany to continuously conduct product research and technological innovation. We strive to provide professional skincare products, medical devices and makeup products that cater to different skin needs.

We have established a foundation through offline pharmaceutical channels and implemented an omnichannel strategy covering online platforms. With an omnichannel system for new retail, we have successfully realized cross-sector marketing (OMO) leveraging the internet and new technologies like artificial intelligence. This has facilitated mutual penetration between offline and online channels and achieved extensive coverage of consumer groups, which makes Botanee a leading company in the internet+ greater health industry in China. Additionally, we capitalize on the efficiency of the internet, the vast user traffic on mainstream e-commerce platforms, and flexible new media marketing methods. With our strengths in e-commerce operations and high-quality products, we have successfully seized the opportunities for rapid growth in the cosmetics industry driven by the “Chinese domestic products trend” in the past few years.

Our main product categories include skincare products such as facial creams, toners, face masks, serums, lotions, as well as cosmetics products such as sunscreens, powders, BB creams, and makeup removers. In addition to skincare and cosmetics, we are also engaged in the research, development, production, and sales of medical devices related to skincare. This includes medical devices such as hyaluronic acid repair biofilm and hyaluronic acid repair dressings used for the protection and care of damaged skin barriers after minimally invasive procedures.

3. Main brand matrix

Winona



Winona is a professional dermatological level skincare brand that is based on dermatological theories and supported by scientific research and innovative technologies such as biology and botany. It targets sensitive skin, addresses the root causes, repairs the skin barrier, and helps users achieve healthy and beautiful skin.

Winona Baby



Inheriting the genetic essence of the parent brand Winona, Winona Baby is a professional dermatological level skincare brand based on pediatric dermatology. It utilizes the abundant resources of Yunnan to extract plant essences, adhering to the concept of “professional care for delicate baby skin” and dedicated to safeguarding the skin health of infants and young children.

AOXMED



AOXMED is committed to creating highly effective and safe professional beauty solutions and providing an exquisite skincare experience. With cutting-edge scientific research and advanced formulation technology as its foundation, AOXMED focuses on multidimensional skin rejuvenation, bringing professional anti-aging technologies that empower the skin with youthful vitality.

Beforteen



Beforteen is a professional acne treatment brand that utilizes big data on Chinese skin diseases as its research foundation. By combining top medical research with AI deep learning, it has developed a unique integrated and precise acne solution.

Za



Za focuses on the characteristics of Asian women's skin and offers high-performance base cosmetics solutions that are multi-functional and easy to use. It is an international light makeup brand that allows users to effortlessly enjoy their beautiful daily life.

PURE&MILD



With a 22-year brand history and designed specifically for Chinese women, PURE&MILD harnesses the power of technology to enhance the benefits of plant extracts. It carefully selects rare plants and effective ingredients globally to help consumers achieve youthful and vibrant skin changes.

4. Business model

(1) Main business sales models

During the Reporting Period, we adhered to an offline-based channel as the foundation and an online channel as the main driver, utilizing in-depth private domain OMO (Online-Merge-Offline) approach to successfully promote an integrated omnichannel sales model.

	Sales Model	Description	Returns or Exchanges Obligations and Risks in the Sales Model	Revenue and Cost Recognition Policies
Online self-operation	Self-operation	Promote and sell products through self-operated stores on major B2C platforms such as Tmall, Douyin, Winona Online Mall, or by guiding consumers through offline promotions to make purchases on our OMO platform called Winona Counter Service Platform which is built on Tencent's ecosystem.	Based on the returns or exchanges rules of each platform, a generally accepted policy is a 7-day or 14-day no-reason return or exchange policy. After the consumer confirms receipt of the goods by clicking "confirm receipt" or when the platform's specified receipt deadline is reached and the receipt is automatically confirmed, the revenue is recognized, and the costs are allocated. During the Reporting Period, the Company consistently followed the returns or exchanges policies of the respective platforms.	Consumers place orders and make payments online. After the Company ships the goods, consumers receive the products and click to confirm receipt, or when the designated deadline for receipt on the platform is reached, the receipt is automatically confirmed. At that point, the revenue is recognized, and the costs are allocated.
Online distribution	Distribution	Sign product purchase and sales agreements with online distributors, who independently sell products through their own stores on major B2C platforms.	No returns or exchanges are accepted unless there are quality issues. During the Reporting Period, the Company consistently followed the returns or	We deliver products to buyers as agreed in the contract, and after the buyers accept and sign the <i>Logistics Receipt</i> , the sales revenue is recognized and costs are allocated.

	Sales Model	Description	Returns or Exchanges Obligations and Risks in the Sales Model	Revenue and Cost Recognition Policies
			exchanges policies of the respective platforms.	
	Consignment	Sign product consignment agreements with major B2C platforms, and settlement is based on the actual sales of products and other agreed-upon methods on the platforms, such as VIPShop, etc.	No returns or exchanges are accepted unless there are quality issues. During the Reporting Period, the Company consistently followed the returns or exchanges policies of the respective platforms.	Botanee delivers products to the consignees, and after the consignees make sales to external customers and issue <i>Consignment List</i> to the Company, the sales revenue is recognized and costs are allocated.
Offline self-operation	Self-operation	Directly sell products to consumers through physical self-operated stores, utilizing the OMO model.	No returns or exchanges are accepted unless there are quality issues. During the Reporting Period, the Company consistently followed the returns or exchanges policies of the respective platforms.	Consumers select the goods, make on-site payments, and collect the goods. After the transaction is completed, revenue is recognized, and costs are allocated.
Offline distribution	Distribution	Sign product purchase and sales agreements with offline distributors, who sell products through their offline sales networks.	No returns or exchanges are accepted unless there are quality issues. During the Reporting Period, the Company consistently followed the returns or exchanges policies of the respective platforms.	We deliver products to buyers as agreed in the contract, and after the buyers accept and sign the <i>Logistics Receipt</i> , the sales revenue is recognized and costs are allocated.
	Consignment	Sign product consignment agreements with consignment customers, who sell products through their offline sales networks. Settlement is based on the actual sales of products and other agreed-upon methods.	No returns or exchanges are accepted unless there are quality issues. During the Reporting Period, the Company consistently followed the returns or exchanges policies of the respective platforms.	Botanee delivers products to the consignees, and after the consignees make sales to external customers and issue <i>Consignment List</i> to the Company, the sales revenue is recognized and costs are allocated.

(2) Procurement model

We have established a complete supply chain system, and have strict regulations in place for supplier selection and management in various aspects, ensuring that the quality of purchased production materials meets its requirements.

1) During the Reporting Period, the procurement of main raw materials is as follows:

Unit: CNY'0,000/ton or CNY/piece

Main Raw Materials	Procurement Model	Proportion of Procurement Amount to Total Purchase Amount	Significant Changes in Settlement Methods	Average Price in the First Half of the Year	Average Price in the Same Period of Previous Year
Active ingredients	Inquiry-based procurement	14.49%	No	59.22	61.24
Moisturizers	Inquiry-based procurement	5.61%	No	9.46	10.43
Sunscreen agents	Inquiry-based procurement	2.89%	No	24.89	24.50
Oils	Inquiry-based procurement	2.86%	No	11.20	12.39
Face mask sheet	Inquiry-based procurement	1.10%	No	0.20	0.17

Note: During the Reporting Period, the proportion of main raw material procurement amount to our total purchase amount was approximately 26.95%, accounting for approximately 80.44% of direct material procurement. The proportion of main raw material procurement and the average unit price of procurement remained stable compared with the same period of last year. The fluctuations were mainly due to differences in the composition of materials purchased in different periods.

2) The top five procurement suppliers during the Reporting Period are as follows:

Total purchase amount from the top five suppliers (CNY)	146,095,697.73
Percentage of total purchase amount from the top five suppliers in total purchase amount during the Reporting Period	36.29%
Percentage of related party purchases in the total purchase amount from the top five suppliers during the Reporting Period	

No.	Supplier	Purchase Amount (CNY)	Percentage in Total Purchase Amount During the Reporting Period
1	Supplier 1	54,505,830.12	13.54%
2	Supplier 2	31,243,900.58	7.76%
3	Supplier 3	21,456,490.83	5.33%
4	Supplier 4	19,694,730.53	4.89%
5	Supplier 5	19,194,745.67	4.77%
Total		146,095,697.73	36.29%

Note: During the Reporting Period, the percentage of total purchase amount from the top five suppliers in total purchase amount during the Reporting Period declined from the same period of last year, which was mainly due to the Company's commissioned manufacturing of service providers for production and the gradual decrease in the scale of the procurement of production materials from finished product suppliers, as the production capacity of the Company's self-owned factories has continuously improved to meet the short-term planning.

Energy procurement accounted for over 30% of total production costs.

Applicable N/A

(3) Production models

Botanee is the cosmetic registrant or filer for the Company's external sales. The Company fulfills product registration and filing obligations for registered or filed cosmetics. Botanee launches products in the market in the name of the Company, is responsible for the quality, safety and efficacy claims throughout the whole life cycle of the products, and carries out comprehensive safety management on the quality of registered or filed cosmetics from research and development, production to operation. Based on actual needs of production and operation, we arrange manufacturing and warehousing of the Company's registered or filed products sold externally using a combination of in-house production, commissioned manufacturing, and procurement of finished products. For externally sold products not registered or filed by the Company, we purchase and warehouse finished products.

During the Reporting Period, our skincare products were produced through a combination of in-house production, commissioned manufacturing, and procurement of finished products. Specifically, during the Reporting Period, the proportion of manufacturing and warehousing of skincare products registered or filed by the Company was approximately 67.21%, and the proportion of manufacturing and warehousing of skincare products not registered or filed by the Company was approximately 0.77%.

During the Reporting Period, medical device products of the Company were produced through a combination of in-house production and procurement of finished products. Specifically, during the Reporting Period, the proportion of manufacturing and warehousing of medical device products registered or filed by the Company was approximately 5.95%, and the proportion of manufacturing and warehousing of medical device products not registered or filed by the Company was approximately 7.90%.

During the Reporting Period, cosmetics products of the Company were produced through a combination of in-house production, commissioned manufacturing, and procurement of finished products. Specifically, during the Reporting Period, the proportion of manufacturing and warehousing of cosmetics products registered or filed by the Company was approximately 1.83%, and the proportion of manufacturing and warehousing of cosmetics products not registered or filed by the Company was approximately 16.34%.

Information on technologies employed in main products:

Main Products	Stage of Production Technology	Status of Core Technical Personnel	Patent Technology	Product R&D Advantages
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Skincare products	Industrialized production	Our employees	Please refer to “(4) R&D Models” under “I. Main Business Operations during the Reporting Period” in Section III of this report for details.	Please refer to “II. Analysis of Core Competitiveness” in Section III of this report for details.
Medical devices	Industrialized production			
Cosmetics	Industrialized production			

Production capacity of main products:

Main Products	Target Capacity (by Statutory Working Hours)	Capacity Utilization Rate	Capacity under Development	Investment and Construction Status
Face masks	Approximately 60 million standard sheets	Approximately 75.22%	N/A	Please refer to details on the construction project of the central factory in “5. Use of Raised Funds” under “VI. Investment Analysis” in Section III of this report.
Bottled products	Approximately 58 million standard units	Approximately 82.87%		
Tubes and others	Approximately 30 million standard units	Approximately 85.72%		

Note: During the Reporting Period, we conducted manufacturing capacity analysis based on the production and assembly processes of production equipment that has been put into operation for the self-owned factory.

Product types in major chemical industrial parks:

Applicable N/A

Environmental impact assessment approvals applied for or obtained during the Reporting Period:

Applicable N/A

Abnormal production stoppages occurred during the Reporting Period:

Applicable N/A

Status of relevant approvals, licenses, qualifications, and their validity:

Applicable N/A

Please refer to “(4) R&D Models” under “I. Main Business Operations during the Reporting Period” in Section III of this report for details.

Engagement in petroleum processing and trading industry:

Yes No

Engagement in the fertilizer industry:

Yes No

Engagement in the pesticide industry:

Yes No

Engagement in the chlor-alkali and soda ash industry:

Yes No

(4) R&D models

We are firmly committed to pursuing independent R&D. Adhering to the research philosophy of “small incisions, in-depth studies, and practical results”, we aim to create unique research advantages and establish our research barriers. We accurately position the sensitive skin market, extensively explore dermatological targets and mechanisms, fully utilize the abundant plant resources in Yunnan, and develop customized formulations that are highly targeted and effective. We also attach great importance to safety and efficacy verification, employing internationally leading technical methods and complemented by clinical efficacy validation, to establish a rigorous, comprehensive, and efficient research and innovation system, ensuring excellent product quality.

During the Reporting Period, we fully leveraged the leading role of the Botanee Research Institute and relied on the Yunnan Specialty Plant Extraction Laboratory. With independent research and development as the main focus, we adopted a research and development mode that integrates industry, academia, and research, closely collaborating with cutting-edge laboratories in France and Japan to conduct in-depth studies on dermatological targets and mechanisms. We actively integrate global scientific research resources. We engage in deep cooperation and exchanges with renowned universities, research institutes, and experts both domestically and internationally, continuously broadening our research horizons and improving our research capabilities.

During the Reporting Period, we achieved fruitful results in scientific research and innovation, and fully demonstrates our professional strength and innovation capabilities in the field of sensitive skin. At the same time, we actively participate in domestic and international academic exchanges, sharing research achievements with peers and enhancing our reputation and influence in the market. At the end of the Reporting Period, valid patents, trademark rights, work copyrights and software copyrights held by us are as follows:

Category		Cumulative Approved Items
Patents	Invention patents	60
	Exterior design patents	78
	Utility model patents	95
Trademark rights		1,080
Copyrights and software copyrights (excluding academic papers)		59

By the end of the Reporting Period, we have gained a total of 350 general cosmetics filing certificates, obtained a total of 36 special cosmetics registration certificates, received 18 Class II medical device registration certificates and 12 certificates for operating Class II medical devices. As of the end of the Reporting Period, the above licenses and qualifications have been valid.

(5) Warehousing and logistics models

At the end of the Reporting Period, we have established local warehouses in Kunming, Shanghai, and Huzhou through self-owned or leased means. Furthermore, in order to respond to consumer shopping demands more quickly and deliver products to consumers in the shortest possible time, we established regional third-party distribution warehouses in major regions across the country through cooperation with logistics enterprises, integrating advantageous resources from all parties, strengthening supply chain management, and improving customer experience. During the Reporting Period, our logistics transportation of goods and products was mainly provided by third-party logistics service providers with whom we had established deep cooperative relationships.

During the Reporting Period, we strictly adhered to relevant internal control systems regarding inventory storage, scrapping and destruction, and regular inventory checks.

(6) Network and information security management models

As online channels and "OMO" channels account for a significant proportion of our sales, our business operations rely on telecommunications operators' network infrastructure and depend on the soundness of our information system. To ensure the security of the information system, we strictly comply with laws such as the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. We also execute our own multiple information security management systems, including *Data Management Specification System*, *Access Control Management Specification Information Security Management System*, and *Terminal Security Management Measures for Information Security and Data Authorization Control*. We revise, improves, implements, and supervises these systems in accordance with the needs of information security management to ensure the security of networks and data information, and to protect personal information and consumer rights.

Our information security sector provides organizational security for information security management and promote the implementation of various security matters. The management structure consists of decision-making bodies (Information Security Committee), management bodies (Information Security Management Team), and execution bodies (all employees). The Company strictly manage the personal information of consumers and potential consumers obtained through online channels, storing and managing sensitive data through measures such as encryption and de-identification. Additionally, we have established emergency mechanisms to respond to data leakage, damage, and loss incidents.

Our online and "OMO" sales systems have obtained national information security Level 3 certification, and we conduct annual retesting of them to ensure their ongoing security as required. In terms of technical safeguards, the systems have robust security measures, including firewalls and intrusion detection, in compliance with regulations. Since the establishment and operation of our online channels, no significant information security risks have occurred. We have continued to improve the management systems and measures for information security protection, strengthen investment in information security, and ensure the security of network information and

consumer rights protection.

5. Review of main business in H1 2024

(1) Research cooperation and raw material innovation to build long-term competitive barriers

1) Filing of new raw materials

In January 2024, the "Erigeron Breviscapus Extract" and "Salviaplebeia Extract" developed by the Company passed the filing with the National Medical Products Administration and entered a three-year monitoring period, which marks our further advancement in the research and development of botanical raw materials with Chinese characteristics, and our ability to provide innovative botanical solutions for skin problems.

In March 2024, the Company's two new raw materials, "Taxus Wallichiana Mairei Oil" and "Taxus Wallichiana Mairei Twiggery Extract", were successfully filed with the National Medical Products Administration and entered a three-year monitoring period, which has further enriched our raw material pool and provided more natural botanical solutions for skin problems.

In June 2024, the Company's eighth raw material of cosmetics, "Meconopsis Racemosa Extract", passed the filing with the National Medical Products Administration and entered a three-year monitoring period. The raw material has the efficacy of clearing heat, detoxicating and relieving pain.

2) Opening of anti-aging joint laboratory

In March 2024, "Botanee & PURE&MILD Anti-aging Joint Laboratory" was officially opened, gathering more than 60 skin research scholars focusing on the scientific research in the gentle anti-aging field. The laboratory has published more than 180 research papers, demonstrating our solid strength in research cooperation and laboratory construction.

3) Release of the *Guidelines on Clinical Diagnosis and Treatment of Sensitive Skin in China (Version 2024)*

In April 2024, at the Fifth Sensitive Skin Summit Forum, Botanee Research Institute and authoritative associations and magazines jointly released the *Guidelines on Clinical Diagnosis and Treatment of Sensitive Skin in China (Version 2024)*. Based on the latest research and expert consensus, the Guidelines aims to improve clinicians' diagnosis and treatment of sensitive skin and become the diagnosis and treatment standard for more than 11,000 hospitals and 2,500 dermatology practitioners nationwide.

4) Release of the latest research results on whitening mechanism

In May 2024, Winona released the latest research results of the "Four-in-One Whitening Mechanism" and launched the "Camellia-Lucent Spot-Correcting Essence" and the set of "Camellia-Lucent Repair Day Cream + Camellia-Lucent Repair Night Cream", which focus on skin care day and night. The research results have been included in the poster of the 13th Asian Dermatological Congress.

(2) Enhancement of R&D to boost innovation of products in multiple categories

1) Launch of "Sensitiveness Relieving Moisturizing Tolerance-Extreme Cream 2.0"

In February 2024, the Company officially launched the second generation of "Winona Sensitiveness Relieving Moisturizing Tolerance-Extreme Cream", which has been upgraded in terms of ingredients, technology, texture and packaging. Key highlights include the innovative ingredient "PRO MAX", osmosis technology for sensitive skin, additive-free cream texture, and eco-friendly and convenient packaging design.

2) Launch of a new product of the "Timeless Repair Sunscreen Milk" series

In March 2024, Winona launched a new product of the "Timeless Repair Sunscreen Milk" series, which combines the efficacy of sunscreen and anti-aging and integrates multiple patented plant extracts, bringing a new choice to the sensitive skin sunscreen and anti-aging market.

3) Launch of Winona's new "311 Disposable Serum"

In May 2024, Winona launched a new disposable serum, using 3:1:1 bionic lipid replenishment technology to improve skin barrier and promote healthy skin.

4) Launch of new product of "Baby Sunscreen Spray"

In May 2024, Winona Baby launched the "Winona Baby Sunscreen Spray" in the children's market, which has SPF33 PA+++ and passed many safety tests to ensure the safety of children.

(3) Innovative marketing and diversified promotion

1) New year's gift boxes and cultural short videos

In January 2024, Winona and Yunnan Paper Charms jointly launched the New Year's gift box of "Make Your Wish Come True". Through the cooperation with Fang Qi, a famous travel blogger, Winona visited Yunnan's intangible cultural heritage sites, and co-produced and released a short video on intangible cultural heritage with Paper Charms artists, "Make a Wish - Yunnan Paper Charms!", aiming to promote traditional Chinese culture and enhance the emotional connection between the brand and consumers.

2) "Winona" 2.0 strategy and release of "The Red Book" 3.0

In March 2024, the Company announced that the "Winona" has entered the 2.0 era, upgrading from "Focus on Sensitive Skin" to "Specialize in Sensitive Skin" to provide solutions for sensitive skin care on all fronts. Dr. Guo Zhenyu, Chairman and General Manager of the Company, announced the Company's eight strategic investment targets at the conference, including basic research and global research layout. In the same month, "The Red Book" 3.0, the *Essence of Basic Research and Clinical Application of Winona Functional Skincare Products*, was released, which included more than 300 authoritative documents, marking our further breakthrough in the combination of industry, academia, research and medicine.

3) Appointment of Liu Shishi as brand spokesperson

In April 2024, Winona announced Liu Shishi as its new brand spokesperson. The related TVC, "Congratulations! Spring Is Finally Over", sparked a buzz on social media platforms and made the topic #Liu Shishi's New Endorsement# the Sina Weibo Hot Search Top 15 in a short time.

(4) Cross-border cooperation and brand influence

1) Co-branding and cross-sector marketing

In February 2024, Winona successfully unlocked a new strategy for youth marketing through the launch of a co-branded sunscreen cream product with TIMOTHY and the cross-over cooperation with CHAGEE. The new strategy has effectively boosted the brand's market influence through interesting links and social media topics.

In May 2024, the Company's brands joined forces to launch a series of cross-sector marketing events, including collaborative flash with illustration artists and multi-party co-branding campaigns. These innovative marketing methods have brought novel and fun brand experiences to consumers.

2) Release of promotional video of the power of women

During the International Women's Day, Winona released a promotional video with the theme of "Factory Flower - Chinese Female Workers in the New Era", which demonstrated the unique power and research strength of female workers on the production line, and conveyed the brand's respect and praise for women's value and social contribution.

(5) Honors and qualification development of the Company

1) Certification of national industrial design center

In January 2024, the Company was awarded as "National Industrial Design Center" by the Ministry of Industry and Information Technology. This national honor specifically recognizes organizations or institutions with excellent performance in the field of industrial design, reflecting our leading and outstanding achievements in product R&D and design, innovation capability, operational management, talent team building, and performance of social responsibility.

2) Equity investment in raw materials

In May 2024, the Company completed the minority equity investment in Shenzhen Dieckman Biotechnology and became its sole external shareholder. Dieckman Biotechnology has leading technology and many patents in the field of Ceramide, peptides and other core raw materials.

3) Industry honors

In February 2024, Dr. Guo Zhenyu, Chairman and General Manager of the Company, was awarded the "Top 10 Newsmakers in the Chinese Cosmetic Industry 2023", an honor that not only recognizes his leadership, but also affirms our influence and contribution in the industry.

4) Forbes China brand value series election

In April 2024, the Company won the "2024 Top 50 Brands" award and was selected as one of the "Forbes China ESG Inspiration Cases for 2023", recognizing our outstanding contribution to biodiversity conservation and ecological projects, and demonstrating our leading position in sustainable development.

(6) Fulfillment of social responsibility and business practices for good

1) Public welfare fund activities

In May 2024, the Botanee Public Welfare Fund organized a number of donation and public welfare activities to continuously care for the growth of left-behind children in Yunnan and further promote the protection and inheritance of intangible cultural heritage, demonstrating our proactive efforts in social responsibility and cultural inheritance. Meanwhile, we cooperated with Yunnan Yi Embroidery to launch a special short video entitled "Lively Yi Embroidery" to enhance the cultural value of the brand.

2) Graduation of Botanee Hope High School Class

In June 2024, the graduation ceremony of the 2024 "Botanee Hope High School Class" was held in Donglu Senior High School, Huize County, Qujing City, Yunnan Province. 50 students from the 2024 "Botanee Hope High School Class" took the national college entrance examination and achieved excellent results. Specifically, one student was among the top 50 students in the province, and the rate of admittance to key universities reached 100%.

6. Operating results in H1 2024

During the Reporting Period, the Company achieved operating revenue of CNY2,804,672,800, representing a year-on-year increase of approximately 18.45%; net profit attributable to shareholders of the listed company of CNY483,768,000, representing a year-on-year increase of approximately 7.50%; net profit attributable to shareholders of the listed company of CNY419,593,800 after extraordinary non-recurring gains and losses, representing a year-on-year increase of approximately 12.29%; gross profit margin on sales of approximately 72.59%, representing a year-on-year decrease of 2.79 percentage points; and weighted average return on net assets attributable to shareholders of the listed company of approximately 7.98%, representing a year-on-year increase of 0.19 percentage points.

(1) Operating revenue

Unit: CNY'0,000

	2024 Semi-Annual		2023 Semi-Annual		YoY Increase/Decrease
	Amount	Ratio in Operating Revenue	Amount	Ratio in Operating Revenue	
Main business revenue	279,136.70	99.53%	235,788.81	99.58%	18.38%
Other business revenue	1,330.58	0.47%	985.45	0.42%	35.02%
Total	280,467.28	100.00%	236,774.26	100.00%	18.45%

(2) Main business revenue

Unit: CNY'0,000

Channel	Sales Model	2024 Semi-annual		2023 Semi-annual		YoY Increase/Decrease
		Amount	Proportion of Main Business Revenue	Amount	Proportion of Main Business Revenue	
Online sales	Self-operation	140,940.53	50.49%	123,148.19	52.23%	14.45%
	Distribution and consignment	44,276.20	15.86%	35,388.98	15.01%	25.11%
	Sub-total	185,216.73	66.35%	158,537.17	67.24%	16.83%
OMO sales	Self-operation (online and offline)	21,193.94	7.59%	17,142.28	7.27%	23.64%
Offline sales	Distribution and consignment	72,726.03	26.06%	60,109.36	25.49%	20.99%
Total	Self-operation	162,134.47	58.08%	140,290.47	59.50%	15.57%
	Distribution and consignment	117,002.23	41.92%	95,498.34	40.50%	22.52%

Note: During the Reporting Period, we added OMO channel sales based on business development, and adjusted semi-annual comparative figures for the same period in 2023 based on the same caliber. The same for below.

(3) Sales of own brand products

Category	Amount (CNY'0,000)	Proportion of Main Business Revenue	Average selling price in the Reporting Period (CNY)	Average Selling Price in The Same Period Of The Previous Year (CNY)
Skincare products	227,287.72	81.42%	42.78	49.96
Medical devices	26,153.27	9.37%	106.61	96.26
Cosmetics	25,695.71	9.21%	38.67	54.00
Total	279,136.70	100.00%		

Note: Unit selling price = sales revenue / sales volume of regular products (excluding gifts and trial samples)

(4) Semi-annual online channel sales performance in 2024

Unit: CNY'0,000

Platform	Sales Model	2024 Semi-annual			2023 Semi-annual			YoY Increase/Decrease Compared with the Previous Year
		Amount	Ratio of Online Channel Revenue	Proportion of Main Business Revenue	Amount	Ratio of Online Channel Revenue	Proportion of Main Business Revenue	
Third-party platforms	Self-operation, distribution, and consignment	181,710.58	98.11%	65.10%	156,569.94	98.76%	66.40%	16.06%
Self-built platforms	Self-operation	3,506.15	1.89%	1.25%	1,967.23	1.24%	0.84%	78.23%
Total		185,216.73	100.00%	66.35%	158,537.17	100.00%	67.24%	16.83%

(5) Platforms with a semi-annual main business revenue share of 5% or more in the online channel and their sales performance in 2024

Platform	Store or Client
Third-party platform - Alibaba	Tmall Winona flagship store
	Tmall Winona Botanee store
	Tmall Winona Baby Maternal and Child flagship store
	Winona Medical Device flagship store

Platform	Store or Client
	Tmall AOXMED official flagship store
	Tmall Beauty Answers flagship store
	Tmall Beforteen flagship store
	Tmall Za official flagship store
	Tmall PURE&MILD official flagship store
	Tmall Za overseas flagship store
	Zhejiang Tmall Technology Co., Ltd.
	Alibaba Health Pharmacy Chain Co., Ltd.
	Zhejiang Haochao Network Technology Co., Ltd.
Third-party platform - Douyin	Douyin Winona official flagship store
	Douyin Winona flagship store
	Douyin Winona Baby Maternal and Child flagship store
	Douyin Winona Beixiaoni store
	Winona TikTok cross-border store
	Douyin Winona medical dressings flagship store
	Douyin Winona Baby store
	Douyin Winona Skincare flagship store
	Douyin Beforteen official store
	Douyin Za official flagship store
	Douyin Za Yuehui beauty and makeup flagship store
	Za TikTok cross-border store
	Douyin PURE&MILD official flagship store
Douyin AOXMED official flagship store	
Third-party platform - JD	Winona JD official flagship store
	Winona JD self-operated flagship store
	Winona JD Health official flagship store
	Winona JD Botanee store
	JD Beauty Answers flagship store
	JD Za flagship store
	Za JD self-operated flagship store
	JD PURE&MILD flagship store
	PURE&MILD JD self-operated flagship store
	Beijing Jingdong Century Trading Co., Ltd.
	Beijing Jingdong Hongjian Health Co., Ltd.
Third-party platform - Vipshop	Vipshop (China) Co., Ltd.

Unit: CNY'0,000

Main Platform	Sales Model	2024 Semi-annual		2023 Semi-annual		YoY Increase/Decrease
		Amount	Proportion of Main Business Revenue	Amount	Proportion of Main Business Revenue	
Third-party platform - Alibaba	Self-operation, and consignment	85,915.45	30.78%	78,866.49	33.45%	8.94%
Third-party platform - Douyin	Self-operation	37,971.81	13.60%	26,548.82	11.26%	43.03%
Third-party platform - JD	Self-operation, and consignment	20,823.80	7.46%	13,342.41	5.66%	56.07%
Third-party platform - Vipshop	Consignment	15,031.78	5.39%	15,936.40	6.76%	-5.68%
Total		159,742.84	57.23%	134,694.12	57.13%	18.60%

Note: Except for the impact of the inclusion of the online self-operated stores of Za and PURE&MILD in the consolidated scope of the Company at the beginning of the Reporting Period, the total number of orders of our online self-operated core stores basically matched the change in the sales scale during the Reporting Period, with no significant fluctuation in per capita consumption frequency compared with the same period of previous year.

(6) Semi-annual operational data of core stores in the online self-operated channel in 2024

During the Reporting Period, the sales of our top five online self-operated stores accounted for approximately 60.34% of our online channel sales revenue and approximately 79.30% of our online self-operated channel sales revenue, representing a slight decrease from the same period of previous year by comparison based on the same caliber (different stores), mainly due to failure of including the sales of the top five self-operated stores under Za during the Reporting Period in the consolidated scope for the same period of previous year:

Unit: CNY'0,000

Self-operated Store	Category	2024 Semi-annual		2023 Semi-annual		YoY Increase/Decrease
		Amount	Ratio of Online Channel Revenue	Amount	Ratio of Online Channel Revenue	
Tmall Winona flagship store	Skincare products	68,479.51	36.97%	66,892.44	42.19%	2.37%
	Medical devices	1,105.50	0.60%	1,056.68	0.67%	4.62%
	Cosmetics	1,433.68	0.77%	959.76	0.61%	49.38%
	Sub-total	71,018.69	38.34%	68,908.88	43.47%	3.06%
Douyin Winona official flagship store	Skincare products	17,892.57	9.66%	22,650.79	14.29%	-21.01%
	Medical devices					
	Cosmetics	1,332.29	0.72%	124.01	0.08%	974.34%
	Sub-total	19,224.86	10.38%	22,774.80	14.37%	-15.59%
Douyin Winona flagship store	Skincare products	10,490.19	5.66%	2,751.04	1.74%	281.32%
	Medical devices					
	Cosmetics	34.95	0.02%	25.01	0.02%	39.74%
	Sub-total	10,525.14	5.68%	2,776.05	1.75%	279.14%
Douyin Za official flagship store	Skincare products	408.92	0.22%	N/A	N/A	N/A
	Medical devices			N/A	N/A	N/A
	Cosmetics	5,380.40	2.91%	N/A	N/A	N/A
	Sub-total	5,789.32	3.13%	N/A	N/A	N/A

Self-operated Store	Category	2024 Semi-annual		2023 Semi-annual		YoY Increase/Decrease
		Amount	Ratio of Online Channel Revenue	Amount	Ratio of Online Channel Revenue	
Tmall Za official flagship store	Skincare products	472.55	0.25%	N/A	N/A	N/A
	Medical devices			N/A	N/A	N/A
	Cosmetics	4,734.32	2.56%	N/A	N/A	N/A
	Sub-total	5,206.87	2.81%	N/A	N/A	N/A
Total	Skincare products	97,743.74	52.76%	92,294.27	58.22%	5.90%
	Medical devices	1,105.50	0.60%	1,056.68	0.66%	4.62%
	Cosmetics	12,915.64	6.98%	1,108.78	0.69%	1,064.85%
	Total	111,764.88	60.34%	94,459.73	59.57%	18.32%

(7) Semi-annual operational data of OMO channels in 2024

Unit: CNY'0,000

Category	2024 Semi-annual			2023 Semi-annual			YoY Increase/Decrease
	Amount	Proportion of Main Business Revenue	Sales Gross Profit Margin	Amount	Proportion of Main Business Revenue	Sales Gross Profit Margin	
Skincare products	19,977.83	7.15%	78.84%	16,335.87	6.93%	76.18%	22.29%
Medical devices	544.90	0.20%	76.61%	449.17	0.19%	85.78%	21.31%
Cosmetics	671.21	0.24%	74.54%	357.24	0.15%	69.59%	87.89%
Total	21,193.94	7.59%	78.65%	17,142.28	7.27%	76.29%	23.64%

The OMO sales online self-operated retail business mainly refers to our product sales through its self-built online platforms. During the Reporting Period, the operating revenue of our self-built Winona counter service platform was CNY181,727,200, an increase of CNY24,142,400 over the previous year and showing a growth rate of approximately 15.32%, accounting for approximately 6.51% of the main business revenue. At the end of the Reporting Period, the number of registered users on our self-built OMO channel online sales platform was approximately 2.7007 million, with approximately 122,800 new registered users during the Reporting Period.

The OMO sales physical self-operated store business primarily refers to the Company's product sales in direct stores through self-built or leased physical stores, etc. During the Reporting Period, the Company opened 110 new OMO physical self-operated stores and closed 5 stores, resulting in a total of 228 stores by the end of the Reporting Period. During the Reporting Period, the OMO sales offline self-operated model generated a operating revenue of CNY30,212,200, accounting for approximately 1.08% of the main business revenue, showing significant year-on-year growth. The offline OMO direct retail business is currently in a rapid development stage, but its impact on the Company's overall performance is relatively small. During the Reporting Period, the top five OMO sales physical self-operated stores generated a operating revenue of CNY5,765,100, accounting for approximately 19.08% of the revenue generated by the OMO offline self-operated model.

Changes in the OMO physical self-operated stores during the Reporting Period are as follows:

Unit: store

Region	Number of Self-Operated Stores At The Beginning of the Reporting Period	Number of New Self-operated Stores	Number of Closed Self-operated Stores	Number of Self-operated Stores at the End of the Reporting Period	Contract Leased Area of OMO Self-operated Stores at the End of the Reporting Period (m ²)
East China	19	45	1	63	2,588.40

Southwest China	46	9	2	53	2,156.01
Central China	19	17	2	34	1,443.96
North China	14	16	0	30	1,910.51
Northwest China	11	8	0	19	1,125.06
South China	10	6	0	16	1,021.76
Northeast China	4	9	0	13	1,313.97
Total	123	110	5	228	11,559.67

(8) Semi-annual operational data of offline OTC distribution channels in 2024

OTC distribution channels refer to our direct sales of products of many brands to OTC chain customers. During the Reporting Period, the OTC distribution channel achieved an operating revenue of CNY354,701,400, accounting for approximately 12.71% of the main business revenue, representing a year-on-year increase of approximately 20.01%. During the Reporting Period, the top five customers in the OTC distribution channel achieved an operating revenue of CNY175,920,900, accounting for approximately 49.60% of the OTC distribution channel.

Sales in OTC distribution channels during the Reporting Period are differentiated by product type as follows:

Unit: CNY'0,000

Category	2024 Semi-annual			2023 Semi-annual			YoY Increase/Decrease
	Amount	Proportion of Offline Channel Revenue	Sales Gross Profit Margin	Amount	Proportion of Offline Channel Revenue	Sales Gross Profit Margin	
Skincare products	21,915.51	30.13%	71.85%	15,445.66	25.70%	77.67%	41.89%
Medical devices	13,444.00	18.49%	74.32%	14,011.97	23.31%	75.58%	-4.05%
Cosmetics	110.63	0.15%	70.45%	97.56	0.16%	81.13%	13.40%
Total	35,470.14	48.77%	72.79%	29,555.19	49.17%	76.69%	20.01%

(9) Composition of semi-annual operating costs in 2024

Unit: CNY

Category	Item	2024 Semi-annual		2023 Semi-annual		YoY Increase/Decrease
		Amount	Percentage of Operating Costs	Amount	Percentage of Operating Costs	
Daily chemical industry	In-house production (direct materials)	203,887,435.45	26.52%	102,148,040.99	17.52%	99.60%
Daily chemical industry	In-house production (direct labor)	10,062,522.23	1.31%	3,967,846.46	0.68%	153.60%
Daily chemical industry	In-house production (manufacturing expenses and others)	29,681,654.66	3.86%	19,933,345.06	3.42%	48.90%
Daily chemical industry	Commissioned manufacturing	320,480,572.56	41.69%	353,765,154.51	60.68%	-9.41%
Daily chemical industry	External material purchases	149,643,029.43	19.47%	26,336,223.01	4.52%	468.20%
Daily chemical industry	Logistics and transportation expenses	51,769,023.92	6.74%	71,741,364.78	12.31%	-27.84%
Services and others	Service and other costs	3,161,651.50	0.41%	5,058,216.31	0.87%	-37.49%
Total		768,685,889.75	100.00%	582,950,191.12	100.00%	31.86%

Note: During the Reporting Period, the year-on-year increase in the items of "in-house production" in the operating costs of the Company was mainly due to the increase in the proportion of product sales through in-house production mode as the production capacity of our self-owned factories has continuously improved to meet the short-term planning. The year-on-year increase in the item

of "external material purchases" in the operating costs of the Company was mainly due to the inclusion of Za and PURE&MILD under Yuejiang Investment in the Company's scope of consolidation from October 31, 2023. During the Reporting Period, Za and PURE&MILD mainly procured finished products. The year-on-year decrease in the item of "logistics and transportation expenses" in the operating costs of the Company was mainly due to the decline in the logistics expenses for the short-distance transfer of inventory goods between our warehouses during the Reporting Period through the optimization of the inventory management mode and other cost reduction measures.

II. Analysis of core competitiveness

1. Brand matrix advantages

Botanee has a clear brand positioning and excellent brand shaping capabilities. Since its establishment, the Company has been dedicated to developing products for sensitive skin. After years of accumulation, it has built multiple brands centered around Winona which cover various areas such as soothing, sun protection, whitening, anti-aging, spot removal, and acne treatment. Among them, Winona focuses on sensitive skin care and modification, and it is the main brand that the Company has long focused on and deeply cultivated. This brand has a complete product line, including skincare products, medical devices, and cosmetics. In addition to Winona, we also own other brands such as Winona Baby, AOXMED, Beforteen, Beauty Answers, Za, and PURE&MILD. These proprietary brands have different market positioning and can cover different consumer groups. Our brand matrix has basically taken shape, the brand hierarchy has been initially established, and brand advantages have gradually been established. Furthermore, we have cultivated high brand loyalty through professional brand image building and the accumulation of private domain traffic. With excellent product quality, precise marketing strategies, the reputation of professional brands, and the exploration of new models of offline experience and online sales, we have accumulated a group of highly loyal customers.

2. Sales channel advantages

We adhere to a strategy that integrates online and offline channels, and promote their coordinated development. Online channels have achieved rapid growth in sales revenue through comprehensive online coverage, optimization of public domain traffic, and establishment of private domain traffic. Specifically, in terms of public domain traffic, online promotion and self-operated stores include official flagship stores on platforms such as Tmall, Douyin, Kuaishou, JD and Winona Online Mall; the private domain traffic is represented by the Winona counter service platform of the self-built OMO channel under the Tencent ecosystem; and the combination of the public domain traffic and the private domain traffic is represented by the WeChat Mini Program. In addition, we adopt a professional offline channel coverage strategy, focusing on sensitive skin care and emphasizing brand specialization. Offline sales mainly rely on OTC chain customers, commercial companies, and regional distributors.

3. Research and development technology advantages

Botanee attaches great importance to product R&D, and insists on technological innovation. With a strong R&D team and a complete R&D system, we have established research centers in Kunming, Yunnan Province, and Shanghai, invested in establishing the Botanee Research Institute, set up the Yunnan Specialty Plant Extraction Laboratory, and built research institutes and joint laboratories in Japan and France. At the end of the Reporting Period, we had nearly 500 comprehensive R&D personnel covering various research departments, including basic research, product and raw material evaluation and screening, consumer research, process technology research, packaging development, formula research, and integrated innovation. Leveraging the resources and advantages of the Yunnan Specialty Plant Extraction Laboratory, we focus on independent R&D of effective ingredient preparation and sensitive skin care using Yunnan's specialty plant extracts. We own multiple core technologies and patents, and sales revenue generated from applying core technologies has consistently accounted for over 95% of our main business revenue, which set a benchmark for the industry.

4. Product quality advantages

As cosmetics are daily necessities that directly contact the skin, consumers have high requirements for product safety. Ensuring product quality is the foundation for consumers to establish brand trust and loyalty. We focus on sensitive skin care and attach great importance to product quality, placing it in a prominent position. We run a comprehensive quality management system covering product research and development, raw material procurement, production, logistics, and warehousing management. Our quality management system complies with certification standards of GB/T19001-2016/ISO9001:2015 *Quality Management Systems - Requirements*. During the Reporting Period, we strictly complied with the provisions of various laws and regulations and followed a series of technical management specifications such as GMPC and GB/T19001-2016/ISO9001:2015 *Quality Management Systems - Requirements* to organize production activities, aiming to achieve comprehensive quality management.

