

Yunnan Botanee Bio-Technology Group Co., Ltd.

2023 Annual Report

2024-011



April, 2024

2023 Annual Report

Section I Important Notice, Table of Contents, and Definitions

Our Board of Directors, Board of Supervisors, directors, supervisors, and senior managers guarantee that this 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 Mr. Guo Zhenyu, Chief Financial Officer (CFO) Mr. Wang Long, and Head of Accounting Department Mr. Liu Zhaofeng hereby declare that the financial statements herein are true, accurate, and complete.

All directors of Botanee have attended the board meeting for deliberating on this 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 and our countermeasures in “Section III Management Discussion and Analysis” and “Section XI Future Prospects of Botanee” of this report. Investors are kindly requested to pay attention to these sections.

Our profit-sharing plan deliberated on and adopted by the Board of Directors is: to distribute CNY6.00 of cash dividend for every 10 shares to all shareholders based on 420,605,382 shares, give them 0 bonus shares (tax included), and issue 0 shares for them for every 10 shares by transferring capital reserve.

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Documents Available for Inspection

- (1) The original of our 2023 Annual Report signed by the Company's legal representative Mr. Guo Zhenyu.
- (2) 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).
- (3) The original of our audit report sealed by Talent Certified Public Accountants (Special General Partnership), and signed and sealed by its certified public accountants.
- 4) The original of all our documents and announcements that have been publicly disclosed during the reporting period.

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

Definitions

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

Shanghai Yibeini	Shanghai Yibeini Health Technology Co., Ltd., a wholly-owned subsidiary of Botanee
Aoxmed (Shanghai)	Aoxmed (Shanghai) Biotechnology Co., Ltd., a holding subsidiary of Shanghai Yibeini
Clinmate (Shanghai)	Clinmate (Shanghai) Biotechnology Co., Ltd., a wholly-owned subsidiary of Botanee
Hainan Botanee Investment	Hainan Botanee Investment Co., Ltd., a wholly-owned subsidiary of Botanee
Hainan Botanee Private	Hainan Botanee Private Equity Fund Management Co., Ltd., a wholly-owned subsidiary of Botanee
Yunnan Weijia	Yunnan Weijia Biotechnology Co., Ltd., a holding subsidiary of Botanee
Sichuan Huifu Hospital Management	Sichuan Huifu Hospital Management Co., Ltd., a wholly-owned subsidiary of Chengdu Botanee
Chengdu Huifu Internet Hospital	Chengdu Wuhou Huifu Internet Hospital Co., Ltd., a wholly-owned subsidiary of Sichuan Huifu Hospital Management
Chengdu Huifu Outpatient Clinic	Chengdu Wuhou Yiduo Huifu Outpatient Clinic Co., Ltd., a wholly-owned subsidiary of Sichuan Huifu Hospital Management
Shanghai Haimoni	Shanghai Haimoni Biotechnology Co., Ltd., a wholly-owned subsidiary of Kunming Yunzhuang
Xiamen Chonglou Private	Xiamen Chonglou Private Equity Fund Management Co., Ltd., a wholly-owned subsidiary of Botanee
Nibei (Shanghai) Technology	Nibei (Shanghai) Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Yibeini
Kunming Ansute	Kunming Ansute Biotechnology Co., Ltd., a wholly-owned subsidiary of Shanghai Haimoni
Hangzhou Ansute	Hangzhou Ansute Biotechnology Co., Ltd., a wholly-owned subsidiary of Shanghai Haimoni
Shanghai Beforteen	Shanghai Beforteen Technology Co., Ltd., a wholly-owned subsidiary of Shanghai Yibeini
Sichuan Beforteen Enterprise	Sichuan Beforteen Enterprise Management Co., Ltd., a wholly-owned subsidiary of Chengdu Botanee
Chengdu Beforteen Internet Hospital	Chengdu Wuhou Beforteen Internet Hospital Co., Ltd., a wholly-owned subsidiary of Sichuan Botanee Enterprise
Chengdu Beifu Outpatient Clinic	Chengdu Wuhou Beifu Comprehensive Outpatient Clinic Co., Ltd., a wholly-owned subsidiary of Sichuan Beforteen Enterprise
Yunnan Botanee Technology	Yunnan Botanee Health Technology Co., Ltd., a wholly-owned subsidiary of Botanee
Huzhou Botanee	Huzhou Botanee Biotechnology Co., Ltd., a wholly-owned subsidiary of Shanghai Botanee Technology
Shangri-La Yunke	Shangri-La Yunke Specialty Chinese Medicinal Materials Planting Co., Ltd., a wholly-owned subsidiary of Yunnan Yunke
Nuoweitai (Kunming)	Nuoweitai (Kunming) Biotechnology Co., Ltd., a holding subsidiary of Shanghai Yibeini
Clinmate (Kunming)	Clinmate (Kunming) Biotechnology Co., Ltd., a wholly-owned subsidiary of Clinmate (Shanghai)
Hunan Botanee	Hunan Botanee Biotechnology Co., Ltd., a wholly-owned subsidiary of Botanee
Changsha Meluda	Changsha Meluda Medical Equipment Co., Ltd., a wholly-owned subsidiary of Botanee
Hunan Ailemei	Hunan Ailemei Biotechnology Co., Ltd., a wholly-owned subsidiary of Botanee

ME Investment	ME (Guangzhou) Investment Co., Ltd., a wholly-owned subsidiary of Botanee
Hangzhou Meixi	Hangzhou Meixi Brand Management Co., Ltd., a joint venture invested by Hainan Botanee Investment
Shenzhen Nature	Shenzhen Natural Technology Co., Ltd., a joint venture invested by Hainan Botanee Investment
Beijing Huanfang Shidai	Beijing Huanfang Shidai Information Technology Co., Ltd., a joint venture invested by Hainan Botanee Investment
Yizheng (Suzhou) Biotech	Yizheng (Suzhou) Biotechnology Co., Ltd., a joint venture invested by Shanghai Botanee
Hunan Miaomiao Health	Hunan Miaomiao Kelaiyimei Health Management Co., Ltd., a joint venture invested by Clinmate (Shanghai)
WEMT Medical	WEMT Medical Technology (Wuxi) Co., Ltd., a joint venture invested by Hainan Botanee Investment
Shanghai Weimu Medical	Shanghai Weimu Medical Technology Co., Ltd., a joint venture invested by Hainan Botanee Investment
Nuona Technology	Kunming Nuona Technology Co., Ltd., a controlling shareholder of the Company
Sequoia Juye	Tianjin Sequoia Juye Equity Investment Partnership (Limited Partnership), a shareholder of Botanee
Zhenli Consulting	Xiamen Zhenli Consulting Co., Ltd., a shareholder of Botanee
Chonglou Investment	Xiamen Chonglou Investment Partnership (Limited Partnership), a shareholder of Botanee
Yunnan Haqisheng	Yunnan Haqisheng Enterprise Management Co., Ltd., a shareholder of Botanee
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
KOL	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	Key opinion consumer, a consumer who can influence his/her friends and fans to buy things.
618	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	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	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	Cosmetics designed to protect or take care of the skin, and enhance its elasticity and vitality
Dermatological level/ functional skincare products	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	The industry that covers infant and children products, bath products, make-ups, deodorant antiperspirants, hair removers, perfumes, hair care products, men's care products, oral care products, skin care products, sunscreen products, etc., as defined by Euromonitor on beauty and personal care

Medical devices	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	A new type of business operating model that enables online shopping by 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	Product sales through e-commerce channels (telephone shopping, and TV shopping included)
Offline sales/ offline channel sales	Product sales through traditional sales channels (including department stores, hypermarkets, cosmetic specialty stores, direct stores, pharmacies, etc.)
Commissioned manufacturing	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
OEM manufacturing	A manufacturing mode in which the purchaser proposes requirements on product design, specifications, functions, etc. to the manufacturer, and the manufacturer manufacture products according to the purchaser's requirements
CNY	China's statutory currency
The end of the reporting period	December 31, 2023
The beginning of the reporting period	January 1, 2023
The end of previous/ last year	December 31, 2022
The reporting period	From January 1, 2023 to December 31, 2023
Same period of previous/ last year	From January 1, 2022 to December 31, 2022

Section II Company Profile and Key Financial Indicators

1. Company Profile

Stock name	Botanee	Stock code	300957
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		
Registered address	No. 53, Keyi Road, High-tech Development Zone, Kunming City, Yunnan Province		
Postal code of the registered address	650106		
Changes in the registered address	N/A		
Business address	No. 53, Keyi Road, Kunming High-tech Industrial Development Zone, Kunming, Yunnan Province		
Postal code of the business address	650106		
Website	http://www.botanee.com.cn/		
E-mail	ir@botanee.com		

2. Contact information

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

3. Information Disclosure and Place for Keeping Documents Available for Inspection

Website of the stock exchange that discloses our annual report	http://www.szse.cn/
Media selected by us for information disclosure	Our website (http://www.botanee.com.cn/), CNINFO (http://www.cninfo.com.cn/), <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities Journal</i> , and <i>Securities Daily</i>

Place for keeping documents available for inspection	Board Secretary's Office of Botanee
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4. Other Relevant Information

Accounting firm engaged by us:

Name	Talent Certified Public Accountants (Special General Partnership)
Business address	Room 1907, No. 106 Jiangdong Middle Road, Jianye District, Nanjing
Signing accountants	Wu Ting, and Zhang Xuewen

Sponsor engaged by us to continuously perform supervisory function during the reporting period:

☒ Applicable ☐ N/A

Name	Business address	Representatives	Continuous supervision period
Guosen Securities Co., Ltd.	5/F, Cathaya Business Mansion, No. 105 Tiyyuchang Road, Hangzhou	Lou Yu, and Wang Donghui	From Mar. 25, 2021 to Dec. 31, 2024

Financial advisor engaged by us to continuously perform supervisory function during the reporting period:

☐ Applicable ☒ N/A

5. Key Accounting Data and Financial Indicators

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

☒ Yes ☐ No

Reason for the retrospective adjustment or restatement:

Changes in accounting policies

	2023	2022		Change over previous year	2021	
		Before	After		Before	After
Operating revenue (CNY)	5,522,168,263.00	5,013,873,729.44	5,013,873,729.44	10.14%	4,022,403,431.75	4,022,403,431.75
Net profit attributable to our shareholders (CNY)	756,795,007.56	1,051,228,828.98	1,051,331,949.57	-28.02%	862,922,946.61	862,922,946.61
Net profit attributable to our shareholders after deducting non-recurring gains and losses (CNY)	618,058,791.53	951,225,441.18	953,787,022.86	-35.20%	813,020,602.86	815,482,746.34
Net cash flows from our operating activities (CNY)	610,438,763.71	769,445,621.45	769,445,621.45	-20.67%	1,152,720,351.41	1,152,720,351.41
Basic earnings per share (CNY/share)	1.79	2.48	2.48	-27.82%	2.12	2.12
Diluted earnings per share (CNY/share)	1.79	2.48	2.48	-27.82%	2.12	2.12
Weighted average return on net assets	13.21%	20.48%	20.48%	-7.27%	23.33%	23.33%

	End of 2023	End of 2022		Change over previous year	End of 2021	
		Before	After		Before	After
Total assets (CNY)	7,506,930,342.79	6,718,716,893.90	6,719,600,623.02	11.72%	5,812,491,217.77	5,812,491,217.77
Net assets attributable to our shareholders (CNY)	5,860,994,371.02	5,552,272,818.71	5,602,349,316.16	4.62%	4,755,204,197.34	4,755,204,197.34

Reason for changes in accounting policies and correction of accounting errors:

At the beginning of the reporting period, we adjusted our accounting data in accordance with “Accounting treatment that the exemption of initial recognition shall not apply to the deferred income tax relating to assets and liabilities arising from a single transaction” specified in *Interpretation No. 16 of Accounting Standards for Business Enterprises* issued by the Ministry of Finance. For details, please refer to section “43. Changes in Important Accounting Policies and Accounting Estimates” in Section XV of this report titled “Important Accounting Policies and Accounting Estimates”.

Indicate the lower of our net profit before and after deducting non-recurring gains and losses in the last three accounting years was negative, and the latest auditor’s report shows there was uncertainty about our ability to continue as a going concern:

☐ Yes ☒ No

Whether the lower of our net profit before and after deducting non-recurring gains and losses was negative or not:

☐ Yes ☒ No

Whether our share capital has changed from the end of the reporting period to the date disclosing this annual report due to issuance of new shares, additional issuance, rights issue, exercise of equity incentive, repurchase, etc., and whether the amount of shareholders’ 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)	1.7866

6. Quarterly Key Financial Indicators

Unit: CNY

	Q1	Q2	Q3	Q4
Operating revenue	863,307,083.80	1,504,435,530.14	1,063,740,686.07	2,090,684,962.99
Net profit attributed to our shareholders	158,265,044.32	291,747,169.73	129,177,837.99	177,604,955.52
Net profit attributed to our shareholders after deducting non-recurring gains and losses	126,577,596.71	247,105,276.77	134,347,151.14	110,028,766.91
Net cash flows from our operating activities	-196,770,597.63	481,755,634.33	-160,519,507.67	485,973,234.68

Indicate whether there is any major discrepancies between the above financial indicators or their sum and relevant indicators disclosed in our quarterly or semi-annual report or not:

☐ Yes ☒ No

7. Differences in Accounting Data under China's and Overseas Accounting Standards

7.1 Differences in Net Profit and Net Assets Disclosed in Our Financial Report Prepared under the China Accounting Standards (CAS) and the International Financial Reporting Standards (IFRS)

☐ Applicable ☒ N/A

7.2 Differences in Net Profit and Net Assets Disclosed in Our Financial Report Prepared under CAS and overseas accounting standards

☐ Applicable ☒ N/A

No such differences for the reporting period.

8. Item and Amount of Non-recurring Gains and Losses

☒ Applicable ☐ N/A

Unit: CNY

Item	2023	2022	2021	Note
Gains and losses from disposal of non-current assets (including the write-off of assets impairment)	461,616.01	-112,591.36	516,716.70	Gains and losses from disposal of non-current assets
Government subsidies included in current profits and losses (except for government subsidies 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)	131,682,124.63	73,958,898.11	32,265,474.08	Government subsidies included in "other income"
Gains and losses 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	-17,238,886.41	-5,519,803.92	10,797,093.76	Gains and losses from changes in fair value of entrusted cash
Gains and losses from assets invested or managed by the entrusted	54,656,428.89	78,007,914.79	18,830,359.81	Mainly investment income generated by the maturity of entrusted cash management
Other non-operating income and expenses other than the above	-7,167,283.17	-33,230,882.52	-5,986,664.83	Mainly additional VAT credit for VAT input tax included in "other income" and public welfare donations included in "non-operating expenses"
Minus: the Company's income tax	22,633,297.72	15,788,459.33	8,906,790.81	
Minority shareholders' interests (after tax)	1,024,486.20	-229,850.94	75,988.44	

Total	138,736,216.03	97,544,926.71	47,440,200.27	
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Particulars about other items that meet the definition of non-recurring gain/loss:

☒ Applicable ☐ N/A

According to the *Explanatory Announcement on Information Disclosure by Companies Offering Securities to the Public No. 1: Non-recurring Gains and Losses (Revised in 2023)* issued by the China Securities Regulatory Commission on December 22, 2023, identified government subsidies 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 in 2023 as recurring gains and losses, and adjusted our non-recurring gains and losses in 2022 and 2021 by the same caliber. Thus, our after-tax non-recurring gains and losses attributable to shareholders in 2022 and 2021 decreased by CNY2,458,461.09 and CNY2,462,143.48, respectively.

Explain the reasons if we identified an item as recurring gain/loss which is enumerated as non-recurring gain/loss 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

Botanee is required to comply with:

- ✧ 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*.

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/T 4754-2017)*, 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 CNY47.15 trillion, which represented a year-on-year increase of 7.24%. Specifically, the retail sales of cosmetics and personal care products by enterprises above designated size amounted to approximately CNY414.17 billion, a year-on-year increase of 5.10%. During the reporting period, the year-on-year growth rate of retail sales of cosmetics and personal care products by enterprises above designated size was slightly lower than total retail sales of consumer goods, which was to some extent influenced by economic downturn and weakened market demands.

Nevertheless, with the enormous consumer base in China’s cosmetics market, as uncertainties gradually diminish, the Chinese cosmetics industry is still expected to be one of the fastest-growing and most promising markets globally. According to statistics from global research firm Euromonitor¹, the overall market capacity of China’s cosmetics industry achieved a compound annual growth rate of approximately 5.30% from 2018 to 2023. By 2023, the overall market capacity of China’s cosmetics industry is expected to reach approximately CNY547.98 billion, which indicates that China’s cosmetics industry is still in a high-growth phase. Furthermore, Euromonitor predicts that the overall market capacity of China’s cosmetics industry will maintain a stable growth with a compound annual growth rate of approximately 4.80% from 2024 to 2028. By 2024, the overall market capacity of China’s cosmetics industry is projected to reach nearly CNY580.00 billion, representing an estimated year-on-year growth of 5.10%.

In the sub-market of dermatological skincare products, according to Euromonitor’s statistics, the market size of dermatological-level skincare products in China² during the reporting period was approximately CNY33.34 billion. This indicates Chinese market for dermatological skincare products is still in a golden development period, and is expected to continue supporting the recovery and growth of its cosmetics consumption market.

Based on Euromonitor’s statistics, during the reporting period, our Winona brand ranked 9th in the skincare product market, remaining relatively stable compared with the same period last year. However, it has consistently held the top position in the market for dermatological skincare products in China for several years. During the reporting period, Winona brand maintained its leading position

¹ The data come from beauty and personal care estimate for 2024 released by Euromonitor International (Shanghai) Co., Ltd. (pre-released in March 2024), which are calculated based on retail sales data in 2023. Brands included in statistics are based on Global Business Network (GBN). The future forecast growth rate includes inflation factors.

² The market size of dermatology-level skin care products is the sum of sales of mass and high-end dermatology-level skin care brands as defined by Euromonitor. This market segment is established based on the sales and market share of included brands, whose historical size may change due to expanded brand coverage.

with a market share of approximately 20.40% in the domestic market for dermatological skincare products, which remained stable compared to the same period last year, demonstrating a significant head effect.

Our products in different categories continue to maintain a strong and impressive performance in their respective sub-market areas. According to Euromonitor, Winona maintained its market ranking in the sunscreen care category, showing as good performance during the reporting period as that over the same period last year. Its toner and face mask products both consistently ranked among the top five in the market, ranking fourth. Its basic moisturizing products entered top ten in the market, ranking one position higher than the same period last year. Besides, Winona performed excellently in the high-end skincare product market, ranking fourth during the reporting period and joining the ranks of top brands. Botanee and its Winona brand have a clear first-mover advantage, and continue to maintain a leading position in the cosmetics industry.

2. Main Business Operations during the Reporting Period

2.1 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 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 a comprehensive retail touchpoint system, we have successfully realized cross-industry 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.

Our main product categories include facial creams, toners, face masks, serums, lotions, as well as makeup products such as sunscreens, powders, BB creams, and makeup removers. In addition to skincare and makeup, 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.

2.2 Main Brand Matrix

Winona



Winona is a professional dermatological 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 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 makeup solutions that are multi-functional and easy to use. It is positioned as an international light makeup brand that allows users to effortlessly enjoy their beautiful daily life. The core products of the Za brand include primers, sunscreens, and powders.

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. PURE&MILD's core products include facial creams and serums, among other skincare products.

2.3 Business Model for the Year 2023

2.3.1 Main 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 models	Description	Return and exchange 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 return and exchange rules of each platform, a generally accepted policy is a 7-day or 14-day no-reason return and 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.	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	B2C 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 return and exchange policies of the respective platforms.	We deliver products to buyers as agreed in the contract, and after the buyers accept and sign the logistics receipt, the sales revenue is recognized and costs are allocated.
	Consignment	B2C 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, JD Supermarket, Tmall Supermarket, etc.	No returns or exchanges are accepted unless there are quality issues. During the reporting period, the Company consistently followed the return and exchange policies of the respective platforms.	Botanee delivers products to the consignees, and after the consignees make sales to external customers and issue consignment invoices to the Company, the sales revenue is recognized and costs are allocated.
Offline self-operation	Self-operation	OMO Directly sell products to consumers through offline direct 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 return and exchange 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 return and exchange policies of the respective platforms.	Botanee delivers products to the buyers, and after the buyers accept and sign the logistics receipt, 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 return and exchange policies of the respective platforms.	Botanee delivers products to the consignees. After the consignees make sales to external customers and issue consignment invoices to the Company, the sales revenue is recognized, and costs are allocated.

2.3.2 Procurement Models

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. During the reporting period, all suppliers for raw material procurement were non-related parties.

Unit: CNY/piece

Main raw materials	Procurement model	Proportion of procurement amount to total procurement amount	Significant changes in settlement methods	Average price in the first half of the year	Average price in the second half of the year
Active ingredients	Inquiry-based procurement	13.81%	No	61.24	112.06
Moisturizers	Inquiry-based procurement	4.45%	No	10.43	11.32
Oils	Inquiry-based procurement	1.80%	No	12.39	11.69
Sunscreen agents	Inquiry-based procurement	1.00%	No	24.50	24.60
Facial mask sheet	Inquiry-based procurement	0.40%	No	0.17	0.10

Note: During the reporting period, the proportion of main raw material procurement to our total procurement was approximately 21.46%, accounting for approximately 76.62% of direct material procurement. The proportion of main raw material procurement remained stable compared with the same period last year. In the second half of the reporting period, the proportion of high-value active ingredient raw materials increased due to formula upgrades and other reasons, leading to an increase in the average unit price of active ingredients in the second half of the reporting period. Apart from this, there were no significant changes in the proportion and average unit price of other production materials compared to the same period last year.

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

☐ Applicable ☒ N/A

2.3.3 Production Models

We arrange manufacturing according to actual manufacturing and operational needs, using a combination of independent production, commissioned manufacturing, and OEM production. During the reporting period, we achieved industrialized production of skincare products, medical devices, and cosmetics. For specific information on our manufacturing and R&D advantages, please refer to Section III of this report “Analysis of Core Competitiveness”.

During the reporting period, our skincare products were produced through a combination of independent production, commissioned manufacturing, and OEM production. The sales costs of skincare products produced under the three modes accounted for approximately 21.34%, 54.98%, and 4.31% of operating costs, respectively.

During the reporting period, medical device products of the Company were produced through a combination of independent production and OEM production. The sales costs of medical device products produced under the three modes accounted for approximately 0.96% and 1.45% of operating costs, respectively.

During the reporting period, cosmetics products of the Company were produced through a combination of independent production, commissioned manufacturing, and OEM production. The sales costs of cosmetics products produced under the three modes accounted for approximately 0.12%, 0.34%, and 2.77% of operating costs, respectively.

Information on technologies employed in main products:

Main products	Stage of production technology	Status of core technical personnel	Patent technology	Product R&D advantages
Skincare Products	Industrialized Production	Our employees	Please refer to “2.3.4 R&D Models” under “2. Main Business Operations during the Reporting Period” in Section III of this report for details.	Please refer to “3. 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	Design capacity	Capacity utilization rate	Capacity under development	Investment and construction status
Facial masks	Approximately 240 million standard sheets	Approximately 61.07%	During the reporting period, the construction of our central factory passed acceptance, and the factory has been put into operation. The transfer and production of the central factory went smoothly according to plan.	Please refer to details on the construction project of the central factory in “7.5 Use of Raised Funds” under “7. Investment Analysis” in Section III of this report.
Bottled products	Approximately 300 million standard units	Approximately 40.85%		
Tubes and others	Approximately 100 million standard units	Approximately 27.91%		

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 new central 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 “2.3.4 R&D Models” under “2. 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

2.3.4 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. In addition, 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. Our Innovative Raw Materials Research Center focuses on independent R&D of innovative raw materials, conducting fundamental research in areas such as problem skin mechanisms and innovative raw material targets. The newly established Medical Device R&D Department is dedicated to the innovation research and development, registration application, and production transformation of Class II and Class III medical devices, which further expands the scope of our business. The Efficacious Cosmetics Research Center continuously improves the standards for raw material access, enhancing the testing standards for the incoming raw materials regarding purity, impurities, odor, and content of active monomers. In terms of formulation development, we conduct fundamental research in formulation science from the perspectives of the two-phase interface and penetration technology, and continues to innovate in formulation types, thus constantly improving product quality. In terms of product evaluation, we continuously develop innovative efficacy evaluation methods from three directions: cells, 3D skin models, and zebrafish models, efficiently completing the screening work for the safety and efficacy of raw materials and products. At the same time, we pay attention to consumer evaluations, continuously carry out standardized and diversified trend insights based on establishing a comprehensive human efficacy evaluation system, and provide safety guarantees and feedback monitoring support for products. In terms of process transformation, we further enhance pilot production requirements,

strengthen technical control for mass production, and establish two pilot R&D platforms in Shanghai Health Technology and Yunnan Health Technology to provide technical support for the launch of new products. In terms of clinical management, we strengthen and improve the clinical classification management of cosmetics and medical devices to provide more empirical research data. In terms of academic result commercialization, we actively promote the commercialization of R&D results with the market, improve product technical manuals, and narrow the gap between research and development and consumers. The Functional Food Research Center has completed the construction of its food research and development system, and several innovative products have entered the pilot stage and will soon be launched. Introducing these innovative products will further enrich the Company's product line and meet the needs of different consumers.

During the reporting period, we achieved fruitful results in scientific research and innovation, and published 83 academic papers, which fully demonstrates our professional strength and innovation capabilities in the field of sensitive skin. At the same time, we actively participate in international academic exchanges, sharing research achievements with peers worldwide and enhancing our reputation and influence in the international market. In the future, we will continue to adhere to independent R&D, improve our research capabilities, provide consumers with safer and more effective products and services, actively explore new business areas and market opportunities, and establish a solid foundation for sustained development. 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	49
	Exterior design patents	61
	Utility model patents	83
Trademark rights		1,049
Copyrights and software copyrights (excluding academic papers)		59

By the end of the reporting period, we have gained a total of 318 general cosmetics filing certificates, obtained a total of 29 special cosmetics registration certificates, received 18 Class II medical device registration certificates and 12 certificates for operating Class II medical devices. At the end of the reporting period, we had completed clinical research for 3 Class III medical devices, obtained ethical approval for 1 Class III medical device, and was preparing to initiate clinical research. Furthermore, 1 innovative medical software device (artificial intelligence software) was undergoing classification determination.

2.3.5 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, our warehousing and logistics department processed approximately 27.575 million parcels, with an average daily processing volume of approximately 75,500 parcels, representing a growth of approximately 11.23% over the same period last year.

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

2.3.6 Network and Information Security Management Models

As online 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 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 revises, 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). We 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 will continue 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.

3. Analysis of Core Competitiveness

3.1 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.

3.2 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. Online promotion and self-operated stores include official flagship stores on platforms such as

Tmall, Douyin, Kuaishou, Winona's official flagship store on JD.com, and Winona's online mall. Private domain traffic is represented by Winona counter service platform under OMO channel built within Tencent's ecosystem. The WeChat mini program represents the combination of public domain traffic and private domain traffic. 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.

3.3 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, 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.

3.4 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/ISO 9001:2015 *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/ISO 9001:2015 Quality Management Systems - Requirements* to organize production activities, aiming to achieve comprehensive quality management.

3.5 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 rapid growth in sales revenue.

3.6 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) and Warehouse Management System (WMS). Our “Omni-Channel Middleware System” and “End-to-End Integrated Information System Project for Supply Chain Planning” break down internal information barriers and form an integrated management system to ensure seamless business processes. Our Data Lake and Business Intelligence (BI) Project achieves refined data collection and processing, ensuring accurate and timely data to provide reliable decision-making support. 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.

3.7 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.

4. Analysis of Main Business Operations

4.1 Overview

4.1.1 Review of Major Accomplishments in 2023

(1) Actively Strengthened Branding and Academic Development to Enhance Competitive Advantages

During the reporting period, we established a comprehensive marketing matrix and built a matrix-based communication platform consisting of authoritative media, social media, and vertical media. This enabled us to achieve end-to-end communication and collaborate with expert doctors, influential opinion leaders (KOLs), and key opinion consumers (KOCs) to conduct layered promotion and reputation marketing, precision content operations, and in-depth engagement with the target consumer group. These efforts helped shape a professional brand image and effectively promote the products.

In April 2023, Winona Research Institute, in collaboration with the Chinese Journal of Dermatology and the Dermatology Professional Committee of the Chinese Non-Public Medical Institutions Association, hosted the 4th China Sensitive Skin Summit. The summit released “Insights into the Industry Trends of Pan-Sensitive Skin” in collaboration with the TMIC and launched the “2023 Pan-Sensitive Development Trend White Paper” in partnership with Tmall New Product Innovation Center. Together with Dingxiang Doctor, they pioneered the concept of “Sensitive and Pan-Sensitive Care”. The summit discussed the development trends, characteristics, and care needs of sensitive skin consumers, released consumer big data analysis results, and proposed new standards for classifying sensitive and pan-sensitive skin types. They also put forward precise skincare strategies for different types of sensitive skin, enhancing the reference value for skincare professionals and providing accurate guidance for skincare treatments.

In July 2023, the 25th World Congress of Dermatology, themed “Dermatology Beyond Borders: Science, Care, Communities”, was held in Singapore. Botanee, represented by Winona brand, was invited to participate in the World Congress for the third consecutive time as a representative of Chinese skincare brands. Botanee showcased China’s skin health ecosystem in the era of precise skincare to the world. During the congress, we concurrently organized the “2023 International Skin Health Summit”, bringing together authoritative dermatologists from both domestic and international communities. The summit focused on cutting-edge topics and trends in dermatology and facilitated dialogues between Chinese and foreign experts. Through academic exchanges and intellectual collision, we demonstrated our professional strength as a leading enterprise in Chinese dermatology and embarked on a new journey in China’s

skin health ecosystem in the era of precise skincare.

In December 2023, the inaugural meeting of Yunnan Health Products and Cosmetics Industry Association, co-initiated by Botanee, was held in Kunming, the beautiful Spring City of Yunnan Province. Botanee was honored to be elected as the first president of the association. In the next phase, we will support the association by establishing 12 professional committees, including drug production, drug operation, drug supervision and management research, cosmetics and fragrances, medical devices, hospital preparations, and drug clinical trials. Leveraging the Company's expertise and academic characteristics, we aim to further improve the management and service capabilities of the Yunnan Health Products and Cosmetics Industry Association, enhance refinement and professionalism in serving its members, and strengthen cooperation within the industry and among associations. These efforts are geared towards promoting standardized management in the health industry.

The Company has always upheld the vision to bring health and beauty to everyone and has been actively engaged in charity activities, taking on social responsibilities. In 2023, "Winona Smile Sunshine Project", a charity event, entered its eighth year. During the reporting period, we collaborated with authoritative dermatology experts, the Yunnan Red Cross Winona Public Charity Fund, the Red Cross Society of Zhaotong City, as well as media and Winona fans, to carry out 8 free clinics in Yongren County, Chuxiong Prefecture, Lijiang City in Yunnan Province, and Shigatse City in the Tibet Autonomous Region. These activities aimed to establish the foundation of brand value and promote the brand concept to different circles. The Yunnan Red Cross Winona Charity Foundation officially launched the Skin Cancer Assistance Project named "Winona Smile Sunshine Project" in March 2023. It provides disease assistance and product care to patients with severe skin diseases identified during the free clinics, and establishes a dedicated assistance program for skin cancer, thus realizing a complete cycle of charity. In addition, we actively conduct academic promotion and offline development, including themed charity and academic promotion activities such as the "525 Scientific Skincare Week", the "Winona Second Youth Campus Tour", and the "919 Acne Week". These activities deepen the brand's professional image, resonate with consumers, and enhance consumer identification with the brand.

(2) Expanded Main Brands and Improved Efficacy Matrix

Our main brand Winona focuses on the sensitive skin care field, maintaining the image of a benchmark brand and adhering to "comfort-sensitive" as the foundation, continuously expanding the product strategy of "Sensitive PLUS". In 2023, during the "Double 11" shopping festival, Winona successfully ranked among the top 5 in the skincare category on Tmall, making it the only domestic brand to be listed among the top 10 in the skincare category for 7 consecutive years. During the reporting period, the core flagship products of Winona remained strong. The two super-popular products, Moisturizing Special Cream and Sunscreen Lotion, maintained stable performance. Winona Comforting Moisturizing Cream, a flagship product that spans multiple cycles, topped the Tmall "Double 11" sensitive cream category for the second consecutive year. Winona Clear Sunscreen Lotion achieved excellent results by ranking first on the Tmall Sunscreen Cream annual popularity list. The sunscreen series actively expanded into more usage scenarios and achieved both high brand exposure and sales volume through collaborations with well-known coffee brand Manner and offline advertising. During the reporting period, Winona underwent brand self-diagnosis and refinement, promoted brand and visual upgrades, and officially announced Chinese female fencer and world champion Sun Yiwen as the brand ambassador. In May 2023, coinciding with Disney's 100th anniversary, Winona successfully collaborated with Disney to launch two limited edition Disney gift boxes, which sold out within 4 hours. During the reporting period, Winona strengthened its presence in offline channels, including OTC pharmacy chains and mass-market channels such as KA and duty-free shops. We steadily explored the model of offline flagship stores, expanded the scale of various channels, increased offline presence, and enhanced brand and product exposure, reaching end consumers through multiple dimensions.

During the reporting period, Winona brand evolved from focusing on sensitive skin repair to Sensitive PLUS, and introduced new Brightening Serum series for sensitive skin whitening. Based on "four-in-one whitening and lightening mechanism", Winona released dermatology-level Winona Radiant Whitening Serum during the 25th World Congress of Dermatology (Winona Repair White Bottle).

Experts have formed an consensus on the efficacy of the four-in-one therapy for melasma, and this research result has been released to the world through *International Journal of Dermatology and Venerology*. As an internationally leading theory, this therapy is recognized by international dermatology experts. Winona successfully seized opportunities in “whitening for sensitive skin”, and has repeatedly topped TOP1 bran among beauty and skin care category. The successful marketing of products including “Winona Whitening Bottle” and “Winona Light Sensing Freeze-Dried Mask” on Douyin marks the transformation of Winon from single products to product matrix, which is not only a breakthrough in the repair of sensitive skin, but also the foundation of specializing in sensitive advanced PLUS.

(3) Actively Incubated New Brands to Create a Multi-Brand Matrix

In April 2023, Botanee focused on the professional skincare brand for baby and infant skin health, Winona Baby, and collaborated with the China Maternal and Child Health Association’s Pediatric Skin Professional Committee to host the “Forum for Promoting Children’s Skin Health and the Inauguration Ceremony of the Chinese Pediatric Atopic Dermatitis Expert Committee” in Shanghai. The expert committee aims to focus on the field of pediatric atopic dermatitis (AD), improve the effectiveness and standardization of diagnosis and treatment for children with AD, promote the development of pediatric dermatology in China, and create a platform for outstanding experts in the field of pediatric dermatology in China to share and discuss academic issues related to children’s skin health, providing authoritative skincare solutions and guidance for Chinese baby skin. During the reporting period, the Company continuously enriched the product series of the Winona Baby brand to meet the various needs of infants and young children, including bathing, moisturizing, and sun protection. The Winona Baby brand achieved remarkable results and industry recognition during the reporting period. The brand’s ranking in the baby and child skincare category on Tmall rose two places to the top five. It ranked among the top three in the Tmall “Double 11” sales ranking for the baby and child skincare category and received the Tmall “Double 11” Excellent Baby and Child Skincare Award. The Winona Baby brand also received the Jingdong Mother and Baby 2023 Annual Consumer Favorite Brand Award. In the industry, Winona Baby was ranked second in the baby and child skincare products’ efficacy category by “Mother and Baby Industry Observation” and received the “CBME China Pregnancy, Baby, and Child Exhibition - Annual New Momentum Brand Award”. During the reporting period, the Winona Baby brand actively captured market share in the offline market for baby and infant skin health. By 2023, the number of offline stores and terminals had exceeded 5,000, including coverage of 985 terminal hospitals. It covered nearly 4,000 Watsons stores and ranked fourth in the Watsons baby and child skincare category. The solid and strong product development and brand operation capabilities of the Company and the Winona Baby brand were evident during the reporting period.

During the reporting period, the Company internally incubated the first high-end professional anti-aging technology brand, AOXMED. The AOXMED brand's market debut year began with a focus on evidence-based medicine and cutting-edge research. It centered around the core patented ingredient “MLYAAT-1002 Multi-dimensional Anti-aging Essence” and its multi-target effects in the field of anti-aging, as well as its core advantages in comprehensive anti-aging. The brand aimed to create a full-channel product matrix from medical aesthetics to home aesthetics, meeting the demands for skin rejuvenation in various scenarios. During the reporting period, the AOXMED brand collaborated strategically with medical aesthetics and medical beauty institutions, expanded its reach through online channels, and invested in high-end displays and value-added services in top domestic department stores. It continuously built a medical beauty-grade brand for anti-aging with hardcore efficacy, professional quality, and a high-end image. The AOXMED brand won several fashion and beauty awards during the reporting period, including the “VOGUE Beauty Awards 2023 China Brand Special Award for Formula Research and Development”. The AOXMED brand will continue to focus on creating effective and safe professional beauty solutions and providing an ultimate skincare experience. It will rely on cutting-edge scientific research and advanced formula technology as the foundation of the brand, focusing on multidimensional skin rejuvenation, linking medical aesthetics with home aesthetics to create a new concept of “comprehensive anti-aging” for professional anti-aging technology brands.

In August 2023, the Company held the “Beauty Transformation through ‘Intelligent’ Metamorphosis” new product launch event in Shanghai, introducing its new acne treatment brand, Beforteen. Beforteen brand relies on plant technology and industry-academia-

research collaboration. It utilizes the advantages of Yunnan's natural plant resources, extracting core active ingredients from highland plants unique to Yunnan and incorporating them into Beforteen products. The brand combines artificial intelligence technology with acne diagnosis and treatment, proposing a model and concept of "graded customization and precise anti-acne". Beforteen uses AI technology to classify acne conditions and provides customized skincare solutions for different levels of acne, benefiting ordinary acne sufferers. The Company and the Beforteen brand jointly explore the integration of AI technology and the greater health industry, opening a new era of "AI+ skincare". The Beforteen brand follows the guideline of integrated diagnosis and treatment, exploring a comprehensive solution for acne skin problems through a combination of medication, efficacy skincare products, and functional food. It targets the 18-30 age group with acne-prone skin, with a focus on new platforms such as Bilibili, Douyin, and Xiaohongshu. During the reporting period, the search term "graded acne treatment Beforteen" created by the Beforteen brand achieved exposure of over 280 million times, and the brand's official platforms accumulated over 200,000 followers.

(4) Investment and Mergers for Ecosystem Expansions

During the reporting period, Botanee continuously expanded its ecosystem through investment to meet the personalized and diverse needs of more consumers. Adhering to the investment logic of "regional leadership, complementary positioning, channel penetration, and technological innovation", the Company aimed to achieve comprehensive coverage across regions, multiple product categories, and a wide range of target consumers. At the same time, investment and mergers helped the Company navigate through cycles, seize trends and opportunities, balance resources across different business areas and regions, and diversify our sources of revenue. During the reporting period, the Company successfully acquired Yuejiang Investment, obtaining two brands, PURE&MILD and Za, which filled the gaps in Botanee's mass skincare and makeup portfolio. Investment and mergers are external actions that requires our strong channels, R&D capabilities, and synergy between internal and external brand development to ensure the successful operation and integration of the acquired targets. We will continue to prioritize the independent development logic of each brand, abandoning standardized transformation approaches, respecting brand diversification, and preserving the communication foundation of existing brands, leaving ample room for the growth of each brand. Simultaneously, we will share research and development fruits, integrate its advanced technology with the concept of natural skincare in sub-brands, and provide comprehensive operational support and leverage channel resources to facilitate brand expansion.

(5) Continuous Research and Development Innovation to Enhance Competitive Advantage

During the reporting period, we fully leveraged the leading role of Botanee Research Institute. Relying on the Yunnan Specialty Plant Extraction Laboratory, we adopted a research and development model that prioritizes independent innovation and integrates industry, academia, and research. We closely collaborated with cutting-edge laboratories in France and Japan to conduct in-depth research on dermatological targets and mechanisms, actively integrating global scientific research resources, and engaging in extensive cooperation and exchange with renowned domestic and international universities, research institutes, and experts. These efforts expanded our research horizons and elevated our scientific research capabilities, marking the first step of our globalization strategy in the "industry, academia, research, and medicine" realm and technology innovation. With an innovative spirit and an open attitude, we strengthen international scientific cooperation and promotes the development of the skincare industry through a global perspective.

Over the years, we have independently developed and mastered more than 10 key core technologies at the domestic leading level. We are committed to providing consumers with safe and effective comprehensive solutions for skincare problems based on dermatological principles. During the reporting period, we developed a systematic R&D framework, optimizing and improving seven functional modules: Efficacy Cosmetics R&D Center, Innovative Raw Material R&D Center, Functional Food R&D Center, Skin Health Research Institute, Medical Device R&D Department, Special Plant Screening Research Department, and Technology Achievement Transformation Department.

Since the establishment of Yunnan Specialty Plant Extraction Laboratory in 2021, we have focused on industrialization, addressing

industry needs, integrating high-quality innovative resources from both domestic and international sources, and focusing on the development of functional cosmetics, functional food, and pharmaceuticals based on Yunnan's specialty plants. It has made continuous breakthroughs in core key technologies, promoted the transformation and sharing of research outcomes, and gradually developed into a new driving force for fostering and developing Yunnan's biopharmaceutical industry. During the reporting period, the Yunnan Specialty Plant Extraction Laboratory, in collaboration with the Botanee Research Institute, supported the Company in developing new products such as sunscreens, high-end anti-aging products, acne care, and infant skincare. We obtained 73 registrations for general cosmetics and 6 administrative licenses for special cosmetics, and were granted 14 invention patents and 30 utility model patents. Additionally, we published 83 papers, including 66 SCI papers, and formulated and released 55 group standards. Our internally incubated acne treatment brand Beforteen creatively combines AI intelligent diagnosis and online doctor prescriptions, exploring a treatment path for acne skin problems through a comprehensive solution of "medication + efficacy skincare products + functional food". It pioneered the professional scientific research of acne AI diagnosis technology from scratch, filling a research gap.

During the reporting period, Botanee achieved national drug administration filing and approval for three new raw materials: extract of *Ludwigia adscendens*, fermented product of *Candida bombicola*/glucose/*Prinsepia utilis* oil, and fermented product of *Candida bombicola*/glucose/coconut oil/*Prinsepia utilis* oil. The approved quantity ranked among the top in the industry nationwide. Building upon its selection as the 37th "National Standard Sample Laboratory for Natural Products", our four standard samples, including Ginsenoside CK and Curcumin, have been included in the national standard sample development program after expert evaluation. This initiative aims to gradually establish a standard sample system of Yunnan's specialty plant materials for functional cosmetics. The Company has invested in the establishment of public testing platforms in Kunming, Yunnan Province, and Shanghai City. During the reporting period, we obtained dual qualifications from the China National Accreditation Service for Conformity Assessment (CNAS) and the China Metrology Accreditation (CMA), becoming a professional third-party public testing institution with the capability to provide local and remote testing and analysis services for efficacy cosmetics and food products of Yunnan's plant health-related enterprises in both locations.

(6) Digital Transformation Empowered Rapid Development

Adhering to the principles of "setting standards and establishing a central platform", we strategically initiated our digital transformation journey to adapt to future digital demands and build an enterprise organization accordingly. During the reporting period, our self-developed "Digital Collaboration Platform for Production-Supply-Sales" project integrated data throughout the entire value chain, including product research and development, supply chain, sales, and marketing. The objective is to achieve effective member and product lifecycle management, rational resource integration, and maximize company efficiency. Through continuous optimization and upgrading, we have established an efficient supply chain management system, which includes complete systems such as procurement management system (SRM), product lifecycle management system (PLM), enterprise resource planning system (ERP), order management system (OMS), and warehouse management system (WMS). Additionally, we launched an end-to-end supply chain planning management system during the reporting period. By constructing a supply network model, we achieved integrated decision-making for demand, inventory, replenishment, allocation, production, and material supply chain planning. Agile sensing of demand changes, coupled with rapid response within the supply chain, helped shorten planning cycles and facilitated the transformation of the supply chain into an information-driven, data-oriented, and intelligent system.

During the reporting period, we introduced the "Single Sign-On (SSO) platform", which, combined with data file encryption and backup systems, enhanced personal information management and maintenance capabilities for consumers and potential consumers across all channels. Furthermore, encryption, anonymization, storage, and other algorithmic procedures were optimized, and emergency mechanisms were updated to address potential risks such as data leaks, damage, and loss. We also released the "Data Security Management Specification" during the reporting period, which establishes a hierarchical management and access restriction system for internal data to ensure appropriate protection of data at different levels.

4.1.2 Overview of Performance in 2023

During the reporting period, Botanee achieved a total operating revenue of CNY5,522,168,300, which represented a year-on-year increase of approximately 10.14%. Net profit attributable to our shareholders was CNY756,795,000, a decrease of approximately 28.02% compared to the previous year. The net profit attributable to shareholders of the listed company, which excludes CNY618,058,800 of non-recurring gains and losses, a decrease of approximately 35.20% compared with the previous year. The gross profit margin for sales reached approximately 73.90%, a decrease of 1.31 percentage points over the previous year. The net profit margin attributable to our shareholders for sales was approximately 13.71%, a decrease of 7.26 percentage points over the previous year. During the reporting period, we achieved double-digit growth in operating revenue, but other key performance indicators fluctuated. This was mainly due to the impact of economic downturn and weakening demand in China, and unsatisfactory sales of the beauty industry in “Double 11” and other online promotion activities, which affected our performance in online channel sales and OMO online self-operated sales to a certain extent. For more details, please refer to “4.1.3 Detailed Performance in 2023” in “1. Overview” under “4. Main Business Analysis”, and “2.5 Cash Flow” in “2. Revenue and Costs” under Section III “Main Business Analysis” of this report.

4.1.3 Detailed Performance in 2023

(1) Operating Revenue

Unit: CNY

	2023		2022		YoY increase/decrease
	Amount	Ratio in operating revenue	Amount	Ratio in operating revenue	
Main business revenue	5,501,620,400	99.63%	4,997,756,000	99.68%	10.08%
Other business revenue	20,547,900	0.37%	16,117,700	0.32%	27.49%
Total	5,522,168,300	100.00%	5,013,873,700	100.00%	10.14%

(2) Main Business Revenue

Unit: CNY

Channel	Sales model	2023		2022		YoY increase/decrease
		Amount	Ratio of main business revenue	Amount	Ratio of main business revenue	
Online sales	Self-operation	2,712,365,800	49.31%	2,694,882,600	53.92%	0.65%
	Distribution and consignment	839,820,700	15.26%	870,625,800	17.42%	-3.54%
	Subtotal	3,552,186,500	64.57%	3,565,508,400	71.34%	-0.37%
OMO sales	Self-operation (online and offline)	522,685,800	9.50%	473,893,000	9.48%	10.30%
Offline sales	Distribution and consignment	1,426,748,100	25.93%	958,354,600	19.18%	48.87%
Total	Self-operation	3,235,051,600	58.81%	3,168,775,600	63.40%	2.09%
	Distribution and consignment	2,266,568,800	41.19%	1,828,980,400	36.60%	23.93%

Note: During the reporting period, we added OMO channel sales based on business development, and adjusted comparative figures for the same period in 2022 based on the same caliber. The same for below.

(3) Sales of Own Brand Products

Category	Amount (CNY)	Ratio 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	4,869,891,500	88.52%	42.30	42.98
Medical devices	463,107,600	8.42%	98.83	85.58
Cosmetics	168,621,300	3.06%	29.72	50.23
Total	5,501,620,400	100.00%		

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

(4) Online Sales Performance in 2023

Unit: CNY

Platform	Sales model	2023			2022			YoY increase/decrease over the previous year
		Amount	Ratio of online channel revenue	Ratio of main business revenue	Amount	Ratio of online channel revenue	Ratio of main business revenue	
Third-party platforms	Self-operation, distribution, and consignment	3,488,638,900	98.21%	63.41%	3,525,662,100	98.88%	70.55%	-1.05%
Self-built platforms	Self-operation	63,547,600	1.79%	1.16%	39,846,300	1.12%	0.79%	59.48%
Total		3,552,186,500	100.00%	64.57%	3,565,508,400	100.00%	71.34%	-0.37%

(5) Platforms with a Main Business Revenue Share of 5% or More in the Online Channel and Their Sales Performance in 2023

Platform	Store or client
Third-party platform - Alibaba	Tmall Winona flagship store
	Tmall Winona Botanee store
	Tmall Winona Baby Maternal and Child flagship store
	Tmall Winona Qiumei store
	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
	Douyin Winona medical dressings flagship store
	Douyin Za official flagship store
	Douyin Za Yuehui beauty and makeup flagship store
	Douyin PURE&MILD official flagship store
	Douyin AOXMED official flagship store
Third-party platform - Vipshop	Vipshop (China) Co., Ltd.
Third-party platform - JD	Winona JD official flagship store
	Winona JD self-operated flagship store
	Winona JD Health official flagship 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.

Unit: CNY

	Sales model	2023		2022		YoY increase/ decrease compared with the previous year
		Amount	Proportion of main business revenue	Amount	Proportion of main business revenue	
Third-party platform - Alibaba	Self-operation, and consignment	1,762,373,600	32.03%	2,060,374,900	41.23%	-14.46%
Third-party platform - Douyin	Self-operation	631,456,000	11.48%	429,154,300	8.59%	47.14%
Third-party platform - Vipshop	Consignment	306,636,200	5.57%	301,778,100	6.04%	1.61%
Third-party platform - JD	Self-operation, and consignment	374,272,000	6.80%	356,445,200	7.13%	5.00%
Total		3,074,737,800	55.88%	3,147,752,500	62.99%	-2.32%

(6) Operational Data of Core Stores in the Online Self-operated Channel in 2023

During the reporting period, the sales of our top five online self-operated stores accounted for approximately 64.97% of our online channel sales revenue and approximately 84.75% of our online self-operated channel sales revenue, maintaining stability over the same period last year:

Self-operated store	Amount (CNY)	Proportion of online channel revenue	Order quantity in 2023	Average consumption frequency per person in 2023	Average order value in 2023 (CNY)	Two-year repurchase rate (note)
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				(times)		
Tmall Winona flagship store	1,527,324,600	43.00%	11,442,700	2.37	372.05	34.65%
Douyin Winona official flagship store	506,251,700	14.25%	4,311,300	1.34	190.54	17.00%
Winona JD official flagship store	95,934,400	2.70%	1,032,000	1.87	208.28	40.91%
Winona Kuaishou beauty and makeup flagship store	93,552,500	2.63%	608,800	1.37	282.58	20.58%
Douyin Winona flagship store	84,935,500	2.39%	555,600	1.16	221.71	10.93%
Total	2,307,998,700	64.97%				

Note: The two-year repurchase rate refers to the proportion of customers who made more than one purchase during a continuous two-year period compared to the total number of customers during that period.

(7) Operational Data of OMO Channels in 2023

Category	2023			2022			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	501,549,800	9.12%	75.41%	447,240,200	8.95%	74.58%	12.14%
Medical devices	113,802,00	0.20%	84.95%	17,949,800	0.36%	84.65%	-36.60%
Cosmetics	9,755,800	0.18%	61.12%	8,703,100	0.17%	74.28%	12.10%
Total	522,685,800	9.50%	75.35%	473,893,100	9.48%	74.96%	10.30%

1) The OMO 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 CNY484,854,000, an increase of CNY22,807,000 over the previous year and showing a growth rate of approximately 4.94%. At the end of the reporting period, the number of registered users on our self-built OMO channel online sales platform was approximately 2.5779 million, with approximately 784,800 new registered users during the reporting period:

OMO online platform	Amount (CNY)	Proportion of main business revenue in 2023	Order quantity in 2023	Average consumption frequency per person in 2023 (times)	Average order value in 2023 (CNY)	Two-year repurchase rate (note)
Winona Counter Service Platform	484,854,000	8.81%	828,400	2.23	1,562.39	51.93%

Note: The two-year repurchase rate refers to the proportion of customers who made more than one purchase during a continuous two-year period compared to the total number of customers during that period.

2) The OMO offline self-operated retail business primarily refers to the Company's product sales through leased physical stores. During the reporting period, the Company opened 50 new OMO offline self-operated stores and closed 4 stores, resulting in a total of 123

stores by the end of the reporting period. The OMO offline self-operated model generated a revenue of CNY37,831,800, accounting for approximately 0.69% of the main business revenue, showing significant year-on-year growth. The offline OMO self-operated retail business is currently in a rapid development stage, but its impact on the Company's overall performance is relatively small.

Changes in the OMO offline self-operated stores during the reporting period are as follows:

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 stores at the end of the reporting period (m ²)
Southwest China	17	30	1	46	2,602.33
East China	17	4	2	19	1,040.49
Central China	16	4	1	19	770.85
North China	12	2		14	635.43
South China	8	2		10	540.53
Northwest China	7	4		11	479.07
Northeast China		4		4	300.06
Total	77	50	4	123	6,368.76

During the reporting period, the top five OMO offline self-operated stores in terms of revenue are as follows:

Unit: CNY

Store	Address	Property ownership	Revenue
Winona store Kunming Changshui Airport	F3CA29 Area, Terminal of Kunming Changshui International Airport, Kunming City, Yunnan Province	Leased property	2,972,200
Winona counter at Hangzhou Intime Department Store (West Lake)	Shop 107, 1st Floor, Intime Department Store (West Lake), Shangcheng District, Hangzhou City, Zhejiang Province	Leased property	2,281,300
Winona Chengdu Yiduo Huifu Store	No. 201-1, 2nd Floor, Unit 1, Building 1, No. 2 Kehua Middle Road, Wuhou District, Chengdu City, Sichuan Province, China.	Own property	1,784,900
AOXMED counter at SAGA International Shopping Mall Xian	1st Floor, SAGA International Shopping Center, No. 123 Chang'an Middle Road, Yanta District, Xi'an City, Shaanxi Province	Leased property	1,619,600
AOXMED counter at Hanguang Department Store Beijing	1st Floor, Hanguang Department Store, No. 176 Xidan North Street, Xicheng District, Beijing City	Leased property	1,530,600

Note: Property ownership status marked as "leased" includes various leasing models such as rental and profit-sharing.

(8) Operational Data of Offline OTC Distribution Channels in 2023

1) OTC distribution channels refer to our direct sales of products to OTC chain customers. During the reporting period, the OTC distribution channel achieved a revenue of CNY816,118,100, accounting for approximately 14.83% of the main business revenue.

Unit: CNY

Category	2023			2022			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	575,914,400	40.37%	81.72%	328,254,100	34.25%	81.51%	75.45%
Medical devices	236,018,100	16.54%	74.33%	155,317,900	16.21%	75.43%	51.96%
Cosmetics	4,185,600	0.29%	74.42%	7,834,400	0.82%	81.47%	-46.57%
Total	816,118,100	57.20%	79.54%	491,406,400	51.28%	78.50%	66.08%

2) The top five OTC distribution clients in terms of revenue during the reporting period were as follows:

Unit: CNY

No.	Client	2023		2022		YoY increase/ decrease
		Amount	Proportion of offline channel revenue	Amount	Proportion of offline channel revenue	
1	Client 1	223,571,600	15.67%	168,634,700	17.60%	32.58%
2	Client 2	91,236,200	6.39%	75,014,500	7.83%	21.62%
3	Client 3	88,984,700	6.24%	71,417,300	7.45%	24.60%
4	Client 4	38,368,700	2.69%	25,592,600	2.67%	49.92%
5	Client 5	34,878,900	2.44%	20,527,600	2.14%	69.91%
Total		477,040,100	33.43%	361,186,700	37.69%	32.08%

4.2 Revenue and Costs**4.2.1 Composition of Operating Revenue**

Overview of our operating revenue

Unit: CNY

	2023		2022		YoY increase/ decrease
	Amount	Percentage of operating revenue	Amount	Percentage of operating revenue	
Total operating revenue	5,522,168,263.00	100%	5,013,873,729.44	100%	10.14%
By industry					
Daily chemical industry	5,501,620,351.02	99.63%	4,997,756,008.94	99.68%	10.08%

Services and others	20,547,911.98	0.37%	16,117,720.50	0.32%	27.49%
By product					
Skincare products	4,869,891,463.93	88.19%	4,557,155,815.09	90.89%	6.86%
Medical devices	463,107,605.63	8.39%	387,454,279.67	7.73%	19.53%
Cosmetics	168,621,281.46	3.05%	53,145,914.18	1.06%	217.28%
Services and others	20,547,911.98	0.37%	16,117,720.50	0.32%	27.49%
By region					
Chinese Mainland	5,510,158,519.51	99.78%	5,011,459,929.77	99.95%	9.95%
Overseas	12,009,743.49	0.22%	2,413,799.67	0.05%	397.55%
By sales model					
Online channel product sales	3,552,186,453.05	64.33%	3,565,508,392.14	71.12%	-0.37%
OMO channel product sales	522,685,816.23	9.47%	473,893,052.65	9.45%	10.30%
Offline channel product sales	1,426,748,081.74	25.84%	958,354,564.15	19.11%	48.87%
Offline channel services and Others	20,547,911.98	0.37%	16,117,720.50	0.32%	27.49%

4.2.2 Industries, Products, Regions, and Sales Models Accounting for 10% or More of Our Operating Revenue or Operating Profit

☒ 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 industry						
Daily chemical industry	5,501,620,351.02	1,432,514,965.73	73.96%	10.08%	16.08%	Decreased by 1.35%
By product						
Skincare products	4,869,891,463.93	1,282,695,510.54	73.66%	6.86%	11.74%	Decreased by 1.15%
By region						
Chinese Mainland	5,510,158,519.51	1,437,326,140.13	73.91%	9.95%	15.67%	Decreased by 1.29%
By sales model						
Online channel product sales	3,552,186,453.05	1,021,681,010.35	71.24%	-0.37%	9.10%	Decreased by 2.50%
Offline channel product sales	1,426,748,081.74	282,011,143.65	80.23%	48.87%	57.67%	Decreased by 1.10%

In the case of adjustments to the statistical basis of our main business data during the reporting period, our most recent one-year main business data adjusted according to the end-of-period basis.

☐ Applicable ☒ N/A

Product name	Production volume	Sales volume	Revenue achievement	Price trend during the reporting period	Reasons for changes
Skincare products (finished products, including gifts and trial samples)	Approximately 319.75 million standard boxes/units	Approximately 209.05 million standard boxes/units	During the reporting period, we generated CNY4,869,891,463.93 of revenue from skincare products, representing an increase of around 6.86% over the same period last year.	The average selling price of our skincare products during the reporting period was around CNY42.30.	The average selling price experienced certain fluctuations within a certain range due to the continuous changes in the market demand for skincare products in terms of categories, forms, and capacities, as well as the impact of the changes in the sales volume and proportion of popular products during periodic promotional activities.

Revenue or net profit generated from overseas operations as a percentage of our audited revenue or net profit for the most recent fiscal year exceeding 10%.

☐ Yes ☒ No

4.2.3 Whether Our physical sales revenue greater than service revenue

☒ Yes ☐ No

Industry	Item	Unit	2023	2022	YoY increase/decrease
Daily chemical industry	Sales volume	Ten thousand standard boxes/units	22,905	21,751	5.31%
	Production volume	Ten thousand standard boxes/units	33,404	30,225	10.52%
	Inventory volume	Ten thousand standard boxes/units	23,694	25,242	-6.13%

Note: The sales volume includes the quantity of finished products released from inventory, which is accounted for in our main business cost and period expenses; the production volume includes the quantity of finished products and semi-finished products received into inventory through in-house production, commissioned manufacturing, and OEM production; the inventory volume includes the closing quantity of all material categories accounted for in “inventory” item in our accounting. Therefore, there is no definite correlation in the table.

Explain the reasons for year-on-year changes exceeding 30%:

☐ Applicable ☒ N/A

4.2.4 Fulfillment of significant sales contracts and significant procurement contracts signed by the Company as of the end of the reporting period

☐ Applicable ☒ N/A

4.2.5 Composition of Operating Costs

Industry:

Unit: CNY

Industry	Item	2023		2022		YoY increase/decrease
		Amount	Percentage of operating costs	Amount	Percentage of operating costs	
Daily chemical industry	In-house production (direct materials)	264,031,331.36	18.32%	202,936,146.24	16.32%	30.11%
Daily chemical industry	In-house production (direct labor)	7,365,687.84	0.51%	5,788,615.77	0.47%	27.24%
Daily chemical industry	In-house production (manufacturing expenses and others)	51,811,329.44	3.59%	28,764,637.74	2.31%	80.12%
Daily chemical industry	Commissioned manufacturing	797,384,629.16	55.32%	782,666,746.87	62.96%	1.88%
Daily chemical industry	OEM procurement, external material purchases	139,135,835.33	9.65%	51,415,759.11	4.14%	170.61%
Daily chemical industry	Logistics and transportation expenses	172,786,152.60	11.99%	162,471,016.56	13.07%	6.35%
Services and others	Service and other costs	8,877,464.88	0.62%	9,004,032.32	0.73%	-1.41%

Other notes: None.

4.2.6 Changes in the Scope of Consolidation during the Reporting Period

☒ Yes ☐ No

Please refer to “9. Changes in the Scope of Consolidation” under Section X of this report for details.

4.2.7 Significant Changes or Adjustments in Business, Products, or Services during the Reporting Period

☐ Applicable ☒ N/A

4.2.8 Major Clients and Major Suppliers

Information on our major clients:

Total sales amount of the top five clients (CNY)	1,058,690,294.17
Percentage of total annual sales from the top five clients	19.18%
Percentage of related party sales in the total sales amount of the top five clients	0.00%

Information on our top 5 clients:

No.	Client	Sales amount (CNY)	Percentage of total annual sales
1	Client 1	306,659,910.08	5.55%
2	Client 2	277,053,816.92	5.02%
3	Client 3	223,571,647.41	4.05%
4	Client 4	146,712,697.08	2.66%
5	Client 5	104,692,222.68	1.90%
Total		1,058,690,294.17	19.18%

Additional information on major clients: The statistics do not include sales from our online self-operated stores or OMO self-built stores, but only include the top five distribution clients.

Information on our major suppliers:

Total purchase amount from the top five suppliers (CNY)	781,512,897.74
Percentage of total annual purchases from the top five suppliers	49.97%
Percentage of related party purchases in the total purchase amount from the top five suppliers	0.00%

Information on our top 5 suppliers:

No.	Supplier	Purchase amount (CNY)	Percentage of total annual purchases
1	Supplier 1	306,784,487.29	19.62%
2	Supplier 2	186,444,121.24	11.92%
3	Supplier 3	108,869,166.92	6.96%
4	Supplier 4	104,898,787.67	6.71%
5	Supplier 5	74,516,334.62	4.76%
Total		781,512,897.74	49.97%

Additional information on major suppliers: none.

4.3 Expenses

Unit: CNY

	2023	2022	YoY increase/ decrease	Significant changes
Selling expenses	2,609,676,656.49	2,047,880,755.09	27.43%	The increase in selling expenses during the reporting period was mainly attributed to our continued investment in brand promotion, personnel costs, and e-commerce channel expenses. The growth rate of selling expenses slightly exceeded the growth rate of operating income, which was primarily due to increased marketing, advertising, and customer acquisition expenses aimed at enhancing brand awareness during the reporting period. Besides, due to economic downturn and weak demand in China, our sales in “Double 11” and other online promotion activities was generally unsatisfactory, which resulted in higher customer acquisition costs in online channel sales and OMO online self-operated sales.
Administrative expenses	413,202,672.03	343,044,255.35	20.45%	The increase in administrative expenses is mainly attributed to the growth in our scale, resulting in increased costs for management personnel and other administrative expenses. The growth in administrative expenses during the reporting period is in line with our scale expansion.
R&D expenses	298,817,308.11	254,698,441.37	17.32%	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 and Botanee Research Institute, we have further invested in research institutes and joint laboratories in Japan and France, and carried out multidimensional and in-depth research projects, 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.
Financial expenses	-21,304,608.80	-14,361,051.91	-48.35%	The decrease in financial expenses was mainly due to an increase in interest income from our current deposits in commercial banks during the reporting period.

4.4 Research and Development Investment

☒ Applicable ☐ N/A

Main R&D projects	Purpose	Progress	Intended goals	Expected influence on the Company's future development
R&D project on efficacious cosmetics	The project aims to cater to the specific needs of individuals with sensitive skin, enhance the product line, and diversify the product categories. It involves continuous organization of academic research projects for product development, innovation in formulations, and high-efficiency products. The project also focuses on monitoring market feedback, implementing technological improvements, and meeting the requirements for product optimization and upgrades. Additionally, we aim to strengthen the synergistic effects of our products within the group.	The project is progressing smoothly according to the plan.	We conduct fundamental research, including raw material selection, formulation innovation, evaluation method enhancement, process optimization, and the establishment of academic barriers. These efforts aim to optimize and enhance the existing products of the group and enrich the product line.	We consistently adhere to the path of independent research and development and have established a rigorous, comprehensive, and efficient R&D innovation system. Botanee Research Institute focuses on independent research and development and follows a R&D model that integrates industry, academia, and research. Leveraging the resources and advantages of Yunnan Specialty Plant Extraction Laboratory platform, we integrate global scientific research resources and collaborates extensively with renowned universities, research institutes, and experts both domestically and internationally. We conduct targeted research on fundamental aspects of specialty plants, innovative raw material development, and raw material selection. Moreover, we engage in multidimensional and in-depth R&D projects, including efficacious cosmetics, functional food, medical devices, and packaging development. During the reporting period, our R&D investment, direction, and progress were generally aligned. In the future, we will continue to focus on industrialization and concentrate on the research and development of efficacious cosmetics, functional food, and pharmaceuticals based on Yunnan's specialty plants. Simultaneously, we will integrate domestic and international talent resources and strive to build a high-tech innovation full-chain business encompassing basic theoretical research - application development - common key technology development for industrialization - industrial
Specialty plant development project	The project focuses on the independent research and industrialization of specialty plants in Yunnan, which cater to various efficacy demands and address the mechanisms of problematic skin. It involves fundamental research on Yunnan's specialty plants, innovative extraction processes, the establishment of quality standards, and the determination of national standard samples for plant monomers. The project emphasizes independent development of innovative raw materials and actively engages in the registration of new cosmetic ingredients. Additionally, it includes the establishment of specialty plant cultivation bases and the continuous development, launch, and reserve of active ingredients from specialty plants.	The project is progressing smoothly according to the plan.	We organize fundamental research and continuously innovate the development of efficacy components derived from Yunnan's specialty plants. These components are then applied to efficacious cosmetics and food products, which contributes to the technological strength of our brands.	
Functional food development project	The project focuses on raw material selection, formulation innovation, and efficacy evaluation, aiming	The project is progressing smoothly according to	We establish a functional food R&D system, build a raw material database, organize efficacy evaluation	

	to provide effective food solutions to consumers.	the plan.	and selection, enhance formulation innovation, and launch a series of functional food products to meet consumer demands.	incubation - academic promotion - market marketing. This will provide continuous technological support for Yunnan's specialty plant-based health industry, meet increasingly refined and diversified market demands, and enhance brand influence and core competitiveness.
Medical device development project	The project focuses on the development and registration of medical devices in the field of dermatology. It involves the development of medical materials and the continuous layout of new material products in the medical device sector.	The project is progressing smoothly according to the plan.	We establish a medical device research and quality management system, organizes the development of new medical materials, applies them to medical device product layout, reserves a series of Class II and III medical devices, and organizes registration application work.	
Product packaging development project	The project involves continuous development of packaging materials, especially biodegradable and environmentally friendly materials. It combines consumer segmentation market demands with industrial design and innovative mold development. Its goal is to increase the Company's reserve of private molds and develop new packaging suitable for specific usage scenarios.	The project is progressing smoothly according to the plan.	We continue to build an improved packaging research and development system, conduct in-depth research on new materials and environmentally friendly materials, studies product industrial design, compatibility, and functionality, and form an innovative packaging research and development system with our unique characteristics.	

Our R&D personnel:

	2023	2022	Change in percentage
Number of R&D personnel	498	391	27.37%
Percentage of R&D personnel	12.93%	12.81%	Up by 0.12 percentage points
Educational background			
Bachelor	285	228	25.00%
Master'	156	121	28.93%
Ph.D.	14	8	75.00%
Others	43	34	26.47%
Age of R&D personnel			
Below 30 years old	275	222	23.87%
30-40 years old	197	152	29.61%
Above 40 years old	26	17	52.94%

R&D investment amount and proportion of operating revenue in the past three years:

	2023	2022	2021
R&D investment amount (CNY)	335,436,951.02	278,214,688.08	120,112,765.08
Proportion of R&D investment to operating revenue	6.07%	5.55%	2.99%
Capitalized R&D expenditures (CNY)	36,619,642.91	23,516,246.71	6,891,615.03

Proportion of capitalized R&D expenditures to R&D investment	10.92%	8.45%	5.74%
Proportion of capitalized R&D expenditures to net profit for the period	4.84%	2.24%	0.80%

Reasons and impacts of significant changes in the composition of R&D personnel:

☐ Applicable ☒ N/A

Reasons for the significant changes in the proportion of R&D investment to operating revenue compared to the previous year:

☐ Applicable ☒ N/A

Reasons and rationality explanation for the significant changes in the capitalized R&D expenditure ratio:

☐ Applicable ☒ N/A

4.5 Cash Flow

Unit: CNY

Item	2023	2022	YoY increase/decrease
Subtotal of cash inflows from operating activities	6,225,375,529.13	5,601,557,337.79	11.14%
Subtotal of cash outflows from operating activities	5,614,936,765.42	4,832,111,716.34	16.20%
Net cash flow from operating activities	610,438,763.71	769,445,621.45	-20.67%
Subtotal of cash inflows from investment activities	5,155,750,819.89	7,143,543,733.03	-27.83%
Subtotal of cash outflows from investment activities	5,673,805,821.69	7,162,029,163.51	-20.78%
Net cash flow from investment activities	-518,055,001.80	-18,485,430.48	-2,702.50%
Subtotal of cash inflows from financing activities	112,950,000.00		
Subtotal of cash outflows from financing activities	571,420,050.45	319,663,978.70	78.76%
Net cash flow from financing activities	-458,470,050.45	-319,663,978.70	-43.42%
Net increase in cash and cash equivalents	-366,810,957.64	431,321,945.39	-185.04%

Explanation of the main factors affecting significant changes in comparable data:

☒ Applicable ☐ N/A

(1) The increase in cash inflows from operating activities is mainly due to the rapid growth in sales scale and revenue during the reporting period, resulting in increased cash inflows, which is in line with the Company's sales growth.

(2) The increase in cash outflows from operating activities is mainly attributed to the increase in payments for goods and services as a result of the rapid growth in sales revenue and the corresponding increase in the scale of procurement; the comprehensive impact of increased investment in brand promotion, personnel expenses, and e-commerce channel expenses.

(3) The decrease in cash inflows from investment activities is mainly due to the utilization of idle raised funds and idle self-owned funds for prudent cash management entrusted financial investments within the authorized limit of the shareholders' meeting during the reporting period, resulting in a decrease in the recovery of invested principal and the corresponding entrusted financial investment income.

(4) The decrease in cash outflows from investment activities is mainly due to the decrease in the payment of entrusted financial investment principal under the authorization of the shareholders' meeting during the reporting period; continued investment in ongoing construction projects such as the central factory's new base; and the comprehensive impact of the successful acquisition of a 51% equity stake in Yuejiang (Guangzhou) Investment during the reporting period.

(5) The significant increase in cash inflows from financing activities is mainly due to the proactive exploration of stable and diversified financing channels based on dynamic capital requirements, resulting in short-term working capital loans obtained from commercial banks.

(6) The increase in cash outflows from financing activities is mainly due to the repurchase of ordinary shares by the Company using self-owned funds through the centralized bidding trading method in accordance with the resolutions of the board of directors, and the comprehensive impact of increased payment of cash dividends for the year 2022 during the reporting period.

Explanation of the significant difference between net cash flow generated from operating activities and net profit for the year:

☐ Applicable ☒ N/A

5. Non-Core Business

☒ Applicable ☐ N/A

Unit: CNY

	Amount	Percentage of total profit	Formation reasons	Sustainable or not
Other income	149,420,643.48	17.20%	Mainly due to the government subsidies 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	64,362,248.34	7.41%	Mainly due to the investment income generated from the Company's cash management entrusted financial products reaching maturity during the reporting period.	No
Income/loss due to fair value changes	-17,238,886.41	-1.98%	Mainly due to the fair value changes of trading financial assets held by the Company during the reporting period.	No
Impairment loss on credit	-14,262,864.63	-1.64%	Mainly due to the provision of impairment reserves for accounts receivable and other receivables made by the Company during the reporting period.	No
Impairment loss on assets	-20,197,131.69	-2.32%	Mainly due to the provision of inventory depreciation reserves made by the Company during the reporting period.	No
Loss on asset disposal	690,284.38	0.08%		No
Non-operating income	2,139,100.44	0.25%		No
Non-operating expenses	-11,294,246.99	-1.30%	Mainly due to the Company's expenditure on external charity donations during the reporting period.	No

6. Analysis of Assets and Liabilities

6.1 Significant Changes in Asset Composition

	As of the end of 2023		As of the beginning of 2023		Proportion increase/decrease	Information on significant changes
	Amount	Percentage of total assets	Amount	Percentage of total assets		
Monetary funds	2,091,459,861.58	27.86%	2,514,295,715.26	37.42%	-9.56%	For details, please refer to “4.5 Cash Flow” under “4. Analysis of Main Business Operations” in Section III of this report.
Trading financial assets	1,238,356,707.34	16.50%	1,433,635,489.84	21.34%	-4.84%	This is mainly due to a decrease in the balance of funds invested in cash management entrusted financing (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%	This is mainly due to the unexpired, unendorsed, or undiscounted commercial acceptance drafts held by the Company at the end of the reporting period. As of the disclosure date of this financial statement, the commercial acceptance drafts have matured and been accepted, and the related receivables have been fully collected on time.
Accounts receivable	561,761,929.57	7.48%	270,089,761.85	4.02%	3.46%	During the reporting period, the growth of accounts receivable exceeded the growth of sales. This is mainly attributed to the rapid growth of Botanee's offline distribution business's sales revenue in the current year, as well as the comprehensive impact of the outstanding receivables from offline distribution business customers within the commercial credit cycle at the end of the reporting period and the successful acquisition of Yuejiang (Guangzhou) Investment Co., Ltd. (hereinafter referred to as “Yuejiang Investment”) by us during the reporting period. During the reporting period, there were no significant changes in the commercial credit policy for our major offline distribution customers, and there were no significant differences in the commercial credit policies of Yuejiang Investment's offline distribution customers compared to the Company's existing customers in the same channel. 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 98.65% and 97.67%, 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 for bad debts as a percentage of accounts receivable at the end of the reporting period and the beginning of the year was approximately 4.64% and 5.13%, respectively.
Financing receivables	156,659,263.78	2.09%	238,668,244.17	3.55%	-1.46%	This is mainly due to a decrease in the balance of unexpired, unendorsed, or undiscounted bank acceptance drafts held by the Company at the end of the reporting period.
Prepayments	69,279,116.38	0.92%	41,609,862.79	0.62%	0.30%	Our prepayments mainly consist of marketing expenses prepaid to large B2C e-commerce platforms and other market promotion service providers, settled regularly based on activity cycles and marketing policies. At the end of the reporting period, the proportion of prepayments aged within one year was approximately 97.97%, indicating good quality of prepayments, which are expected to be fully settled and cleared within the next twelve months. At the end of the reporting period, the cumulative balance of prepayments aggregated by trading counterparties amounted to CNY37.12 million, accounting for approximately 53.59% of the ending balance.
Other receivables	29,748,433.09	0.40%	20,097,625.25	0.30%	0.10%	During the reporting period, our acquisition of Yuejiang Investment resulted in an increase in the balance of other receivables. Other receivables mainly consist of deposits and guarantees paid by the Company for business operations.
Inventory	904,413,283.67	12.05%	670,748,124.06	9.98%	2.07%	During the reporting period, our acquisition of Yuejiang Investment led to an increase in the ending balance of inventory. The increase in the ending balance of inventory at the end of the reporting period corresponds to the Company's actual sales growth for the year and the expected sales growth in the first half of 2024. The Company has proactively planned, produced, and procured inventory for the hot-selling products of several major promotional activities in the first half of 2024, according to the supply chain plans of each brand.
Other current assets	446,396,252.76	5.95%	525,887,794.13	7.83%	-1.88%	This is mainly due to a decrease in the balance of funds invested in cash management entrusted financing (financial products measured at amortized cost) using idle raised funds and idle self-owned funds within the authorized limit of the shareholders' meeting at the end of the reporting period, as well as an increase in the provision for value-added tax awaiting recognition and offset at the end of the reporting period.
Long-term equity investments	212,015,151.15	2.82%	82,775,998.70	1.23%	1.59%	This is mainly due to an increase in our investments in equity of joint ventures. During the reporting period, the Company recognized a net investment

						income of CNY9.7058 million from equity investments in joint ventures accounted for using the equity method. For details, please refer to "7.18 Long-term Equity Investments" under "VII. Notes to Consolidated Financial Statement Item" in Section X of this report.
Other non-current financial assets	86,449,823.00	1.15%			1.15%	This primarily represents the Company's investments in financial assets measured at fair value with changes recognized in profit or loss. During the reporting period, there were no significant changes in the fair value of financial assets measured at fair value with changes recognized in profit or loss.
Fixed assets	667,204,436.83	8.89%	206,366,629.61	3.07%	5.82%	This is mainly due to the successful acceptance and capitalization of our new central factory during the reporting period. The central factory's new base construction project is one of the investment projects funded by our initial public offering in 2021, with a total project budget of CNY438.4092 million and actual investment completion of 102.11%.
Construction in progress	40,220,147.41	0.54%	349,466,401.13	5.20%	-4.66%	This is mainly due to the successful acceptance and capitalization of the Central Factory's new base construction project during the reporting period.
Intangible assets	193,108,638.64	2.57%	77,944,697.40	1.16%	1.41%	This is mainly due to the significant increase in intangible assets, specifically trademark rights, as a result of the Company's successful acquisition of Yuejiang Investment. For details, please refer to Section X, "26. Intangible Assets" under "VII. Note to Consolidated Financial Statement Items" of this report.
Goodwill	413,740,760.61	5.51%			5.51%	At the end of the reporting period, the carrying amount of the asset group related to the cash flows generated by the cosmetics business of Yuejiang Investment, independent of other assets or asset groups, including goodwill, was CNY949.2926 million. Based on the assessment, the recoverable amount of the asset group is approximately CNY1.168 billion, and no impairment loss is recognized for the asset group. The Company's goodwill remains unimpaired. For details, please refer to Section X, "27. Goodwill" under "VII. Note to Consolidated Financial Statement Items" of this report.
Long-term deferred expenses	93,317,644.84	1.24%	66,734,195.17	0.99%	0.25%	This increase in the year-end balance of long-term deferred expenses is primarily due to the successful acceptance and capitalization of the new central factory construction project (part of which is classified as long-term deferred expenses) and the successful acquisition of Yuejiang Investment by the Company. The long-term deferred expenses mainly represent investments in the renovation projects of owned or leased operating premises, which were primarily undertaken for production,

						warehousing, and office purposes during the reporting period.
Deferred income tax assets	93,131,250.45	1.24%	52,118,603.26	0.78%	0.46%	The increase in deferred income tax assets is mainly attributed to a significant increase in temporary differences related to items such as "government grants recognized as deferred income", "tax loss carryforwards", and "fair value changes of financial assets". For more details, please refer to Section X, "19. Deferred Income Tax Assets and Deferred Income Tax Liabilities" under "VII. Note to Consolidated Financial Statement Items".
Other non-current assets	75,431,420.74	1.00%	50,155,670.77	0.75%	0.25%	The increase in other non-current assets is primarily due to higher prepayments for long-term assets, including intangible assets, made by the Company at the end of the reporting period.
Short-term borrowings	103,816,588.60	1.38%			1.38%	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 and diversified financing channels.
Other payables	50,053,638.68	0.67%	58,115,645.49	0.86%	-0.19%	The increase in other payables is mainly due to the Company's increased marketing expenses incurred on large B2C e-commerce platforms and other market promotion service providers as its sales scale expanded during the reporting period.
Contract liabilities	449,282,195.16	5.98%	272,333,824.39	4.05%	1.93%	The decrease in contract liabilities is primarily attributed to a comprehensive impact of a reduction in prepaid project equipment payments, such as advances received for sales and provision for sales rebates, as stipulated in contracts.
Other payables	4,700,000.00	0.06%			0.06%	The increase in other payables is primarily due to the Company's increased marketing expenses incurred on large B2C e-commerce platforms and other market promotion service providers as its sales scale expanded during the reporting period. Additionally, it is also influenced by an increase in payable project equipment payments resulting from the successful acceptance of the new central factory construction project as per contract requirements and the corresponding increase in other payables due to the successful acquisition of Yuejiang Investment by the Company.
Long-term borrowings	82,862,738.40	1.10%	55,574,589.18	0.83%	0.27%	The increase in long-term borrowings is primarily due to the Company's successful acquisition of Yuejiang Investment, resulting in a corresponding increase in long-term guaranteed bank loans.
Deferred income	40,452,457.50	0.54%	8,364,830.43	0.12%	0.42%	The deferred income primarily represents government grants received by the Company that have not been fully recognized as income at the end of the reporting period. For more details,

						please refer to Section X, "51. Deferred Income" under "VII. Note to Consolidated Financial Statement Items".
Deferred income tax liabilities	109,838,205.82	1.46%		0.00%	1.46%	The increase in deferred income tax liabilities is mainly attributed to a significant increase in temporary differences related to the "incremental fair value of assets from business combinations under non-common control". For more details, please refer to Section X, "19. Deferred Income Tax Assets and Deferred Income Tax Liabilities" under "VII. Note to Consolidated Financial Statement Items".
Treasury stock	154,823,217.41	2.06%	49,479,106.00	0.74%	1.32%	The increase in treasury stock is due to the Company's decision, as approved by the board of directors, to repurchase a certain number of common shares using internal funds through centralized bidding transactions.
Minority interests	2,091,459,861.58	27.86%	2,514,295,715.26	37.42%	-9.56%	The increase in minority interests is primarily due to the Company's acquisition of a 51% equity interest in Yuejiang Investment, resulting in a significant increase in minority shareholders' equity.

Overseas asset proportion is relatively high:

☐ Applicable ☒ N/A

6.2 Assets and liabilities measured at fair value

☒ Applicable ☐ N/A

Unit: CNY

Item	Beginning balance	Gain/loss from fair value changes recognized in profit or loss	Accumulated gain/loss recognized in equity	Impairment provision recognized in the current period	Amount purchased in the current period	Amount sold in the current period	Other changes	Ending balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	1,433,635,489.84	-17,238,886.41			4,085,000,000.00	4,240,000,000.00		1,238,356,707.34
2. Receivables financing	238,668,244.17						-82,008,980.39	156,659,263.78
3. Other non-current financial assets					87,000,000.00			86,449,823.00
Total	1,672,303,734.	-			4,172,000,00	4,240,000	-	1,481,465,794

	01	17,238,886.41			0.00	,000.00	82,008,980.39	.12
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Explanation of other changes: The other changes in receivables financing mainly result from the net changes in bank acceptance bills received, endorsed for transfer, 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

6.3 Restricted Assets as of the End of the Reporting Period

Please refer to “31. Assets Subject to Ownership or Use Restrictions” in “3. Notes to the Consolidated Financial Statements” under Section X of this report.

7. Investment Analysis

7.1 Overview

☒ Applicable ☐ N/A

Investment amount for the reporting period (CNY)	Investment amount for the same period last year (CNY)	Percentage change
5,673,805,821.69	7,162,029,163.51	-20.78%

7.2 Significant Equity Investment during the Reporting Period

☒ Applicable ☒ N/A

Unit: CNY

Company invested	Main business	Investment method	Investment amount	Equity stake	Capital source	Partner	Investment period	Product type	Progress as of the balance sheet date	Expected returns	Investment gain/loss for the period	Involvement in litigation	Disclosure date (if applicable)	Disclosure index (if applicable)
Yuejiang Investment	Note 1	Acquisition and capital increase	535.50 million	51.00 %	Own funds	N/A	Long-term	Note 1	Completed	Note 2	Note 3	No	Oct. 20, 2023	Note 2
Total	--	--	535.50 million	--	--	--	--	--	--	--	--	--	--	--

Note 1: Yuejiang Investment is a well-known multi-brand cosmetics brand management company dedicated to the operation and management of cosmetics brands through various channels both domestically and internationally. It owns two major popular cosmetics and skincare brands, Za and PURE&MILD. These brands have accumulated over 20 years of brand reputation, a solid user base, and a good reputation. Za is positioned as an international trendy cosmetics brand with core products such as sunscreen, foundation, and powder. PURE&MILD is positioned as a plant-based technology skincare brand, offering multiple product lines including moisturizers, whitening products, and anti-aging solutions, encompassing various categories such as lotions, eye creams, face creams, and serums.

Note 2: For specific details, please refer to the *Announcement of Yunnan Botanee Bio-Technology Group Co. Ltd. on the Acquisition of Equity and Capital Increase from External Investments (Updated) (2023-062)* and the *Supplementary Announcement on Yunnan Botanee Bio-Technology Group Co. Ltd.'s Acquisition of Equity and Capital Increase from External Investments (2023-063)* disclosed on the CNINFO website (<http://www.cninfo.com.cn>).

Note 3: For specific details, please refer to “5.1 Equity in Subsidiaries” in “10. Equity in Other Entities” under Section X of this report.

7.3 Significant Non-Equity Investments in Progress during the Reporting Period

☒ Applicable ☐ N/A

For specific details, please refer to “Central Factory Construction” in “7.5 Use of Raised Funds”, “7. Investment Analysis” under Section III of this report.

7.4 Financial Asset Investments

7.4.1 Securities Investment

☐ Applicable ☒ N/A

7.4.2 Derivative Investment

☐ Applicable ☒ N/A

7.5 Use of Raised Funds

☒ Applicable ☐ N/A

7.5.1 Overall Use of Raised Funds

☒ Applicable ☐ N/A

Unit: CNY

Year of Fundraising	Method of Fundraising	Total Fundraising Amount	Net Fundraising Amount	Total Amount of Raised Funds Used in the Reporting Period	Cumulative Amount of Raised Funds Used	Total Amount of Raised Funds with Changed Purposes in the Reporting Period	Cumulative Amount of Raised Funds with Changed Purposes	Percentage of Cumulative Amount of Raised Funds with Changed Purposes	Total Amount of Unused Raised Funds	Purpose and Allocation of Unused Raised Funds	Amount of Raised Funds Idle for Over Two Years
2021	A Public issuance of CNY common shares of A shares	3,010,188,000	2,883,896,800	692,281,000	2,160,044,100				1,137,155,100	Note 1	0
Total	--	3,010,188,000	2,883,896,800	692,281,000	2,160,044,100				1,137,155,100	--	0
Explanation of the overall use of raised funds											
On February 25, 2021, according to the approval of the China Securities Regulatory Commission on <i>Reply of the Registration of the Initial Public Offering of Shares by Yunnan Botanee Bio-Technology Group Co. Ltd. (CSRC Approval [2021] No. 546)</i> , we were authorized to publicly issue no more than 63,600,000 common shares. As of March 22, 2021, we had issued a total of 63,600,000 common 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 Yunnan Botanee Bio-Technology Group Co. Ltd.'s Stock on the ChiNext Board*, our A-share common 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, 2023, we had invested a cumulative amount of CNY2,160,044,100 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 CNY530 million, and the accumulated cash management income obtained was CNY74,769,700. The accumulated interest income from the raised funds account, net of fees, was CNY185,322,700. As of December 31, 2023, the balance of the raised funds account was CNY2,871,555,100 (including cash management income and interest income from the account, net of fees).

Note 1: Except for the portion used for cash management, the unused raised funds of the Company are deposited in a raised funds account and strictly managed, and will continue to be used for the investment projects committed by the Company. As of December 31, 2023, the total amount of unused raised funds of the Company was CNY11,371,555,100, including CNY530 million for cash management, CNY320 million for temporary working capital, and a current account balance of CNY287,155,100 in the raised funds account (including cash management income and interest income from the account, net of fees).

7.5.2 Fundraising Commitment Projects

☒ Applicable ☐ N/A

Unit: CNY

Investment commitment projects and utilization of excess funds	Whether the project been changed (including partial changes)	Total amount of committed investment 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	438,409,200	438,409,200	53,112,200	432,602,200	98.68%	Jun. 30, 2023	0	0	Yes	No
Marketing channel and brand building project	No	691,217,400	691,217,400	290,246,600	650,534,300	94.11%	Mar. 25, 2024	0	0	Yes	No
Information system upgrade project	No	105,063,500	105,063,500	28,922,200	56,745,100	54.01%	Mar. 25, 2024	0	0	Yes	No
Supplementar	No	3,000,000	3,000,000	0	300,162,500	100.05%	Mar. 25, 2024	0	0	Yes	No

y operati ng capital											
Subtotal of commitment investment projects	--	1,534,690,100	1,534,690,100	372,281,000	1,440,044,100	--	--	0	0	--	--
Utilization of excess funds											
Permanent supplementary working capital	No		4,000,000		400,000,000	100.00%	May 27, 2021	0	0	N/A	No
Temporary supplementary working capital	No		3,200,000	3,200,000	320,000,000	100.00%	Aug. 28, 2023	0	0	N/A	No
Subtotal of allocation of excess funds	--		7,200,000	3,200,000	7,200,000	--	--			--	--
Total	--	1,534,690,100	2,254,690,100	692,281,000	2,160,044,100	--	--	0	0	--	--
Explanation of project delays and failure to achieve planned progress and expected benefits (including reasons for selecting "not applicable" for "expected benefits not achieved")	N/A										
Explanation of significant changes in project feasibility	N/A										
Amount, purpose, and progress of utilization of excess funds	Applicable Please refer to "Special Report on the Amount, Purpose, and Progress of Utilization of Excess Funds of Yunnan Botanee Bio-Technology Group Co. Ltd. for the Year 2023" as disclosed on CNINFO's website (http://www.cninfo.com.cn) for detailed information on the amount, purpose, and progress of the raised funds.										
Changes in implementation locations of funded investment projects	N/A										
Adjustments to implementation methods of funded investment projects	N/A										
Initial investment and replacement of funded investment projects	Applicable Please refer to the specialized report "Special Report on the Amount, Purpose, and Progress of Utilization of Excess Funds of Yunnan Botanee Bio-Technology Group Co. Ltd. for the Year 2023" as disclosed on the CNINFO website (http://www.cninfo.com.cn) for detailed information on the initial investment and replacement of funded investment projects.										
Utilization of idle raised funds as temporary working capital	Applicable Please refer to the specialized report "Special Report on the Amount, Purpose, and Progress of Utilization of Excess Funds of Yunnan Botanee Bio-Technology Group Co. Ltd. for the Year 2023" as disclosed on the CNINFO website (http://www.cninfo.com.cn) for detailed information on the utilization of idle raised funds as temporary working capital.										
Amount and reasons for fundraising surplus during project implementation	N/A										
Purpose and allocation of unused	Apart from the portion used for cash management, the unused raised funds of the Company are deposited in a dedicated account for strict management and will continue to be invested in the committed fundraising projects. As of December										

raised funds	31, 2023, the total unused raised funds of the Company amounted to CNY1,485,862,700, of which CNY530 million was the unused amount for cash management, and the balance of CNY287,155,100 was the current deposit balance of the dedicated account (including cash management income and account interest income, with net of handling fees deducted).
Issues or other circumstances in the use and disclosure of raised funds	N/A

7.5.3 Changes in Raised Funds Projects

☐ Applicable ☒ N/A

8. Significant Sale of Assets and Equity

8.1 Significant Asset Sale

☐ Applicable ☒ N/A

8.2 Significant Equity Sale

☐ Applicable ☒ N/A

9. Analysis of Key Holding and Equity Participating Companies

Analysis of major subsidiaries and equity participating companies with a net profit impact of over 10% on the Company:

☐ Applicable ☒ N/A

Acquisition and disposal of subsidiaries during the reporting period:

☒ Applicable ☐ N/A

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation, and performance
Qiumei Technology (Shanghai)	The equity relationship of Qiumei Technology (Shanghai) was transferred from direct ownership by Botanee to indirect ownership through the Company's wholly-owned subsidiary, Shanghai Botanee.	An internal restructuring of the Company's organization, with no impact on overall production, operation, and performance.
Shanghai Jiyun Biomedical	The equity relationship of Shanghai Jiyun Biomedical was transferred from direct ownership by Botanee to indirect ownership through the Company's wholly-owned subsidiary, Shanghai Jiyun Technology.	
Botanee (Shanghai) Supply Chain	The equity relationship of Botanee (Shanghai) Supply Chain was transferred from direct ownership by Botanee to indirect ownership through the Company's wholly-owned subsidiary, Shanghai Jiyun Technology.	
Hainan Botanee Investment Co., Ltd.	Liquidated	No significant impact on the performance during the reporting period.
Hainan Botanee Private Equity Fund Management Co., Ltd.	Liquidated	

Explanation of key holding and equity participating companies:

☐ Applicable ☒ N/A

10. Structured Entities Controlled by Botanee

☐ Applicable ☒ N/A

11. Prospects for Our Future Development

11.1 Future Development Strategy

Following the mission to “create China's skin health ecosystem”, we are committed to continuously enhancing our product research and development capabilities. Through new images, new products and new technological capabilities, we will continue to build brand power, and through stronger product power, we will further consolidate the brand mentality of “use Winona for sensitive skin”.