5. Targeted marketing advantages

Our main sales channel is online. After years of internal training and external recruitment, the Company has built an experienced and highly skilled e-commerce operations management team. Through years of practice, the e-commerce operations team has established a mature operating model and accumulated rich marketing experience. The Company emphasizes consumer education and collaborates closely with reputable Key Opinion Leaders (KOLs) and Key Opinion Consumers (KOCs). Through online live streaming, short videos, and other forms of intensive output, the team provides professional skincare knowledge, conveys the correct skincare concepts, and enhances customers' skincare awareness. The operations team is keen to capture market trends and employs celebrities whose personal image aligns well with the brand positioning to endorse the products. This cultivates focal figures who communicate with consumers, achieving a two-way interaction between brand promotion and product sales. Through efficient information dissemination, long-term establishment of marketing chains, coordinated online and offline efforts, and the alignment of time and space, the Company leverages its established professional brand image to launch effective marketing campaigns that resonate with consumers, stimulate their desire to purchase, and achieve ongoing and stable growth in sales revenue.

6. Refined information system management capability

We possess excellent capabilities in information system development and implementation. With a "horizontal + vertical" architecture, our information system connects different business processes of various divisions, brands, and departments, ensuring precise management of each business aspect and providing consumers with a smooth and efficient experience. We adopt industry-leading Order Management System (OMS), Warehouse Management System (WMS), "Omni-Channel Middleware System" and "End-to-End Integrated Information System for Supply Chain Planning", breaking down internal information barriers and forming an integrated management system to ensure seamless business processes. Our "Data Lake" and "Business Intelligence (BI)" have achieved refined data collection and processing, ensuring accurate and timely data to provide reliable decision-making support for all operations. Users at all levels can access and track relevant business data and key performance indicators in real-time. The advanced information system and refined management empower the Company in sales, operations, and management.

7. Operational management team advantages

We run a professional, highly capable, and experienced operational management team with high operational efficiency, and have accumulated extensive practical management experience in such areas as cosmetics R&D, production, and sales. Recognizing the characteristics of the cosmetics industry, we have established a comprehensive supply chain management system covering product R&D, raw material procurement, production organization, and product sales. We are committed to in-depth management in every aspect of our operations, so as to respond rapidly in rapidly changing market environment.

III. Analysis of main business operations

Please refer to “I. Main Business Operations during the Reporting Period” in Section III of this report for details.

YoY change in key financial data:

Unit: CNY

	Current Reporting Period	Same Period of Previous Year	YoY Increase/Decrease	Reasons for Changes
Operating revenue	2,804,672,799.97	2,367,742,613.94	18.45%	Mainly due to the combined impact of the year-on-year increase in our sales scale during the Reporting Period and the inclusion of Yuejiang Investment in the scope of consolidation of the Company from October 31, 2023.
Operating costs	768,685,889.75	582,950,191.12	31.86%	Mainly due to the growth in the sales scale and the increase in operating costs in the same direction during the Reporting Period. The growth rate of operating costs during the Reporting Period was slightly higher than the growth rate of operating revenues mainly due to the combined impact of our promotional policies, the dynamic response of the product sales structure to the market demand, and the inclusion of Yuejiang Investment in the scope of consolidation of the Company from October 31, 2023.
Selling expenses	1,277,183,071.43	1,097,184,854.20	16.41%	Mainly due to our ongoing increase of investment in marketing personnel as well as channel and advertising promotion with the increase in the sales scale during the Reporting Period. The growth in selling expenses during the Reporting Period was in line with our scale expansion.
Administrative expenses	175,213,462.91	152,342,166.58	15.01%	The increase in administrative expenses is mainly attributed to the growth in depreciation and amortization costs of long-terms assets for management purposes and other administrative expenses in line with the growth in the scale of the Company. The growth in administrative expenses during the Reporting Period was in line with our scale expansion.
Financial expenses	-5,260,696.03	-11,078,528.52	52.51%	Mainly due to the high increase in our interest expenses during the Reporting Period as compared with the same period of previous year.
R&D expenses	114,291,080.38	108,879,819.04	4.97%	During the Reporting Period, the increase in R&D expenses was primarily due to the smooth progress of our R&D activities. Leveraging the resources and advantages of Yunnan Specialty Plant Extraction Laboratory, we have carried out multidimensional and in-depth research projects,

	Current Reporting Period	Same Period of Previous Year	YoY Increase/Decrease	Reasons for Changes
				including fundamental research on specialty plants, innovative material development, material selection and development, efficacy cosmetics research, functional food research, medical device research, and packaging development. Our R&D investment during the Reporting Period was in line with the research direction and progress.
Income taxes expenses	58,763,537.12	50,501,006.32	16.36%	The growth in income taxes expenses during the Reporting Period was in line with our scale expansion.
Net cash flow from operating activities	141,202,986.52	284,985,036.70	-50.45%	The growth in "cash received from sales of goods or rendering of services" and "cash outflows from operating activities" during the Reporting Period was in line with our scale expansion. During the Reporting Period, "cash received relating to other operating activities" significantly declined, mainly due to the year-on-year decrease in various government grants and incentives received and special payables.
Net cash flows from investing activities	-742,204,454.21	-733,349,692.74	-1.21%	Please refer to "6. Investment Analysis" in Section III of this report for details.
Net cash flows from financing activities	61,516,465.96	-380,993,923.30	116.15%	Mainly due to the combined impact of our net proceeds from various types of long- and short-term financial loans, payment of cash dividends for 2023 and payment of rental expenses for buildings and structures in line with the new leasing standards during the Reporting Period.
Net increase in cash and cash equivalents	-540,924,366.41	-829,352,699.71	34.78%	Mainly due to the net cash flow from our financing activities during the Reporting Period.

Significant changes in the composition of the Company's profits or sources of profits during the Reporting Period

Applicable N/A

Products or services accounting for more than 10% of the total

Applicable N/A

Unit: CNY

	Operating Revenue	Operating Costs	Gross Profit Margin	YoY Increase/Decrease in Operating Revenue	YoY Increase/Decrease in Operating Costs	YoY Increase/Decrease in Gross Profit Margin
By product or service						
Skincare products	2,272,877,234.81	620,281,050.26	72.71%	10.90%	19.75%	Decreased by 2.02 percentage points

IV. Analysis of non-main business

Applicable N/A

Unit: CNY

	Amount	Percentage of Total Profit	Formation Reasons	Sustainable or Not
Other incomes	48,327,350.46	9.04%	Mainly due to the government grants received by the Company during the Reporting Period related to income, as well as the comprehensive impact of the value-added tax input tax deduction and preferential tax benefits enjoyed.	No
Investment income	34,727,556.92	6.50%	Mainly due to the investment income generated from the Company's entrusted financial management of cash management products reaching maturity during the Reporting Period.	No
Profit or loss arising from changes in fair value	20,709,760.81	3.88%	Mainly due to the profit or loss arising from changes in fair value of trading financial assets held by the Company during the Reporting Period.	No
Credit impairment losses	-7,205,527.94	-1.35%	Mainly due to the combined impact of the provision of impairment reserves for accounts receivable and the release of provision for impairment of notes receivable made by the Company during the Reporting Period.	No
Asset impairment losses	-7,172,623.71	-1.34%	Mainly due to the provision of inventory depreciation reserves made by the Company during the Reporting Period.	No
Loss on asset disposal	-1,392,988.30	-0.26%		No
Non-operating income	654,236.81	0.12%		No
Non-operating expenses	-8,589,729.90	-1.61%	Mainly due to the Company's expenditure on external charity donations during the Reporting Period.	No

V. Analysis of assets and liabilities

1. Significant changes in asset composition

Unit: CNY

	End of the current Reporting Period		End of the Previous Year		Proportion Increase/Decrease	Information on Significant Changes
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets		
Cash at bank and on hand	1,629,793,135.91	21.07%	2,091,459,861.58	27.86%	-6.79%	Please refer to "III. Analysis of Main Business Operations" in Section III of this report for details.
Financial assets held for trading	1,767,150,976.68	22.84%	1,238,356,707.34	16.50%	6.34%	Mainly due to an increase in the balance of funds invested in entrusted financial management of cash management (financial products measured at fair value) using idle raised funds and idle self-owned funds, within the authorized limit of the shareholders' meeting at the end of the Reporting Period.
Notes receivable			24,502,124.46	0.33%	-0.33%	Mainly due to the full recovery of payment for commercial acceptance

	End of the current Reporting Period		End of the Previous Year		Proportion Increase/Decrease	Information on Significant Changes
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets		
						bills due during the Reporting Period. At the end of the Reporting Period, the Company had no commercial acceptance bills in hand.
Accounts receivable	642,898,515.96	8.31%	561,761,929.57	7.48%	0.83%	<p>During the Reporting Period, the growth of accounts receivable exceeded the growth of sales, mainly attributed to outstanding receivables from offline distribution business customers within the commercial credit cycle. During the Reporting Period, there were no significant changes in the commercial credit policy for our major offline distribution customers. The overall creditworthiness and strength of our credit sales customers are good. As of the end of the Reporting Period and the beginning of the year, the proportion of accounts receivable aged within one year to the total accounts receivable balance was approximately 98.89% and 98.65%, respectively, indicating a favorable aging status and strong liquidity. We had good collection of accounts receivable, high quality of accounts receivable, and a lower possibility of bad debts. During the Reporting Period, we consistently implemented strict credit management systems and cautious provisions for bad debts, with sufficient provisions for bad debts. The provision ratio for bad debts as a percentage of accounts receivable at the end of the Reporting Period and the beginning of the year was approximately 4.97% and 4.64%, respectively.</p>

	End of the current Reporting Period		End of the Previous Year		Proportion Increase/Decrease	Information on Significant Changes
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets		
Advances to suppliers	108,271,813.19	1.40%	69,279,116.38	0.92%	0.48%	Mainly due to the increase in our prepayments for marketing expenses, advertising and endorsement fees for large B2C e-commerce platforms and other marketing service providers during the Reporting Period. The prepayments are expected to be fully settled and cleared within the next twelve months.
Other accounts receivable	38,008,443.18	0.49%	29,748,433.09	0.40%	0.09%	Mainly due to the increase in the guarantee deposit and security deposit paid by the Company for operating activities during the Reporting Period.
Inventories	758,698,956.20	9.81%	904,413,283.67	12.05%	-2.24%	We took the initiative to control the scale of inventory and carried out effective dynamic clearing of in-stock inventories through promotional and product mix strategies during the Reporting Period, and our inventory quality and turnover status were improved at the end of the Reporting Period. Meanwhile, during the Reporting Period, we have planned, produced and deployed for popular products in advance to support promotional activities and new product launches in H2 2024.
Long-term equity investment	242,486,936.86	3.13%	212,015,151.15	2.82%	0.31%	This is mainly due to an increase in our investments in equity of associates. During the Reporting Period, the Company recognized a net investment income of CNY6,238,500 from equity investments in associates accounted for using the equity method. For details, please refer to “18. Long-term Equity Investments” under “VII. Notes to Consolidated Financial Statement Items” in

	End of the current Reporting Period		End of the Previous Year		Proportion Increase/Decrease	Information on Significant Changes
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets		
						Section X of this report.
Construction in progress	28,779,692.66	0.37%	40,220,147.41	0.54%	-0.17%	Mainly due to the acceptance and transition of the Company's miscellaneous construction projects during the Reporting Period.
Right-of-use assets	194,246,497.62	2.51%	100,712,614.93	1.34%	1.17%	Mainly due to the increase of new lease contracts for the Company's operating premises during the Reporting Period. During the Reporting Period, the premises leased by us were mainly used for manufacturing, R&D, warehousing and office purposes.
Deferred income tax assets	112,077,087.15	1.45%	93,131,250.45	1.24%	0.21%	Mainly due to the combined effect of the increase in temporary differences between "lease liabilities" and "deductible losses" and the decrease in temporary differences related to "government grants recognized as deferred income" at the end of the Reporting Period. For details, please refer to "29. Deferred Income Tax Assets and Deferred Income Tax Liabilities" under "VII. Notes to Consolidated Financial Statement Items" in Section X of this report.
Other non-current assets	86,063,524.68	1.11%	75,431,420.74	1.00%	0.11%	Mainly due to higher prepayments for the acquisition of fixed assets and advances to suppliers for construction in progress of the Company at the end of the Reporting Period.
Short-term borrowings	270,891,858.93	3.50%	103,816,588.60	1.38%	2.12%	The Company obtained short-term working capital financing from commercial banks during the Reporting Period based on its dynamic capital requirements and actively explored stable

	End of the current Reporting Period		End of the Previous Year		Proportion Increase/Decrease	Information on Significant Changes
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets		
						and diversified financing channels.
Notes payable	96,152,191.34	1.24%	67,562,710.23	0.90%	0.34%	Mainly due to a higher increase in the outstanding balance of bank acceptance drafts payable at the end of the Reporting Period.
Accounts payable	182,486,689.45	2.36%	334,370,604.40	4.45%	-2.09%	Mainly due to our initiative to control the scale of inventories during the Reporting Period, the year-on-year decrease in the procurement of production materials and production services, and the decrease in the balance of accounts payable after the payment of accounts payable due during the Reporting Period for products warehoused as of the end of last year under the commercial terms of the contracts.
Contract liabilities	56,131,100.50	0.73%	50,053,638.68	0.67%	0.06%	Mainly due to the increase in advances from customers during the Reporting Period.
Employee benefits payable	90,001,106.34	1.16%	106,452,763.55	1.42%	-0.26%	Mainly due to the decrease in the amount of the Company's year-end bonus for 2024 (6 months) based on the accounting period at the end of the Reporting Period as compared to the amount of the year-end bonus for 2023 (12 months) that had been provided but not yet paid at the beginning of the year.
Taxes payable	97,338,661.89	1.26%	132,117,765.46	1.76%	-0.50%	Mainly due to the decrease in the balance of enterprise income tax payable at the end of the Reporting Period after the payment for clearing and settlement of enterprise income tax for 2023 by the Company during the Reporting Period.
Other payables	202,143,424.19	2.61%	449,282,195.16	5.98%	-3.37%	As we paid more marketing expenses to large B2C e-commerce platforms and other marketing service

	End of the current Reporting Period		End of the Previous Year		Proportion Increase/Decrease	Information on Significant Changes
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets		
						providers during the Reporting Period, the balance of other payables decreased accordingly.
Non-current liabilities due within one year	61,945,275.18	0.80%	42,102,294.00	0.56%	0.24%	Mainly due to the increase in payments for leasing operating premises as the payment terms have not been met as of the end of the Reporting Period. During the Reporting Period, the premises leased by us were mainly used for manufacturing, R&D, warehousing and office purposes.
Long-term borrowings	321,300,000.00	4.15%	4,700,000.00	0.06%	4.09%	Mainly due to the long-term project loans from commercial banks obtained by the Company during the Reporting Period.
Lease liabilities	130,070,389.07	1.68%	63,283,532.61	0.84%	0.84%	Mainly due to the increase in payments for leasing operating premises as the payment terms have not been met as of the end of the Reporting Period. During the Reporting Period, the premises leased by us were mainly used for manufacturing, R&D, warehousing and office purposes.
Deferred income tax liability	52,499,701.94	0.68%	40,452,457.50	0.54%	0.14%	Mainly due to the increase in taxable temporary differences in "right-of-use assets" of the Company during the Reporting Period. For details, please refer to "29. Deferred Income Tax Assets and Deferred Income Tax Liabilities" under "VII. Notes to Consolidated Financial Statement Items" in Section X of this report.
Treasury stock	229,690,363.96	2.97%	109,838,205.82	1.46%	1.51%	The increase in treasury stock is due to the Company's decision during the Reporting Period, as approved by the board of directors, to repurchase a certain number of ordinary shares using self-owned

	End of the current Reporting Period		End of the Previous Year		Proportion Increase/Decrease	Information on Significant Changes
	Amount	Percentage of Total Assets	Amount	Percentage of Total Assets		
						funds through centralized bidding transactions.

2. Major overseas assets

Applicable N/A

3. Assets and liabilities measured at fair value

Applicable N/A

Unit: CNY

Item	Opening Balance	Profit or Loss Arising from Changes in Fair Value	Accumulated Profit or Loss Changes in Fair Value Recognized in Equity	Impairment Provision Recognized in the Current Period	Amount Purchased in the Current Period	Amount Sold in the Current Period	Other Changes	Closing Balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	1,238,356,707.34	20,796,287.37			2,118,000,000.00	1,610,000,000.00	-2,018.03	1,767,150,976.68
2. Accounts receivables financing	156,659,263.78						13,529,993.11	170,189,256.89
3. Other non-current financial assets	86,449,823.00	-86,526.56			5,000,000.00			91,363,296.44
Total	1,481,465,794.12	20,709,760.81			2,123,000,000.00	1,610,000,000.00	13,527,975.08	2,028,703,530.01

Explanation of other changes: The other changes in receivables financing mainly result from the net changes in bank acceptance drafts received, endorsed for transfer, discounted, or due for acceptance by the Company during the Reporting Period.

Significant changes in the measurement attributes of the Company's major assets as of the end of the Reporting Period

Yes No

4. Restricted assets as of the end of the Reporting Period

For details, please refer to “31. Assets Subject to Ownership or Use Restrictions” under “VII. Notes to Consolidated Financial Statement Items” in Section X of this report.

VI. Investment analysis

1. Overview

Applicable N/A

Investment Amount for the Reporting Period (CNY)	Investment Amount for the Same Period of Previous Year (CNY)	Percentage Change
2,583,485,755.44	2,958,725,081.40	-12.68%

2. Significant equity investment during the Reporting Period

Applicable N/A

3. Significant non-equity investments in progress during the Reporting Period

Applicable N/A

4 Financial assets measured at fair value

Applicable N/A

Unit: CNY'0,000

Asset type	Initial Investment Cost	Profit or Loss Arising from Changes in Fair Value	Accumulated Profit or Loss Changes in Fair Value Recognized in Equity	Amount Acquired during the Reporting Period	Amount Sold during the Reporting Period	Cumulative Investment Income	Other Changes	Investment Cost at the End of the Reporting Period	Capital Source
Bank products	37,000.00	777.60		9,000.00	11,000.00	183.90		35,000.00	Self-owned funds
Products from securities traders	53,000.00	-590.18		127,800.00	117,000.00	1,208.88		63,800.00	Raised funds
Products from securities traders	25,000.00	864.97		75,000.00	28,000.00	59.04		72,000.00	Self-owned funds
Trust products	9,976.81	1,027.24			5,000.00	241.78		4,976.81	Self-owned funds
Fund investment	8,700.00	-8.65		500.00				9,200.00	Self-owned funds
Total	133,676.81	2,070.98		212,300.00	161,000.00	1,693.60		184,976.81	

5. Use of raised funds

Applicable N/A

(1) Overall use of raised funds

Applicable N/A

Unit: CNY'0,000

Total Amount of Raised Fund	288,389.68
Total Amount of Raised Funds Invested in the Reporting Period	9,730.98
Cumulative Total Amount of Raised Funds Invested	225,735.39
Total Amount of Raised Funds with Changed Purposes in the Reporting Period	
Cumulative Total Amount of Raised Funds with Changed Purposes	
Percentage of Cumulative Total Amount of Raised Funds with Changed Purposes	
Explanation of the overall use of raised funds	
On February 25, 2021, according to the approval of the China Securities Regulatory Commission on Reply of the China Securities Regulatory Commission on Approving the Registration of the Initial Public Offering of Yunnan Botanee Bio-Technology Group Co. LTD (CSRC Approval [2021] No. 546), we were authorized to publicly issue no more than 63,600,000 ordinary shares. As of March 22, 2021, we had issued a total of 63,600,000 ordinary shares to strategic investors through targeted placements and to the general public through A-share offerings, with a par value of CNY1.00 per share and an issue price of CNY47.33 per share. The total amount	

of raised funds was CNY3,010,188,000, and the net amount of raised funds after deducting issuance expenses was CNY2,883,896,800. Following the issuance, our registered capital increased to CNY423,600,000, and the total share capital increased to 423,600,000 shares.

On March 23, 2021, the Shenzhen Stock Exchange issued the *Announcement on the Listing and Trading of Stocks of Yunnan Botanee Bio-Technology Group Co. LTD* on the ChiNext Market, our A-share ordinary stock began trading on the ChiNext Board of the Shenzhen Stock Exchange on March 25, 2021. The stock abbreviation is "Botanee", and the stock code is "300957".

As of December 31, 2024, we had invested a cumulative amount of CNY2,257,353,900 of raised funds into investment projects (including CNY400 million of permanent supplementary working capital from excess raised funds and CNY320 million of temporary supplementary working capital from excess raised funds). The idle raised funds used for cash management amounted to CNY638 million, and the accumulated cash management income obtained was CNY86,889,900. The accumulated interest income from the raised funds account, net of fees, was CNY19,619,900. Part of the raised funds were used up for the prescribed purposes, and the balance of the raised funds account transferred back to the Company's self-owned fund account in a lump sum after cancellation was CNY25.7 million. As of June 30, 2024, the balance of the raised funds account was CNY94,795,700 (including cash management income and interest income from the account, net of fees).

(2) Raised fund commitment projects

Applicable N/A

Unit: CNY'0,000

Investment Commitment Projects and Utilization of Excess Funds	Whether the Project been Changed (Including Partial changes)	Net Raised Fund Amount	Total Amount of Committed Investment of Raised Funds	Adjusted Total Investment Amount (1)	Amount Invested during this Reporting Period	Accumulated Amount Invested as of the End of the Reporting Period (2)	Investment Progress as of the End of the Reporting Period (3)=(2) / (1)	Date when the Project Reached the Planned Usable State	Benefits Achieved during this Reporting Period	Accumulated Benefits Achieved as of the End of the Reporting Period	Expected Benefits Achieved or not	Whether there has been a Significant Change in the Project's Feasibility
Commitment Investment Projects												
Central factory new base construction project	No	43,840.92	43,840.92	43,840.92	1,537.52	44,797.74	102.18%	June 2023	/	/	Yes.	No
Marketing channel and brand building project	No	69,121.74	69,121.74	69,121.74	6,248.86	71,302.29	103.15%	March 2024	/	/	N/A	No
Information system upgrade project	No	10,506.35	10,506.35	10,506.35	1,944.6	7,619.11	72.52%	March 2026	/	/	N/A	No
Supplementary operating capital	No	30,000.00	30,000.00	30,000.00		30,016.25	100.05%	March 2021	/	/	N/A	No
Subtotal of commitment investment projects		153,469.01	153,469.01	153,469.01	9,730.98	153,735.39			/	/		
Utilization of excess funds												
Permanent supplementary working capital	No	40,000.00		40,000.00		40,000.00	100.00%	May 2021	/	/	N/A	No
Temporary supplementary working capital	No	32,000.00		32,000.00		32,000.00	100.00%	August 2023	/	/	N/A	No
Phase II of the central factory	No	36,000.00		36,000.00				Construction period of 24 months from first investment	/	/	N/A	No
Excess funds with undetermined use	No	26,920.67	/	/	/	/	/	/	/	/	/	/
Subtotal of allocation of excess funds		134,920.67		108,000.00		72,000.00			/	/		
Total		288,389.68	153,469.01	261,469.01	9,730.98	225,735.39			/	/		
Explanation of project delays and failure to achieve planned					Taking into account the actual construction of the "information system upgrade project" and the impact of							

Investment Commitment Projects and Utilization of Excess Funds	Whether the Project been Changed (Including Partial changes)	Net Raised Fund Amount	Total Amount of Committed Investment of Raised Funds	Adjusted Total Investment Amount (1)	Amount Invested during this Reporting Period	Accumulated Amount Invested as of the End of the Reporting Period (2)	Investment Progress as of the End of the Reporting Period (3)=(2) / (1)	Date when the Project Reached the Planned Usable State	Benefits Achieved during this Reporting Period	Accumulated Benefits Achieved as of the End of the Reporting Period	Expected Benefits Achieved or not	Whether there has been a Significant Change in the Project's Feasibility
progress and expected benefits (including reasons for selecting "not applicable" for "expected benefits not achieved")					unforeseen factors, we have decided to postpone the date on which the "information system upgrade project" reaches the intended state of use to March 25, 2026 upon prudent study based on the Company's long-term planning and other considerations to ensure the steady implementation of the Company's fundraising investment projects, and reduce the risk of the use of raised funds. For details, please refer to the <i>Announcement of Yunnan Botanee Bio-Technology Group Co. LTD on Postponing Some Fundraising Investment Projects</i> (Announcement No. 2024-023) disclosed on http://www.cninfo.com.cn .							
Explanation of significant changes in project feasibility					N/A							
Amount, purpose, and progress of utilization of excess funds					Applicable For details, please refer to the "Amount, Purpose, and Progress of Utilization of Excess Funds" in the <i>Special Report on the Amount, Purpose, and Progress of Utilization of Excess Funds of Yunnan Botanee Bio-Technology Group Co. LTD for HI 2024 (2024-043)</i> as disclosed on http://www.cninfo.com.cn .							
Changes in implementation locations of raised fund investment projects					N/A							
Adjustments to implementation methods of raised fund investment projects					N/A							
Initial investment and replacement of raised fund investment projects					N/A							
Utilization of idle raised funds as temporary working capital					Applicable For details, please refer to the "Utilization of Idle Raised Funds as Temporary Working Capital" in the <i>Special Report on the Amount, Purpose, and Progress of Utilization of Excess Funds of Yunnan Botanee Bio-Technology Group Co. LTD for HI 2024 (2024-043)</i> as disclosed on http://www.cninfo.com.cn .							
Amount and reasons for raised fund surplus during project implementation					N/A For details, please refer to the "Utilization of Fundraising Surplus" in the <i>Special Report on the Amount, Purpose, and Progress of Utilization of Excess Funds of Yunnan Botanee Bio-Technology Group Co. LTD for HI 2024 (2024-043)</i> as disclosed on http://www.cninfo.com.cn .							
Purpose and allocation of unused raised funds					For details, please refer to the "Purpose and Allocation of Unused Raised Funds" in the <i>Special Report on the Amount, Purpose, and Progress of Utilization of Excess Funds of Yunnan Botanee Bio-Technology Group Co. LTD for HI 2024 (2024-043)</i> as disclosed on http://www.cninfo.com.cn .							
Issues or other circumstances in the use and disclosure of raised funds					N/A							

(3) Changes in raised funds projects

Applicable N/A

6. Entrusted wealth management, derivative investment and entrusted loans**(1) Entrusted wealth management**

Applicable N/A

Overview of entrusted wealth management during the Reporting Period

Unit: CNY'0,000

Category	Source of Fund for Entrusted Wealth Management	Amount of Entrusted Wealth Management	Outstanding Balance (Investment Principal)	Overdue Irrecoverable Amount	Impairment Provision for Overdue Unrecovered Fund
Financial products from bank	Self-owned funds	41,000.00	35,000.00		
Financial products from securities traders	Self-owned funds	109,000.00	109,000.00		
Financial products from securities traders	Raised funds	69,000.00	63,800.00		
Trust-based wealth management products	Self-owned funds	10,400.00	4,976.81		
Fund products	Self-owned funds	9,200.00	9,200.00		

Total	238,600.00	221,976.81		
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Details of high-risk entrusted wealth management with large amount for a single transaction, low security or poor liquidity:

Applicable N/A

Principal unrecovered or other conditions causing impairment for entrusted wealth management:

Applicable N/A

(2) Derivative investment

Applicable N/A

(3) Entrusted loans

Applicable N/A

VII. Significant sale of assets and equity

1. Significant asset sale

Applicable N/A

2. Significant equity sale

Applicable N/A

VIII. Analysis of key holding and equity participating companies

Applicable N/A

IX. Structured entities controlled by Botanee

Applicable N/A

X. Risks and countermeasures of Botanee

1. Risk of intensified industry competition

In recent years, the sales proportion achieved by cosmetics industry companies through online channels has been increasing. International renowned cosmetic brands have also started to pay attention to online channel development and have gradually increased their marketing efforts in this area. Compared to local cosmetic brands, international renowned brands have an advantage in the market competition due to their strong brand positioning and financial strength. The continuous marketing investments made by international cosmetic brands in online channels may squeeze the market share of local cosmetic brands in the online space. Online sales channels will remain the most important revenue-generating channel for the Company in 2024 and the following several years. If the Company fails to timely respond to the aforementioned changes, it may have an adverse impact on the Company's sales revenue growth and even lead to a decline in sales revenue, which could negatively affect the overall business performance of the Company.

2. Risk of relatively concentrated sales platforms

In recent years, the Company has closely followed the trend of e-commerce development and rapidly expanded its online sales channels. It has established deep collaborations with well-known e-commerce platforms such as Tmall, Douyin, Vipshop, JD.com, and Kuaishou. The Company has also utilized the WeChat platform to establish an OMO channel online store for product sales. During the Reporting Period, the sales revenue generated through the major platforms, including Tmall (including Tmall Supermarket), Douyin, Winona Counter Service Platform (WeChat platform), and JD.com, has gradually increased as a proportion of the Company's main business

revenue. These platforms have a significant impact on the Company. If there are changes in the cooperative relationships with these platforms, a decline in platform traffic, or adjustments to platform sales policies and fee standards, it may have an adverse impact on the Company's business operations on these platforms. Additionally, if the Company fails to timely expand into other competitive platforms, the aforementioned situations may negatively affect the Company's overall business performance.

3. Risk of seasonal sales fluctuations

The Company relies heavily on e-commerce channels for sales, and it is significantly influenced by major promotional events such as "618" and "Double 11". The Company's sales revenue may experience explosive growth during these large-scale promotional periods, leading to a relatively higher proportion of sales revenue in the second and fourth quarters. As a result, the Company's sales revenue and profit exhibit seasonal fluctuations, posing a certain level of risk to its business performance.

4. Risk of product quality control

Our products primarily target sensitive skin care and are more suitable for individuals with sensitive skin. The positioning of the target market determines that the Company has higher quality requirements for its products compared to other cosmetics. However, if the Company fails to effectively control the quality during procurement and production processes, resulting in consumer complaints of allergies or other adverse reactions to the Company's products, it may face the risk of administrative penalties from regulatory authorities. Moreover, if a large quantity of products exhibits similar quality issues and the Company fails to handle them promptly and properly, it may negatively affect the trust and loyalty of customers towards the Company's brands, thereby impacting the overall business performance of the Company.

5. Risks countermeasures to be adopted by us

In response to the risks faced by the Company such as industry competition, concentration of sales platforms, seasonal fluctuations in sales and product quality control, we will take the following measures:

(1) Countermeasures for increased industry competition

- 1) Enhance brand and market positioning: We have strengthened brand building, and highlighted the differentiated advantages, while improved market influence through accurate market research and continuous R&D innovation and upgrading.
- 2) Optimize efficient marketing: We have continuously optimized online and offline marketing strategies to further improve brand value and consumer reach through a series of methods such as social media, content marketing, offline promotional events, and brand cooperation or co-branding.
- 3) Continuously boost R&D and innovation: We attach ongoing importance to R&D and innovation and keenly capture the changes in market demand to enhance our differentiated competitiveness.

(2) Countermeasures for concentration of sales platforms

- 1) Enhance multi-platform cooperation: We deepen the cooperation with existing platforms and continue to expand emerging channels based on changes in consumer habits and preferences.
- 2) Strengthen the independent e-commerce construction: We optimize self-owned e-commerce platforms and membership system, enhance direct interaction with consumers, and improve brand stickiness and loyalty.
- 3) Optimize partnerships: We pay close attention to changes in platform policies to ensure access to more resource support and maintain competitiveness on mainstream platforms.

(3) Countermeasures for seasonal sales fluctuations

- 1) Optimize promotional planning: We reasonably allocate cycles for promotional activities, and further optimize promotional pace and pricing mechanisms, while promoting sales growth during non-promotional periods by enhancing membership operations and content marketing, so as to improve our competitiveness and achieve stable and sustained positive performance.

2) Strengthen inventory and supply chain management: We optimize inventory and supply chain operations to ensure stable supply during peak and off-peak periods.

(4) Countermeasures for product quality control

1) Strengthen supply chain management: We strictly review upstream suppliers to ensure stable quality of raw materials, and improve the supplier assessment mechanism to ensure that the quality meets the relevant standards.

2) Reinforce production quality control: We adopt advanced technology and equipment, and strictly implement high standards for quality control.

3) Perfect the feedback and emergency response mechanism: We have optimized the consumer feedback processing mechanism to respond quickly to quality problems, and developed a quality contingency plan to reduce the potential impact.

XII. Summary of exchanges and inspection visits during the Reporting Period

Applicable N/A

Date	Venue	Mode	Type of Participant	Participant	Main Topics Discussed and Information Provided	Basic Research Information Index
Apr. 24, 2024	Online live streaming + teleconference	Online exchange on a web platform	Institutions, individuals	392 institutions and individuals, including CICC, GF Securities, Goldman Sachs, Guotai Junan Securities, Cinda Securities, Founder Securities, Changjiang Securities, CITIC Securities, and Harvest Fund.	For details of the Company's summary and review of 2023 (online), please refer to the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on April 26, 2024" (Table Number: 2024-001) on http://www.cninfo.com.cn .
May 8, 2024	Online live streaming	Online exchange on a web platform	Institutions, individuals	Investors participating in the 2023 annual performance online conference through http://ir.p5w.net .	For details of the Company's 2023 annual performance conference (online), please refer to the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on May 8, 2024" (Table Number: 2024-002) on http://www.cninfo.com.cn .
May 13, 2024	Online live streaming	Online exchange on a web platform	Institutions, individuals	Investors participating in the 2023 collective reception day for listed companies in Yunnan through http://ir.p5w.net .	For details of the Company's business situation and 2024 outlook (online), please refer to the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on May 13, 2024" (Table Number: 2024-003) on http://www.cninfo.com.cn .
May 17, 2024	Central Factory of Botanee Group in Chenggong District, Kunming City, Yunnan Province	On-site exchange	Institution	41 institutions, including Yunnan Association for Public Companies, UBS SDIC Fund Management Co., Ltd., China Life Asset Management Company Limited, China Everwin Asset Management Co., Ltd., DH Fund Management Co., Ltd., BNB Wealth Management Co., Ltd., and Shanghai Wideview asset management co., Ltd.	For details of the production and operation status of the new central factory and the new brand development plan of the Company, please refer to the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on May 17, 2024" (Table Number: 2024-004) on http://www.cninfo.com.cn .

Date	Venue	Mode	Type of Participant	Participant	Main Topics Discussed and Information Provided	Basic Research Information Index
Jun. 13, 2024	Central Factory of Botanee Group in Chenggong District, Kunming City, Yunnan Province	On-site exchange	Institutions, individuals	Yunnan Association for Public Companies, Hongta Securities: 14 individual investors including Xiao Li, Zhou Lifeng and Wang Tian, Haitong Securities: 3 individual investors including Ding Jian, He Xiaofeng and He Yue.	For details of the production and operation status of the new central factory, the product layout and the new product development plan of the Company, please refer to the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on June 13, 2024" (Table Number: 2024-005) on http://www.cninfo.com.cn .

VII. Implementation of our “Quality and Return Dual Enhancement” action plan

Whether Botanee has disclosed its “Quality and Return Dual Enhancement” action plan.

Yes No

On July 24, 2023, the meeting of the Political Bureau of the CPC Central Committee proposed to invigorate the capital market and boost investor confidence. On January 22, 2024, the Executive Meeting of the State Council pointed out the need to greatly enhance the quality and investment value of listed companies and take more effective measures to stabilize the market and boost confidence. As a leading company in the cosmetics industry, Botanee has always attached importance to investor interests and strives to improve the quality of business operations, investment value, and sustainable development level, actively maintaining market stability. Based on confidence in our future prospects and recognition of our value, we have formulated our “Quality and Return Dual Enhancement” action plan, with the following specific measures:

1. Focus on the core business and comprehensively build a skin health internet + greater health industry group

The Company positions itself as a major greater health industry group in the skin health internet+ sector. Over the years, it has been deeply involved in the functional cosmetics segment, committed to creating China's skin health ecosystem and promoting the development of China's skincare and greater health industry.

In terms of brand positioning, the Company has a clear multi-brand matrix with Winona as the core brand and multiple brands developing together. It includes the sensitive skin-focused Winona, the infant and baby skincare brand Winona Baby, the high-efficiency professional anti-aging skincare brand AOXMED, the professional acne treatment brand Beforteen, the mass-market beauty brand Za, and the mass skincare brand focusing on plant-based skincare PURE&MILD. According to Euromonitor's statistics, the "Winona" brand has consistently ranked first in the domestic dermatological level skincare products market for several years. In 2023, Winona brand maintained its leading position with a market share of approximately 20.40% in the domestic market for dermatological level skincare products, which remained stable compared to the same period of last year, demonstrating a significant head effect.

In terms of channel strategy, the Company has established a foundation through offline pharmaceutical channels and achieved full online coverage. By leveraging new technologies such as the internet and artificial intelligence, it has built an omnichannel system for new retail, successfully achieving cross-sector marketing and penetrating both offline and online channels, effectively covering a wide range of consumer groups. It has become a leading enterprise in China's internet+ greater health industry.

2. Uphold technological innovation to continuously strengthen the driving force for company development.

The Company was selected as a national high-tech enterprise in 2015. With a mission to create a skin health ecosystem in China, it has

established research and development centers in Shanghai and Kunming, as well as a research institute and cutting-edge joint laboratory in Japan and France. Based on in-depth understanding of consumer needs and skin science theory, the Company focuses on independent research and development, combining industry, academia, and research to cover various research disciplines, including basic research, product and raw material evaluation and selection, consumer research, process technology research, packaging development, formula R&D, and integrated innovation. Currently, the Company has research platforms such as the Yunnan Specialty Plant Extraction Laboratory, the National Ministry of Education Innovation Team, the Ministry of Education Collaborative Innovation Center, the Yunnan Enterprise Technology Center, the Yunnan Engineering Research Center, the Yunnan Industrial Design Center, the Yunnan Engineering Technology Research Center, the Yunnan Collaborative Innovation Center, and the Yunnan Postdoctoral Research Workstation. Leveraging the resources and advantages of these research platforms, the Company closely integrates the cutting-edge strengths of botany, biology, dermatology, and other fields, integrates global scientific research resources, and continuously provides professional cosmetics that meet the diverse needs of consumers with different skin characteristics. As of the end of the Reporting Period, the Company has been honored with titles such as National Green Supply Chain Management Demonstration Enterprise, National Industrial Design Center, and National Technology Innovation Demonstration Enterprise.

3. Focus on shareholder returns and sharing the achievements of Company development

Botanee places great emphasis on shareholder returns and is committed to maintaining long-term and stable levels of shareholder returns while ensuring sustainable and high-quality development. This is done to enhance investor recognition and satisfaction. The Company strictly adheres to the shareholder dividend distribution plan and profit distribution policy. Since its listing, the Company has consistently carried out cash dividends. As of the end of the Reporting Period, we have cumulatively distributed cash dividends totaling CNY1,036,023,200 (case dividend from 2020 to 2023). In the future, we will continue to dynamically balance our development, performance growth, and shareholder returns according to development stage. By considering operating conditions and business development goals, we will reasonably formulate profit distribution policies, actively engage in cash dividends, and effectively allow investors to share in the Company's growth and development achievements. This will continuously strengthen the recognition and satisfaction of a wide range of investors.

4. Active share repurchases to maintain market stability

In the face of significant market fluctuations, based on confidence in the Company's future development prospects and a high level of recognition for its value, Mr. Guo Zhenyu, Chairman and General Manager of the Company, proposed on August 23, 2023, that the Company repurchase its own shares through centralized bidding.

On August 30, 2023, and October 27, 2023, the Company held the 10th and 12th meetings of the second session of the board of directors, respectively. During these meetings, the resolutions on the *Proposal on the Plan for Repurchasing the Company's Shares* and the *Proposal on Adjusting the Share Repurchase Plan* were deliberated and approved. Ultimately, it was agreed that the Company would use its self-owned funds to repurchase its shares through centralized bidding. The total amount of funds for the repurchase plan would not be less than CNY200 million (inclusive) and not exceed CNY300 million (inclusive).

After the share repurchase plan was disclosed, the Company actively proceeded with the share repurchase program. At the end of the Reporting Period, we repurchased 3,534,618 shares of the Company through centralized bidding transactions through a special security account for share repurchases, accounting for 0.8344% of our current total share capital. The highest transaction price is CNY78/share, and the lowest transaction price is CNY48.41/share, and the total amount paid is CNY229,690,363.96 (excluding transaction fees). The repurchase was made to effectively stabilize market operation and boost investors' confidence.

5. Standardize operations and enhance corporate governance

Botanee continuously improves its corporate governance system, strictly following the relevant provisions of the *Company Law*,

Securities Law, administrative regulations, departmental rules, China Securities Regulatory Commission, and Shenzhen Stock Exchange. It formulates and continuously improves governance documents such as the *Articles of Association*, *Shareholders' Meeting Rules*, *Board Meeting Rules*, and *Supervisory Board Meeting Rules*. This is done to enhance the level of standardized operations, strengthen internal control construction and risk prevention capabilities, and promote the fulfillment of duties by the "three meetings and one layer". The Company regulates the rights and obligations of the Company and shareholders to prevent abuse of rights and dominant positions that may harm small and medium-sized investors' legitimate rights and interests. It effectively protects the legitimate rights and interests of small and medium-sized investors.