We adhere to long-termism and continuously develop innovative product formulas and product series based on market trends and customer needs. At the same time, we increase the optimization of the service system and logistics system, and conduct refined operations in all dimensions of consumer touch points. We will use the brand's insistence on evidence-based medicine and the concept of scientific skin care to establish deeper communication with consumers in multiple dimensions, making Winona the first choice brand for people with sensitive skin. We will continue to focus on the pain points of sensitive skin and conduct more in-depth research on the causes. Research, develop a richer product line, meet consumers’ “sensitive skin plus needs”, and create a fully functional system solution for 2.0 sensitive skin care.

We will base ourselves on dermatological science, amplify the co-creation genes of medical research, focus on the brand keyword of “dermatology”, and gradually enhance the brand influence and market position of sub-brands through the brand matrix strategy of “focusing on the main brand and expanding sub-brands”, and improve the market position of sub-brands. The formulas and functions of various products are iteratively upgraded to provide consumers with better solutions. At the same time, we build and improve a matrix of skin care products with different functions, continuously accumulate product reputation, and enhance user stickiness and brand reputation.

11.2 Key Business Plans for 2024

In 2024, against the backdrop of an improved macro environment, consumer trends, and economic conditions with gradually diminishing uncertainties, all employees of Botanee will seize the moment, persist in exploration and innovation, consider product quality as paramount, prioritize customer satisfaction, take employee well-being as a responsibility, uphold the interests of shareholders, and regard industry development as its mission. The Company will strive to accelerate its growth and bring health and beauty to an increasing number of people.

11.2.1 Brand Upgrading and Potential Building of the Main Brand

In 2024, the core strategy for Winona is to strengthen the brand, consolidate recognition, and focus on breakthroughs, creating a new era of skin health and freedom for Winona 2.0. We will focus on five major dimensions: 1) announcing a new spokesperson to enhance the brand’s momentum; 2) deepening the brand's dermatological culture, strengthening medical targeting mechanisms, and advancing botanical technology ingredients; 3) further focus on sensitive skin and solidify the mentality of “use Winona for sensitive skin”; 4) create a PLUS boutique series for sensitive skin, sort out and streamline products; 5) adhering to core brand initiatives such as the “Winona Smile Sunshine Project” and the “525 National Skincare Day”, and continuously practicing sustainability.

In 2024, Winona will further focus on sensitive skin to enhance its brand potential. The "Sensitive Skin Track" has been built and laid by Botanee and Winona, and the Company not only has the responsibility to maintain the healthy development of the track but also responds to the secondary demands of consumers for sensitive skin. In 2024, the "Winona" brand will continue to follow the research and development guidelines of "small incisions, in-depth research, and effective results", continuously upgrading products in various aspects including academia, formulations, packaging, and color range, and creating a series of premium products related to sensitive skin. The Company will set clearer goals for the management boundaries, strategic integration, category planning, and objective breakdown of internal systems to ensure the coordinated development of each department.

11.2.2 Constantly Enriching Product Categories with New Brands and Carefully Nurturing Eco-chain Brands

In 2024, we will coordinate resources to enable new brands to achieve breakthroughs from inception and focus on investing resources in the most promising brands to empower them to become stronger and larger.

Winona Baby brand will continue to deepen its focus on skincare products with efficacy for infants and children, constantly enriching its product matrix. The key focus will be on creating "Comforting and Nourishing Cream" as a flagship product, and using it as a core to drive the growth of other product lines related to Winona Baby brand. In 2024, the key areas of focus for Winona Baby brand include: 1) focus on infant and child eczema research and continue to develop functional skin care for infants and children; 2) conduct industry-university-research and medical research to further strengthen the professional image of medicine; 3) accurately penetrate the core eczema babies and infant and child sun protection groups to strengthen the brand mentality; 4) enrich products matrix, continue to create core single products such as moisturizing cream and infant sunscreen, and intensively develop the baby eczema product line; 5) optimize channel strategies, take root in professional institutions offline, and work together with Tmall, Douyin, and JD.com.

Botanee aims to deepen the brand positioning of its "AOXMED" brand in 2024 by integrating medical aesthetics and home aesthetics. The brand will upgrade its anti-aging concept from a single-layer approach to a comprehensive anti-aging skin rejuvenation management strategy. It will introduce a new approach called "mechanized makeup alliance" by focusing on its core product, Zhuanyan Line, and creating a "postoperative medical care solution for 0-28 days after phototherapy". Botanee will collaborate closely with industry professionals to explore the value operation of the post-medical aesthetics market. The brand "Meiyan Line" will specifically target the semi-medical aesthetic group pursuing medical aesthetic effects and the non-medical aesthetic consumer group seeking quality anti-aging solutions. It aims to enhance its product line and positioning, capture the target audience's attention, and increase its market share in high-end skincare channels. In 2024, AOXMED will focus on: 1) deepen the brand positioning of "connecting medical beauty and home beauty"; 2) Zhuanyan series product line deeply develops core single products, and do a good job in value operation of the medical and art after-sales market; 3) Meiyan series product line focuses deeply on anti-aging, improves the product line, and accelerates the market share of high-end skin care channels.; 4) continue to expand the scale and breadth of cooperation with offline professional institutions starting from four aspects. By establishing a multi-scenario presence both online and offline, bridging medical aesthetics and home aesthetics, Botanee aims to create synergistic effects between channels, integrate market resources, and promote its brand and value proposition across all channels, striving for high-speed growth.

Beforteen is an innovative brand that encompasses artificial intelligence, medical care, effective skincare, and internal beauty products, with a focus on addressing acne problems. In 2024, we will enhance its brand awareness through four key strategies: 1) establishing an AI diagnostic system across all channels to optimize user experience; 2) expanding new product layout, focusing on acne and acne-prone skin problems; 3) promoting the brand primarily on Xiaohongshu (Little Red Book) as the main platform for brand influence; 4) Expanding channel distribution, with WeChat Mini Program as the main online channel and setting price standards on Tmall. Exploring benchmark hospitals and comprehensive OTC channel coverage to establish a solid foundation for future development in 2025.

Simultaneously, in 2024, the Company will carefully incubate new brands within the skincare health ecosystem, continuously improving its strategic landscape through minority equity investments, mergers and acquisitions, joint ventures (JVs), licensing agreements, and internal incubation.

11.2.3 Streamlining and Optimizing Product Lines, Implementing Comprehensive Pricing Control

In 2024, the Company will strictly maintain market order and pricing systems for each brand. Price stability is crucial for the "Winona" brand's sales and product scale. In 2024, the Company aims to shift from price competition to value competition and reduce reliance on major promotions. The Company will strengthen its channel and product strategies with forward-looking perspectives to ensure the efficiency of product output and the rational layout of channel product lines. Additionally, the Company will establish market order and pricing management systems for each brand to facilitate clear and precise price control objectives.

In fiscal year 2024, the Company will continuously review and streamline existing brand product lines. New product development will be aligned with consumer demands and channel characteristics, emphasizing strict evaluation and control. The Company aims to attract and complement various customer segments by leveraging the main efficacy lines of different brands.

11.2.4 Continuously Enriching Offline Channels and Exploring Emerging Markets

In fiscal year 2024, the Company will continue to focus on expanding offline channels, including OTC pharmacy chains, clinics, and offline KAs and duty-free shops. It will steadily explore the direct-operated store model, expand the scale of various channels, enhance brand and product exposure, and reach end consumers through multi-dimensional and deep-level approaches. As urbanization continues to deepen in China and first- and second-tier cities approach saturation, the Company aims to seize opportunities in emerging markets in fiscal year 2024 to gain a larger market share and higher profit margins. The consumption concepts and behaviors of consumers in these emerging markets are changing and upgrading, providing significant opportunities for the Company. In fiscal year 2024, the Company will selectively enter the CS channel to reach more consumers and enhance customer loyalty through improved offline shopping experiences and services.

11.2.5 Expansion of Overseas Business and Embarking on Internationalization

The Company established its Southeast Asian headquarters in Bangkok, Thailand, in 2023 to enter overseas markets. In fiscal year 2024, the Company plans to build localized operating teams and truly promote brand globalization. For the Thai market, the Company plans to establish offline channels including KA beauty store chains and local well-known medical aesthetic clinics. Simultaneously, the Company will also expand its presence on mainstream local e-commerce platforms. Marketing channels will cover popular social media platforms such as Facebook, Instagram, YouTube, Twitter, and TikTok. The Company will create localized marketing content and collaborate with local influential figures (KOLs) to facilitate content dissemination.

11.2.6 Continued Investment in R&D to Enhance Innovation

In 2024, the Company will continue to focus on key areas of research in dermatology, functional cosmetics, and Yunnan's specialty plants. This includes conducting fundamental research, platform construction, and key technology development. The Company will increase its investment in basic research in the fields of dermatology, specialty plants, formulation preparations, and electroencephalography. It will also continue to promote the construction of innovative platforms, aiming to upgrade and transform the Yunnan specialty plant extraction laboratory Phase 2 project to an internationally top-level laboratory. Additionally, the Company will establish international research and development centers in Japan and Switzerland, targeting cutting-edge technologies and collaborating to tackle core key technologies. These efforts will lay a solid foundation for the Company's future innovative product development and global expansion. In 2024, the Company aims to achieve key technological breakthroughs in the development of

critical technologies used in raw materials and products. This includes: developing 15 new plant raw materials (including 4 monomers), applying for 10 new cosmetic raw materials (including 2 monomers), conducting research and development on 20 cosmetic raw materials listed in catalogs, developing 8 food raw materials, and striving for industrial transformation. The expected breakthroughs in core key technologies will empower the Company in the development of functional cosmetics such as soothing, spot lightening, barrier repair, firming, and sun protection, as well as functional foods for soothing, spot lightening, and firming. In 2024, the Company will continue to explore the application of Yunnan's specialty plants in the pharmaceutical industry, Class II/III medical devices, and other health products. It aims to develop a new batch of high-value health products with strong technological barriers and achieve industrialization.

11.2.7 Comprehensive Digital Transformation and Embracing New AI Technologies

In 2024, the Company will fully embrace information technology and build a fully digital enterprise. During the reporting period, the Company has initiated a series of digital system projects, such as the "Digital Collaborative Platform for Production, Supply, and Sales". These systems will effectively improve the accuracy of marketing plans, reduce inventory and expired products, and enhance the operational efficiency of the supply chain to meet the ever-changing market demands. The ongoing development of the data-driven "Intelligent Marketing Platform" based on big data will empower and serve the business needs of various brand fronts, further enhancing the Company's capabilities in member lifecycle operations. In 2024, the Company will continue to embrace new AI technologies and explore different areas such as AI live streaming, AI-generated content, AI customer service, and AI advertising delivery. These initiatives will not only reduce operational costs but also enhance the Company's operational efficiency and technological capabilities.

In 2024, the Company will deploy an Alibaba Cloud-based "Data Center (including sales, supply chain operations, finance, and member center)" to provide a data-driven decision-making platform for the business. Through the integration of the "Digital Collaborative Platform for Production, Supply, and Sales", the Company will manage end-to-end data from product development, supply chain, sales, and marketing, as well as the full lifecycle of members and products. By fully leveraging internal resources and integrating the Company's front, middle, and back-office departments, the Company aims to achieve unified management and maximize the advantages of its products, ultimately enhancing the consumer experience.

11.2.8 Deepening Organizational Transformation and Opening Up Employee Promotion Channels

Employees are the Company's most valuable asset, and only by truly caring about their well-being can a company become great. In 2024, the Company will firmly carry out organizational transformation by empowering front-end business units through a robust middle and back-office system. The decision-making authority will be fully delegated to the front-end business units to inspire frontline employees' enthusiasm and innovative vitality. More frontline managers will be involved in decision-making and execution of major projects, fully tapping into the team's wisdom and strength, and enhancing the Company's responsiveness to customers and the market. In the process of organizational transformation, the Company will further emphasize core values in 2024, enabling its employees to maintain resilience and determination in a challenging market. The Company will fully implement a job-ranking management system and open up employee career advancement channels. It will maintain a highly competitive compensation and incentive system in the industry to instill pride in internal employees and attract external talents. The Company's goal is not only to retain employees through favorable treatment but also to retain them through a sense of purpose and career development.

11.2.9 Enhancing Compliance System to Safeguard the Company's Development

The Company has always adhered to relevant regulations and operated in compliance with the law. We are committed to following high standards of business conduct, firmly opposing corruption, bribery, unfair competition, money laundering, and other illegal activities. We actively encourage employees, suppliers, and customers to uphold these principles, contributing to the creation of a

better business environment. The Company has established a comprehensive internal management system to ensure business compliance and risk control and undergoes regular internal and external audits.

In 2024, the Company will continue to deepen the work on compliance modules and enhance the construction of the compliance system. We will combine practicality with the flexible application of guidelines such as the OECD "Internal Control, Ethics, and Compliance: A Guide for Multinational Enterprises" and the "Principles of Corporate Governance" issued by the Ministry of Finance and other six ministries. We will organize and construct the Company's basic compliance management system, including internal environment, risk assessment, control activities, information and communication, and internal supervision. The objective of internal control is to ensure the lawful and compliant operation and management of the Company, safeguard asset security, ensure the authenticity and integrity of financial reports and related information, improve operational efficiency and effectiveness, and promote the realization of the Company's development strategies. We will conduct compliance management in areas such as basic operational compliance, securities law, anti-unfair competition law, anti-monopoly law, advertising law, and compliance management relating to the cosmetics and medical device regulations in the Company's industry. Starting from compliance with securities laws and information disclosure for listed companies, we will gradually extend it to comprehensive compliance management for the entire company. In accordance with national policies and guidelines such as the "Program for Pilot Work on Corporate Compliance Reform" issued by the Supreme People's Procuratorate, we will establish a pre-compliance system for risk identification, mechanism construction, compliance training, and publicity, fostering a strong corporate compliance culture. This will ensure the achievement of the compliance objectives set by the Company, maintain the ability for continuous improvement in the future, and monitor the development trends of non-compliant events.

11.2.10 Firmly Embracing ESG to Reshape Corporate Value

The Company has always integrated social responsibility into its corporate strategy, committed to promoting ethical business practices, giving back to society, and achieving sustainable development. In 2024, the Company will continue to promote the high-quality development of the New Era Hope Project, collaborate with charitable organizations, participate in community development, actively contribute funds and resources, and expand the scope of beneficiaries and forms of philanthropic activities. We will extensively engage in comprehensive public welfare initiatives such as education assistance and support, nurturing and educating students. By staying true to our principles and embracing innovation, we will seize opportunities, fulfill our duties, and continuously strive for greater achievements. Looking ahead, the Company will continue to promote community investment and philanthropic work, strengthen collaboration with charitable organizations, expand the scale and impact of public welfare projects, increase public participation, and contribute to building a better society.

As pioneers in the industry, in 2024, we aim to establish a new paradigm for skin health and embark on a new era of skin wellness, bringing health and beauty to an increasing number of people. We will firmly reshape corporate value through tangible actions in ESG, focusing on both internal and external improvements, strengthening our foundation, continuously enhancing competitiveness, and contributing to the high-quality and sustainable development of the economy and society. We aspire to be a trailblazer and leader, transcending growth cycles' boundaries, and continuously creating sustainable value for consumers, the industry, society, and the nation.

11.3 Potential Risks

11.3.1 Risk of Intensified Industry Competition

In recent years, the sales proportion achieved by cosmetics 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. 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.

11.3.2 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 five major platforms, including Tmall (including Tmall Supermarket), Douyin, Winona Counter Service Platform (WeChat platform), JD.com, and Kuaishou, 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.

11.3.3 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.

11.3.4 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.

11.4 Risks Mitigation Measures to Be Adopted by Us

In response to the above possible risks, we will actively embrace market changes, make strategic adjustments, enhance business model innovation and management, continually strengthen the competitiveness of advantageous channels, strengthen traffic diversion capabilities, continuously strengthen membership-based operations, improve customer efficiency, and increase customer stickiness to enhance our comprehensive operational management capabilities for business model innovation and market changes.

12. 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
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Mar. 30, 2023	Online live streaming + teleconference	Online exchange on a web platform	Organization	626 institutions and individuals, including YinHua Fund, Goldman Sachs, CICC, J.P. Morgan, CITIC Securities, Guotai Junan Securities, Changjiang Securities, TF Securities, and GF Securities.	Company's summary and review of 2022, details can be found in the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on March 30, 2023" on the CNINFO website (Table Number: 2023-001).
Apr. 10, 2023	Online live streaming	Online exchange on a web platform	Organization	Investors participating in the 2022 annual performance online conference through http://ir.p5w.net .	Company's 2022 annual performance conference, details can be found in the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on April 10, 2023" on the CNINFO website (Table Number: 2023-002).
Apr. 27, 2023	Online live streaming + teleconference	Online exchange on a web platform	Organization	415 institutions and individuals, including CICC, TF Securities, Changjiang Securities, Everbright Securities, Guotai Junan Securities, Huatai Securities, Jingshun Great Wall Fund, and Southern Fund.	Company's Q1 2023 performance release conference, details can be found in the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on April 27, 2023" on the CNINFO website (Table Number: 2023-003).
May 11, 2023	Teleconference	Online exchange on a web platform	Organization	Investors participating in the 2023 collective reception day for listed companies in Yunnan through http://ir.p5w.net .	Company's business situation and 2023 outlook, details can be found in the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on May 11, 2023" on the CNINFO website (Table Number: 2023-004).
May 18, 2023	No. 1517 Majipu Road, Chenggong District, Kunming City	On-site exchange	Organization	20 institutions, including Industrial Securities, China Bank Fund, Tianhong Fund, Guotai Fund, Pengyang Fund, Taiping Assets, and Lion Fund.	Company's Q2 2023 performance outlook and new brand development plan, details can be found in the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on May 18, 2023" on the CNINFO website (Table Number: 2023-005).
Jun. 7, 2023	Block B, North Area, E-World, No. 999 Huaxu Highway, Qingpu District, Shanghai	On-site exchange	Organization	Institutions such as Goldman Sachs, Eastspring Invs (Singapore) Ltd, Foresight Fund Management Co., Ltd, Greenwoods Asset Management HK Ltd, and Hillhouse Capital Management Ltd.	Company's major research and development plans, product layout, and new product development plan for 2023, details can be found in the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on June 7, 2023" on the CNINFO website (Table Number: 2023-006).
Sept. 5, 2023	Building 2, Lingkong SOHO, No. 968 Jinzhong Road, Changning District, Shanghai	On-site exchange	Organization	Institutions such as Morgan Stanley, Stillpoint, Blue Creek Capital Management, etc.	Company's Q3 2023 performance outlook, strategic partnerships, and future growth plans, details can be found in the Investor Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on September 5, 2023" on the CNINFO website (Table Number: 2023-007).
Sept. 25, 2023	Online live streaming	Online exchange on a web platform	Organization	Investors who participated in the online briefing of the Company's 2023 third-quarter performance through http://ir.p5w.net .	Company's 2023 Q3 performance briefing on Relations Activity Record.	Disclosure of "Botanee: Investor Relations Activity Record on September 5, 2023" on the CNINFO website (Table Number: 2023-008).

13. Implementation of Our “Quality and Return Dual Enhancement” Action Plan

Did Botanee disclose 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:

13.1 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, Botanee 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 skincare market for several years. In 2022, the leading advantage of Winona brand continued to expand, with a significant increase in market share in the domestic dermatological skincare market compared to the same period last year, reaching approximately 23.2%, demonstrating a strong market presence.

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.

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

Botanee 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. 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. To date, 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.

13.3 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 allocation policy. Since its listing three years ago, the Company has consistently carried out cash dividends. As of the end of 2023, we have cumulatively distributed cash dividends totaling CNY783.66 million. 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.

13.4 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 competitive trading.

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 Share Repurchase Plan" and the "Proposal on Adjusting the Share Repurchase Plan" were deliberated and approved. Ultimately, it was agreed that the Company would use its own funds to repurchase its shares through centralized competitive trading. 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. As of March 5, 2024, we have cumulatively repurchased 2,994,618 shares through centralized competitive trading, accounting for 0.7069% of the Company's total share capital. The total amount paid was CNY200,212,194.96 (excluding transaction costs). This initiative aims to effectively stabilize market operations and boost investor confidence.

13.5 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.

13.6 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

1. Overview of Our Corporate Governance

1.1 General Meeting of Shareholders

As the highest authority of Botanee and composed of all shareholders, the General Meeting of Shareholders decides on the Company's business policies, investment plans, and major matters, and legally performs its rights and obligations under the *Company Law* and our *Articles of Association*. We released the revised version of the *Rules of Procedure for the General Meeting of Shareholders* in March 2022, which includes improvements in the operating mechanism for the General Meeting of Shareholders.

Since the establishment of Botanee as a joint-stock company, the General Meeting of Shareholders has maintained regulated operations in accordance with the provisions of the *Company Law*, our *Articles of Association*, and the *Rules of Procedure for the General Meeting of Shareholders*. Previous sessions of the General Meeting of Shareholders complied with applicable laws and regulations as well as our *Articles of Association* on convening process, attendance rate, rule of procedures, voting method, content of resolution, etc. All of them were legal and valid in terms of convening process and the content of resolution, without any violations of the *Company Law* and other regulations by the Board of Directors or senior management officers in performing their functions and powers.

1.2 Board of Directors

As the operational decision-making body of the Company, the Board of Directors operates and manages corporate property, and reports to the General Meeting of Shareholders. We released the revised version of *Rules of Procedure for the Board of Directors* in March 2022, which includes improvements in the operating mechanism for the Board of Directors.

The Board of Directors consists of 9 directors (including 3 independent directors), who are elected or replaced through the General Meeting of Shareholders. The Board of Directors shall have 1 Chairman, elected by more than half of total directors. The directors shall have a three-year term of office, and can be reelected and reappointed for consecutive terms upon expiration of current term of office.

Previous meetings of the Board of Directors complied with applicable laws and regulations as well as our *Articles of Association* in terms of convening process, attendance rate, rule of procedures, voting method, content of resolution, etc. All of them were legal and valid in terms of convening process and the content of resolution, without any violations of the *Company Law* and other regulations by senior management officers in performing their functions and powers.

1.3 Board of Supervisors

The Board of Supervisors is the body for supervising and inspecting the Company's business activities, which reports to the General Meeting of Shareholders. We introduced the revised version of the *Rules of Procedure for the Board of Supervisors* in March 2022, which improves the operating mechanism for the Board of Supervisors.

The Board of Supervisors shall be composed of 3 supervisors, including 1 employee representative. The non-employee representative supervisors are elected through the General Meeting of Shareholders, and employee representative is democratically elected by employees through the Workers' Representative Congress. The Board of Supervisors shall have 1 Chairman, elected by more than half of all total supervisors.

During the reporting period, the Board of Supervisors held several meetings. All previous meetings convened by it complied with applicable laws and regulations and our *Articles of Association* regarding convening process, attendance rate, rule of procedures, voting method, content of resolution, etc. The meetings were legal and valid in terms of convening process and the content of resolution, without any violations of the *Company Law* and other regulations by the Board of Directors or senior management officers in performing their functions and powers.

1.4 Independent Directors

We introduced the revised version of the *Working System for Independent Directors* in March 2022, which improves the operating mechanism for independent directors.

Since taking office, the independent directors have earnestly performed their functions and powers, improved the soundness of decision making by the Board of Directors, and safeguarded the rights and interests of small and medium investors in accordance with the *Company Law* and other laws, regulations and rules, our *Articles of Association* and *Working System for Independent Directors*. Acting with expertise, diligence, care, and ethics, the independent directors have played a good role in helping the Board of Directors formulate development strategies and investment plans, and making manufacturing and operational decisions, having effectively ensured the soundness and reasonableness of our business decisions.

During the reporting period, the independent directors performed their functions and powers in accordance with relevant rules and regulations, and safeguarded the Company's overall interests without being influenced by our controlling shareholders, actual controllers and other organizations or individuals with an interest in the Company. They conscientiously reviewed materials before meetings of the Board of Directors, attentively listened to director opinions, deliberated proposals, voted by their true intentions, and signed meeting minutes after meticulously checking them.

1.5 Board Secretary

As a senior management officer of Botanee, the Board Secretary reports to the Company and the Board of Directors, and exercises rights and perform obligations under the *Company Law* and our *Articles of Association*. The revision of our *Working System for the Secretary of the Board of Directors* was released in July 2021, which improves the operating mechanism for the Board Secretary.

Since being appointed, the Board Secretary has diligently and conscientiously prepared for the General Meeting of Shareholders and meetings of the Board of Directors, attended the General Meeting of Shareholders as well as meetings of the Board of Directors, the Board of Supervisors, and senior management officers, and produced meeting minutes in accordance with laws, regulations and our *Articles of Association*. The Board Secretary also deals with information disclosure, investor relations management, training on securities laws and regulations, listing rules of the Shenzhen Stock Exchange, relevant regulations, and other matters for directors, supervisors and senior management officers, playing a great role in improving our governance structure and coordinating with various intermediaries.

Whether there was any significant differences between our actual corporate governance and laws, administrative regulations, and the rules of CSRC governing the governance of listed companies or not:

☐ Yes ☒ No

2. Independence of Our Assets, Personnel, Finance, Organizations and Businesses Separate from the Controlling Shareholder and the Actual Controller

We operate in strict accordance with the *Company Law*, the *Securities Law* and other applicable laws and regulations as well as our *Articles of Association*, and continually improve our corporate governance structure based on actual situation. The Company is independent of our controlling shareholder, actual controller and other enterprises controlled by them in terms of assets, personnel, finance, organizational structure, and business, and is able to maintain independent and sustainable market-oriented operations.

2.1 Asset Integrity

We own key manufacturing systems, auxiliary manufacturing systems, and supporting facilities related to manufacturing and operations, legally enjoy the ownership or right of use of main land, factories, machinery and equipment, trademarks, patents, and non-patented technologies related to our manufacturing and operations, and have independent raw materials procurement and product sales systems. The property rights of assets between the Company and our shareholders are clearly defined, and our manufacturing and operational locations are independent, without reliance on our shareholders.

2.2 Personnel Independence

Our General Manager, Deputy General Managers, Chief Financial Officer, Board Secretary, and other senior management officers do not hold other positions except for director or supervisor in other enterprises of our controlling shareholder and actual controller as well as other enterprises controlled by our controlling shareholder and actual controller, and do not receive remuneration from such enterprises. Besides, our financial personnel do not work part-time in such enterprises.

2.3 Financial Independence

We run an independent finance department with independent full-time financial personnel, and have established an independent financial accounting system in accordance with the requirements of the *Accounting Law of the People's Republic of China* and other relevant laws and regulations, so that we can make financial decisions independently. We execute a regulated financial accounting system, and implement our financial management system for subsidiaries and branches at all levels. The Company and its subsidiaries at all levels have independent accounts in the bank, with no sharing of bank account with other enterprises of our controlling shareholder and actual controller as well as other enterprises controlled by them.

2.4 Institutional Independence

We have our own operation and management bodies which are constantly optimized, and independently exercise our operation and management functions and powers. Our management bodies include the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, General Manager, etc., which exercise their operation and management functions and powers according to law. There is no confusion among the Company and other enterprises of our controlling shareholder and actual controller as well as other enterprises controlled by them.

2.5 Business Independence

We mainly engage in the R&D, manufacturing, and sales of cosmetics. Our business is independent of other enterprises of our controlling shareholder and actual controller as well as other enterprises controlled by them. There is no horizontal competition between the Company and such enterprises, or connected transactions that seriously affect our independence or are unfair.

2.6 Stable Main Business, Control Power, and Management Team

Our main business, control power, and management team are stable, with no significant adverse changes over the past three years. The ownership of the Company's shares held by our controlling shareholder, shareholder controlled by the actual controller, and the actual controller is clear. Our actual controller has not changed over the past three years, and there was no major ownership disputes that may lead to a change of control over the Company.

3. Horizontal Competition

☐ Applicable ☒ N/A

4. Annual and Extraordinary General Meetings of Shareholders Convened during the Reporting Period

4.1 General Meetings of Shareholders Convened During the Reporting Period

Session	Type	Investor participation ratio	Convened on	Disclosed on	Resolution
2021 General Meetings of Shareholders	Annual general meeting of shareholders	74.86%	May 17, 2023	May 17, 2023	Participants voted on 22 proposals offline or online. For details, please refer to the Announcement on Resolutions of 2021 General Meeting of Shareholders of Yunnan Botanee Bio-Technology Group Co., Ltd. disclosed by CNINFO (http://www.cninfo.com.cn).

4.2 Extraordinary General Meetings of Shareholders Convened at the Request of Preference Shareholders Whose Voting Rights Have Been Resumed

☐ Applicable ☒ N/A

5. Differences in Voting Rights

☐ Applicable ☒ N/A

6. Red Chip Structure-based Corporate Governance

☐ Applicable ☒ N/A

7. Directors, Supervisors and Senior Management Officers

7.1 General Information

Name	Gender	Age	Position	Incumbent/former	Term began from	Term end on	Number of shares held at the beginning of the reporting period	Number of increased shares in current period	Number of decreased shares in current period	Other share increase/decrease	Number of shares at the end of the period	Reasons for the share increase/decrease
Guo	Male	60	Chairman &	Incumbent	Mar. 6,	May 8,						N/A

Zhenyu			General Manager		2019	2025						
Zhou Kui	Male	55	Director	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Gao Shaoyang	Male	47	Director & Deputy General Manager	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Ma Xiao	Male	41	Director & Deputy General Manager	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Zhou Wei	Female	66	Director	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Zhang Mei	Female	44	Director	Incumbent	May 17, 2023	May 8, 2025						N/A
Zhang Mei	Female	44	Deputy General Manager	Incumbent	Feb. 28, 2023	May 8, 2025						N/A
Li Ning	Male	61	Independent Director	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Wang Ao	Male	53	Independent Director	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Li Zhiwei	Male	46	Independent Director	Incumbent	Aug. 9, 2021	May 8, 2025						N/A
Yu Shiru	Male	52	Supervisor	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Li Lei	Male	44	Supervisor	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Yang Zurong	Male	48	Employee Supervisor	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Wang Long	Male	41	Financial Director & Board Secretary	Incumbent	Mar. 6, 2019	May 8, 2025						N/A
Wang Long	Male	41	Deputy General Manager	Incumbent	Feb. 28, 2023	May 8, 2025						N/A
Wang Feifei	Male	39	Deputy General Manager	Incumbent	Feb. 28, 2023	May 8, 2025						N/A
Dong Junzi	Male	42	Director & Deputy General Manager	Former	Mar. 6, 2019	Feb. 28, 2023						N/A
Total	--	--	--	--	--	--						--

Whether there was any departure of directors and supervisors and dismissal of senior management officers during the term of office during the reporting period or not:

☐ Yes ☒ No

On February 28, 2023, we received a written resignation letter from Mr. Dong Junzi, who applied for resignation from his position as Director of the Second Board of Directors, member of the Strategy Committee, member of the Nomination Committee, and Deputy General Manager of the Company for personal reasons, and will no longer hold any position in the Company after resignation. In accordance with the provisions of the *Company Law* and our *Articles of Association*, his resignation letter shall take effect from the date of delivery to our Board of Directors. For details, please refer to the *Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on the Resignation of Directors, By-election of Directors and Appointment of Senior Management Officers (2023-005)* disclosed by CNINFO (<http://www.cninfo.com.cn>).

Change of directors, supervisors and senior management officers:

☒ Applicable ☐ N/A

Name	Position	Type of change	Date of change	Reason of change
Zhang Mei	Deputy General Manager	Appointed	Feb. 28, 2023	After nomination by our General Manager and review by the Nomination Committee under our Board of Directors, the Fifth Meeting of our Second Board of Directors deliberated on and approved the <i>Proposal on the Appointment of Senior Management Officers</i> on February 28, 2023. Then on May 17, 2023, our 2022 General Meeting of Shareholders deliberated on and approved the <i>Proposal on By-Election of Non-Independent Director of the Second Board of Directors</i> , and agreed to hire Ms. Zhang Mei as our non-independent director and Deputy General Manager (senior management officer). Ms. Zhang Mei's term as Deputy General Manager (senior management officer) shall commence from the date of deliberation and approval by this meeting of the Board of Directors. Her term as a non-independent director shall commence from the date of deliberation and approval by this General Meeting of Shareholders, and end on the date when the terms of the Second Board of Directors expires. For details, please refer to the <i>Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on the Resignation of Directors, By-election of Directors, and Appointment of Senior Management Officers</i> disclosed by CNINFO (http://www.cninfo.com.cn), and the <i>Announcement of Resolutions of the 2022 General Meeting of Shareholders of Yunnan Beitaini Biotechnology Group Co., Ltd.</i>
	Director	Appointed	May 17, 2023	
Wang Long	Deputy General Manager	Appointed	Feb. 28, 2023	After nomination by our General Manager and review by the Nomination Committee under our Board of Directors, the Fifth Meeting of our Second Board of Directors deliberated on and approved the <i>Proposal on the Appointment of Senior Management Officers</i> on February 28, 2023, at which it was agreed that Mr. Wang Long be appointed as our Deputy President Manager (senior management officer). Mr. Wang Long's term as Deputy President Manager (senior management officer) shall commence from the date of deliberation and approval by this meeting of the Board of Directors, and end on the date when the terms of the Second Board of Directors expires. For details, please refer to the <i>Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on the Resignation of Directors, By-election of Directors, and Appointment of Senior Management Officer</i> disclosed by CNINFO (http://www.cninfo.com.cn).
Wang Feifei	Deputy General Manager	Appointed	Feb. 28, 2023	After nomination by our General Manager and review by the Nomination Committee under our Board of Directors, the Fifth Meeting of our Second Board of Directors deliberated on and approved the <i>Proposal on the Appointment of Senior Management Office</i> on February 28, 2023, at which it was agreed that Mr. Wang Feifei be appointed as our Deputy General Manager (senior management officer). Mr. Wang Feifei's term as our Deputy General Manager (senior management officer) shall commence from the date of deliberation and approval by this meeting of the Board of Directors, and end on the date when the terms of the Second Board of Directors expires. For details, please refer to the <i>Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on the Resignation of Directors, By-election of Directors, and Appointment of Senior Management Officers</i> disclosed by

				CNINFO (http://www.cninfo.com.cn).
Dong Junzi	Director & Deputy General Manager	Resignation & dismissal	Feb. 28, 2023	On February 28, 2023, we received a written resignation letter from Mr. Dong Junzi, who applied for resignation from his position as Director of the Second Board of Directors, member of the Strategy Committee, member of the Nomination Committee, and Deputy General Manager of the Company for personal reasons, and will no longer hold any position in the Company after resignation. In accordance with the provisions of the Company Law and our Articles of Association, his resignation letter shall take effect from the date of delivery to our Board of Directors. For more information, please refer to the <i>Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on the Resignation of Directors, By-election of Directors, and Appointment of Senior Management Officers</i> disclosed by CNINFO (http://www.cninfo.com.cn).

7.2 Brief Biographies and Positions Held

Our incumbent directors, supervisors and senior management officers' professional backgrounds, key work experience, and current responsibilities at Botanee at the end of the reporting period:

7.2.1 Brief Biographies of Board Members

At the end of the reporting period, our Board of Directors consisted of 9 directors, 3 of whom are independent directors. Their brief biographies are as follows:

Mr. Guo Zhenyu, born in November 1963, is a Canadian citizen with the right of residence in China (valid for five years). He holds a doctoral degree in Electrical Engineering. Guo served as Chairman of World Self-Medication Industry, and Chairman of China Nonprescription Medicines Association. He is now Chairman of International Self-care Fund (ISF), Vice Chairman of China Nonprescription Medicines Association, Deputy Director of Skin Professional Committee of Chinese Non-government Medical Institutions Association, and Executive Vice Chairman of Yunnan Non-governmental Enterprises Association. He worked as a lecturer at the Department of Radio, Yunnan University from September 1986 to July 1988; a teaching assistant at University of New Brunswick, Canada from August 1988 to August 1989; an assistant professor at School of Medicine, Université de Montréal, Canada from July 1995 to July 1996; and a senior researcher at Institute of Clinical Medicine, Montreal, Canada from July 1995 to July 1996. From September 1996 to July 2002, he served as Assistant Professor, Associate Professor, and Tenured Professor at School of Engineering, George Washington University. After that, he served as Chairman and President of Dihon Pharmaceutical Group Co., Ltd. from January 2003 to November 2014, Chairman of Botanee Co., Ltd. from June 2014 to December 2016, Chairman and General Manager of Botanee Co., Ltd. from December 2016 to February 2019, and Chairman and General Manager of Botanee since March 2019.

Mr. Zhou Kui, born in 1968, is a Chinese national with no right of residence abroad. He graduated from School of Economics and Management, Tsinghua University in 2000 with a Master of Business Administration, and has worked at Sequoia Capital China as a partner since 2005. Zhou served as c of Botanee Co., Ltd. from November 2016 to February 2019, and has been Director of Botanee since March 2019.

Mr. Gao Shaoyang, a Chinese citizen, was born in November 1976, and has no permanent residency overseas. Holding a bachelor's degree in Chemical Pharmaceuticals, he served as technician and department manager at Kunming Dihon Pharmaceutical Co., Ltd.

from July 1999 to February 2005; Deputy General Manager of Shanghai Kangwang Daily Cosmetics Co., Ltd. from February 2005 to August 2008; and Project Director of Dihon Pharmaceutical Group Co., Ltd. from August 2008 to August 2012. Gao joined Botanee Co., Ltd. in August 2012, serving as Executive Director and General Manager of Botanee Co., Ltd. from November 2012 to June 2014, Director and General Manager of Botanee Co., Ltd. from June 2014 to December 2016, Director of Botanee Co., Ltd. from December 2016 to December 2017, and Director and Deputy General Manager of Botanee Co., Ltd. from October 2018 to February 2019. Since March 2019, he has served as Director and Deputy General Manager of Botanee.

Mr. Ma Xiao, born in September 1982, is a Chinese national with no right of residence abroad. Holding a master's degree in Chemical Engineering and a master's degree in Business Administration, Ma is a licensed pharmacist and a senior engineer. He served as R&D Director and R&D Manager of Dihon Pharmaceutical Group Co., Ltd. from July 2004 to June 2010, and Deputy General Manager and General Manager of Shanghai Dihon Pharmaceutical Co., Ltd. from June 2010 to January 2013. He joined Botanee Co., Ltd. in January 2013, served as Head of R&D and Supply Chain of Botanee Co., Ltd. from July 2013 to June 2014, Head and Supervisor of R&D and Supply Chain of Botanee Co., Ltd. from June 2014 to December 2017, and Director and Deputy General Manager of Botanee Co., Ltd. from December 2017 to February 2019. Since March 2019, he has served as Director and Deputy General Manager of Botanee.

Ms. Zhou Wei, born in April 1957, is a Chinese national with no right of residence abroad. She has a bachelor's degree in Plant Protection, and is a researcher. She served as Office Director at Institute of Biology, Guizhou Academy of Sciences from January 1982 to October 1988; Deputy Secretary of the CPC General Branch and Deputy Director of Scientific Research Department, Plant Protection Department, Guizhou University from October 1988 to March 1993; Manager and Deputy General Manager of Investment Department, Hainan Comprehensive Agricultural Development Corporation, and Chairman of Hainan Fuhai Food Industry Co., Ltd. from March 1993 to December 1995; Deputy General Manager of Guizhou University General Industry Company from December 1995 to July 1998; and Scientific Research Director of Key Laboratory, Microbial Fermentation Engineering, Yunnan University, Deputy Director of "211" Office, and Researcher of State Key Laboratory of Biological Resources Protection and Utilization from July 1998 to December 2016. Then she worked as Project Manager of Botanee and its predecessor from December 2016 to June 2019, and Director and Project Manager of Botanee since June 2019.

Ms. Zhang Mei, born in June 1979, is a Chinese national with no right of residence abroad. She holds a bachelor's degree in Traditional Chinese Medicine and Pharmaceutical Engineering, and a master's degree in Business Administration from Fudan University, China. She worked as Business Manager and E-commerce Distribution Director of Botanee Co., Ltd. from July 2012 to March 2017; Deputy General Manager of the E-commerce Division of Botanee Co., Ltd. from March 2017 to February 2019; Deputy General Manager of the E-commerce Division of Botanee from March 2019 to 2019; General Manager of Brand Marketing Center of Botanee from November 2019 to December 2021; General Manager of Beauty Instrument Project of Botanee from December 2021 to November 2022; Marketing Assistant to President of Botanee from December 2022 to January 2023; and Deputy General Manager of Botanee from February 2023 to April 2023. Since May 2023, she has served as Botanee's Director and Deputy General Manager.

Mr. Li Ning, born in December 1962, is a Chinese national with no right of residence abroad. With a master's degree in Law, he is a full-time lawyer. From September 1989 to June 1994, he served as Assistant Judge of Yunnan Provincial Higher People's Court; from August 1994 to December 1999, he served as a part-time lawyer at Yuntai Law Firm; from December 1999 to June 2002, he served as Senior Partner and Deputy Chief Lawyer at Yunnan Qianhe Law Firm. Since June 2002, he has served as a Senior Partner and Chief Lawyer at Yunnan Zhiguo Law Firm. Since March 2019, he has served as an Independent Director of the Company.

Mr. Wang Ao, born in October 1970, is a Chinese national with no right of residence abroad. With a bachelor's degree in Pharmacy, he worked as an official at Hospital Management Research Institute under the Ministry of Health from July 1994 to December 1998, and Director of Zhejiang Office of Shenzhen Sanjiu Pharmaceutical Trading Co., Ltd. from January 1999 to December 2003. He serves as

Secretary General of China Nonprescription Medicines Association since January 2004, and an independent director of Botanee since March 2019.

Mr. Li Zhiwei was born in October 1977 in Hong Kong, China, and obtained Master of Business Administration from University of Oxford. He is a member of Association of Chartered Certified Accountants in the UK, a Chartered Financial Analyst (CFA) offered by US-based CFA Institute, and a member of Hong Kong Institute of Certified Public Accountants. Li worked at China tax and business advisory team for PricewaterhouseCoopers HongKong, and for Sumitomo Corporation Equity Asia Limited. He served as co-founder and Chief Financial Officer of Guangzhou Fans-me Technology Co., Ltd. from March 2014 to September 2015; Director of Xin Yi Holding Ltd. (Beauty Hera) from March 2016 to October 2017; and worked in iClick Interactive Asia Group Ltd. (NASDAQ listed company: ICLK) since 2019, during which he served as its Chief Financial Officer from January 2019 to January 2022, Director from July 2019 to January 2022, and Chief Strategy Advisor from February 2022 to date. Since August 2021, Li has served as an independent director of Botanee.

7.2.2 Brief Biographies of Supervisors

Our Board of Supervisors consists of 3 supervisors, and has 1 Chairman. The brief biographies of our supervisors are presented below:

Mr. Yu Shiru, born in March 1971, is a Chinese national with no right of residence abroad. With a bachelors degree in Organic Chemical Engineering, he is a licensed pharmacist and a senior engineer. Yu served as a technician at Kunming Bada Plant Chemical Co., Ltd. from July 1995 to December 1996; and Technical Vice President of Dihon Pharmaceutical Group Co., Ltd. from January 1997 to June 2015; Director the central factory of Botanee Co., Ltd. from July 2015 to February 2019; and Director of Botanee's central factory and General Manager of its Quality Management Center since March 2019. Since March 2019, he has served as Chairman of Botanee's Board of Supervisors.

Mr. Li Lei, born in July 1979, is a Chinese national with no right of residence abroad, and holds an Executive Master of Business Administration. He worked as Financial Supervisor and Financial Manager of Telling Communication Co., Ltd. from December 2005 to December 2011; Financial Manager of Yunnan Longrun Pharmaceutical Co., Ltd., and Yunnan Longrun Group Co., Ltd. from December 2011 to August 2012; Chief Financial Officer of Botanee Co., Ltd. from August 2012 to December 2016; Audit Director of Botanee Co., Ltd. from December 2016 to December 2017, and Audit Director and Supervisor of Botanee Co., Ltd. from December 2017 to February 2019. Since March 2019, he has served as Botanee's Audit Director and supervisor.

Mr. Yang Zurong, born in September 1975, is a Chinese national with no right of residence abroad. With a bachelor's degree in Traditional Chinese Medicine, he is an engineer and a licensed pharmacist. He worked as a technician, quality controller, warehouse keeper, procurement planner, Deputy Manager, and Manager of the Supply Department of Dihon Pharmaceutical Group Co., Ltd. from July 1998 to September 2010; Quality Director of Dihon Pharmaceutical Group Co., Ltd. from May 2008 to December 2016; and Manager of Investment Department, Deputy Director of President's Office, Director of President's Office, and Manager of Administration Department of Dihon Pharmaceutical Group Co., Ltd. from September 2010 to December 2016. Yang served as Director of General Manager's Office of Botanee Co., Ltd. from January 2017 to October 2018; Director of General Manager's Office and Employee Representative Supervisor of Botanee Co., Ltd. from November 2018 to February 2019; and Director of General Manager's Office and Deputy General Manager of Botanee's factory in Majinpu from March 2019 to December 2022. Since March 2019, he has worked as the Company's employee representative supervisor.

7.2.3 Brief Biographies of Senior Management Officers

Mr. Guo Zhenyu is currently the Company's Chairman and General Manager. For more information about him, please refer to "Brief Biographies of Board Members" in this section.

Mr. Gao Shaoyang is currently the Company's Director and Deputy General Manager. For more information about him, please refer to "Brief Biographies of Board Members" in this section.

Mr. Ma Xiao serves as the Company's Director and Deputy General Manager. For more information about him, please refer to "Brief Biographies of Board Members" in this section.

Ms. Zhang Mei serves as the Company's Director and Deputy General Manager. For more information about her, please refer to "Brief Biographies of Board Members" in this section.

Mr. Wang Long, born in October 1982, is a Chinese national with no right of residence abroad. He holds a bachelor's degree in Accounting from Tsinghua University, and is a member of Certified Practising Accountant (CPA) Australia. He served as Accountant, Financial Manager, and Assistant to General Manager of Finance of Jiangsu Simcere Pharmaceutical Co., Ltd. from July 2006 to March 2011; Chief Financial Officer of Simcere Zikang Jiangsu Pharmaceutical Co., Ltd. from March 2011 to January 2014; and Chief Financial Officer of Edding Pharmaceutical (China) Co., Ltd. from January 2014 to November 2016. Then he works as Chief Financial Officer of Botanee Co., Ltd. since December 2016, Chief Financial Officer and Board Secretary of Botanee from October 2018 to February 2019, Financial Director and Board Secretary of Botanee from March 2019 to January 2023, and Deputy General Manager, Financial Director, and Board Secretary since February 2023.

Mr. Wang Feifei, born in June 1984, is a Chinese national with no right of residence abroad. Holding a master's degree in Chemical Engineering, he is a senior engineer and licensed pharmacist. Wang worked as R&D Director of Shanghai Botanee, a subsidiary of Botanee Co., Ltd. from December 2014 to February 2019; R&D Director of Shanghai Botanee, a subsidiary of Botanee, from March 2019 to March 2020; R&D Director of Shanghai Jiyan Biomedicine, a subsidiary of Botanee, from March 2020 to January 2021; and Executive Director of Botanee Research Institute from January 2021 to January 2023. Since February 2023, he has served as the Deputy General Manager of Botanee.