6. Enhance the quality of information disclosure and effectively convey corporate value

The Company strictly complies with the rules of listing supervision and fulfills its obligations of information disclosure. It adheres to the principles of "truthfulness, accuracy, completeness, timeliness, and fairness" and continuously improves the effectiveness and transparency of information disclosure. It proactively discloses information that is useful for investors' investment decisions, strengthens the disclosure of key information such as industry development, company business, technological innovation, and risk factors, and strives to effectively convey important information about the Company's operations, management, strategy, finance, and industry. Redundant information disclosure is minimized, and the Company's intrinsic value is accurately conveyed to provide a basis for investors' decision-making. In the 2022-2023 fiscal year, the Company obtained an "A-level" rating for information disclosure from the Shenzhen Stock Exchange. The Company will continue to enhance the quality of information disclosure, increase investors' understanding of the Company's production and operations, and better convey the Company's value.

In the future, the Company will continue to strengthen its focus on the core business, enhance its innovative development capabilities, improve the quality of information disclosure, and strengthen the level of standardized operations. It will implement the investor-oriented concept, firmly establish a shareholder return consciousness, fulfill the responsibilities and obligations of a listed company, and continue to practice the "Quality and Return Dual Enhancement" action plan. It will effectively enhance investors' satisfaction, actively contribute to market stability and investor confidence, and play an active role.

Section IV Corporate Governance

I. Annual and extraordinary general meeting of shareholders convened during the Reporting Period

1. General meetings of shareholders convened during the Reporting Period

Session	Type	Investor Participation Ratio	Convened on	Disclosed on	Resolutions
2023 General Meeting of Shareholders	Annual general meeting of shareholders	74.12%	May 22, 2024	May 22, 2024	Participants voted on 19 proposals offline or online. For details, please refer to the <i>Announcement on Resolutions of 2023 General Meeting of Shareholders of Yunnan Botanee Bio-Technology Group Co. LTD (2024-029)</i> disclosed by CNINFO (http://www.cninfo.com.cn).

2. Extraordinary general meetings of shareholders convened at the request of preferred shareholders whose voting rights have been resumed

Applicable N/A

II. Change of directors, supervisors and senior management officers:

Applicable N/A

Name	Position	Type of Change	Date of Change	Reason of Change
Gao Shaoyang	Senior Deputy General Manager	Appointed	April 24, 2024	To meet our operation and management needs and upon nomination by our General Manager, the Board of Directors agreed to appoint Mr. Gao Shaoyang and Mr. Ma Xiao as Senior Deputy General Managers, and Mr. Xu Zhihua and Mr. Bian Shenghui as Deputy General Managers, from the date when their appointments were deliberated and approved at the 14th Meeting of our Second Board of Directors to the date when their service at the Second Board of Directors expires. For details, please refer to the <i>Announcement of Yunnan Botanee Bio-Technology Group Co. LTD on Appointment of Senior Deputy General Managers and Deputy General Managers</i> (announcement No. 2024-022) disclosed by CNINFO (http://www.cninfo.com.cn).
Ma Xiao	Senior Deputy General Manager	Appointed	April 24, 2024	
Bian Shenghui	Deputy General Manager	Appointed	April 24, 2024	
Xu Zhihua	Deputy General Manager	Appointed	April 24, 2024	

On August 12, 2024, our Board of Directors received a resignation letter from Independent Director Mr. Li Zhiwei of the Company, who applied for resignation from his position as an independent director of our Second Board of Directors, Chairman (convener) of our Audit Committee and a member of our Nomination Committee for personal reasons. His term of office was to expire on the date when his service at the Second Board of Directors expires (i.e., May 8, 2025). After resignation, Mr. Li Zhiwei will no longer hold any position in the Company. As of the disclosure date of this report, Mr. Li Zhiwei did not directly hold shares in the Company, and was not subject to any commitments that should be fulfilled but had not been fulfilled by him. For details, please refer to the *Announcement of Yunnan Botanee Bio-Technology Group Co. LTD on Resignation of Independent Directors* (Announcement No. 2024-038) disclosed by CNINFO (<http://www.cninfo.com.cn>).

III. Profit distribution and capital reserve conversion to share capital during the Reporting Period

Applicable N/A

IV. Implementation of any equity incentive schemes, employee stock ownership schemes or other incentive measures for employees

Applicable N/A

1. Equity Incentive Scheme

(1) Relevant approval procedures that have been completed for the 2023 Restricted Stocks Incentive Scheme

On March 28, 2023, the 6th Meeting of our Second Board of Directors deliberated on and approved proposals including the Proposal on Proposal on *Botanee 2023 Restricted Stock Incentive Scheme (Draft)* and Its Summary, the Proposal on *Botanee Measures for Implementation, Assessment and Management of the 2023 Restricted Stock Incentive Scheme*, and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Botanee 2023 Restricted Stock Incentive Scheme*. Our independent directors issued the independent opinion of "Agree" on matters related to this incentive scheme.

On the same day, the 5th Meeting of our Second Board of Supervisors deliberated on and approved the above-mentioned proposals.

From March 29, 2023 to April 7, 2023, we announced the list of the first batch of employees covered by this incentive scheme. As of the expiration of the public notice, except that those who have resigned no longer met requirements for receiving the incentive, our Board of Supervisors did not receive any objections to this list for this incentive scheme, and there was no other feedback. Then on April 14, 2023, we disclosed the *Explanation of the Board of Supervisors' Verification Opinions and Publicity on the List of the First Batch of Employees Covered by the 2023 Restricted Stocks Incentive Scheme*.

On May 17, 2023, we convened the 2022 General Meeting of Shareholders, at which shareholders deliberated on and approved proposals including the Proposal on *Botanee 2023 Restricted Stock Incentive Scheme (Draft)* and Its Summary, the Proposal on *Botanee Measures for Implementation, Assessment and Management of the 2023 Restricted Stock Incentive Scheme*, and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Botanee 2023 Restricted Stock Incentive Scheme*. On the same day, we disclosed the *Self-examination Report on the Purchase and Sale of Botanee Stocks by Insiders and Targets of the 2023 Restricted Stock Incentive Scheme*.

On June 29, 2023, the 8th Meeting of our Second Board of Directors and the 7th Meeting of our Second Board of Supervisors deliberated on and approved the *Proposal on Adjusting the List of Incentive Recipients, the Quantity and Price of Stock Granted under the 2023 Restricted Stock Incentive Scheme*, and the *Proposal on the First Grant of Restricted Stocks to Employees Covered by the 2023 Restricted Stock Incentive Scheme*. The Board of Directors agreed that the first grant date of restricted stocks will take place June 29, 2023, when 5.245 million restricted shares would be granted to 283 eligible recipients at a price of CNY61.30 per share. Our independent directors issued the independent opinion of "Agree" on this, and our Board of Supervisors verified the list of incentive recipients to be granted restricted stocks after this adjustment and issued verification opinions.

(2) Restricted stocks not expected to be vested due to expected failure to meet company-level performance goals during the Reporting Period

The assessment years corresponding to the vesting of restricted stocks initially and reservedly granted under our 2023 restricted stock incentive scheme are three accounting years from 2023 to 2025. There will be assessment once in each fiscal year to achieve company-level and individual-level performance goals as vesting conditions for the incentive for the current year.

At the Company level, the annual performance requirements for restricted stocks granted are as follows:

Vesting Period	Assessment Year	Performance Goal
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1st vesting period	2023	Operating revenue growth in 2023 should not be lower than 28% compared with operating revenue in 2022, and net profit growth in 2023 should not be lower than 28% compared with net profit in 2022.
2nd vesting period	2024	Operating revenue growth in 2024 should not be lower than 61.28% compared with operating revenue in 2022, and net profit growth in 2024 should not be lower than 61.28% compared with net profit in 2022.
3rd vesting period	2025	Operating revenue growth in 2025 should not be lower than 100% compared with operating revenue in 2022, and net profit growth in 2025 should not be lower than 100% compared with net profit in 2022.

Note: The statistical calibers of “operating revenue” and “net profit” are the same as those in consolidated statements audited by the CPA firm engaged by us. “Net profit” refers to the net profit attributable to our shareholders, excluding share-based payment under this incentive scheme. The same shall apply to descriptions below.

During the Reporting Period, the Company's expected performance in 2024 failed to the performance goals, and all restricted stocks that could be vested by all incentive targets in the corresponding assessment year of 2024 could not be vested.

2. Employee Stock Ownership Scheme

Applicable N/A

On April 25, 2024, the 14th Meeting of our Second Board of Directors deliberated on and approved the proposals including the Proposal on *Botanee 2024 Employee Stock Ownership Scheme (Draft)* and its Summary, the *Proposal on Management Measures for Botanee 2024 Employee Stock Ownership Scheme (Draft)* and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Botanee 2024 Employee Stock Ownership Scheme*! Our independent directors issued the independent opinion of "Agree" on matters related to this incentive scheme.

On the same day, the 11th Meeting of our Second Board of Supervisors deliberated on and approved the Proposal on *Botanee 2024 Employee Stock Ownership Scheme (Draft)* and its Summary and the *Proposal on Management Measures for Botanee 2024 Employee Stock Ownership Scheme (Draft)*!.

On May 22, 2024, we convened the 2023 General Meeting of Shareholders, at which shareholders deliberated on and approved proposals including the Proposal on *Botanee 2024 Employee Stock Ownership Scheme (Draft)* and its Summary, the *Proposal on Management Measures for Botanee 2024 Employee Stock Ownership Scheme (Draft)* and the *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to Botanee 2024 Employee Stock Ownership Scheme*!.

On July 11, 2024, we convened the First Meeting of All Holders of the *2024 Employee Stock Ownership Scheme*, which deliberated on and approved proposals including the *Proposal on Establishing the Management Committee for Botanee 2024 Employee Stock Ownership Scheme*, the *Proposal on Electing Members of the Management Committee of Botanee 2024 Employee Stock Ownership Scheme*, and the *Proposal on Authorizing the Management Committee of 2024 Employee Stock Ownership Scheme to Handle Matters Related to Botanee 2024 Employee Stock Ownership Scheme*.

During the Reporting Period, all valid information about the Employee Stock Ownership Scheme is as follows:

Scope of Employees	Number of Employees	Total Number of Stocks Held (Stock)	Changes	As a Percentage of the Total Share Capital of the Listed Company	Sources of Funds for the Scheme
Two directors, one other senior management officer, and 235 other core management persons, key employees or employees at key positions who had made outstanding contributions to our development	238	1,342,500	Issued during the Reporting Period	0.32%	The source of funds for this Employee Stock Ownership Scheme was the special incentive fund drawn by the Company, and other sources permitted by laws and regulations

Note: Our Director Zhou Wei, Director and Deputy General Manager Zhang Mei and Deputy General Manager, CFO and Board Secretary Wang Long jointly held 69,000 shares of this Employee Stock Ownership Scheme.

Changes in asset management institutions during the Reporting Period

Applicable N/A

Changes in equity resulting from disposal of shares by holders during the Reporting Period

Applicable N/A

Other information and description related to the Employee Stock Ownership Scheme during the Reporting Period

Applicable N/A

Changes in the members of the Management Committee of the Employee Stock Ownership Scheme

Applicable N/A

Financial impacts of the Employee Stock Ownership Scheme on the listed company during the Reporting Period and relevant accounting treatment

Applicable N/A

Termination of the Employee Stock Ownership Scheme during the Reporting Period

Applicable N/A

3. Other incentive measures for employees

Applicable N/A

Section V Environmental and Social Responsibility

I. Major environmental issues

Whether Botanee and its subsidiaries belong to key pollutant discharging entities identified by environmental protection authority or not:

Yes No

Botanee and its subsidiaries at all levels strictly implemented the *Environment Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and other environmental laws and regulations in their manufacturing and operating activities, and consciously fulfilled their social responsibilities for environmental protection. During the Reporting Period, Botanee and its subsidiaries were not key pollutant discharging entities identified by environmental protection authority.

For years, we strictly comply with the regulations accredited by ISO22716 & GMPC (Good Manufacturing Practice Cosmetic Standard), ISO13485 (Medical devices - Quality management systems - Requirements for regulatory purposes), ISO9001 & ISO14001 & 18001 (Quality Management System, Environmental Management System and Occupational Health and Safety Management Systems), and treat product quality, environmental protection and health and safety of employees as an important part of our internal management.

Measures taken to reduce carbon emissions during the Reporting Period and their effects:

Applicable N/A

Please refer to "II. Corporate Social Responsibility" in Section V of this report for details.

II. Corporate social responsibility

Applicable N/A

Amid the rapidly changing global business environment, Botanee always upholds the vision to bring health and beauty to everyone and the mission to "create China's skin health ecosystem", and is committed to making steady progress in the course of beauty and health. It not only provides consumers with high-quality products and services but also deeply integrates ESG concepts into every aspect of its business development. During the Reporting Period, the Company continued to deepen its ESG practices, and contributed to its sustainable development goals by constantly improving supply chain management, enhancing innovative product R&D, promoting green production, advancing employee growth and well-being, and actively fulfilling social responsibilities.

1. Main social responsibility-related honors won by Botanee and its brands during the Reporting Period (excluding those related to products or marketing)

Award-Winning Date	Host	Honor/Award
Jan. 2024	Yunnan Provincial People's Government	5th Quality Award from Yunnan Provincial People's Government
Jan. 2024	International Roadshow Center	"Best ESG Award" of 7th China IR Annual Awards
Jan. 2024	Human Resources and Social Security Department of Yunnan Province, Yunnan Administration for Market Regulation	"The invention relates to a sunscreen stabilizing composition, a sunscreen spray preparation and a preparation method thereof" won the first prize of Yunnan Patent Award
Jan. 2024	Ministry of Industry and Information Technology	National Technology Innovation Demonstration Enterprise

Award-Winning Date	Host	Honor/Award
Jan. 2024	Huxiu	Huxiu 2023 Sustainable Brand Model "Biodiversity List"
Feb. 2024	CPC Kunming Municipal Committee Department, CPC Kunming Working Committee of Non-public Economic and Social Organizations	"Good Party Building, Good Development" Demonstration Party Organization of Kunming 2023 Two-new Organizations
Mar. 2024	Kunming Steering Group Office of Consumer Protection Action	Top Ten Demonstration Units of Consumer Protection
Mar. 2024	Department of Industry and Information Technology of Yunnan Province	Single-item Champion Enterprise of Manufacturing of Yunnan Province (Functional Cosmetics)
Mar. 2024	Kunming Steering Group Office of Community Credit System Construction	Second Batch of Demonstration Cases of Integrity in Kunming in 2024
Apr. 2024	Yunnan Women's Federation	Women's Model Position of Civilization of Yunnan Province in 2023
Apr. 2024	CPC Publicity Department of Kunming Municipal Committee	Outstanding Contribution Award of 12th Kunming Reading Event
Apr. 2024	Forbes	"Top 50 Valuable Brands of the Year" of Forbes China Brand Value Series Selection 2024
Apr. 2024	All-China Federation of Trade Unions	National "May 1" Labor Award
May 2024	Red Cross Society of China	Contribution Award of Red Cross Society of China
Jun. 2024	guancha.cn	Best ESG Practice Award
Jun. 2024	iiMedia Research New Consumption Research Institute	103rd among <i>Top 500 China Domestic Consumer Brands 2024</i> , with the top rank index of 75.63

2. Environmental responsibilities: green production to guard the earth

(1) Green production, energy conservation and carbon emission reduction

During the Reporting Period, Botanee actively responded to the state's carbon peaking and carbon neutrality strategy, increased investment in energy conservation and carbon emission reduction technologies, initiated a number of energy efficiency improvement projects, and promoted the construction of green factories on all fronts. Our new central factory base is built with low-carbon environmentally-friendly materials and operates in strict accordance with green factory standards and procedures. By introducing advanced production equipment and technologies of intelligent manufacturing, optimizing production processes and workflows and enhancing energy management, we have realized automated and intelligent production processes and effectively reduced energy consumption and carbon emissions from production. Meanwhile, we have increased the use of clean energy. Our new central factory base put into use the rooftop distributed photovoltaic power generation technology during the Reporting Period and recorded a significantly higher use rate of clean energy compared with the same period of last year, actively contributing to the reduction of GHG emissions. This project aims to build a green energy demonstration factory with an installed capacity of 1.19MW, an average daily generating capacity of about 4,100kWh, and an annual generating capacity of over 1.5 million kWh, injecting green energy into our high-quality development. We have also established a sound waste management system for the classification, collection and proper disposal of waste generated in the production process, trying our best to reduce and make resourceful and harmless use of waste, improving resource utilization efficiency, reducing environmental pollution and contributing to carbon neutrality objectives.

(2) Green supply chain management and circular economy

During the Reporting Period, we continued to deepen green supply chain management and worked closely with suppliers to jointly advance green and low-carbon raw material procurement. We also continued to promote procurement of sustainable palm oil, and advocate the use of sustainable palm oil for production in the upstream supply chain. We keep making innovative packaging designs and have initiated the "Green Packaging Action", in which we take reducing packaging plastic, adopting new structures and materials and maximizing the use of recyclable packaging materials as a strategic guideline for product packaging. We have established our future strategic objectives as: 1) expanding the application coverage of FSC paper in new products to 93% by the end of 2025; 2) expanding the application coverage of FSC paper in new products to more than 98% by the end of 2030, and ensuring that more than 85% of plastic packaging will be reused or recycled. To this end, key projects and measures we initiated in the first half of 2024 include:

1) upgraded the second generation of Anti-Sensitive Moisturizing Tolerance-Extreme Cream by replacing the former packaging with replaceable packaging, reducing plastic use by 40% compared to our first generation products; 2) further to increase the plastic reduction ratio of the replaceable packaging of the second generation of Soothing Moisturizing Extra Care Serum to be rolled out in late August, reducing plastic use by 70% compared to our first generation products; 3) upgraded vacuum pump packaging of medium- and small-sized samples to hose packaging, reducing plastic use while unifying materials to facilitate recycling; 4) further increased PCR use by 37%; 5) shortened hoses through proper filling to reduce plastic use. Botanee will effectively reduce the pressure of packaging waste on the environment through the above measures.

Through intensive cooperation with suppliers and joint R&D of new environmentally-friendly packaging solutions, we strive to reduce unnecessary use of packaging materials while guarding product safety, and advocate simple and environmental consumption concepts and reduction of environmental impacts. Besides, we have introduced the environmental assessment system for periodic reviews of suppliers, so as to ensure the compliance of all supply chain processes with environmental standards and jointly construct green and healthy supply chain ecology. Meanwhile, we have established the packaging recycling system and have been promoting the "Extra Care for Earth" empty bottle recycling program to encourage consumers to participate in packaging recycling activities and jointly promote the development of circular economy. This year, we also initiated the innovative environmental protection action, "Oasis Guarding Action", with nearly 2,000 chain drug stores across China to jointly promote the empty box recycling program, encouraging consumers to bring empty boxes to designated drug stores for recycling. For every 500 valid empty boxes, we will plant an *Elaeagnus angustifolia* tree in Tengger Desert. In this way, we together construct a virtuous ecological cycle.

(3) Ecological protection and biodiversity

During the Reporting Period, Botanee carried out a series of ecological protection activities in Yunnan and other areas of high biodiversity with a number of environmental protection organizations, including increasing investment in the biodiversity protection fund, engaging in Haba Snow Mountain Protection Action and Wildlife Conservation Action, and participating in the construction of biodiversity exhibition halls. On April 22, 2024, the "Earth Day", the Awarding Ceremony of the 2nd Carbon Neutrality Performance Rank of Chinese Enterprises, hosted by yicai.com and co-founded by Research Institute of Carbon Neutrality, Shanghai Jiao Tong University, and Shanghai Environment and Energy Exchange, was held at Shanghai World Expo Museum. We attended the event as invited, and officially announced the initiation of our Biodiversity Collaboration Action. We donated cash of CNY3 million to Yicai Foundation to respond to China's biodiversity strategies and actions and make solid efforts in jointly promoting new-quality productive forces and high-quality development. Through stricter regulation of the sources of raw materials for product R&D, we protected natural ecology from damage and respect biodiversity. Through online and offline environmental production education activities among employees and the public, including: 1) "Shanye Lixin" Sustainable Study Tour in Lijiang in cooperation with Kunming Botanical Garden, Kunming Institute of Botany, Chinese Academy of Sciences; and 2) "Intangible Heritage Protection and Ecological Integration" Summer Study Tour of Botanee Hope High School Class in cooperation with Yunnan Youth Development Foundation, we advocated green lifestyles. The above activities gave rise to active changes in the ecological environment while enhancing the environmental awareness of employees and the public.

3. Governance responsibilities: optimizing governance and intensifying internal control

(1) Information disclosure and transparency

Botanee attaches great importance to the accuracy and timeliness of information disclosure, and discloses its operating status, financial status, material events and other information in a timely, comprehensive and accurate manner in strict accordance with relevant laws, regulations and regulatory provisions. We actively respond to investors' concerns and promote communication and exchange with investors through investor relations activities and performance briefings, in order to enhance our market transparency and investor confidence. During the Reporting Period, we carried out five public surveys, communication and interviews. For details, please refer to "XI. Exchanges and Inspection Visits during the Reporting Period" in Section III of this report.

(2) Risk management and internal control

Botanee has established and refined the risk management and internal control system for comprehensive identification, assessment and

management of all possible risks. We highlight and step up efforts in formulating internal control policies and refine internal control procedures and measures to maintain operational stability and compliance. We have also set up a risk early warning mechanism for timely early warning and responses to potential risk, so as to maintain our sustainable and healthy development. During the Reporting Period, we conducted the 2024 semi-annual self-assessment of internal control, and found no material or important defects of financial reports or non-financial reports.

4. Social responsibilities: caring for the society and sharing development results

(1) Consumer health and safety

Botanee always prioritizes the health and safety of consumers, adheres to scientific formulas and strictly controls quality to ensure the safety and effectiveness of each product. Through constant R&D and innovation, we have rolled out skincare products meeting market demands and consumer expectations to satisfy consumers' pursuit of a better life. Meanwhile, through online and offline channels, we enhance consumer education and publicize skincare knowledge to help consumers develop correct skincare concepts and improve self-care abilities. Botanee Group always upholds scientific innovation as the core driving force, and empowers our green and high-quality development with new-quality productivity. During the Reporting Period, we made fruitful results in scientific innovation. For details, please refer to "(4) R&D Models" under "I. Main Business Operations during the Reporting Period" in Section III of this report.

(2) Employee care and growth

Botanee is committed to creating a safe, healthy and harmonious working environment for employees. During the Reporting Period, we centered on the "people-oriented" concept, cared for the physical and mental health of employees, and organized regular physical check-ups, mental health lectures and cultural and sports activities of various forms. We paid attention to employees' career development and provided abundant training resources and promotion opportunities so that employees can realize personal value and we can achieve corporate development. We cultivated an open and inclusive corporate culture, and encouraged employees to express opinions and share experience to jointly promote sustainable development of the Company. Meanwhile, we continued to consolidate the foundation for "Party branch + group" activities, actively promoted practical implementation of the construction and reform of industrial worker teams, and effectively protected the legitimate rights and interests of employees.

(3) Proactive fulfillment of social responsibilities

During the Reporting Period, we carried out a number of public welfare activities in cooperation with public welfare organizations, including but not limited to funding poverty-stricken students, supporting rural revitalization and engaging in environmental protection programs. During the Reporting Period, we made public welfare donations of more than CNY12 million, including cash donations of more than CNY6,323,400 and donations in kind of more than CNY6,275,700, and supported 20 public welfare programs, including funding 150 poverty-stricken students in Kuaize County, Qujing City, Yunnan Province, under the "Botanee Hope High School Class" program, funding 3 hope bathroom in Diqing Prefecture and 1 hope bathroom in Pingbian County, Honghe Prefecture, continued biodiversity protection and inheritance of intangible cultural heritage activities, "May 25" Public Welfare Skincare Publicity Event, and donations in kind for care for young volunteers, left-behind children and teachers, and new public welfare programs such as AI-assisted diagnosis of congenital heart disease, "Botanee Hope Bay" and "The League of Guardians". During the Reporting Period, 49 of our public welfare volunteers provided public welfare services of 1,475 hours. Through the above activities, we provided substantive help to people in need while transmitting our positive energy and sense of social responsibility.

In the first half of 2024, guided by ESG, we adhered to green development, fulfilled social responsibilities, optimized corporate governance, and achieved a win-win situation of economic and social benefits. Looking forward, we will continue to uphold sustainable development and make innovations, in a bid to contribute more to the creation of healthy skin ecology.

Section VI Significant Events

I. Undertakings of Botanee's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers that had been fulfilled during the Reporting Period or were ongoing as of the end of the Reporting Period

Applicable N/A

Undertaking	Undertaking giver	Type of Undertaking	Details of Undertaking	Undertaking Date	Term	Particulars on Performance
Undertakings made during initial public offering or refinancing	Nuona Technology	Undertaking of restricted sales arrangement	1. Within 36 months from the date of Botanee's initial public offering of shares and listing on the stock exchange (hereinafter referred to as "lockup period"), Nuona Technology will not transfer or entrust others to manage Botanee's shares held by it before the initial public offering of shares, nor will Botanee repurchase such shares.	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2024	Fulfilled during the Reporting Period
	Nuona Technology	Undertakings such as restricted sales arrangement, voluntary lockup of shares, the extension of lockup period, and shareholders' intention to hold and reduce shares	1. Within 36 months from the date of Botanee's initial public offering of shares and listing on the stock exchange (hereinafter referred to as "lockup period"), Nuona Technology will not transfer or entrust others to manage Botanee's shares held by it before the initial public offering of shares, nor will Botanee repurchase such shares. 2. If Yunnan Haqisheng reduces Botanee's shares held by it within two years after the expiration of lockup period, the price shall not be lower than the issuance price of IPO shares; 3. During the period from the listing of Botanee's shares to the reduction, if there are ex-rights and ex-dividend such as dividend distribution, bonus shares, capital reserve conversion to share capital, and allotment of shares, the lower limit of reserve price and the number of shares for reduction shall be adjusted accordingly; 4. If the closing price of Botanee's shares is lower than its IPO price for 20 consecutive trading days within 6 months after the listing of its shares, or when the closing price at the end of the 6-month period after the listing is lower than its IPO price, the lockup period of Botanee's shares held by Nuona Technology will be automatically extended for 6 months on the basis of original lockup period; 5. Shareholding intention: As the controlling shareholder of Botanee, Nuona Technology is confident of the future development of Botanee, and will continue to be optimistic	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2026	The undertaking of restricted sales arrangement has been fulfilled during the Reporting Period, but other undertakings are still ongoing

Undertaking	Undertaking giver	Type of Undertaking	Details of Undertaking	Undertaking Date	Term	Particulars on Performance
			<p>about the future prospects of Botanee and the industry it is in;</p> <p>6. Intention of share capital reduction:</p> <p>(1) Nuona Technology will not reduce its capital share within 36 months from the date of Botanee's initial public offering of shares and listing on the stock exchange. If it intends to reduce its capital share after the expiration of the aforementioned lockup period, it will carefully abide by relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange on shareholder reduction, and prudently formulate a share capital reduction plan based on securities market situation, Botanee's share trend and public information, its business needs, etc., and gradually reduce its share capital after the expiration of the lockup period;</p> <p>(2) The price at which Nuona Technology reduces its direct or indirect holdings of Botanee's shares (if ex-rights and ex-dividends are conducted due to cash dividends, bonus shares, share issuance by transferring capital reserve, additional issuance of shares, and other reasons, corresponding adjustments shall be made in accordance with relevant regulations, the same below) shall be determined in the light of current secondary market price, and shall comply with relevant laws and regulations and the rules of the Shenzhen Stock Exchange. If Botanee's shares directly or indirectly held by Nuona Technology before Botanee's IPO are reduced within two years after the expiration of lockup period, the reduction price shall not be lower than initial IPO price;</p> <p>(3) When implementing share capital reduction, Nuona Technology shall inform Botanee at least 3 trading days in advance, and actively cooperate with Botanee's information disclosure such as announcement release;</p> <p>(4) If Nuona Technology fails to fulfill the above intention of capital share reduction, it will publicly explain the specific reasons for such failure on the General Meeting of Shareholders and at the conference held for disclosure media designated by the China Securities Regulatory Commission, and apologize to Botanee's shareholders and public</p>			

Undertaking	Undertaking giver	Type of Undertaking	Details of Undertaking	Undertaking Date	Term	Particulars on Performance
			investors. If it reduces its shares in violation of the above commitments or mandatory provisions of the law, it promises that the proceeds from illegal reduction of Botanee's shares will be owned by Botanee, and the lockup period of the remaining shares directly or indirectly held by it will be automatically extended by 3 months after the expiration of the original lockup period.			
	Guo Zhenyu and Kevin Guo	Undertaking of restricted sales arrangement	1. Within 36 months from the date of Botanee's initial public offering of shares and listing on the stock exchange (hereinafter referred to as "lockup period"), I will not transfer or entrust others to manage Botanee's shares held by me before the initial public offering of shares, nor will Botanee repurchase such shares.	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2024	Fulfilled
	Guo Zhenyu and Kevin Guo	Undertakings such as restricted sales arrangement, voluntary lockup of shares, the extension of lockup period, and shareholders' intention to hold and reduce shares	1. Within 36 months from the date of Botanee's initial public offering of shares and listing on the stock exchange (hereinafter referred to as "lockup period"), I will not transfer or entrust others to manage Botanee's shares held by me before the initial public offering of shares, nor will Botanee repurchase such shares. 2. If I reduce Botanee's shares held by me within two years after the expiration of lockup period, the price shall not be lower than the issuance price of IPO shares; 3. During the period from the listing of Botanee's shares to the reduction, if there are ex-rights and ex-dividend such as dividend distribution, bonus shares, capital reserve conversion to share capital, and allotment of shares, the lower limit of reserve price and the number of shares for reduction shall be adjusted accordingly; 4. If the closing price of Botanee's shares is lower than its IPO price for 20 consecutive trading days within 6 months after the listing of its shares, or when the closing price at the end of the 6-month period after the listing is lower than its IPO price, the lockup period of Botanee's shares held by me will be automatically extended for 6 months on the basis of original lockup period.	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2026	The undertaking of restricted sales arrangement has been fulfilled, but other undertakings are still ongoing
	Yunnan Haqisheng	Undertaking of restricted sales arrangement	1. Within 36 months from the date of Botanee's initial public offering of shares and listing on the stock exchange (hereinafter referred to as "lockup period"), Nuona Technology will not transfer or entrust others to manage Botanee's shares held by it before the initial	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2024	Fulfilled

Undertaking	Undertaking giver	Type of Undertaking	Details of Undertaking	Undertaking Date	Term	Particulars on Performance
			public offering of shares, nor will Botanee repurchase such shares.			
	Yunnan Haqisheng	Undertakings such as restricted sales arrangement, voluntary lockup of shares, the extension of lockup period, and shareholders' intention to hold and reduce shares	<p>1. Within 36 months from the date of Botanee's initial public offering of shares and listing on the stock exchange (hereinafter referred to as "lockup period"), Nuona Technology will not transfer or entrust others to manage Botanee's shares held by it before the initial public offering of shares, nor will Botanee repurchase such shares.</p> <p>2. If Yunnan Haqisheng reduces Botanee's shares held by it within two years after the expiration of lockup period, the price shall not be lower than the issuance price of IPO shares;</p> <p>3. During the period from the listing of Botanee's shares to the reduction, if there are ex-rights and ex-dividend such as dividend distribution, bonus shares, capital reserve conversion to share capital, and allotment of shares, the lower limit of reserve price and the number of shares for reduction shall be adjusted accordingly;</p> <p>4. If the closing price of Botanee's shares is lower than its IPO price for 20 consecutive trading days within 6 months after the listing of its shares, or when the closing price at the end of the 6-month period after the listing is lower than its IPO price, the lockup period of Botanee's shares held by Yunnan Haqisheng will be automatically extended for 6 months on the basis of original lockup period.</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2026	The undertaking of restricted sales arrangement has been fulfilled, but other undertakings are still ongoing
Whether the commitments are duly performed	Yes.					
Whether the undertakings were fulfilled on time or not Specific reasons for failure to fulfill any undertakings and plan for the next step	N/A					

Note: In addition to the above commitments, Botanee's actual controller, shareholders, related parties, acquirers and other commitment-related parties had no other commitments that had been fulfilled during the Reporting Period or were ongoing as of the end of the Reporting Period.

II. Occupation of the Company's capital by its controlling shareholder or related parties for non-operating purposes

Applicable N/A

No non-operating capital occupied by Botanee's controlling shareholders and other related parties was not identified within the Reporting Period. For details, please refer to the *Summary of Non-operating Fund Occupation and Other Related Fund Transactions of Yunnan Botanee Bio-Technology Group Co. LTD in 2023 H1* disclosed by CNINFO (<http://www.cninfo.com.cn>).

III. Illegal provision of guarantees for external parties

Applicable N/A

IV. Engagement and disengagement of CPA Firm

Has the semi-annual financial report been audited?

Yes No

V. Explanation by the Board of Directors and the Supervisory Committee regarding "Non-standard Audit Report" for the CPA firm

Applicable N/A

VI. Explanation of the Board of Directors regarding the last year's "Non-standard Audit Report"

Applicable N/A

VII. Bankruptcy and reorganization

Applicable N/A

VIII. Litigation

Material litigation and arbitration

Applicable N/A

Other litigations

Applicable N/A

IX. Punishments and rectifications

Applicable N/A

X. Credit conditions of Botanee as well as its controlling shareholder and actual controller

Applicable N/A

XI. Significant related party transactions**1. Continuing related party transactions**

Applicable N/A

2. Related party transactions regarding purchase or sales of assets or equity interests

Applicable N/A

3. Related party transactions arising from joint investments in external parties

Applicable N/A

4. Credits and liabilities with related parties

Applicable N/A

5. Transactions with related finance companies

Applicable N/A

6. Transactions between finance companies controlled by the Company and related parties

Applicable N/A

7. Other significant related party transactions

Applicable N/A

XII. Major contracts and their execution**1. Trusteeship, contracting, and leasing****(1) Trusteeship**

Applicable N/A

(2) Contracting

Applicable N/A

(3) Leasing

Applicable N/A

During the Reporting Period, the premises leased by us were mainly used for manufacturing, R&D, warehousing and office purposes. And there were no major leasing projects that brought gains or losses to us exceeding 10% of our total profit.

Leasing that brought gains or losses to us exceeding 10% of our total profit

Applicable N/A

2. Major guarantees

Applicable N/A

Unit: CNY'0,000

External Guarantees of the Company And its Subsidiaries (Excluding Guarantees for Subsidiaries)										
Name of the Guaranteed	Disclosure Date of the Guarantee Amount Announcement	Guarantee Amount	Actual Date of Guarantee	Actual Amount of Guarantee	Type of Guarantee	Guaranty (If Any)	Counter Guarantee (If Any)	Guarantee Period	Fulfilled or not	Guarantee for a Related Party or not
Guarantees of the Company for Subsidiaries										
Name of the Guaranteed	Disclosure Date of the Guarantee Amount Announcement	Guarantee Amount	Actual Date of Guarantee	Actual Amount of Guarantee	Type of Guarantee	Guaranty (If Any)	Counter Guarantee (If Any)	Guarantee Period	Fulfilled or not	Guarantee for a Related Party or not
Hainan Botanee Investment	Apr. 24, 2024	32,130.00	May 30, 2024	32,100.00	Joint and several liability guarantee	N/A	N/A	60 months from the date of actual extension of loans	No	No
Total amount of guarantees approved for subsidiaries during the Reporting Period (B1)		32,130.00		Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)		32,100.00				
Total amount of guarantees approved for subsidiaries as at the end of the Reporting Period (B3)		32,130.00		Total actual amount of guarantees for subsidiaries as at the end of the Reporting Period (B4)		32,100.00				
Guarantees of Subsidiaries for Subsidiaries										
Name of the Guaranteed	Disclosure Date of the Guarantee Amount Announcement	Guarantee Amount	Actual Date of Guarantee	Actual Amount of Guarantee	Type of Guarantee	Guaranty (If Any)	Counter Guarantee (If Any)	Guarantee Period	Fulfilled or not	Guarantee for a Related Party or not
Total Amount of Guarantees Provided by the Company (i.e., Sum of the Above Three)										
Total amount of guarantees approved during the Reporting Period (A1+B1+C1)		32,130.00		Total actual amount of guarantees during the Reporting Period (A2+B2+C2)		32,100.00				
Total amount of guarantees approved as at the end of the Reporting Period (A3+B3+C3)		32,130.00		Total balance of actual amount of guarantees at the end of the Reporting Period (A4+B4+C4)		32,100.00				
Total actual amount of guarantees (A4+B4+C4) as a percentage of the Company's net assets									5.38%	
Including:										
Balance of guarantees for shareholders, actual controller and their related parties (D)										
Balance of debt guarantees provided, directly or indirectly, for the guaranteed with a debt-to-assets ratio higher than 70% (E)									32,100.00	
Part of the total amount of guarantees in excess of 50% of net assets (F)										
Total amount of the above three guarantees (D+E+F)									32,100.00	

Explanation of liability to guarantee or evidenced possible joint and several liability for repayment during the Reporting Period in respect of unexpired guarantee contracts (if any)	N/A
Explanation of external guarantees in violation of established procedures (if any)	N/A

3. Continuing major contracts

Applicable N/A

4. Other major contracts

Applicable N/A

XIII. Other significant events

Applicable N/A

XIV. Significant events of subsidiaries

Applicable N/A

Section VII Changes in Shares and Information about Shareholders

I. Changes in shares

1. Changes in shares

Unit: share

	Before		Increase (+)/Decrease (-) in this Change					After	
	Amount	Ratio	New Issue	Bonus Shares	Share Issuance by Transferring Capital Reserve	Miscellaneous	Sub-total	Amount	Ratio
I. Restricted shares	206,206,289	48.68%				-206,206,289	-206,206,289		
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	206,206,289	48.68%				-206,206,289	-206,206,289		
Among which: shares held by domestic corporations	206,206,289	48.68%				-206,206,289	-206,206,289		
Shares held by domestic individuals									
4. Shares held by foreign investors									
Among which: shares held by foreign corporations									
Shares held by foreign individuals									
II. Non-restricted shares	217,393,711	51.32%				206,206,289	206,206,289	423,600,000	100.00%
1. CNY ordinary shares	217,393,711	51.32%				206,206,289	206,206,289	423,600,000	100.00%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Other									
III. Total shares	423,600,000	100.00%						423,600,000	100.00%

Reasons for the changes in shares:

 Applicable N/A

Approval of the changes in shares:

 Applicable N/A

Transfer for share changes:

 Applicable N/A

Progress in the implementation of share repurchase

 Applicable N/A

As of the end of the Reporting Period, we have repurchased 3,534,618 shares of the Company through centralized bidding transactions through a special security account for share repurchases, accounting for 0.8344% of our current total share capital. The highest transaction price is CNY78.00/share, and the lowest transaction price is CNY48.41/share, and the total amount paid is CNY229,690,363.96 (excluding transaction fees). For details, please refer to the *Announcement on Repurchase of Shares of Yunnan Botanee Bio-Technology Group Co. LTD* (Announcement No.: 2024-034) disclosed by CNINFO (<http://www.cninfo.com.cn>).

Progress of any repurchased share reduction through centralized price bidding:

Applicable N/A

Effects of changes in shares on basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company and other financial indexes over the last year and the last Reporting Period:

Applicable N/A

Other contents that Bonatee considers necessary or is required by securities regulatory authority to disclose:

Applicable N/A

2. Changes in restricted shares

Applicable N/A

Unit: share

Shareholder	Restricted Shares as at the Beginning of the Period	Unlocked in Current Period	Increase in Current Period	Restricted Shares as at the End of the Period	Reasons for Trading Restriction	Date of Unlocking
Nuona Technology	195,212,611	195,212,611			Shares issued before IPO	Mar. 25, 2024
Yunnan Haqisheng	10,993,678	10,993,678			Shares issued before IPO	Mar. 25, 2024
Total	206,206,289	206,206,289				

Note: For details, please refer to the *Indicative Announcement on the Listing and Circulation of Part of the Issued Shares of Yunnan Botanee Bio-Technology Group Co. LTD before Its Initial Public Offering* (2024-008) disclosed by CNINFO (<http://www.cninfo.com.cn>).