Positions held in Botanee's shareholding entities

☒ Applicable ☐ N/A

Name	Shareholding entity	Position in the shareholding entity	Term began from	Term end on	Receiving allowance from the shareholding entity
Guo Zhenyu	Nuona Technology	Chairman	Feb. 1, 2014		No
Guo Zhenyu	Yunnan Haqisheng	Executive Director	Nov. 1, 2018		No
Guo Zhenyu	Yunnan Haipo Enterprise Management Co., Ltd.	Executive Director	Aug. 1, 2017		No
Guo Zhenyu	Hanson Cosmeceutical (Hong Kong) Company Limited	Director	Dec. 1, 2013		No
Guo Zhenyu	Hanson Cosmeceutical Company Limited	Director	Dec. 1, 2013		No
Gao Shaoyang	Nuona Technology	Director	Nov. 1, 2012		No
Ma Xiao	Xiamen Chonglou Yunshui Investment Partnership (Limited Partnership)	Executive Partner	Dec. 1, 2018		No

Wang Long	Kunming Panfu Investment Partnership (Limited Partnership)	Executive Partner	Nov. 1, 2019		No
Note	N/A				

Positions held in other entities

☒ Applicable ☐ N/A

Name	Entity	Position in the entity	Term began from	Term end on	Receiving allowance from the entity
Guo Zhenyu	Wellness Republic (Hong Kong) Company Limited	Director	Dec. 2013		No
Guo Zhenyu	Wellness Republic Company Limited	Director	Jul. 2023		No
Wang Ao	China Nonprescription Medicines Association	Secretary General	Apr. 2014	Oct. 2024	Yes
Li Ning	Yunnan Zhiguo Law Firm	Senior partner & chief lawyer	Jun. 2002		
Li Ning	Kunming Zhongbei Transportation Tourism (Group) Co., Ltd.	External director	Sept. 2022		
Li Ning	Yunnan Jianshui Rural Commercial Bank Co., Ltd.	External supervisor	Jan. 2023		
Li Ning	Yunnan Dianzhong New Area Equity Investment Management Co., Ltd.	External director	Apr. 2022		
Li Ning	Kunming Returned Overseas Chinese Federation	Part-time Vice Chairman	Aug. 2022		
Li Zhiwei	iClick Interactive Asia Group Limited	Chief Strategy Advisor	Feb. 2022		
Zhou Kui	Sequoia Capital China	Partner	Oct. 2005		
Zhou Kui	Guangzhou Koncen Biotechnology Co., Ltd.	director	Oct. 2013		
Zhou Kui	Beijing Sudo Technology Co., Ltd.	Director	Sept. 2021		
Zhou Kui	Shenzhen Fussen Technology Co., Ltd.	Director	May 2019		
Zhou Kui	Hangzhou Tiangu Information Technology Co., Ltd.	Director	Dec. 2021		
Zhou Kui	Shanghai YITU Information Technology Co., Ltd.	Director	Dec. 2014		
Zhou Kui	Eversec (Beijing) Technology Co., Ltd.	Director	May 2016		
Zhou Kui	Beijing Internet Based Engineering Co., Ltd.	Director	Dec. 2020		
Zhou Kui	Goodo Technology (Shanghai) Co., Ltd.	Director	Apr. 2021		
Zhou Kui	Shaanxi Huazhu Technology Co., Ltd.	Director	Jun. 2020		
Zhou Kui	Hangzhou Hewu System Tech Co., Ltd.	Director	Sept. 2021		
Zhou Kui	Beijing Dingxiang Technologies Co., Ltd.	Director	Sept. 2017		
Zhou Kui	Chengdu Jizhi Life Technology Co., Ltd.	Director	Aug. 2021		
Zhou Kui	Hangzhou Jinyuan Network Technology Co., Ltd.	Director	Jun. 2016		
Zhou Kui	Wuhan ABclonal Biotechnology Co., Ltd.	Director	Oct. 2021		
Zhou Kui	Moore Threads Intelligent Technology	Director	Feb. 2021		

	(Beijing) Co., Ltd.				
Zhou Kui	Shukun Technology Co., Ltd.	Director	Dec. 2020		
Zhou Kui	Beijing Yuanxin Technology Group Co., Ltd.	Director	Nov. 2015		
Zhou Kui	JST Group Corporation Limited	Director	Feb. 2023		
Zhou Kui	Beijing Uteje Information Technology Co., Ltd.	Director	Nov. 2019		
Zhou Kui	Hangzhou Rongyisuan Technology Co., Ltd.	Director	Aug. 2019		
Zhou Kui	Beijing I Yong Cloud Co., Ltd.	Director	Apr. 2021		
Zhou Kui	Beijing InnoChem Science & Technology Co., Ltd.	Director	Dec. 2021		
Zhou Kui	Borui Persagy Technology Co., Ltd.	Director	May 2019		
Zhou Kui	Beijing PeopleSoft Interactive Network Technology Co., Ltd.	Director	Jan. 2021		
Zhou Kui	Shanghai Qingyi Industrial Software Co., Ltd.	Director	Jun. 2021		
Zhou Kui	Beijing Changyuanjia Information Technology Co., Ltd.	Director	Sept. 2021		
Zhou Kui	Fapon Biotech Inc.	Director	Sept. 2020		
Zhou Kui	Yitu limited	Director	Jun. 2014		
Zhou Kui	IngageApp Global Limited	Director	Apr. 2016		
Zhou Kui	Pony AI Inc.	Director	Mar. 2017		
Zhou Kui	YIMUTIAN INC.	Director	Dec. 2014		
Zhou Kui	Hangzhou Connect Medical Value Technology Co., Ltd.	Director	Mar. 2021		
Zhou Kui	Hangzhou Eagle Cloud Security Technology Co., Ltd.	Director	Oct. 2021		
Zhou Kui	Quanzhi Technology (Hangzhou) Co., Ltd.	Director	Nov. 2021		
Zhou Kui	Hecom (Beijing) Technology Co., Ltd.	Director	Feb. 2022		
Zhou Kui	Youdrop Internet (Beijing) Information Technology Co., Ltd.	Director	Mar. 2022		
Zhou Kui	Shenzhen Congheng Technology Co., Ltd.	Director	Oct. 2022		
Note	Mr. Zhou Kui also holds positions in some entities under Sequoia Capital China.				

Punishments imposed over the past three years by securities regulators on our incumbent directors, supervisors and senior management officers, including those who have resigned, during the reporting period:

☐ Applicable ☒ N/A

7.3 Remuneration of Directors, Supervisors and Senior Management Officers

Decision-making procedures, grounds on which decisions are made, and actual remuneration payment of directors, supervisors and senior management officers:

The remuneration of our directors, supervisors, senior management officers, and other core personnel consists of salary, bonus, welfare and more. We pay them remuneration based on their responsibilities, contributions, criticality, etc. The remuneration system and remuneration plan for directors and senior management officers are formulated by our Remuneration Committee. The remuneration

plan for directors shall be submitted to the Board of Directors for deliberation and then to the General Meeting of Shareholders for approval, while that for senior management officers shall be directly submitted to the Board of Directors for deliberation and approval. During the reporting period, the annual allowance for each independent director was RMB 200,000 before tax. The allowance plan shall be formulated by the Remuneration Committee, deliberated on by the Board of Directors, and then be approved by the General Meeting of Shareholders.

Remuneration of directors, supervisors and senior management officers during the Reporting Period:

Unit: CNY

Name	Gender	Age	Position	Incumbent/ former	Total before-tax remuneration from Botanee	Receiving remuneration from Botanee's related parties
Guo Zhenyu	Male	60	Chairman & General Manager	Incumbent	5 million	No
Zhou Kui	Male	55	Director	Incumbent		No
Gao Shaoyang	Male	47	Director & Deputy General Manager	Incumbent	4 million	No
Ma Xiao	Male	41	Director & Deputy General Manager	Incumbent	4 million	No
Zhou Wei	Female	66	Director	Incumbent	0.6 million	No
Zhang Mei	Female	44	Director & Deputy General Manager	Incumbent	2.486 million	No
Wang Long	Male	41	Deputy General Manager, Financial Director, and Board Secretary	Incumbent	2.88 million	No
Wang Feifei	Male	39	Deputy General Manager	Incumbent	2.6285 million	No
Yu Shiru	Male	52	Supervisor	Incumbent	1.012 million	No
Li Lei	Male	44	Supervisor	Incumbent	0.8 million	No
Yang Zurong	Male	48	Employee Supervisor	Incumbent	0.658 million	No
Wang Ao	Male	53	Independent director	Incumbent	0.20 million	No
Li Ning	Male	61	Independent director	Incumbent	0.20 million	No
Li Zhiwei	Male	46	Independent director	Incumbent	0.20 million	No
Dong Junzi	Male	42	Director & Deputy General Manager	Former	1.20 million	No
Total	--	--	--	--	25.8645 million	--

Other information:

☐ Applicable ☒ N/A

8. Duty Performance by Directors during the Reporting Period

8.1 Information of the Board of Directors during the Reporting Period

Session	Held on	Disclosed on	Resolutions
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The 5th Meeting of the Second Board of Directors	Feb. 28, 2023	Mar. 1, 2024	For details, please refer to the <i>Announcement on Resolutions of the 5th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 6th Meeting of the Second Board of Directors	Mar. 28, 2023	Mar. 30, 2023	For details, please refer to the <i>Announcement on Resolutions of the 6th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 8th Meeting of the Second Board of Directors	Apr. 25, 2023	Apr. 27, 2023	For details, please refer to the <i>Announcement on Resolutions of the 7th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 8th Meeting of the Second Board of Directors	Jun. 29, 2023	Jun. 30, 2023	For details, please refer to the <i>Announcement on Resolutions of the 8th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 9th Meeting of the Second Board of Directors	Aug. 28, 2023	Aug. 29, 2023	For details, please refer to the <i>Announcement on Resolutions of the 9th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 10th Meeting of the Second Board of Directors	Aug. 30, 2023	Aug. 30, 2023	For details, please refer to the <i>Announcement on Resolutions of the 10th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 11th Meeting of the Second Board of Directors	Sept. 27, 2023	Sept. 28, 2023	For details, please refer to the <i>Announcement on Resolutions of the 11th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 12th Meeting of the Second Board of Directors	Oct. 27, 2023	Oct. 30, 2023	For details, please refer to the <i>Announcement on Resolutions of the 12th Meeting of the Second Board of Directors of Yunnan Beitaini Biotechnology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
The 13th Meeting of the Second Board of Directors	Dec. 12, 2023	N/A	N/A

8.2 Attendance of Directors in Board Meetings and General Meeting of Shareholders

Attendance of directors in board meetings and General Meeting of Shareholders							
Name	Presence due at board meetings during the reporting period	Presence at board meetings offline	Presence at board meetings through telecommunication	Presence at board meetings through a proxy	Absence from board meetings	Absence from board meetings for two consecutive sessions	Presence at General Meeting of Shareholders
Guo Zhenyu	9	9				No	1
Zhou Kui	9		9			No	1
Gao Shaoyang	9	5	4			No	1
Zhang Mei	9	4	5			No	1
Ma Xiao	6	2	4			No	1
Zhou Wei	9	5	4			No	1
Li Zhiwei	9		7	2		No	1
Li Ning	9	6	2	1		No	1

Wang Ao	9	1	8			No	1
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Explanation on failure to attend board meetings for two consecutive sessions:

☐ Applicable ☒ N/A

8.3 Objections from Directors to Corporate Issues

Whether the directors had any objections to issues related to Botanee or not:

☐ Yes ☒ No

8.4 Other Information about the Activities of Directors

Whether the suggestions on Botanee proposed by directors were adopted or not:

☒ Yes ☐ No

9. Activities of Specialized Committees under the Board of Directors during the Reporting Period

Committee	Members	Number of meetings convened	Convened on	Topics deliberated on	Substantial opinions and suggestions	Other information	Objections (if any)
Strategy Committee	Jan. 1, 2023-Feb. 28, 2023: Mr. Guo Zhenyu, Mr. Zhou Kui, Mr. Gao Shaoyang, Mr. Dong Junzi, and Mr. Wang Ao; Feb. 28, 2023-now: Mr. Guo Zhenyu, Mr. Zhou Kui, Mr. Gao Shaoyang, Mr. Ma Xiao, and Mr. Wang Ao, of whom Mr. Guo Zhenyu is the Chairman (convener)	1	Mar. 23, 2023	2 proposals including the “Proposal on Botanee 2022 Social Responsibility”	Approved the 2 proposals	No	No
Audit Committee	Mr. Li Zhiwei, Mr. Wang Ao, and Mr. Li Ning, of whom Mr. Li Zhiwei is the Chairman (convener)	4	Mar. 24, 2023	9 proposals including the “Proposal on the Full Text and Summary of Botanee 2022 Annual Report”	Approved the 9 proposals	No	No
			Apr. 21, 2023	“Proposal on Botanee March Quarter 2023 Results”	Approved the proposals	No	No
			Aug. 24, 2023	3 proposals including the “Proposal on the Full Text and Summary of Botanee 2023 Semi-annual Report”	Approved the 3 proposals	No	No
			Oct. 24, 2023	“Proposal on Botanee September Quarter 2023 Results”	Approved the proposals	No	No
Remuneration	Mr. Wang Ao, Mr.	1	Mar. 23,	4 proposals including	Approved the 4	No	No

and Assessment Committee	Zhou Kui, and Mr. Li Ning, of whom Mr. Wang Ao is the Chairman (convener)		2023	the “Proposal on Remuneration Plan for Non-Independent Directors of the Second Board of Directors”	proposals		
Nomination Committee	Jan. 1, 2023-Feb. 28, 2023: Mr. Li Ning, Mr. Dong Junzi, and Mr. Li Zhiwei; Feb. 28, 2023-now: Mr. Li Ning, Mr. Ma Xiao, and Mr. Li Zhiwei, of whom Mr. Li Ning is the Chairman (convener)	1	Feb. 28, 2023	2 proposals including the “Proposal on Nominating Candidates of Non-Independent Directors of the Second Board of Directors”	Approved the 2 proposals	No	No

10. Activities of the Board of Supervisors

Whether the Board of Supervisors identified any risks within Botanee during the reporting period or not:

☐ Yes ☒ No

11. Employees

11.1 Employee Number, Functions, and Levels of Education Received

Number of in-service employees in Botanee at the end of the reporting period	481
Number of in-service employees in Botanee’s main subsidiaries at the end of the reporting period	3,371
Total number of in-service employees at the end of the reporting period	3,852
Total number of employees receiving remuneration during the current period	3,852
Number of retirees that receive remuneration from Botanee and its main subsidiaries retirement pension	1
Functions	
Function	Number of employees
Manufacturing	348
Marketing	2,601
R&D	498
Administration/management	405
Total	3,852
Levels of education received	
Level of education received	Number of employees
Doctor	17
Master	354
Bachelor and other	3,481
Total	3,852

11.2 Remuneration Policy

We implement a sustainable, competitive salary and welfare system created based on the Company's short-term, medium-term, and long-term goals as well as strategic planning. Our salary and welfare system, built on simplicity and scientificity, helps us attract and retain high-quality talents. We advocate comprehensive compensation, and give both material and spiritual incentives for employees.

Principles for remuneration: Our employee remuneration system, developed by Human Resources Management Center in strict accordance with the *Labor Law*, the *Labor Contract Law*, and other laws and regulations, has been deliberated on and approved by the management according to law and our *Articles of Association*. As stipulated in our *Rules of Procedure of Remuneration and Assessment Committee*, the remuneration system and remuneration plan for directors and senior management officers shall be formulated by the Remuneration Committee. The remuneration plan for directors formulated by the Remuneration Committee shall be submitted to the Board of Directors for deliberation and the General Meeting of Shareholders for approval, while that for senior management officers shall be directly submitted to the Board of Directors for deliberation and approval.

We give employees remuneration based on their position, personal abilities and performance within corresponding remuneration range. Employees' contributions to the Company are primarily reflected in their commitment to job responsibilities and pursuit of excellence. Their contributions are the basis for us to give them remuneration, thus ensuring fairness. Regarding welfare, we provide statutory benefits to employees in accordance with laws and regulations, and offer diversified welfare programs to them such as physical examinations, commercial insurance, and festival activities. We also run "Winona Fund" employee mutual aid program to provide financial support to those in need.

We review and evaluate our remuneration system both on a regular basis and ad hoc., and optimize it in the light of relevant factors such as market environment, industry conditions, and our actual operations.

11.3 Training Plan

Our talent development is boosted through online platform "Botanee Academy", with which our internal trainer team composed of middle and senior managers give on-the-job training, skills training, etc. to employees to stimulate their potential and empower their career development.

We implement a complete training system centering around Botanee Internal Training Program, Little Wolf Program for core talents, and New Apollo Program, with a view to cultivating talents at all levels for the Company in the light of our employment standards and Botanee Academy's competency model. The trainees are selected from fresh graduates at key universities and in-serve employees, who should have a high level of competence, share similar values with the Company, show strong willingness to pursue career growth, and possess strong learning abilities. They are trained through training, seminars, coaching, challenging tasks, and business practices to improve their knowledge, skills, and capabilities in an all-round manner.

Botanee Academy allows employees to learn massive online courses on such topics as business management, occupational improvement, and life knowledge bought or authorized by the Company at any time. It offers incentives such as learning points ranking to stimulate employees to keep improving themselves.

In addition, we further enrich our lecturer database and course database, and offer more diversified learning channels integrating online and offline forms. We uphold promoting training through training, and cultivating people through business practices to continually enhance employees' capabilities, thus supporting their career growth and skill improvement. We will further improve learning points ranking to stimulate employees' enthusiasm for learning and build a culture of continuous learning.

11.4 Labor Outsourcing

☐ Applicable ☒ N/A

During the reporting period, we conducted no significant labor outsourcing.

12. Profit Distribution and Share Issuance by Transferring Capital Reserve

Preparation, implementation or adjustment of profit distribution policy, especially cash dividend policy, during the reporting period:

☐ Applicable ☒ N/A

(1) During the reporting period, we did not launch a new profit distribution policy or adjust our current policy.

(2) Implementation of profit distribution policy during the reporting period: We held the 2022 General Meeting of Shareholders on May 17, 2023, at which shareholders deliberated on and approved the *Proposal on Botanee's Profit Distribution Plan for 2022*. According to the profit distribution plan, we should distribute CNY8.00 of cash dividend for every 10 shares to all shareholders based on 423,600,000 shares, namely CNY338.88 million in total. This plan has been fully executed before June 30, 2023.

Special statement on our cash dividend policy	
Compliance with our <i>Articles of Association</i> and resolutions of the General Meeting of Shareholders	Yes
Explicit and clear dividend distribution standard and ratio	Yes
Complete decision-making process and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Specific reasons for not distributing cash dividends and measures for enhancing investor returns	N/A
Minority shareholders were able to fully express their opinions and demands, and their legitimate rights and interests were fully protected	Yes
Compliant and transparent conditions and process in cash dividend policy adjustment or changes	N/A

Our profit distribution plan and plan on share issuance by transferring capital reserve for the reporting period were consistent with the relevant provisions of our *Articles of Association*, dividend management measures, etc.:

☒ Yes ☐ No ☐ N/A

Profit distribution and share issuance by transferring capital reserve for the reporting period:

Number of bonus shares per 10 shares (share)	
Dividends per 10 shares (CNY) (tax-included)	6.00
Additional shares converted from capital surplus for every 10 shares (share)	
Total shares as the basis for the preliminary plan for profit distribution	420,605,382
Total cash dividends (CNY) (tax-included)	252,363,229.20
Cash dividends in other forms (e.g.: share repurchase)	
Total cash dividends (including those in other forms)	252,363,229.20
Distributable profit (CNY)	1,988,181,888.41

Cash dividend policy adopted for the reporting period

Where the Company is at growth stage and has significant expenditure arrangements, cash dividends shall account for at least 20% of total distributable profit.

Details on the preliminary plan for profit distribution and share issuance by transferring capital reserve

According to relevant provisions of the *Company Law* and our Articles of Association, our profit distribution plan for 2022 was as follows: With 420,605,382 shares as the basis for profit distribution (423,600,000 total shares minus 2,994,618 shares repurchased through our special account for share repurchases), the Company shall distribute CNY6.00 of cash dividend (tax included) for every 10 shares to all shareholders, which represent a total cash dividend of CNY252.3632 million (tax included). In addition to aforementioned cash dividends, we did not implement distribution plan in other forms such as bonus shares or share issuance by transferring capital reserve. For example, between the date of disclosure of the distribution plan and the equity registration date for the implementation of equity distribution, our total share capital has the right to profit distribution changes (for example, the company's total share capital increases due to convertible bonds, share repurchases, equity incentive exercise, refinancing) If there are changes due to reasons such as the listing of shares), the profit distribution ratio will be adjusted accordingly based on the principle that the total distribution amount remains unchanged.

The above profit distribution plan conforms to the provisions of our *Articles of Association* and related review procedures, which fully protects the legitimate rights and interests of medium and small investors. Independent directors have expressed their independent opinions on it. The plan has been deliberated on and approved by the Board of Directors, and still needs to be submitted to the General Meeting of Shareholders for review.

The Company made profits and has obtained distributable profit for shareholders during the reporting period, but did not propose a preliminary plan for cash dividend distribution:

☐ Applicable ☒ N/A

13. Implementation of Any Equity Incentive Schemes, Employee Stock Ownership Schemes or Other Incentive Measures for Employees

☒ Applicable ☐ N/A

13.1 Equity Incentive Scheme

(1) Relevant approval procedures that have been completed for this incentive scheme

On March 28, 2023, the 6th Meeting of our Second Board of Directors 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*. 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 received 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 Stock 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 after this adjustment and issued verification opinions.

(2) Details of invalidation of some restricted stocks

1) Invalidated due to the resignation of incentive recipients

According to the provisions of our *2023 Restricted Stock Incentive Scheme*, if the labor relationship or employment relationship between the Company (including its holding subsidiaries) and incentive recipients expires, and the labor contract is not renewed or the employee voluntarily resigns, the restricted stocks that have been granted and vested will not be withdrawn, while the restricted stocks that have been granted but have not yet vested shall not be vested and will be invalidated.

Since among the first batch of employees covered by the restricted stock incentive scheme for 2023, 34 have resigned due to personal reasons and are no longer eligible to receive the incentive. Their total of 650,000 restricted shares that have been granted but have not yet vested shall not be vested, and will be invalidated.

2) Invalidated due to failure to meet company-level performance goal

The assessment years corresponding to the vesting of restricted stocks initially and reservedly granted under our 2023 restricted stock incentive scheme are three fiscal 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
1st vesting period	2023	Operating income growth in 2023 should not be lower than 28% compared with operating income 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 income growth in 2023 should not be lower than 61.28% compared with operating income in 2022, and net profit growth in 2023 should not be lower than 61.28% compared with net profit in 2022.
3rd vesting period	2025	Operating income growth in 2023 should not be lower than 100% compared with operating income in 2022, and net profit growth in 2023 should not be lower than 100% compared with net profit in 2022.

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

If the Company fails to meet performance target during each vesting period, all restricted stocks that can be vested by all incentive targets in the corresponding assessment year will not be vested and will be invalidated.

According to the *2023 Annual Audit Report (TianHengShen (2024) No. 01527)* produced by Talent Certified Public Accountants (Special General Partnership), Botanee achieved CNY5,522,168,300 of operating income and CNY756,795,000 of net profit in 2023, lower than performance goals set for the first vesting period. Since the Company did not achieve performance goal for the first vesting period of the restricted stocks granted under this incentive scheme, the 1.3785 million restricted shares that have been granted to 249 recipients but cannot be vested in the first vesting period would be invalidated.

In summary, after the invalidation, there were a total of 3.2165 million shares that have been granted to the 249 recipients but could not be vested.

Equity incentives for directors and senior management officers:

☐ Applicable ☒ N/A

At the end of the reporting period, our stock market price was CNY68.17 per share. In this incentive plan, our directors Zhou Wei and Zhang Mei, and senior management officer Wang Long were given a total of 161,000 restricted shares that had been granted but not yet vested.

13.2 Employee Stock Ownership Schemes

☐ Applicable ☒ N/A

13.3 Other Incentive Measures for Employees

☐ Applicable ☒ N/A

14. Establishment and Implementation of Internal Control Systems during the Reporting Period

14.1 Establishment and Implementation of Internal Control Systems

For details, please refer to the *2022 Self-evaluation Report on Internal Control by Yunnan Botanee Bio-Technology Group Co., Ltd.* disclosed by CNINFO (<http://www.cninfo.com.cn>).

14.2 Details about Major Defect in Internal Controls during the Reporting Period

☒ Yes ☒ No

15. Management and Control of Subsidiaries during the Reporting Period

At the end of the reporting period, our stock price was CNY68.17 per share. In this incentive plan, our directors Zhou Wei and Zhang Mei, and senior management officers Wang Long totaled a total of 161,000 restricted shares that had been granted but not yet vested.

16. Self-evaluation Report on Internal Controls or Internal Control Audit Report

16.1 Self-evaluation Report on Internal Controls

Disclosure date of the report		March 29, 2023
Index to the disclosed report		For details, please refer to the 2022 <i>Self-evaluation Report on Internal Controls by Yunnan Botanee Bio-Technology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
Percentage of the total assets of appraised entities in consolidated total assets		95.42%
Percentage of the operating revenue of appraised entities to consolidated operating revenue		98.11%
Defect identification standards		
Type	Financial-report-related	Non-financial-report-related
Qualitative standards	<p>(1) Major deficiencies: 1) Our directors, supervisors, and senior management officers committed fraudulent acts such as embezzlement, bribery, and misappropriation of public funds; 2) We failed to discover major accounting errors in previous years, and needs to correct submitted or disclosed financial reports; 3) Our certified public accountants found there was a major misstatement in the current financial report, but the internal control process failed to identify the misstatement; 4) The supervision of the Audit Committee on internal controls was invalid.</p> <p>(2) Significant deficiencies: 1) We did not select a proper accounting policy and apply it following generally accepted accounting principles; 2) We did not establish a control mechanism for accounting of unconventional or special transactions, or did not implement and did not have corresponding compensatory control; 3) We had one or more deficiencies in its control over the preparation of financial report at the end of the reporting period, and could not reasonably ensure that the prepared financial statements could achieve true and accurate objectives.</p> <p>(3) General deficiencies: other financial report-related internal control deficiencies, except for major deficiencies and significant deficiencies.</p>	<p>(1) Major deficiencies: 1) We lacked scientific decision-making procedures for decision-making on major issues, appointment and dismissal of personnel in important positions, investment decisions in major projects, use of large amounts of funds, and other decision-making procedures, thus resulting in major mistakes; 2) We seriously violates laws and administrative regulations, and were subject to major punishment; 3) Our development direction seriously deviated from strategic objectives. Our investment direction, business structure, business model, etc. did not support the realization of strategic objectives; 4) Major deficiencies in our internal controls were not effectively rectified.</p> <p>(2) Significant deficiencies: 1) Our decision-making procedures had serious deficiencies, which lead to serious mistakes; 2) Our directors, supervisors, and senior management officers violated internal management regulations and caused a large amount of losses; 3) Our development direction seriously deviated from strategic objectives, and investment direction, business structure, business model, etc. did not support the realization of strategic objectives to a large extent; 4) Important deficiencies in internal controls were not rectified.</p> <p>(3) General deficiencies: other non-financial report-related internal control deficiencies, except for major deficiencies and significant deficiencies.</p>
Quantitative standards	<p>(1) Major deficiencies: 1) The misstatement was greater than 8% of the total profit of audited consolidated statements in the last accounting year; 2) The misstatement was greater than 0.8% of the total assets of audited consolidated statements in the last accounting year; 3) The misstatement was greater than 1% of the total operating income of audited consolidated statements in the last accounting year.</p>	<p>(1) Major deficiencies: 1) The misstatement was greater than 8% of the total profit of audited consolidated statements in the last accounting year; 2) The misstatement was greater than 0.8% of the total assets of audited consolidated statements in the last accounting year; 3) The misstatement was greater than 1% of the total operating income of audited consolidated statements in the last accounting year.</p>

	<p>(2) Significant deficiencies: 1) The misstatement was between 4% and 8% of the total profit of audited consolidated statements in the last accounting year; 2) The misstatement was between 0.4% and 0.8% of the total assets of audited consolidated statements in the latest accounting year; 3) The misstatement was between 0.5% and 1% of the total operating income of audited consolidated statements in the last accounting year.</p> <p>(3) General deficiencies: 1) The misstatement was less than 4% of the total profit of audited consolidated statements in the last accounting year; 2) The misstatement was less than 0.4% of the total assets of audited consolidated statements in the last accounting year; 3) The misstatement was less than 0.5% of the total operating income of audited consolidated statements in the last accounting year.</p> <p>If a misstatement involved multiple indicators, the quantitative criteria shall be the lowest one.</p>	<p>(2) Significant deficiencies: 1) The misstatement was between 4% and 8% of the total profit of audited consolidated statements in the last accounting year; 2) The misstatement was between 0.4% and 0.8% of the total assets of audited consolidated statements in the last accounting year; 3) The misstatement was between 0.5% and 1% of the total operating income of audited consolidated statements in the last accounting year.</p> <p>(3) General deficiencies: 1) The misstatement was less than 4% of the total profit of audited consolidated statements in the last accounting year; 2) The misstatement was less than 0.4% of the total assets of audited consolidated statements in the last accounting year; 3) The misstatement was less than 0.5% of the total operating income of audited consolidated statements in the last accounting year.</p> <p>If a misstatement involved multiple indicators, the quantitative criteria shall be the lowest one.</p>
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16.2 Internal Control Audit Report or Verification Report

Internal control verification report:

☐ Yes ☒ No

Opinion paragraph in internal control verification report	
Shareholders of Yunnan Botanee Bio-Technology Group Co., Ltd.,:	
<p>We have been entrusted to verify the the effectiveness of internal controls related to the financial statements of Yunnan Botanee Bio-Technology Group Co., Ltd. (hereinafter referred to as “Botanee”) as of December 31, 2022 by its management team. It is the responsibility of Botanee’s management team to establish and improve internal controls, and maintain the effectiveness of internal controls, while our responsibility is to produce opinion on the effectiveness of Botanee’s internal controls.</p>	
<p>Our audit was conducted in accordance with the <i>Standards on Other Assurance Engagements for Certified Public Accountants of China No. 3101-Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i> and the <i>Guidance on Internal Controls Audit</i>. The above provisions require us to plan and implement our verification work, thus producing reasonable verification on whether there was material misstatement in Botanee’s explanation on the effectiveness of its internal controls. During the audit, we understood, tested and evaluated the rationality of its internal control design and effectiveness of implementation, and implemented other procedures that we deem necessary. We believe that our review provided a reasonable basis for our opinions.</p>	
<p>Internal controls have their inherently limitations, with a possibility that a misstatement may occur but not identified due to error or fraud. In addition, as changes in circumstances may lead to inappropriate internal controls or reduce the degree of compliance with control policies and procedures, it is to some extent risky to speculate on the effectiveness of future internal controls based on internal control evaluation results.</p>	
<p>In our opinion, Botanee has maintained effective internal controls over its financial statements in all material respects as of December 31, 2023 in accordance with the <i>Basic Standard for Enterprise Internal Control</i> and relevant standards.</p>	
<p>Talent Certified Public Accountants (Limited Liability Partnership)</p> <p>Nanjing, China</p> <p>April 24, 2024</p>	<p>Certified Public Accountant in China: Wu Ting</p> <p>Certified Public Accountant in China: Zhang Xuewen</p>
Disclosure of verification report on internal controls	Disclosed
Disclosure date of the internal control verification report	April 24, 2024
Disclosure index of the internal control verification report	For details, please refer to the <i>2023 Internal Control Verification Report of Yunnan Botanee Group Bio-Technology Group Co., Ltd.</i> disclosed by CNINFO (http://www.cninfo.com.cn).
Type of opinion in the internal control verification report	Standard unqualified

Whether there were major defects in non-financial reports	No
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Whether the accounting firm gave modified opinions in its internal control authentication report or not:

☐ Yes ☒ No

Consistency between the internal control authentication report produced by the accounting firm and the self-evaluation report produced by the Board of Directors:

☒ Yes ☐ No

17. Remediation of Problems Identified in Self-inspection in the Campaign on the Governance of Listed Companies

☐ Applicable ☒ N/A

Section V Environmental and Social Responsibility

1. Major Environmental Issues

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

☐ Yes ☒ No

Administrative penalties imposed for environmental problems during the reporting period:

☐ Applicable ☒ N/A

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 operation activities, and consciously fulfilled their social responsibilities for environmental protection. Botanee and its subsidiaries were not key pollutant discharging entities identified by environmental protection authority.

Measures taken to reduce carbon emissions during the reporting period and their effects:

☒ Applicable ☐ N/A

For details of other environmental information such as environment protection and carbon emission reduction measures taken by during the reporting period, please refer to the *2022 Social Responsibility Report & Environmental, Social, and Governance Report of Yunnan Botanee Bio-Technology Group Co., Ltd.* disclosed by CNINFO (<http://www.cninfo.com.cn>).

2. Corporate Social Responsibility

For details on our fulfillment of social responsibility during the reporting period, please refer to the *2022 Social Responsibility Report & Environmental, Social, and Governance Report of Yunnan Botanee Bio-Technology Group Co., Ltd.* disclosed by CNINFO (<http://www.cninfo.com.cn>).

3. Efforts in Consolidating and Expanding Achievements in Poverty Alleviation and Rural Revitalization

For details on our fulfillment of the responsibilities of consolidating and expanding the achievements of poverty alleviation and rural revitalization during the reporting period, please refer to the *2022 Social Responsibility Report & Environmental, Social, and Governance Report of Yunnan Botanee Bio-Technology Group Co., Ltd.* disclosed by CNINFO (<http://www.cninfo.com.cn>).

Section VI Significant Events

1. Performance of Undertakings

1.1 Undertakings of Botanee's Actual Controller, Shareholders, Related Parties and Acquirer, as well as the Company and Other Commitment Makers That Have Been Fulfilled During the Reporting Period or Were Ongoing as of the End of the Report 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	Ongoing
Undertakings made during initial public offering or refinancing	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 Nuona Technology 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, stock dividends, share issuance by transferring capital reserve, 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	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2026	Ongoing

			<p>controlling shareholder of Botanee, Nuona Technology is confident of the future development of Botanee, and will continue to be optimistic 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 share capital 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, stock dividends, 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 investors. If it reduces its shares in violation of the above commitments or mandatory provisions of the law, it promises that the proceeds from</p>			
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			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.			
Undertakings made during initial public offering or refinancing	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	Ongoing
Undertakings made during initial public offering or refinancing	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	<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"), 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;</p> <p>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;</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, stock dividends, share issuance by transferring capital reserve, 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 share 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.</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2026	Ongoing
Undertakings made during initial public offering or refinancing	Guo Zhenyu	Undertakings such as restricted sales arrangement, voluntary lockup of shares, the extension of lockup period, and shareholders' intention to hold and	<p>If I resign from the position of Botanee's director and senior management officers before the expiration of my term of office, within the term of office as determined at the time of appointment and within 6 months after the expiration of the term of office, I will abide by the following restrictive provisions:</p> <p>(1) The number of shares transferred by me each year shall not exceed 25% of the total number of</p>	Jun. 29, 2020	Long-term	Ongoing

		reduce shares	<p>Botanee's shares directly and indirectly held by me;</p> <p>(2) I shall not transfer Botanee's shares directly or indirectly held by me within half a year after leaving office;</p> <p>(3) Other provisions of laws, administrative regulations, departmental rules, normative documents and business rules of the Shenzhen Stock Exchange on the transfer of shares of directors, supervisors, and senior management officers.</p> <p>(4) The above undertakings will not be changed or invalidated due to my position change or resignation.</p>			
Undertakings made during initial public offering or refinancing	Yunnan Haqisheng	Undertaking of restricted sales arrangement	<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"), Yunnan Haqisheng 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 share.</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2024	Ongoing
Undertakings made during initial public offering or refinancing	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"), Yunnan Haqisheng 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, stock dividends, share issuance by transferring capital reserve, 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	Ongoing

Undertakings made during initial public offering or refinancing	Sequoia Juye	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 12 months from the date of Botanee's IPO and listing on the stock exchange, Sequoia Juye will not transfer or entrust others to manage Botanee's shares held by it before IPO, nor will Botanee repurchase such shares. In the case of changes in Botanee's shares held by Sequoia Juye issued before IPO due to Botanee's equity distribution and other reasons, Sequoia Juye will still abide by the above undertakings. It will faithfully fulfill the above undertakings and assume corresponding legal responsibilities;</p> <p>2. Shareholding intention: As the shareholder of Botanee, Sequoia Juye is confident of the future development of Botanee, and will continue to be optimistic about the future prospects of Botanee and the industry it is in;</p> <p>3. Intention of share capital reduction:</p> <p>(1) Sequoia Juye 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 share capital 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 Sequoia Juye reduces its direct or indirect holdings of Botanee's shares (if ex-rights and ex-dividends are conducted due to cash dividends, stock dividends, 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.</p> <p>(3) When Sequoia Juye reduces Botanee's shares issued before IPO held by it, it shall notify Botanee in writing in advance of the intention of its share capital reduction and the number of shares to be reduced if relevant current regulations and requirements on share capital reduction are met. Botanee shall make an announcement on the reduction</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2022	Undertakings during lockup period have been fulfilled, but other undertakings are still ongoing
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			<p>three trading days in advance, and abide by the <i>Provisions on the Reduction of Shares by Shareholders, Directors, Supervisors, and Senior Management Officers of Listed Companies</i> or relevant current regulations on the reduction of shares by shareholders of listed companies in performing procedures of notice, filing, announcement, etc., except when Sequoia Juye holds less than 5% of Botanee's shares;</p> <p>(4) If Sequoia Juye fails to fulfill the above undertakings, it agrees to bear legal liabilities arising from such undertakings.</p>			
Undertakings made during initial public offering or refinancing	Zhenli Consulting	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 12 months from the date of Botanee's IPO and listing on the stock exchange, Zhenli Consulting will not transfer or entrust others to manage Botanee's shares held by it before IPO, nor will Botanee repurchase such shares. In the case of changes in Botanee's shares held by Zhenli Consulting issued before IPO due to Botanee's equity distribution and other reasons, Zhenli Consulting will still abide by the above undertakings. Zhenli Consulting will faithfully fulfill the above undertakings and assume corresponding legal responsibilities;</p> <p>2. Shareholding intention: As the shareholder of Botanee, Zhenli Consulting is confident of the future development of Botanee, and will continue to be optimistic about the future prospects of Botanee and the industry it is in;</p> <p>3. Intention of share capital reduction:</p> <p>(1) Zhenli Consulting 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 Zhenli Consulting 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 share capital 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 Zhenli Consulting reduces its direct or indirect holdings of Botanee's shares (if ex-rights and ex-dividends are conducted due to cash dividends, stock dividends, share issuance by transferring capital reserve, additional issuance of shares, and other reasons,</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2022	Undertakings during lockup period have been fulfilled, but other undertakings are still ongoing

			<p>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.</p> <p>(3) When Zhenli Consulting reduces Botanee's shares issued before IPO held by it, Zhenli Consulting shall notify Botanee in writing in advance of the intention of its share capital reduction and the number of shares to be reduced if relevant current regulations and requirements on share capital reduction are met. Botanee shall make an announcement on the reduction three trading days in advance, and abide by the <i>Provisions on the Reduction of Shares by Shareholders, Directors, Supervisors, and Senior Management Officers of Listed Companies</i> or relevant current regulations on the reduction of shares by shareholders of listed companies in performing procedures of notice, filing, announcement, etc., except when Zhenli Consulting holds less than 5% of Botanee's shares;</p> <p>(4) If Zhenli Consulting 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 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.</p>			
Undertakings made during initial public offering or refinancing	Gao Shaoyang, Ma Xiao, Zhou Wei, Wang Long, and Dong Junzi	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 12 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;</p> <p>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;</p> <p>3. During the period from the listing of Botanee's shares to the reduction, if there are ex-rights and ex-dividend</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2022	Undertakings other than the price of share reduction have been fulfilled

			<p>such as dividend distribution, stock dividends, share issuance by transferring capital reserve, 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 me will be automatically extended for 6 months on the basis of original lockup period.</p> <p>5. If I resign from the position of Botanee's director and senior management officers before the expiration of my term of office, within the term of office as determined at the time of appointment and within 6 months after the expiration of the term of office, I will abide by the following restrictive provisions:</p> <p>(1) The number of shares transferred by me each year shall not exceed 25% of the total number of Botanee's shares directly and indirectly held by me;</p> <p>(2) I shall not transfer Botanee's shares directly or indirectly held by me within half a year after leaving office;</p> <p>(3) Other provisions of laws, administrative regulations, departmental rules, normative documents and business rules of the Shenzhen Stock Exchange on the transfer of shares of directors, supervisors, and senior management officers.</p> <p>6. The above undertakings will not be changed or invalidated due to my position change or resignation.</p>			
Undertakings made during initial public offering or refinancing	Yu Shiru, Li Lei, and Yang Zurong	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 12 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;</p> <p>2. 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, stock dividends, share issuance by transferring capital reserve, and allotment of shares, the lower limit of reserve price and the number of shares for reduction shall be adjusted accordingly;</p> <p>3. If I resign from the position of Botanee's director and senior</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2022	Undertakings other than the price of share reduction have been fulfilled

			<p>management officers before the expiration of my term of office, within the term of office as determined at the time of appointment and within 6 months after the expiration of the term of office, I will abide by the following restrictive provisions:</p> <p>(1) The number of shares transferred by me each year shall not exceed 25% of the total number of Botanee's shares directly and indirectly held by me;</p> <p>(2) I shall not transfer Botanee's shares directly or indirectly held by me within half a year after leaving office;</p> <p>(3) Other provisions of laws, administrative regulations, departmental rules, normative documents and business rules of the Shenzhen Stock Exchange on the transfer of shares of directors, supervisors, and senior management officers.</p> <p>4. The above undertakings will not be changed or invalidated due to my position change or resignation.</p>			
Undertakings made during initial public offering or refinancing	Botanee	Measures and undertakings for stabilizing stock price	<p>1. Botanee's repurchase of shares for the purpose of stabilizing stock price shall comply with the provisions of relevant laws and regulations, and shall not cause the Company's equity distribution to fail to meet listing requirements;</p> <p>2. In the case of any situation that Botanee should start the contingency plan for stabilizing stock price, it shall start decision-making procedures within 2 working days after receiving the notice, notify creditors, and perform filing procedures according to law according to the resolution of the General Meeting of Shareholders. Botanee will repurchase shares by means of centralized bidding, offer, etc. on the stock exchange where it is listed. After the implementation of the repurchase plan, Botanee shall announce its share change within 2 working days, cancel the repurchased shares according to law within 10 days, and file the share change with industrial and commercial authority;</p> <p>3. The repurchase proposal shall be approved by the Board of Directors and the General Meeting of Shareholders, of which more than 2/3 of shareholders present at the General Meeting of Shareholders must approve it. Botanee's directors (excluding independent directors) promise to vote in favor of the Board of Directors on such repurchase, while controlling shareholder and the actual controller promise to vote in favor of the repurchase at the General Meeting of Shareholders;</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2024	Ongoing

			<p>4. Botanee will repurchase its public shares through the stock exchange's trading system within 30 trading days from the date of announcement of the repurchase plan, and the repurchase price shall not be higher than its audited net assets per share at the end of the previous year. If it repurchases shares by offer, the offer price shall not be lower than the arithmetic average of the daily weighted average price of such shares 30 trading days before the announcement of the repurchase report and shall not be lower than its latest audited net assets per share. If Botanee repurchases shares by centralized bidding, the repurchase price shall not be higher than the trading limit of its shares on the day of repurchase;</p> <p>5. When Botanee implements the proposal of stabilizing stock price, the fund to be used shall be self-raised.</p> <p>6. In addition to the requirements of relevant laws and regulations, the following requirements shall also be met:</p> <p>(1) The total amount of funds used by Botanee to repurchase shares shall not exceed the total amount of funds raised by it through IPO;</p> <p>(2) The amount of funds used to repurchase shares at a single time shall not be higher than 10% of the audited net profit attributable to shareholders of the parent company in the previous accounting year;</p> <p>(3) The total amount of repurchase funds used to stabilize stock price in a single accounting year shall not exceed 30% of the audited net profit attributable to shareholders of the parent company in the previous accounting year;</p> <p>7. If the amount exceeds the above standard, relevant measures for stabilizing stock price will not be implemented in the current year. But if stock price still needs to be stabilized in the next year, Botanee will continue to implement the contingency plan in accordance with the above principles.</p>			
Undertakings made during initial public offering or refinancing	Guo Zhenyu, and Kevin Guo	Measures and undertakings for stabilizing stock price	<p>1. The increase of shares held by the controlling shareholder and actual controller for the purpose of stabilizing stock price shall comply with the <i>Measures for the Administration of Takeover of Listed Companies</i> and other relevant laws and regulations, and shall not cause Botanee's equity distribution to fail to meet listing requirements;</p> <p>2. In the case of any situation that Botanee needs to start the contingency plan for stabilizing stock price, the controlling shareholder and actual</p>	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2024	Ongoing

			<p>controller shall start internal decision-making procedures within 2 working days after receiving notice. Botanee shall announce in writing whether it has a specific plan for share increase, and make an announcement. It shall disclose such information as the quantity range, price range, total amount, and completion time of proposed increase. After going through relevant formalities, the shareholding increase plan shall be initiated within 2 trading days. After implementing the plan, Botanee shall announce its share change within 2 working days;</p> <p>3. The controlling shareholder and the actual controller shall meet the following requirements when implementing the proposal of stock price stabilization:</p> <p>(1) The total amount of funds used by Botanee's controlling shareholder and actual controller to increase their holdings at a single time shall not exceed 30% of the Company's cash dividends in the previous year, and the total amount of funds used for increasing their holdings in the current year shall not exceed 60% of the cash dividends in the previous year. If the above standards are exceeded, the relevant stock price stabilization measures will not continue to be implemented in the current year. However, if the stock price still needs to be stabilized in the next year, Botanee will continue to implement the stock price stabilization plan in accordance with the above principles;</p> <p>(2) The total single increase of Botanee's controlling shareholder and actual controller shall not exceed 2% of the Company's total share capital, and the cumulative increase proportion within 12 consecutive months shall not exceed 5% of Botanee's total shares;</p> <p>(3) Botanee's controlling shareholder and actual controller will increase their holdings of the Company's public shares through stock exchange trading system within 30 trading days from the date of announcement of the shareholding increase plan. The increase price will not be higher than the Company's audited net assets per share at the end of the previous year, and the increased shares shall not be sold within 6 months after the completion of the shareholding increase.</p>			
Undertakings made during initial public offering or refinancing	Gao Shaoyang, Ma Xiao, Zhou Wei, Wang Long, and Dong Junzi	Measures and undertakings for stabilizing stock price	1. Non-independent directors and senior management who hold office at Botanee and receive remuneration from it shall increase their shares for the purpose of stabilizing stock price, which shall comply with the conditions and requirements of laws and	Jun. 29, 2020	Jun. 29, 2020 - Mar. 24, 2024	Ongoing

			<p>regulations such as the <i>Measures for the Administration of Turnover of Listed Companies</i> and the <i>Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and Related Changes</i>. Furthermore, the increase of shares should not cause the distribution of Botanee's equity to fail to meet listing requirements;</p> <p>2. In the case of any situation that Botanee needs to start the contingency plan for stabilizing stock price, non-independent directors and senior management officers who hold office in the Company and receive remuneration from it shall notify the Company in writing of whether they have a specific plan to increase their holding of shares within 2 working days after receiving notice, and the Company shall make an announcement to disclose such information as the quantity range, price range, total amount, completion time of proposed increase. After going through relevant formalities according to law, the shareholding increase plan shall be started within 2 trading days. After the shareholding increase plan is completed, the Company shall announce the share change report within two working days.</p> <p>3. Non-independent directors and senior management who hold office in the Company and receive remuneration from it shall acquire publicly held shares of the Company through stock exchange trading system within 30 trading days from the date of announcement of the shareholding increase plan. The price shall not exceed Botanee's audited net assets per share at the end of the previous year, and the acquired shares shall not be sold within 6 months after the completion of share increase.</p> <p>4. When conducting share price stabilization, non-independent directors and senior management officers who hold office in the Company and receive remuneration from it shall not use cash for shareholding increase that exceed 30% of their annual cash remuneration and dividends received from the Company (after-tax) for a single increase, and the funds used for shareholding increase in a year shall not exceed their annual cash remuneration received in the previous year. If the above standards are exceeded, relevant share price stabilization measures will be stopped in the current year. But the share price still needs to be stabilized in the next year, the Company will continue to implement the share price stabilization</p>			
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			<p>plan in accordance with the above principles;</p> <p>5. Non-independent directors and senior management officers who hold office in the Company and receive remuneration from it shall sign relevant commitments in accordance with the plan for stabilizing stock price and relevant measures. Within 3 years after the Company is listed, the Company will urge newly elected or appointed directors (excluding independent directors and directors who do not hold office in the Company and receive remuneration from it) and senior management officers to sign relevant commitments in accordance with the provisions of the share price stabilization plan and related measures.</p>			
Undertakings made during initial public offering or refinancing	Botanee	Measures and undertakings for share repurchase and buy-back	<p>1. If Botanee triggers the plan to stabilize its stock price after listing, it will repurchase its shares in accordance with the <i>Measures and Undertakings for Stabilizing Stock Price</i>;</p> <p>2. If securities regulatory authority or other competent authorities identify falsehoods, misleading statements or major omissions in the <i>Prospectus for the Initial Public Offering of Shares of Yunnan Botanee Bio- Technology Group Co., Ltd. and Listing on the Growth Enterprise Market</i>, and such falsehoods, misleading statements or major omissions have a significant and substantial impact on judging whether the Company complies with the conditions for initial public offering and listing stipulated by laws, regulations and normative documents, Botanee will perform the obligation of share repurchase in accordance with the <i>Share Repurchase and Share Buy-back Commitment for Fraudulent Issuance and Listing</i>.</p>	Jun. 29, 2020	Long-term	Ongoing
Undertakings made during initial public offering or refinancing	Nuona Technology	Measures and undertakings for share repurchase and buy-back	<p>1. If Botanee triggers the plan to stabilize its stock price after listing, Nuona Technology will repurchase its shares in accordance with the <i>Measures and Undertakings for Stabilizing Stock Price</i>;</p> <p>2. If securities regulatory authority or other competent authorities identify falsehoods, misleading statements or major omissions in the <i>Prospectus for the Initial Public Offering of Shares of Yunnan Botanee Bio- Technology Group Co., Ltd. and Listing on the Growth Enterprise Market</i>, and such falsehoods, misleading statements or major omissions have a significant and substantial impact on judging whether the Company complies with the conditions for initial public offering and listing stipulated by laws, regulations and normative documents, Nuona Technology will perform the obligation of share repurchase in</p>	Jun. 29, 2020	Long-term	Ongoing

			accordance with the <i>Share Repurchase and Share Buy-back Commitment for Fraudulent Issuance and Listing</i> .			
Undertakings made during initial public offering or refinancing	Guo Zhenyu, and Kevin Guo	Measures and undertakings for share repurchase and buy-back	<p>1. If the Company triggers a plan to stabilize the Company's share price after listing, I will increase my shareholding in accordance with the <i>Measures and Commitments for Share Price Stabilization</i>;</p> <p>2. If securities regulatory authority or other competent authorities identify falsehoods, misleading statements or major omissions in the <i>Prospectus for the Initial Public Offering of Shares of Yunnan Botanee Bio-Technology Group Co., Ltd. and Listing on the Growth Enterprise Market</i>, and such falsehoods, misleading statements or major omissions have a significant and substantial impact on judging whether the Company complies with the conditions for initial public offering and listing stipulated by laws, regulations and normative documents, I will perform the obligation of share repurchase in accordance with the <i>Share Repurchase and Share Buy-back Commitment for Fraudulent Issuance and Listing</i>.</p>	Jun. 29, 2020	Long-term	Ongoing
Undertakings made during initial public offering or refinancing	Gao Shaoyang, Ma Xiao, Zhou Wei, Wang Long, and Dong Junzi	Measures and undertakings for stabilizing stock price	1. If Botanee triggers the plan to stabilize its stock price after listing, non-independent directors and senior management officers who hold office in the Company and receive remuneration from it shall repurchase shares in accordance with the <i>Measures and Undertakings for Stabilizing Stock Price</i> ;	Jun. 29, 2020	Mar. 24, 2024	Ongoing
Undertakings made during initial public offering or refinancing	Botanee	Measures and undertakings for share repurchase and buy-back	<p>1. Botanee promises that there are no falsehoods, misleading statements or major omissions in the prospectus of this offering and listing, and bears individual and joint legal liabilities for the authenticity, accuracy and completeness of the prospectus;</p> <p>2. If securities regulatory authority or other competent authority identify falsehoods, misleading statements or major omissions in the prospectus which have a significant and substantial impact on judging whether Botanee complies with the requirements for initial public offering and listing stipulated by laws, regulations and normative documents, Botanee promises to repurchase all new IPO shares in the following manner according to law. The specific measures are as follows:</p> <p>(1) Under the circumstances permitted by law, if the above circumstances occur during the period when the new shares of Botanee's IPO have been issued but are not listed for trading, Botanee will repurchase all its IPO shares from online winning investors and offline placing investors at the issue price plus the interest on deposits</p>	Jun. 29, 2020	Long-term	Ongoing

			<p>in the bank for the same period within 30 working days from the date when the securities regulatory authority or other competent departments determine that the Company has the above circumstances;</p> <p>(2) Under the circumstances permitted by law, if the above-mentioned circumstances occur after Botanee's IPO shares have been listed and traded, the securities regulatory authority or other competent departments shall formulate a share repurchase plan within 5 working days from the date when the Company is determined to have the above-mentioned circumstances and submit it to the General Meeting of Shareholders for deliberation and approval. Botanee will repurchase all its IPO shares through the trading system of Shenzhen Stock Exchange. The repurchase price will be determined on the basis of the issue price and with reference to relevant market factors. In the case of ex-rights and ex-dividends such as dividend distribution, stock dividends and share issuance by transferring capital reserve after the listing of the Company, the above repurchase price shall be adjusted accordingly.</p>			
Undertakings made during initial public offering or refinancing	Nuona Technology	Share repurchase and buy-back undertakings for fraudulent issuance and listing	<p>1. Nuona Technology guarantees that the contents of Botanee's prospectus for this offering are true, accurate and complete;</p> <p>2. Nuona Technology has carefully reviewed Botanee's prospectus for this offering, confirmed that there are no falsehoods, misleading statements or major omissions, and promises that:</p> <p>(1) If there are falsehoods, misleading statements or major omissions in the prospectus of this public offering of shares which have a significant and substantial impact on judging whether Botanee meets the issuance conditions stipulated by law, Nuona Technology will repurchase the old shares (if any) that have been publicly offered by it at the time of IPO according to law, and the repurchase price will be based on the issue price (if dividend distribution, share distribution, capital reserve conversion to share capital and other ex-rights and ex-dividend matters occur during this period of the Company's shares, the issue price shall be adjusted accordingly) and determined by adding bank deposit interest for the same period, and shall be implemented in accordance with the procedures stipulated in relevant laws, regulations and Botanee's <i>Articles of Association</i>. When implementing the repurchase of the above shares, if there are other provisions stipulated in laws,</p>	Jun. 29, 2020	Long-term	Ongoing

			<p>regulations and the <i>Articles of Association</i>, such provisions shall prevail;</p> <p>(2) Nuona Technology agrees to use the cash dividends enjoyed by it in the profit distribution plan of the current year or subsequent years as the performance guarantee. If it fails to perform the above repurchase obligation, Botanee's shares held by it shall not be transferred.</p>			
Undertakings made during initial public offering or refinancing	Guo Zhenyu, and Kevin Guo	Share repurchase and buy-back undertakings for fraudulent issuance and listing	<p>1. I guarantee that the contents of Botanee's prospectus for this offering are true, accurate and complete;</p> <p>2. I have carefully reviewed Botanee's prospectus for this offering, confirmed that there are no falsehoods, misleading statements or major omissions, and promises that:</p> <p>(1) If there are falsehoods, misleading statements or major omissions in the prospectus of this public offering of shares which have a significant and substantial impact on judging whether Botanee meets the issuance conditions stipulated by law, I will repurchase the old shares (if any) that have been publicly offered by it at the time of IPO according to law, and the repurchase price will be based on the issue price (if dividend distribution, share distribution, capital reserve conversion to share capital and other ex-rights and ex-dividend matters occur during this period of the Company's shares, the issue price shall be adjusted accordingly) and determined by adding bank deposit interest for the same period, and shall be implemented in accordance with the procedures stipulated in relevant laws, regulations and Botanee's <i>Articles of Association</i>. When implementing the repurchase of the above shares, if there are other provisions stipulated in laws, regulations and the <i>Articles of Association</i>, such provisions shall prevail;</p> <p>(2) I agree to use the cash dividends enjoyed by it in the profit distribution plan of the current year or subsequent years as the performance guarantee. If I fail to perform the above repurchase obligation, Botanee's shares held by me shall not be transferred.</p>	Jun. 29, 2020	Long-term	Ongoing
Undertakings made during initial public offering or refinancing	Nuona Technology, Guo Zhenyu, and Kevin Guo	Measures and undertakings for filling diluted spot return	<p>1. Nuona Technology/I do not interfere with Botanee's operation and management activities beyond authority, encroach on Botanee's interests, transfer benefits to other organizations or individuals free of charge or under unfair conditions, or harm Botanee's interests in other ways;</p> <p>2. The remuneration system formulated by the Board of Directors</p>	Jun. 29, 2020	Long-term	Ongoing

			<p>or the Remuneration and Assessment Committee is linked to the implementation of Botanee's remedial and return measures;</p> <p>3. If Botanee subsequently introduces equity incentive policies (if any), the exercise conditions of its equity incentive to be announced are linked to the implementation of its remedial and return measures;</p> <p>4. After the date of issuance of this commitment, if the China Securities Regulatory Commission and the Shenzhen Stock Exchange make new regulatory provisions on remedial measures and commitments, and the above commitments cannot meet their requirements, the Enterprise/I promise that we will issue supplementary commitments in accordance with their latest regulations;</p> <p>5. If Nuona Technology/I violate such commitments or refuse to fulfill the commitments, Nuona Technology/I voluntarily accept relevant punishment or management measures imposed by the China Securities Regulatory Commission, Shenzhen Stock Exchange, and other securities regulatory authorities on Nuona Technology/I according to law. Nuona Technology/I am willing to bear the liability for compensation according to the law if Nuona Technology/I violate such commitments and cause losses to Botanee or its shareholders.</p>			
Undertakings made during initial public offering or refinancing	Botanee	Measures and undertakings for filling diluted spot return	<p>Botanee will take the following measures to make up for the diluted shareholder returns due to this offering and listing:</p> <p>1. Strengthen the management of proceeds, improve the use efficiency of proceeds, and accelerate the construction of projects invested by proceeds. The project invested by proceeds by this offering and listing closely focuses on the Company's main business and conforms to relevant national industrial policies. After the project is completed and put into production, it is conducive to improving the Company's technical level, expanding the production scale, increasing market share, enhancing the Company's profitability, and enhancing its core competitiveness and sustainable development ability. After the completion of this offering and listing, Botanee will strictly manage the use of the proceeds in accordance with the <i>Company Law</i>, the <i>Securities Law</i> and other laws and regulations, normative documents and the requirements of its <i>Measures for the Administration of Proceeds</i> to ensure the full and effective use of the proceeds. At the same time, Botanee</p>	Jun. 29, 2020	Long-term	Ongoing

			<p>will actively promote the construction and implementation of the investment project of the proceeds according to the promised use and amount of the proceeds, so as to realize the project income as soon as possible and safeguard the interests of all its shareholders. After the proceeds by this offering and listing are received, the Company will accelerate the investment and construction of the investment projects with proceeds, fully mobilize its resources in procurement, production, sales and comprehensive management, complete the construction of the investment projects in a timely and efficient manner, ensure the timely arrival of personnel in all aspects, and provide sufficient and comprehensive skills training for newly introduced personnel. And through active market development and good communication with customers, Botanee ensures the smooth connection with the market after the production line is put into production. Through all-round promotion measures, strive to make projects invested by proceeds reach production as soon as possible and achieve expected benefits;</p> <p>2. Comprehensively improve Botanee's management level, improve the efficiency of fund use, improve its operation efficiency, strengthen budget management, control its various expenses, improve the efficiency of fund use, and comprehensively and effectively control its operation and management risks, thus improving operating efficiency and profitability. In addition, Botanee will improve the salary and incentive mechanism, introduce outstanding talents in the market, maximize the enthusiasm of employees, and tap the creativity and potential motivation of employees. Through the above measures, the Company will comprehensively improve its operational efficiency, reduce costs and improve its business performance;</p> <p>2. Strengthen the return mechanism of investors: According to the relevant regulations and regulatory requirements of the China Securities Regulatory Commission, Botanee has formulated the applicable articles of association (draft) after listing, further clarified and improved the principles and methods of profit distribution, the specific conditions and proportions of profit distribution, especially cash dividends, the distribution conditions and proportions of stock dividends, and improved the decision-making procedures and mechanisms of profit distribution and the decision-making procedures of profit distribution policy</p>			
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			<p>adjustment;</p> <p>4. Botanee has also formulated the <i>Dividend Return Plan of Yunnan Botanee Bio-Technology Group Co., Ltd. for the Next Three Years (2020-2022)</i> after listing. It made specific arrangements for profit distribution for three years after issuance and listing. The Company will maintain the continuity and stability of profit distribution policies, attach importance to the reasonable return on investment for investors, strengthen the protection of the rights and interests of investors, and take into account the overall interests of all shareholders and its sustainable development.</p> <p>5. Other methods: Botanee promises to continue to supplement, revise, improve and implement various systems for the protection of the rights and interests of its investors in the future in accordance with the specific rules and requirements issued by the China Securities Regulatory Commission, the Shenzhen Stock Exchange and other regulatory agencies, and with reference to the common practices of listed companies. The above measures are the guarantee measures for the effective use of the proceeds by Botanee for this offering and listing and the measures to prevent the risk of diluted spot return from this offering and listing, and do not represent the guarantee made by it for future profits.</p>			
Undertakings made during initial public offering or refinancing	Nuona Technology, Guo Zhenyu, and Kevin Guo	Measures and undertakings for filling diluted spot return	<p>1. Nuona Technology/I do not interfere with Botanee's operation and management activities beyond authority, encroach on Botanee's interests, transfer benefits to other organizations or individuals free of charge or under unfair conditions, or harm Botanee's interests in other ways;</p> <p>2. The remuneration system formulated by the Board of Directors or the Remuneration and Assessment Committee is linked to the implementation of Botanee's remedial and return measures;</p> <p>3. If Botanee subsequently introduces equity incentive policies (if any), the exercise conditions of its equity incentive to be announced are linked to the implementation of its remedial and return measures;</p> <p>4. After the date of issuance of this commitment, if the China Securities Regulatory Commission and the Shenzhen Stock Exchange make new regulatory provisions on remedial measures and commitments, and the above commitments cannot meet their requirements, the Enterprise/I promise that we will issue supplementary commitments in accordance with their</p>	June 29, 2020	Long-term	Ongoing

			<p>latest regulations;</p> <p>5. If Nuona Technology/I violate such commitments or refuse to fulfill the commitments, Nuona Technology/I voluntarily accept relevant punishment or management measures imposed by the China Securities Regulatory Commission, Shenzhen Stock Exchange, and other securities regulatory authorities on Nuona Technology/I according to law. Nuona Technology/I am willing to bear the liability for compensation according to the law if Nuona Technology/I violate such commitments and cause losses to Botanee or its shareholders.</p>			
Undertakings made during initial public offering or refinancing	Gao Shaoyang, Ma Xiao, Zhou Wei, Wang Long, and Dong Junzi	Measures and undertakings for filling diluted spot return	<p>1. As a director/senior management officer of Botanee, I will not transfer benefits to other organizations or individuals free of charge or on unfair conditions, nor damage the interests of the Company in other ways;</p> <p>2. I restrict my position-related consumption as a director/senior management officer of Botanee. The position-related consumption refers to incurred by the Company's director/senior management officer during the performance of their work duties and borne by the Company;</p> <p>3. I do not use Botanee's assets to engage in investment and consumption activities unrelated to the performance of duties;</p> <p>4. The remuneration system formulated by the Board of Directors or the Remuneration and Assessment Committee is linked to the implementation of Botanee's remedial measures;</p> <p>5. If Botanee subsequently introduces equity incentive policies (if any), then the exercise conditions of its equity incentive to be announced shall be linked to the implementation of its remedial and return measures;</p> <p>6. After the date of issuance of this commitment, if the China Securities Regulatory Commission and Shenzhen Stock Exchange make new regulatory provisions on remedial and return measures and commitments, and the above commitments cannot meet their requirements, I promise that I will issue a supplementary commitment in accordance with their latest regulations;</p> <p>7. If I violate such commitment or refuse to fulfill the commitment, I voluntarily assume corresponding responsibilities in accordance with the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange.</p>	June 29, 2020	Long-term	Ongoing
Undertakings made during initial public offering or	Botanee	Undertaking on profit distribution policy	Botanee's <i>Articles of Association (Draft)</i> has been deliberated on and approved at the Second Extraordinary	Jun. 29, 2020	Long-term	Ongoing

refinancing			<p>General Meeting of Shareholders in 2020, and Botanee made the following undertakings on profit distribution policy and other matters:</p> <p>1. Principles of profit distribution: Botanee implements an active profit distribution policy, attaches importance to the reasonable return on investment to shareholders, and maintains continuity and stability while taking into account its long-term interests, the overall interests of all shareholders and its sustainable development. It may distribute profits in the form of cash or shares, and cash dividends are preferred. The profit distribution shall not exceed the scope of accumulated distributable profits, and shall not damage the Company's sustainable operation ability. Botanee's Board of Directors, Board of Supervisors and the General Meeting of Shareholders should fully take into account the opinions of independent directors, external supervisors and public investors when making decisions and justifications for profit distribution policies. Botanee shall distribute profits at least once a year, and the accumulated distributed profits for every three consecutive years shall not be less than 30% of the average annual distributable profits realized in the last three years (the above financial indicators are calculated according to the standard of the parent company);</p> <p>2. Ways of profit distribution: Botanee can distribute dividends through cash, stocks or cash-stock combination, and can carry out interim dividends if conditions permit;</p> <p>3. Differentiated cash dividend policy:</p> <p>(1) The Board of Directors shall comprehensively consider the characteristics of the industry, its development stage, its business model, profitability and whether there are major capital expenditure arrangements, distinguish the following situations, and propose differentiated cash dividend policies in accordance with the procedures stipulated in the Company's Articles of Association of:</p> <p>(a) If Botanee's development is mature and there is no major capital expenditure arrangement, the proportion of cash dividends in this profit distribution shall be at least 80%;</p> <p>(b) If Botanee is in the mature stage of development and there are major capital expenditure arrangements, the proportion of cash dividends to this profit distribution shall be at least 40% during profit distribution;</p> <p>(c) If Botanee is in growth stage and there are major capital expenditure</p>			
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			<p>arrangements, the proportion of cash dividends to this profit distribution shall be at least 20% during profit distribution;</p> <p>(2) Specific conditions and proportion of cash dividends:</p> <p>(a) Botanee's profits in the current year and accumulated undistributed profits are positive, and the Company can continue to operate and develop for a longtime;</p> <p>(b) Botanee has no significant investment plan or significant cash expenditure. On the premise of meeting the above conditions, its profit distribution shall not exceed the scope of accumulated distributable profits, and the profits distributed in cash in a single year shall not be less than 10% of the distributable profits realized in the current year (the above financial indicators are calculated according to the standard of the parent company). Under the condition that Botanee has real and reasonable factors such as growth and dilution of net assets per share, it can distribute profits by stock dividends.</p> <p>3. Major investment plans or major cash expenditures refer to one of the following situations:</p> <p>(1) Botanee's cumulative expenditure on foreign investment, assets acquisition or equipment purchase in the next 12 months reaches or exceeds 50% of its latest audited net assets and exceeds CNY 50 million;</p> <p>(2) Botanee's cumulative expenditure on foreign investment, assets acquisition or equipment purchase in the next 12 months reaches or exceeds 30% of its latest audited total assets;</p> <p>(3) The net cash flow generated from Botanee's operating activities in the current year is less than 20% of its distributable profits realized in the current year;</p> <p>(4) Other circumstances stipulated by the China Securities Regulatory Commission or the Shenzhen Stock Exchange. Major investment plans or major cash expenditures that meet the above conditions shall be submitted to the General Meeting of Shareholders for deliberation and approval after being reviewed by the Board of Directors.</p> <p>4. Adjustment of profit distribution policy: Botanee shall strictly implement the cash dividend policy determined in the Articles of Association and the specific cash dividend plan reviewed and approved by the General Meeting of Shareholders. When Botanee really needs to adjust the cash dividend</p>			
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			<p>policy stipulated in the Articles of Association according to its production and operation needs, investment planning and long-term development, or there are major changes in its external business environment, the Board of Directors shall fully demonstrate the feasibility of adjusting or changing the profit distribution policy, and submit it to the General Meeting of Shareholders for approval after forming a special resolution. The deliberation at the General Meeting of Shareholders shall be approved by more than 2/3 of the voting rights held by the shareholders (including shareholder's proxies) attending the meeting. Independent directors shall express independent opinions on this matter, and the Board of Supervisors shall also express opinions on this matter. When Botanee proposes to adjust the profit distribution policy, it shall take the interests of shareholders as the starting point, pay attention to the protection of the interests of shareholders, and specify the reasons for the adjustment in the proposal submitted to the General Meeting of Shareholders. The adjusted profit distribution policy shall not violate the relevant provisions of the China Securities Regulatory Commission and the stock exchanges.</p> <p>5. Implementation of profit distribution: The Board of Directors shall complete the distribution of dividends (or shares) within 2 months after the approval of the General Meeting of Shareholders. In the case of illegal occupation of the funds by any shareholder, Botanee will deduct the cash dividend to be distributed to that shareholder to repay the occupied funds.</p>			
Undertakings made during initial public offering or refinancing	Botanee	Undertaking to assume compensation liabilities	<p>1. Botanee promises that there are no falsehoods, misleading statements or major omissions in its prospectus for this offering and listing, and it shall bear individual and joint legal liabilities for the authenticity, accuracy and completeness of the prospectus;</p> <p>2. If there are falsehoods, misleading statements or major omissions in the prospectus which result in losses to investors in the securities trading of Botanee's shares, Botanee will compensate investors for their losses according to law. The specific measures are as follows: After the China Securities Regulatory Commission and the Shenzhen Stock Exchange make a formal decision on administrative penalty to Botanee and verify that Botanee has committed the above illegal acts, Botanee will let public investors who file a claim to register related formation, and pay compensation in time after verifying</p>	Jun. 29, 2020	Long-term	Ongoing

			their qualification and the amount of losses suffered by them.			
Undertakings made during initial public offering or refinancing	Nuona Technology	Undertaking to assume compensation liabilities	<p>1. Nuona Technology guarantees that the contents of Botanee's prospectus for this offering are true, accurate and complete;</p> <p>2. Nuona Technology has carefully reviewed Botanee's prospectus for this offering, confirmed that there are no falsehoods, misleading statements or major omissions, and promise that:</p> <p>(1) If investors suffer losses in securities trading due to falsehoods, misleading statements or major omissions in the prospectus of Botanee's public offering of shares, Nuona Technology will compensate them for the losses according to law;</p> <p>(2) Nuona Technology agrees to use cash dividends enjoyed by it in Botanee's profit distribution plan for the current year or subsequent years as performance guarantee. If Nuona Technology fails to perform the above compensation obligations, Botanee's shares held by it shall not be transferred.</p>	Jun. 29, 2020	Long-term	Ongoing
Undertakings made during initial public offering or refinancing	Guo Zhenyu, and Kevin Guo	Undertaking to assume compensation liabilities	<p>1. I guarantee that the contents of Botanee's prospectus for this offering are true, accurate and complete;</p> <p>2. I have carefully reviewed Botanee's prospectus for this offering, confirmed that there are no falsehoods, misleading statements or major omissions, and promise that:</p> <p>(1) If investors suffer losses in securities trading due to falsehoods, misleading statements or major omissions in the prospectus of Botanee's public offering of shares, I will compensate them for the losses according to law;</p> <p>(2) I agree to use cash dividends enjoyed by me in Botanee's profit distribution plan for the current year or subsequent years as performance guarantee. If I fail to perform the above compensation obligations, Botanee's shares held by me shall not be transferred.</p>	Jun. 29, 2020	Long-term	Ongoing
Undertakings made during initial public offering or refinancing	Gao Shaoyang, Ma Xiao, Zhou Wei, Wang Long, and Dong Junzi	Undertaking to assume compensation liabilities	<p>1. I guarantee that the contents of Botanee's prospectus for this offering are true, accurate and complete;</p> <p>2. I have carefully reviewed Botanee's prospectus for this offering, confirmed that there are no falsehoods, misleading statements or major omissions, and promise that if the China Securities Regulatory Commission, Shenzhen Stock Exchange or judicial authorities identify falsehoods, misleading statements or major omissions in the prospectus which result in actual losses to investors in securities trading, I will compensate investors for the losses</p>	Jun. 29, 2020	Long-term	Ongoing

			according to law.			
Undertakings made during initial public offering or refinancing	Nuona Technology, Guo Zhenyu, and Kevin Guo	Undertaking to avoid horizontal competition	<p>1. I/Nuona Technology currently is not engaged in the same main business as the issuer, and there will be no direct or indirect horizontal competition with the issuer. In the future, I/Nuona Technology will not engage in any form of business activities that are the same or similar to the issuer's existing main business and related products, including horizontal competition with the issuer in the form of investments, acquisitions, mergers or other economic organizations that have the same or similar to the issuer's existing main business and related products.</p> <p>2. The enterprises that I/Nuona Technology currently or will invest in or control in the future are not engaged in the same main business as the issuer, and do not compete directly or indirectly with the issuer. If the enterprises controlled by me/Nuona Technology intend to conduct the same main business as the issuer, I/Nuona Technology will exercise the right of veto to ensure that there is no direct or indirect horizontal competition with the issuer.</p> <p>3. If there are business opportunities related to the issuer's main business, I/Nuona Technology will give priority to transfer or introduce it to the issuer. For projects that the issuer has already constructed or plans to invest in, I/Nuona Technology will avoid being identical or similar to the issuer in terms of investment direction and project selection, and will not compete with the issuer in the same industry to safeguard the interests of the issuer. If the rights and interests of the issuer are damaged due to violation of the above commitments by myself/our company and other companies controlled by me/Nuona Technology, I/Nuona Technology will bear corresponding liability for compensation in accordance with the law.</p>	Mar. 20, 2020	Long-term	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.					

1.2 Where Any Earnings Forecast Was Made for Any of Botanee's Assets Or Projects and the Reporting Period Is Still Within the Forecast Period, Botanee Shall Explain Whether the Performance of the Asset or Project Reaches the Earnings Forecast and Why

☐ Applicable ☒ N/A

2. 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 *Special Audit Report on the Summary of Non-operating Fund Occupation and Other Related Fund Transactions of Yunnan Botanee Bio-Technology Group Co., Ltd. in 2023* disclosed by CNINFO (<http://www.cninfo.com.cn>).

3. Illegal Provision of Guarantees for External Parties

☐ Applicable ☒ N/A

During the reporting period, the Company has no illegal foreign guarantees.

4. Explanation of the Board of Directors Regarding the Last "Non-standard Audit Opinion"

☐ Applicable ☒ N/A

5. Explanation by the Board of Directors, Supervisory Committee, and Independent Directors (If Any) Regarding "Non-standard Audit Opinion" for the Reporting Period

☐ Applicable ☒ N/A

6. Changes in Accounting Policies and Accounting Estimates as Compared to the Financial Report for the Prior Year, as well as Correction of Material Accounting Errors

☐ Applicable ☒ N/A

7. Reason for Changes in Consolidated Financial Statements as Compared with Financial Report for the Prior Year

☒ Applicable ☐ N/A

For details, please refer to "43. Changes in Significant Accounting Policies and Accounting Estimates" in item 5 "Changes in the Scope of Consolidation" under Section X of this report.

8. Engagement and Disengagement of CPA Firm

Name of the domestic CPA firm	Talent Certified Public Accountants (Special General Partnership)
Botanee's payment to the domestic CPA firm	CNY 2 million

Consecutive years of the audit service provided by the domestic CPA firm	7
Names of the certified public accountants from the domestic CPA firm	Wu Ting, and Zhang Xuewen
Consecutive years of the audit service provided by the certified public accountants from the domestic CPA firm	1 years, 2 years
Name of the overseas CPA firm (if any)	N/A
Botanee's payment to the overseas CPA firm (if any)	N/A
Consecutive years of the audit service provided by the overseas CPA firm (if any)	N/A
Names of the certified public accountants from the overseas CPA firm (if any)	N/A
Consecutive years of the audit service provided by the certified public accountants from the overseas CPA firm (if any)	N/A

Whether the CPA firm was changed in the current period or not:

☐ Yes ☒ No

Engagement of any CPA firm for internal control audit, financial advisor or sponsor:

☐ Applicable ☒ N/A

9. Possibility of Delisting after Disclosure of this Report

☐ Applicable ☒ N/A

10. Bankruptcy and Reorganization

☐ Applicable ☒ N/A

11. Material Litigation and Arbitration

☐ Applicable ☒ N/A

12. Punishments and Rectifications

☐ Applicable ☒ N/A

13. Credit Conditions of Botanee as well as Its Controlling Shareholder and Actual Controller

☐ Applicable ☒ N/A

14. Significant Related Transactions

14.1 Continuing Related Transactions

☐ Applicable ☒ N/A

14.2 Related Transactions Regarding Purchase or Sales of Assets or Equity Interests

☐ Applicable ☒ N/A

14.3 Related Transactions Arising from Joint Investments in External Parties☐ Applicable ☒ N/A**14.4 Credits and Liabilities with Related Parties**☐ Applicable ☒ N/A**14.5 Transactions with Related Finance Companies**☐ Applicable ☒ N/A**14.6 Transactions between Finance Companies Controlled by the Company and Related Parties**☐ Applicable ☒ N/A**14.7 Other Significant Related Transactions**☒ Applicable ☐ N/A

Botanee held the 2nd Meeting of the Second Board of Directors on June 29, 2022, at which directors deliberated on and approved the *Proposal on Investments in Cooperation 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 own funds. The share of this investment in Sequoia Fund will be confirmed according to final actual fundraising. As of the end of the reporting period, Botanee has paid CNY180 million.

Inquiries on the website where the interim report of major related transactions was disclosed:

Name of interim announcement	Disclosure date of interim announcement	Website for interim bulletin
<i>Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on Cooperation with Professional Investment Institutions and Related Transactions</i>	October 23, 2023	CNINFO (http://www.cninfo.com.cn)

15. Significant Contracts and Their Execution**15.1 Trusteeship, Contracting, and Leasing****(1) Trusteeship**☐ Applicable ☒ N/A**(2) Contracting**☐ Applicable ☒ N/A

(3) Leasing

☒ Applicable ☐ N/A

Description:

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

15.2 Major Guarantees

☐ Applicable ☒ N/A

15.3 Entrusted Cash Management**(1) Entrusted Wealth Management**

(2)

☒ Applicable ☐ N/A

Overview of entrusted wealth management during the reporting period:

Unit: CNY

Category	Source of fund entrusted for management	Amount of entrusted fund	Outstanding balance	Overdue irrecoverable amount	Impairment provision for overdue unrecovered fund
Financial products from bank	Self-owned fund	1,170,000,000	373,987,200		
Financial products from bank	Raised fund	490,000,000			
Financial products from securities traders	Self-owned fund	680,000,000	551,662,300		
Financial products from securities traders	Raised fund	790,000,000	536,871,400		
Trust-based financial products	Self-owned fund	154,000,000	85,835,800		
Total		3,284,000,000	1,548,356,700		

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 fund:

☐ Applicable ☒ N/A

(2) Entrusted loans

☐ Applicable ☒ N/A

15.4 Other Significant Contracts

☐ Applicable ☒ N/A

16. Other Significant Events

☒ Applicable ☐ N/A

For details, please refer to “4. Other Related Parties” in item 14 “Related Parties and Transactions with Them” under Section X of this report.

17. Significant Events of Subsidiaries

☐ Applicable ☒ N/A

Section VII Changes in Shares and Information about Shareholders

1. Changes in Shares

1.1 Changes in Shares

Unit: share

	Before			Increase (+)/decrease (-) in this change				After	
	Quantity	Percentage	New issue	Bonus shares	Share issuance by transferring capital reserve	Miscellaneous	Subtotal	Quantity	Scale
1. Restricted shares	206,206,289	48.68%						206,206,289	48.68%
1.1 Shares held by the state									
1.2 Shares held by state-owned corporations									
1.3 Shares held by other domestic investors	206,206,289	48.68%						206,206,289	48.68%
Among which: shares held by domestic corporations	206,206,289	48.68%						206,206,289	48.68%
Shares held by domestic individuals									
1.4 Shares held by foreign investors									
Among which: shares held by foreign corporations									
Shares held by foreign individuals									
2. Non-restricted shares	217,393,711	51.32%						217,393,711	51.32%
2.1 CNY common shares	217,393,711	51.32%						217,393,711	51.32%
2.2 Domestically listed foreign shares									
2.3 Overseas listed foreign shares									
2.4 Other									
3. Total shares	423,600,000	100.00%						43,600,000	100.00%

Reasons for the changes in shares:

☐ Applicable ☒ N/A

Approval of of the changes in shares:

☐ Applicable ☒ N/A

Transfer for share ownership:

☐ Applicable ☒ N/A

Effects of changes in shares on basic EPS, diluted EPS, net assets per share attributable to common 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

1.2 Changes in Restricted Shares

☒ Applicable ☐ N/A

Unit: share

Shareholder	Restricted shares as at the beginning of the period	Increase in current period	Unlocked 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 (note)
Yunnan Haqisheng	10,993,678			10,993,678	Shares issued before IPO	Mar. 25, 2024 (note)
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* (announcement No.: 2024-008) disclosed by CNINFO (<http://www.cninfo.com.cn>).

2. Issuance and Listing of Securities

2.1 Issuance of Securities (Excluding Preferred Shares) in the Reporting Period

☐ Applicable ☒ N/A

2.2 Changes in Our Total Shares and Shareholder Structure, as well as Asset and Liability Structures

☐ Applicable ☒ N/A

2.3 Existing staff-held shares

☐ Applicable ☒ N/A

3. Shareholders and Actual Controller

3.1 Total Number of Shareholders and Their Shareholdings

Unit: share

Ordinary shareholders as of the end of the reporting period	36,678	Ordinary shareholders as at the end of the month before the disclosure of the annual report	34,356	Preferred shareholders whose voting rights have been resumed at the end of the reporting period (if any) (see note 9)		Preferred shareholders whose voting rights have been resumed at the end of the month before the disclosure of the annual report (if any) (see note 9)		Shareholders holding special voting shares (if any)	
Shareholders holding more than 5% our shares or top 10 shareholders (excluding shares loaned through refinancing)									
Shareholder	Nature of shareholder	Shareholding proportion	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 unrestricted shareholdings	Pledged, marked or frozen shares		
							Status of shares	Quantity	
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	-6,314,300		27,685,934	N/A		
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.94%	12,463,299	3,315,352		12,463,299	N/A		
Yunnan Haqisheng	Domestic non-state-owned corporation	2.60%	10,993,678		10,993,678		N/A		
Xiamen Chonglou Yunshui Investment Partnership (Limited Partnership)	Domestic non-state-owned corporation	1.88%	7,959,753	-4,730,573		7,959,753	N/A		
Kuwait Investment Authority	Overseas legal person	1.02%	4,330,337	4,330,337		4,330,337	N/A		
National Social Security Fund 504 Portfolio	Other	0.49%	2,068,475	816,930		2,068,475	N/A		
China Taiping General Insurance Co., Ltd.-Traditional-General Insurance Products	Other	0.39%	1,634,939	1,084,966		1,634,939	N/A		
Industrial and Commercial Bank of China Co., Ltd.-E Fund GEM Traded Open-End Index Securities Investment Fund	Other	0.36%	1,507,481	841,100		1,507,481	N/A		
Status of the strategic investor or general legal person becoming one of top 10 shareholders due to equity offering (if any) (see note 4)	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 action in concert 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 10 shareholders (if any) (see Note 10)	As of December 31, 2023, the number of unrestricted shares held by Botanee's repurchase special securities account was 1,539,500 shares, which accounted for approximately 0.36% of the Company's issued CNY ordinary shares at the end of the reporting period.		
Shareholdings of top ten shareholders without trading limited condition			
Shareholder	Number of shares not subject to trading restriction as at the end of reporting period	Types of shares	
		Types of shares	Quantity
Sequoia Juye	61,763,257	CNY common shares	61,763,257
Zhenli Consulting	27,685,934	CNY common shares	27,685,934
Hong Kong Securities Clearing Company Limited	12,463,299	CNY common shares	12,463,299
Xiamen Chonglou Yunshui Investment Partnership (Limited Partnership)	7,959,753	CNY common shares	7,959,753
Kuwait Investment Authority	4,330,337	CNY common shares	4,330,337
National Social Security Fund 504 Portfolio	2,068,475	CNY common shares	2,068,475
China Taiping General Insurance Co., Ltd.-Traditional-General Insurance Products	1,634,939	CNY common shares	1,634,939
Industrial and Commercial Bank of China Co., Ltd.-E Fund GEM Traded Open-End Index Securities Investment Fund	1,507,481	CNY common shares	1,507,481
China Life Insurance Company Limited - Dividends - Personal Dividends - 005LFH002 Shanghai	1,326,617	CNY common shares	1,326,617
Industrial and Commercial Bank of China Co., Ltd.-Rongtong Health Industry Flexible Allocation Hybrid Securities Investment Fund	1,250,000	CNY common shares	1,250,000
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	No connected relationship or action in concert among top 10 unrestricted tradable shareholders, and between top 10 unrestricted tradable shareholders and top 10 shareholders are known to us.		
Description of shareholders participating in securities margin trading (if any) (see Note 5)	N/A		

Top 10 shareholders involved in refinancing shares lending

☐ Applicable ☒ N/A

Changes in top 10 shareholders compared with the previous period:

☐ Applicable ☒ N/A

Differential voting rights arrangements:

☐ Applicable ☒ N/A

Whether any of our top 10 common shareholders or top 10 non-restricted common shareholders conducted any promissory repurchase during the reporting period or not:

☐ Yes ☒ No

2. Controlling Shareholder

Nature of the controlling shareholder: foreign-controlled

Type of the controlling shareholder: corporation

Name	Legal representative/ person in charge	Date of establishment	Organization code	Main businesses
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Nuona Technology	Guo Zhenyu	May 30, 2012	91530000597114966B	Information technology services, technical consultation; enterprise management consultation (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).
Equity of other domestic and foreign listed companies controlled and equity participation by the controlling shareholder during the reporting period		N/A.		

Change in controlling shareholder in the reporting period

☐ Applicable ☒ N/A

3. Actual controller and its Acting-in-concert Parties

Nature of the actual controller: overseas natural person

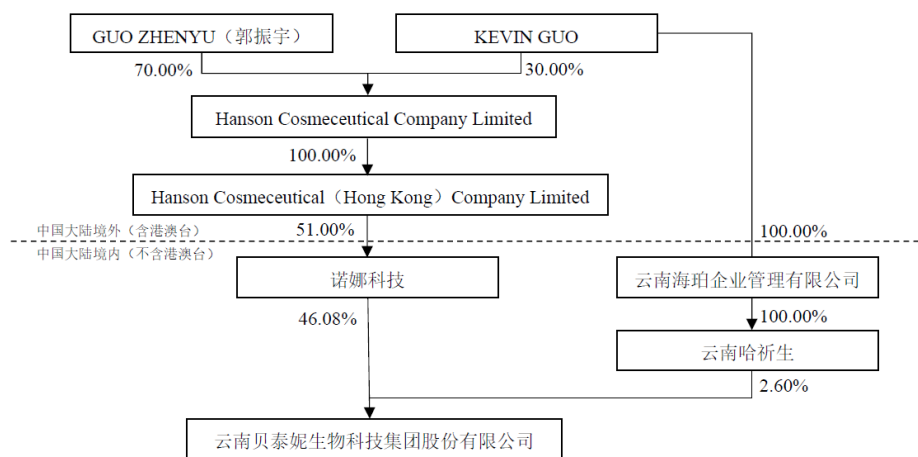
Type of the actual controller: natural person

Name of actual controller	Relation with actual controller	Nationality	Right of residence in other countries or regions acquired or not
Guo Zhenyu	In person	Canada	Yes
Kevin Guo	In person	Dual nationality of Canada and the United States	Yes
Main occupation and title	Guo Zhenyu is the Chairman and General Manager of the Company. Kevin Guo does not hold any position in the Company and its subsidiaries at all levels.		
Domestic and foreign listed companies held thereby in the past 10 years	N/A.		

Change of the actual controller during the reporting period:

☐ Applicable ☒ N/A

Block diagram of property right and control relationship between the Company and its actual controller



The actual controller controls the Company via trust or other ways of asset management:

☐ Applicable ☒ N/A

4. 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

5. Other Corporate Shareholders with a Shareholding Percentage above 10%

☒ Applicable ☐ N/A

Name of corporate shareholder	Legal representative/ person in charge	Date of establishment	Registered Capital	Major operation and management activities
Sequoia Juye	Shanghai Zhexuan Investment Center (Limited Partnership)	Dec. 3, 2010	CNY2,784,800,000	Engage in investment in unlisted enterprises, investment in non-publicly issued shares of listed companies and related consulting services (items subject to approval according to law shall be operated only after relevant approvals are obtained from relevant departments).

6. Limits on the Company's Shares Held by Its Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Subjects

☐ Applicable ☒ N/A

IV. Share Repurchases during the Reporting Period

Progress in the implementation of share repurchase

☒ Applicable ☐ N/A

Disclosure date of the scheme	Number of shares to be	As a percentage of	Amount to be used	Repurchase period	Purpose	Number of shares	Shares repurchased as a percentage of
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	repurchased	the total share capital				repurchased	the total target number of the equity incentive scheme (if any)
Oct. 30, 2023	Calculated based on the lower limit of the repurchase amount of CNY200 million and the upper limit of the repurchase price of CNY130 per share, the number of repurchases is approximately 1,538,461 shares, and the proportion of repurchased shares accounts for approximately 0.3632% of our total share capital. Based on the amount of this repurchase, the upper limit is CNY300 million and the upper limit of the repurchase price is CNY130 per share. The number of repurchases is approximately 2,307,692 shares, and the proportion of repurchased shares accounts for approximately 0.5448% of the Company's total share capital. The specific number of shares repurchased shall be based on the actual number of shares repurchased when the repurchase period expires or the repurchase is terminated.			Within 12 months from the date we held the 10th Meeting of the Second Board of Directors on August 30, 2023 to deliberate on and approve the repurchase plan	Note 1	1,539,500	0.00%

Note 1: Based on confidence in Botanee's future development and recognition of its value, in order to effectively safeguard the interests of shareholders, enhance investor confidence, and at the same time improve the Company's long-term incentive mechanism, fully mobilize the enthusiasm of employees, and effectively combine the interests of shareholders, the Company and employees are closely integrated. In accordance with relevant laws and regulations, we plan to repurchase our shares through centralized bidding transactions, and all repurchased shares will be used to implement equity incentive plans or employee stock ownership plans. For details, please refer to the *Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on the First Repurchase of Its Shares* (announcement number: 2023-069) and the *Announcement of Yunnan Botanee Bio-Technology Group Co., Ltd. on Adjusting the First Repurchase of Its Shares* (announcement number: 2023-068) disclosed by CNINFO (<http://www.cninfo.com.cn>).

Progress of any repurchased share reduction through centralized price bidding:

☐ Applicable ☒ N/A

Section VIII Preference Shares

☐ Applicable ☒ N/A

Section IX Bonds

☐ Applicable ☒ N/A

Section X Financial Report

1. Auditor's Report

Type of the auditor's opinion	Unqualified opinion
Signing date of the auditor's report	April 24, 2024
Name of the auditor	Talent Certified Public Accountants (Special General Partnership)
No. of the auditor's report	THSZ (2024) No. 01527
Names of certified public accountants	Wu Ting, and Zhang Xuewen

Text of the auditor's report

Shareholders of Yunnan Botanee Bio-Technology Group Co., Ltd.,

1. Audit Opinion

We have audited the financial statements of Yunnan Botanee Bio-Technology Group Co., Ltd. (hereinafter referred to as "Botanee" or the "Company"), including Consolidated and Parent Company's Balance Sheets as of December 31, 2023, as well as Consolidated and Parent Company's Income Statements, Consolidated and Parent Company's Cash Flow Statements, Consolidated and Parent Company's Statements of Changes in Owners' Equity, and Notes to Financial Statements for the year then ended.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the Consolidated and Parent Company's financial position as at December 31, 2023, and the Consolidated and Parent Company's financial performance and cash flows for the year then ended.

2. Basis for Audit Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. The section in the Auditor's Report titled "CPAs' Responsibilities for the Audit of the Financial Statements" further describes our responsibilities under these standards. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Key Audit Matters

Key audit matters are, in our professional judgment, the most important matters to the audit of Botanee's financial statements for the year 2023. To respond to these matters, we audited the financial statements overall and issued audit opinions. We do not express any opinions on these matters separately.