II. Issuance and listing of securities

Applicable N/A

III. Total number of shareholders and their shareholdings

Unit: share

Ordinary Shareholders as of the End of the Reporting Period	36,397	Preferred Shareholders whose Voting Rights have been Resumed at the End of the Reporting Period (If Any) (See Note 8)		Shareholders Holding Special Voting Shares (If Any)				
Ordinary Shareholders Holding More than 5% Our Shares or Top Ten Shareholders (Excluding Shares Loaned Through Refinancing)								
Shareholder	Nature of Shareholder	Shareholding Percentage	Number of Shares Held at the End of the Reporting Period	Share Increase /Decrease during the Reporting Period	Number of Shares Subject to Trading Restriction	Number of Shares not Subject to Trading Restriction	Pledged, Marked or Frozen Shares	
							Status of Shares	
Nuona Technology	Domestic non-state-owned corporation	46.08%	195,212,611			195,212,611	N/A	

Sequoia Juye	Domestic non-state-owned corporation	14.58%	61,763,257			61,763,257	N/A	
Zhenli Consulting	Domestic non-state-owned corporation	6.54%	27,685,934			27,685,934	N/A	
Hong Kong Securities Clearing Company Limited	Overseas corporation	3.41%	14,462,818	1,999,519		14,462,818	N/A	
Yunnan Haqisheng	Domestic non-state-owned corporation	2.60%	10,993,678			10,993,678	N/A	
Kuwait Investment Authority	Overseas corporation	1.25%	5,285,437	955,100		5,285,437	N/A	
Xiamen Chonglou Yunshui Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	1.09%	4,614,770	-3,344,983		4,614,770	N/A	
National Social Security Fund 102 Portfolio	Miscellaneous	0.66%	2,816,813	2,816,813		2,816,813	N/A	
China Taiping General Insurance Co., Ltd. - Traditional - General Insurance Products	Miscellaneous	0.64%	2,692,810	1,057,871		2,692,810	N/A	
Industrial and Commercial Bank of China Co., Ltd. - E Fund GEM Traded Open-End Index Securities Investment Fund	Miscellaneous	0.59%	2,478,781	971,300		2,478,781	N/A	
Status of the strategic investor or general corporation becoming one of top ten shareholders due to equity offering (if any) (see Note 3)	N/A							
Explanations of relationships between or concerted actions of the aforementioned shareholders	Both Nuona Technology and Yunnan Haqisheng are enterprises controlled by the actual controllers Guo Zhenyu and his son KEVIN GUO. Besides, no connected relationship and concerted action between other shareholders is known to the Company.							
Description of the above shareholders' involvement in proxy/entrusted voting rights and waiver of voting rights	N/A							
Special description of repurchase special account among the top ten shareholders (see Note 11)	As of the end of the Reporting Period, the number of unrestricted shares held by Yunnan Botanee Bio-Technology Group Co. LTD's repurchase special securities account was 3,534,618 shares, which accounted for approximately 0.83% of the Company's issued CNY ordinary shares at the end of the Reporting Period.							
Shareholdings of Top Ten Shareholders Without Trading Limited Condition (Excluding Shares Loaned Through Refinancing and Locked Shares of Senior Management Officers)								
Shareholder	Number of Non-restricted Shares as at the End of Reporting Period	Types of Shares						
		Types of Shares						
Nuona Technology	195,212,611	CNY ordinary shares	195,212,611					
Sequoia Juye	61,763,257	CNY ordinary shares	61,763,257					
Zhenli Consulting	27,685,934	CNY ordinary shares	27,685,934					
Hong Kong Securities Clearing Company Limited	14,462,818	CNY ordinary shares	14,462,818					

Yunnan Haqisheng	10,993,678	CNY ordinary shares	10,993,678
Kuwait Investment Authority	5,285,437	CNY ordinary shares	5,285,437
Xiamen Chonglou Yunshui Investment Partnership (Limited Partnership)	4,614,770	CNY ordinary shares	4,614,770
National Social Security Fund 102 Portfolio	2,816,813	CNY ordinary shares	2,816,813
China Taiping General Insurance Co., Ltd. - Traditional - General Insurance Products	2,692,810	CNY ordinary shares	2,692,810
Industrial and Commercial Bank of China Co., Ltd. - E Fund GEM Traded Open-End Index Securities Investment Fund	2,478,781	CNY ordinary shares	2,478,781
Description on the related relationship or concerted action among top 10 unrestricted tradable shareholders, and between top 10 unrestricted tradable shareholders and top 10 shareholders	Both Nuona Technology and Yunnan Haqisheng are enterprises controlled by the actual controllers Guo Zhenyu and his son KEVIN GUO. Besides, no connected relationship and concerted action between other shareholders is known to the Company.		
Description of ordinary shareholders participating in securities margin trading (if any) (see Note 4)	N/A		

Shareholders holding more than 5% our shares, top ten shareholders and top ten unrestricted tradable shareholders involved in refinancing shares lending

Applicable N/A

Unit: share

Shareholders Holding More than 5% Our Shares, Top Ten Shareholders and Top Ten Unrestricted Tradable Shareholders Involved in Refinancing Shares Lending								
Name of Shareholder (Full Name)	Shares Held in Ordinary Account and Credit Account at the Beginning of the Reporting Period		Shares Loaned through Refinancing and not Yet Returned at the Beginning of the Reporting Period		Shares Held in Ordinary Account and Credit Account at the end of the Reporting Period		Shares Loaned through Refinancing and not yet Returned at the End of the Reporting Period	
	Total	As a Percentage of the Total Share Capital	Total	As a Percentage of the Total Share Capital	Total	As a Percentage of the Total Share Capital	Total	As a Percentage of the Total Share Capital
Industrial and Commercial Bank of China Co., Ltd. - E Fund GEM Traded Open-End Index Securities Investment Fund	1,507,481	0.36%	466,500	0.11%	2,478,781	0.59%	229,700	0.05%

Changes in top ten shareholders and top ten unrestricted tradable shareholders compared with the previous period due to refinancing shares lending/return of shares

Applicable N/A

Differential voting rights arrangements:

Yes No

Whether any of our top ten ordinary shareholders or top ten non-restricted ordinary shareholders conducted any promissory repurchase during the Reporting Period or not:

Yes No

IV. Indicate whether the cumulative shares of the controlling shareholder or the largest shareholder and their acting-in-concert parties that are in pledge account for 80% or greater of their shareholdings in the Company

Applicable N/A

V. Changes in shareholding of directors, supervisors and Senior Management Officers

Applicable N/A

There were no changes in shareholding of directors, supervisors and senior management officers during the Reporting Period. For details, please refer to the *2023 Annual Report of Yunnan Botanee Bio-Technology Group Co. LTD* (announcement No.: 2024-011) disclosed by CNINFO (<http://www.cninfo.com.cn>).

VI. Changes in controlling shareholders or actual controller

Change in controlling shareholder in the Reporting Period

Applicable N/A

Change of the actual controller during the Reporting Period:

Applicable N/A

Section VIII Preferred Shares

Applicable N/A

Section IX Bonds

Applicable N/A

Section X Financial Report

I. Audit report

Has the semi-annual report been audited

Yes No

II. Financial statements

All amounts are presented in CNY.

1. Consolidated balance sheet

Prepared by: Yunnan Botanee Bio-Technology Group Co. LTD

Jun. 30, 2024

Unit: CNY

Item	Closing Balance	Beginning Balance
Current assets:		
Cash at bank and on hand	1,629,793,135.91	2,091,459,861.58
Settlement reserves		
Funds lent		
Financial assets held for trading	1,767,150,976.68	1,238,356,707.34
Derivative financial assets		
Notes receivable		24,502,124.46
Accounts receivable	642,898,515.96	561,761,929.57
Receivables financing	170,189,256.89	156,659,263.78
Advances to suppliers	108,271,813.19	69,279,116.38
Premiums receivable		
Reinsurance premium receivable		
Reinsurance contract reserves receivable		
Other accounts receivable	38,008,443.18	29,748,433.09
Including: interest receivable		
Dividends receivable		
Financial assets purchased under agreement store sell		
Inventories	758,698,956.20	904,413,283.67
Including: Data resources		
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		
Other current assets	428,143,635.34	446,396,252.76
Total current assets	5,543,154,733.35	5,522,576,972.63

Item	Closing Balance	Beginning Balance
Non-current assets:		
Disbursement of loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	242,486,936.86	212,015,151.15
Other equity instrument investments		
Other non-current financial assets	91,363,296.44	86,449,823.00
Investment real estates	8,591,527.53	9,021,481.56
Fixed assets	679,528,895.19	667,204,436.83
Construction in progress	28,779,692.66	40,220,147.41
Productive biological assets		
Oil and gas assets		
Right-of-use assets	194,246,497.62	100,712,614.93
Intangible assets	238,639,602.64	193,108,638.64
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill	413,740,760.61	413,740,760.61
Long-term deferred expenses	97,432,870.65	93,317,644.84
Deferred income tax assets	112,077,087.15	93,131,250.45
Other non-current assets	86,063,524.68	75,431,420.74
Total non-current assets	2,192,950,692.03	1,984,353,370.16
Total assets	7,736,105,425.38	7,506,930,342.79
Current liabilities:		
Short-term borrowings	270,891,858.93	103,816,588.60
Borrowings from the central bank		
Deposit funds		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	96,152,191.34	67,562,710.23
Accounts payable	182,486,689.45	334,370,604.40
Advances from customers		
Contract liabilities	56,131,100.50	50,053,638.68
Financial assets sold under agreements to repurchase		
Customer bank deposits and due to banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	90,001,106.34	106,452,763.55

Item	Closing Balance	Beginning Balance
Taxes payable	97,338,661.89	132,117,765.46
Other payables	202,143,424.19	449,282,195.16
Including: interests payable		
Dividends payable		4,305.04
Handling charges and commission payable		
Reinsurance premium payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	61,945,275.18	42,102,294.00
Other current liabilities	8,931,294.57	5,455,465.77
Total current liabilities	1,066,021,602.39	1,291,214,025.85
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	321,300,000.00	4,700,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	130,070,389.07	63,283,532.61
Long-term payables	8,600,000.00	8,600,000.00
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	41,681,601.22	82,862,738.40
Deferred income tax liability	52,499,701.94	40,452,457.50
Other non-current liabilities		
Total non-current liabilities	554,151,692.23	199,898,728.51
Total liabilities	1,620,173,294.62	1,491,112,754.36
Owners' equity:		
Share capital	423,600,000.00	423,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,846,004,685.04	2,846,004,685.04
Minus: treasury stock	229,690,363.96	109,838,205.82
Other comprehensive income	-1,686,333.05	47,153.49
Special reserves		
Surplus reserve	211,081,299.10	211,081,299.10
General risk provision		
Undistributed profit	2,721,504,228.41	2,490,099,439.21
Total owners' equity attributable to the Parent Company	5,970,813,515.54	5,860,994,371.02
minority shareholder's interests	145,118,615.22	154,823,217.41

Item	Closing Balance	Beginning Balance
Total owners' equity	6,115,932,130.76	6,015,817,588.43
Total liabilities and owners' equity	7,736,105,425.38	7,506,930,342.79

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

2. Balance sheet of Parent Company

Unit: CNY

Item	Closing Balance	Beginning Balance
Current assets:		
Cash at bank and on hand	840,861,992.62	1,180,715,275.53
Financial assets held for trading	1,586,750,032.51	1,179,764,123.27
Derivative financial assets		
Notes receivable		
Accounts receivable	719,206,108.93	665,045,992.28
Receivables financing	4,756,494.15	44,170,011.64
Advances to suppliers	54,011,462.02	34,878,652.76
Other accounts receivable	558,261,420.65	740,235,643.20
Including: interest receivable		
Dividends receivable		169,335.03
Inventories	599,205,287.14	751,485,442.43
Including: Data resources		
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		
Other current assets	376,326,725.52	360,559,949.32
Total current assets	4,739,379,523.54	4,956,855,090.43
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	519,799,055.23	481,799,055.23
Other equity instrument investments		
Other non-current financial assets	61,449,823.00	56,449,823.00
Investment real estates		
Fixed assets	500,074,072.68	503,133,909.42
Construction in progress	11,450,157.90	26,309,191.66
Productive biological assets		
Oil and gas assets		
Right-of-use assets	12,631,163.59	6,083,132.11

Item	Closing Balance	Beginning Balance
Intangible assets	149,484,766.90	68,101,744.02
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term deferred expenses	9,570,409.21	14,275,088.24
Deferred income tax assets	11,395,593.31	9,502,667.43
Other non-current assets	7,974,488.00	45,998,901.86
Total non-current assets	1,283,829,529.82	1,211,653,512.97
Total assets	6,023,209,053.36	6,168,508,603.40
Current liabilities:		
Short-term borrowings	70,891,858.93	
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	96,152,191.34	67,562,710.23
Accounts payable	264,734,992.67	294,405,487.35
Advances from customers		
Contract liabilities	20,706,730.13	24,019,507.89
Employee benefits payable	6,430,142.13	11,147,886.56
Taxes payable	61,475,242.51	82,529,256.12
Other payables	211,382,194.63	302,090,310.94
Including: interests payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	6,935,959.12	2,777,578.52
Other current liabilities	155,985.21	75,547.60
Total current liabilities	738,865,296.67	784,608,285.21
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	5,852,263.10	3,797,077.24
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	9,899,738.74	13,916,252.61
Deferred income tax liability	9,415,406.71	6,449,979.48
Other non-current liabilities		

Item	Closing Balance	Beginning Balance
Total non-current liabilities	25,167,408.55	24,163,309.33
Total liabilities	764,032,705.22	808,771,594.54
Owners' equity:		
Share capital	423,600,000.00	423,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,845,993,326.27	2,845,993,326.27
Minus: treasury stock	229,690,363.96	109,838,205.82
Other comprehensive income		
Special reserves		
Surplus reserve	211,800,000.00	211,800,000.00
Undistributed profit	2,007,473,385.83	1,988,181,888.41
Total owners' equity	5,259,176,348.14	5,359,737,008.86
Total liabilities and owners' equity	6,023,209,053.36	6,168,508,603.40

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

3. Consolidated income statement

Unit: CNY

Item	2024 Semi-annual	2023 Semi-annual
I. Total operating revenue	2,804,672,799.97	2,367,742,613.94
Including: Operating revenue	2,804,672,799.97	2,367,742,613.94
Interest income		
Earned premiums		
Handling charges and commission income		
II. Total operating cost	2,350,389,818.92	1,954,252,227.84
Including: operating costs	768,685,889.75	582,950,191.12
Interest expenses		
Handling charges and commission expenses		
Surrender value		
Net payments for insurance claims		
Net provision for insurance liability reserves		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	20,277,010.48	23,973,725.42
Selling expenses	1,277,183,071.43	1,097,184,854.20
Administrative expenses	175,213,462.91	152,342,166.58
R&D expenses	114,291,080.38	108,879,819.04
Financial expenses	-5,260,696.03	-11,078,528.52

Item	2024 Semi-annual	2023 Semi-annual
Including: interest expenses	6,792,481.50	2,429,956.70
Interest income	-13,075,165.19	-14,232,378.91
Add: other incomes	48,327,350.46	58,597,253.72
Investment income (losses are marked with “-”)	34,727,556.92	26,883,810.30
Including: investment income from associates and joint ventures	6,238,452.71	2,009,256.43
Revenue from derecognition of financial assets at amortized cost	11,553,135.00	11,855,519.72
Exchange earnings (losses are marked with “-”)		
Gain from net exposure to hedging (losses are marked with “-”)		
Profit arising from changes in fair value (marked with “-”)	20,709,760.81	12,348,881.77
Credit impairment losses (marked with “-”)	-7,205,527.94	-10,649,954.48
Asset impairment losses (marked with “-”)	-7,172,623.71	-3,900,859.64
Gain from disposal of assets (losses are marked with “-”)	-1,392,988.30	656,805.37
III. Operating profit (losses are marked with “-”)	542,276,509.29	497,426,323.14
Add: non-operating income	654,236.81	485,969.70
Minus: non-operating expenses	8,589,729.90	6,827,439.00
IV. Total profit (total loss is marked with “-”)	534,341,016.20	491,084,853.84
Minus: income tax expenses	58,763,537.12	50,501,006.32
V. Net profit (net loss is marked with “-”)	475,577,479.08	440,583,847.52
i. Classified by going concern		
1. Net profit from continuing operations (net loss is marked with “-”)	475,577,479.08	440,583,847.52
2. Net profit from discontinued operations (net loss is marked with “-”)		
ii. Classified by attribution of ownership		
1. Net profit attributable to the shareholders of the Parent Company (net loss is marked with “-”)	483,768,021.72	450,012,214.05
2. Profit (loss) attributable to minority shareholders (net loss is marked with “-”)	-8,190,542.64	-9,428,366.53
VI. Net of after-tax of other comprehensive income	-1,733,486.54	
Other net after-tax comprehensive income attributable to the owners of the Parent Company	-1,733,486.54	
i. Other comprehensive income that cannot be reclassified through profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive incomes that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the Company’s credit risk		
5. Others		
ii. Other comprehensive income to be reclassified into profit or loss	-1,733,486.54	
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt rights investments		
3. Amount of financial assets reclassified into other comprehensive		

Item	2024 Semi-annual	2023 Semi-annual
incomes		
4. Provision for impairment of credit in other debt investments		
5. Reserves for cash flow hedge		
6. Differences arising from translation of foreign currency financial statements	-1,733,486.54	
7. Others		
Other net after-tax comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	473,843,992.54	440,583,847.52
Total comprehensive income attributable to the owners of the Parent Company	482,034,535.18	450,012,214.05
Total comprehensive income attributable to minority shareholders	-8,190,542.64	-9,428,366.53
VIII. Earnings per share:		
i. Basic earnings per share	1.15	1.06
ii. Diluted earnings per share	1.15	1.06

In case of business combinations under common control in current period, the net profit realized by the combined party before combination is CNY0.00 and the net profit realized by the combined party in previous period is CNY0.00.

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

4. Income statement of the Parent Company

Unit: CNY

Item	2024 Semi-annual	2023 Semi-annual
I. Operating revenues	1,414,681,559.49	1,614,778,431.39
Minus: operating costs	635,146,851.90	590,497,583.77
Taxes and surcharges	13,236,687.13	15,139,733.47
Selling expenses	426,255,941.72	422,125,577.50
Administrative expenses	66,687,989.23	46,067,131.41
R&D expenses	70,638,281.36	81,118,096.53
Financial expenses	-3,011,449.80	-8,887,571.98
Including: interest expenses	2,304,031.56	637,495.78
Interest income	-5,550,576.91	-10,104,799.42
Add: other incomes	12,247,930.92	25,187,782.74
Investment income (losses are marked with "-")	102,059,843.28	25,238,164.12
Including: investment income from associates and joint ventures		
Revenue from derecognition of financial assets at amortized cost	11,553,135.00	16,722,069.85
Gain from net exposure to hedging (losses are marked with "-")		
Profit arising from changes in fair value (marked with "-")	8,985,909.24	3,845,039.31
Credit impairment losses (marked with "-")	241,471.80	-186,883.63
Asset impairment losses (marked with "-")	-7,597,137.74	-3,900,859.64
Gain from disposal of assets (losses are marked with "-")	-5,585,208.06	
II. Operating profit (losses are marked with "-")	316,080,067.39	518,901,123.59
Add: non-operating income	310,293.91	201,961.64

Item	2024 Semi-annual	2023 Semi-annual
Minus: non-operating expenses	8,033,952.13	6,442,024.59
III. Total profit (losses are marked with “-”)	308,356,409.17	512,661,060.64
Minus: income tax expenses	36,701,679.23	50,493,988.03
IV. Net profit (net loss is marked with “-”)	271,654,729.94	462,167,072.61
i. Net profit from continuing operations (net loss is marked with “-”)	271,654,729.94	462,167,072.61
ii. Net profit from discontinued operations (net loss is marked with “-”)		
V. Net amount of other comprehensive incomes after-tax		
i. Other comprehensive income that cannot be reclassified through profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive incomes that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in fair value of the Company’s credit risk		
5. Others		
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 rights investments		
3. Amount of financial assets reclassified into other comprehensive incomes		
4. Provision for impairment of credit in other debt investments		
5. Reserves for cash flow hedge		
6. Differences arising from translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive incomes	271,654,729.94	462,167,072.61
VII. Earnings per share:		
i. Basic earnings per share		
ii. Diluted earnings per share		

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

5. Consolidated cash flow statement

Unit: CNY

Item	2024 semi-annual	2023 semi-annual
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	2,931,732,778.66	2,465,874,879.71
Net increase in deposits from customers and placements from banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase of deposit funds in placements from other financial institutions		
Cash received for receiving premium of original insurance contract		

Item	2024 semi-annual	2023 semi-annual
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interest, handling charges and commission		
Net increase of deposit funds		
Net increase in capital for repurchase		
Net cash received from securities trading agency services		
Taxes and surcharges refunds		1,630,856.66
Other cash received relating to operating activities	25,226,445.91	148,436,333.90
Subtotal of cash inflows from operating activities	2,956,959,224.57	2,615,942,070.27
Cash paid for goods and services	648,111,632.63	640,048,956.36
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase of funds lent		
Cash paid for interest, handling charges and commission		
Cash paid for policy dividends		
Cash paid to and for employees	419,408,995.37	329,674,493.81
Payments of taxes and surcharges	226,912,362.77	245,975,336.26
Other cash paid relating to operating activities	1,521,323,247.28	1,115,258,247.14
Subtotal of cash outflows from operating activities	2,815,756,238.05	2,330,957,033.57
Net cash flow from operating activities	141,202,986.52	284,985,036.70
II. Cash flows from investing activities:		
Cash received from the recovery of investment	1,810,000,000.00	2,192,117,111.10
Cash received from investment incomes	30,085,280.27	30,229,681.56
Net cash recovered from the disposal of fixed assets, intangible assets, and other long-term assets	1,196,020.96	3,028,596.00
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	1,841,281,301.23	2,225,375,388.66
Cash paid to acquire fixed assets, intangible assets and other long-term assets	175,896,999.93	103,306,941.52
Cash paid to acquired investments	2,407,588,755.51	2,851,416,055.23
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business entities		4,002,084.65
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	2,583,485,755.44	2,958,725,081.40
Net cash flows from investing activities	-742,204,454.21	-733,349,692.74
III. Cash flows from financing activities:		
Cash received from absorbing investments	40.45	
Including: Cash received by subsidiaries from minority shareholders' investments		

Item	2024 semi-annual	2023 semi-annual
Cash received from borrowings	594,122,593.55	
Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities	594,122,634.00	
Cash paid for repayment of debts	110,500,000.00	
Cash paid for distribution of dividends, profits or interest repayment	255,944,479.90	340,681,873.24
Including: cash payments for dividends or profit to minority shareholders of subsidiaries	1,524,590.73	1,801,873.24
Other cash paid relating to financing activities	166,161,688.14	40,312,050.06
Subtotal of cash outflows from financing activities	532,606,168.04	380,993,923.30
Net cash flows from financing activities	61,516,465.96	-380,993,923.30
IV. Effects from the change of exchange rate on cash and cash equivalents	-1,439,364.68	5,879.63
V. Net increase in cash and cash equivalents	-540,924,366.41	-829,352,699.71
Add: Opening balance of cash and cash equivalents	2,073,881,743.78	2,440,692,701.42
VI. Closing balance of cash and cash equivalents	1,532,957,377.37	1,611,340,001.71

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

6. Cash flow statement of the Parent Company

Unit: CNY

Item	2024 Semi-annual	2023 Semi-annual
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	1,306,287,190.36	1,608,469,224.62
Taxes and surcharges refunds		45,201.90
Other cash received relating to operating activities	39,501,445.06	70,842,084.17
Subtotal of cash inflows from operating activities	1,345,788,635.42	1,679,356,510.69
Cash paid for goods and services	491,702,053.56	613,351,505.07
Cash paid to and for employees	38,014,259.10	36,942,100.03
Payments of taxes and surcharges	122,198,601.68	143,261,042.60
Other cash paid relating to operating activities	469,037,286.47	682,214,109.28
Subtotal of cash outflows from operating activities	1,120,952,200.81	1,475,768,756.98
Net cash flow from operating activities	224,836,434.61	203,587,753.71
II. Cash flows from investing activities:		
Cash received from the recovery of investment	1,760,000,000.00	1,977,617,111.10
Cash received from investment incomes	103,791,922.26	27,744,180.29
Net cash recovered from the disposal of fixed assets, intangible assets, and other long-term assets	840,000.00	41,368.77
Net cash received from the disposal of subsidiaries and other business entities		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	1,864,631,922.26	2,005,402,660.16
Cash paid to acquire fixed assets, intangible assets and other long-term assets	85,478,908.99	49,561,173.24
Cash paid to acquired investments	2,261,000,000.00	2,706,416,055.23

Item	2024 Semi-annual	2023 Semi-annual
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid relating to investing activities		
Subtotal of cash outflows from investing activities	2,346,478,908.99	2,755,977,228.47
Net cash flows from investing activities	-481,846,986.73	-750,574,568.31
III. Cash flows from financing activities:		
Cash received from absorbing investments		
Cash received from borrowings	270,822,593.55	
Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities	270,822,593.55	
Cash paid for repayment of debts		
Cash paid for distribution of dividends, profits or interest repayment	253,109,118.08	338,880,000.00
Other cash paid relating to financing activities	123,815,351.41	13,033,390.93
Subtotal of cash outflows from financing activities	376,924,469.49	351,913,390.93
Net cash flows from financing activities	-106,101,875.94	-351,913,390.93
IV. Effects from the change of exchange rate on cash and cash equivalents	4.41	202.85
V. Net increase in cash and cash equivalents	-363,112,423.65	-898,900,002.68
Add: Opening balance of cash and cash equivalents	1,163,138,657.73	1,651,433,867.91
VI. Closing balance of cash and cash equivalents	800,026,234.08	752,533,865.23

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

7. Consolidated statement of changes in owner's equity

Amount for the current period

Unit: CNY

Item	2024 Semi-annual													Minority Shareholder's Interests	Total Owners' Equity
	Equity Attributable to the Owners of the Parent Company														
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	General Risk Provision	Undistributed Profit	Miscellaneous	Sub-total		
	Preferred Shares	Perpetual Bonds	Miscellaneous												
I. Closing balance of the previous year	423,600,000.00				2,846,004,685.04	109,838,205.82	47,153.49		211,081,299.10		2,490,099,439.21		5,860,994,371.02	154,823,217.41	6,015,817,588.43
Add: changes in accounting policies															
Correct ion of prior period errors															
Miscellaneous															
II. Beginning balance of the	423,600,000.00				2,846,004,685.04	109,838,205.82	47,153.49		211,081,299.10		2,490,099,439.21		5,860,994,371.02	154,823,217.41	6,015,817,588.43

Item	2024 Semi-annual														
	Equity Attributable to the Owners of the Parent Company													Minority Shareholder's Interests	Total Owners' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	General Risk Provision	Undistributed Profit	Miscellaneous	Sub-total		
	Preferred Shares	Perpetual Bonds	Miscellaneous												
current year															
III. Amount of current increase or decrease (decrease to be listed with "-")						119,852,158.14	-1,733,486.54				231,404,789.20		109,819,144.52	-9,704,602.19	100,114,542.33
i. Total comprehensive incomes							-1,733,486.54				483,768,021.72		482,034,535.18	-8,190,542.64	473,843,992.54
ii. Capital invested and decreased by owners						119,852,158.14							119,852,158.14	40.45	119,852,117.69
1. Ordinary share invested by owners						119,852,158.14							119,852,158.14	40.45	119,852,117.69
2. Capital contributed by the holders of other equity instruments															
3. Amount of share-based payments recognized as owners' equity															
4. Others															
iii. Profit distribution											-252,363,232.52		-252,363,232.52	-1,514,100.00	-253,877,332.52
1. Withdrawal of surplus reserves															
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)											-252,363,232.52		-252,363,232.52	-1,514,100.00	-253,877,332.52
4. Others															
iv. Internal carryover of owners' equity															
1. Capital reserve transferred to capital (or share capital)															

Item	2024 Semi-annual														Minority Shareholder's Interests	Total Owners' Equity
	Equity Attributable to the Owners of the Parent Company															
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	General Risk Provision	Undistributed Profit	Miscellaneous	Sub-total			
Preferred Shares		Perpetual Bonds	Miscellaneous													
2. Surplus reserves transferred to capital (or share capital)																
3. Recovery of losses by surplus reserves																
4. Retained earnings carried forward from changes in defined benefit plans																
5. Retained earnings carried forward from other comprehensive income																
6. Miscellaneous																
v. Special reserves																
1. Appropriation in the current period																
2. Use for current period																
vi. Others																
IV. Closing balance of the current period	423,600,000.00				2,846,004,685.04	229,690,363.96	-1,686,333.05		211,081,299.10		2,721,504,228.41		5,970,813,515.54	145,118,615.22	6,115,932,130.76	

Amount in the previous year

Unit: CNY

Item	2023 Semi-annual														Minority Shareholder's Interests	Total Owners' Equity
	Equity Attributable to the Owners of the Parent Company															
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	General Risk Provision	Undistributed Profit	Miscellaneous	Sub-total			
Preferred Shares		Perpetual Bonds	Miscellaneous													
I. Closing balance of the previous year	423,600,000.00				2,846,004,685.04		-205.63		211,081,299.10		2,071,587,040.20		5,552,272,818.71	49,502,837.46	5,601,775,656.17	
Add: changes in accounting policies																

Item	2023 Semi-annual														
	Equity Attributable to the Owners of the Parent Company													Minority Shareholder's Interests	Total Owners' Equity
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	General Risk Provision	Undistributed Profit	Miscellaneous	Sub-total		
	Preferred Shares	Perpetual Bonds	Miscellaneous												
Correction of prior period errors															
Miscellaneous															
II. Beginning balance of the current year	423,600,000.00				2,846,004,685.04										
III. Amount of current increase or decrease (decrease to be listed with "-")					556,820.43										
i. Total comprehensive incomes															
ii. Capital invested and decreased by owners					556,820.43										
1. Ordinary share invested by owners															
2. Capital contributed by the holders of other equity instruments															
3. Amount of share-based payments recognized as owners' equity					556,820.43										
4. Others															
iii. Profit distribution															
1. Withdrawal of surplus reserves															
2. Appropriation to general risk provision															
3. Distribution to owners (or shareholders)															
4. Others															
iv. Internal carryover of owners' equity															
1. Capital reserve transferred to capital (or share capital)															
2. Surplus reserves transferred to capital (or share capital)															
3. Recovery of losses by surplus reserves															
4. Retained earnings															

Item	2023 Semi-annual															
	Equity Attributable to the Owners of the Parent Company													Minority Shareholder's Interests	Total Owners' Equity	
	Share Capital	Other Equity Instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	General Risk Provision	Undistributed Profit	Miscellaneous	Sub-total			
	Preferred Shares	Perpetual Bonds	Miscellaneous													
carried forward from changes in defined benefit plans																
5. Retained earnings carried forward from other comprehensive income																
6. Miscellaneous																
v. Special reserves																
1. Appropriation in the current period																
2. Use for current period																
vi. Others																
IV. Closing balance of the current period	423,600,000.00				2,846,561,505.47			-205.63		211,081,299.10		2,182,719,254.25		5,663,961,853.19	39,444,470.93	5,703,406,324.12

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

8. Statement of changes in owner's equity of Parent Company

Amount for the current period

Unit: CNY

Item	2024 Semi-annual												
	Share Capital	Other equity instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	Undistributed Profit	Miscellaneous	Total Owners' Equity	
		Preferred Shares	Perpetual Bonds	Miscellaneous									
I. Closing balance of the previous year	423,600,000.00				2,845,993,326.27	109,838,205.82			211,800,000.00	1,988,181,888.41		5,359,737,008.86	
Add: changes in accounting policies													
Correction of prior period errors													
Miscellaneous													
II. Beginning balance of the current year	423,600,000.00				2,845,993,326.27	109,838,205.82			211,800,000.00	1,988,181,888.41		5,359,737,008.86	
III. Amount of current increase or decrease (decrease to be listed with "-")						119,852,158.14				19,291,497.42		-100,560,660.72	
i. Total comprehensive incomes										271,654,729.94		271,654,729.94	
ii. Capital invested and decreased by owners						119,852,158.14						-119,852,158.14	

Item	2024 Semi-annual											Total Owners' Equity
	Share Capital	Other equity instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	Undistributed Profit	Miscellaneous	
		Preferred Shares	Perpetual Bonds	Miscellaneous								
												58.14
1. Ordinary share invested by owners						119,852,158.14						119,852,158.14
2. Capital contributed by the holders of other equity instruments												
3. Amount of share-based payments recognized as owners' equity												
4. Others												
iii. Profit distribution										-		-
1. Withdrawal of surplus reserves										252,363,232.52		252,363,232.52
2. Distribution to owners (or shareholders)										-		-
3. Others										252,363,232.52		252,363,232.52
iv. Internal carryover of owners' equity												
1. Capital reserve transferred to capital (or share capital)												
2. Surplus reserves transferred to capital (or share capital)												
3. Recovery of losses by surplus reserves												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Miscellaneous												
v. Special reserves												
1. Appropriation in the current period												
2. Use for current period												
vi. Others												
IV. Closing balance of the	423,600,000.00				2,845,993,326.27	229,690,363.96			211,800,000.00	2,007,473,385.83		5,259,176,348.14

Item	2024 Semi-annual											
	Share Capital	Other equity instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	Undistributed Profit	Miscellaneous	Total Owners' Equity
		Preferred Shares	Perpetual Bonds	Miscellaneous								
current period												

Amount in the previous period

Unit: CNY

Item	2023 Semi-annual											
	Share Capital	Other equity instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	Undistributed Profit	Miscellaneous	Total Owners' Equity
		Preferred Shares	Perpetual Bonds	Miscellaneous								
I. Closing balance of the previous year	423,600,000.00				2,845,993,326.27				211,800,000.00	1,671,209,103.81		5,152,602,430.08
Add: changes in accounting policies												
Correction of prior period errors												
Miscellaneous												
II. Beginning balance of the current year	423,600,000.00				2,845,993,326.27				211,800,000.00	1,671,209,103.81		5,152,602,430.08
III. Amount of current increase or decrease (decrease to be listed with "-")					556,820.43					123,287,072.61		123,843,893.04
i. Total comprehensive incomes										462,167,072.61		462,167,072.61
ii. Capital invested and decreased by owners					556,820.43							556,820.43
1. Ordinary share invested by owners												
2. Capital contributed by the holders of other equity instruments												
3. Amount of share-based payments recognized as owners' equity					556,820.43							556,820.43
4. Others												
iii. Profit distribution										-338,880,000.00		-338,880,000.00
1. Withdrawal of surplus reserves												
2. Distribution to owners (or shareholders)										-338,880,000.00		-338,880,000.00
3. Others												
iv. Internal carryover of owners' equity												

Item	2023 Semi-annual											
	Share Capital	Other equity instruments			Capital Reserves	Minus: Treasury Stock	Other Comprehensive Income	Special Reserves	Surplus Reserve	Undistributed Profit	Miscellaneous	Total Owners' Equity
		Preferred Shares	Perpetual Bonds	Miscellaneous								
1. Capital reserve transferred to capital (or share capital)												
2. Surplus reserves transferred to capital (or share capital)												
3. Recovery of losses by surplus reserves												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Miscellaneous												
v. Special reserves												
1. Appropriation in the current period												
2. Use for current period												
vi. Others												
IV. Closing balance of the current period	423,600,000.00				2,846,550,146.70				211,800,000.00	1,794,496,176.42		5,276,446,323.12

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

III. Company profile

1. History of the Company

The Company is a joint stock limited company derived from Botanee Co., Ltd. on an integral basis.

Botanee Co., Ltd. was jointly funded by Dai Kaihuang, Deng Xiaoling, and Ma Ruyu on May 13, 2010, with a registered capital of CNY500,000, of which, Dai Kaihuang contributed CNY225,000, accounting for 45% of the registered capital; Deng Xiaoling contributed CNY225,000, accounting for 45% of the registered capital; and Ma Ruyu contributed CNY50,000, accounting for 10% of the registered capital. The registered capital has been verified by the *Capital Verification Report* (YRZY [2010] No. A5053) issued by Yunnan Ruizhong Certified Public Accountants (Special General Partnership).

On March 7, 2019, Botanee Co., Ltd. was changed into a joint stock limited company on an integral basis with net assets of CNY385,696,551.32 as of November 30, 2018, as the base, which is equivalent to CNY360,000,000 of share capital calculated at the ratio of CNY 1.0714:1. The share capital has been verified by the *Capital Verification Report* (THYZ [2019] No. 00030) issued by Talent Certified Public Accountants (Special General Partnership).

The Company publicly issued 63,600,000 shares of CNY ordinary shares with a par value of CNY1.00 to the public on February 25, 2021, as approved by the *Reply of the China Securities Regulatory Commission on Approving the Registration of the Initial Public Offering of Yunnan Botanee Bio-Technology Group Co. LTD* (ZJXK [2021] No. 546). On March 23, 2021, the Shenzhen Stock

Exchange issued the *Announcement on the Listing and Trading of Stocks of Yunnan Botanee Bio-Technology Group Co. LTD on the ChiNext Market*, our ordinary shares stock began trading on the ChiNext Board of the Shenzhen Stock Exchange on March 25, 2021. The stock abbreviation is “Botanee”, and the stock code is “300957”.

2. Main operating activities of the Company:

Industry nature: Daily chemical industry;

Main Business: The Company and its subsidiaries are mainly engaged in the research and development, production and sales of cosmetics.

3. Registration place and unified social credit code

Unified social credit code: 915301005551100783.

The Company’s registration place and headquarters: 53 Keyi Road, High-tech Industrial Development Zone, Kunming City, Yunnan Province

The financial statements and notes to the financial statements have been approved by the 15th Meeting of the Second Board of Directors of the Company on August 26, 2024.

IV. Basis of preparation for financial statements

1. Basis of preparation

On the basis of a going concern, the Company recognizes and measures the actual transactions and events according to the *Accounting Standards for Enterprises—Basic Standards* issued by the Ministry of Finance, specific accounting standards, application guidelines, interpretations, and other provisions and prepares financial statements on this basis.

2. Going concern

The Board of Directors of the Company believes that the Company has sufficient working capital to continue as a going concern in the foreseeable future period of not less than 12 months after the approval of the financial statements. Accordingly, the Board of Directors of the Company continues to prepare the Company’s financial statements 2024 for the year ended June 30, 2024, on a going concern basis.

V. Significant accounting policies and accounting estimates

According to the actual production and operation characteristics and in accordance with the relevant provisions of the ASBE, the Company has formulated many specific accounting policies and accounting estimates for transactions and matters such as revenue recognition and determination as detailed in “5.37 Revenue” under “V. Significant Accounting Policies and Accounting Estimates” of Section X herein.

1. Statement of compliance with accounting standards for business enterprises

The financial statements prepared by the Company meet the requirements of ASBE and truly and fully reflect the financial position and such relevant information as business performance and cash flow of the Company.

2. Accounting period

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

3. Business cycle

For the purpose of the Company a business cycle is 12 months and it is regarded as classification criterion for the liquidity of assets and liabilities.

4. Functional currency

The functional currency is Chinese yuan (CNY).

5. Significance determination method and basis of selection

Applicable N/A

Item	Significance Standard
Important prepayments aged more than one year	Prepayments with a single aging of more than one year account for 10% of the total prepayments and the amount exceeds CNY10 million.
Important construction in progress	The budget of a single project exceeds CNY100 million.
Important contract liabilities aged more than one year	Contract liabilities with a single aging of more than one year account for 10% of the total contract liabilities and the amount exceeds CNY10 million.
Important accounts payable aged more than one year	Accounts payable with a single aging of more than one year account for 10% of the total accounts payable and the amount exceeds CNY30 million.
Important other payables aged more than one year	Other payables with a single aging of more than one year account for 10% of the total other payables and the amount exceeds CNY30 million.
Significant capitalized R&D projects	The closing balance of a single project accounts for more than 10% of the closing balance of development expenditure and the amount is greater than CNY30 million.
Important non-wholly owned subsidiaries	The net assets of the subsidiary account for more than 5% of Botanee's consolidated net assets, or the subsidiary's net profit accounts for more than 10% of its consolidated net profit.
Significant joint ventures and associates	The book value of a single project's long-term equity investment accounts for more than 5% of Botanee's net assets, or the absolute value of investment profits and losses under the equity method of long-term equity investment accounts for more than 10% of its consolidated net profit.

6. Accounting treatment method for business combination under common control and different control

(1) Business combination under common control

If the parties involved in combination are under the final control of one or several same parties before and after the combination, and such control is not temporary, and the combination is the business combination under common control. Assets and liabilities received by the merging party from a business merger shall be subject to relevant accounting treatment based on the book value of such assets and liabilities (including the goodwill formed from the acquisition of the merged party by the ultimate controlling party) of the merged party in the consolidated financial statements of the ultimate controlling party. The balance between the net book value of assets acquired by the merging party and book value of the paid merging consideration (or total face value of issued shares) shall be used to adjust the capital reserves (share capital premium); where capital reserves (share capital premium) cannot be charged off, retained earnings shall be adjusted. The combination date refers to the date on which the merging party actually obtains control rights on the combined party.

For business combination under common control realized step-by-step through multiple transactions, the long-term equity investment held before the acquisition of the combined party's control by the combining party and the profit or loss, other comprehensive incomes

and changes in other shareholders' equities that have been recognized during the period from the date of acquisition of the original equity, or the date of common control of the combining party and the combined entity (which is later) to the combination date shall offset against the retained opening earnings or current profit or loss respectively during the period of comparative statement.

(2) Business combination not under common control

All parties combine not under common control is a business merger in which the merging companies are not ultimately controlled by the same party or the same parties both before and after the business merger. The merger cost paid by the acquirer is the sum of the fair value of the assets paid, liabilities incurred or borne, and equity securities issued on the acquisition date for obtaining the control right of the acquiree. The difference between the fair value and its book value amount of assets paid is included in the current profit or loss. Acquisition date refers to the date on which the acquirer actually obtains control rights on the acquiree.

On the acquisition date, the acquirer distributes the combination cost and recognizes the fair value of identifiable assets, liabilities and contingent liabilities acquired from the Acquiree during business merger. If the combination cost is higher than the fair value of identifiable net asset obtained from the acquiree by the Company, the difference can be recognized as goodwill; if the combination cost is lower than the fair value of identifiable net asset obtained from the acquiree by the Company, the difference, after reexamination, can be included in current profit or loss.

Under the circumstance that the business combine is realized not under common control through multiple transactions step by step, the equity of the acquiree obtained before the acquisition date shall be recalculated as per the fair value of the equity on the acquisition date, with the balance between the fair value and its book value included into the current investment profits; if the equity of the acquiree held before the acquisition date involves other comprehensive income and other change of the shareholders' equity, the relevant other comprehensive incomes and other change of the shareholders' equity are transferred into the current investment income of the acquisition date. Other comprehensive benefits arising from the re-measurement of the net liabilities or net assets of the beneficiary plan by the investor are excluded.

7. Judgment criteria for control preparation methods of consolidated financial statements

The scope of consolidation of consolidated financial statements is determined on the basis of control and includes the Company and its subsidiaries (referring to the entities controlled by the Company, including the separable parts of the enterprises and investees and the structured entities controlled by the enterprises). The operating results and financial positions of subsidiaries are included in the consolidated financial statements from the start date of control to the end date of control.

For subsidiaries acquired through business combination under the common control of the Company, during the preparation of consolidated current financial statements, it shall be deemed that the consolidated subsidiaries are included in the scope of consolidation when the ultimate controlling party of the Company exercises control over them and the opening balance of the consolidated financial statements and the comparative statements in the previous period shall be adjusted accordingly.

For subsidiaries acquired by the Company through business combination not under common control, during the preparation of the consolidated current financial statements, the financial statements of the subsidiaries are adjusted based on the fair value of all identifiable assets and liabilities recognized on the acquisition date and the consolidated subsidiaries are included in the scope of consolidation on the acquisition date.

When the accounting period or accounting policy adopted by the subsidiaries is inconsistent with that of the Company, the Company has made necessary adjustments to the financial statements of the subsidiaries in accordance with the Company's accounting period or accounting policies during the preparation of the financial statements. All significant transactions, balances, and unrealized profits and losses between enterprises within the scope of consolidation are offset during the preparation of consolidated financial statements. For the unrealized loss incurred in the internal transactions, if there is evidence indicating that such loss is an impairment loss of the underlying asset, such loss shall not be offset.

The equity and profit and loss attributable to minority shareholders of subsidiaries are separately listed in the shareholders' equity of the consolidated balance sheet and the net profit in the consolidated income statement.

If the share of current losses of minority shareholders in a subsidiary exceeds their share of shareholder's equity in that subsidiary at the beginning of the period, the difference shall be offset against the minority interest.

In the event the Company loses the right of control over its subsidiary due to disposal of partial equity investment or other reasons, the residual equity must be recalculated according to its fair value on the day when the Company loses the right of control. The balance of the sum of consideration received from disposal of equity and the fair value of the residual equity less the share of original net assets of the subsidiary calculated continuously based on the original shareholding percentage from the acquisition date shall be included in the investment income of the period when losing the right of control and the goodwill shall be written down. Other comprehensive income and changes in other shareholders' equity in connection with original equity investments of original subsidiaries shall be transferred into the investment income of the current period at the time of loss of control, except for those incurred because the investee remeasures the changes of net liabilities or net assets in the defined benefit plan.

For the equity investment in subsidiaries disposed step by step through multiple transactions till losing the right of control, it is necessary to consider whether the transactions constitute a package deal. When the terms, conditions and economic impacts of the transactions for subsidiary equity investment disposal conform to one or more following situations, then it indicates that the transactions shall be subject to accounting treatment as part of the package deal: (1) the transactions are established simultaneously or at the consideration of mutual impact; (2) the transactions can constitute a complete commercial result only when operating as a whole; (3) the occurrence of one transaction rests with that of another one or more; (4) individually, a single transaction is not economical while, when combined with other transactions, it is economical.

If they do not belong to a package deal, each of the transactions shall be subject to accounting treatment as described above; for the various transactions belong to the package deal for equity disposal by the Company that lead to the loss of controlling power over the subsidiary, the transactions are subject to the accounting treatment oriented for subsidiary disposal and loss of controlling power; but, the difference between each disposal amount and the corresponding subsidiary net asset shares entitled to the disposal investment is recognized as other comprehensive income in the consolidated financial statement, which is not transferred into the current profit or loss until the controlling power is lost.

8 Classification of joint operation arrangement and accounting treatment methods for joint operations

Joint arrangements can be classified into joint operations and joint ventures. Joint operation refers to a joint arrangement where the joint partner enjoys the relevant assets of such arrangement and assumes the relevant liabilities of such arrangement. Joint venture refers to an arrangement that the joint venture party only has the power governing net assets of the arrangement.

The joint operation participant shall recognize the following items of it related to the interest share in the joint operation and conduct accounting treatment according to provisions of related ASBE: (1) assets solely held, and assets jointly owned as per the proportion; (2) liabilities solely held, and liabilities jointly owned as per the proportion; (3) income generated from sales of its share of output of the joint operation; (4) income generated from sales of joint operation output as per the proportion; and (5) expenses incurred independently, and expenses incurred from joint operation as per the proportion.

Where the Company invests assets (except that the assets form business) in or sells them to the joint operation, before the joint operation sells the assets to a third party, only the portion of profit/loss arising from the transaction attributable to other participants of the joint operation shall be recognized. If the assets are invested or sold complying with the losses from asset impairment specified in the *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, the Company shall fully recognize the loss.

Where the Company buys assets (except that the assets form business) from the joint operation, before it sells the assets to a third party, only the portion of profit/loss arising from the transaction attributable to other participants of the joint operation shall be recognized. If the assets are bought complying with the losses from asset impairment specified in the *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, the Company shall recognize the loss based on its share.

For a participant of a joint operation but not sharing joint control, if it is entitled to the relevant assets of the joint operation and assumes the relevant liabilities of the joint operation, accounting treatment shall be conducted in accordance with aforesaid provisions.

9. Standards for recognition of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents refer to the investment held by the Company having the features of short term, strong liquidity, easy to be converted into known amount of cash and small risk of variation in value.

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

(1) Accounting treatment of foreign currency transactions

For transaction in foreign currency, the foreign currency amount shall be translated into CNY amount based on the spot exchange rate on the transaction date.

The foreign currency monetary items on the balance sheet date are translated into CNY at the spot exchange rate on the same date; the translation difference is recognized as the current profits and losses, except those which should be capitalized as per the accounting method for borrowing costs. Non-monetary items calculated by historical cost shall be translated on the balance sheet date as per spot exchange rate on the transaction date.

(2) Translation of foreign currency financial statements

The asset and liability items of overseas operation in the balance sheet shall be translated as per the spot exchange rate of the balance sheet date; the shareholders' equity items, except for the items of "undistributed profit", shall be translated at the spot exchange rate when incurred. The annual average exchange rate is used for the income and expense items in the income statement of overseas business. The difference arising from the above translation shall be separately listed in the shareholders' equity.

11. Financial instruments

A financial instrument refers to a contract that forms a financial asset of one party and a financial liability or equity instrument of another party.

(1) Recognition and derecognition of financial instruments

When the Company becomes a party to a financial instrument contract, a financial asset or financial liability is recognized.

If a financial asset meets one of the following conditions, it shall be derecognized: 1) The contractual right to receive cash flows from the financial asset terminates. 2) The right to collect cash flows from financial assets has been transferred, or the obligation to pay the cash flows collected in full to a third party in a timely manner under a "pass-through agreement" has been transferred; and substantially all risks of ownership of financial assets have been transferred. and rewards, or relinquishes control of a financial asset while substantially neither transferring nor retaining substantially all the risks and rewards of ownership of the financial asset.

If the current obligation of a financial liability (or part thereof) has been discharged, the financial liability (or part thereof) shall be derecognised.

For purchases or sales of financial assets in a regular manner, the Company recognizes the assets to be received and the liabilities to be assumed on the trading date, or derecognizes the sold assets on the trading date.

(2) Classification and measurement of financial assets

At the time of initial recognition of financial assets, according to the business mode of financial assets management and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: financial assets measured at amortized cost; financial assets at fair value through other comprehensive incomes; and financial assets at fair value through current profit or loss.

1) Initial measurement of financial assets

Financial assets are initially recognized at fair value. For financial assets at fair value through profit or loss, related transaction expenses shall be directly included in the current profit or loss; the related transaction expenses of other financial assets shall be included in the initially recognized amount. For accounts receivable arising from the sale of products or the provision of labor services, which do not

include or do not consider material financing elements, the Company makes initial measurement according to the consideration expected to be entitled to receive.

2) Subsequent measurement for financial assets

a) Investment in debt instruments measured at amortized cost

The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal and the Company's business mode for managing the financial assets is to collect contractual cash flows. The Company classifies the financial assets into the financial assets measured at amortized cost. The financial assets shall be subsequently measured at amortized cost by effective interest rate method, with profits or losses arising out from amortization, impairment or de-recognition included in the current profits and losses.

b) Debt instruments investment measured at fair value through other comprehensive income

The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal and the Company's business mode for managing the financial assets is both to collect contractual cash flows and sell the financial assets. The Company classifies the financial assets into the financial assets that are measured at fair value and whose changes are included in other comprehensive income. The interest income, impairment loss, and exchange difference of the financial assets recognized by the effective interest rate method are recognized as current profits and losses, and other changes in fair value are included in other comprehensive income. At the derecognition, the accumulated gains or losses previously included in other comprehensive incomes are transferred to the current profit or loss.

c) Equity instruments investment measured at fair value through other comprehensive income

At the initial recognition, some investments in non-trading equity instruments are designated by the Company as financial assets at fair value through other comprehensive incomes. The Company includes the dividend income into the current profits and losses, and the changes in fair value into other comprehensive incomes. When the financial assets are derecognized, the accumulated profits or losses previously included in other comprehensive incomes will be transferred from other comprehensive income to the retained earnings but not included in the current profit or loss.

d) Financial assets at fair value through current profits or losses

Including financial assets measured at fair value and their changes included into current profits or losses, and financial assets designated to be measured at fair value and their changes included into current profits or losses.

The Company divides the financial assets not classified as calculating as per the amortized cost and fair value with changes included into other comprehensive income held by the Company into financial assets measured at the fair value with changes included into current profits and losses.

At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company may designate some financial assets as the financial assets measured at fair value with changes included in the current profits and losses.

(3) Recognition basis and measurement method for transfer of financial assets

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. If substantially all the risks and rewards of ownership of the financial asset is retained the financial asset is not derecognized.

If the Company neither transfers nor retains almost all risks and rewards from the ownership of the financial assets, when 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; when 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.

(4) Classification and measurement of financial liabilities

Financial liabilities are classified, at the time of initial recognition, into financial liabilities at fair value through current profit or loss and other financial liabilities.

1) Initial measurement of financial liabilities

Financial liabilities are measured at fair value at initial recognition. For financial liabilities that are measured at fair value with their change recorded as losses or profits in the current period, related transaction expenses should be directly included into the current loss and profit; the related transaction expenses of financial liabilities measured at amortized cost should be included into the initial recognition amount.

2) Subsequent measurement for financial liabilities

a) Financial liabilities at fair value through current profits or losses

Including financial liabilities held for trading (including the derivative instruments which belong to financial liabilities) and financial liabilities designated as measured at fair value with changes recorded in current profit or loss at initial recognition.

Financial liabilities held for trading (including derivative instruments which belong to financial liabilities) are subsequently measured according to the changes in fair value. Except for those related to hedge accounting, changes in fair value are included in the current profit or loss.

For financial liabilities designated to be measured at fair value and whose changes are included in the current profits and losses for the period in which changes in fair value arising from changes in the Company's own credit risk are included in other comprehensive income. Upon the derecognition thereof, the accumulated profit or loss previously included in other comprehensive income shall be transferred out from other comprehensive income and included in retained earnings. Other changes in fair value are included in the current profits and losses. If the aforesaid accounting treatment will cause or enlarge the accounting mismatch in profits and losses, all profits or losses of the financial liabilities (including the impact amount of changes arising from the Company's own credit risk) shall be included in the current profits and losses.

b) Other financial liabilities

Other financial liabilities except for financial liabilities and financial guarantee contracts arising from non-conformance of financial asset transfer to the derecognition conditions or continued involvement in the transferred financial assets are classified as financial liabilities measured at amortized cost and subsequently measured at amortized cost; gains or losses incurred by derecognition or amortization are included in the current profits or losses.

(5) Offset of financial assets and financial liabilities

The net amount of the financial assets and financial liabilities are presented in the balance sheet after being offset when the following conditions are met at the same time: 1) has a legal right to offset the recognized amount and that such legal rights are currently enforceable; and 2) plans to settle in net amount or sell off financial assets and liquidate the financial liabilities at the same time.

(6) Method of determining fair value of financial instruments

For a financial instrument with active market, its fair value shall be recognized based on its quoted price in the active market. For a financial instrument without active market, its fair value shall be recognized by adopting the estimation technique. During estimation, the Company shall adopt the valuation technique that is applicable in the current conditions and is supported sufficiently by available data and other information and shall select the input value with consistent characteristics of assets or liabilities considered in relevant transactions of assets or liabilities with the market participants. The related observable input value is preferred as far as possible. The non-observable input value can be used only when it is impossible or not feasible to obtain a relevant observable input value.

(7) Impairment of financial instruments (excluding receivables)

The Company makes the provision for impairment and recognizes the credit impairment loss for financial assets measured by amortized cost, liability instrument investment measured by fair value with changes included in other comprehensive income, and financial guarantee contracts based on expected credit loss.

For evaluation of the expected credit loss, the Company will consider all reasonable and reliable information, including forward-looking information.

The Company evaluates whether the credit risk of financial instruments has increased significantly since initial recognition on each balance sheet date. If the default probability of a financial instrument within the expected duration recognized on the balance sheet date is significantly higher than the default probability within the expected duration recognized at the time of initial recognition, it indicates that the credit risk of the financial assets has increased significantly.

If the credit risk has not increased significantly since the initial recognition, it is in the first stage, and the Company measures the loss provision according to the amount of the expected credit loss in the next 12 months; if the credit risk has increased significantly since the initial recognition, but no credit impairment has occurred, it is in the second stage, and the Company measures the loss provision according to the amount equivalent to the expected credit loss over the whole duration; if credit impairment of financial instruments occurs after the initial recognition, it is in the third stage, and the Company measures the loss provision based on expected credit losses over the whole duration.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk has not increased significantly since the initial recognition, and measures the provision for loss according to the expected credit loss in the next 12 months.

12. Notes receivable

For details, please refer to “13. Accounts Receivable” in V. Significant Accounting Policies and Accounting Estimates” under in Section X of this report.

13. Accounts receivable

Receivables of the Company mainly include notes receivable, accounts receivable, receivables financing and other accounts receivables. The Company takes receivables and lease receivables arising from the sale of products or the provision of services as expected credit losses within the whole duration when calculating the provision for credit losses.

For other receivables, the Company assesses at each balance sheet date whether the credit risk of a financial instrument has increased significantly since initial recognition. If the probability of default of a financial instrument during the estimated duration determined at the balance sheet date is significantly higher than that during the estimated duration determined at initial recognition, the credit risk of the financial instrument has significantly increased.

If the credit risk has not increased significantly since initial recognition (first stage), the Company calculates the provision for credit losses based on expected credit losses over the next 12 months; If the credit risk has increased significantly since initial recognition but no credit impairment has occurred (second stage), the Company calculates the provision for credit losses based on expected credit losses over the whole duration; If credit impairment has occurred since initial recognition of the receivables (third stage), the Company calculates the provision for credit losses based on expected credit losses over the whole duration.

For receivables with low credit risk at the balance sheet date, the Company calculates the provision for credit losses based on expected credit losses over the next 12 months, assuming that their credit risks have not increased significantly since initial recognition.

Receivables whose credit risk is assessed separately include receivables from an related party, receivables from a party involved in a dispute, litigation or arbitration with the Company, and receivables where there are clear indications that the debtor is likely to be unable to meet the repayment obligations.

In addition to receivables whose credit risk is assessed separately, the Company divides receivables into several portfolios according to the characteristics of their credit risks and evaluates overall credit risks based on these portfolios. These portfolios are determined as follows:

Item	Characteristics
Aging portfolio	This portfolio uses the aging receivables as a credit risk characteristic.
Internal transaction portfolio	This portfolio is characterized by receivables from transactions between the mother company and its subsidiary included in consolidated financial statements.

For receivables falling into the aging portfolio, the Company calculates the age of such receivables based on the period from the date of their occurrence to the statement date. The Company refers to previous credit losses, considers the status quo and economic development forecast, prepares a comparison table between the age of the receivables and the expected credit loss rate over the whole duration and calculates expected credit losses.

The Company does not calculate the internal transaction portfolio into the provision for credit impairment.

14. Receivables financing

For notes receivable and accounts receivable whose contractual cash flow characteristics are consistent with the basic lending arrangements, and the Company's business mode for managing the financial assets is both to collect contractual cash flows and sell the financial assets, the Company classifies them as receivable financing that is measured at fair value and whose changes are included in other comprehensive income. The interest income, impairment loss, and exchange difference of the receivables financing recognized by the effective interest rate method are recognized as current profits and losses, and other changes in fair value are included in other comprehensive income. At the derecognition, the accumulated gains or losses previously included in other comprehensive incomes are transferred to the current profit or loss.

15. Other accounts receivables

For the determination method and accounting treatment method for expected credit losses on other accounts receivables, please refer to "13. Accounts Receivable" in "V. Significant Accounting Policies and Accounting Estimates" under Section X of this report.

16. Contract assets

(1) Recognition methods and standards for the contract assets

The Company presents the contract assets or contract liabilities in the balance sheet in accordance with the relationship between the performance obligations and the payment by the customer. The consideration (excluding receivables) to which the Company has transferred goods or provided services to customers and which it is entitled to receive is shown as a contract asset.

(2) Determination method and accounting treatment method of expected credit loss of contract assets

For contract assets without material financing elements, the Company adopts a simplified model of expected credit loss where the loss provision is always measured at an amount equivalent to the expected credit loss over the whole duration, and the resulting increase or reversal of the loss provision is recorded as the impairment loss or gain in the current profits and losses.

For contract assets with material financing elements, the Company chooses to adopt a simplified model of expected credit loss where the loss provision is always measured at an amount equivalent to the expected credit loss over the whole duration, and the resulting increase or reversal of the loss provision is recorded as the impairment loss or gain in the current profits and losses.

17. Inventories

(1) The inventories of the Company mainly include raw materials, low-value consumables, products in process, self-made semi-finished products, finished products, etc.

(2) The raw materials and finished products are accounted for by the weighted average method when delivered.

(3) Basis for determining the inventory's net realizable value and drawing methods for provision for decline in the value of inventories
At the end of the Reporting Period, the provision for the decline in the value of inventories shall be drawn in accordance with the balance of single item cost higher than net realizable value and are included in current profits and losses. If the influencing factors of the previous write-down of inventory value have disappeared, the write-down amount shall be restored and shall be reversed within the original provision for the decline in the value of inventories. The reversed amount shall be included in the current profits and losses.

The Company draws provision for the decline in the value of inventories on the basis of individual inventory item. Net realizable value is determined based on the estimated selling price less estimated costs to be incurred upon completion, estimated selling expenses and related taxes.

(4) The Company adopts the perpetual inventory system for inventories.

(5) Turnover materials include low-value consumables, packaging, etc. and they are amortized at requisition by the one-off write-off method.

18. Held-for-sale assets

(1) Held-for-sale

The Company recognizes the non-current assets or disposal groups meeting all the following conditions as the held-for-sale assets:

1) Based on the practice of selling such assets or disposal groups in similar transactions, those can be sold immediately under current conditions.

2) Their sales are very likely to happen, that is, the Company has already made a resolution on a sales plan and obtained a certain purchase commitment and their sales are expected to be completed within one year. The relevant approval has been obtained from relevant authorities of the Company or regulators for those available for sale as required by the relevant regulations.

When the non-current assets or disposal groups held-for-sale are measured initially or remeasured on the balance sheet date, if the book value amount is higher than the net amount obtained by deducting the selling expenses from the fair value, the book value amount shall be reduced to the net amount obtained by deducting the selling expenses from the fair value, and the write-down amount shall be recognized as the asset impairment losses and shall be included in the current profits or losses and the impairment provision of held-for-sale assets shall be made at the same time.

(2) Discontinued operation

Discontinued operation means a component that meets one of the following conditions and can be distinguished alone. The component has been disposed of or classified as "held-for-sale":

1) The component represents a separate principal business or a separate principal area of operation.

2) The component is part of an associated plan to dispose of a separate principal business or a separate principal area of operation.

3) The component is a subsidiary acquired specially for resale.

Where the disposal group that is to be out of use rather than sold meets the conditions of a component specified in the preceding paragraphs, it is included in discontinued operation from the date of being out of use; If a company loses its control over a subsidiary due to the sale of its investment in the subsidiary, and the subsidiary meets the definition of discontinued operation, relevant profits and losses incurred by discontinued operation are presented in the consolidated income statement.

For discontinued operation reported in the current period, the Company reports those data originally included in profits and losses incurred by continued operation in the current financial statements as profits and losses incurred by discontinued operation during the comparable accounting period.

19. Debt investment

Applicable N/A

20. Other debt investment

Applicable N/A

21. Long-term receivables

Applicable N/A

22. Long-term equity investment

(1) Judgment standard for significant impact and joint control

- 1) The Company comprehensively considers whether it has a significant impact on the investee in combination with the following circumstances: Whether representatives are designated to the Board of Directors or similar authorities of the investee; Whether to participate in the formulation of financial and operating policies of the investee; Whether there is any significant transaction with the investee; Whether management personnel is assigned to the investee; and Whether the key technical data are provided to the investee.
- 2) If the Company and other participants are bound by a joint arrangement, anyone participant cannot control the arrangement independently, and anyone participant can prevent other participants or a combination of participants from controlling the arrangement independently, the Company judges that it has joint control over the joint arrangement.

(2) Determining of investment costs

- 1) The investment cost of long-term equity investments formed by business merger shall be recognized as per the following methods:
 - a) For the investment in subsidiaries formed by a business combination under common control, the share of the book value of the shareholders' equity of the merged party on the combination date in the consolidated financial statements of the ultimate controlling party shall be recognized as the investment costs of long-term equity investment.

As to business combination under common control realized step by step, the initial investment cost of long-term equity investment shall be recognized on the combination date based on the share of the book value of the merged party's net assets to be enjoyed after the merger in the consolidated financial statements of the ultimate controlling party. The balance between the initial investment amount and the sum of the book value of long-term equity investments which has reached the amount before the merger and the book value of new payment consideration obtained on the combination date shall be applied to adjust capital reserves (capital/share capital premium). If the capital surplus is insufficient to set it off, the retained earnings shall be written down. The equity investment held prior to the combination date and recognized as other comprehensive income due to calculation by equity method or calculation as per recognition and measurement criteria of financial instruments will not be subject to accounting treatment temporarily and will be subject to accounting treatment on the same basis as that adopted by the investee for direct disposal of related assets or liabilities at the time of disposal. If it is recognized as other changes in shareholders' equity (excluding net profit/loss, other comprehensive income and profit distribution) in the net assets of the investee due to calculation by equity method, it will not be subject to accounting treatment temporarily and will be transferred to current profits and losses at the time of disposal. In which, if the residual equity after disposal is calculated by cost method or equity method as per the standards, other comprehensive income and other shareholders' equity shall be carried over in proportion, and if the disposed residual equity undergoes accounting treatment according to recognition and measurement guideline of financial instruments, other comprehensive income and other shareholders' equity shall be fully carried over.

- b) For the investment in subsidiaries formed by a business combination not under different control, the business merger cost shall be taken as the investment cost.

If the additional investment can control the investee not under joint control, the sum of the book value of the equity investment of the acquiree held before the acquisition date and the investment cost added on the acquisition date shall be recognized as the initial investment cost of the investment accounted for by the cost method. The equity investment held by the acquiree prior to the acquisition date recognized as other comprehensive income due to accounting by equity method shall be subject to accounting treatment on the same basis as that adopted by the investee for direct disposal of related assets or liabilities at the time of disposal. Accounting treatment of the equity investment held before the acquisition date shall be conducted in accordance with the *Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments*. Accumulated changes in fair value originally included in other comprehensive income shall be transferred to retained earnings at the time of calculation by the cost method.

- 2) Except for the long-term equity investment acquired through the business merger, the investment cost of long-term equity investment acquired in other ways shall be determined in accordance with the following methods:
 - a) For long-term equity investment acquired by cash payment, the actual purchase price paid shall be regarded as investment cost;
 - b) For the long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be taken as the investment cost;

3) Where the addition of investments confers upon the rights of joint control over or significant influence on the investee but fails to confer rights constituting control over the investee, the sum of the fair value of the equity investment originally held, determined according to the *Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments* and the cost of the subsequent investments, shall be regarded as the initial investment cost, which shall be accounted for using the equity method. If the originally held long-term equity investment is classified as other equity instrument investments, the balance between the fair value and the book value, as well as accumulated changes in fair value originally included in other comprehensive incomes shall be transferred to the retained earnings calculated by the equity method.

(3) Subsequent measurement and recognition of gains and losses

1) Investment in subsidiaries

In the consolidated financial statements, investments in subsidiaries are treated in accordance with “6. Accounting Treatment Method for Business Combination Under Common Control and Different Control” in “V. Significant Accounting Policies and Accounting Estimates” under Section X of this report.

In the financial statements of the Parent Company, the investment in subsidiaries is accounted for by using the cost method, and the investment income is recognized when the investee declares the distributed cash dividends or profits.

2) Investment in joint ventures and associates

The equity method is adopted for accounting of investment in joint ventures and associated ventures, and the specific accounting treatment includes:

When the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference shall be included in the long-term equity investment cost; when the initial investment cost is less than the Company's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be credited to current profits and losses, and the cost of the long-term equity investment shall be adjusted accordingly.

After obtaining the investments in joint ventures and associates, the Company recognizes the profit and loss on investments and other comprehensive incomes respectively according to its share of net profits or losses and other comprehensive incomes of the investee to be enjoyed or shared, and meanwhile adjusts the book value of long-term equity investments; the part of due share is calculated according to the distributed cash dividend or profit declared by the investee, and the book value of the long-term equity investment is decreased accordingly.

When calculating the share of net profits and losses realized by the investee that shall be enjoyed or shared, the fair value of the investee's identifiable net assets when the investment is obtained is taken as the basis. Where there are any inconsistencies between the accounting policies or accounting period adopted by the investee and the Company, the financial statement of the investee shall be adjusted as necessary according to the accounting policy and accounting period of the Company during accounting by the equity method. Unrealized profits and losses arising from intra-company transactions with joint ventures and associates are offset by the portion attributable to the Company as per the shareholding percentage when calculated by equity method. For the unrealized loss incurred in the internal transactions, if there is evidence indicating that such loss is an impairment loss of the underlying asset, such loss is recognized as loss in full amount.

The Company recognizes the net losses of joint ventures or associates only to the point where the book value of the long-term equity investments and other long-term equities which substantially form the net investment in the investees are reduced to zero, unless the Company has an obligation to bear extra losses. When the investees realize net profits later, the Company will recover the sharing amount of recognized profits after the sharing amount offsets the non-recognized sharing losses.

For other changes of the shareholders' equity except net profit or loss of interested entities, other comprehensive income and profit distribution in investee, the book value of long-term equity investment shall be adjusted and included in capital reserve. Upon disposal of the investment, the part originally included in the capital reserve shall be transferred to current profits and losses in corresponding proportion.

(4) For the disposal of long-term equity investment, the difference between the book value and the actual purchase price is included in the current profits or losses. Long-term equity investments that are recognized using the equity method are disposed of on the same basis as the investee's direct disposal of the related assets or liabilities, and the portion originally included in other comprehensive income will be accounted for in a corresponding proportion.

Where the Company loses joint control over or significant influence on the investee due to partial disposal of its equity investment, the equity remaining after disposal shall be treated according to the *Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments*, and the difference between fair and book values at the date of loss of joint control or significant influence shall be recorded in the current profits and losses. Other comprehensive income related to the original equity investment and recognized based on the equity method, shall be subject to treatment on the same accounting basis applied by the investee to directly disposals of relevant assets or liabilities, and usage of the equity method discontinued.

When the control of the Company over the investee is lost due to disposal of partial equity investment etc., if the residual equity after disposal could exert joint control or significant influence over the investee during the preparation of individual financial statements, the equity method shall be adopted for the accounting, and adjustment shall be made on this partial equity deemed that equity method has been used for accounting since the acquisition. If the remaining equity after disposal cannot exert joint control over or significant impact on the investee, the accounting treatment shall be conducted according to the relevant provisions of the *Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments*, and the difference between the fair value and the book value on the date of losing the right of control shall be included in the current profits and losses.

23. Investment real estates

Measurement model of investment real estates: measurement with cost method.

Depreciation or amortization method: The Company makes a subsequent measurement of the investment real estates with the cost model and makes provision for depreciation or amortization by the straight-line method after deducting the estimated net residual value from the service life of the investment properties.

Category	Service Life (Year)	Estimated Net Residual Value Ratio	Annual Depreciation (Amortization) Rate
Houses and buildings	20	5.00%	4.75%

24. Fixed assets

(1) Recognition conditions

Fixed assets refer to the tangible assets whose service life is more than an accounting year and which are held for goods production, labor service rendering, renting or operating management.

(2) Depreciation method

Category	Depreciation Method	Depreciation Period	Residual Value Rate	Annual Depreciation Rate
Houses and buildings	Straight-line method	20-50 years	5.00%	1.90%-4.75%
Electronic equipment	Straight-line method	Three to five years	5.00%	19.00%-31.67%
Machinery and equipment	Straight-line method	Three to five years	5.00%	19.00%-31.67%
Transportation equipment	Straight-line method	Three to five years	5.00%	19.00%-31.67%

Office equipment	Straight-line method	Three to five years	5.00%	19.00%-31.67%
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At least at the end of every year, the Company shall recheck the expected service life, expected net salvage value and depreciation methods of the fixed assets.

25. Construction in progress

When the construction in progress is ready for its intended use, it shall be transferred to the fixed assets, intangible assets, and long-term deferred expenses accounting according to all the actual expenditures incurred.

Standards and time for the transition of different types of construction in progress to fixed assets are as follows:

Category	Transition Standards and Time
Houses and buildings	(1) Physical construction, including installation, has been completed or substantially completed; (2) The expenses on the house or building purchased or constructed are small or almost no longer occur; (3) The house or building purchased or constructed has met the design or contract requirements, or basically complies with the design or contract requirements; (4) The construction project has reached the predetermined usable state but has not yet completed the final settlement of account. From the date when such a project reaches the predetermined usable state, it is included in fixed assets at a value estimated according to the actual construction costs.
Machinery and equipment	(1) Relevant equipment and other supporting facilities have been installed; (2) The equipment can maintain normal and stable operation for a certain period after debugging; (3) The equipment can produce qualified products stably for a certain period; (4) The equipment has passed the check for acceptance by the asset manager and user.

For products or by-products that are produced before reaching the predetermined usable state and sold, incomes and costs related to trial sales are included in accounting treatment in accordance with the *Accounting Standards for Business Enterprises No. 14—Income* and the *Accounting Standards for Business Enterprises No. 1—Inventory* and included in current profits and losses.

26. Borrowing costs

(1) Borrowing costs include borrowing interests, amortization of discount or premium, auxiliary expenses and exchange difference incurred from foreign currency loans. The borrowing costs, which can be assigned to acquisition and construction or production of assets in compliance with capitalization conditions, shall be capitalized and included in related asset cost, while other borrowing costs shall be included in the current profits and losses.

(2) When the expenditures and borrowing costs of the assets are incurred and the activities relating to the acquisition, construction, or production of the assets that are necessary to prepare the assets for their intended use or sale have commenced, the Company shall begin the capitalization of borrowing costs. Where the acquisition and construction or production of the asset eligible for capitalization is interrupted abnormally and the interruption period lasts for more than three months, the capitalization of the borrowing costs shall be suspended. When the acquisition, construction, or production of assets is ready for its intended use or sale, the capitalization of borrowing costs shall cease and the borrowing costs incurred thereafter shall be included in the current profits and losses.

(3) Calculation method for the capitalization amount of borrowing costs

1) The capitalization amount of the borrowing costs incurred from special borrowings for the acquisition, construction, or production of assets that meet the capitalization conditions (including the borrowing interest, amortization of discount or premium, auxiliary expenses, exchange difference between the principal and interest of special foreign currency borrowings) shall be the amount of borrowing costs actually incurred from special borrowings during the capitalization period, net of the interest income from depositing the not-yet-used borrowed funds in the bank or the investment income acquired from temporary investment of the not-yet-used borrowed funds.

2) The capitalization amount of the borrowing costs (including the borrowing interest, amortization of discount or premium) incurred from general borrowings for the acquisition, construction, or production of assets that meet the capitalization conditions shall be calculated and determined by multiplying the weighted average of the asset expenditures from the accumulated asset expenditures exceeding the special borrowings during the capitalization period by the capitalization rate of general borrowings occupied.

27. Biological assets

Applicable N/A

28. Oil and gas assets

Applicable N/A

29. Intangible assets**(1) Service life, its basis for determination, estimation, amortization method, or review process**

- 1) Intangible assets are initially measured according to the cost upon acquisition.
 2) For finite-lived intangible assets, amortization is performed using the straight-line method over their service lives.

Category	Service Life	Basis for Determining Service Life
Land use right	50 years or legal service life	Legal service life
Office Software	Five years	Determine the service life with reference to the period that can bring economic benefits to us
Trademark right and patent right	Ten years	Determine the service life with reference to the period that can bring economic benefits to us
Non-patented technologies	Three years	Determine the service life with reference to the period that can bring economic benefits to us

At the end of each year, the Company rechecks the service life and the amortization method of intangible assets.

- 3) Intangible assets with uncertain service life shall not be amortized. End at the end of each year, the service life of intangible assets with uncertain service life shall be reviewed. If there is any evidence showing that its service life is limited, its service life shall be estimated and amortized according to its service life.
 4) Trademarks acquired in a business combination are recognized at fair value on the date of acquisition. Since a trademark can be automatically renewed upon expiration, it is an intangible asset with an indefinite useful life. Therefore, no amortization is provided for a trademark until it is determined that its useful life is limited. It will be tested for impairment annually or when there is an indication of impairment.

(2) Accounting treatment method of expenditures on internal research and development projects

- 1) Specific division standard of the research stage and development stage of internal research and development projects
 Research refers to a planned investigation with originality that is conducted to obtain and keep abreast of new scientific or technical knowledge. Development refers to the process where research results or other knowledge are applied to one or more plans or designs for producing new or substantially improved materials, devices, products and new processes before the commercial manufacture or use.
 2) Expenditures at the research stage shall be included in the current profit or loss when incurred. The expenditures in the development stage shall be capitalized if they meet all the following conditions:
 a) With technical feasibility for finishing the intangible assets to use or sell.
 b) With intention of finishing the intangible assets to use or sell.
 c) Where the usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally.
 d) With enough support of technology, financial resources and other resources for finishing development of the intangible assets as well as capacity for using or selling the assets.

- e) The expenditure attributable to the intangible asset during its development phase can be reliably measured.
- 3) If the products or by-products produced in the R&D process are sold to the outside, the income and costs related to the trial sales shall be accounted for respectively and included in the current profits and losses in accordance with the provisions of the *Accounting Standards for Business Enterprises No.14—Revenue* and the *Accounting Standards for Business Enterprises No.1 - Inventory*.

30. Impairment of long-term assets

On the balance sheet date, the Company determines whether there is any sign of impairment for long-term assets such as long-term equity investments, fixed assets, construction in progress, and intangible assets according to internal and external information, and conducts impairment tests on long-term assets with signs of impairment to estimate their recoverable amount. In addition, no matter whether there is any sign of impairment, the Company will conduct impairment tests on goodwill, intangible assets with uncertain service life, and intangible assets that have not yet reached the usable condition at least at the end of each year to estimate their recoverable amount.

Where the recoverable amount of the above long-term assets is lower than the book value according to the estimated result of recoverable amount, the book value shall be written down to the recoverable amount, and the write-down amount shall be recognized as impairment loss of assets and included in current profits and losses. Simultaneously, the corresponding reserves for impairment shall be provided accordingly.

The recoverable amount of assets (or asset groups, asset group combination, the same below) is the net amount of fair value of assets deducting disposal fees, or present value of expected future cash flow of the assets, whichever is higher.

The asset group is the smallest asset portfolio that can be identified and the cash inflow produced by the asset group is basically independent of the cash inflow produced by other assets or asset groups. Asset group is formed by related assets with generated cash flow. When identifying asset groups, the Company mainly takes into account whether they generate cash flows independently, as well as how the management makes decision to manage the production and operation activities and deals with the asset utilization or disposal. The net amount of the fair value of the assets deducting the disposal expenses is determined by the price that can be received for selling an asset or paid for transferring a liability in the orderly transaction generated by the market participants on the measurement date minus the disposal expenses directly attributable to the asset. The current value of estimated future cash flow of the assets shall be determined by the amount discounted with appropriate rate before tax as per the estimated future cash flow during continuous use and final disposal of the assets.

Impairment loss related to asset groups or asset group combination is deducted by book value amortized into the carrying value of goodwill in the asset groups or asset group combination and carrying value of other assets in proportion according to the percentage of carrying value of other assets (except for goodwill) in the asset groups or asset group combination. However, the deducted carrying value of various assets shall not be lower than the largest value among net amount of fair value of the assets (if determined) after the disposal cost is deducted, and the current value of estimated future cash flow of the asset (if determined) and zero.

Once confirmed, the impairment loss of the aforesaid long-term assets shall not be reversed in future accounting periods.

31. Long-term deferred expenses

Long-term deferred expenses shall be subject to average amortization within the benefit period. If the long-term unamortized expenses will not benefit the future accounting period, the amortized value of the unamortized expenses shall be all transferred into the current profits and losses.

32. Contract liabilities

The contract liabilities refer to the Company's obligations to transfer commodities to the customer due to customer consideration received or receivable. If the customer has paid the contract consideration or the Company has obtained the right to receive the contract

consideration unconditionally before the Company transfers the commodities to the customer, the Company shall list the amount received or receivables as contract liabilities at the time when the customer actually makes the payment or at the time when the payment is due, whichever is earlier. Contract assets and contract liabilities under the same contract are to be listed on a net basis; contract assets and contract liabilities under different contracts shall not be offset.

33. Employee remuneration

(1) Accounting treatment method of short-term compensation

Employee benefits include short-term benefits, post-employment welfare, termination benefits and other long-term employee welfare. In the accounting period in which staffs have rendered services, the Company shall recognize the payable employee remuneration to staffs as liabilities.

The Company participate in the employee social security system established by government agencies as required, including basic pension insurance, medical insurance, housing capital reserve and other social security systems. The corresponding expenditures are included in the relevant asset costs or current profits and losses when incurred.

(2) Accounting treatment method of post-employment welfare

The Company participate in the employee social security system established by government agencies as required, including basic pension insurance, medical insurance, housing capital reserve and other social security systems. The corresponding expenditures are included in the relevant asset costs or current profits and losses when incurred.

(3) Accounting treatment method of dismissal welfare

When the Company terminates the employment relationship with employees before the employment contract expires or provides compensation to encourage employees to accept voluntary redundancy, the dismissal welfare payment, liabilities of employee remuneration shall be recognized and included into current profit or loss by our company on the day of the two situations (whichever occurs first): our company cannot unilaterally withdraw the dismissal welfare provided due to the labor relation plan termination or the redundancy offer or the Company recognizes the costs related to restructuring relevant with the dismissal welfare payment.

(4) Accounting treatment method of other long-term employee welfare

Applicable N/A

34 Estimated liabilities

(1) An obligation related to the contingencies meeting all the following conditions shall be recognized as estimated liabilities

- 1) This obligation is the current obligation undertaken by the Company.
- 2) It is likely to lead to the outflow of economic benefits from the Company when the obligations are fulfilled.
- 3) The amount of such obligation can be measured reliably.

(2) Estimated liabilities shall be initially measured in accordance with the best estimated amount of the necessary expenses for performance of the current obligation

If the required expenditure has a continuous range and all the results within this range are equally likely to occur, the best estimate is determined according to the intermediate value within this range.

In other cases, the best estimate is treated separately as follows:

- 1) If the contingency involves a single project, then it shall be determined as per the most probable amount.

2) If the contingency involves multiple projects, then it shall be calculated and determined according to various possible results and relevant probabilities.

35 Share-based payment

(1) Types of share-based payment

The term “share-based payment” refers to a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees or other parties. The share-based payment shall consist of equity-settled share-based payment and cash-settled share-based payment.

1) Equity-settled Share-based Payment

The equity-settled share-based payment in return for employee services shall be measured based on the fair value of the equity instruments granted to the employees at the grant date. If the right of equity-settled share-based payment cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then within the vesting period, the amount of fair value shall, based on the best estimate of the number of vested equity instruments, be included in relevant costs or expenses according to the straight-line method; as to equity-settled share-based payment if the right may be exercised immediately after the grant, the amount of fair value shall be included in relevant costs or expenses at the grant date, and the capital reserves shall be increased accordingly.

For equity-settled share-based payment in return for the service of any other party, if the fair value of the service of any other party can be measured in a reliable way, the fair value of the service at the acquisition date by any other service party shall be included in relevant costs or expenses; if the fair value of the service of any other party cannot be measured in a reliable way, but the fair value of the equity instruments can be measured in a reliable way, the fair value of the equity instruments on date of the service acquisition shall be included in relevant costs or expenses, and the shareholders' equity shall be increased accordingly.

2) Cash-settled share-based payment

Share-based payment settled by cash shall be measured at the fair value of liabilities recognized based on stocks or other equity instruments assumed by the Company. If the right maybe exercised immediately after the grant, the fair value shall, at the grant date, be included in relevant costs or expenses, and the liabilities shall be increased accordingly; as to cash-settled share-based payment, if the right cannot be exercised until the vesting period comes to an end or until the specified performance conditions are met, at each balance sheet date within the vesting period, the services acquired in current period shall, based on the best estimate of the information about the exercisable right, be included in relevant costs or expenses at the fair value of the liability undertaken by the Company, and the liabilities shall be increased accordingly.

On each balance sheet date and the settlement date prior to the settlement of the relevant liabilities, the fair value of the liabilities shall be re-measured, with the change of the fair value recognized into current profit or loss.

(2) Accounting treatment on implementation, modification, and termination of share-based payment plan

During the modification of the share-based payment plan by the Company, if the fair value of granted equity instruments is increased, the increase in services acquired shall be recognized based on the increase in fair value. The increase in fair values of equity instruments refers to the difference between equity instrument's fair values before and after amendment. If the total amount of fair value of share-based payment in the modification is decreased, or methods to the disadvantage of employees are adopted, the accounting treatment on acquired services shall be continued and the change shall be deemed as not occurred, unless the Company has canceled all or part of the granted equity instruments. Where the terms and conditions of the cash-settled share-based payment agreement are modified to make it an equity-settled share-based payment, if the vesting period is extended or shortened due to the modification, the accounting treatment shall be carried out in accordance with the modified vesting period, and it is not necessary to consider the relevant accounting treatment provisions that are unfavorable to the modification.