(1) Revenue Calculation

i. Description

As described in Financial Statements V.41 "Operating Revenue" below, Botanee's operating revenue in 2023 amounted to CNY5,522,168,300. As a main source of profits, operating revenue affects key performance indicators. There is a big risk of misstatement. Therefore, we consider the authenticity, accuracy and cut-off of revenue as key audit matters.

ii. Audit Methods

- 1) Understand the internal control mechanism for sales and payment collection, test and evaluate the design and implementation of the internal control mechanism for revenue recognition, and evaluate the compliance of revenue recognition policies with accounting standards;
- 2) Analyze revenue with analysis software to determine whether changes in revenue and gross profit margin are reasonable;
- 3) Check more details, such as contracts or orders with major customers, receipt forms, etc., to verify whether revenue recognition is consistent with the accounting policies disclosed;
- 4) Check the order records of online stores in the information system and analyze such records in terms of concentration degree, average customer transaction, etc.; Verify the authenticity of transactions and identities of major customers for the distribution and consignment businesses by sending confirmation letters or checking capital flow and vouchers;
- 5) Audit corresponding accounts receivable, check the transaction amount and balance of accounts receivable at the end of the reporting period with major customers through confirmation letters to verify whether the revenue and accounts receivable are accurate;
- 6) Understand change and refund policies, estimated refund calculation sheet, etc., and check whether the estimated change and refund rate is reasonable; check change and refund data after the inspection period, and compare with estimated change and refund data;
- 7) Perform cut-off testing on revenue to verify whether revenue recognition is conducted in the appropriate accounting period.

(2) Inventory Balance and Provision for Inventory Impairment

i. Description

As described in Financial Statements V.8 below, the book balance of Botanee's inventory on December 31, 2023 was CNY930,609,400, and the balance of the provision for inventory impairment was CNY26,196,100. Therefore, Botanee had a sufficient inventory balance at the end of the reporting period. Botanee's inventory was calculated at the lower of the cost or the net realizable value. The provision for inventory impairment was calculated based on the difference between the cost of an individual inventory/category of inventory over the net realizable value. When confirming the net realizable value of a product, we find that the selling price is related to the remaining validity period of the product and the inventory status. As cosmetics are upgraded quickly, there may be risks of slow sales and inaccurate calculation of the provision for inventory impairment. In addition, when calculating the provision for inventory impairment, we have to consider the judgment of Botanee's management (hereinafter referred to as the "management") to determine the net realizable value. Therefore, we take the availability and accuracy of the inventory at the end of the reporting period as a key audit matter.

ii. Audit Methods

- 1) Understand internal control mechanisms for inventory purchasing, production, warehousing, delivery, etc., and test the design and implementation of the internal control mechanisms;

2) For inventory: Understand and check all warehouse bills of materials and inventory counting records, and sample-monitor the inventory to verify whether there are unsalable, gone-bad or damaged products; For the goods stored off-site: Random-check the inventory of major off-site warehouses at the end of the reporting period;

3) Understand Botanee's calculation of inventory impairment, evaluate whether the management's estimate (the provision for inventory impairment) is reasonable, and re-calculate the provision for inventory impairment.

4. Other Information

The management is responsible for other information. Other information comprises the information included in the Company's Annual Report of 2022, but does not include the financial statements and our audit report thereon.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit on the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Based on the work that we have executed, we should report the fact in case of determining the material misstatement of other information. In this regard, we have nothing to report.

5. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management shall be responsible for preparing financial statements that present fairly the data in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing and maintaining the internal controls as the Management deems necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparation of the financial statement, the management is responsible for assessing the going concern ability of Botanee, disclosing the going concern related items (if applicable) and applying going concern assumptions, unless otherwise the management plans to liquidate, stop operation or it has no other practical choice.

Those charged with governance (hereinafter referred to as "the Governance") of Botanee are responsible for overseeing Botanee's financial reporting process.

6. CPAs' Responsibility for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards can always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users would take on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism in carrying out our audit in accordance with the Auditing Standards. At the same time, we also:

- (1) Identify and assess risks of material misstatement of financial statements due to fraud or errors, design and implement audit procedures to address these risks, and obtain adequate and appropriate audit evidence as a basis for issuing audit opinions. The risk of failing to detect a material misstatement due to fraud is higher than that of failing to detect a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or overriding of internal control;
- (2) Understand audit-related internal control in order to design appropriate audit procedures, but not for the purpose of expressing opinions on the effectiveness of internal control;
- (3) Evaluate the appropriateness of the Management's selection of accounting policies and the rationality of accounting estimates as well as related disclosures;
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting. conclude, based on the audit evidence obtained, whether a material uncertainty exists related to any events or conditions that cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Audit Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on information available as of the date of the Audit Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including disclosure), structure and content of the financial statements, and whether the financial statements provide a fair representation of the underlying transactions and events;
- (6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in the Company to express an audit opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the group audit, and assume all responsibilities for our opinion.

We communicate with the Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

We have determined which matters are the most important to audit the financial statement in the current period from the matter which has been communicated with the Governance, therefore, these matters form the key audit matters. We described these matters in our auditor's report, except in those cases where public disclosure of such matters is prohibited by law or regulation, or in those rare cases where we determine not to communicate with the Governance about a matter in our auditor's report if we reasonably expect that the adverse consequences of communicating about such matter in our auditor's report would outweigh the benefits in the public interest.

Talent Certified Public Accountants (Limited Liability
Partnership) Nanjing, China

April 24, 2024

Certified Public Accountant of China: Wu Ting
(Project Partner)

Certified Public Accountant of China: Zhang Xuewen

2. Financial Statements

All amounts are presented in CNY.

2.1 Consolidated Balance Sheet

Prepared by: Yunnan Botanee Bio-Technology Group Co., Ltd.

December 31, 2023

Unit: CNY

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash at bank and on hand	2,091,459,861.58	2,514,295,715.26
Settlement reserves		
Loans to banks and other financial institutions		
Financial assets held for trading	1,238,356,707.34	1,433,635,489.84
Derivative financial assets		
Notes receivable	24,502,124.46	
Accounts receivable	561,761,929.57	270,089,761.85
Receivables financing	156,659,263.78	238,668,244.17
Advances to suppliers	69,279,116.38	41,609,862.79
Premiums receivable		
Reinsurance premium receivable		
Reinsurance contract reserves receivable		
Other accounts receivable	29,748,433.09	20,097,625.25
Including: interest receivable		
Dividends receivable		
Financial assets purchased under agreement store sell		
Inventories	904,413,283.67	670,748,124.06
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		
Other current assets	446,396,252.76	525,887,794.13
Total current assets	5,522,576,972.63	5,715,032,617.35
Non-current assets:		
Disbursement of loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		

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Long-term equity investment	212,015,151.15	82,775,998.70
Investment in other equity instruments		
Other non-current financial assets	86,449,823.00	
Investment real estates	9,021,481.56	9,475,142.28
Fixed assets	667,204,436.83	206,366,629.61
Projects under construction	40,220,147.41	349,466,401.13
Productive biological assets		
Oil and gas assets		
Right-of-use assets	100,712,614.93	109,530,667.35
Intangible assets	193,108,638.64	77,944,697.40
Development expenditures		
Goodwill	413,740,760.61	
Long-term deferred expenses	93,317,644.84	66,734,195.17
Deferred income tax assets	93,131,250.45	52,118,603.26
Other non-current assets	75,431,420.74	50,155,670.77
Total non-current assets	1,984,353,370.16	1,004,568,005.67
Total assets	7,506,930,342.79	6,719,600,623.02
Current liabilities:		
Short-term borrowings	103,816,588.60	
Borrowings from the central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	67,562,710.23	61,550,650.47
Accounts payable	334,370,604.40	310,822,793.59
Advances from customers		
Contract liabilities	50,053,638.68	58,115,645.49
Financial assets sold under agreements to repurchase		
Customer bank deposits and due to banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee compensation payable	106,452,763.55	104,336,591.10
Taxes payable	132,117,765.46	119,410,385.90
Other payables	449,282,195.16	272,333,824.39
Including: interests payable		
Dividends payable	4,305.04	1,171,873.24
Handling charges and commission payable		
Reinsurance premium payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	42,102,294.00	62,415,988.59
Other current liabilities	5,455,465.77	2,880,738.99

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Total current liabilities	1,291,214,025.85	991,866,618.52
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	4,700,000.00	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	63,283,532.61	50,945,268.73
Long-term payables	8,600,000.00	10,500,000.00
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	82,862,738.40	55,574,589.18
Deferred tax liabilities	40,452,457.50	8,364,830.43
Other non-current liabilities		
Total non-current liabilities	199,898,728.51	125,384,688.34
Total liabilities	1,491,112,754.36	1,117,251,306.86
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 shares	109,838,205.82	
Other comprehensive incomes	47,153.49	-205.63
Special reserves		
Surplus reserve	211,081,299.10	211,081,299.10
General risk provision		
Undistributed profit	2,490,099,439.21	2,072,184,431.65
Total owners' equity attributable to the parent company	5,860,994,371.02	5,552,870,210.16
Minority interest	154,823,217.41	49,479,106.00
Total owners' equity	6,015,817,588.43	5,602,349,316.16
Total liabilities and owners' equity	7,506,930,342.79	6,719,600,623.02

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

2.2 Balance Sheet of Parent Company

Unit: CNY

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash at bank and on hand	1,180,715,275.53	1,719,036,581.75
Financial assets held for trading	1,179,764,123.27	1,218,089,952.18
Derivative financial assets		
Notes receivable		

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Accounts receivable	665,045,992.28	544,097,038.46
Receivables financing	44,170,011.64	70,766,599.81
Advances to suppliers	34,878,652.76	27,970,405.21
Other accounts receivable	740,235,643.20	28,624,227.84
Including: interest receivable		
Dividends receivable	169,335.03	1,219,704.81
Inventories	751,485,442.43	646,256,536.04
Contract assets		
Held-for-sale assets		
Current portion of non-current assets		
Other current assets	360,559,949.32	503,641,150.71
Total current assets	4,956,855,090.43	4,758,482,492.00
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	481,799,055.23	531,799,055.23
Investment in other equity instruments		
Other non-current financial assets	56,449,823.00	
Investment real estates		
Fixed assets	503,133,909.42	110,087,336.76
Projects under construction	26,309,191.66	339,435,650.45
Productive biological assets		
Oil and gas assets		
Right-of-use assets	6,083,132.11	34,541,034.33
Intangible assets	68,101,744.02	64,311,765.95
Development expenditures		
Goodwill		
Long-term deferred expenses	14,275,088.24	8,415,929.21
Deferred income tax assets	9,502,667.43	7,801,855.71
Other non-current assets	45,998,901.86	30,091,998.90
Total non-current assets	1,211,653,512.97	1,126,484,626.54
Total assets	6,168,508,603.40	5,884,967,118.54
Current liabilities:		
Short-term borrowings		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	67,562,710.23	61,550,650.47
Accounts payable	294,405,487.35	273,534,578.42
Advances from customers		
Contract liabilities	24,019,507.89	23,646,408.70
Employee compensation payable	11,147,886.56	14,147,048.86

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Taxes payable	82,529,256.12	78,138,602.23
Other payables	302,090,310.94	234,257,062.70
Including: interests payable		
Dividends payable		
Held-for-sale liabilities		

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Non-current liabilities due within one year	2,777,578.52	23,518,782.83
Other current liabilities	75,547.60	97,519.01
Total current liabilities	784,608,285.21	708,890,653.22
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	3,797,077.24	12,742,104.95
Long-term payables		
Long-term employee benefits payable		
Estimated liabilities		
Deferred income	13,916,252.61	4,470,831.07
Deferred tax liabilities	6,449,979.48	6,003,121.20
Other non-current liabilities		
Total non-current liabilities	24,163,309.33	23,216,057.22
Total liabilities	808,771,594.54	732,106,710.44
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 shares	109,838,205.82	
Other comprehensive incomes		
Special reserves		
Surplus reserve	211,800,000.00	211,800,000.00
Undistributed profit	1,988,181,888.41	1,671,467,081.83
Total owners' equity	5,359,737,008.86	5,152,860,408.10
Total liabilities and owners' equity	6,168,508,603.40	5,884,967,118.54

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

2.3 Consolidated Income Statement

Unit: CNY

Item	Year 2023	Year 2022
I. Total operating revenue	5,522,168,263.00	5,013,873,729.44
Including: Operating revenue	5,522,168,263.00	5,013,873,729.44
Interest income		
Earned premiums		
Handling charges and commission income		
II. Total operating cost	4,806,968,860.89	3,930,409,505.94

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Including: operating costs	1,441,392,430.61	1,243,046,954.61
Interest expenses		
Handling charges and commission expenses		
Surrender value		
Net payments for insurance claims		
Net provision for insurance contract reserves		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	65,184,402.45	56,100,151.43
Selling expenses	2,609,676,656.49	2,047,880,755.09
Management expenses	413,202,672.03	343,044,255.35
R&D expenses	298,817,308.11	254,698,441.37
Financial expenses	-21,304,608.80	-14,361,051.91
Including: interest expenses	4,966,901.69	4,753,216.51
Interest income	28,548,283.32	20,299,817.23
Add: other incomes	149,420,643.48	71,879,343.47
Investment income (losses are marked with “-”)	64,362,248.34	80,577,953.49
Including: income from investment in associates and joint ventures	9,705,819.45	2,570,038.70
Revenue from derecognition of financial assets at amortized cost		
Exchange earnings (losses are marked with “-”)		
Net exposure hedging income (losses are marked with “-”)		
Profit arising from changes in fair value (losses are marked with “-”)	-17,238,886.41	-5,519,803.92
Credit impairment losses (marked with “-”)	-14,262,864.63	720,648.86
Asset impairment losses (marked with “-”)	-20,197,131.69	-18,985,622.92
Incomes of assets disposal (losses are marked with “-”)	690,284.38	-27,685.55
III. Operating profit (losses are marked with “-”)	877,973,695.58	1,212,109,056.93
Add: non-operating revenue	2,139,100.44	8,950,542.58
Minus: Non-operating expenses	11,294,246.99	7,194,974.27
IV. Total profit (total loss is marked with “-”)	868,818,549.03	1,213,864,625.24
Minus: income tax expenses	109,606,792.65	163,332,490.13
V. Net profit (net loss is marked with “-”)	759,211,756.38	1,050,532,135.11
(I) Classified by going concern		
1. Net profit from continuing operations (net loss is marked with “-”)	5,522,168,263.00	5,013,873,729.44
2. Net profit from discontinued operations (net loss is marked with “-”)		
(II) Classified by attribution of ownership		
1. Net profit attributable to the parent company’s shareholders	756,795,007.56	1,051,331,949.57
2. Non-controlling interests	2,416,748.82	-799,814.46
VI. Net of tax of other comprehensive income	-78,932.64	-207.61
Other net after-tax comprehensive income attributable to the owners of the parent company	47,359.12	-207.61

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(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	47,359.12	-207.61
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other creditors' 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. Translation difference arising from foreign currency financial statements	47,359.12	-207.61
7. Others		
Other net after-tax comprehensive income attributable to minority shareholders	-126,291.76	
VII. Total comprehensive income	759,132,823.74	1,050,531,927.50
Total comprehensive income attributable to the owners of the parent company	756,842,366.68	1,051,331,741.96
Total comprehensive income attributable to minority shareholders	2,290,457.06	-799,814.46
VIII. Earnings per share		
(I) Basic earnings per share	1.79	2.48
(II) Diluted earnings per share	1.79	2.48

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

2.4 Income Statement of the Parent Company

Unit: CNY

Item	Year 2023	Year 2022
I. Operating revenues	3,598,270,732.74	3,601,683,026.81
Minus: operating costs	1,468,142,964.23	1,243,741,933.41
Taxes and surcharges	36,362,963.20	35,515,061.69
Selling expenses	1,036,262,192.27	934,022,421.98
Management expenses	198,935,613.78	122,990,371.03
R&D expenses	236,264,427.90	252,376,900.60
Financial expenses	-12,698,510.73	-8,638,280.66
Including: interest expenses	752,142.51	1,728,145.73
Interest income	14,538,280.41	11,187,419.60
Add: other incomes	102,079,130.96	44,631,990.99
Investment income (losses are marked with "-")	51,541,522.52	77,444,660.41
Including: income from investment in associates and joint ventures		
Revenue from derecognition of financial assets at amortized cost		
Net exposure hedging income (losses are marked with "-")		
Profit arising from changes in fair value (marked with "-")	6,123,994.09	-7,341,890.36
Credit impairment losses (marked with "-")	-232,472.77	774,330.87
Asset impairment losses (marked with "-")	-22,419,644.25	-18,985,622.92
Incomes of assets disposal (losses are marked with "-")	827,403.25	
II. Operating Profit (losses are marked with "-")	772,921,015.89	1,118,198,087.75
Add: non-operating revenue	1,422,919.56	7,447,721.69
Minus: non-operating expenses	8,968,214.08	4,708,584.81
III. Total profit (losses are marked with "-")	765,375,721.37	1,120,937,224.63
Minus: income tax expenses	109,780,914.79	155,108,315.18
IV. Net profit (net loss is marked with "-")	655,594,806.58	965,828,909.45
(I) Net profit from continuing operations (net loss is marked with "-")	655,594,806.58	965,828,909.45
(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 creditor's 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. Translation difference arising from foreign currency financial statements		
7. Others		
VI. Total comprehensive incomes	655,594,806.58	965,828,909.45
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

2.5 Consolidated Cash Flow Statement

Unit: CNY

Item	Year 2023	Year 2022
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	6,003,439,999.19	5,467,926,309.59
Net increase in deposits from customers and placements from banks and other financial institutions		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received for receiving premium of original insurance contract		
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 in placements from banks and other financial institutions		
Net increase in capital for repurchase		
Net cash received from securities trading agency services		
Taxes and surcharges refunds	5,676,415.09	7,916,977.36
Other cash received relating to operating activities	216,259,114.85	125,714,050.84
Subtotal of cash inflows from operating activities	6,225,375,529.13	5,601,557,337.79
Cash paid for goods and services	1,978,567,576.35	1,758,255,060.24
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 in placements from banks and other financial institutions		

Cash paid for interest, handling charges and commission		
Cash paid for policy dividends		
Cash paid to and for employees	740,845,898.06	569,184,049.01
Payments of taxes and surcharges	658,105,645.74	624,631,630.31
Other cash paid relating to operating activities	2,237,417,645.27	1,880,040,976.78
Subtotal of cash outflows from operating activities	5,614,936,765.42	4,832,111,716.34
Net cash flow from operating activities	610,438,763.71	769,445,621.45
II. Cash flows from investing activities:		
Cash received from the return of investment	5,094,117,111.10	7,062,819,000.00
Cash received from investment incomes	58,746,501.98	80,713,933.03
Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets	2,887,206.81	10,800.00
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	5,155,750,819.89	7,143,543,733.03
Cash paid to acquire fixed assets, intangible assets and other long-term assets	274,275,480.81	353,420,863.88
Cash paid to acquired investments	4,906,031,833.00	6,801,133,771.10
Net increase in pledge loans		
Net cash paid for acquisition of subsidiaries and other business entities	493,498,507.88	7,474,528.53
Other cash paid relating to investment activities		
Subtotal of cash outflows from investing activities	5,673,805,821.69	7,162,029,163.51
Net cash flows from investing activities	-518,055,001.80	-18,485,430.48
III. Cash flows from financing activities:		
Cash received from absorbing investments	7,500,000.00	
Including: Cash received by subsidiaries from minority shareholders' investments	7,500,000.00	
Cash received from borrowings	105,450,000.00	
Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities	112,950,000.00	
Cash paid for repayment of debts	24,200,646.79	
Cash paid for distribution of dividends, profits or interest repayment	343,438,443.48	254,944,000.00
Including: cash payments for dividends or profit to minority shareholders of subsidiaries	4,298,573.21	784,000.00
Other cash paid relating to financing activities	203,780,960.18	64,719,978.70
Subtotal of cash outflows from financing activities	571,420,050.45	319,663,978.70
Net cash flows from financing activities	-458,470,050.45	-319,663,978.70
IV. Effects from the change of exchange rate on cash and cash equivalents	-724,669.10	25,733.12
V. Net increase in cash and cash equivalents	-366,810,957.64	431,321,945.39
Add: Opening balance of cash and cash equivalents	2,440,692,701.42	2,009,370,756.03
VI. Closing balance of cash and cash equivalents	2,073,881,743.78	2,440,692,701.42

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

2.6 Cash Flow Statement of the Parent Company

Unit: CNY

Item	Year2023	Year 2022
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	3,967,161,453.01	3,771,499,492.71
Taxes and surcharges refunds	900,000.00	
Other cash received relating to operating activities	112,600,340.58	101,914,030.05
Subtotal of cash inflows from operating activities	4,080,661,793.59	3,873,413,522.76
Cash paid for goods and services	1,863,494,237.01	1,749,873,073.87
Cash paid to and for employees	80,286,172.61	74,864,145.97
Payments of taxes and surcharges	332,766,216.27	383,261,187.24
Other cash paid relating to operating activities	2,004,379,648.28	1,227,158,949.34
Subtotal of cash outflows from operating activities	4,280,926,274.17	3,435,157,356.42
Net cash flow from operating activities	-200,264,480.58	438,256,166.34
II. Cash flows from investing activities:		
Cash received from the return of investment	5,046,548,289.81	6,781,000,000.00
Cash received from investment incomes	55,660,713.59	78,571,771.63
Net cash received from the disposal of fixed assets, intangible assets, and other long-term assets	145,420.18	52,415.18
Net cash received from the disposal of subsidiaries and other business entities		820,000.00
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	5,102,354,423.58	6,860,444,186.81
Cash paid to acquire fixed assets, intangible assets and other long-term assets	132,136,135.85	216,466,579.58
Cash paid to acquired investments	4,791,498,500.00	6,516,118,611.10
Net cash paid for acquisition of subsidiaries and other business entities		
Other cash paid relating to investment activities		
Subtotal of cash outflows from investing activities	4,923,634,635.85	6,732,585,190.68
Net cash flows from investing activities	178,719,787.73	127,858,996.13
III. Cash flows from financing activities:		
Cash received from absorbing investments		
Cash received from borrowings		
Cash received relating to other financing activities		
Subtotal of cash inflows from financing activities		
Cash paid for repayment of debts		
Cash paid for distribution of dividends, profits or interest repayment	338,880,000.00	254,160,000.00
Other cash paid relating to financing activities	127,872,029.14	27,040,846.56
Subtotal of cash outflows from financing activities	466,752,029.14	281,200,846.56
Net cash flows from financing activities	-466,752,029.14	-281,200,846.56
IV. Effects from the change of exchange rate on cash and cash equivalents	11.81	27,079.75
V. Net increase in cash and cash equivalents	-488,296,710.18	284,941,395.66

Add: Opening balance of cash and cash equivalents	1,651,433,867.91	1,366,492,472.25
VI. Closing balance of cash and cash equivalents	1,163,137,157.73	1,651,433,867.91

2.7 Consolidated Statement of Changes in Owner's Equity

Amount for the current period

Unit: CNY

Item	2023														
	Equity attributable to the owners of the parent company												Minority interest	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other Comprehensive incomes	Special reserves	Surplus reserve	General risk provision	Undistributed profit	Miscellaneous			Subtotal
		Preferred shares	Perpetual bonds	Miscellaneous											
I. Ending balance of the previous year	423,600,000.00				2,846,004,685.04		-205.63		211,081,299.10		2,072,184,431.65		5,552,870,210.16	49,479,106.00	5,602,349,316.16
Add: changes in accounting policies															
Correction of prior period errors															
Business merger under common control															
Miscellaneous	423,600,000.00				2,846,004,685.04		-205.63		211,081,299.10		2,072,184,431.65		5,552,870,210.16	49,479,106.00	5,602,349,316.16
II. Beginning balance of the current year						109,838,205.82	47,359.12				417,915,007.56		308,124,160.86	105,344,111.41	413,468,272.27
III. Amount of movements of current Period (decrease to be listed with “-”)							47,359.12				756,795,007.56		756,842,366.68	2,290,457.06	759,132,823.74
(I) Total comprehensive incomes						109,838,205.82							109,838,205.82	10,000,000.00	119,838,205.82
(II) Capital invested and decreased by owners						109,838,205.82							109,838,205.82	10,000,000.00	119,838,205.82
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															
4. Others											338,880,000.00		338,880,000.00	3,131,005.01	342,011,005.01
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Appropriation to provision for general risk											338,880,000.00		338,880,000.00	3,131,005.01	342,011,005.01
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 carried forward from changes in defined benefit plans															
Retained earnings carried forward from other comprehensive income															
5. Miscellaneous															
(V) Special reserves															
1. Appropriation in the current period															
2. Use for current period														116,184,659.36	116,184,659.36
(VI) Others	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
IV, Ending balance of the current period	423,600,000.00				2,846,004,685.04		-205.63		211,081,299.10		2,072,184,431.65		5,552,870,210.16	49,479,106.00	5,602,349,316.16

Amount in the previous period

Unit: CNY

Item	Year 2022														
	Equity attributable to the owners of the parent company													Minority interest	Total owner's equity
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserve	General risk provision	Undistributed profit	Miscellaneous	Sub total		
		Preferred shares	Perpetual bonds	Miscellaneous											
I. Ending balance of the previous year	423,600,000.00				2,846,004,685.04		1.98		155,621,249.77		1,329,978,260.55		4,755,204,197.34	23,262,377.92	4,778,466,575.26
Add: changes in accounting policies											494,270.86		494,270.86	36,377.60	457,893.26
Correction of prior period errors															
Business merger under common control															
Miscellaneous	423,600,000.00				2,846,004,685.04		1.98		155,621,249.77		1,330,472,531.41		4,755,698,468.20	23,226,000.32	4,778,924,468.52
II. Beginning Balance of the current year							-207.61		55,460,049.33		741,711,900.24		797,171,741.96	26,253,105.68	823,424,847.64
III. Amount of movements of current period (decrease to be marked with "-")							-207.61				1,051,331,949.57		1,051,331,741.96	799,814.46	1,050,531,927.50
(I) Total comprehensive incomes														29,008,793.38	29,008,793.38
(II) Capital invested and decreased by owners														29,008,793.38	29,008,793.38
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															
4. Others									55,460,049.33		309,620,049.33		254,160,000.00	1,955,873.24	256,115,873.24
(III) Profit distribution									55,460,049.33		55,460,049.33				

1. Withdrawal of surplus reserves															
3. Appropriation to provision for general risk										254,160,000.00	-	254,160,000.00	1,955,873.24	256,115,873.24	-
4. 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 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	423,600,000.00				2,846,004,685.04		-205.63		211,081,299.10		2,072,184,431.65		5,552,870,210.16	49,479,106.00	5,602,349,316.16
IV. Ending balance of the current period	423,600,000.00				2,846,004,685.04		1.98		155,621,249.77		1,329,978,260.55		4,755,204,197.34	23,262,377.92	4,778,466,575.26

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

2.8 Statement of Changes in Owner's Equity of Parent Company

Amount for the current period

Unit: CNY

Item	2023											
	Share capital	Other equity instruments			Capital reserve s	Minus: treasury shares	Other comprehensive income	Special reserve s	Surplus reserve	Undistributed profit	Miscellaneous	Total owner s' equity
		Preferred shares	Perpetual bonds	Miscellaneous								
							es					
I. Ending balance of the previous year	423,600,000.00				2,845,993,326.27				211,800,000.00	1,671,467,081.83		5,152,860,408.10
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	1,671,467,081.83		5,152,860,408.10
III. Amount of movements of current period (decrease to be marked with "-")						109,838,205.82				316,714,806.58		206,876,600.76
(I) Total comprehensive incomes										655,594,806.58		655,594,806.58
(II) Capital invested and decreased by owners						109,838,205.82						-109,838,205.82
1. Ordinary share invested by owners						109,838,205.82						-109,838,205.82
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										-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

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3. 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 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. Ending balance of the current period	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

Amount in the previous period

Unit: CNY

Item	Year 2022											
	Share capital	Other equity instruments			Capital reserves	Minus: treasury shares	Other comprehensive incomes	Special reserves	Surplus reserve	Undistributed profit	Miscellaneous	Total owners' equity
		Preferred shares	Perpetual bonds	Miscellaneous								
Ending balance of the previous year	423,600,000.00				2,845,993,326.27				156,339,950.67	1,014,839,556.06		4,440,772,833.00
Add: changes in accounting policy										418,665.65		418,665.65
Correction of prior period errors												
Miscellaneous												

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II. Beginning balance of the current year	423,600,000.00				2,845,993,326.27				156,339,950.67	1,015,258,221.71		4,441,191,498.65
III. Amount of movements of current period (decrease to be marked with "-")									55,460,049.33	656,208,860.12		711,668,909.45
(I) Total comprehensive incomes										965,828,909.45		965,828,909.45
(II) Capital invested and decreased by owners												
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												
4. Others												
(III) Profit distribution									55,460,049.33	-309,620,049.33		-254,160,000.00
1. Withdrawal of surplus reserves									55,460,049.33	-55,460,049.33		
2. Distribution to owners (or shareholders)										-254,160,000.00		-254,160,000.00
3. 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)												

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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. Ending balance of the current period	423,600,000.00				2,845,993,326.27				211,800,000.00	1,671,467,081.83		5,152,860,408.10

Legal representative: Guo Zhenyu

CFO: Wang Long

Head of Accounting Department: Liu Zhaofeng

3. Company Profile

1. History of the Company

Yunnan Botanee Bio-Technology Group Co., Ltd. (hereinafter referred to as "Company" or "the Company") is a joint stock limited company derived from Kunming Botanee Bio-Technology Co., Ltd. on an integral basis.

Kunming Botanee Bio-Technology Co., Ltd. (hereinafter referred to as "the Company limited") 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 CNY 225,000, accounting for 45% of the registered capital; Deng Xiaoling contributed CNY225,000, accounting for 45% of the registered capital; and Ma Ruyu contributed CNY 50,000, 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, the Company limited was changed into a joint stock limited company on an integral basis with net assets of CNY 385,696,551.32 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). 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 on March 23, 2021, and the Company's CNY ordinary shares were listed on the ChiNext Market of Shenzhen Stock Exchange on March 25, 2021. with the stock abbreviation of "Botanee" and the stock code of 300957.

2. Industry Nature and Business Scope of the Company

Industry nature: daily chemical industry;

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

3. Registered Address and Unified Social Credit Code

Unified social credit code: 915301005551100783.

The Company's registered office and headquarters: No. 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 Sixth Meeting of the Second Board of Directors of the Company on April 24, 2024.

4. Basis of Preparation for Financial Statements

4.1 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.

4.2 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 2023 for the year ended December 31, 2023, on a going concern basis.

5. 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 "Important Accounting Policies and Accounting Estimates" of Section X herein.

5.1 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.

5.2 Accounting Period

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

5.3 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.

5.4 Functional Currency

The functional currency is Chinese yuan (CNY).

5.5 Significance Determination Method and Basis of Selection

☒ Applicable ☐ N/A

Item	Significance standard
Important prepayments aged more than 1 year	Prepaid accounts with a single aging of more than 1 year account for 10% of the total prepaid accounts and the amount exceeds CNY10 million.

Important projects under construction	The budget of a single project exceeds CNY100 million.
Important contract liabilities aged more than 1 year	Contract liabilities with a single aging of more than 1 year account for 10% of the total contract liabilities and the amount exceeds CNY10 million.
Important accounts payable aged more than 1 year	Accounts payable with a single aging of more than 1 year account for 10% of the total accounts payable and the amount exceeds CNY30 million.
Important other payables aged more than 1 year	Other payables with a single aging of more than 1 year account for 10% of the total other payables and the amount exceeds CNY30 million.
Significant capitalized R&D projects	The ending balance of a single project accounts for more than 10% of the ending 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.

5.6 Accounting Treatment Method for Business Combination under Common Control and Different Control

5.6.1 Business Merger 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 surplus (stock premium); where capital surplus (stock 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 merger under different 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 owners' 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.

5.6.2 Business Combination Not Under Common Control

All parties merger 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 carrying 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 merger is realized under different 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.

5.7 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 mergers 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 mergers under different 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 proportion 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.

5.8 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.

5.9 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.

5.10 Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

5.10.1 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.

5.10.2 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.

5.11 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.

5.11.1 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 transaction date, or derecognizes the sold assets on the transaction date.

5.11.2 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 contract 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 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 significant financing components, the Company makes initial measurement according to the consideration expected to be entitled to receive.

2) Subsequent measurement for financial assets:

① 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 method, with profits or losses arising out from amortization, impairment or de-recognition included in the current profits and losses.

② 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 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.

③ 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.

④ Financial assets at fair value through profit or loss

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.

5.11.3 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.

5.11.4 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

① Financial liabilities at fair value through profit or loss

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 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.

② 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.

5.11.5 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.

5.11.6 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.

5.11.7 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.

5.12 Notes Receivable

For details, please refer to “5.13 Accounts Receivable” in 5. Important Accounting Policies and Accounting Estimates” under in Section X of this report.

5.13 Accounts Receivable

Receivables of the Company mainly include notes receivable, accounts receivable, receivables financing and other 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 entire 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 entire 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 entire 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 associated 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:

Portfolio	Characteristics
Aging Portfolio	This portfolio is characterized by aging receivables.
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 entire duration and calculates expected credit losses.

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

5.14 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 receivables 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 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.

5.15 Other Receivables

For details, please refer to “5.13 Accounts Receivable” in 5. Important Accounting Policies and Accounting Estimates” under in Section X of this report.

5.16 Contract Assets

5.16.1 Recognition Methods and Standards for the Contractual 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 contractual asset.

5.16.2 Determination Method and Accounting Method of Expected Credit Loss Of Contractual Assets

For contractual 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 entire 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 contractual 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 entire 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.

5.17 Inventories

- (1) The inventories of the Company mainly include raw materials, turnover materials, 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:

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.

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. For the inventories with high quantity and low unit price, inventory falling price reserves maybe withdrawn by inventory class.

- (4) The Company adopts the perpetual inventory system for inventories.
- (5) Turnover materials include low-priced consumables, packaging, etc. and they are amortized at requisition by the one-off write-off method.

5.18 Held-for-sale Assets

5.18.1 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 carrying amount is higher than the net amount obtained by deducting the selling expenses from the fair value, the carrying 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.

5.18.2 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”:

- ①The component represents a separate principal business or a separate principal area of operation;
- ②The component is part of an associated plan to dispose of a separate principal business or a separate principal area of operation;
- ③The 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.

5.19 Creditors' Investment

☐ Applicable ☒ N/A

5.20 Other creditors' Investment

☐ Applicable ☒ N/A

5.21 Long-term Receivables

☐ Applicable ☒ N/A

5.22 Long-term Equity Investment

5.22.1 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.

5.22.2 Determining of Investment Costs

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 merger under joint control, the share of the book value of the shareholders' equity of the merged party on the merger date in the consolidated financial statements of the ultimate controlling party shall be recognized as the investment costs of long-term equity investment.

B. As to business mergers under joint control realized step by step, the initial investment cost of long-term equity investment shall be recognized on the merger 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 merger date shall be applied to adjust capital surplus (capital/share 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 merger 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.

C. For the investment in subsidiaries formed by a business merger 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 Standards 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 common 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 Standards 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.

5.22 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 “5.6 Accounting treatment methods for business combinations under the same control and those not under the same control” in “5. Important Accounting Policies and Accounting Estimates” under Section X of this report.

In the consolidated financial statements, the investment in subsidiaries shall be treated according to Note V “6. Preparation Methods of Consolidated Financial Statements” in 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 associated ventures

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 profit or loss for the period, and the cost of the long-term equity investment shall be adjusted accordingly.

After obtaining the investments in joint ventures and associated enterprises, 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 ratio 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 associated enterprises 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 carrying 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 common 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 Standards 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 common control or significant influence shall be recorded in the profit and loss for the current period. 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.

5.23 Investment in Real Estates

Measurement model of investment properties: measurement with cost method

Depreciation or amortization method: The Company makes a subsequent measurement of the investment properties 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
Buildings and structures	20	5%	4.75%

5.24 Fixed Assets

5.24.1 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.

5.24.2 Depreciation Method

Type	Depreciation method	Depreciation period	Residual value rate	Annual depreciation rate
Buildings and structures	Straight-line method	20-50 years	5%	1.90%-4.75%
Electronic equipment	Straight-line method	3-5 years	5%	19.00%-31.67%
Machinery and equipment	Straight-line method	3-5 years	5%	19.00%-31.67%
Transportation equipment	Straight-line method	3-5 years	5%	19.00%-31.67%
Office equipment	Straight-line method	3-5 years	5%	19.00%-31.67%

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.

5.25 Projects under Construction

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

When a project under construction reaches the predetermined usable state, the total expenses actually incurred are included in fixed assets, intangible assets and long-term unamortized expenses for audit.

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

Type	Transition Standards and Time
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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 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 profits and losses for the current period.

5.26 Borrowing Costs

(1) Borrowing costs include borrowing interests, amortization of discount or premium, auxiliary expenses and balance of exchange 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 3 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.

5.27 Biological Assets

☐ Applicable ☒ N/A

5.28 Oil and Gas Assets

☐ Applicable ☒ N/A

5.29 Intangible Assets

(1) Intangible assets are initially measured according to the cost upon acquisition.

(2) Amortization of intangible assets

The straight-line method is adopted for the amortization of intangible assets with limited service life within their service life.

Category	Service life	Basis for determining service life
Land use right	50 years or legal service life	Legal service life
Office Software	5 years	Determine the service life with reference to the period that can bring economic benefits to us
Trademark right and patent right	10 years	Determine the service life with reference to the period that can bring economic benefits to us
Non-patented technologies	3 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.

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.

(4) Accounting policies 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*.

5.30 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 drawn accordingly.

The recoverable amount of assets (or asset groups, combination of asset groups, 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 combination of asset groups is deducted by book value amortized into the carrying value of goodwill in the asset groups or combination of asset groups 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 combination of asset groups. 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.

5.31 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.

5.32 Contract Liabilities

The contractual 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 set off.

5.33 Employee Remuneration

5.33.1 Accounting Treatment 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 salaries to staffs as liabilities.

The Company participates in the employee social security systems, such as basic pensions, medical insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

5.33.2 Accounting Treatment of Post-employment Welfare

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

5.33.3 Accounting Treatment 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 compensation 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.

5.33.4 Accounting Treatment of other Long-term Employee Welfare

☐ Applicable ☒ N/A

5.34 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.

5.35 Share-based Payment

5.35.1 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 surplus 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

Stock 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 may be 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.

5.35.2 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 surplus 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.

5.36 Other Financial Instruments as Preferred Shares and Perpetual Bond

☐ Applicable ☒ N/A

5.37 Income

5.37.1 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.

5.37.2 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 belong to sales with customers' additional purchase options, that is, the Company will grant options to customers while selling goods, allowing customers to purchase additional goods free of charge or at a discounted price. 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.

5.38 Contract Cost

5.38.1 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 profits or losses for the current period. If the asset is amortized for no more than one year, it is included in profits and losses for the current period when incurred. Other expenses incurred by the Company to win a contract are included in profits and losses for the current period when incurred, except those expressly borne by the customer.

5.38.2 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 profits and losses for the current period.

5.38.3 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 canceled and included in profits and losses for the current period, provided that the book value of the contract cost after cancellation 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.

5.39 Government Grants

Government subsidies 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 subsidies are divided into asset-related and revenue-related government subsidies. The Company defines government subsidies acquired for establishing or forming long-term assets in other ways as asset-related government subsidies; and defines other government subsidies as revenue-related government subsidies. If government documents do not clearly stipulate assistance objects, the subsidies are divided into revenue-related government subsidies and asset-related government subsidies 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 subsidies considered as monetary assets are measured at the amount received or receivable. If government subsidies 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 subsidies 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 subsidies 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 subsidies 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 subsidies 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 revenue shall be transferred to the current profits or losses when the asset is disposed of.

5.40 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 is 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 tax assets and deferred tax liabilities are presented in the net value after set-off 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 tax assets and the deferred 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 carryout 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 tax assets and liabilities.

5.41 Lease

5.41.1 Accounting 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 40,000 CNY) 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 profits and losses for the current period 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.

5.41.2 Accounting 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.

5.42 Other Significant Accounting Policies and Accounting Estimates

☐ Applicable ☒ N/A

5.43 Changes in Significant Accounting Policy and Accounting Estimates

5.43.1 Changes in Significant Accounting Policy

☒ Applicable ☐ N/A

1) Changes in accounting policies resulting from the implementation of *Interpretation No. 16 of Accounting Standards for Business Enterprises*:

Unit: CNY

Contents and reasons for changes in our accounting policy	Names of report items that are significantly affected	Impact amount
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Deferred tax assets	883,729.12
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Deferred income tax liability	310,069.13
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Undistributed profit	597,391.45
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Minority interests	-23,731.46
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Deferred tax assets (parent company)	257,978.02
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Income tax expense	-115,766.73
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Gains and loss of minority shareholders	12,646.14
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Undistributed profits (parent company)	257,978.02
Implement <i>Interpretation No. 16 of Accounting Standards for Business Enterprises</i>	Income tax expense (parent company)	160,687.63

2) Changes in Accounting Standards for Business Enterprises Specified in the *Interpretation No. 17 on Accounting Standards for Business Enterprises*

The Ministry of Finance issued the *Interpretation No. 17 on Accounting Standards for Business Enterprises* on October 25, 2023, explaining “the division between liquid liabilities and non-liquid liabilities”, “the disclosure of suppliers’ financing arrangements” and “accounting of leaseback transactions”. According to the *Interpretation*, the Company has implemented these accounting standards since January 1, 2024.

5.43.2 Changes in Significant Accounting Estimates

☐ Applicable ☒ N/A

5.43.3 Adjustment of Relevant Items in Our Financial Statements at the Beginning of the Year of New Accounting Standards Implemented for the First Time in 2023:

☒ Applicable ☐ N/A

Note:

Since January 1, 2023, the Company has implemented the provision “deferred income tax related to assets and liabilities arising from an individual transaction shall not be exempted from initial recognition” stipulated in the *Interpretation on Accounting Standards for Business Enterprises No. 16* promulgated by the Ministry of Finance. The Company adjusted the individual transactions to which the provision applied and which occurred during the period from the earliest date of inclusion in the financial statements to which the provision was first applied to the first implementation date according to the provision. Where taxable temporary differences and deductible temporary differences arise in respect of lease liabilities and right-of-use assets recognized on the earliest period of inclusion in the financial statements to which the provision is first applied, as well as in respect of estimated liabilities related to the retirement obligation recognized and corresponding related assets, in accordance with this provision and the *Accounting Standards for Business*

Enterprises No. 18-Income Tax, the cumulative impact factors are used to adjust retained earnings and other related financial statement items on the earliest date of inclusion in the financial statements.

The impact of implementing *Interpretation No. 16 of Accounting Standards for Business Enterprises* on our 2022 financial statements is as follows:

Consolidated balance sheet:

Unit: CNY

Item	December 31, 2022	January 1, 2023	Impact amount
Deferred tax assets	51,234,874.14	52,118,603.26	883,729.12
Deferred income tax liability	8,054,761.30	8,364,830.43	310,069.13
undistributed profit	2,071,587,040.20	2,072,184,431.65	597,391.45
minority interests	49,502,837.46	49,479,106.00	-23,731.46

Consolidated income statement:

Unit: CNY

Item	Before the change for 2022	After the change for 2022	Impact amount
Income tax expense	163,448,256.86	163,332,490.13	-115,766.73
Gains and losses of minority shareholders	-812,460.60	-799,814.46	12,646.14

Balance sheet of parent company:

Unit: CNY

Item	December 31, 2022	January 1, 2023	Impact amount
Deferred tax assets	7,543,877.69	7,801,855.71	257,978.02
Undistributed profit	1,671,209,103.81	1,671,467,081.83	257,978.02

Income statement of parent company:

Unit: CNY

Item	Before the change for 2022	After the change for 2022	Impact amount
Income taxes	154,947,627.55	155,108,315.18	160,687.63

5.44 Miscellaneous

☐ Applicable ☒ N/A

6. Taxes

6.1 Main Taxes and Tax Rates

Tax category	Taxation basis	Tax rate
VAT	Sales volume taxable	13%, 9%, 6%, 1%
Consumption Tax	Sales volume taxable	15%
City maintenance and construction tax	Taxable amount of turnover tax	7%, 5%
Enterprise income tax	Taxable income	25.59%, 25%, 21%, 20%, 17%, 16.5%, 15%
Educational surcharge	Taxable amount of turnover tax	3%

Local education surcharge	Taxable amount of turnover tax	2%
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Where there are taxation subjects with different enterprise income tax rates for tax payment, the disclosure is as follows:

☒ Applicable ☐ N/A

Taxpayer	Income tax rate
Botanee, Shanghai Botanee Bio-Technology Co., Ltd., Shanghai Jiyan Biopharmaceutical Development Co., Ltd., Shanghai Botanee Health Technology Co., Ltd., Yuejiang (Hainan) E-commerce Co., Ltd., Yuehui (Chongqing) Bio-Technology Co., Ltd.	15%
Botanee Trading Co., Ltd., 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%
Botanee Bio-Technology (Thailand) Co., Ltd.	20%
ME Cosmetic USA INC.	21%
Other subsidiaries in the Chinese Mainland	25%

6.2 Tax Preference

6.2.1 Enterprise Income Tax

① Income tax incentives for high-tech enterprise

Company	Preferential tax rate	High-tech enterprise certificate number	Validity period
Yunnan Botanee Biotechnology Group Co., Ltd.	15%	GR202153000724	2021 to 2023
Shanghai Botanee Biotechnology Co., Ltd.	15%	GR202131000004	2021 to 2023
Shanghai Jiyan Biopharmaceutical Development Co., Ltd.	15%	GR202131000009	2021 to 2023
Qimei Technology (Shanghai) Co., Ltd.	15%	GR202231001625	2022 to 2024
Shanghai Botanee Health Technology Co., Ltd.	15%	GR202331006179	2023 to 2025

② Preferential Corporate Income Tax in Hainan Free Trade Port

The *Notice on Preferential Corporate Income Tax in Hainan Free Trade Port* (CS [2020] No. 31) issued by the Ministry of Finance and the State Administration of Taxation imposes a reduced corporate income tax rate (15%) 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% corporate income tax rate.

③ Preferential Corporate 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 Corporate 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%). The Company's subsidiary Yuehui (Chongqing) Bio-Technology Co., Ltd., meets the above requirement and enjoys a 15% corporate income tax rate.

④ Preferential Corporate 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 20% corporate income tax rate calculated at 25% income taxable until December 31, 2027. The Company's subsidiaries Wuhan Botanee Bio-Technology Co., Ltd., Kunming Winona Medical Cosmetology Co., Ltd. and Shanghai Harmony Bio-Technology Co., Ltd., as small and micro-profit enterprises, enjoyed this tax incentive for small and micro enterprises in 2023.

6.2.2 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* (GXTCH [2023]), 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.

6.2.3 Miscellaneous

☐ Applicable ☒ N/A

7. Notes to Items in Consolidated Financial Statement**7.1 Cash at Bank and on Hand**

Unit: CNY

Item	Ending balance	Opening balance
Cash at bank	2,036,518,760.57	2,375,337,890.61
Other cash at bank and on hand	54,941,101.01	138,957,824.65
Total	2,091,459,861.58	2,514,295,715.26
Including: total amount of money deposited abroad	18,011,995.15	

Note: At the end of the reporting period, except for CNY16,576,617.80 of bank deposits intended for purchasing entrusted financial products with limited usage, CNY 1,000,000.00 of letter of guarantee deposit, and CNY1,500.00 of ETC deposit, there were no other restricted funds.