During the vesting period, if the granted instruments are canceled, the Company shall accelerate the exercise of such equity instruments; the residual amount in the vesting period to be recognized shall be included in current profit and loss, and the capital reserves shall be

recognized in the meantime. In the event that the employees or other parties can choose to meet the non-vesting conditions but fail to meet such conditions during the vesting period, the Company shall treat it as the cancellation of granted equity instruments.

36 Other financial instruments as preferred shares and perpetual bonds

Applicable N/A

37 Income

(1) Accounting policies used for revenue recognition and measurement

When the Company has fulfilled its performance obligation of the contract, which means that the customer has obtained the control rights of the relevant commodities or services, the Company recognizes the income according to the transaction price apportioned to this performance obligation.

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 or services promised by each performance obligation. For sales with quality assurance, if the quality assurance provides a separate service to the customer in addition to assuring the customer that the goods or services sold meets the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Company will account for the quality assurance responsibility in accordance with the *Accounting Standards for Business Enterprises No. 13—Contingencies*.

The transaction price is the amount of consideration that the Company is expected to be entitled to receive for the transfer of commodities or services to the customer, but not including payments received on behalf of third parties and payments expected to be refunded to customers by the Company. Where there is a variable consideration in the contract, the Company determines the best estimate of the variable consideration based on the expected value or the most probable amount. The transaction price of the variable consideration is included, which shall not exceed the amount of accumulative recognized income that will most likely not be great reverse when the relevant uncertainty is removed. Where there is consideration payable to a customer in a contract, unless the consideration is for the purpose of obtaining other clearly distinguishable goods or services from the customer, the Company offsets the consideration payable against the transaction price and deducts the current income at a later point between the recognition of the relevant income and the payment (or committed payment) of the customer consideration. If there is any material financing element in the contract, the Company will adjust the transaction price according to the financing element in the contract; if the interval between the transfer of control rights and the payment by the customer is less than one year, the Company will not consider the financing element in the transfer of control rights.

If one of the following conditions is fulfilled, it is a performance obligation performed within a certain period of time. The Company recognizes the revenue within a certain period of time according to the progress of the performance: 1) the economic benefits accruing to and consumed by the customer while the Company is performing its performance; 2) the customer has control over the goods under construction in the course of the Company's performance; 3) commodities produced by the Company in the course of performance are irreplaceable and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the contract period. Otherwise, the Company shall recognize the revenue at the time point when the customer gains control rights of the relevant commodities or services.

For the performance obligations performed within a certain period of time, the Company shall 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 revenue shall be recognized by the Company according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Company shall confirm the revenue at the time point when the customer gains control rights of the relevant goods. When judging whether the customer has obtained the control right of the goods or services, the Company shall consider the following conditions: 1) The enterprise enjoys the right to the current collection, i.e. The

customer has the obligation to pay immediately with respect to the goods; 2) the enterprise has transferred the legal ownership of the goods to the customer, i.e. the customer owns the legal ownership of the goods; 3) the enterprise has transferred to goods to the customer in kind, i.e. the customer has possessed the goods; 4) the enterprise has transferred the major risks and remuneration on the ownership of the goods to the customer, i.e. the customer has obtained the major risks and remuneration on the ownership of the goods; 5) customers have accepted the goods.

The Company determines whether it is the principal responsible person or agent at the time of the transaction based on whether it has control of the goods or services prior to the transfer of the goods or services to the customer. If the Company has control of the goods or services before transferring goods or services to customers, the Company is the principal responsible person and recognizes the revenue according to the total amount received or receivable; otherwise, the Company is an agent and recognizes revenue on the basis of the amount of commissions or fees expected to be entitled to receive, which is determined on a net basis after deducting the total consideration received or receivable from the price payable to other relevant parties.

(2) Specific principles for revenue recognition

The Company mainly sells cosmetics, medical devices and makeup. According to the settlement mode with customers, the Company can be divided into distribution, direct sales, and consignment.

1) Distribution mode

The Company delivers the products to the purchaser according to the contract, which have been accepted by the purchaser and the amount of product sales revenue has been determined. When the customer obtains the control right of the goods, the sales revenue is recognized.

2) Direct sales mode

The direct sales mode of the Company is divided into offline self-operation and online self-operation. For offline self-operation, retail is carried out through offline stores, while for online self-operation, sales are carried out by opening self-operated stores on major e-commerce platforms or through self-built websites.

Offline self-operation: The customer selects the goods, pays for the goods on-site, and the Company recognizes the income after the customer picks up the goods.

Online self-operation: The customer places an order online and makes a payment. After the Company delivers the goods, the customer confirms the receipt of the goods and the Company recognizes the income after receiving the payment for goods transferred by the e-commerce platform or the third-party payment company.

3) Consignment mode

The Company delivers the products to the entrusted party according to the contract and recognizes the sales revenue when the entrusted party issues a *Consignment List* to the Company after realizing sales.

The Company grants reward points to customers while selling products. The reward points granted by the Company to the customer provide the customer with significant rights and thus constitute a single performance obligation. The Company shall apportion the transaction price to the performance obligation in accordance with the relevant principles of transaction price apportionment. If the points are used to exchange the goods provided by the Company, the Company can usually recognize the income related to the points only when the relevant goods are transferred to the customer or the points are invalid.

38 Contract cost

(1) Costs of winning contracts

Incremental costs that are incurred by the Company in winning a contract (i.e., costs that would not have been incurred otherwise) but the Company expects to recover are regarded as an asset, amortized on the same basis as incomes from goods or services associated with the asset and included in current profits and losses. If the asset is amortized for no more than one year, it is included in current profits and losses when incurred. Other expenses incurred by the Company to win a contract are included in current profits and losses when incurred, except those expressly borne by the customer.

(2) Costs of performing contracts

Costs incurred by the Company for performing a contract are regarded as an asset if they do not fall within the scope of accounting standards for business enterprises other than revenue standards and meet the following conditions: 1) The costs are directly related to a current or expected contract; 2) The costs increase the Company's resources for future performance obligations; 3) The costs are expected to be recovered. Assets recognized are amortized on the same basis as incomes from goods or services associated with the asset are recognized and included in current profits and losses.

(3) Contract cost impairment

If the book value of the contract cost is higher than the difference between the following two items, the contract cost is calculated in the provision for asset impairment and recognized as asset impairment losses: 1) the remaining consideration expected to be obtained due to the transfer of goods related to the asset; 2) estimated costs to be incurred for the transfer of goods related to the asset.

If the factors that lead to inventory impairment previously change so that the difference between 1) and 2) specified in the preceding paragraph is higher than the book value of the contract cost, the contract cost that has been calculated in the provision for asset impairment shall be reserved and included in current profits and losses, provided that the book value of the contract cost after reversal shall not exceed the book value of the asset (assuming that the contract cost is not calculated in the provision for asset impairment) at the date of cancellation.

39. Government grants

Government grants refer to monetary and non-monetary assets acquired from the government for free; however, the capital invested in the Company by the government as the owner of the Company shall be excluded. Government grants are divided into asset-related and revenue-related government grants. The Company defines government grants acquired for establishing or forming long-term assets in other ways as asset-related government grants; and defines other government grants as revenue-related government grants. If government documents do not clearly stipulate assistance objects, the subsidies are divided into revenue related government grants and asset related government grants in following ways: (1) if government documents define specific projects that the subsidies are used for, the subsidies are divided based on the relative proportion of paid amount about to form assets in the budget of the specific project against the paid amount covered in the cost, and the proportion division shall be reviewed on every balance sheet date and changed if necessary; (2) if government documents only give a general description of subsidy usage and do not define specific projects, the subsidies are considered as revenue related government subsidies.

The government grants considered as monetary assets are measured at the amount received or receivable. If government grants are non-monetary assets, they are measured at fair value. If the fair value cannot be reliably measured, they are measured at the nominal amount.

The government grants can be recognized when they satisfy all the following conditions: (1) the Company can meet the conditions attached to government grants; and (2) the Company can receive the government grants. The government grants related to daily activities of the enterprise shall be included in other incomes or offset relevant costs based on the substance of business transactions. The government grants not related to daily activities of the enterprise shall be included in the non-operating income.

Revenue-related government grants used to compensate for related costs or losses during future periods of the enterprise shall be recognized as deferred income, and shall be included in current profits and losses or offset relevant costs during the period when related costs or losses are recognized; those used to compensate for the incurred related costs or losses of the enterprise shall be included in current profits and losses or offset relevant costs directly.

Asset-related government grants shall be recognized as deferred incomes or offset the book value of related assets. The amount shall be included in the profits and losses by stages as per the straight-line method within the service life of relevant assets. Government grants measured at the nominal amount shall be directly included in current profit and loss. Where the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the undistributed balance of the relevant deferred income shall be transferred to the current profits or losses when the asset is disposed of.

40. Deferred income tax assets/deferred income tax liabilities

The Company uses balance sheet liability method for accounting treatment of income tax.

Current income tax expenses and deferred income tax expenses (or income) are included in current profits and losses, except those related to transactions or matters directly included in shareholders' equity.

Current income tax expenses are the expected tax payables on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payables in respect of previous periods.

On the balance sheet date, the current tax assets and liabilities are listed based on the net amount after offsetting when the tax payer has the legal right to carry out and intends to carry out net settlement and assets are obtained at the same time when liabilities are paid off.

Deferred income tax assets and deferred income tax liabilities shall be determined according to deductible temporary differences and taxable temporary differences respectively and shall be measured at the applicable tax rate during the expected period for recovering the assets or paying off the liabilities. Temporary differences are differences between the book value of assets or liabilities and the amounts on the tax base, including deductible losses and tax deduction which can be carried forward to future years. The deferred income tax assets shall be recognized to the extent of taxable income that is likely to be obtained by the Company to be offset by the temporary differences.

For the temporary difference with respect to initial recognition of assets or liabilities incurred in transaction which is not business combination and the occurrence of which has no impact on the accounting profits and the taxable incomes (or deductible losses), deferred income tax shall not be recognized. The Company will not recognize the deferred income taxes arise from the initial reorganization of the goodwill.

On the balance sheet date, the Company measures the carrying amount of deferred income tax assets and liabilities according to the expected recovery or settlement method of deferred income tax assets and liabilities, the promulgated tax laws and the applicable tax rate during the expected recovery of the assets or the liquidation of the liabilities.

On a balance sheet date, the deferred income tax assets and deferred tax liabilities are presented in the net value after offset when the following conditions are satisfied:

- (1) The taxation subject has the legal right of settling income tax assets and liabilities in current period at net amount.
- (2) The deferred income tax assets and the deferred income tax liabilities are related to the income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities which intend either to carry out a net settlement for the current tax assets and the current tax liabilities, or to acquire the assets at the same time when the liabilities are paid off, in each future period of reversal of significant deferred income tax assets and liabilities.

41 Lease

(1) Accounting treatment method as a lessee

The Company considers a lease for a lease term not exceeding 12 months (excluding a lease with purchase option) on the commencement date of the lease term as a short-term lease. A lease with a low value (not exceeding CNY40,000) for a new asset is considered a lease of low-value assets. The Company chooses not to use right-of-use assets and lease liability for short-term leases and leases of low-value assets. These leases are calculated in relevant asset costs or current profits and losses by the straight-line method during lease terms.

In addition to short-term leases and leases of low-value assets that are handled as above, the Company uses right-of-use assets and lease liability for leases identified.

(2) Accounting treatment method for leases as a lessor

Lease can be divided by the Company into finance lease and operating lease at the commencement of lease.

A financing lease is a kind of lease in which all risks and rewards regarding the ownership of the leased assets are actually transferred. Its ownership maybe transferred or not in the end. Operating lease refers to the lease other than finance lease. As a sublessor, the Company classifies subleases based on the right-of-use assets generated from the original lease. However, if the original lease is a short-term lease and the sublessor simplifies the original lease, the Company classifies the sublease as an operating lease.

At the commencement of the lease term, the Company recognizes the financial lease receivables for financial lease and derecognizes the financial leasing assets. When the Company initially measures the finance lease receivables, the net investment in a lease is taken as the entry value of the finance lease receivables. The net investment in a lease is equivalent to the sum of the unguaranteed residual value and the present value of the lease receipts that have not yet been received at the commencement of the lease term which is discounted at the interest rate implicit in the lease. For the unrealized financing income, the current interest income is calculated and recognized at a fixed periodic rate during the lease term. Variable lease payments obtained by the Company but not considered in the measurement of net investment in leases are recognized in the current profit or loss when actually incurred.

During each period of the lease term, the Company adopts the straight-line method to recognize the lease receipts from operating leases as rental income. The variable lease payment which is not included in the measurement of lease receipts is included in the current profit or loss when it actually occurs.

42. Other significant accounting policies and accounting estimates

Applicable N/A

43. Changes in significant accounting policy and accounting estimates

(1) Changes in significant accounting policy

Applicable N/A

(2) Changes in significant accounting estimates

Applicable N/A

(3) Adjustment of relevant items in our financial statements at the beginning of the year of new accounting standards implemented for the first time in 2024

Applicable N/A

44. Miscellaneous

The Ministry of Finance issued the *Interpretation No. 17 on Accounting Standards for Business Enterprises* on October 25, 2023, explaining “the division between current liabilities and non-current liabilities”, “the disclosure of suppliers’ financing arrangements” and “accounting treatment of leaseback transactions”. According to the Interpretation, the Company has implemented these accounting treatments from the beginning of the Reporting Period.

VI. Taxes

1. Main taxes and tax rates

Tax Category	Taxation Basis	Tax Rate
Enterprise income tax	Taxable income	25.59%, 25.00%, 21.00%, 20.00%, 17.00%, 16.50%, 15.00%
VAT	Sales volume taxable	13.00%, 9.00%, 6.00%, 1.00%
Consumption tax	Sales volume taxable	15.00%
City maintenance and construction tax	Taxable amount of turnover tax	7.00%, 5.00%
Educational surcharge	Taxable amount of turnover tax	3.00%
Local educational surcharge	Taxable amount of turnover tax	2.00%

Where there are taxation subjects with different enterprise income tax rates for tax payment, the disclosure is as follows:

Taxpayer	Income Tax Rate
Botanee, Shanghai Botanee, Shanghai Jiyan Biomedical, Shanghai Botanee Technology, Qiumei Technology (Shanghai) Co., Ltd., Yuejiang (Hainan) E-commerce Co., Ltd., Yuehui (Chongqing) Bio-Technology Co., Ltd.	15.00%
ME Cosmetic Hong Kong Co., Limited	16.50%
Botanee Bio-technology Japan Co., Ltd., URUOI Co., Ltd.	25.59%
Botanee Bio-Technology (Singapore) Pte. Ltd., ME Cosmetic (Singapore) Pte. Ltd.	17.00%
Botanee Bio-Technology (Thailand) Co., Ltd.	20.00%
ME Cosmetic USA INC.	21.00%
Other subsidiaries in the Chinese Mainland	25.00%

2. Tax preference

(1) Enterprise income tax

1) Income tax incentives for high-tech enterprise

Company	Preferential Tax Rate	High-Tech Enterprise Certificate Number	Validity Period
Botanee	15.00%	Under reevaluation	During the Reporting Period, enterprise income tax is temporarily levied at a preferential rate of 15%
Shanghai Botanee	15.00%	Under reevaluation	During the Reporting Period, enterprise income tax is temporarily levied at a preferential rate of 15%
Shanghai Jiyan Biomedical Co., Ltd.	15.00%	Under reevaluation	During the Reporting Period, enterprise income tax is temporarily levied at a preferential rate of 15%
Qiumei Technology (Shanghai) Co., Ltd.	15.00%	GR202231001625	2022 to 2024
Shanghai Botanee Technology	15.00%	GR202331006179	2023 to 2025

2) Preferential enterprise income tax in Hainan Free Trade Port

The *Notice on Preferential Enterprise Income Tax in Hainan Free Trade Port* (C.SH [2020] No. 31) issued by the Ministry of Finance and the State Administration of Taxation imposes a reduced corporate income tax rate (15.00%) on enterprises registered in Hainan

Free Trade Port and substantially operating in government-supported industries. The Company's subsidiary Yuejiang (Hainan) E-commerce Co., Ltd. meets the above requirement and enjoys a 15.00% enterprise income tax rate.

3) Preferential enterprise income tax for boosting the development of China's western region

According to the Announcement by the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on *Continuing Preferential Enterprise Income Tax to Boost the Development of China's Western Region* ([2020] No. 23), from January 1, 2021 to December 31, 2030, enterprises engaged in government-supported industries and located in China's western region enjoy a reduced corporate income tax rate (15.00%). The Company's subsidiary Yuehui (Chongqing) Bio-Technology Co., Ltd., meets the above requirement and enjoys a 15.00% enterprise income tax rate.

4) Preferential Enterprise Income Tax on Small and Micro Enterprises

According to the *Announcement by the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax on Small and Micro Enterprises and Individual Businesses* (Announcement [2023] No. 6 of the Ministry of Finance and the State Administration of Taxation), the *Announcement by the Ministry of Finance and the State Administration of Taxation on Tax to Further Support the Development of Small and Micro Enterprises and Individual Businesses* (Announcement [2023] No. 12 of the Ministry of Finance and the State Administration of Taxation), small and low-profit businesses shall enjoy a 25.00% enterprise income tax rate calculated at 20% income taxable until December 31, 2027. The Company's subsidiaries Wuhan Botanee Bio-Technology Co., Ltd., Kunming Winona Medical Cosmetology Co., Ltd., Sichuan Botanee Bio-Technology Co., Ltd. and Shanghai Haimoni, as small and micro-profit enterprises, enjoyed this tax incentive for small and micro enterprises during the Reporting Period.

(2) Value-added tax ("VAT")

According to the *Announcement on the Policy on Value-Added Tax Credits for Advanced Manufacturing Enterprises* (Announcement [2023] No. 43 of the Ministry of Finance and the General Administration of Taxation) promulgated by the Ministry of Finance and the State Administration of Taxation, and the *Notice by the General Office of the Ministry of Industry and Information Technology on Matters Concerning the Formulation of the List of Advanced Manufacturing Enterprises Eligible for the Policy on Value-Added Tax Credits in 2023* (G.X.T.C.H [2023] No 267), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises can have the VAT payable deducted by 5% in accordance with the current deductible input VAT (hereinafter referred to as the "additional deductions"). The Company enjoyed the additional VAT deductions for advanced manufacturing enterprises during the Reporting Period.

3. Miscellaneous

Applicable N/A

VII. Notes to consolidated financial statement items

1. Cash at bank and on hand

Unit: CNY

Item	Closing Balance	Beginning Balance
Cash at bank	1,595,493,118.70	2,036,518,760.57
Other cash at bank and on hand	34,300,017.21	54,941,101.01
Total	1,629,793,135.91	2,091,459,861.58
Including: total amount of money deposited abroad	44,536,062.79	18,011,995.15

Other note: At the end of the Reporting Period, except for CNY89,834,258.54 of bank acceptance draft security deposit intended for purchasing entrusted financial products with limited usage, CNY1,000,000.00 of letter of guarantee security deposit, e-commerce self-

operated store security deposit of CNY6,000,000.00, and CNY1,500.00 of ETC security deposit, there were no other restricted funds.

2. Financial assets held for trading

Unit: CNY

Item	Closing Balance	Beginning Balance
Financial assets measured at fair value with changes included in current profits and losses	1,767,150,976.68	1,238,356,707.34
Total	1,767,150,976.68	1,238,356,707.34

Other notes: None.

3. Derivative financial assets

Applicable N/A

4. Notes receivable

(1) Classified presentation of notes receivable

Unit: CNY

Item	Closing Balance	Beginning Balance
bank acceptance notes		24,502,124.46
Total		24,502,124.46

(2) Classified disclosure according to bad debt accrual method

Unit: CNY

Category	Closing Balance					Beginning Balance				
	Book Balance		Provision for Bad Debts		Carrying Value	Book Balance		Provision for Bad Debts		Carrying Value
	Amount	Ratio	Amount	Provision Ratio		Amount	Ratio	Amount	Provision Ratio	
Notes receivable with provision for bad debts on a portfolio basis						25,791,709.96	100.00%	1,289,585.50	5.00%	24,502,124.46
Including:										
Commercial acceptance bill portfolio with provision for bad debts based on aging portfolio						25,791,709.96	100.00%	1,289,585.50	5.00%	24,502,124.46
Total						25,791,709.96	100.00%	1,289,585.50	5.00%	24,502,124.46

Whether bad debt provisions for notes receivable were made according to the general expected credit loss model or not

Applicable N/A

(3) Bad debt provisions accrued, recovered or reversed in the current period

Bad debt provision withdrawn in the Reporting Period

Unit: CNY

Category	Beginning Balance	Amount Changed in The Current Period				Closing Balance
		Provision	Recovery or reversal	Cancellation after verification	Miscellaneous	
Commercial acceptance bill portfolio with provision for bad debts based on aging portfolio	1,289,585.50		1,289,585.50			
Total	1,289,585.50		1,289,585.50			

Significant recovery or reversal of bad debt provision for the current period

Applicable N/A

(4) Pledged notes receivable at the end of the period

Applicable N/A

(5) Notes receivable that have been endorsed or discounted by the Company at the end of the period and have not yet matured on the balance sheet date

Applicable N/A

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

Applicable N/A

5. Accounts receivable

(1) Disclosure by aging

Unit: CNY

Aging	Ending Book Balance	Opening Book Balance
Within one year (inclusive)	669,001,907.07	581,127,699.23
One to two years	5,313,721.97	3,645,141.52
Two to three years	1,478,544.15	3,246,922.05
Within three years	741,500.92	1,080,042.40
Three to four years	741,500.92	1,080,042.40
Total	676,535,674.11	589,099,805.20

(2) Classified disclosure according to bad debt accrual method

Unit: CNY

Category	Closing Balance					Beginning Balance				
	Book Balance		Provision for Bad Debts		Book value	Book Balance		Provision for Bad Debts		Book Value
	Amount	Ratio	Amount	Provision Ratio		Amount	Ratio	Amount	Provision Ratio	
Accounts receivable for which provision for bad debts is made by combination	676,535,674.11	100.00%	33,637,158.15	4.97%	642,898,515.96	589,099,805.20	100.00%	27,337,875.63	4.64%	561,761,929.57
Including:										
Accounts receivables for which bad debts provision is accrued according to aging portfolios	676,535,674.11	100.00%	33,637,158.15	4.97%	642,898,515.96	589,099,805.20	100.00%	27,337,875.63	4.64%	561,761,929.57
Total	676,535,674.11	100.00%	33,637,158.15	4.97%	642,898,515.96	589,099,805.20	100.00%	27,337,875.63	4.64%	561,761,929.57

Category of bad debt provision accrued by portfolio: Accounts receivables for which bad debts provision is accrued according to aging portfolios

Unit: CNY

Name	Closing Balance		
	Book Balance	Provision for Bad Debts	Provision Ratio
Within one year	669,001,907.07	30,562,268.56	4.57%
One to two years	5,313,721.97	1,594,116.59	30.00%
Two to three years	1,478,544.15	739,272.08	50.00%
Over three years	741,500.92	741,500.92	100.00%
Total	676,535,674.11	33,637,158.15	

Note on the basis for determining this combination: For details, please refer to “13. Accounts Receivable” in “V. Significant Accounting Policies and Accounting Estimates” under Section X of this report.

Whether bad debt provisions for accounts receivable were made according to the general expected credit loss model

Applicable N/A

(3) Bad debt provisions accrued, recovered or reversed in the current period

Bad debt provision withdrawn in the Reporting Period

Unit: CNY

Category	Beginning Balance	Amount changed in the Current Period				Closing Balance
		Provision	Recovery or Reversal	Cancellation After Verification	Miscellaneous	
Bad debt provision for Accounts receivable	27,337,875.63	6,299,282.52				33,637,158.15
Total	27,337,875.63	6,299,282.52				33,637,158.15

Significant recovery or reversal of bad debt provision for the current period

Applicable N/A

(4) Accounts receivable actually written off in current period

Applicable N/A

(5) Accounts receivable and contract asset with top five ending balance collected as per borrowers

Unit: CNY

Company	Ending Balance of Accounts Receivable	Ending Balance of Contract Assets	Ending Balance of Accounts Receivable and Contract Assets	Proportion of the Total Ending Balance of Accounts Receivable and Contract Assets	Ending Balance of Bad Debt Provision for Accounts Receivable and Contract Asset Impairment Provision
Client 1	84,325,380.12		84,325,380.12	12.46%	4,216,269.01
Client 2	56,194,813.03		56,194,813.03	8.31%	2,809,740.65
Client 3	53,583,406.13		53,583,406.13	7.92%	535,834.06
Client 4	50,892,306.64		50,892,306.64	7.52%	2,544,615.33
Client 5	29,075,636.03		29,075,636.03	4.30%	1,453,781.80
Total	274,071,541.95		274,071,541.95	40.51%	11,560,240.85

6. Contract assets

Applicable N/A

7. Receivables financing**(1) Classified presentation of accounts receivable financing**

Unit: CNY

Item	Closing Balance	Beginning Balance
Bank acceptance draft	170,189,256.89	156,659,263.78
Total	170,189,256.89	156,659,263.78

(2) Classified disclosure according to bad debt accrual method

Applicable N/A

(3) Bad debt provisions accrued, recovered or reversed in the current period

Applicable N/A

(4) Financing of our pledged receivables financing at the end of the period

Unit: CNY

Item	Amount Pledged at the End of the Period
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Bank acceptance draft	2,061,354.47
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(5) Receivables financing that have been endorsed or discounted by the Company at the end of the period and have not yet matured on the balance sheet date

Unit: CNY

Item	Amount Derecognized at the End of the Period	Amount not Derecognized at the End of the Period
Bank acceptance draft	104,114,369.10	

(6) Financing of receivables financing actually written off in the current period

Applicable N/A

(7) Movements of accounts receivable financing in the current period of increase or decrease and fair value changes

Other changes in receivables financing are mainly the net changes in bank acceptance drafts received, endorsed and transferred, discount or matured for acceptance by Botanee during the Reporting Period. The fair value of bank acceptance drafts held by the Company is determined based on the face amount.

(8) Other notes

Applicable N/A

8. Other accounts receivables

Unit: CNY

Item	Closing Balance	Beginning Balance
Other accounts receivable	38,008,443.18	29,748,433.09
Total	38,008,443.18	29,748,433.09

(1) Interest receivable

Applicable N/A

(2) Dividends receivable

Applicable N/A

(3) Other accounts receivables

1) Other accounts receivables classified by nature

Unit: CNY

Payment Nature	Ending Book Balance	Opening Book Balance
Guaranteed deposit and security deposit	45,732,650.64	35,642,177.42
Employee provision	1,288,481.06	644,168.97

Miscellaneous	608,537.51	887,481.81
Total	47,629,669.21	37,173,828.20

2) Disclosure by aging

Unit: CNY

Aging	Ending Book Balance	Opening Book Balance
Within one year (inclusive)	29,467,858.60	15,063,310.31
One to two years	7,816,136.04	7,729,645.42
Two to three years	3,297,252.81	7,460,099.07
Within three years	7,048,421.76	6,920,773.40
Three to four years	4,536,407.90	3,555,155.40
Four to five years	2,512,013.86	3,365,618.00
Total	47,629,669.21	37,173,828.20

3) Disclosure of classification by bad debt accrual method

 Applicable N/A

Unit: CNY

Category	Closing Balance					Beginning Balance				
	Book Balance		Provision for Bad Debts		Carrying Value	Book Balance		Provision for Bad Debts		Carrying Value
	Amount	Ratio	Amount	Provision Ratio		Amount	Ratio	Amount	Provision Ratio	
Provision for bad debts based on combination	47,629,669.21	100.00%	9,621,226.03	20.20%	38,008,443.18	37,173,828.20	100.00%	7,425,395.11	19.97%	29,748,433.09
Including:										
Other accounts receivables with provision for bad debts made as per aging portfolio	47,629,669.21	100.00%	9,621,226.03	20.20%	38,008,443.18	37,173,828.20	100.00%	7,425,395.11	19.97%	29,748,433.09
Total	47,629,669.21	100.00%	9,621,226.03	20.20%	38,008,443.18	37,173,828.20	100.00%	7,425,395.11	19.97%	29,748,433.09

Category of bad debt provision accrued by portfolio: Other accounts receivables for which bad debts provision is accrued according to aging portfolios

Unit: CNY

Name	Closing Balance		
	Book Balance	Provision for Bad Debts	Provision Ratio
Other accounts receivables with provision for bad debts made as per aging portfolio	47,629,669.21	9,621,226.03	20.20%
Total	47,629,669.21	9,621,226.03	

Note on the basis for determining this combination: For details, please refer to “13. Accounts Receivable” in “V. Significant Accounting Policies and Accounting Estimates” under Section X of this report.

Provision for bad debts based on the general expected credit loss model

Unit: CNY

Provision for Bad Debts	Stage I	Stage II	Stage III	Total
	Expected Credit Losses for the Next 12 Months	Expected Credit Loss Within the whole Duration (No Credit Impairment Occurs)	Expected Credit Loss Within the Whole Duration (Credit Impairment Has Occurred)	
Balance on January 1, 2024	7,425,395.11			7,425,395.11
Balance as at January 1, 2024 is in the current period.				
Provision in the current period	2,195,830.92			2,195,830.92
Balance on June 30, 2024	9,621,226.03			9,621,226.03

Basis for division of each stage and provision ratio for bad debts

 Applicable N/A

Changes of book balance with significant amount changed of loss provision in the Reporting Period

 Applicable N/A**4) Bad debt provision provided, recovered or reversed in current period**

Bad debt provision withdrawn in the Reporting Period:

Unit: CNY

Category	Beginning Balance	Amount Changed in the Current Period				Closing Balance
		Provision	Recovery or Reversal	Cancellation After Verification	Miscellaneous	
Other accounts receivables with provision for bad debts made as per aging portfolio	7,425,395.11	2,195,830.92				9,621,226.03
Total	7,425,395.11	2,195,830.92				9,621,226.03

Significant provision for bad debt recovered or reversed among the above

 Applicable N/A**5) Other accounts receivables actually written off in the current period** Applicable N/A**6) Other accounts receivables with top five ending balances carried forward collected as per the borrowers**

Unit: CNY

Company	Nature	Closing Balance	Aging	Proportion to Closing Balance of Other Accounts Receivables	Ending Balance of Provision for Bad Debts
Partner Company 1	Guaranteed deposit and security deposit	5,723,353.80	One to two years, more than three years	12.02%	1,144,670.76

Company	Nature	Closing Balance	Aging	Proportion to Closing Balance of Other Accounts Receivables	Ending Balance of Provision for Bad Debts
Partner Company 2	Guaranteed deposit and security deposit	4,009,608.07	Within one year	8.42%	801,921.61
Partner Company 3	Guaranteed deposit and security deposit	3,900,000.00	Within one year, one to two years	8.19%	780,000.00
Partner Company 4	Guaranteed deposit and security deposit	3,100,000.00	Within one year	6.51%	620,000.00
Partner Company 5	Guaranteed deposit and security deposit	1,785,040.30	Within one year, one to two years, more than three years	3.75%	357,008.06
Total		18,518,002.17		38.89%	3,703,600.43

7) Presented in other accounts receivables due to centralized management of funds

Applicable N/A

9. Advances to suppliers

(1) Advances to suppliers shall be listed by aging analysis

Unit: CNY

Aging	Closing Balance		Beginning Balance	
	Amount	Ratio	Amount	Ratio
Within one year	107,921,447.39	99.68%	67,872,305.63	97.97%
One to two years	350,365.80	0.32%	1,163,238.29	1.68%
Two to three years			243,572.46	0.35%
Total	108,271,813.19		69,279,116.38	

About the reason for no settlement of significant advances to suppliers with the ageing over one year: As of the end of the Reporting Period, we had no significant prepaid accounts aged more than one year.

(2) Advances to suppliers with top five ending balances collected as per the suppliers

At the end of the Reporting Period, the total amount of the top five prepayments collected by the Company according to the counterparty (the Company counts the counterparties under the same group as the same counterparty) was CNY60,507,456.81, accounting for 55.88% of the total closing balance of prepayments.

10. Inventories

(1) Category of inventories

Unit: CNY

Item	Closing Balance			Beginning Balance		
	Book Balance	Falling Price Reserves of Inventory or Provision for Impairment of Contract Performance Cost	Book Value	Book Balance	Falling Price Reserves of Inventory or Provision for Impairment of Contract Performance Cost	Book Value
Raw materials	94,086,336.05	5,026,529.98	89,059,806.07	69,380,560.62	2,258,921.06	67,121,639.56
Goods in stocks	674,811,628.11	27,274,052.67	647,537,575.44	836,637,929.16	21,598,709.45	815,039,219.71
Semi-finished products	14,870,690.16	229,219.75	14,641,470.41	12,772,346.32	478,650.98	12,293,695.34
Low-value consumables	8,299,037.43	838,933.15	7,460,104.28	11,818,559.41	1,859,830.35	9,958,729.06
Total	792,067,691.75	33,368,735.55	758,698,956.20	930,609,395.51	26,196,111.84	904,413,283.67

(2) Data resources recognized as inventory

Applicable N/A

(3) Provision for inventory impairment / contract performance cost impairment

Unit: CNY

Item	Beginning Balance	Increase in Current Period		Decrease in Current Period		Closing Balance
		Provision	Miscellaneous	Reversal or Write-off	Miscellaneous	
Raw materials	2,258,921.06	4,198,455.96		1,430,847.04		5,026,529.98
Goods in stocks	21,598,709.45	18,919,684.50		13,244,341.28		27,274,052.67
Semi-finished products	478,650.98	229,219.75		478,650.98		229,219.75
Low-value consumables	1,859,830.35	102,558.49		1,123,455.69		838,933.15
Total	26,196,111.84	23,449,918.70		16,277,294.99		33,368,735.55

Provision for inventory decline in value on a group basis

Applicable N/A

(4) Ending balance of inventories containing capitalization amount of borrowing costs

Applicable N/A

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

Applicable N/A

11. Held-for-sale assets

Applicable N/A

12. Current portion of non-current assets

Applicable N/A

13. Other current assets

Unit: CNY

Item	Closing Balance	Beginning Balance
Entrusted financial management of cash management	370,000,000.00	310,000,000.00
VAT retained and to be certified for deduction at the end of period	52,531,138.48	127,318,554.33
Tax paid in advance	3,803,953.02	6,983,879.41
Cost of returning products receivable	1,462,028.49	802,608.90
Miscellaneous	346,515.35	1,291,210.12
Total	428,143,635.34	446,396,252.76

Other notes: None.

14. Debt investment

Applicable N/A

15. Other debt investment

Applicable N/A

16. Other equity instrument investments

Applicable N/A

17. Long-term receivables

Applicable N/A

18. Long-term equity investment

Unit: CNY

The Invested	Beginning Balance (Book Value)	Beginning Balance of Impairment Provision	Current increase or decrease								Closing Balance (Book Value)	Ending Balance of Impairment Provision	
			Additional Investment	Reduce Investment	Gains and Losses on Investments Recognized Under the Equity Method	Other Comprehensive Income Adjustments	Other Changes in Equity	Declaration of Cash Dividends or Profits	Provision for Impairment	Miscellaneous			
Associates													
Hangzhou Meixi	71,976,541.08				11,216,478.56							83,193,019.64	

The Invested	Beginning Balance (Book Value)	Beginning Balance of Impairment Provision	Current increase or decrease								Closing Balance (Book Value)	Ending Balance of Impairment Provision
			Additional Investment	Reduce Investment	Gains and Losses on Investments Recognized Under the Equity Method	Other Comprehensive Income Adjustments	Other Changes in Equity	Declaration of Cash Dividends or Profits	Provision for Impairment	Miscellaneous		
Shenzhen Nature	28,284,744.62				51,441.02						28,336,185.64	
Beijing Huanfang Shidai	6,595,140.97				-109,619.63						6,485,521.34	
Yizheng (Suzhou) Biotech	34,581,574.94				-72,546.32						34,509,028.62	
Hunan Miaomiao Clinic	982,776.95										982,776.95	
WEMT Medical	34,594,372.59		6,500,000.00		-3,433,747.08						37,660,625.51	
Shanghai Weimu Medical	35,000,000.00				-1,144,033.73						33,855,966.27	
Hubei Yisen Clinic			1,100,000.00								1,100,000.00	
Shenzhen Dieckman Biotechnology			11,133,333.00		-269,520.11						10,863,812.89	
Metis Information Technology (Guangzhou)			5,500,000.00								5,500,000.00	
Total	212,015,151.15		24,233,333.00		6,238,452.71						242,486,936.86	

Net amount from recoverable amount based on fair value minus disposal costs

Applicable N/A

Recoverable amount based on the present value of expected future cash flows

Applicable N/A

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

Applicable N/A

Reasons for the discrepancy between the information used in the Company's impairment testing in previous years and the actual situation of that year

Applicable N/A

19. Other non-current financial assets

Unit: CNY

Item	Closing Balance	Beginning Balance
Financial assets measured at fair value with changes included in current profits and losses	91,363,296.44	86,449,823.00

Item	Closing Balance	Beginning Balance
Total	91,363,296.44	86,449,823.00

Other notes: None.

20. Investment real estates

(1) Investment real estates measured at cost

Applicable N/A

Unit: CNY

Item	Houses and Buildings	Land Use Right	Construction in Progress	Total
I. Original book value				
1. Beginning balance	9,550,752.40			9,550,752.40
2. Increase amount in this period				
(1) Outsourcing				
(2) Transfer of inventories\fixed assets\construction in progress				
3. Reduction amount in this period	220,586.67			220,586.67
(1) Disposal				
(2) Other transfer-out	220,586.67			220,586.67
4. Ending balance	9,330,165.73			9,330,165.73
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	529,270.84			529,270.84
2. Increase amount in this period	209,367.36			209,367.36
(1) Provision or amortization	209,367.36			209,367.36
3. Reduction amount in this period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance	738,638.20			738,638.20
III. Provision for impairment				
1. Beginning balance				
2. Increase amount in this period				
(1) Provision				
3. Reduction amount in this period				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book amount				
1. Ending book amount	8,591,527.53			8,591,527.53
2. Opening book value	9,021,481.56			9,021,481.56

Net amount from recoverable amount based on fair value minus disposal costs

Applicable N/A

Recoverable amount based on the present value of expected future cash flows

Applicable N/A

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

Applicable N/A

Reasons for the discrepancy between the information used in the Company's impairment testing in previous years and the actual situation of that year

Applicable N/A

(2) Investment real estates measured at fair value

Applicable N/A

(3) Converted to investment real estates and measured at fair value

Applicable N/A

(4) Investment real estates failed to accomplish certification of property

Applicable N/A

21. Fixed assets

Unit: CNY

Item	Closing Balance	Beginning Balance
Fixed assets	679,528,895.19	667,204,436.83
Total	679,528,895.19	667,204,436.83

(1) Details of fixed assets

Unit: CNY

Item	Houses and Buildings	Electronic Equipment	Machinery and Equipment	Transportation Equipment	Office Furniture	Total
I. Original book value						
1. Beginning balance	261,195,638.21	32,966,638.78	466,639,522.66	9,857,551.94	18,336,912.92	788,996,264.51
2. Increase amount in this period	2,988,981.60	809,210.86	68,269,332.11	722,810.42	938,746.40	73,729,081.39
(1) Purchase	2,988,981.60	809,210.86	29,692,004.52	722,810.42	938,746.40	35,151,753.80
(2) Transfer to construction in progress			38,577,327.59			38,577,327.59
3. Reduction amount in this period	13,043,437.17	3,769.92	7,512,241.36		3,931,688.73	24,491,137.18
(1) Disposal or scrapping		3,769.92	7,512,241.36		3,931,688.73	11,447,700.01

Item	Houses and Buildings	Electronic Equipment	Machinery and Equipment	Transportation Equipment	Office Furniture	Total
(2) Transfer out of construction in progress	13,043,437.17					13,043,437.17
4. Ending balance	251,141,182.64	33,772,079.72	527,396,613.41	10,580,362.36	15,343,970.59	838,234,208.72
II. Accumulated depreciation						
1. Beginning balance	11,397,714.26	13,419,319.10	86,316,878.01	6,032,560.82	4,625,355.49	121,791,827.68
2. Increase amount in this period	3,301,120.95	4,163,137.16	31,326,805.12	649,690.72	5,153,425.37	44,594,179.32
(1) Provision	3,301,120.95	4,163,137.16	31,326,805.12	649,690.72	5,153,425.37	44,594,179.32
3. Reduction amount in this period	3,355,967.55	104.72	2,055,675.45		2,268,945.75	7,680,693.47
(1) Disposal or scrapping		104.72	2,055,675.45		2,268,945.75	4,324,725.92
(2) Transfer out of construction in progress	3,355,967.55					3,355,967.55
4. Ending balance	11,342,867.66	17,582,351.54	115,588,007.68	6,682,251.54	7,509,835.11	158,705,313.53
III. Provision for Impairment						
1. Beginning balance						
2. Increase amount in this period						
(1) Provision						
3. Reduction amount in this period						
(1) Disposal or scrapping						
4. Ending balance						
IV. Book amount						
1. Ending book amount	239,798,314.98	16,189,728.18	411,808,605.73	3,898,110.82	7,834,135.48	679,528,895.19
2. Opening book value	249,797,923.95	19,547,319.68	380,322,644.65	3,824,991.12	13,711,557.43	667,204,436.83

(2) Details of temporarily idle fixed assets

Applicable N/A

(3) Fixed assets leased out under operating leases

Applicable N/A

(4) Details of fixed assets whose certificate of titles are not settled

Applicable N/A

(5) Impairment testing of fixed assets

Applicable N/A

(6) Disposal of fixed assets

Applicable N/A

22. Construction in progress

Unit: CNY

Item	Closing Balance	Beginning Balance
Construction in progress	28,779,692.66	40,220,147.41
Total	28,779,692.66	40,220,147.41

(1) Details of construction in progress

Unit: CNY

Item	Closing Balance			Beginning Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Miscellaneous engineering items	28,779,692.66		28,779,692.66	40,220,147.41		40,220,147.41
Total	28,779,692.66		28,779,692.66	40,220,147.41		40,220,147.41

(2) Changes of major construction in progress in the current period

Applicable N/A

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

Applicable N/A

(4) Impairment testing of construction in progress

Applicable N/A

(5) Construction materials

Applicable N/A

23. Productive biological assets

Applicable N/A

24. Oil and gas assets□ Applicable N/A**25. Right-of-use assets****(1) Right-of-use assets**

Unit: CNY

Item	Leased Premises and Buildings	Total
I. Original book value		
1. Beginning balance	182,993,001.90	182,993,001.90
2. Increase amount in this period	170,081,136.81	170,081,136.81
(1) Increase	170,081,136.81	170,081,136.81
3. Reduction amount in this period	93,041,536.63	93,041,536.63
(1) Termination of Lease	93,041,536.63	93,041,536.63
4. Ending balance	260,032,602.08	260,032,602.08
II. Accumulated depreciation		
1. Beginning balance	82,280,386.97	82,280,386.97
2. Increase amount in this period	37,350,654.19	37,350,654.19
(1) Provision	37,350,654.19	37,350,654.19
3. Reduction amount in this period	53,844,936.70	53,844,936.70
(1) Disposal		
(2) Termination of lease	53,844,936.70	53,844,936.70
4. Ending balance	65,786,104.46	65,786,104.46
III. Provision for Impairment		
1. Beginning balance		
2. Increase amount in this period		
(1) Provision		
3. Reduction amount in this period		
(1) Disposal		
4. Ending balance		
IV. Book amount		
1. Ending book amount	194,246,497.62	194,246,497.62
2. Opening book value	100,712,614.93	100,712,614.93

(2) Impairment testing of right-of-use assets□ Applicable N/A

26. Intangible assets**(1) Intangible assets**

Unit: CNY

Item	Land Use Right	Patent Rights	Non-patented Technologies	Office Software	Trademark Rights	Miscellaneous	Total
I. Original book value							
1. Beginning balance	40,963,966.31	79,300.00	10,490,000.00	70,237,399.00	110,304,702.49	531,300.00	232,606,667.80
2. Increase amount in this period	27,722,450.00			28,512,701.42			56,235,151.42
(1) Purchase	27,722,450.00			370,965.60			28,093,415.60
(2) Internal R&D				23,359,402.95			23,359,402.95
(3) Transfer to construction in progress				4,782,332.87			4,782,332.87
3. Reduction amount in this period				1,293,676.26			1,293,676.26
(1) Disposal				1,293,676.26			1,293,676.26
4. Ending balance	68,686,416.31	79,300.00	10,490,000.00	97,456,424.16	110,304,702.49	531,300.00	287,548,142.96
II. Accumulated amortization							
1. Beginning balance	5,077,094.76	72,350.96	4,766,388.88	27,531,419.39	2,041,920.17	8,855.00	39,498,029.16
2. Increase amount in this period	696,863.58	3,964.98	1,748,333.34	8,087,204.98	141,255.54	26,565.00	10,704,187.42
(1) Provision	696,863.58	3,964.98	1,748,333.34	8,087,204.98	141,255.54	26,565.00	10,704,187.42
3. Reduction amount in this period				1,293,676.26			1,293,676.26
(1) Disposal				1,293,676.26			1,293,676.26
4. Ending balance	5,773,958.34	76,315.94	6,514,722.22	34,324,948.11	2,183,175.71	35,420.00	48,908,540.32
III. Provision for Impairment							
1. Beginning balance							
2. Increase amount in this period							
(1) Provision							
3. Reduction amount in this period							
(1) Disposal							
4. Ending balance							
IV. Book amount							
1. Ending book amount	62,912,457.97	2,984.06	3,975,277.78	63,131,476.05	108,121,526.78	495,880.00	238,639,602.64
2. Opening book value	35,886,871.55	6,949.04	5,723,611.12	42,705,979.61	108,262,782.32	522,445.00	193,108,638.64

At the end of the Reporting Period, the original value of intangible assets formed by the Company through internal R&D accounts for about 23.45% of the original value of intangible assets.