7.2 Financial Assets Held for Trading

Unit: CNY

Item	Ending balance	Opening balance
Financial assets at fair value through profit or loss	1,238,356,707.34	1,433,635,489.84
Including: entrusted financial management of cash management	1,238,356,707.34	1,433,635,489.84
Total	1,238,356,707.34	1,433,635,489.84

Other note: None.

7.3 Derivative Financial Assets

☐ Applicable ☒ N/A

7.4 Notes Receivable

7.4.1 Classified Presentation of Notes Receivable

Unit: CNY

Item	Ending balance	Opening balance
Commercial acceptance notes	24,502,124.46	
Total	24,502,124.46	

7.4.2 Classified Disclosure based on Bad Debt Accrual

Unit: CNY

Category	Ending balance					Opening 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	
Including:										
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					
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Provision for bad debts on a portfolio basis: CNY 1,289,585.50

Unit: CNY

Item	Ending balance		
	Book balance	Provision for bad debts	Provision ratio
Commercial acceptance notes	25,791,709.96	1,289,585.50	5.00%
Total	25,791,709.96	1,289,585.50	

Note on the basis for determining this combination: For details, please refer to “5.13 Accounts Receivable” in “5. Important Accounting Policies and Accounting Estimates” under Section X of this report.

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

☐ Applicable ☒ N/A

7.4.3 Bad Debt Provisions Accrued, Recovered or Reversed in The Current Period

Bad debt provisions for the current period:

Unit: CNY

Item	Opening balance	Amount of changes in the current period				Ending balance
		Provision	withdraw or transfer	Write off	Other	
Commercial acceptance bill portfolio with provision for bad debts based on aging portfolio		1,289,585.50				1,289,585.50

Amount of recovery or reversal of bad debt provisions for the current period as important:

☐ Applicable ☒ N/A

7.4.4 Pledged Notes Receivable at the End of the Period

☐ Applicable ☒ N/A

7.4.5 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

7.4.6 Notes Receivable Actually Written off in the Current Period

☐ Applicable ☒ N/A

7.5 Accounts Receivable

7.5.1 Disclosure by Ageing

Unit: CNY

Aging	Ending balance	Opening balance
Within 1 year (inclusive)	581,127,699.23	278,053,663.78
1-2 years	3,645,141.52	4,682,247.25
2-3 years	3,246,922.05	683,802.11
Over 3 years	1,080,042.40	1,261,372.51
3-4 years	1,080,042.40	735,412.51
4-5 years		525,960.00
Total	589,099,805.20	284,681,085.65

7.5.2 Accounts Receivable Classified By Category

Unit: CNY

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Scale	Amount	Proportion of provision		Amount	Scale	Amount	Proportion of provision	
Accounts receivable with provision for bad debts on a single basis						525,960.00	0.18%	525,960.00	100.00%	
Including										
Accounts receivable with insignificant single amount but bad debt provision made individually						525,960.00	0.18%	525,960.00	100.00%	
Accounts receivable for which provision for bad debts is made by combination	589,099,805.20	100.00%	27,337,875.63	4.64%	561,761,929.57	284,155,125.65	99.82%	14,065,363.80	4.95%	270,089,761.85
Including										

Accounts receivables for which bad debts provision is accrued according to aging portfolios	589,099,805.20	100.00%	27,337,875.63	4.64%	561,761,929.57	284,155,125.65	99.82%	14,065,363.80	4.95%	270,089,761.85
Total	589,099,805.20	100.00%	27,337,875.63	4.64%	561,761,929.57	284,681,085.65	100.00%	14,591,323.80	5.13%	270,089,761.85

Provision for bad debts made individually: CNY 525,960.00.

Unit: CNY

Name	Opening balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision ration	Reasons for provision
Company 1	525,960.00	525,960.00				The individual amount is not significant and the management believes that there is no possibility of recovery. During the reporting period, we have written off this account receivable.
Total	525,960.00	525,960.00				

Provision for bad debts made by portfolio: CNY 27,337,875.63.

Unit: CNY

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Within 1 year	581,127,699.23	23,540,829.75	4.05%
1-2 years	3,645,141.52	1,093,542.45	30.00%
2 to 3 years	3,246,922.05	1,623,461.03	50.00%
Over 3 years	1,080,042.40	1,080,042.40	100.00%
Total	589,099,805.20	27,337,875.63	

Note on the basis for determining this combination: For details, please refer to “5.13 Accounts Receivable” in “5. Important Accounting Policies and Accounting Estimates” under Section X of this report.

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

☐ Applicable ☒ N/A

7.5.3 Bad Debt Provision Provided, Recovered or Reversed in Current Period

Bad debt provision withdrawn in the reporting Period:

Unit: CNY

		Amount changed in the current period	
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Type	Opening balance	Provision	Recovery or reversal	Cancellation after verification	Miscellaneous	Ending balance
Bad debt provision for Account receivable	14,591,323.80	11,734,440.87		525,960.00	1,538,070.96	27,337,875.63
Total	14,591,323.80	11,734,440.87		525,960.00	1,538,070.96	27,337,875.63

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

☐ Applicable ☒ N/A

7.5.4 Accounts Receivable Actually Written Off in Current Period

Unit: CNY

Item	Write-off amount
Accounts receivable actually written off	525,960.00

Significant write-offs of accounts receivable:

☐ Applicable ☒ N/A

7.5.5 Accounts Receivable With Top Five Ending Balance Collected as per Borrowers:

Unit: CNY

Company	Ending balance of accounts receivable	Proportion to total amount of balance carried forward of accounts receivable	Closing balance of provision for bad debts
Company 1	75,213,243.41		75,213,243.41
Company 2	55,728,944.79		55,728,944.79
Company 3	45,926,859.68		45,926,859.68
Company 4	36,490,331.42		36,490,331.42
Company 5	33,685,001.34		33,685,001.34
Total	247,044,380.64		247,044,380.64

7.6 Contract Assets

☐ Applicable ☒ N/A

7.7 Receivables Financing

7.7.1 Classified Presentation of Accounts Receivable Financing

Unit: CNY

Item	Ending balance	Opening balance
Bank acceptance draft	156,659,263.78	238,668,244.17
Total	156,659,263.78	238,668,244.17

7.7.2 Classified Disclosure According to Bad Debt Accrual

☐ Applicable ☒ N/A

7.7.3 Bad Debt Provisions Accrued, Recovered or Reversed in the Current Period

☐ Applicable ☒ N/A

7.7.4 Financing of Our Pledged Receivables at the End of the Period

Unit: CNY

Item	Amount pledged at the end of the period
Bank acceptance draft	17,311,417.39
Total	17,311,417.39

7.7.5 Financing of Receivables 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	167,412,383.48	
Total	167,412,383.48	

7.7.6 Financing of Receivables Actually Written off in the Current Period

☐ Applicable ☒ N/A

7.7.7 Movements of Accounts Receivable Financing in the Current Period and Fair Value Changes

Other changes in receivables financing are mainly the net changes in bank acceptance bills received, endorsed and transferred or matured for acceptance by Botanee during the reporting period. The fair value of bank acceptance bills held by us is determined based on the face amount.

7.7.8 Other Description

☐ Applicable ☒ N/A

7.8 Other Receivables

Unit: CNY

Item	Ending balance	Opening balance
Other accounts receivable	29,748,433.09	20,097,625.25
Total	29,748,433.09	20,097,625.25

7.8.1 Interest Receivable

☐ Applicable ☒ N/A

7.8.2 Dividends Receivable

☐ Applicable ☒ N/A

7.8.3 Other Receivables

1) Other Receivables Classified by Nature

Unit: CNY

Payment nature	Ending book balance	Opening book balance
Guarantee deposit and security deposit	35,642,177.42	24,503,452.43
Employee provision	644,168.97	519,088.27
Miscellaneous	887,481.81	1,820.48
Total	37,173,828.20	25,024,361.18

2) Disclosure by Ageing

Unit: CNY

Aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	15,063,310.31	9,053,873.14
1-2 years	7,729,645.42	7,619,591.95
2-3 years	7,460,099.07	4,985,278.09
Over 3 years	6,920,773.40	3,365,618.00
3-4 years	3,555,155.40	3,365,618.00
4-5 years	3,365,618.00	
Total	37,173,828.20	25,024,361.18

3) Disclosure of Classification by Bad Debt Accrual

☒ Applicable ☐ N/A

Unit: CNY

Category	Ending balance					Opening 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	Provisio n ratio	
Including:										
Provision for bad debts on a portfolio basis	37,173,828.20	100.00%	7,425,395.11	19.97%	29,748,433.09	25,024,361.18	100.00%	4,926,735.93	19.69%	20,097,625.25
Including:										

Other receivables with provision for bad debts based on aging combinations	37,173,828.20	100.00%	7,425,395.11	19.97%	29,748,433.09	25,024,361.18	100.00%	4,926,735.93	19.69%	20,097,625.25
Total	37,173,828.20	100.00%	7,425,395.11	19.97%	29,748,433.09	25,024,361.18	100.00%	4,926,735.93	19.69%	20,097,625.25

Provision for bad debts on a portfolio basis: CNY7,425,395.11

Item	Ending balance		
	Book balance	Provision for bad debts	Provision ratio
Other receivables with provision for bad debts based on aging combinations	37,173,828.20	7,425,395.11	19.97%
total	37,173,828.20	7,425,395.11	

Note on the basis for determining this combination: For details, please refer to “5.13 Accounts Receivable” in “5. Important 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, 2023	4,926,735.93			4,926,735.93
Balance as at January 1, 2023 is in the current period.				
Provision in the current period	1,238,388.26			1,238,388.26
Sales in this period	86,665.00			86,665.00
Other changes	1,346,935.92			1,346,935.92
Balance as at December 31, 2022	7,425,395.11			7,425,395.11

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

☐ Applicable ☒ N/A

Changes of carrying amount 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

Type	Opening balance	Amount changed in the current period				Ending balance
		Provision	Recovery or reversal	Cancellation after verification	Miscellaneous	
Other receivables with provision for bad debts made as per aging portfolio	4,926,735.93	1,238,388.26		86,665.00	1,346,935.92	7,425,395.11
Total	4,926,735.93	1,238,388.26		86,665.00	1,346,935.92	7,425,395.11

Significant provision for bad debt recovered or reversed among the above:

☐ Applicable ☒ N/A

5) Other Receivables Actually Written off in the Current Period

☐ Applicable ☒ N/A

6) Other Receivables with Top Five Ending Balances Carried Forward Collected as per the Borrowers

Unit: CNY

Name	Nature	Ending balance	Aging	Proportion to ending balance of other receivables	Closing balance of provision for bad debts
Company 1	Deposit	5,723,353.80	1-3 years, more than 3 years	15.40%	1,144,670.77
Company 2	Deposit	3,100,000.00	Within 1 year	8.34%	620,000.00
Company 3	Deposit	2,414,429.93	Within 1 year, 1-2 years	6.49%	482,885.99
Company 4	Deposit	2,235,509.00	Over 3 years	6.01%	447,101.80
Company 5	Deposit	1,785,040.30	Within 1 year, 1-3 years, more than 3 years	4.80%	357,008.07
Total		15,258,333.03		41.04%	3,051,666.63

7) Presented in Other Receivables Due to Centralized Management of Funds

☐ Applicable ☒ N/A

7.9 Advances to Suppliers**7.9.1 Advances to Suppliers Shall Be Listed by Aging Analysis**

Unit: CNY

Aging	Ending balance		Opening balance	
	Amount	Scale	Amount	Scale
Within 1 year	67,872,305.63	97.97%	36,513,173.89	87.75%
1-2 years	1,163,238.29	1.68%	5,096,688.90	12.25%
2-3 years	243,572.46	0.35%		
Total	69,279,116.38		41,609,862.79	

About the reason for no settlement of significant advances to suppliers with the ageing over 1 year: As of the end of the reporting period, we had no significant prepaid accounts aged more than one year.

7.9.2 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 CNY 37,121,855.70, accounting for 53.49% of the total ending balance of prepayments.

7.10 Inventories

Whether the Company needs to comply with the disclosure requirements for real estate industry: No

7.10.1 Category of Inventories

Unit: CNY

Item	Ending balance			Opening balance		
	Book balance	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value	Book balance	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value
Raw materials	69,380,560.62	2,258,921.06	67,121,639.56	143,297,414.36	3,060,303.59	140,237,110.77
Goods in stocks	836,637,929.16	21,598,709.45	815,039,219.71	535,545,737.30	15,939,434.47	519,606,302.83
Semi-finished products	12,772,346.32	478,650.98	12,293,695.34	5,361,028.98	178,897.82	5,182,131.16
Low-value consumables	11,818,559.41	1,859,830.35	9,958,729.06	6,807,097.15	1,084,517.85	5,722,579.30
Total	930,609,395.51	26,196,111.84	904,413,283.67	691,011,277.79	20,263,153.73	670,748,124.06

7.10.2 Provision for Inventory Impairment / Contract Performance Cost Impairment

Unit: CNY

		Increase in the current period	Decrease in the current period	
--	--	--------------------------------	--------------------------------	--

Item	balance	Provision	Miscellaneous	Reversal or write-off	Miscellaneous	Ending balance
Raw materials	3,060,303.59	2,101,103.41		2,902,485.94		2,258,921.06
Goods in stocks	15,939,434.47	16,206,941.04	4,600,448.43	15,148,114.49		21,598,709.45
Semi-finished products	178,897.82	477,820.30		178,067.14		478,650.98
Low-value consumables	1,084,517.85	1,411,266.94		635,954.44		1,859,830.35
Total	20,263,153.73	20,197,131.69	4,600,448.43	18,864,622.01		26,196,111.84

Provision for inventory decline in value on a group basis:

☐ Applicable ☒ N/A

7.10.3 Ending Balance of Inventories Containing Capitalization Amount of Borrowing Costs

☐ Applicable ☒ N/A

7.10.4 Amortized Amount of Contract Performance Cost in The Current Period

☐ Applicable ☒ N/A

7.11 Held-for-sale Assets

☐ Applicable ☒ N/A

7.12 Current Portion of Non-current Assets

☐ Applicable ☒ N/A

7.13 Other Current Assets

Unit: CNY

Item	Ending balance	Opening balance
Entrusted cash management	310,000,000.00	480,117,111.10
VAT retained and to be certified for deduction at the end of period	127,318,554.33	41,177,277.15
Tax paid in advance	6,983,879.41	3,815,222.75
Cost of returning products receivable	802,608.90	374,186.41
Miscellaneous	1,291,210.12	403,996.72
Total	446,396,252.76	525,887,794.13

Other note: None

7.14 Creditors' Investment

☐ Applicable ☒ N/A

7.15 Other Creditors' Investment

☐ Applicable ☒ N/A

7.16 Investment in other equity instruments

☐ Applicable ☒ N/A

7.17 Long-term receivables

☐ Applicable ☒ N/A

7.18 Long-term equity investment

Unit: CNY

Investee	Opening balance (book value)	Opening balance (carrying value)	Current increase or decrease								Ending balance (carrying amount)	Ending balance of impairment provision
			Addi- tional invest- ment	Negative investme nt	Gains and losses on investment s recognized under the equity method	Other compreh ensive income adjustme nts	Other chang es in equity	Declarati on of cash dividends or profits	Provis ion for impair ment	Miscell aneous		
II. Associates												
Hangzhou Meixi		42,648,730.83	12,000,000.00		17,327,810.25						71,976,541.08	
Shenzhen Nature		33,127,267.87			4,842,523.25						28,284,744.62	
Beijing Huanfang Shidai		7,000,000.00			404,859.03						6,595,140.97	
Yizheng (Suzhou) Biology			35,000,000.00		418,425.06						34,581,574.94	
Hunan Miaomiao Health			1,200,000.00		217,223.05						982,776.95	
Weimai Qingtong Medical			36,333,333.00		1,738,960.41						34,594,372.59	
Shanghai Weimu Medical			35,000,000.00								35,000,000.00	
Subtotal Total		82,775,998.70	119,533,333.00		9,705,819.45						212,015,151.15	

Recoverable amount determined as the net amount after fair value minus disposal costs:

☐ Applicable ☒ N/A

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

☐ Applicable ☒ N/A

Other note: None.

7.19 Other non-current financial assets

Item	Ending balance	Opening balance
Financial assets measured at fair value with changes included in current profits and losses	86,449,823.00	
Total	86,449,823.00	

Other note: None.

7.20 Investment real estates

7.20.1 Investment real estates measured at cost

☒ Applicable ☐ N/A

Unit: CNY

Item	Houses and buildings	Land use rights	Construction in progress	Total
I. Original carrying value				
1. Opening balance	9,550,752.40			9,550,752.40
2. Increase in the current period				
(1) Outsourcing				
(2) Transfer of inventories\fixed assets\construction in progress				
(3) Business mergers increase				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	9,550,752.40			9,550,752.40
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	75,610.12			75,610.12
2. Increase in the current period	453,660.72			453,660.72
(1) Provision or amortization	453,660.72			453,660.72
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer-out				
4. Closing balance	529,270.84			529,270.84
III. Impairment provision				
1. Opening balance				
2. Increase amount in this period				
(1) Provision				
3. Decrease amount in this period				

(1) Disposal				
(2) Other transfer-out				
4. Closing balance				
IV. Carrying amount				
1. Ending carrying amount	9,021,481.56			9,021,481.56
2. Opening carrying value	9,475,142.28			9,475,142.28

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

Other note: None.

7.20.2 Investment properties measured at fair value

☐ Applicable ☒ N/A

7.20.3 Converted to investment property and measured at fair value

☐ Applicable ☒ N/A

7.20.4 Investment Property Failed to Accomplish Certification of Property

☐ Applicable ☒ N/A

7.21 Fixed assets

Unit: CNY

Item	Ending balance	Opening balance
Fixed assets	667,204,436.83	206,366,629.61
Total	667,204,436.83	206,366,629.61

7.21.1 Details of fixed assets

Unit: CNY

Item	Buildings and structures	Electronic equipment	Machinery and equipment	Transportation equipment	Office furniture	Total
I. Original carrying value:						
1. Opening balance	50,350,770.48	14,108,250.68	196,169,097.55	11,539,429.83	6,197,997.16	278,365,545.70
2. Increase in the current period	210,844,867.73	18,929,434.24	273,114,676.40	2,538,073.44	12,202,121.34	517,629,173.15
(1) Purchase		2,520,634.47	65,690,354.04	2,538,073.44	546,942.51	71,296,004.46

(2) Transfer to construction in progress	210,844,867.73	15,381,014.82	195,843,603.62		1,449,802.89	423,519,289.06
(3) Increase from business combination		1,027,784.95	11,580,718.74		10,205,375.94	22,813,879.63
3. Decrease in the current period		71,046.14	2,644,251.29	4,219,951.33	63,205.58	6,998,454.34
(1) Disposal or retirement		71,046.14	2,644,251.29	4,219,951.33	63,205.58	6,998,454.34
4. Closing 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
II. Accumulated depreciation						
1. Opening balance	6,812,040.68	8,394,836.34	47,511,649.68	6,798,467.63	2,481,921.76	71,998,916.09
2. Increase in the current period	4,585,673.58	5,091,633.21	41,061,540.47	1,260,610.39	2,162,312.27	54,161,769.92
(1) Provision	4,585,673.58	5,091,633.21	41,061,540.47	1,260,610.39	2,162,312.27	54,161,769.92
3. Decrease in the current period		67,150.45	2,256,312.14	2,026,517.20	18,878.54	4,368,858.33
(1) Disposal or retirement		67,150.45	2,256,312.14	2,026,517.20	18,878.54	4,368,858.33
4. Closing 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
III. Impairment provision						
1. Opening balance						
2. Increase amount in this period						
(1) Provision						
3. Reduction amount in this period						
(1) Disposal or scrapping						
4. Closing balance						
IV. Carrying amount						
1. Ending carrying amount	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. Opening carrying value	43,538,729.80	5,713,414.34	148,657,447.87	4,740,962.20	3,716,075.40	206,366,629.61

7.21.2 Temporarily idle fixed assets

☐ Applicable ☒ N/A

7.21.3 Fixed assets leased out under operating leases

☐ Applicable ☒ N/A

7.21.4 Details of fixed assets whose certificate of titles are not settled

☐ Applicable ☒ N/A

7.21.5 Impairment testing of fixed assets

☐ Applicable ☒ N/A

7.21.6 Disposal of fixed assets

☐ Applicable ☒ N/A

7.22 Projects underconstruction

Unit: CNY

Item	Ending balance	Opening balance
Projects under construction	40,220,147.41	349,466,401.13
Total	40,220,147.41	349,466,401.13

7.22.1 Information of construction in progress

Unit: CNY

Item	Ending balance			Opening balance		
	Book balance	Provision for Impairment	Carrying value	Book balance	Provision for Impairment	Carrying value
Central Factory				337,229,640.82		337,229,640.82
Other projects under construction	40,220,147.41		40,220,147.41	12,236,760.31		12,236,760.31
Total	40,220,147.41		40,220,147.41	349,466,401.13		349,466,401.13

7.22.2 Changes of major construction in progress in the current period

Unit: CNY

Item	Budget (ten thousand CNY)	Opening balance	Increase in the current period	Amount transferred into fixed assets in the current period	Other decreases in the current period	Ending balance	Proportion of accumulated investment in constructions to budget	Construction progress	Accumulated amount of capitalized interest	Including : Amount of capitalized interest in the current period	Capitalization rate for current interest	Source of funds
Central Factory	43,840.92	337,229,640.82	85,722,465.47	111,410,568.27	1,541,538.02		102.11%	100.00%	0.00	0.00	0.00%	Raised fund
Total	43,840.92	337,229,640.82	85,722,465.47	111,410,568.27	1,542,538.02				0.00	0.00	0.00%	

7.22.3 Provision for impairment of construction in progress in current period

☐ Applicable ☒ N/A

7.22.4 Impairment testing of projects under construction

☐ Applicable ☒ N/A

7.22.5 Construction materials

☐ Applicable ☒ N/A

7.23 Productive biological assets

☐ Applicable ☒ N/A

7.24 Oil and gas assets

☐ Applicable ☒ N/A

7.25 Right-of-use assets

7.25.1 Right-of-use assets

Unit: CNY

Item	Leased premises and buildings	Total
I. Original carrying value:		
1. Opening balance	197,668,222.30	197,668,222.30
2. Increase in the current period	74,696,857.15	74,696,857.15
(1) Increase	73,115,465.37	73,115,465.37
(2) Increase due to business combination	1,581,391.78	1,581,391.78
3. Decrease in the current period	89,372,077.55	89,372,077.55
(1) Termination of Lease	89,372,077.55	89,372,077.55
4. Closing balance	182,993,001.90	182,993,001.90
II. Accumulated depreciation		
1. Opening balance	88,137,554.95	88,137,554.95
2. Increase in the current period	67,175,607.71	67,175,607.71
(1) Provision	67,175,607.71	67,175,607.71
3. Decrease in the current period	73,032,775.69	73,032,775.69
(1) Disposal		
(2) Termination of lease	73,032,775.69	73,032,775.69
4. Closing balance	82,280,386.97	82,280,386.97
III. Impairment provision		
1. Opening balance		
2. Increase amount in this period		
(1) Provision		
3. Reduction amount in this period		

(1) Disposal		
4. Closing balance		
IV. Carrying amount		
1. Ending carrying amount	100,712,614.93	100,712,614.93
2. Opening carrying value	109,530,667.35	109,530,667.35

7.25.2 Impairment testing of right-of-use assets

☐ Applicable ☒ N/A

7.26 Intangible assets

7.26.1 Details of intangible assets

Unit: CNY

Item	Land use right	Patent rights	Non-patented technologies	Office Software	Trade mark right		Total
I. Original carrying value:							
1. Opening balance	40,963,966.31	79,300.00	5,560,000.00	51,432,934.87	3,304,702.49		101,340,903.67
2. Increase in the current period			4,930,000.00	18,804,464.13	107,000,000.00	531,300.00	131,265,764.13
(1) Purchase				2,829,467.71		531,300.00	3,360,767.71
(2) Internal R&D				15,790,644.22			15,790,644.22
(3) Increase from business combination			4,930,000.00	184,352.20	107,000,000.00		112,114,352.20
3. Decrease in the current period							
(1) Disposal							
4. Closing 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
II. Accumulated amortization							
1. Opening balance	4,053,000.24	64,421.00	1,853,333.33	15,683,635.72	1,741,815.98		23,396,206.27
2. Increase in the current period	1,024,094.52	7,929.96	2,913,055.55	11,847,783.67	300,104.19	8,855.00	16,101,822.89
(1) Provision	1,024,094.52	7,929.96	2,913,055.55	11,847,783.67	300,104.19	8,855.00	16,101,822.89
3. Decrease in the current period							
(1) Disposal							
4. Closing balance	5,077,094.76	72,350.96	4,766,388.88	27,531,419.39	2,041,920.17	8,855.00	39,498,029.14
III. Impairment provision							
1. Opening balance							
2. Increase amount in this period							

(1) Provision							
3. Reduction amount in this period							
(1) Disposal							
4. Closing balance							
IV. Carrying amount							
1. Ending carrying amount	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
2. Opening carrying value	36,910,966.07	14,879.00	3,706,666.67	35,749,299.15	1,562,886.51		77,944,697.44

Note: At the end of the reporting period, the original value of intangible assets formed by the Company through internal R&D accounts for about 18.95% of the original value of intangible assets.

7.26.2 Land use right failed to accomplish certification of property

☐ Applicable ☒ N/A

7.26.3 Impairment testing of intangible assets

☐ Applicable ☒ N/A

7.27 Goodwill

7.27.1 Original book value of goodwill

Unit: CNY

Name of the invested unit or matters forming goodwill	Opening Balance	Increased in this issue	Decrease in this period	Ending balance
		Formed by business merger	Dispose	
Yuejiang Investment		413,740,760.61		413,740,760.61
total		413,740,760.61		413,740,760.61

7.27.2 Goodwill impairment provision

☐ Applicable ☒ N/A

7.27.3 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.	not applicable	Not applicable, goodwill is newly added in this period

Changes in asset group or asset group combination:

☐ Applicable ☒ N/A

7.27.4 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: CNY10,000

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	94,929.26	113,200.00		5 years	During the forecast period, the revenue growth rate is 59.35%-11.15%, the gross profit margin is 62%, and the pre-tax discount rate is 12.42%.	The revenue growth rate in the stable period is 0%, the gross profit margin is 62%, and the pre-tax discount rate is 12.42%.	Revenue growth rate: 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; Budgeted gross profit margin: Management determines the revenue growth rate based on the year before the budget year. Determine based on the average gross profit margin, taking into account future market and budget conditions; Discount rate: The discount rate adopted is a pre-tax discount rate that reflects the specific risks of the relevant asset group.
Total	94,929.26	113,200.00					

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

7.27.5 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

Unit: CNY10,000

project	Completion of performance commitments						Goodwill impairment amount	
	This period			Previous period			This period	Previous period
	promise performance	actual performance	Completion rate	promise performance	actual performance	Completion rate		
Yuejiang Investment	5,000.00	4,310.22	86.20%					

Other note: None.

7.28 Long-term deferred expenses

Unit: CNY

Item	Opening balance	Increase in the current period	Current amortization amount	Other increases	Ending balance
Renovation costs	66,734,195.17	62,568,615.74	-431,294.24	37,079,077.73	92,655,027.42
Other		307,389.22	-472,176.43	116,948.23	662,617.42
Total	66,734,195.17	62,876,004.96	-903,470.67	37,196,025.96	93,317,644.84

Other note: None.

7.29 Deferred income tax assets/Deferred income tax liabilities

7.29.1 Deferred income tax assets not offset

Unit: CNY

Item	Ending balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	196,374,355.95	48,706,314.79	90,582,869.88	22,645,717.51
Lease liability	105,242,787.71	18,858,727.39	113,361,257.32	20,666,573.23
Government subsidies recognized as deferred income	82,862,738.40	19,324,059.34	55,574,589.18	13,446,564.19
Credit impairment loss	34,266,427.95	7,680,053.55	19,518,059.73	4,269,349.65
Unredeemed sales points, estimated return losses, etc.	29,424,526.15	5,038,733.11	34,918,299.17	6,356,978.12
Asset impairment provision loss	24,589,713.75	3,768,688.38	20,263,153.73	3,039,473.06

Changes in fair value of financial assets	23,093,719.84	5,718,412.26		
Unrealized profits from insider transactions	6,438,082.28	1,429,338.11	6,858,248.10	1,476,791.61
Total	502,292,352.03	110,524,326.93	341,076,477.11	71,901,447.37

7.29.2 Deferred income tax liabilities not offset

Unit: CNY

Item	Ending balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Assets evaluation appreciation in the business combination not under the same control	125,482,574.12	31,312,057.77	4,158,110.28	1,039,527.57
Right-of-use assets	100,496,553.54	18,155,270.15	109,530,667.35	20,092,913.24
Accelerated depreciation of fixed assets	40,600,232.01	6,571,587.57	40,032,709.94	6,004,906.49
Changes in fair value of financial assets	11,132,123.27	1,806,618.49	5,277,289.84	1,010,327.24
Total	277,711,482.94	57,845,533.98	158,998,777.41	28,147,674.54

7.29.3 Deferred tax assets or liabilities presented in net amount after being offset

Unit: CNY

Item	Ending mutual offset amount between deferred income tax assets and liabilities	Ending 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 off-set
Deferred income tax assets	17,393,076.48	93,131,250.45	19,782,844.11	52,118,603.26
Deferred tax liabilities	17,393,076.48	40,452,457.50	19,782,844.11	8,364,830.43

7.29.4 Details of unrecognized deferred tax assets☐ Applicable ☒ N/A**7.29.5 Deductible loss of unrecognized deferred tax assets will be due in the following years**☐ Applicable ☒ N/A**7.30 Other non-current assets**

Unit: CNY

Item	Ending balance			Opening balance		
	Book balance	Provision for Impairment	Carrying value	Book balance	Provision for Impairment	Carrying value

Prepayments for acquisition and construction of fixed assets and construction in progress	28,524,954.53		28,524,954.53	30,178,102.34		30,178,102.34
Prepayment for purchase of intangible assets	46,906,466.21		46,906,466.21	19,977,568.43		19,977,568.43
Total	75,431,420.74		75,431,420.74	50,155,670.77		50,155,670.77

Other note: None.

7.31 Assets with restricted ownership or use rights

Unit: CNY

Item	Ending balance				Opening balance			
	Book balance	Book value	Type of restriction	Description	Book balance	Book value	Type of restriction	Description
Money funds	17,578,117.80	17,578,117.80	Freeze	Bank acceptance bill deposit, letter of guarantee deposit, ETC deposit	73,603,013.84	73,603,013.84	Freeze	Bank deposits, bank acceptance bill deposits, letter of guarantee deposits and ETC deposits intended to be used to purchase entrusted financial products with restricted uses at the end of the reporting period
Receivables financing	17,311,417.39	17,311,417.39	Pledge	Note pool pledge	37,064,070.53	37,064,070.53	Pledge	Note pool pledge
Total	34,889,535.19	34,889,535.19			110,667,084.37	110,667,084.37		

Other note: None.

7.32 Short-term borrowings

7.32.1 Classification of Short-term Loans

Unit: CNY

Item	Ending balance	Opening balance
Credit loan	100,000,000.00	
Credit guaranteed	3,816,588.60	

Total	103,816,588.60	
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Note on the classification of short-term borrowings: At the end of the reporting period, we determined the categories of borrowings based on the methods or conditions for obtaining short-term financing from the bank.

7.32.2 Overdue short-term borrowings that have not been repaid

☐ Applicable ☒ N/A

7.33 Financial liabilities held for trading

☐ Applicable ☒ N/A

7.34 Derivative financial liabilities

☐ Applicable ☒ N/A

7.35 Notes payable

Unit: CNY

Category	Ending balance	Opening balance
Trade acceptance draft	67,562,710.23	61,550,650.47
Total	67,562,710.23	61,550,650.47

Note: At the end of the reporting period, we had no notes payable due but unpaid.

7.36 Accounts payable

7.36.1 Presentation of accounts payable

Unit: CNY

Item	Ending balance	Opening balance
Accounts payable	334,370,604.40	310,822,793.59
Total	334,370,604.40	310,822,793.59

7.36.2 Significant payables with the aging over 1 year

☐ Applicable ☒ N/A

7.37 Other payables

Unit: CNY

Item	Ending balance	Opening balance
Dividends payable	4,305.04	1,171,873.24
Other payables	449,277,890.12	271,161,951.15

Total	449,282,195.16	272,333,824.39
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7.37.1 Interests payable

☐ Applicable ☒ N/A

7.37.2 Dividends payable

Unit: CNY

Item	Ending balance	Opening balance
Common stock dividends payable to minority shareholders of subsidiaries	4,305.04	1,171,873.24
Total	4,305.04	1,171,873.24

Other note (including significant dividends payable unpaid for over 1 year, and the reason for failure of payment shall be disclosed):
No.

7.37.3 Other payables**1) Presentation of other payables by nature**

Unit: CNY

Item	Ending balance	Opening balance
Expenses payable	339,375,044.92	200,765,806.28
Project and equipment amount payable	101,391,933.50	66,663,692.73
Margin payable and deposit payable	8,510,911.70	3,732,452.14
Total	449,277,890.12	271,161,951.15

2) Other payables with significant amount and age of over 1 year

☐ Applicable ☒ N/A

3) Other payables with top five closing balances by counterparty

Company	Nature of payment	Ending balance	Proportion to the total closing balance of other receivables
Company 1	Project and equipment amount payable	43,039,337.00	9.58%
Company 2	Expenses payable	33,695,667.24	7.50%
Company 3	Expenses payable	22,500,000.00	5.01%
Company 4	Expenses payable	21,179,091.00	4.71%
Company 5	Expenses payable	18,700,197.16	4.16%
Total		139,114,292.40	30.96%

7.38 Advances from customers

☐ Applicable ☒ N/A

7.39 Contract liabilities

Unit: CNY

Item	Ending balance	Opening balance
Sales rebate and unredeemed points	31,485,888.29	34,791,182.51
Advances from customers	18,567,750.39	23,324,462.98
Total	50,053,638.68	58,115,645.49

Significant contract liabilities aged more than 1 year:

☐ Applicable ☒ N/A

Amounts and reasons for significant changes in book value during the reporting period:

☐ Applicable ☒ N/A

7.40 Employee compensation payable

7.40.1 Presentation of employee compensation payable

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
1. Short-term employee benefits	101,319,918.13	675,392,711.29	674,344,603.67	102,368,025.75
2. Post-employment benefits-defined contribution plans	3,016,672.97	58,532,816.96	57,464,752.13	4,084,737.80
3. Dismissal benefits		9,036,542.26	9,036,542.26	
Total	104,336,591.10	742,962,070.51	740,845,898.06	106,452,763.55

7.40.2 Presentation of short-term salaries

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	98,475,727.42	566,402,976.33	566,234,564.76	98,644,138.99
2. Employee services and benefits		41,763,927.40	41,763,927.40	
3. Social insurance premiums	1,852,274.71	37,360,851.84	36,736,981.79	2,476,144.76
Including: medical insurance premiums	1,813,993.13	35,839,237.51	35,305,985.19	2,347,245.45
Work-related injury insurance premiums	38,281.58	1,113,108.40	1,093,969.20	57,420.78
Maternity insurance premiums		408,505.93	337,027.40	71,478.53

4. Housing accumulation fund	991,916.00	24,282,601.73	24,026,775.73	1,247,742.00
5. Trade union funds and staff education funds		5,582,353.99	5,582,353.99	
Total	101,319,918.13	675,392,711.29	674,344,603.67	102,368,025.75

7.40.3 Presentation of defined contribution plan

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
1. Basic endowment insurance	2,920,878.18	56,402,189.85	55,368,772.40	3,954,295.63
2. Unemployment insurance	95,794.79	2,130,627.11	2,095,979.73	130,442.17
Total	3,016,672.97	58,532,816.96	57,464,752.13	4,084,737.80

Other note: None.

7.41 Taxes payable

Unit: CNY

Item	Ending balance	Opening balance
Enterprise income tax	105,223,136.73	109,692,780.07
VAT	19,393,011.36	4,859,366.39
Individual income tax	2,794,864.10	2,763,480.53
Consumption Tax	808,944.25	372,522.21
City maintenance and construction tax	431,412.87	300,502.26
Educational surcharge	385,571.88	282,109.93
Other taxes	3,080,824.27	1,139,624.51
Total	132,117,765.46	119,410,385.90

Other note: None.

7.42 Held-for-sale liabilities

☐ Applicable ☒ N/A

7.43 Non-current liabilities due within one year

Unit: CNY

Item	Ending balance	Opening balance
Lease liabilities due within one year	42,102,294.00	62,415,988.59
Total	42,102,294.00	62,415,988.59

Other note: None.

7.44 Other current liabilities

Unit: CNY

Item	Ending balance	Opening balance
Payments of sales return payable	3,602,963.86	1,869,058.68
Taxes of items to be written off	1,852,501.91	1,011,680.31
Total	5,455,465.77	2,880,738.99

Other note: None.

7.45 Long-term borrowings**7.45.1 Classification of Long-term borrowings**

Unit: CNY

Item	Ending balance	Opening balance
Credit guaranteed	4,700,000.00	
Total	4,700,000.00	

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

7.46 Bonds payable☐ Applicable ☒ N/A**7.47 Lease liabilities**

Unit: CNY

Item	Ending balance	Opening balance
Lease liabilities	105,385,826.61	113,361,257.32
Minus: current portion of lease liabilities	42,102,294.00	62,415,988.59
Total	63,283,532.61	50,945,268.73

Other note: None.

7.48 Long-term payables

Unit: CNY

Item	Ending balance	Opening balance
Special payables	8,600,000.00	10,500,000.00

Total	8,600,000.00	10,500,000.00
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7.48.1 Long-term payables by nature of payment

Item	Ending balance	Opening balance
Yunnan Provincial Characteristic Plant Laboratory Special Fund	8,600,000.00	10,500,000.00

Other note: None.

7.48.2 Special payables

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance	Cause of formation
Special funds for Yunnan Characteristic Plant Laboratory	10,500,000.00	100,000,000.00	101,900,000.00	8,600,000.00	
Total	10,500,000.00	100,000,000.00	101,900,000.00	8,600,000.00	

Other note: None.

7.49 Long-term employee benefits payable☐ Applicable ☒ N/A**7.50 Estimated liabilities**☐ Applicable ☒ N/A**7.51 Deferred income**

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance	Cause of formation
Government subsidies	55,574,589.18	85,460,808.00	58,172,658.78	82,862,738.40	
Total	55,574,589.18	85,460,808.00	58,172,658.78	82,862,738.40	

Other note: None.

7.52 Other non-current liabilities☐ Applicable ☒ N/A**7.53 Share capital**

Unit: CNY

		Increase or decrease (+,-)	
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	Opening balance	Issuance of new shares	Bonus shares	Conversion of the reserve funds into shares	Miscellaneous	Subtotal	Ending balance
Total shares	423,600,000.00						423,600,000.00

Other note: None.

7.54 Other equity instruments

☐ Applicable ☒ N/A

7.55 Capital reserves

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Capital premium (share 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 and causes thereof in movements in the current period): None.

7.56 Treasury shares

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Common stock		109,838,205.82		109,838,205.82
Total		109,838,205.82		109,838,205.82

Other explanations, including changes in increases and decreases in the current period and explanations of reasons for changes:

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 “Adjustments to the Repurchase Plan”. “Proposal on the Company's Share Plan” agrees that Botanee will use its own funds to repurchase the Company's shares through centralized bidding transactions. All the repurchased shares will be used to implement the equity incentive plan or employee stock ownership plan. The total amount of funds for this repurchase of shares is not low. Within CNY200 million (inclusive) and not exceeding CNY300 million (inclusive).

As of December 31, 2023, we have repurchased 1,539,500 shares of the Company through centralized bidding transactions through a special securities account for share repurchases, accounting for 0.3634% of our current total share capital. The highest transaction price is 78.00 CNY/share, and the lowest transaction price is 63.99 CNY/share, and the total amount paid is CNY109,838,205.82 (excluding transaction fees).

7.57 Other comprehensive income

Unit: CNY

Item	Opening balance	Amount incurred in the current period						Ending balance
		Amount	Minus:	Minus:	Minus:	Attributab	Attribu	
		incurred before income tax in the current period	Amount included in other comprehensive income in the previous period and transferred to profit and loss in the current period	Amount included in other comprehensive income in the previous period and transferred to retained income in the current period	income tax expenses	let to the parent company - net of income tax	table to the minority shareholders - net of income tax	
II. Other comprehensive incomes to be reclassified into profits or losses	-205.63	-78,932.64				47,359.12	126,291.76	47,153.49
Differences arising from translation of foreign currency financial statements	-205.63	-78,932.64				47,359.12	126,291.76	47,153.49
Total other comprehensive income	-205.63	-78,932.64				47,359.12	126,291.76	47,153.49

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.

7.58 Special reserves

☐ Applicable ☒ N/A

7.59 Surplus reserves

Unit: CNY

Item	Opening balance	Increase in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	211,081,299.10			211,081,299.10
Total	211,081,299.10			211,081,299.10

Notes on surplus reserves (including explanations about changes and causes thereof in increase/decrease in the current period): According to Article 166 of the *Company Law of the People's Republic of China*, if the cumulative amount of the provident fund is

more than 50% of a company's registered capital, it may no longer be withdrawn. During the reporting period, Botanee (parent company) met the above requirements, no statutory surplus reserve fund was accrued.

7.60 Undistributed profits

Unit: CNY

Item	Current period	Previous period
Undistributed profits at the end of the previous period before adjustment	2,071,587,040.20	1,329,978,260.55
Undistributed profits at the beginning of the period after adjustment	597,391.45	494,270.86
Add: Net profit attributable to owners of the parent company during the period	2,072,184,431.65	1,330,472,531.41
Minus: Statutory surplus reserves appropriated	756,795,007.56	1,051,331,949.57
Ordinary share dividends payable		55,460,049.33
Undistributed profits at the end of the period	338,880,000.00	254,160,000.00

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 CNY597,391.45.

(2) Due to accounting policy alternation, the affected retained earnings 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.

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

7.61 Revenue and cost of sales

Unit: CNY

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenues	Costs	Revenues	Costs
Main business	5,501,620,351.02	1,432,514,965.73	4,997,756,008.94	1,234,042,922.29
Other business	20,547,911.98	8,877,464.88	16,117,720.50	9,004,032.32
Total	5,522,168,263.00	1,441,392,430.61	5,013,873,729.44	1,243,046,954.61

Audited net profit before and after deducting non-recurring gains and losses (whichever is lower, negative value or not):

☐ Applicable ☒ N/A

Relevant information of revenue and cost:

Unit: CNY

Contract classification	Daily chemical industry		Services and others		Total	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
By type of product						
including						
Skin care products	4,869,891,463.93	1,282,695,510.54			4,869,891,463.93	1,282,695,510.54
Medical Devices	463,107,605.63	87,399,714.92			463,107,605.63	87,399,714.92
Cosmetics	168,621,281.46	62,419,740.27			168,621,281.46	62,419,740.27
Services and others			20,547,911.98	8,877,464.88	20,547,911.98	8,877,464.88
Classification by business area						
Including:						
Within Chinese Mainland	5,489,610,607.53	1,428,448,675.25	20,547,911.98	8,877,464.88	5,510,158,519.51	1,437,326,140.13
Outside Chinese Mainland	12,009,743.49	4,066,290.48			12,009,743.49	4,066,290.48
Type of market or customer						
Including:						
Winona	5,192,038,641.78	1,324,194,060.33			5,192,038,641.78	1,324,194,060.33
Winona Baby	149,647,517.83	39,148,947.89			149,647,517.83	39,148,947.89
AOXMED	36,187,062.67	8,618,424.13			36,187,062.67	8,618,424.13
Za	89,871,041.72	36,828,136.44			89,871,041.72	36,828,136.44
PURE&MILD	14,465,617.96	7,418,138.99			14,465,617.96	7,418,138.99
Miscellaneous	19,410,469.06	16,307,257.95	20,547,911.98	8,877,464.88	39,958,381.04	25,184,722.83
Contract type						
Including:						
Self-operation	3,235,051,572.87	904,446,283.88	20,547,911.98	8,877,464.88	3,255,599,484.85	913,323,748.76
Distribution	2,266,568,778.15	528,068,681.85			2,266,568,778.15	528,068,681.85
Classified by the time of goods transfer						
Including:						
Revenue recognized at a certain time point	5,501,620,351.02	1,432,514,965.73			5,501,620,351.02	1,432,514,965.73
Revenue recognized in a certain period			20,547,911.98	8,877,464.88	20,547,911.98	8,877,464.88
Classification of contract term						
Including:						
Expected to be completed within one year	5,501,620,351.02	1,432,514,965.73	20,547,911.98	8,877,464.88	5,522,168,263.00	1,441,392,430.61
Classification by sales channel						
Including:						
Online channel product sales	3,552,186,453.05	1,021,681,010.35			3,552,186,453.05	1,021,681,010.35
OMO channel product sales	522,685,816.23	128,822,811.73			522,685,816.23	128,822,811.73
Offline channel product sales	1,426,748,081.74	282,011,143.65			1,426,748,081.74	282,011,143.65

Offline channel services and others			20,547,911.98	8,877,464.88	20,547,911.98	8,877,464.88
Total	5,501,620,351.02	1,432,514,965.73	20,547,911.98		5,522,168,263.00	1,441,392,430.61

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 variable consideration in the contract:

☐ Applicable ☒ N/A

Major contract changes or major transaction price adjustments:

☒ Applicable ☐ N/A

7.62 Taxes and surcharges

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
City maintenance and construction tax	28,201,329.84	24,094,924.40
Educational surcharge	21,398,699.77	18,413,159.71
Consumption Tax	9,929,897.04	9,090,095.18
Other taxes and fees	5,654,475.80	4,501,972.14
Total	65,184,402.45	56,100,151.43

7.63 Management expenses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Personnel costs	176,545,169.27	148,683,323.45
Consulting service fees	87,949,222.78	55,021,387.42
Depreciation and amortization	60,074,882.63	41,709,399.69
Office and material expenses	30,886,726.57	31,350,045.70
Hospitality expenses	9,674,801.42	9,564,882.22
Travel allowance	9,695,430.01	4,401,120.20
Miscellaneous	38,376,439.35	52,314,096.67
Total	413,202,672.03	343,044,255.35

Other note: None.

7.64 Selling expenses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Personnel costs	417,741,433.95	301,645,844.20
Channel and advertising expenses	1,922,443,535.15	1,534,412,005.90
Warehousing and auxiliary expenses	114,252,470.63	107,398,471.50
Miscellaneous	155,239,216.76	104,424,433.49
Total	2,609,676,656.49	2,047,880,755.09

Other note: None.

7.65 R&D expenses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Personnel costs	114,473,350.07	100,623,562.85
Material costs	83,712,034.75	69,841,389.02
Outsourcing R&D and testing expenses	62,522,947.05	48,837,376.60
Depreciation and amortization	19,894,269.23	16,525,054.39
Miscellaneous	18,214,707.01	18,871,058.51
Total	298,817,308.11	254,698,441.37

Other note: None.