(2) Data resources recognized as intangible assets

Applicable N/A

(3) Land use rights whose certificate of titles are not settled

Applicable N/A

(4) Impairment testing of intangible assets

Applicable N/A

27. Goodwill

(1) Original book value of goodwill

Unit: CNY

Name of the Invested Unit or Matters Forming Goodwill	Beginning Balance	Increase in Current Period		Decrease in Current Period		Closing Balance
		Business Combination	Miscellaneous	Dispose	Miscellaneous	
Yuejiang Investment	413,740,760.61					413,740,760.61
Total	413,740,760.61					413,740,760.61

(2) Goodwill impairment provision

Applicable N/A

(3) Relevant information about the asset group or asset group combination where the goodwill is located

Name	The Composition and Basis of the Asset Group or Portfolio to Which It Belongs	Operating Segments and Basis	Whether It Is the Same as Previous Year be Consistent
Yuejiang Investment	The main cash inflows from the cosmetics business related to Yuejiang Investment are independent of other assets or asset groups	N/A	Yes

Changes in asset group or asset group combination

Applicable N/A

(4) Specific determination method of recoverable amount

Net amount from recoverable amount based on fair value minus disposal costs

Applicable N/A

Recoverable amount based on the present value of expected future cash flows

Applicable N/A

Unit: CNY'0,000

Item	Book Value	Recoverable Amount	Impairment Amount	The Number of Years in the Forecast Period	Key Parameters for the Forecast Period	Key Parameters of Stable Phase	Basis for Determining the Key Parameters of the Stable Period
Yuejiang Investment	94,997.48	116,800.00		Five years	During the forecast period, the revenue growth rate is 59.30%-11.15%, the gross profit margin is 62%, and the pre-tax discount rate is 12.04%.	The revenue growth rate in the stable period is 0.00%, the gross profit margin is 62%, and the pre-tax discount rate is 12.04%.	Revenue growth rate: the Management determines the revenue growth rate during the forecast period based on historical experience and forecasts of market development. Revenue in the stable period refers to the level at the end of the forecast period, with a growth rate of 0.00%; Budgeted gross profit margin: the Management determines the revenue growth rate based on the year before the budget year. Discount rate: The discount rate adopted is a pre-tax discount rate that reflects the specific risks of the relevant asset group.
Total	94,997.48	116,800.00					

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

Applicable N/A

Reasons for the discrepancy between the information used in the Company's impairment testing in previous years and the actual situation of that year

Applicable N/A

(5) Completion of performance commitments and corresponding impairment of goodwill

There is a performance commitment when goodwill is formed and the Reporting Period or the previous period of the Reporting Period is within the performance commitment period

Applicable N/A

During the Reporting Period, Yuejiang Investment's actual operating performance matched the annual performance commitment progress and was consistent with the 2024 annual operating budget progress.

28. Long-term deferred expenses

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Current Amortization Amount	Other Decreases	Closing Balance
Renovation costs and other	93,317,644.84	28,741,149.37	20,848,437.66	3,777,485.90	97,432,870.65
Total	93,317,644.84	28,741,149.37	20,848,437.66	3,777,485.90	97,432,870.65

Other notes: None.

29. Deferred income tax assets/deferred income tax liabilities**(1) Deferred income tax assets not offset**

Unit: CNY

Item	Closing Balance		Beginning Balance	
	Deductible Temporary Difference	Deferred Income Tax Assets	Deductible Temporary Difference	Deferred Income Tax Assets
Deductible losses	259,602,596.94	64,719,943.08	196,374,355.95	48,706,314.79
Lease liabilities	191,743,451.75	37,317,188.31	105,242,787.71	18,858,727.39
Credit impairment losses	43,037,066.56	9,998,688.15	34,266,427.95	7,680,053.55
Government grants recognized as deferred income	41,681,601.22	9,430,426.43	82,862,738.40	19,324,059.34
Asset impairment provision	33,372,342.13	5,098,168.14	24,589,713.75	3,768,688.38
Unredeemed sales points, estimated return losses, etc.	30,249,326.98	5,113,540.09	29,424,526.15	5,038,733.11
Unrealized profits from insider transactions	12,409,463.30	2,481,892.66	6,438,082.28	1,429,338.11
Changes in fair value of financial assets	10,915,165.22	2,728,791.31	23,093,719.84	5,718,412.26
Total	623,011,014.10	136,888,638.17	502,292,352.03	110,524,326.93

(2) Deferred income tax liabilities not offset

Unit: CNY

Item	Closing Balance		Beginning Balance	
	Taxable Temporary Difference	Deferred Income Tax Liability	Taxable Temporary Difference	Deferred Income Tax Liability
Right-of-use assets	194,246,497.62	38,159,605.37	100,496,553.54	18,155,270.15
Assets evaluation appreciation in the business combination not under the same control	120,087,899.55	29,998,540.56	125,482,574.12	31,312,057.77
Accelerated depreciation of fixed assets	36,151,808.79	5,872,771.32	40,600,232.01	6,571,587.57
Changes in fair value of financial assets	20,300,033.02	3,280,335.71	11,132,123.27	1,806,618.49
Total	370,786,238.98	77,311,252.96	277,711,482.94	57,845,533.98

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

Unit: CNY

Item	Mutual Set-off Amount of Deferred Income Tax Assets and Liabilities at the End of the Reporting Period	Closing Balance of Deferred Income Tax Assets or Liabilities After Offset	Mutual Set-off Amount of Deferred Income Tax Assets and Liabilities at the Period-begin	Beginning Balance of Deferred Income Tax Assets or Liabilities After Offset
Deferred income tax assets	24,811,551.02	112,077,087.15	17,393,076.48	93,131,250.45
Deferred income tax liability	24,811,551.02	52,499,701.94	17,393,076.48	40,452,457.50

(4) Details of unrecognized deferred income tax assets□ Applicable N/A**(5) Deductible loss of unrecognized deferred income tax assets will be due in the following years**□ Applicable N/A**30. Other non-current assets**

Unit: CNY

Item	Closing Balance			Beginning Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Prepayments for acquisition and construction of fixed assets and construction in progress	47,012,008.11		47,012,008.11	28,524,954.53		28,524,954.53
Prepayment for purchase of intangible assets	39,051,516.57		39,051,516.57	46,906,466.21		46,906,466.21
Total	86,063,524.68		86,063,524.68	75,431,420.74		75,431,420.74

31. Assets with restricted ownership or use rights

Unit: CNY

Item	Closing Balance				Opening Balance			
	Book Balance	Book Value	Type of Restriction	Situation of Restriction	Book Balance	Book Value	Type of Restriction	Situation of Restriction
Cash at bank and on hand	96,835,758.54	96,835,758.54	Freeze	Bank acceptance draft security deposit, letter of guarantee security deposit, e-commerce self-operated store security deposit and ETC security deposit	17,578,117.80	17,578,117.80	Freeze	Bank acceptance draft security deposit, letter of guarantee security deposit, ETC security deposit
Accounts receivables financing	2,061,354.47	2,061,354.47	Pledge	Note pool pledge	17,311,417.39	17,311,417.39	Pledge	Note pool pledge
Long-term equity investment	535,500.00	535,500.00	Pledge	Long-term pledged loan				
Total	634,397,113.01	634,397,113.01			34,889,535.19	34,889,535.19		

Other notes: None.

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

Unit: CNY

Item	Closing Balance	Beginning Balance
Credit loan	170,891,858.93	100,000,000.00
Credit guaranteed	100,000,000.00	3,816,588.60
Total	270,891,858.93	103,816,588.60

Note on the classification of short-term borrowings: At the end of the Reporting Period, the Company determined the categories of borrowings based on the methods or conditions for obtaining short-term financing from the bank.

(2) Overdue short-term borrowings that have not been repaid

Applicable N/A

33. Financial liabilities held for trading

Applicable N/A

34. Derivative financial liabilities

Applicable N/A

35. Notes payable

Unit: CNY

Category	Closing Balance	Beginning Balance
Bank acceptance draft	96,152,191.34	67,562,710.23
Total	96,152,191.34	67,562,710.23

Other note: At the end of the Reporting Period, we had no notes payable due but unpaid.

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

Unit: CNY

Item	Closing Balance	Beginning Balance
Accounts payable	182,486,689.45	334,370,604.40
Total	182,486,689.45	334,370,604.40

(2) Significant accounts payables with the aging over one year

Applicable N/A

37. Other payables

Unit: CNY

Item	Closing Balance	Beginning Balance
Interests payable		
Dividends payable		4,305.04
Other payables	202,143,424.19	449,277,890.12
Total	202,143,424.19	449,282,195.16

(1) Interests payable Applicable N/A**(2) Dividends payable**

Unit: CNY

Item	Closing Balance	Beginning Balance
Common stock dividends payable to minority shareholders of subsidiaries		4,305.04
Total		4,305.04

Other note (including significant dividends payable unpaid for over one year, and the reason for failure of payment shall be disclosed):
No.

(3) Other payables**1) Presentation of other payables by nature**

Unit: CNY

Item	Closing Balance	Beginning Balance
Expenses payable	136,984,370.91	339,375,044.92
Project and equipment amount payable	61,574,219.06	101,391,933.50
Security payable and guaranteed deposit payable	3,584,834.22	8,510,911.70
Total	202,143,424.19	449,277,890.12

2) Other payables with significant amount and age of over one year Applicable N/A**38. Advances from customers** Applicable N/A**39. Contract liabilities**

Unit: CNY

Item	Closing Balance	Beginning Balance
Sales rebate and unredeemed points	30,249,326.98	31,485,888.29
Advances from customers	25,881,773.52	18,567,750.39
Total	56,131,100.50	50,053,638.68

Important contract liabilities aged more than one year

Applicable N/A

Amounts and reasons for significant changes in book value during the Reporting Period

Applicable N/A

40. Employee benefits payable

(1) Presentation of employee benefits payable

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
I. Short-term employee benefits	102,368,025.75	369,501,723.59	386,213,786.65	85,655,962.69
II. Post-employment benefits - defined contribution plans	4,084,737.80	33,750,701.57	33,490,295.72	4,345,143.65
Total	106,452,763.55	403,252,425.16	419,704,082.37	90,001,106.34

(2) Presentation of short-term salaries

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
1. Wages, bonuses, allowances and subsidies	98,644,138.99	326,162,259.60	342,834,702.28	81,971,696.31
2. Employee services and benefits		8,864,004.24	8,864,004.24	
3. Social insurance premiums	2,476,144.76	18,414,929.49	18,506,183.92	2,384,890.33
Including: Medical insurance premiums	2,347,245.45	17,669,610.93	17,750,780.43	2,266,075.95
Work-related injury insurance premiums	57,420.78	529,745.61	523,248.48	63,917.91
Maternity insurance premiums	71,478.53	215,572.94	232,155.00	54,896.47
4. Housing capital reserve	1,247,742.00	13,554,747.17	13,503,113.12	1,299,376.05
5. Trade union funds and staff education funds		2,505,783.09	2,505,783.09	
Total	102,368,025.75	369,501,723.59	386,213,786.65	85,655,962.69

(3) Presentation of defined contribution plan

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
1. Basic endowment insurance	3,954,295.63	32,496,197.60	32,255,677.56	4,194,815.67
2. Unemployment insurance	130,442.17	1,254,503.97	1,234,618.16	150,327.98
Total	4,084,737.80	33,750,701.57	33,490,295.72	4,345,143.65

Other notes: None.

41. Taxes payable

Unit: CNY

Item	Closing Balance	Beginning Balance
Enterprise income tax	46,619,253.27	105,223,136.73
VAT	40,452,816.57	19,393,011.36
City maintenance and construction tax	2,365,383.92	431,412.87
Individual income tax	2,102,304.72	2,794,864.10
Educational surcharge	1,796,688.29	385,571.88
Consumption Tax	1,085,951.38	808,944.25
Other taxes	2,916,263.74	3,080,824.27
Total	97,338,661.89	132,117,765.46

Other notes: None.

42. Held-for-sale liabilities

Applicable N/A

43. Non-current liabilities due within one year

Unit: CNY

Item	Closing Balance	Beginning Balance
Lease liabilities due within one year	61,673,062.68	42,102,294.00
Interest on long-term borrowings interest paid in installments and principal repaid at maturity	272,212.50	
Total	61,945,275.18	42,102,294.00

Other notes: None.

44. Other current liabilities

Unit: CNY

Item	Closing balance	Beginning balance
Payments of sales return payable	6,049,341.11	3,602,963.86
Taxes of items to be written off	2,881,953.46	1,852,501.91
Total	8,931,294.57	5,455,465.77

Increases or decreases in short-term bonds payable

Applicable N/A

45. Long-term borrowings

(1) Classification of long-term borrowings

Unit: CNY

Item	Closing Balance	Beginning Balance
Pledged loan	321,300,000.00	
Credit guaranteed		4,700,000.00
Total	321,300,000.00	4,700,000.00

Note on the classification of long-term borrowings: At the end of the Reporting Period, the Company determined the categories of borrowings based on the methods or conditions for obtaining short-term financing from the bank.

Other notes, including interest rate range: During the Reporting Period, the actual interest rate on long-term pledged loans obtained by the Company from banks was 3.05%.

46. Bonds payable

Applicable N/A

47. Lease liabilities

Unit: CNY

Item	Closing Balance	Beginning Balance
Lease liabilities	191,743,451.75	105,385,826.61
Less: Lease liabilities due within one year	61,673,062.68	42,102,294.00
Total	130,070,389.07	63,283,532.61

Other notes: None.

48. Long-term payables

Unit: CNY

Item	Closing Balance	Beginning Balance
Special payables	8,600,000.00	8,600,000.00
Total	8,600,000.00	8,600,000.00

(1) Long-term payables by nature of payment

Applicable N/A

(2) Special payables

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance	Cause of Formation
Special funds for Yunnan Characteristic Plant Laboratory	8,600,000.00			8,600,000.00	
Total	8,600,000.00			8,600,000.00	

Other notes: None.

49. Long-term employee benefits payable

Applicable N/A

50. Estimated liabilities

Applicable N/A

51. Deferred income

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance	Cause of Formation
Government grants	82,862,738.40		41,181,137.18	41,681,601.22	Special funds for Yunnan Characteristic Plant Laboratory
Total	82,862,738.40		41,181,137.18	41,681,601.22	

Other notes: None.

52. Other non-current liabilities

Applicable N/A

53. Share capital

Unit: CNY

	Beginning Balance	Increase or Decrease (+,-)					Closing Balance
		New Issue	Bonus Shares	Share Issuance by Transferring Capital Reserve	Miscellaneous	Sub-total	
Total shares	423,600,000.00						423,600,000.00

Other notes: None.

54. Other equity instruments

Applicable N/A

55. Capital reserves

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Capital premium (share capital premium)	2,846,004,685.04			2,846,004,685.04
Total	2,846,004,685.04			2,846,004,685.04

Other note (including notes about changes of increase or decrease and causes thereof in movements in the current period): None.

56. Treasury stock

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Ordinary shares of A shares	109,838,205.82	119,852,158.14		229,690,363.96
Total	109,838,205.82	119,852,158.14		229,690,363.96

Other note (including notes about changes of increase or decrease and causes thereof in movements in the current period):

We held the 10th and 12th meetings of the second board of directors on August 30 and October 27, 2023 respectively, and reviewed and approved the *Proposal on the Plan for Repurchasing the Company's Shares* and *Proposal on Adjusting the Share Repurchase Plan*. "Proposal on the Company's Share Plan" agrees that Botanee will use its self-owned funds to repurchase the Company's shares through centralized bidding transactions. All the repurchased shares will be used to implement the equity incentive scheme or employee stock ownership scheme. The total amount of funds for this repurchase of shares is not low. Within CNY200 million (inclusive) and not exceeding CNY300 million (inclusive).

At the end of the Reporting Period, we have repurchased 3,534,618 shares of the Company through centralized bidding transactions through a special securities account for share repurchases, accounting for 0.8344% of our current total share capital. The highest transaction price is CNY78.00/share, and the lowest transaction price is CNY48.41/share, and the total amount paid is CNY229,690,363.96 (excluding transaction fees).

57. Other comprehensive income

Unit: CNY

Item	Beginning Balance	Amount Incurred in the Current Period						Closing Balance
		Income Tax Expense before Tax in the Current Period	Minus: Amount Included in Other Comprehensive Income in the Previous Period and Transferred to Profit and Loss in the Current Period	Minus: Amount Included in Other Comprehensive Income in the Previous Period and Transferred to Retained Income in the Current Period	Minus: Income Tax Expenses	Attributable to the Parent Company Post-tax	Attributable to Minority Shareholders Post-tax	
Other comprehensive incomes to be reclassified into profits or losses	47,153.49	-1,733,486.54				-1,733,486.54		-1,686,333.05

Item	Beginning Balance	Amount Incurred in the Current Period						Closing Balance
		Income Tax Expense before Tax in the Current Period	Minus: Amount Included in Other Comprehensive Income in the Previous Period and Transferred to Profit and Loss in the Current Period	Minus: Amount Included in Other Comprehensive Income in the Previous Period and Transferred to Retained Income in the Current Period	Minus: Income Tax Expenses	Attributable to the Parent Company Post-tax	Attributable to Minority Shareholders Post-tax	
Differences arising from translation of foreign currency financial statements	47,153.49	-1,733,486.54					-1,733,486.54	-1,686,333.05
Total other comprehensive income	47,153.49	-1,733,486.54					-1,733,486.54	-1,686,333.05

Other note (including effective part of cash flow hedging profit and loss converted into adjusted amount transferred to initially recognized amount of hedged item): None.

58. Special reserves

Applicable N/A

59. Surplus reserves

Unit: CNY

Item	Beginning Balance	Increase in Current Period	Decrease in Current Period	Closing Balance
Statutory surplus reserves	211,081,299.10			211,081,299.10
Total	211,081,299.10			211,081,299.10

Description of surplus reserve (including notes about changes of increase or decrease and causes thereof in movements in the current period): None.

60. Undistributed profits

Unit: CNY

Item	Current Period	Previous Period
Undistributed profits at the end of the previous period before adjustment	2,490,099,439.21	2,071,587,040.20
Undistributed profits at the beginning of the period after adjustment	2,490,099,439.21	2,071,587,040.20
Add: Net profit attributable to owners of the Parent Company during the period	483,768,021.72	450,012,214.05
Ordinary share dividends payable	-252,363,232.52	-338,880,000.00
Undistributed profits at the end of the period	2,721,504,228.41	2,182,719,254.25

Breakdown of adjustments to undistributed profits at the beginning of the period:

(1) The amount that will affect the undistributed profit at the beginning of the period due to retroactive adjustment of ASBE and its relevant new regulations is CNY0.00.

(2) Due to changes in accounting policy, the affected undistributed profits at the beginning of the period was CNY0.00.

(3) The amount that will affect the undistributed profit at the beginning of the year due to correction of major accounting error is CNY0.00.

(4) The amount that will affect the undistributed profit at the beginning of the year due to change of consolidation scope as a result of common control is CNY0.00.

(5) Amount of the undistributed profit at the beginning of the period that will be affected due to total of other adjustments is CNY0.00.

61. Revenue and cost of operating

Unit: CNY

Item	Amount incurred in the Current Period		Amount Incurred in the Previous Period	
	Revenues	Costs	Revenues	Costs
Main business	2,791,366,980.64	765,524,238.25	2,357,888,112.27	577,891,974.81
Other business	13,305,819.33	3,161,651.50	9,854,501.67	5,058,216.31
Total	2,804,672,799.97	768,685,889.75	2,367,742,613.94	582,950,191.12

Relevant operating information of revenue and cost:

Unit: CNY

Contract classification	Daily Chemical Industry		Services and Others		Total	
	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs
By type of product	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75
Including:						
Skincare products	2,272,877,234.81	620,281,050.26			2,272,877,234.81	620,281,050.26
Medical devices	261,532,714.30	49,176,193.12			261,532,714.30	49,176,193.12
Cosmetics	256,957,031.53	96,066,994.87			256,957,031.53	96,066,994.87
Services and others			13,305,819.33	3,161,651.50	13,305,819.33	3,161,651.50
Classification by business area	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75
Including:						
Chinese Mainland	2,750,967,709.09	746,787,723.64	13,305,819.33	3,161,651.50	2,764,273,528.42	749,949,375.14
Overseas	40,399,271.55	18,736,514.61			40,399,271.55	18,736,514.61
Type of market or customer	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75
Including:						
Winona	2,388,798,994.37	618,206,525.53			2,388,798,994.37	618,206,525.53
Winona Baby	101,048,296.35	25,318,610.66			101,048,296.35	25,318,610.66
AOXMED	26,545,918.70	7,225,728.84			26,545,918.70	7,225,728.84
Za	239,119,337.88	97,676,899.13			239,119,337.88	97,676,899.13
PURE&MILD	25,006,752.66	12,810,140.22			25,006,752.66	12,810,140.22
Miscellaneous	10,847,680.68	4,286,333.87	13,305,819.33	3,161,651.50	24,153,500.01	7,447,985.37
Contract type	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75

Contract classification	Daily Chemical Industry		Services and Others		Total	
	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs
Including:						
Self-operation	1,621,344,740.45	429,588,223.97	13,305,819.33	3,161,651.50	1,634,650,559.78	432,749,875.47
Distribution	1,170,022,240.19	335,936,014.28			1,170,022,240.19	335,936,014.28
Classified by the time of goods transfer	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75
Including:						
Revenue recognized at a certain time point	2,791,366,980.64	765,524,238.25			2,791,366,980.64	765,524,238.25
Revenue recognized in a certain period			13,305,819.33	3,161,651.50	13,305,819.33	3,161,651.50
Classification of contract term	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75
Including:						
Expected to be completed within one year	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75
Classification by sales channel	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75
Including:						
Online channel product sales	1,852,167,307.71	516,776,326.83			1,852,167,307.71	516,776,326.83
OMO channel product sales	211,939,426.80	45,257,005.77			211,939,426.80	45,257,005.77
Offline channel product sales	727,260,246.13	203,490,905.65			727,260,246.13	203,490,905.65
Offline channel services and Others			13,305,819.33	3,161,651.50	13,305,819.33	3,161,651.50
Total	2,791,366,980.64	765,524,238.25	13,305,819.33	3,161,651.50	2,804,672,799.97	768,685,889.75

Information related to performance obligations: The Company has delivered the goods to the customer according to the agreed delivery method. When the customer obtains the control right of the goods agreed in the contract, the Company recognizes the revenue when completing the contract performance obligations.

Information related to the transaction price allocated to remaining performance obligations

Applicable N/A

Information related to variable consideration in the contract:

Applicable N/A

Major contract changes or major transaction price adjustments

Applicable N/A

62. Taxes and surcharges

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
City maintenance and construction tax	7,240,968.72	9,723,777.43
Educational surcharge	5,959,902.33	7,490,411.12
Consumption Tax	4,470,472.28	4,923,744.07
Other taxes and fees	2,605,667.15	1,835,792.80

Item	Amount incurred in the current period	Amount incurred in the previous period
Total	20,277,010.48	23,973,725.42

Other notes: None.

63. Administrative expenses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Staff costs	55,698,476.01	58,198,012.23
Depreciation and amortization	51,343,176.73	23,057,630.07
Consulting service fees	36,277,810.11	43,486,406.64
Office and material expenses	10,611,797.16	14,809,476.77
Travel allowance	5,178,952.93	4,276,385.73
Hospitality expenses	3,692,238.45	4,326,784.64
Miscellaneous	12,411,011.52	4,187,470.50
Total	175,213,462.91	152,342,166.58

Other notes: None.

64. Selling expenses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Staff costs	205,609,131.44	192,289,880.49
Channel and advertising expenses	950,048,998.80	789,166,143.66
Warehousing and auxiliary expenses	50,622,020.32	50,247,380.48
Miscellaneous	70,902,920.87	65,481,449.57
Total	1,277,183,071.43	1,097,184,854.20

Other notes: None.

65. R&D expenses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Staff costs	55,820,171.96	47,153,003.80
Outsourced R&D and testing costs	23,046,123.96	21,803,361.60
Material costs	17,300,262.15	23,668,841.38
Depreciation and amortization	9,325,265.41	8,896,605.26
Miscellaneous	8,799,256.90	7,358,007.00
Total	114,291,080.38	108,879,819.04

Other notes: None.

66. Financial expenses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Interest expenses	6,792,481.50	2,429,956.70
Minus: interest income	13,075,165.19	14,232,378.91
Handling charge of financial institutions	1,080,428.97	726,995.85
Exchange loss	-58,441.31	-3,102.16
Total	-5,260,696.03	-11,078,528.52

Other notes: None.

67. Other income

Unit: CNY

Sources of Other Incomes	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Government grants	42,466,126.97	57,356,773.42
Additional deduction for VAT input tax	4,548,431.76	
Miscellaneous	1,312,791.73	1,240,480.30
Total	48,327,350.46	58,597,253.72

Other notes: None.

68. Gain from net exposure to hedging Applicable N/A**69. Profit arising from changes in fair value**

Unit: CNY

Source of Profit Arising from Changes in Fair Value	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Financial assets held for trading	20,709,760.81	12,348,881.77
Total	20,709,760.81	12,348,881.77

Other notes: None.

70. Investment income

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Income from entrusted wealth management of cash management	28,489,104.21	24,874,553.87
Long-term equity investment incomes calculated at equity method	6,238,452.71	2,009,256.43
Total	34,727,556.92	26,883,810.30

Other notes: During the Reporting Period, there were no significant restrictions on the repatriation of investment income.

71. Credit impairment losses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Bad debt losses on receivables (losses are marked with “-”)	-7,205,527.94	-10,649,954.48
Total	-7,205,527.94	-10,649,954.48

Other notes: None.

72. Asset impairment losses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Inventory impairment loss and contract performance cost impairment loss (marked with “-”)	-7,172,623.71	-3,900,859.64
Total	-7,172,623.71	-3,900,859.64

Other notes: None.

73. Gain from disposal of assets

Unit: CNY

Sources of Gain from Disposal of Assets	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Gains from disposal of long-term assets (losses are marked with “-”)	-1,392,988.30	656,805.37
Total	-1,392,988.30	656,805.37

Other notes: None.

74. Non-operating income

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period	Amount Included in Non-recurring Gains and Losses of the Current Period
Income from compensation and confiscation	469,785.79	201,961.64	469,785.79
Miscellaneous	184,451.02	284,008.06	184,451.02
Total	654,236.81	485,969.70	654,236.81

Other notes: None.

75. Non-operating expenses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period	Amount Included in Non-recurring Gains and Losses of the Current Period
External donation	7,706,641.50	6,448,318.85	7,706,641.50
Miscellaneous	883,088.40	379,120.15	883,088.40
Total	8,589,729.90	6,827,439.00	8,589,729.90

Other notes: None.

76. Income tax expenses

(1) List of income tax expenses

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Current income tax expenses	65,662,129.38	63,704,815.39
Deferred income tax expenses	-6,898,592.26	-13,203,809.07
Total	58,763,537.12	50,501,006.32

(2) Adjustment process of accounting profits and income tax expenses

Unit: CNY

Item	Amount Incurred in the Current Period
Total profit	534,341,016.20
Income tax expenses based on statutory/applicable tax rate	80,151,152.43
Effects of different tax rates applied to subsidiaries	-12,073,880.10
Effect of nondeductible cost, expense and loss	9,877,913.93
Profits or losses of associates accounted for using the equity method	-1,559,613.18
Weighted deduction of R&D expenses	-17,632,035.96
Income taxes expenses	58,763,537.12

Other notes: None.

77. Other comprehensive income

For details, please refer to “57. Other Comprehensive Income” in “VII. Notes to Consolidated Financial Statement Items” under Section X of this report.

78. Items in the statement of cash flows

(1) Cash related to operating activities

Cash received relating to other operating activities:

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Various government grants and incentives	7,089,879.65	31,631,222.94

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
received		
Security deposits and deposits	1,782,833.52	400,980.00
Special payables received		100,000,000.00
Miscellaneous	16,353,732.74	16,404,130.96
Total	25,226,445.91	148,436,333.90

Notes for cash received from other operating activities: None.

Other cash paid relating to operating activities

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Payment of various expenses	1,439,742,209.25	1,113,008,819.03
Payment of various security deposits and guaranteed deposits	81,581,038.03	2,249,428.11
Total	1,521,323,247.28	1,115,258,247.14

Note for cash paid relating to other operating activities: None.

(2) Cash related to investing activities

Other cash received relating to investing activities:

Applicable N/A

Significant cash received related to investing activities:

Applicable N/A

Cash paid relating to other investing activities:

Applicable N/A

Significant cash payments related to investing activities:

Applicable N/A

(3) Cash related to financing activities

Other cash received relating to financing activities:

Applicable N/A

Cash paid relating to other financing activities:

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Payment for repurchase of A shares ordinary shares	119,852,158.14	
Payment of leased premises and buildings	46,309,530.00	40,312,050.06
Total	166,161,688.14	40,312,050.06

Note for other paid cash related to financial activities: None.

Changes in liabilities arising from financing activities:

Applicable N/A

Unit: CNY

Item	Beginning Balance	Increase in Current Period		Decrease in Current Period		Closing Balance
		Cash Changes	Non-cash Changes	Cash Changes	Non-cash Changes	
Short-term borrowings	103,800,000.00	272,822,593.55		105,800,000.00		270,822,593.55
Long-term borrowings	4,700,000.00	321,300,000.00		4,700,000.00		321,300,000.00
Lease liabilities/non-current liabilities due within one year	105,385,826.61		175,980,054.50	46,309,530.00	43,312,899.36	191,743,451.75
Total	213,885,826.61	594,122,593.55	175,980,054.50	156,809,530.00	43,312,899.36	783,866,045.30

(4) Instructions for presenting cash flows on a net basis

Applicable N/A

(5) Major activities and financial impacts that do not involve current cash receipts and payments but affect Botanee's financial status or may affect its cash flow in the future

Applicable N/A

79. Supplementary information of the cash flow statement

(1) Supplementary information of the cash flow statement

Unit: CNY

Supplementary Information	Amount for the Current Period	Amount in the Previous Period
1. Reconciliation of net profit to cash flows from operating activities:		
net profit	475,577,479.08	440,583,847.52
Add: provision for impairment of assets	14,378,151.65	14,550,814.12
Depreciation of fixed assets, oil and gas assets, and productive biological assets	44,803,546.68	18,765,433.86
Depreciation of right-of-use assets	37,350,654.19	34,173,384.05
Amortization of intangible assets	10,704,187.42	7,262,729.79
Amortization of long-term deferred expenses	20,848,437.66	17,153,086.33
Losses on disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	1,392,988.30	-656,805.37
Loss from scrapping of fixed assets (income is listed with "-")		
Loss from change in fair value (income is listed with "-")	-20,709,760.81	-12,348,881.77
Financial expenses (income is listed with "-")	6,734,040.19	2,426,854.54
Investment losses (income is listed with "-")	-34,727,556.92	-26,883,810.30
Decrease in deferred income tax assets (increases are indicated with "-")	-18,945,836.7	-16,495,901.63
Increase in deferred income tax liabilities (decreases are indicated with a "-" sign)	12,047,244.4	3,292,092.56
Decrease in inventory (increases are listed with "-")	138,541,703.76	8,295,128.93

Supplementary Information	Amount for the Current Period	Amount in the Previous Period
Decrease in operating receivables (increases are indicated with a “-” sign)	-124,401,372.26	-57,832,178.32
Increase in operating payables (decreases are indicated with a “-” sign)	-422,390,920.12	-147,300,757.61
Net cash flow from operating activities	141,202,986.52	284,985,036.70
2. Major investment and financing activities not relating to cash deposit and withdrawal		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Financing leased fixed assets		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	1,532,957,377.37	1,611,340,001.71
Minus: beginning balance of cash	2,073,881,743.78	2,440,692,701.42
Add: Closing balance of cash equivalents		
Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-540,924,366.41	-829,352,699.71

(2) Net cash paid for acquisition of subsidiaries in the current period

Applicable N/A

(3) Net cash received from disposal of subsidiaries in the current period

Applicable N/A

(4) Composition of cash and cash equivalents

Unit: CNY

Item	Closing Balance	Beginning Balance
I. Cash	1,532,957,377.37	2,073,881,743.78
Cash at bank available for payments at any time	1,498,657,360.16	2,036,518,760.57
Other cash at bank and on hand available for payment on demand	34,300,017.21	37,362,983.21
II. Closing balance of cash and cash equivalents	1,532,957,377.37	2,073,881,743.78

(5) Fund with limited scope of use but is still classified as cash and cash equivalents

Applicable N/A

(6) Cash at bank and on hand other than cash and cash equivalents

Unit: CNY

Item	Amount for the Current Period	Amount in the Previous Period	Reasons Why They Do not Qualify as Cash and Cash Equivalents
Restricted cash at bank	96,895,758.54	21,356,262.34	Frozen bank acceptance draft security deposit, letter of guarantee

and on hand			security deposit, e-commerce self-operated store security deposit and ETC security deposit
Total	96,895,758.54	21,356,262.34	

Other notes: None.

(7) Other major events

Applicable N/A

80. Notes to statement of changes in owner's equity

Applicable N/A

81. Foreign currencies

(1) Foreign currencies

Unit: CNY

Item	Closing Balance	Exchange Rate	Closing Balance Converted into CNY
Cash at bank and on hand			42,239,596.33
Including: USD	342,162.63	7.11	2,432,365.70
HKD	160,246.82	0.91	145,707.63
SGD	25,066.76	5.28	132,475.32
JPY	10,963,961.50	0.05	500,077.25
THB	200,031,912.22	0.19	38,986,219.69
AUD	140.28	4.76	668.43
VND	151,108,505.00	0.00	42,082.31
Accounts receivable			32,398,726.94
Including: USD	516,545.29	7.11	3,672,017.16
HKD	31,593,156.91	0.91	28,726,709.78
Other accounts receivable			1,423,998.13
Including: USD	23,179.46	7.11	164,778.15
HKD	945,599.54	0.91	859,805.29
JPY	150,000.00	0.05	6,841.65
THB	1,649,186.65	0.19	321,426.48
VND	255,472,000.00	0.00	71,146.56
Advances to suppliers			8,073,929.64
Including: USD	317,700.00	7.11	2,258,465.76
HKD	119,443.89	0.91	108,606.75
SGD	605,920.74	5.28	3,202,230.52
JPY	530,719.00	0.05	24,206.62
TWD	11,311,037.32	0.22	2,480,420.00

Item	Closing Balance	Exchange Rate	Closing Balance Converted into CNY
Accounts payable			5,345,568.81
Including: HKD	916,130.58	0.91	833,010.05
TWD	20,577,854.02	0.22	4,512,558.76
Other payables			835,921.58
Including: USD	16,406.31	7.11	116,629.18
HKD	348,153.36	0.91	316,565.41
JPY	5,355,015.00	0.05	244,247.59
THB	813,131.88	0.19	158,479.40

Other notes: None.

(2) Description of overseas business entities (including important overseas business entities) regarding main business location, functional currency, the basis for selection, and reasons for functional currency changes (if any)

Applicable N/A

As of the end of the Reporting Period, Botanee had no significant overseas operating entities.

82. Lease

(1) Botanee as the lessee

Applicable N/A

During the Reporting Period, the premises leased by us were mainly used for manufacturing, R&D, warehousing and office purposes.

Variable lease payments not included in lease liabilities:

Applicable N/A

Lease payments for simplified short-term leases or low-value assets

Applicable N/A

During the Reporting Period, our payments for simplified short-term leases and low-value assets stood at CNY2,124,650.99.

Sale and leaseback transactions

Applicable N/A

(2) Botanee as the lessor

Operating lease as lessor:

Applicable N/A

Unit: CNY

Item	Leasing Income	Including: Income Related to Variable Lease Payments not Included in Lease Receipts
Leasing of self-owned real estate	511,893.21	
Total	511,893.21	

Finance lease as lessor:

Applicable N/A

Undiscounted lease payments for each of the next five years:

Applicable N/A

Reconciliation of undiscounted lease receipts and net lease investment:

Applicable N/A

(3) Recognizing financial lease sales profits and losses as a manufacturer or distributor

Applicable N/A

83. Data resources

Applicable N/A

84. Miscellaneous

Applicable N/A

VIII. Research and development expenditures

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Staff costs	57,624,926.03	49,405,678.84
Outsourced R&D and testing costs	36,349,378.13	31,396,751.92
Material costs	17,300,262.15	23,668,841.38
Depreciation and amortization	9,675,167.29	9,377,737.34
Miscellaneous	8,845,800.09	7,638,951.44
Total	129,795,533.69	121,487,960.92
Including: expensed R&D expenditures	114,291,080.38	108,879,819.04
Capitalized R&D expenditures	15,504,453.31	12,608,141.88

1. R&D projects eligible for capitalization

Unit: CNY

Item	Beginning Balance	Increase in Current Period		Decrease in Current Period			Closing Balance
		Internal Development Expenditures	Miscellaneous	Recognized as Intangible Assets	Transferred to Current Profit and Loss	Miscellaneous	
Software and system application projects	46,906,466.21	15,504,453.31		23,359,402.95			39,051,516.57
Total	46,906,466.21	15,504,453.31		23,359,402.95			39,051,516.57

Significant capitalized R&D projects

Applicable N/A

Impairment provision for development expenditures:

Applicable N/A

2. Important outsourced research projects

Applicable N/A

IX. Changes in the scope of consolidation

1. Business combination not under common control

Applicable N/A

2. Business combination under common control

Applicable N/A

3. Counter purchase

Applicable N/A

4. Disposal of subsidiaries

Applicable N/A

5. Changes in the scope of consolidation due to other reasons

Explanation of changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related circumstances:

(1) New entities in current period

Company	Established on	Registered Capital	Funding Ratio
Yunnan Kelaiyimei	March 13, 2024	CNY1.2 million	100.00%
Beijing Yibeini	May 21, 2024	CNY1 million	100.00%
Beibeini (Shanghai)	June 4, 2024	CNY1 million	100.00%

(2) Entities deregistered and liquidated in this period

Company	Deregistered on
Xiamen Yunzhong Equity Investment Partnership (Limited Partnership)	April 23, 2024
Chengdu Wuhou Botanee Bio-Technology Co., Ltd.	June 7, 2024

6. Others

Applicable N/A

X. Interests in other entities

1. Interests in subsidiaries

(1) Composition of enterprise group

Name	Registered Capital	Principal Place of Business	Registration Place	Business Nature	Shareholding Percentage		Way of Obtaining
					Direct	Indirect	
Kunming Botanee Sales	CNY5 million	Kunming	Kunming	Sales service	100.00%		Established
Qiumei Technology (Shanghai)	CNY10 million	Shanghai	Shanghai	E-commerce		100.00%	Established
Kunming Yunzhuang	CNY2 million	Kunming	Kunming	R&D, sales services	100.00%		Established
Kunming Winona	CNY2 million	Kunming	Kunming	Service industry		98.00%	Established
Shanghai Botanee	CNY150 million	Shanghai	Shanghai	R&D, and e-commerce	100.00%		Established
Sichuan Botanee	CNY1 million	Chengdu	Chengdu	R&D, sales services		51.00%	Established
Wuhan Botanee	CNY1.3 million	Wuhan	Wuhan	R&D, sales services	100.00%		Acquired
Shanghai Jiyan Biomedical	CNY2 million	Shanghai	Shanghai	R&D		100.00%	Established
Qiumei Technology (Kunming)	CNY10 million	Kunming	Kunming	E-commerce	100.00%		Established
Botanee (Shanghai) Supply Chain	CNY2 million	Shanghai	Shanghai	Supply chain management, warehousing services		100.00%	Established
Yunnan Yunke	CNY100 million	Kunming	Kunming	R&D	100.00%		Established
Hainan Botanee Investment	CNY60 million	Haikou	Haikou	Capital market services	100.00%		Established
Shanghai Yibei	CNY150 million	Shanghai	Shanghai	Service industry	100.00%		Established
Shanghai Botanee Technology	CNY30 million	Shanghai	Shanghai	R&D	100.00%		Established
Clinmate (Shanghai)	CNY100 million	Shanghai	Shanghai	R&D, sales services	100.00%		Established
Botanee (Kunming) Trading	CNY100,000	Kunming	Kunming	Sales service	100.00%		Established
Beixiaoni (Shanghai)	CNY10 million	Shanghai	Shanghai	Sales service		100.00%	Established
Aoxmed (Shanghai)	CNY100 million	Shanghai	Shanghai	Sales service		70.00%	Established
Yanyao Medical Management	CNY10 million	Shanghai	Shanghai	Service industry		100.00%	Acquired
Yanyao Medical Beauty Clinic	CNY1 million	Shanghai	Shanghai	Service industry		100.00%	Acquired
Chengdu Botanee	CNY50 million	Chengdu	Chengdu	Service industry	100.00%		Established
Yunnan Weijia	CNY20 million	Kunming	Kunming	Sales service	51.00%		Established
Botanee (Xiamen)	CNY10 million	Xiamen	Xiamen	Sales service		100.00%	Established
Botanee (Hangzhou)	CNY10 million	Hangzhou	Hangzhou	Sales service		100.00%	Established
Botanee (Hainan)	CNY5 million	Hainan	Hainan	Sales service		100.00%	Established

Name	Registered Capital	Principal Place of Business	Registration Place	Business Nature	Shareholding Percentage		Way of Obtaining
					Direct	Indirect	
Shanghai Haimoni	CNY10 million	Shanghai	Shanghai	Service industry		100.00%	Established
Kunming Ansute	CNY10 million	Kunming	Kunming	Service industry		100.00%	Established
Hangzhou Ansute	CNY800,000	Hangzhou	Hangzhou	Service industry		100.00%	Established
Nibei (Shanghai) Technology	CNY800,000	Shanghai	Shanghai	Sales service		100.00%	Established
Shanghai Beforteen	CNY10 million	Shanghai	Shanghai	Service industry		100.00%	Established
Sichuan Huifu Hospital Management	CNY10 million	Chengdu	Chengdu	Service industry		100.00%	Acquired
Chengdu Huifu Internet Hospital	CNY10 million	Chengdu	Chengdu	Service industry		100.00%	Acquired
Chengdu Huifu Outpatient Clinic	CNY5.38 million	Chengdu	Chengdu	Service industry		100.00%	Acquired
Xiamen Chonglou	CNY30 million	Xiamen	Xiamen	Capital market investment, and services	100.00%		Established
Sichuan Beforteen Enterprise	CNY10 million	Chengdu	Chengdu	Service industry		100.00%	Established
Chengdu Beforteen Internet Hospital	CNY10 million	Chengdu	Chengdu	Service industry		100.00%	Established
Chengdu Beifu Outpatient Clinic	CNY10 million	Chengdu	Chengdu	Service industry		100.00%	Established
Yunnan Botanee Technology	CNY10 million	Kunming	Kunming	R&D, production and manufacturing	100.00%		Established
Hunan Botanee	CNY10 million	Changsha	Changsha	Production, sales services		100.00%	Acquired
Hunan Botanee Medical Equipment	CNY2 million	Changsha	Changsha	Production, sales services		100.00%	Acquired
Hunan Botanee Technology	CNY2 million	Changsha	Changsha	Production, sales services		100.00%	Acquired
Yuejiang Investment	CNY2,609,855	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
Guangzhou Weimaitong Information Technology Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
Yuejiang (Hainan) E-commerce Co., Ltd.	CNY10 million	Hainan	Hainan	Sales service		51.00%	Acquired
Guangzhou Lieshang Information Technology Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
Guangzhou TaoCNY Electronic Technology Co., Ltd.	CNY5.08 million	Guangzhou	Guangzhou	Supply chain services		51.00%	Acquired
Jirui Cosmetics Technology (Guangzhou) Co., Ltd.	CNY500,000	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
Chengmei Technology (Guangzhou) Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
Yuejiang Technology (Guangzhou) Co., Ltd.	CNY100,000	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
Bomei Cosmetics Technology (Guangzhou) Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service		51.00%	Acquired

Name	Registered Capital	Principal Place of Business	Registration Place	Business Nature	Shareholding Percentage		Way of Obtaining
					Direct	Indirect	
Yuejiang (Guangzhou) Daily Necessities Co., Ltd.	CNY10 million	Guangzhou	Guangzhou	Supply chain services		51.00%	Acquired
Yuehui (Chongqing) Bio-Technology Co., Ltd.	CNY5 million	Chongqing	Chongqing	Sales service		51.00%	Acquired
Weiku Technology (Guangzhou) Co., Ltd.	CNY500,000	Guangzhou	Guangzhou	Sales service		30.60%	Acquired
Zisheng Technology (Guangzhou) Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
Yuepu (Suzhou) Culture Media Co., Ltd.	CNY55 million	Guangzhou	Guangzhou	Sales service		51.00%	Acquired
ME Cosmetic Hongkong Co., Limited	HKD10 million	Hongkong	Hongkong	Sales service		51.00%	Acquired
ME Cosmetic (Singapore) Pte. Ltd.	SGD10,000	Singapore	Singapore	Sales service		51.00%	Acquired
URUOI Co., Ltd.	JPY3 million	Japan	Japan	Consultation service		51.00%	Acquired
ME Cosmetic USA INC.	USD20,000	USA	USA	Sales service		51.00%	Acquired
ME COSMETIC VIETNAM TRADING COMPANY LIMITED	VND2.33 billion	Vietnam	Vietnam	Sales service		51.00%	Established
Huzhou Botanee	CNY2 million	Huzhou	Huzhou	Warehousing Services		100.00%	Established
Botanee Bio-technology Japan Co., Ltd.	JPY100 million	Japan	Japan	R&D		100.00%	Established
Shangri-La Yunke	CNY5 million	HK LILA	HK LILA	R&D		100.00%	Established
Nuoweitai (Kunming)	CNY1 million	Kunming	Kunming	R&D, sales services		70.00%	Established
Clinmate (Kunming)	CNY5 million	Kunming	Kunming	Sales service		100.00%	Established
BOTANEE BIO-TECHNOLOGY (SINGAPORE) PTE. LTD.	CNY 1	Singapore	Singapore	Sales service		100.00%	Established
BOTANEE Botanee Bio-Technology (Thailand) Co., Ltd.	THB200 million	Thailand	Thailand	Sales service		100.00%	Established
Yunnan Kelaiyimei	CNY1.2 million	Kunming	Kunming	Sales service		100.00%	Established in current period
Beijing Yibeini	CNY1 million	Beijing	Beijing	Sales service		100.00%	Established in current period
Beibeini (Shanghai)	CNY1 million	Shanghai	Shanghai	Sales service		100.00%	Established in current period

Note on the fact that the shareholding percentage is different from ratio of votes rights in subsidiaries:

Applicable N/A

Basis for the Company's control over the investee when holding half of the voting rights or less and the Company's loss of control over the investee when holding half of the voting rights or more

Applicable N/A

Basis for control over the important structured entities incorporated in consolidated scope

Applicable N/A

Basis to determine the Company is the agent or the principal

Applicable N/A

(2) Important non-wholly owned subsidiaries

Applicable N/A

(3) Main financial information of important non-wholly owned subsidiaries

Applicable N/A

(4) Major restrictions on the use of enterprise group assets and payment of enterprise group debts

Applicable N/A

(5) Financial support or other supports provided to the structured entities within the combined financial statement

Applicable N/A

2. Transactions in which the owners' equity in a subsidiary has changed and the subsidiary is still under control

Applicable N/A

3. Equities in joint ventures or associates

(1) Important joint ventures or associates

Applicable N/A

(2) Main financial information of important joint ventures

Applicable N/A

(3) Main financial information of important associates

Applicable N/A

(4) Summary of financial information of insignificant joint ventures and associates

Unit: CNY

	Closing Balance / Amount Incurred in the Current Period	Beginning Balance / Amount Incurred in the Previous Period
Associates:		
Total book value amount of investments	242,486,936.86	212,015,151.15
Total (calculated by shareholding percentage)		
—Net profit	6,238,452.71	2,009,256.43
—Total comprehensive income	6,238,452.71	2,009,256.43

Other notes: None.

(5) Explanation on major restrictions on the capability of transferring capital from joint ventures or associated ventures to the Company

Applicable N/A

(6) Losses of joint ventures or associates in excess their investment costs

Applicable N/A

(7) Unrecognized commitments related to investment in joint ventures

Applicable N/A

(8) Contingent liabilities for investment in joint ventures or associates

Applicable N/A

4. Significant joint operation

Applicable N/A

5. Equity in structured entities not included in the consolidated financial statement

Applicable N/A

6. Others

Applicable N/A

XI. Government grants

1. Government grants recognized according to the amount receivable at the end of the reporting period

Applicable N/A

2. Liabilities involving government grants

Applicable N/A

Unit: CNY

Accounting Account	Beginning Balance	New Subsidy Amount for Current Period	Amount Included in Non-operating Income in the Current Period	Amount of Other Income Transferred to Current Period	Other Changes in Current Period	Closing Balance	Assets/Income Related
Deferred income	82,862,738.40			35,376,247.32	5,804,889.86	41,681,601.22	Assets/income related

3. Government grants included in current profits and losses

Applicable N/A

Unit: CNY

Accounting account	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Other incomes	42,466,126.97	57,356,773.42

Other notes: None.

XII. Risks related to financial instruments

1. Risks arising from financial instruments

The Company faces risks from various financial instruments in its daily activities, mainly including market risks (including exchange rate risks, interest rate risks and commodity price risks), credit risks and liquidity risks. The Company's main financial instruments include cash at bank and on hand, equity investments, loans, accounts receivable, other accounts receivables, accounts payable, other payables, etc. Details of the relevant financial instruments are disclosed in each note. The risks associated with these financial instruments, and the risk management policies adopted by the Company to mitigate these risks, are described below.

(1) Market risks

The Company analyzed the possible impacts of reasonable and possible changes in risk variables on profits and losses for the current period or shareholders' equity through sensitivity analysis. Since any risk variable rarely causes an impact independently, and the correlation between risk variables will have a significant impact on the ultimate amount affected by changes in a risk variable, the following interpretations are based on the assumption that each variable changes independently.

1) Exchange rate risk refers to the risk of changes in foreign exchange rates that affect the Company's financial results and cash flow. The Company's foreign exchange risk is mainly related to bank deposits and accounts receivable held in US dollars, Thai baht and Japanese yen due to exchange rate changes between the US dollar, Thai baht or Japanese yen and the Company's functional currency. However, the Company's Management believes that the Company does not face big foreign exchange risk as such bank deposits in US dollars, Thai baht or Japanese yen account for a small proportion of the Company's total assets, and the Company's major operating activities are settled in CNY.

2) Interest rate risk-changes in fair value

The risk of changes in fair value of financial instruments due to changes in interest rates faced by the Company is mainly related to fixed-rate bank loans. As the Company's fixed-rate loans are all bank loans, the Company's Management believes that the Company does not face a big risk of changes in fair value. The Company does not have an interest rate hedging policy currently.

3) Interest rate risk-changes in cash flow

The risk of changes in cash flow of financial instruments due to changes in interest rates faced by the Company is mainly related to bank loans on floating interest rates. The Company's policy is to maintain floating interest rates on these loans to eliminate the risk of changes in fair value of interest rate.

4) Other price risks. Investments made by the Company and classified as financial assets held for trading are presented at their fair value at the balance sheet date. Therefore, the Company is exposed to price risks. The Company has established an internal investment management department and designated members to closely monitor price fluctuations of investment products. The Company's directors therefore consider that the Company's price risks have been mitigated.

(2) Credit risks

As at June 30, 2024, the maximum credit risk exposure which will cause a financial loss to the Company is mainly from the loss of financial assets of the Company caused by the failure of the other party of the contract to perform the obligations. To reduce the credit risk, the Company controls the line of credit, performs the credit approval and executes other monitoring procedures to ensure that the necessary measures are taken to recover the overdue claims. In addition, the Company makes sufficient provision for bad debts on each balance sheet date according to the recovery of receivables. In this regard, the management of the Company considers that the credit risk is significantly reduced.

In addition, the credit risk on cash at bank and on hand of the Company is limited because the monetary funds are deposited in banks with high credit ratings.

(3) Liquidity risks

Liquidity risk refers to the risk of capital shortage when an enterprise meets its obligation to settle by delivery of cash or other financial assets.

In managing liquidity risk, the Company maintains and monitors cash and cash equivalents deemed sufficient by the management to meet the Company's operating and reduce the impact of cash flow fluctuations.

The Company's Management believes that the Company's liquidity risk is low and will not have a material impact on the Company's operations and financial statements. This financial statement is prepared based on the assumption of continuous operations.

2. Hedging

Applicable N/A

3. Financial assets

(1) Classification of transfer methods

Applicable N/A

Unit: CNY

Transfer Method	Nature of Financial Assets Transferred	Amount of Financial Assets Transferred	Termination of Confirmation	Basis for Judgment on Termination of Confirmation
Endorsement or discount	Bank acceptance draft	104,114,369.10	Termination confirmation	The credit risk and deferred payment risk of a bank acceptance draft are very small, and the interest rate risk related to the bill has been transferred to the bank. It can be judged that the main risks and rewards of ownership have been transferred after the endorsement or discount of the bill, so the recognition is terminated after the endorsement or discount.

(2) Financial assets derecognized due to transfer

Applicable N/A

Unit: CNY

Item	How Financial Assets Are Transferred	Amount of Financial Assets Derecognized	Gains or Losses Related to Derecognition
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Bank acceptance draft	Endorsement or discount	104,114,369.10	1,695,661.10
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(3) Asset transfer financial assets that continue to be involved

Applicable N/A

XIII. Disclosure of fair value

1. Closing fair values of assets and liabilities at fair value

Unit: CNY

Item	Ending Fair Value			
	Level 1 Measurement at Fair Value	Level 2 Measurement at Fair Value	Level 3 Measurement at Fair Value	Total
Continuous fair value measurement				
i. Financial assets held for trading			1,767,150,976.68	1,767,150,976.68
1. Financial assets at fair value through current profits or losses			1,767,150,976.68	1,767,150,976.68
Including: entrusted wealth management of cash management			1,767,150,976.68	1,767,150,976.68
ii. Receivables financing			170,189,256.89	170,189,256.89
iii. Other non-current financial assets			91,363,296.44	91,363,296.44
Total assets continuously measured at fair value			2,028,703,530.01	2,028,703,530.01

2. Basis for recognition of market prices for continuous and non-continuous Level 1 measurement items at fair value

Applicable N/A

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 N/A

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 N/A

The fair value measurement projects at the third level of the Company include financial assets held for trading (products of entrusted financial management of cash management), receivables financing, and other non-current financial assets. Among these, the fair value of entrusted financial management of cash management investment products is determined by projecting future cash flows based on expected yield, with the expected yield being an unobservable input. The receivable financing is all bank acceptance drafts, the face value of which is close to the fair value. Other non-current financial assets are investments in partnerships and are measured based on the period-end net value as a reasonable estimate of fair value.

5. Information on adjustment between beginning book value and ending book value of items subject to continuous Level 3 fair value measurement and sensitivity analysis of non-observable parameters

Applicable N/A

6. Reasons for conversion and policy for determining the timing of conversion for items that are continuously measured at fair value and converted between levels during the period

Applicable N/A

7. Changes in valuation techniques during the period and reasons

Applicable N/A

8. Fair value of financial assets and financial liabilities not measured at fair value

Applicable N/A

9. Miscellaneous

Applicable N/A

XIV. Affiliates and related party transactions

1. Information of the Parent Company

Name of Parent Company	Registration Place	Business Nature	Registered Capital	Shareholding Percentage of the Parent Company to the Company	Voting rights Ratio of the Parent Company to the Company
Nuona Technology	Kunming	Information technology services and consulting; enterprise management consulting (the above items do not involve special management measures for foreign investment access) (items that are subject to approval according to law shall be operated only after relevant approvals are obtained from relevant departments)	CNY2.3 million	46.08%	46.08%

Introductions to the Parent Company of the Company: None.

The ultimate controlling parties of the Enterprise are Mr. Guo Zhenyu and Mr. Kevin Guo. The actual controllers of the Company are Mr. Guo Zhenyu and Mr. Kevin Guo. Mr. Guo Zhenyu and Mr. Kevin Guo are father-son relationship. As of the disclosure date of this report, Mr. Guo Zhenyu and Mr. Kevin Guo jointly controlled 48.68% of the voting shares of the Company through Nuona Technology and Yunnan Haqisheng.

2. Subsidiaries of the Company

For information on subsidiaries of the Company, please refer to Section X "X. Interests in Other Entities" of this report.

3. Joint ventures and associates of the Company

The Company has no significant joint ventures or associates.

The information on other joint ventures or associates that produced balance by conducting related party transactions with the Company in the current period or in the earlier period is shown as follows:

Name of Joint Ventures or Associates	Relationship with the Company
Hangzhou Meixi	Associates
Shenzhen Nature	Associates
Beijing Huanfang Shidai	Associates
Yizheng (Suzhou) Biotech	Associates
Hunan Miaomiao Clinic	Associates
WEMT Medical	Associates
Shanghai Weimu Medical	Associates
Hubei Yisen Clinic	Associates
Shenzhen Dieckman Biotechnology	Associates
Metis Information Technology (Guangzhou)	Associates

Other notes: None.

4. Information on other related parties

Name of Other Related Parties	Relationship between Other Related Parties and the Company
Hangzhou Hongshan Shengheng Equity Investment Partnership (LP)	Company controlled by Zhou Kui, Director of the Company

Other note: The Company held the 2nd Meeting of the Second Board of Directors on June 29, 2022, at which directors deliberated on and approved the *Proposal on Cooperation in Investments with Professional Investment Institutions and Transactions with Related Party*. The Company intended to invest in Hangzhou Sequoia Shengheng Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Sequoia Fund") established by Sequoia Capital Equity Investment Management (Tianjin) Co., Ltd. as the manager and Hangzhou Sequoia Kunpeng Management Consulting Partnership (Limited Partnership) as the general partner, and planned to sign the *Limited Partnership Agreement on Hangzhou Sequoia Shengheng Equity Investment Partnership (Limited Partnership)*. As one of the limited partners of Sequoia Fund, Botanee subscribed CNY100 million with its self-owned funds. The share of this investment in Sequoia Fund will be confirmed according to final actual fundraising. At the end of the Reporting Period, the Company had completed contributions of CNY23 million.

5. Related party transactions

(1) Related party transactions of purchasing or selling goods and rendering or receiving services

Applicable N/A

(2) Related party entrusted management/contracting and entrusting management/outsourcing

Applicable N/A

(3) Related party lease

Applicable N/A

(4) Related party guarantees

Applicable N/A

(5) Fund lending/borrowing of related parties

Applicable N/A

(6) Asset transfer and debt restructuring of related parties

Applicable N/A

(7) Remuneration of key management personnel

Unit: CNY'0,000

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Remuneration of key management personnel	1,026.51	914.60

(8) Other related party tractions

Applicable N/A

6. Receivables and payables of related parties

Applicable N/A

7. Commitments by related parties

Applicable N/A

8. Miscellaneous

Applicable N/A

XV. Share-based payment**1. Overall situation of share-based payment**

Applicable N/A

Unit: CNY'0,000

Grant object category	Granted in This Issue		Exercise This Period		Unlocked in This Issue		This Issue Expires	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Marketing								
Administration/management								
R&D								
Manufacturing								

Stock options or other equity instruments outstanding at the end of the period

Applicable N/A

Grant Object Category	Stock Options Outstanding at the End of the Period		Other Equity Instruments Outstanding at the End of the Period	
	Exercise Price Range	Remaining Term of Contract	Exercise Price Range	Remaining Term of Contract
Marketing	CNY61.30	12-24 months		
Administration/management	CNY61.30	12-24 months		
R&D	CNY61.30	12-24 months		
Manufacturing	CNY61.30	12-24 months		

Other notes: Specific details about share-based payments can be found in "XIII. Implementation of Any Equity Incentive Schemes, Employee Stock Ownership Schemes or Other Incentive Measures for Employees" under Section IV "Corporate Governance" of this report.

2. Equity-settled share-based payment

Applicable N/A

Unit: CNY'0,000

Method for determining the fair value of equity instruments on the date of grant	Black-Scholes option pricing model
Important parameters of fair value of equity instruments on grant date	Historical volatility, risk-free interest rate
Basis for determining the number of exercisable equity instruments	The Management's best estimate
Reasons for significant differences between the current period's estimates and the previous period's estimates	No
The cumulative amount of equity-settled share-based payments included in capital reserves	
Total expenses recognized for equity-settled share-based payments in the current period	

Other notes: Specific details about share-based payments can be found in "IV. Implementation of Any Equity Incentive Schemes, Employee Stock Ownership Schemes or Other Incentive Measures for Employees" under Section IV "Corporate Governance" of this report.

3. Share-based payment settled in cash

Applicable N/A

4. Share-based payment expenses for this period

Applicable N/A

5. Modification and termination of share-based payment

Applicable N/A

6. Others

Applicable N/A

XVI. Commitments and contingent liabilities**1. Important commitments**

Applicable N/A

2. Contingent liabilities**(1) Important contingent liabilities existing as of the balance sheet date**

Applicable N/A

(2) If the Company does not have important contingent liabilities that need to be disclosed, explain the reasons

Applicable N/A

3. Miscellaneous

Applicable N/A

XVII. Events after the balance sheet date**1. Important non-adjusting events**

Applicable N/A

2. Profit distribution

Applicable N/A

3. Sales return

Applicable N/A

4. Notes on other events after the balance sheet date

Applicable N/A

XVIII. Other significant events**1. Correction of accounting errors in the previous period**

Applicable N/A

2. Debt restructuring

Applicable N/A

3. Asset swap

Applicable N/A

4. Annuity plan

Applicable N/A

5. Discontinued operations

Applicable N/A

6. Segment information**(1) Basis for determining reportable segments and accounting policies**

The Company's main business income is divided into reportable segments according to the types of products sold.

(2) Financial information of reportable segments

Unit: CNY

Item	Revenues	Costs	Gross profit margin
Skincare products	2,272,877,234.81	620,281,050.26	72.71%
Medical devices	261,532,714.30	49,176,193.12	81.20%
Cosmetics	256,957,031.53	96,066,994.87	62.61%

(3) Where the Company has no reportable segment or cannot disclose total assets and total liabilities of reportable segments, explain the reasons.

Applicable N/A

(4) Other notes

Applicable N/A

7. Other significant transactions and events affecting investors' decisions

Applicable N/A

8. Miscellaneous

Applicable N/A

XIX. Notes to main items in the Parent Company's financial statements**1. Accounts receivable****(1) Disclosure by ageing**

Unit: CNY

Ageing	Ending Book Balance	Opening Book Balance
Within one year (inclusive)	719,234,037.61	665,107,918.02
Total	719,234,037.61	665,107,918.02

(2) Classified disclosure according to bad debt accrual method

Unit: CNY

Category	Closing Balance					Beginning Balance				
	Book Balance		Provision for Bad Debts		Carrying Value	Book balance		Provision for Bad Debts		Carrying Value
	Amount	Ratio	Amount	Provision Ratio		Amount	Ratio	Amount	Provision Ratio	
Accounts receivable for which provision for bad debts is made by combination	719,234,037.61	100.00%	27,928.68	0.00%	719,206,108.93	665,107,918.02	100.00%	61,925.74	0.01%	665,045,992.28
Including:										
Accounts receivables from external customers for which bad debts provision is accrued according to aging portfolios	3,169,245.40	0.44%	27,928.68	0.88%	3,141,316.72	6,333,369.04	0.95%	61,925.74	0.98%	6,271,443.30
Internal transaction portfolios	716,064,792.21	99.56%			716,064,792.21	658,774,548.98	99.05%		0.00%	658,774,548.98
Total	719,234,037.61	100.00%	27,928.68	0.00%	719,206,108.93	665,107,918.02	100.00%	61,925.74	0.01%	665,045,992.28

Category of bad debt provision accrued by portfolio: Accounts receivables from external customers for which bad debts provision is accrued according to aging portfolios

Unit: CNY

Name	Closing Balance		
	Book Balance	Provision for Bad Debts	Provision Ratio
Accounts receivables from external customers for which bad debts provision is accrued according to aging portfolios	3,169,245.40	27,928.68	0.88%

Note on the basis for determining this combination: For details, please refer to “13. Accounts Receivable” in “V. Significant Accounting Policies and Accounting Estimates” under Section X of this report.

Category of bad debt provision accrued by portfolio: Internal transactions

Unit: CNY

Name	Closing Balance		
	Book Balance	Provision for Bad Debts	Provision Ratio

Internal transaction portfolios	716,064,792.21		
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Note on the basis for determining this combination: For details, please refer to “13. Accounts Receivable” in “V. Significant Accounting Policies and Accounting Estimates” under Section X of this report.

Whether bad debt provisions for accounts receivable were made according to the general expected credit loss model:

Applicable N/A

(3) Bad debt provisions accrued, recovered or reversed in the current period

Bad debt provision withdrawn in the Reporting Period:

Unit: CNY

Category	Beginning Balance	Amount Changed in the Current Period				Closing Balance
		Provision	Recovery or Reversal	Cancellation After Verification	Miscellaneous	
Accounts receivables from external customers for which bad debts provision is accrued according to aging portfolios	61,925.74		33,997.06			27,928.68
Total	61,925.74		33,997.06			27,928.68

Significant recovery or reversal of bad debt provision for the current period:

Applicable N/A

(4) Accounts receivable actually written off in current period

Applicable N/A

(5) Accounts receivable and contract asset with top five ending balance collected as per borrowers

Unit: CNY

Company	Ending Balance of Accounts Receivable	Ending Balance of Contract Assets	Ending Balance of Accounts Receivable and Contract Assets	Proportion of the Total Ending Balance of Accounts Receivable and Contract Assets	Ending Balance of Bad Debt Provision for Accounts Receivable and Contract Asset Impairment Provision
Internal customer 1	419,463,252.27		419,463,252.27	58.32%	
Internal customer 2	163,737,273.78		163,737,273.78	22.77%	
Internal customer 3	32,956,202.77		32,956,202.77	4.58%	
Internal customers 4	31,753,232.69		31,753,232.69	4.41%	
Internal customers 5	27,534,930.32		27,534,930.32	3.83%	
Total	675,444,891.83		675,444,891.83	93.91%	

2. Other accounts receivables

Unit: CNY

Item	Closing Balance	Beginning Balance
Dividends receivable		169,335.03
Other accounts receivable	558,261,420.65	740,066,308.17
Total	558,261,420.65	740,235,643.20

(1) Interest receivable Applicable N/A**(2) Dividends receivable****1) Category of dividends receivable**

Unit: CNY

Item (or the Investee)	Closing Balance	Beginning Balance
Common stock dividends receivable from subsidiaries		169,335.03
Total		169,335.03

2) Significant dividends receivable aged over one year Applicable N/A**3) Disclosure of classification by bad debt accrual method** Applicable N/A**4) Bad debt provisions accrued, recovered or reversed in the current period** Applicable N/A**5) Dividends receivable actually written off in the current period** Applicable N/A**(3) Other accounts receivables****1) Other accounts receivables classified by nature**

Unit: CNY

Payment Nature	Ending Book Balance	Opening Book Balance
Accounts receivables from subsidiaries	553,241,832.68	734,000,000.00
Guaranteed deposit and security deposit	6,124,122.61	7,535,385.21
Employee provision	197,067.66	40,000.00

Total	559,563,022.95	741,575,385.21
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2) Disclosure by aging

Unit: CNY

Aging	Ending Book Balance	Opening Book Balance
Within one year (inclusive)	529,406,061.55	714,190,850.17
One to two years	21,579,268.50	20,160,200.00
Two to three years	7,103,000.00	4,226,023.12
Within three years	1,474,692.90	2,998,311.92
Three to four years	1,282,757.40	2,653,576.42
Four to five years	191,935.50	344,735.50
Total	559,563,022.95	741,575,385.21

3) Disclosure of classification by bad debt accrual method

Unit: CNY

Category	Closing Balance					Beginning Balance				
	Book Balance		Provision for Bad Debts		Book Value	Book Balance		Provision for Bad Debts		Book Value
	Amount	Ratio	Amount	Provision Ratio		Amount	Ratio	Amount	Provision Ratio	
Provision for bad debts based on combination	559,563,022.95	100.00%	1,301,602.30	0.23%	558,261,420.65	741,575,385.21	100.00%	1,509,077.04	0.20%	740,066,308.17
Including:										
Provision of external other accounts receivables accrued based on aging portfolio	6,321,190.27	1.13%	1,301,602.30	20.59%	5,019,587.97	7,575,385.21	1.02%	1,509,077.04	19.92%	6,066,308.17
Internal transaction portfolios	553,241,832.68	98.87%			553,241,832.68	734,000,000.00	98.98%			734,000,000.00
Total	559,563,022.95	100.00%	1,301,602.30	0.23%	558,261,420.65	741,575,385.21	100.00%	1,509,077.04	0.20%	740,066,308.17

Category of bad debt provision accrued by portfolio: Other accounts receivables from external parties for which bad debts provision is accrued according to aging portfolios

Unit: CNY

Name	Closing Balance		
	Book Balance	Provision for Bad Debts	Provision Ratio
Provision of external other accounts receivables accrued based on aging portfolio	6,321,190.27	1,301,602.30	20.59%

Note on the basis for determining this combination: For details, please refer to "13. Accounts Receivable" in "V. Significant Accounting Policies and Accounting Estimates" under Section X of this report.

Category of bad debt provision accrued by portfolio: Internal transactions

Unit: CNY

Name	Closing Balance		
	Book Balance	Provision for Bad Debts	Provision Ratio
Internal transaction portfolios	553,241,832.68		

Note on the basis for determining this combination: For details, please refer to “13. Accounts Receivable” in “V. Significant Accounting Policies and Accounting Estimates” under Section X of this report.

Provision for bad debts based on the general expected credit loss model:

Unit: CNY

Provision for Bad Debts	Stage I	Stage II	Stage III	Total
	Expected Credit Losses for the Next 12 Months	Expected Credit Loss Within the Whole Duration (No Credit Impairment Occurs)	Expected Credit Loss Within the Whole Duration (Credit Impairment has Occurred)	
Balance on January 1, 2024	1,509,077.04			1,509,077.04
Balance as at January 1, 2024 is in the current period				
Recovery or reversal in the current period	207,474.74			207,474.74
Balance on June 30, 2024	1,301,602.30			1,301,602.30

Basis for division of each stage and provision ratio for bad debts

Applicable N/A

Changes of book balance with significant amount changed of loss provision in the Reporting Period

Applicable N/A

4) Bad debt provision provided, recovered or reversed in current period

Bad debt provision withdrawn in the Reporting Period:

Unit: CNY

Category	Beginning Balance	Amount changed in the Current Period				Closing Balance
		Provision	Recovery or Reversal	Cancellation After Verification	Miscellaneous	
Provision of external other accounts receivables accrued based on aging portfolio	1,509,077.04		207,474.74			1,301,602.30
Total	1,509,077.04		207,474.74			1,301,602.30

Significant provision for bad debt recovered or reversed among the above:

Applicable N/A

5) Other accounts receivables actually written off in the current period

Applicable N/A

6) Other accounts receivables with top five ending balances carried forward collected as per the borrowers

Unit: CNY

Company	Nature	Closing Balance	Aging	Proportion to Closing Balance of Other Accounts Receivables	Ending Balance of Provision for Bad Debts
Internal unit 1	Accounts receivables from subsidiaries	402,000,000.00	Within one year	71.84%	
Internal unit 2	Accounts receivables from subsidiaries	42,000,000.00	Within one year	7.51%	
Internal unit 3	Accounts receivables from subsidiaries	39,000,000.00	Within one year, one to three years	6.97%	
Internal unit 4	Accounts receivables from subsidiaries	32,000,000.00	Within one year	5.72%	
Internal unit 5	Accounts receivables from subsidiaries	32,000,000.00	Within one year	5.72%	
Total		547,000,000.00		97.76%	

7) Presented in other accounts receivables due to centralized management of funds□ Applicable N/A**3. Long-term equity investment**

Unit: CNY

Item	Closing Balance			Beginning Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Investment in subsidiaries	519,799,055.23		519,799,055.23	481,799,055.23		481,799,055.23
Total	519,799,055.23		519,799,055.23	481,799,055.23		481,799,055.23

(1) Investment in subsidiaries

Unit: CNY

The Invested	Beginning Balance (Book Value)	Beginning Balance of Impairment Provision	Current Increase or Decrease				Closing Balance (Book Value)	Ending Balance of Impairment Provision
			Additional Investment	Reduce Investment	Provision for Impairment	Miscellaneous		
Kunming Yunzhuang	25,920,000.00						25,920,000.00	
Kunming Botanee Sales	5,000,000.00						5,000,000.00	
Shanghai Botanee	12,000,000.00						12,000,000.00	

The Invested	Beginning Balance (Book Value)	Beginning Balance of Impairment Provision	Current Increase or Decrease				Closing Balance (Book Value)	Ending Balance of Impairment Provision
			Additional Investment	Reduce Investment	Provision for Impairment	Miscellaneous		
Yunnan Yunke	100,000,000.00						100,000,000.00	
Hainan Botanee Investment	60,000,000.00						60,000,000.00	
Shanghai Yibeini	112,000,000.00		38,000,000.00				150,000,000.00	
Shanghai Botanee Technology	34,000,000.00						34,000,000.00	
Clinmate (Shanghai)	30,000,000.00						30,000,000.00	
Botanee (Kunming) Trading	100,000.00						100,000.00	
Chengdu Botanee	50,000,000.00						50,000,000.00	
Yunnan Weijia	10,200,000.00						10,200,000.00	
Wuhan Botanee	1,579,055.23						1,579,055.23	
Qiumei Technology (Kunming)	1,000,000.00						1,000,000.00	
Xiamen Chonglou	30,000,000.00						30,000,000.00	
Yunnan Botanee Technology	10,000,000.00						10,000,000.00	
Total	481,799,055.23		38,000,000.00				519,799,055.23	

(2) Investment in associates and joint ventures

Applicable N/A

(3) Other notes

Applicable N/A

4. Revenue and cost of operating

Unit: CNY

Item	Amount Incurred in the Current Period		Amount Incurred in the Previous Period	
	Revenues	Costs	Revenues	Costs
Main business	1,398,422,219.39	623,232,623.92	1,609,702,512.99	589,471,934.81
Other business	16,259,340.10	11,914,227.98	5,075,918.40	1,025,648.96
Total	1,414,681,559.49	635,146,851.90	1,614,778,431.39	590,497,583.77

Relevant operating information of revenue and cost:

Unit: CNY

Contract classification	Daily Chemical Industry		Services and Others		Total	
	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs
By type of product	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Including:						
Skincare products	1,340,029,900.93	574,009,021.37			1,340,029,900.93	574,009,021.37
Medical devices	27,983,033.31	34,465,890.86			27,983,033.31	34,465,890.86
Cosmetics	30,409,285.15	14,757,711.69			30,409,285.15	14,757,711.69
Services and others			16,259,340.10	11,914,227.98	16,259,340.10	11,914,227.98
Classification by business area	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Including:						
Chinese Mainland	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Overseas						
Type of market or customer	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Including:						
Winona	1,355,095,253.04	592,120,224.97			1,355,095,253.04	592,120,224.97
Winona Baby	32,462,483.94	22,598,773.87			32,462,483.94	22,598,773.87
AOXMED	7,814,275.83	5,987,520.48			7,814,275.83	5,987,520.48
Miscellaneous	3,050,206.58	2,526,104.60	16,259,340.10	11,914,227.98	19,309,546.68	14,440,332.58
Contract type	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Including:						
Self-operation	1,393,938,403.66	621,707,100.39	16,259,340.10	11,914,227.98	1,410,197,743.76	633,621,328.37
Distribution	4,483,815.73	1,525,523.53			4,483,815.73	1,525,523.53
Classified by the time of goods transfer	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Including:						
Revenue recognized at a certain time point	1,398,422,219.39	623,232,623.92			1,398,422,219.39	623,232,623.92
Revenue recognized in a certain period			16,259,340.10	11,914,227.98	16,259,340.10	11,914,227.98
Classification of contract term	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Including:						
Expected to be completed within one year	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Classification by sales channel	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90
Including:						
Online channel product sales	697,377,262.55	190,366,422.72			697,377,262.55	190,366,422.72
Offline channel product sales	701,044,956.84	432,866,201.20			701,044,956.84	432,866,201.20
Offline channel services and Others			16,259,340.10	11,914,227.98	16,259,340.10	11,914,227.98
Total	1,398,422,219.39	623,232,623.92	16,259,340.10	11,914,227.98	1,414,681,559.49	635,146,851.90

Information related to performance obligations: The Company has delivered the goods to the customer according to the agreed delivery method. When the customer obtains the control right of the goods agreed in the contract, the Company recognizes the revenue when completing the contract performance obligations.

Information related to the transaction price allocated to remaining performance obligations:

Applicable N/A

Major contract changes or major transaction price adjustments

Applicable N/A

5. Investment income

Unit: CNY

Item	Amount Incurred in the Current Period	Amount Incurred in the Previous Period
Long-term equity investment incomes calculated at cost method	75,039,375.70	
Income from entrusted wealth management of cash management	27,020,467.58	25,238,164.12
Total	102,059,843.28	25,238,164.12

6. Others

Applicable N/A

XX. Supplementary information

1. List of non-recurring gains and losses of the current period

Applicable N/A

Unit: CNY

Item	Amount	Note
Gains and losses from disposal of non-current assets	-1,392,988.30	
Government grants included in current profits and losses (except for government grants that are closely related to our normal business operations, meet national policies and regulations, are enjoyed in accordance with established standards, and have a lasting impact on our gains and losses)	42,466,126.97	Government grants included in "other income"
Profit or loss arising from changes in fair value arising from the holding of financial assets and financial liabilities by non-financial enterprises, and gains and losses arising from the disposal of financial assets and financial liabilities in addition to effective hedging business related to our normal business operations	20,709,760.81	Profit or loss arising from changes in fair value of entrusted financial management of cash management
Gains and losses from assets invested or managed by the entrusted	28,489,104.21	Investment income generated by the maturity of entrusted financial management of cash management
Other non-operating income and expenses other than the above	-7,935,493.09	Public welfare donations included in "non-operating expenses"
Minus: the Company's income tax	17,229,393.62	
Minority shareholders' interests (after tax)	932,909.10	

Total	64,174,207.88
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Particulars about other items that meet the definition of non-recurring gains and losses:

Applicable N/A

Explain the reasons if we identified an item as recurring gain/loss which is enumerated as non-recurring gains and losses in the *Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1: Non-recurring Profit and Loss*:

Applicable N/A

2. Return on net assets and earnings per share

Profit in the Reporting Period	Weighted Average Return on Net Assets	Earnings per Share	
		Basic Earnings per Share (CNY/Share)	Diluted Earnings per Share (CNY/Share)
Net profit attributed to ordinary shareholders of the Company	7.98%	1.15	1.15
Net profit attributed to ordinary shareholders of the Company after deducting non-recurring gains and losses	6.92%	1.00	1.00

3. Differences in accounting data under Chinese and overseas accounting standards

(1) Discrepancy between the net profits and the net assets attributable to shareholders of the listed company in the financial reports disclosed simultaneously according to the international accounting standard and Chinese accounting standard

Applicable N/A

(2) Discrepancy between net profits in the financial report and net assets belonging to the shareholders of listed companies exposed as per international accounting standard and Chinese accounting standard

Applicable N/A

(3) Specify the reasons for difference in accounting data under Chinese and overseas accounting standards (if any); if adjustment is made to data audited by overseas audit firm, specify the name of such audit firm

Applicable N/A

4. Other

Applicable N/A