7.66 Financial expenses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expenses	4,966,901.69	4,753,216.51
Minus: interest income	28,548,283.32	20,299,817.23
Handling charge of financial institutions	1,552,103.74	1,211,281.93
Exchange loss	724,669.09	-25,733.12
Total	-21,304,608.80	-14,361,051.91

Other note: None.

7.67 Other income

Unit: CNY

Sources of other incomes	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies	131,682,124.63	70,486,674.48
Additional deduction for VAT input tax	16,269,700.55	910,643.35

Miscellaneous	1,468,818.30	482,025.64
Total	149,420,643.48	71,879,343.47

7.68 Gain from Net Exposure to Hedging

☐ Applicable ☒ N/A

7.69 Gain from Changes in Fair Value

Unit: CNY

Source of gain from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period
Financial assets held for trading	-17,238,886.41	-5,519,803.92
Total	-17,238,886.41	-5,519,803.92

Other note: None.

7.70 Investment Income

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from entrusted financial management of cash management	54,561,672.18	78,007,914.79
Long-term equity investment incomes calculated at equity method	9,705,819.45	2,570,038.70
Dividend income from other non-current financial assets during the holding period	94,756.71	
Total	64,362,248.34	80,577,953.49

Other note: None.

7.71 Credit Impairment Losses

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt loss for receivables	-12,973,279.13	720,648.86
Bad debt losses on notes receivable	-1,289,585.50	
Total	-14,262,864.63	720,648.86

Other note: None.

7.72 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	-20,197,131.69	-18,985,622.92
Total	-20,197,131.69	-18,985,622.92

Other note: None.

7.73 Gain From Disposal of Assets

Unit: CNY

Sources of income from asset disposal	Amount incurred in the current period	Amount incurred in the previous period
Gain from disposal of fixed assets	486,279.15	-27,685.55
Revenue from disposal of right-of-use assets	204,005.23	

7.74 Non-operating Revenues

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	1,526,075.85	1,551,132.60	1,526,075.85
Miscellaneous	613,024.59	1,399,409.98	613,024.59
Government subsidies		6,000,000.00	
Total	2,139,100.44	8,950,542.58	2,139,100.44

Other note: None.

7.75 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	7,907,436.91	5,559,725.61	7,907,436.91
Miscellaneous	3,386,810.08	1,635,248.66	3,386,810.08
Total	11,294,246.99	7,194,974.27	11,294,246.99

Other note: None.

7.76 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	143,699,474.83	192,447,340.85
Deferred income tax expenses	-34,092,682.18	-29,114,850.72
Total	109,606,792.65	163,332,490.13

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

Unit: CNY

Item	Amount incurred in the current period
Total profit	868,818,549.03
Income tax expenses based on statutory/applicable tax rate	130,322,782.35
Effects of different tax rates applied to subsidiaries	-6,625,500.83
Effect of nondeductible cost, expense and loss	24,214,003.85
Weighted deduction of R&D expenses	-35,750,074.22
Profit or loss of joint ventures accounted for using the equity method	-2,554,418.50
Income tax expenses	109,606,792.65

Other note: None.

7.77 Other comprehensive income

For details, please refer to 7.57 Other Comprehensive Income” in “7. Notes to Items in Consolidated Financial Statement” under Section X of this report.

7.78 Items in the statement of cash flows

7.78.1 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 subsidies and incentives received	79,982,256.96	51,127,473.72
Special payables received	100,000,000.00	50,000,000.00
Security deposits and deposits	5,426,178.69	3,661,375.25
Miscellaneous	30,850,679.20	20,925,201.87
Total	216,259,114.85	125,714,050.84

Notes for cash received from other operating activities: None.

Cash paid relating to other operating activities:

Unit: CNY

Item	Amount incurred in the current period	Amount incurred in the previous period
Payment of various expenses	2,212,363,396.43	1,855,397,446.85
Payment of special payables	16,449,192.00	14,865,000.00
Payment of various deposits and security deposits	8,605,056.84	9,778,529.93
Total	2,237,417,645.27	1,880,040,976.78

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

7.78.2 Cash related to investing activities

Other cash received relating to investment activities:

☐ Applicable ☒ N/A

Significant cash received related to investing activities:

Unit: CNY

Item	Amount incurred this period	Amount incurred last period
Entrusted cash management to recover the principal and investment income at maturity	5,152,768,856.37	7,140,808,914.79
Total	5,152,768,856.37	7,140,808,914.79

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

Cash paid relating to other investing activities:

☐ Applicable ☒ N/A

Significant cash payments related to investing activities:

Unit: CNY

Item	Amount incurred this period	Amount incurred last period
Cash paid for purchasing entrusted cash management	4,699,498,500.00	6,720,927,811.10
Payment for merger and acquisition of enterprises not under common control	493,498,507.88	7,474,528.53
Cash paid for the purchase and construction of long-term assets such as fixed assets and intangible assets	274,275,480.81	353,420,863.88
Payment for equity investment in associates	119,533,333.00	80,205,960.00
Payment for investments in other non-current financial assets	87,000,000.00	
Total	5,673,805,821.69	7,162,029,163.51

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

7.78.3 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	109,838,205.82	
Payment of leased premises and buildings	76,442,754.36	64,719,978.70
Return investment from minority shareholders of subsidiaries	17,500,000.00	
Total	203,780,960.18	64,719,978.70

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

Changes in liabilities arising from financing activities:

☒ Applicable ☐ N/A

Unit: CNY

Item	Opening balance	Increase in current period		Decrease in current period		Ending balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loan		105,450,000.00	20,697,730.12	22,347,730.12		103,800,000.00
Long term loan			6,552,916.67	1,852,916.67		4,700,000.00
Lease liabilities/non-current liabilities due within one year	113,361,257.32		74,900,907.68	70,130,967.30	12,745,371.09	105,385,826.61
Total	113,361,257.32	105,450,000.00	102,151,554.47	94,331,614.09	12,745,371.09	213,885,826.61

7.78.4 Instructions for presenting cash flows on a net basis

☐ Applicable ☒ N/A

7.78.5 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

7.79 Supplementary information of the cash flow statement

7.79.1 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	1,050,416,368.38	864,062,453.99
Add: provision for impairment of assets	18,985,622.92	11,913,320.12
Credit impairment loss	25,819,197.63	13,851,699.16
Depreciation of fixed assets, oil and gas assets, and productive biological assets	56,682,693.62	38,873,022.15
Depreciation of right-of-use assets	10,323,691.93	5,805,110.63
Amortization of intangible assets	24,810,499.21	14,864,957.87
Amortization of long-term deferred expenses	112,591.36	-516,716.70
Losses on disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")		40,689.02
Loss from scrapping of fixed assets (income is listed with "-")	5,519,803.92	- 10,797,093.76
Loss from change in fair value (income is listed with "-")	4,727,483.39	4,191,650.31
Financial expenses (income is listed with "-")	-80,577,953.49	- 18,830,359.81
Investment losses (income is listed with "-")	-35,650,668.43	- 1,860,954.26
Decrease in deferred income tax assets (increases are indicated with "-")	6,368,432.06	1,650,041.16
Increase in deferred income tax liabilities (decreases are indicated with a “-” sign)	-214,147,770.09	-221,433,616.06
Decrease in inventory (increases are listed with "-")	-222,640,130.54	-45,098,028.87
Decrease in operating receivables (increases are indicated with a “-” sign)	119,416,408.44	490,738,190.58
Increase in operating payables (decreases are indicated with a “-” sign)	-720,648.86	5,265,985.88
Credit impairment loss	769,445,621.45	1,152,720,351.41
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets		
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:		
Closing balance of cash	2,440,692,701.42	2,009,370,756.03
Minus: beginning balance of cash	2,009,370,756.03	750,891,238.75
Add: Ending balance of cash equivalents		
Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	431,321,945.39	1,258,479,517.28

7.79.2 Net cash paid for acquisition of subsidiaries in the current period

Unit: CNY10,000

	Amount
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Cash or cash equivalents paid in the current period for business combinations in the current period:	51,500.00
Including	
Hunan Botanee	150.00
Hunan Elemei	150.00
Changsha Meluda	150.00
Yuejiang Investment	51,050.00
Minus: cash and cash equivalents held by subsidiaries on acquisition date	2,150.15
Including:	
Hunan Botanee	49.79
Hunan Elemei	
Changsha Meluda	
Yuejiang Investment	2,100.36
Including:	
Net cash paid for acquisition of subsidiaries	49,349.85

Other note: None.

7.79.3 Net Cash Received from Disposal of Subsidiaries in the Current Period

☐ Applicable ☒ N/A

7.79.4 Composition of Cash and Cash Equivalents

Unit: CNY

Item	Ending balance	Opening balance
I. Cash	2,073,881,743.78	2,440,692,701.42
Cash at bank available for payments at any time	2,036,518,760.57	2,325,336,390.61
Other cash at bank and on hand available for payment on demand	37,362,983.21	115,356,310.81
III. Closing balance of cash and cash equivalents	2,073,881,743.78	2,440,692,701.42

7.79.5 Fund with Limited Scope of Use But Is Still Classified as Cash and Cash Equivalents

☐ Applicable ☒ N/A

7.79.6 Monetary Funds other than Cash and Cash Equivalents

☐ Applicable ☒ N/A

7.79.7 Other Major Events

☐ Applicable ☒ N/A

7.80 Notes to Items in the Statement of Retained Earnings

Describe “other” and the amount of adjustments made to the closing balance of the previous year: None.

7.81 Foreign Currencies**7.81.1 Foreign Currencies**

Unit: CNY

Item	Ending balance	Exchange rate	Ending balance converted into CNY
Money market funds			18,930,669.31
Including: USD	1,939,095.06	7.08	13,734,028.58
EUR			
HKD	100,811.03	0.91	91,356.97
SGD	18,507.62	5.38	99,519.17
JPY	99,675,000.00	0.05	5,004,980.78
THB	500.00	0.21	103.68
AUD	140.28	4.85	680.13
Accounts receivable			13,619,271.72
Including: USD	310,179.39	7.08	2,196,907.57
EUR			
HKD			
TWD	49,542,562.70	0.23	11,422,364.15
Long-term borrowings			
Including: USD			
EUR			
HKD			
Other accounts receivable			95,206.93
Including: HKD	105,059.40	0.91	95,206.93
Accounts payable			5,708,055.71
Including: HKD	467,029.22	0.91	423,231.22
SGD	982,820.89	5.38	5,284,824.49
Other accounts payable			226,659.79
Including: HKD	57,434.79	0.91	52,048.56
JPY	3,475,346.00	0.05	174,507.55

THB	500.00	0.21	103.68
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Other note: None.

7.81.2 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.

7.82 Lease

7.82.1 Botanee as the Lessee

☒ Applicable ☐ N/A

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 CNY4,753,324.17.

Sale and leaseback transactions

☐ Applicable ☒ N/A

7.82.2 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	867,847.45	
Total	867,847.45	

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

7.8.2.3 Recognizing financial lease sales profits and losses as a manufacturer or distributor

☐ Applicable ☒ N/A

7.8.3 Miscellaneous

☐ Applicable ☒ N/A

8. Research and Development Expenditures

Unit: CNY

Item	Amount incurred this period	Amount incurred previous period
Staff costs	114,472,358.04	101,226,944.16
Material costs	83,712,034.75	69,841,389.02
Outsourced R&D and testing costs	93,854,670.32	64,645,158.25
Depreciation and amortization	19,894,269.23	16,525,054.39
Other	23,503,618.68	25,976,142.26
Total costs	335,436,951.02	278,214,688.08
Including: expensed R&D expenditures	298,817,308.11	254,698,441.37
Capitalized R&D expenditures	36,619,642.91	23,516,246.71

8.1 R&D projects eligible for capitalization

Unit: CNY

Item	Opening balance	Increase in current period		Decrease in current period		Ending balance
		Internal development expenditures	Other	Recognized as intangible assets	Transferred to current profit and loss	
Software and system application projects	19,180,368.43	36,619,642.91		8,893,545.13		46,906,466.21
Total	19,180,368.43	36,619,642.91		8,893,545.13		46,906,466.21

Significant capitalized R&D projects:

☐ Applicable ☒ N/A

Impairment provision for development expenditures:

☐ Applicable ☒ N/A

8.2 Important outsourced research projects

☐ Applicable ☒ N/A

9 Changes in the Scope of Consolidation**9.1 Business combination not under common control****9.1.1 Business combinations not under common control in the current period**

Unit: CNY10,000

Name of acquiree	Acquisition date	Acquisition cost	Shareholding percentage	Acquisition method	Purchase date	Determination basis of purchase date	Income of the acquiree from the purchase date to the end of the period	Net profits of acquiree from the purchase date to the end of the period
Hunan Botanee	Feb. 15, 2023	150.00	100.00%	Business combination not under common control	Feb. 15, 2023	Transfer of control	1,132,075.44	195,725.87
Changsha Meluda	Jun. 14, 2023	150.00	100.00%	Business combination not under common control	Jun. 14, 2023	Transfer of control	19,801.98	-294,559.01
Hunan Elemei	Jun. 15, 2023	150.00	100.00%	Business combination not under common control	Jun. 15, 2023	Transfer of control	14,851.49	-289,412.35
Yuejiang Investment	Oct. 31, 2023	51,000.00	51.00%	Business combination not under common control	Oct. 31, 2023	Transfer of control	104,336,659.68	16,330,835.72

Other note: None.

9.1.2 Combination costs and goodwill

Unit: CNY10,000

Combination cost	Hunan Botanee, Hunan Alemei, and Changsha Meluda	Yuejiang Investment
Cash	450.00	51,000.00
Total consolidated cost	450.00	51,000.00
Minus: Fair value of net identifiable assets acquired	468.04	9,625.92
Amount of goodwill/consolidated cost less than the fair value of identifiable net assets acquired	-18.04	41,374.08

Method for determining the fair value of the merger cost: We value the assets and liabilities owned by each acquired company on the acquisition date and based on industry experience. After full negotiation between the parties to the transaction, it was confirmed that the transfer prices of 100% of the equity of Hunan Botanee, Changsha Meluda and Hunan Ailemei were CNY1.50 million, CNY1.50 million and CNY1.50 million respectively. The cost of acquiring 51% of the equity of Yuejiang Investment was CNY510 million. The fair value of the identifiable net assets of Yuejiang Investment was evaluated by Shanghai Shenwei Asset Appraisal Co., Ltd., which produced HSWPBZ (2024) No. XJ0011 report.

Main reason for the formation of large amounts of goodwill: During the reporting period, we acquired 51% of the equity of Yuejiang Investment through a merger of enterprises not under common control. The merger cost was CNY510.0 million in cash, and the fair value share of identifiable net assets obtained was CNY96.2592 million, which formed a goodwill of CNY413.7408 million.

Other note: None.

9.1.3 Identifiable assets and liabilities of the acquiree on the acquisition date

Unit: CNY 10,000

	Hunan Botanee, Hunan Alemei, and Changsha Meluda		Yuejiang Investment	
	Fair value on purchase date	Book value on purchase date	Fair value on purchase date	Book value on purchase date
Assets:				
Money market funds	49.79	49.79	2,100.36	2,100.36
Accounts receivable	1.00	1.00	3,078.12	3,078.12
Prepayments			1,364.78	1,364.78
Stock			11,357.95	11,357.95
Other current assets	4.90	4.90	1,045.52	1,045.52
Fixed assets	0.75	0.75	2,280.64	911.67
Intangible assets	495.00		10,718.44	18.44
Right-of-use assets			158.14	158.14
Long-term prepaid expenses			77.92	77.92
Deferred tax assets			731.82	731.82
Other non-current assets	41.21	41.21	516.75	516.75
Liabilities:				
Loan			2,735.52	2,735.52
Accounts payable	0.86	0.86	4,333.67	4,333.67
Employee compensation payable			551.44	551.44
Taxes payable			868.40	868.40
Contract liabilities			194.56	194.56
Other current liabilities			41.86	41.86
Non-current liabilities due within one year			129.85	129.85
Deferred income tax liability	123.75		3,154.09	143.88
Lease liability			48.69	48.69
Net assets	468.04	96.79	21,372.30	12,313.54
Minus: Minority interests			-2.06	-2.06
Net assets acquired	468.04	96.79	21,374.36	12,315.60

Method for determining the fair value of identifiable assets and liabilities: Botanee values the assets and liabilities owned by the acquired company on the acquisition date based on asset evaluation and industry experience.

Botanee values the acquired company based on its assets and liabilities on the acquisition date and industry experience.

Contingent liabilities undertaken by acquiree in business merger:

☐ Applicable ☒ N/A

Other note: none.

9.1.4 Gains or losses arising from the remeasurement at the fair value of shares held before the purchase date

Transaction that realized business combination step by step through multiple transactions and obtained control during the reporting period:

☐ Yes ☒ No

9.1.5 Notes related to the inability to reasonably determine the merger consideration or the fair value of the acquiree's identifiable assets and liabilities on the purchase date or at the end of the period of the merger

☐ Applicable ☒ N/A

9.1.6 Other Description

☐ Applicable ☒ N/A

9.2 Business combination under common control

☐ Applicable ☒ N/A

9.3 Counter purchase

☐ Applicable ☒ N/A

9.4 Disposal of subsidiaries

☐ Applicable ☒ N/A

9.5 Changes in the scope of consolidation due to other reasons

9.5.1 New entities in current period

Entity	Established on	Registered capital	Funding ratio
Huzhou Botanee	July 31, 2023	CNY 2 million	100.00%

Botanee Bio-technology Japan Co., Ltd.	December 7, 2023	JPY100 million	100.00%
Shangri-La Yunke	February 13, 2023	CNY 5 million	100.00%
Nuoweitai (Kunming)	May 22, 2023	CNY 1 million	70.00%
Clinmate (Kunming)	May 22, 2023	CNY 5 million	100.00%
Botanee Bio-Technology (Singapore) Pte. Ltd.	November 13, 2023	CNY 1	100.00%
Botanee Bio-Technology (Thailand) Co., Ltd.	December 13, 2023	THB 200 million	100.00%
Xiamen Yunzhong Equity Investment Partnership (Limited Partnership)	May 10, 2023	CNY 316 million	95.25%

9.5.2 Entities deregistered and liquidated in this period

Entity	Deregistered on
Hainan Botanee Venture Capital Private Equity Fund Management Co., Ltd.	September 27, 2023
Hainan Botanee Private Equity Fund Management Co., Ltd.	September 27, 2023

9.6 Miscellaneous

☐ Applicable ☒ N/A

10. Equity in Other Entities

10.1 Equity in Subsidiaries

10.1.1 Subsidiaries of the Company

Name	Registered capital	Principal place of business	Registered in	Nature of business	Shareholding ratio		Way of obtaining
					Direct	Indirect	
Kunming Botanee Sales	CNY5 million	Kunming	Kunming	Sales service	100.00%	0.00%	Established
Qimei Technology (Shanghai)	CNY10 million	Shanghai	Shanghai	E-commerce	0.00%	100.00%	Established
Kunming Yunzhuang	CNY2 million	Kunming	Kunming	R&D, and sales services	100.00%	0.00%	Established
Kunming Winona	CNY2 million	Kunming	Kunming	Service industry	0.00%	98.00%	Established
Shanghai Botanee	CNY150 million	Shanghai	Shanghai	R&D, and e-commerce	100.00%	0.00%	Established
Sichuan Botanee	CNY1 million	Chengdu	Chengdu	R&D, and sales services	0.00%	51.00%	Established
Wuhan Botanee	CNY1.3 million	Wuhan	Wuhan	R&D, and sales services	100.00%	0.00%	Acquired
Shanghai Jiyan Biomedicine	CNY2 million	Shanghai	Shanghai	R&D	0.00%	100.00%	Established
Qimei Technology (Kunming)	CNY10 million	Kunming	Kunming	E-commerce	100.00%	0.00%	Established
Botanee (Shanghai) Supply Chain	CNY2 million	Shanghai	Shanghai	Supply chain management, warehousing services	0.00%	100.00%	Established
Yunnan Yunke	CNY100 million	Kunming	Kunming	R&D	100.00%	0.00%	Established
Hainan Botanee Investment	CNY60 million	Haikou	Haikou	Capital market services	100.00%	0.00%	Established

Shanghai Yibeini	CNY150 million	Shanghai	Shanghai	Service industry	100.00%	0.00%	Established
Shanghai Botanee Technology	CNY30 million	Shanghai	Shanghai	R&D	100.00%	0.00%	Established
Clinmate (Shanghai)	CNY100 million	Shanghai	Shanghai	R&D, and sales services	100.00%	0.00%	Established
Botanee (Kunming) Trading	CNY100,000	Kunming	Kunming	Sales service	100.00%	0.00%	Established
Bei Xiaoni (Shanghai)	CNY10 million	Shanghai	Shanghai	Sales service	0.00%	100.00%	Established
Medasi (Shanghai)	CNY100 million	Shanghai	Shanghai	Sales service	0.00%	70.00%	Established
Botanee Trading	HKD 10,000	Hongkong	Hongkong	Sales service	100.00%	0.00%	Established
Yanyao Medical Management	CNY10 million	Shanghai	Shanghai	Service industry	0.00%	100.00%	Acquired
Yanyao Medical Beauty	CNY1 million	Shanghai	Shanghai	Service industry	0.00%	100.00%	Acquired
Chengdu Botanee	CNY50 million	Chengdu	Chengdu	Service industry	100.00%	0.00%	Established
Yunnan Weijia	CNY20 million	Kunming	Kunming	Sales service	51.00%	0.00%	Established
Wuhou Botanee	CNY10 million	Chengdu	Chengdu	Sales service	0.00%	51.00%	Established
Botanee (Xiamen)	CNY10 million	Xiamen	Xiamen	Sales service	0.00%	100.00%	Established
Botanee (Hangzhou)	CNY5 million	Hangzhou	Hangzhou	Sales service	0.00%	100.00%	Established
Botanee (Hainan)	CNY10 million	Hainan	Hainan	Sales service	0.00%	100.00%	Established
Shanghai Hemoni	CNY10 million	Shanghai	Shanghai	Service industry	0.00%	100.00%	Established
Kunming Ansuote	CNY800,000	Kunming	Kunming	Service industry	0.00%	100.00%	Established
Hangzhou Ansuote	CNY800,000	Hangzhou	Hangzhou	Service industry	0.00%	100.00%	Established
Nibei (Shanghai) Technology	CNY10 million	Shanghai	Shanghai	Sales service	0.00%	100.00%	Established
Shanghai Beforteen	CNY10 million	Shanghai	Shanghai	Service industry	0.00%	100.00%	Established
Sichuan Huifu Medical Management	CNY10 million	Chengdu	Chengdu	Service industry	0.00%	100.00%	Acquired
Chengdu Huifu Internet Hospital	CNY10 million	Chengdu	Chengdu	Service industry	0.00%	100.00%	Acquired
Chengdu Huifu Clinic	CNY5.38 million	Chengdu	Chengdu	Service industry	0.00%	100.00%	Acquired
Xiamen Chonglou Private Equity Fund Management	CNY30 million	Xiamen	Xiamen	Capital market investment, and services	100.00%	0.00%	Established
Sichuan Beforteen Enterprise Management	CNY10 million	Chengdu	Chengdu	Service industry	0.00%	100.00%	Established
Chengdu Beforteen Internet Hospital	CNY10 million	Chengdu	Chengdu	Service industry	0.00%	100.00%	Established
Chengdu Befort Clinic	CNY10 million	Chengdu	Chengdu	Service industry	0.00%	100.00%	Established
Yunnan Botanee Technology	CNY10 million	Kunming	Kunming	R&D, production and manufacturing	100.00%	0.00%	Established
Hunan Botanee	CNY10 million	Changsha	Changsha	Production, sales services	0.00%	100.00%	Acquired in current period
Hunan Elemei	CNY2 million	Changsha	Changsha	Production, sales services	0.00%	100.00%	Acquired in current period
Changsha Meluda	CNY2 million	Changsha	Changsha	Production, sales services	0.00%	100.00%	Acquired in current period
Yuejiang Investment	CNY2.609855 million	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Guangzhou Weimaitong Information Technology Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period

Yuejiang (Hainan) E-Commerce Co., Ltd.	CNY10 million	Hainan	Hainan	Sales service	0.00%	51.00%	Acquired in current period
Guangzhou Lieshang Information Technology Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Guangzhou TaoCNY Electronic Technology Co., Ltd.	CNY5.08 million	Guangzhou	Guangzhou	Supply chain services	0.00%	51.00%	Acquired in current period
Jirui Cosmetics Technology (Guangzhou) Co., Ltd.	CNY500,000	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Chengmei Technology (Guangzhou) Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Yuejiang Technology (Guangzhou) Co., Ltd.	CNY100,000	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Bomei Cosmetics Technology (Guangzhou) Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Yuejiang (Guangzhou) Daily Necessities Co., Ltd.	CNY10 million	Guangzhou	Guangzhou	Supply chain services	0.00%	51.00%	Acquired in current period
Yuehui (Chongqing) Biotechnology Co., Ltd.	CNY5 million	Chongqing	Chongqing	Sales service	0.00%	51.00%	Acquired in current period
Weiku Technology (Guangzhou) Co., Ltd.	CNY500,000	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Zisheng Technology (Guangzhou) Co., Ltd.	CNY1 million	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
Yuepu (Suzhou) Culture Media Co., Ltd.	CNY55 million	Guangzhou	Guangzhou	Sales service	0.00%	51.00%	Acquired in current period
ME Cosmetic Hongkong Co., Limited	HKD 10 million	Hongkong	Hongkong	Sales service	0.00%	51.00%	Acquired in current period
ME Cosmetic (Singapore) Pte.Ltd.	SGD 10,000	Singapore	Singapore	Sales service	0.00%	51.00%	Acquired in current period
URUOI Co., Ltd.	JPY3 million	Japan	Japan	consultation service	0.00%	51.00%	Acquired in current period
ME Cosmetic USA INC.	USD20,000	USA	USA	Sales service	0.00%	51.00%	Acquired in current period
Huzhou Botanee	CNY2 million	Huzhou	Huzhou	Warehousing Services	0.00%	100.00%	Established in current period
Botanee Bio-technology Japan Co., Ltd.	JPY100 million	Japan	Japan	R&D	0.00%	100.00%	Established in current period
Shangri-La Yunke	CNY5 million	Shangri-La	Shangri-La	R&D	0.00%	100.00%	Established in current period
Nuoweitai (Kunming)	CNY1 million	Kunming	Kunming	R&D, sales services	0.00%	70.00%	Established in current period
Clinmate (Kunming)	CNY5 million	Kunming	Kunming	Sales service	0.00%	100.00%	Established in current period
Botanee Bio-Technology (Singapore) Pte. Ltd.	CNY1	Singapore	Singapore	Sales service	0.00%	100.00%	Established in current period
Botanee Bio-Technology (Thailand) Co., Ltd.	THB 200 million	Thailand	Thailand	Sales service	0.00%	100.00%	Established in current period
Xiamen Yunzhong Equity Investment Partnership (Limited Partnership)	CNY316 million	Xiamen	Xiamen	Capital market investment, and services	94.93%	0.32%	Established in current period

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

☐ Applicable ☒ N/A

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

Other note: None.

10.1.2 Important non-wholly-owned subsidiaries

Unit: CNY

Name	Shareholding ratio of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in this period	Balance of minority shareholders' equity at the end of the period
Yuejiang Investment	49.00%	8,002,462.98		124,060,830.58

Note on the difference between the shareholding ratio of minority shareholders of subsidiaries and their voting rights ratio:

☐ Applicable ☒ N/A

Other note: None.

10.1.3 Main financial information of important non-wholly-owned subsidiaries

Unit: CNY

Name	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Yuejiang Investment	201,808,085.51	141,945,488.71	343,753,574.22	54,413,280.88	36,133,843.67	90,547,124.55						

Unit: CNY

Name	Amount incurred in current period				Amount incurred in previous period			
	operating income	net profit	Total comprehensive	cash flow from	operating income	net profit	Total comprehensive	cash flow from operating

			e income	operating activities			e income	activities
Yuejiang Investment	104,336,65 9.68	16,331,189. 20	16,073,097. 44	13,429,474. 72				

Other note: None.

10.1.4 Major limitations on the use of enterprise group assets and payment of enterprise group debts

☐ Applicable ☒ N/A

10.1.5 Financial support or other supports provided to the structural body within the combined financial statement

☐ Applicable ☒ N/A

Other note: none.

10.2 Transactions in which the owners' equity in a subsidiary has changed and the subsidiary is still under control

☐ Applicable ☒ N/A

10.3 Equities in joint ventures or associates

10.3.1 Important joint ventures or associates

☐ Applicable ☒ N/A

10.3.2 Main financial information of important joint ventures

☐ Applicable ☒ N/A

10.3.3 Main financial information of important associates

☐ Applicable ☒ N/A

10.3.4 Summary of financial information of insignificant joint ventures and associates

Unit: CNY

	Ending balance / amount incurred in the current period	Opening balance / amount in the previous period
Joint ventures:		
Total of the following items calculated based on shareholding ratio		
Associates:		
Total carrying amount of investments	212,015,151.15	82,775,998.70
Total (calculated by shareholding proportion)		

Net profit	9,705,819.45	2,570,038.70
Total comprehensive income	9,705,819.45	2,570,038.70

Other note: None.

10.3.5 Explanation on major restrictions on the capability of transferring capital from joint ventures or associated enterprises to the Company:

☐ Applicable ☒ N/A

10.3.6 Losses of joint ventures or associates in excess their investment costs

☐ Applicable ☒ N/A

10.3.7 Unrecognized commitments related to investment in joint ventures

☐ Applicable ☒ N/A

10.3.8 Contingent liabilities for investment in joint ventures or associates

☐ Applicable ☒ N/A

10.4 Significant joint venture

☐ Applicable ☒ N/A

10.5 Equity in structured entities not included in the consolidated financial statement

☐ Applicable ☒ N/A

10.6 Miscellaneous

☐ Applicable ☒ N/A

11. Government Subsidy

11.1 Government subsidies recognized according to the amount receivable at the end of the reporting period

☐ Applicable ☒ N/A

11.2 Liabilities involving government subsidies

☒ Applicable ☐ N/A

Unit: CNY

Accounting account	Opening 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	Ending balance	Assets/ income related
Deferred	55,574,589.18	85,460,808.00		51,709,867.67	6,462,791.11	82,862,738.40	Assets/income

income							
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11.3 Government subsidies included in current profits and losses

☒ Applicable ☐ N/A

Unit: CNY

Accounting account	Amount incurred in current period	Amount incurred in previous period
Other income	131,682,124.63	70,486,674.48

Other note: None.

12. Risks Related to Financial Instruments

12.1 Risks arising from financial instruments

We face 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. Our main financial instruments include monetary funds, equity investments, loans, accounts receivable, other 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 us to mitigate these risks, are described below.

(1) Market Risk

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 receivables held in US dollars and Japanese yen due to exchange rate changes between the US dollar 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 or Japanese yen account for a small proportion of the Company's total assets, and the Company's major businesses 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 trading financial assets 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 December 31, 2023, 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 monetary funds 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.

12.3 Hedging

☐ Applicable ☒ N/A

12.3 Financial assets

12.3.1 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	448,242,736.71	Termination confirmation	The credit risk and deferred payment risk of a bank acceptance bill 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.
total		448,242,736.71		

12.3.2 Financial assets derecognized due to transfer
☒ Applicable ☐ N/A

Unit: CNY

project	How financial assets are transferred	Amount of financial assets derecognized	Gains or losses related to derecognition
bank acceptance draft	endorsement or discount	448,242,736.71	
total		448,242,736.71	

12.3.3 Asset transfer financial assets that continue to be involved
☐ Applicable ☒ N/A
13. Disclosure of Fair Value**13.1 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
I. Continuous fair value measurement				
(I) Financial assets held for trading			1,238,356,707.34	1,238,356,707.34
1. Financial assets at FVTPL			1,238,356,707.34	1,238,356,707.34
(II) Receivables financing			156,659,263.78	156,659,263.78
(III) Other non-current financial assets			86,449,823.00	86,449,823.00
Total assets continuously measured at fair value			1,481,465,794.12	1,481,465,794.12

13.2 Basis for recognition of market prices for continuous and non-continuous level I measurement items at fair value
☐ Applicable ☒ N/A
13.3 Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level II measurement items at fair value
☐ Applicable ☒ N/A

13.4 Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous level III measurement items at fair value

The Company's third-level fair value measurement items include financial products, receivable financing and other non-current financial assets. Among them: financial products predict future cash flows based on the expected rate of return as fair value, and the expected rate of return is an unobservable input value. The receivables financing is all bank acceptance bills, 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.

13.5 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

13.6 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

13.7 Changes in valuation techniques during the period and reasons

☐ Applicable ☒ N/A

13.8 Fair value of financial assets and financial liabilities not measured at fair value

☐ Applicable ☒ N/A

13.9 Miscellaneous

☐ Applicable ☒ N/A

14. Affiliates and related party transactions

14.1 Information of the parent company

Name of parent company	Registration place	Business Nature	Registered Capital	Shareholding proportion of the parent company to the Company	Votes proportion of the parent company to the Company
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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)	CNY 2.3 million	46.08%	46.08%
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Introductions to the parent company of the Company:

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.

14.2 Subsidiaries of the Company

For information on subsidiaries of the Enterprise, please refer to Section X "X. Interests in Other Entities" of this report.

14.3 Joint ventures and associates of the Company

For details of the Company's important joint ventures or associates, please refer to "3. Equity in joint arrangements or associates" in Section 10 of this report, "10. Equity in Other Entities".

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) Biology	Associates
Hunan Miao Miao Health	Associates
Weimai Qingtong Medical	Associates
Shanghai Weimu Medical	Associates

Other note: During the reporting period, we had no significant joint ventures or associates.

14.4 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 second meeting of the second Board of Directors on June 29, 2022, and reviewed and approved the *Proposal on Cooperative Investment and Related Party Transactions with Professional Investment Institutions*. The Company intends 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 it is planned to sign the *Limited Partnership Agreement of Hangzhou Sequoia Shengheng Equity Investment Partnership (Limited Partnership)*. Among them, the Company, as one of the limited partners of Sequoia Fund, subscribed CNY100 million with its own funds. The share of Sequoia Fund in the Company's investment will be confirmed according to the final actual fundraising. As of the end of the reporting period, we have completed investment of CNY18 million.

14.5 Related party transactions

14.5.1 Related party transactions of purchasing or selling goods and rendering or receiving services

☐ Applicable ☒ N/A

14.5.2 Related entrusted management/contracting and entrusting management/outsourcing

☐ Applicable ☒ N/A

14.5.3 Related party lease

☐ Applicable ☒ N/A

14.5.4 Related party guarantees

☐ Applicable ☒ N/A

14.5.5 Fund lending/borrowing of related parties

☐ Applicable ☒ N/A

14.5.6 Asset transfer and debt restructuring of related parties

☐ Applicable ☒ N/A

14.5.7 Remuneration of key management personnel

Unit: CNY 10,000

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key management personnel	2,586.45	2,632.65

14.5.8 Other related tractions

For details, please refer to “14.4. Other Related Parties” in “14. Related Parties and Related Transactions” under Section X of this report.

14.6 Receivables and payables of related parties

☐ Applicable ☒ N/A

14.7 Commitments by related parties

☐ Applicable ☒ N/A

14.8 Miscellaneous

☐ Applicable ☒ N/A

15. Share-based Payment

15.1 Overall situation of share-based payment

☒ Applicable ☐ N/A

Unit: 10,000 shares/10,000 CNY

Grant object category	Granted in this issue		Exercise this period		Unlocked in this issue		This issue expires	
	quantity	Amount	quantity	Amount	quantity	Amount	quantity	Amount
marketing personnel	204.00	6,120.30					80.10	2,256.71
Administrative functions/managers	187.50	5,625.29					71.65	2,012.71
R & D personnel	130.00	3,900.19					50.20	1,411.78
Production staff	3.00	90.00					0.90	24.52
total	524.50	15,735.78					202.85	5,705.72

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 personnel	CNY61.30	12-24 months		
Administrative functions/managers	CNY61.30	12-24 months		
R&D personnel	CNY61.30	12-24 months		
Production staff	CNY61.30	12-24 months		

Other explanations: For details of share-based payment, please refer to "13. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures" in Section 4 "Corporate Governance" of this report.

15.2 Equity-settled share-based payment

☒ Applicable ☐ N/A

Unit: 10,000 CNY

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	Management's best estimate
Reasons for significant differences between the current period's estimates and the previous period's estimates	None
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: For details on equity-settled share-based payments, please refer to "13. Implementation of the Company's Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures" in Section 4 "Corporate Governance" of this report.

15.3 Share-based payment settled in cash

☐ Applicable ☒ N/A

15.4 Share-based payment expenses for this period

☐ Applicable ☒ N/A

15.5 Modification and termination of share-based payment

☐ Applicable ☒ N/A

15.6 Others

☐ Applicable ☒ N/A

16. COMMITMENT AND CONTINGENCIES

☐ Applicable ☒ N/A

17. EVENTS AFTER THE BALANCE SHEET DATE

17.1 Important non-adjusting events

☐ Applicable ☒ N/A

17.2 Profit distribution

Unit: CNY

Profit distribution scheme	<p>On April 24, 2024, the 14th meeting of the Company's second board of directors passed the "2023 Profit Distribution Proposal": As of the date of the Company's current board meeting to review the profit distribution plan, the Company's total share capital is 423,600,000 shares, excluding the Company's special repurchase. After the securities account has repurchased 2,994,618 shares, the base number of allocated shares is 420,605,382 shares. A cash dividend of CNY 6.00 (tax included) will be distributed to all shareholders for every 10 shares. It is expected that a cash dividend of CNY 252,363,229.20 (tax included) will be distributed. No bonus shares will be issued. The capital reserve is converted into share capital; the amount of cash dividends accounts for 12.6931% of the Company's profits available for distribution to shareholders in 2023, and the Company's remaining undistributed profits are carried forward to the next year. For example, between the date of disclosure of the distribution plan and the equity registration date for the implementation of equity distribution, the total share capital of the Company with the right to profit distribution changes (for example, the Company's total share capital increases due to convertible bonds, share repurchases, equity incentive exercise, refinancing). If there are changes due to reasons such as the listing of shares, the profit distribution ratio will be adjusted accordingly based on the principle that the total distribution amount remains unchanged.</p>
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17.3 Sales return

☐ Applicable ☒ N/A

17.4 Notes on other events after the balance sheet date

☐ Applicable ☒ N/A

18. OTHER SIGNIFICANT EVENTS

18.1 Correction of accounting errors in the previous period

☐ Applicable ☒ N/A

18.2 Debt restructuring

☐ Applicable ☒ N/A

18.3 Asset replacement

☐ Applicable ☒ N/A

18.4 Annuity plan

☐ Applicable ☒ N/A

18.5 Discontinued operations

☐ Applicable ☒ N/A

18.6 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	Incomes	Cost	Gross profit
Skin care products	4,869,891,463.93	1,282,695,510.54	3,587,195,953.39
Medical Devices	463,107,605.63	87,399,714.92	375,707,890.71
Cosmetics	168,621,281.46	62,419,740.27	106,201,541.19

(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 Description

☐ Applicable ☒ N/A

18.7 Other significant transactions and events affecting investors' decisions

☐ Applicable ☒ N/A

18.8 Miscellaneous

☐ Applicable ☒ N/A

19. NOTES TO MAIN ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

19.1 Accounts receivable

(1) Disclosure by ageing

Unit: CNY

Ageing	Book ending balance	Book opening balance
Within 1 year (inclusive)	665,107,918.02	544,623,016.46
Total	665,107,918.02	544,623,016.46

(2) Classified disclosure according to bad debt accrual method

Unit: CNY

Type	Ending balance					Opening balance				
	Book balance		Provision for bad debts		Carrying value	Book balance		Provision for bad debts		Carrying value
	Amount	Scale	Amount	Proportion of provision		Amount	Scale	Amount	Proportion of provision	
Accounts receivable with provision for bad debts on a single basis						525,960.00	0.10%	525,960.00	100.00%	
including										
Accounts receivable with insignificant single amount but bad debt provision made individually						525,960.00	0.10%	525,960.00	100.00%	
Accounts receivable for which provision for bad debts is made by combination	665,107,918.02	100.00%	61,925.74	0.01%	665,045,992.28	544,097,056.46	99.90%	18.00	0.00%	544,097,038.46
including										
Accounts receivables from external customers for which bad debts provision is accrued according to aging portfolios	6,333,369.04	0.95%	61,925.74	0.98%	6,271,443.30	2,147,788.25	0.39%	18.00	0.00%	2,147,770.25
Internal transaction portfolios	658,774,548.98	99.05%		0.00%	658,774,548.98	541,949,268.21	99.51%		0.00%	541,949,268.21
Total	665,107,918.02	100.00%	61,925.74	0.01%	665,045,992.28	544,623,016.46	100.00%	525,978.00	0.10%	544,097,038.46

Provision for bad debts made individually: None .

Unit: CNY

name	Opening Balance		Ending balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision ratio	Reasons for provision
Unit one	525,960.00	525,960.00				The individual amount is not significant and the management believes that there is no possibility of recovery. During the reporting period, the Company has written off this account receivable
total	525,960.00	525,960.00				

Provision for bad debts made by portfolio: CNY 61,925.74.

Unit: CNY

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivables from external customers for which bad debts provision is accrued according to aging portfolios	6,333,369.04	61,925.74	0.98%
Total	6,333,369.04	61,925.74	

Notes of the basis for determining the portfolio: For details, please refer to "13. Accounts Receivable" in Section 10 of this report "V. Important Accounting Policies and Accounting Estimates".

Provision for bad debts made by portfolio: CNY 0.00.

Unit: CNY

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Internal transaction portfolios	658,774,548.98		
Total	658,774,548.98		

Notes of the basis for determining the portfolio: Refer to Note V "10. Financial Instruments" in Section X of this report for the determination method and accounting treatment method of expected credit losses of accounts receivable.

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

☐ Applicable ☒ N/A

(3) Bad debt provision provided, recovered or reversed in current period

Bad debt provision withdrawn in the reporting Period:

Unit: CNY

Type	Opening balance	Amount changed in the current period				Ending balance
		Provision	Recovery or reversal	Cancellation after verification	Miscellaneous	

Provision for bad debts of accounts receivable	525,978.00	61,907.74		525,960.00		61,925.74
Total	525,978.00	61,907.74		525,960.00		61,925.74

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

☐ Applicable ☒ N/A

(4) Accounts receivable actually written off in current period

unit: CNY

project	Write-off amount
Accounts receivable actually written off	525,960.00

Important write-offs of accounts receivable:

☐ Applicable ☒ N/A

(5) Accounts receivable with top five ending balance collected as per the borrowers:

Unit: CNY

company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of the total closing balance of accounts receivable and contract assets	Ending balance of bad debt provision for accounts receivable and contract asset impairment provision
Internal customer one	481,443,422.64		481,443,422.64	72.39%	
Internal customer two	112,366,491.11		112,366,491.11	16.89%	
Internal customer three	22,823,923.21		22,823,923.21	3.43%	
Internal customers four	14,069,949.73		14,069,949.73	2.12%	
Internal customers five	11,677,433.70		11,677,433.70	1.76%	
total	642,381,220.39		642,381,220.39	96.59%	

19.2 Other receivables

Unit: CNY

Item	Ending balance	Opening balance
Dividends receivable	169,335.03	1,219,704.81
Other accounts receivable	740,066,308.17	27,404,523.03
Total	740,235,643.20	28,624,227.84

(1) Interest receivable

☐ Applicable ☒ N/A

(2) Dividends receivable**1) Category of dividends receivable**

Unit: CNY

Item (or the investee)	Ending balance	Opening balance
Common stock dividends receivable from subsidiaries	169,335.03	1,219,704.81
Total	169,335.03	1,219,704.81

2) Significant Dividends Receivable Aged over 1 Year

☐ Applicable ☒ N/A

3) Classified disclosure according to 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

Other instructions: None.

(3) Other receivables**1) Other receivables classified by nature**

Unit: CNY

Payment nature	Ending book balance	Opening book balance
Accounts receivables from subsidiaries	734,000,000.00	22,000,000.00
Guaranteed deposit and security deposit	7,535,385.21	6,675,735.04
Employee provision	40,000.00	67,300.00
Total	741,575,385.21	28,743,035.04

2) Disclosure by ageing

Unit: CNY

Aging	Ending book balance	Opening book balance
Within 1 year (inclusive)	714,190,850.17	21,327,700.00
1-2 years	20,160,200.00	4,290,023.12
2-3 years	4,226,023.12	2,780,576.42
Over 3 years	2,998,311.92	344,735.50
3-4 years	2,653,576.42	344,735.50
4-5 years	344,735.50	
Total	741,575,385.21	28,743,035.04

3) Classified disclosure according to bad debt accrual method

Unit: CNY

category	Ending balance					Opening Balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision on Proportion		Amount	Proportion	Amount	Provision on Proportion	
in:										
Provision for bad debts on a portfolio basis	741,575,385.21	100.00 %	1,509,077.04	0.20%	740,066,308.17	28,743,035.04	100.00 %	1,338,512.01	4.66%	27,404,523.03
in:										
External other receivables accrued based on aging combination	7,575,385.21	1.02%	1,509,077.04	19.92 %	6,066,308.17	6,743,035.04	23.46 %	1,338,512.01	19.85 %	5,404,523.03
internal transaction portfolio	734,000,000.00	98.98 %			734,000,000.00	22,000,000.00	76.54 %			22,000,000.00
total	741,575,385.21	100.00 %	1,509,077.04	0.20%	740,066,308.17	28,743,035.04	100.00 %	1,338,512.01	4.66%	27,404,523.03

Provision for bad debts on a group basis: CNY1,509,077.04

Unit: CNY

name	Ending balance		
	Book balance	Provision for bad debts	Provision ratio
Provision of external other receivables based on aging combinations	7,575,385.21	1,509,077.04	19.92 %
total	7,575,385.21	1,509,077.04	

Explanation of the basis for determining this combination: For details, please refer to "13. Accounts Receivable" in "V. Important Accounting Policies and Accounting Estimates" in Section 10 of this report.

Provision for bad debts based on combination: CNY0.00

Unit: CNY

name	Ending balance		
	Book balance	Provision for bad debts	Provision ratio
internal transaction portfolio	734,000,000.00		
total	734,000,000.00		

Explanation of the basis for determining this combination: For details, please refer to "13. Accounts Receivable" in "V. Important Accounting Policies and Accounting Estimates" in Section 10 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, 202 3	1,338,512.01			1,338,512.01
Balance as at January 1, 202 3 is in the current period.				
Provision in the current period	170,565.03			170,565.03
Balance as at December 31, 202 3	1,509,077.04			1,509,077.04

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

☐ Applicable ☒ N/A

Changes of carrying amount 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

		Amount changed in the current period	
--	--	--------------------------------------	--

Type	Opening balance	Provision	Recovery or reversal	Cancellation after verification	Miscellaneous	Ending balance
Bad debt provision of other receivables	1,338,512.01	170,565.03				1,509,077.04

Significant provision for bad debt recovered or reversed among the above:

☐ Applicable ☒ N/A

5) Other receivables actually written off in the current period

☐ Applicable ☒ N/A

6) Other receivables with top five ending balances carried forward collected as per the borrowers

Unit: CNY

Company	Nature	Ending balance	Aging	Proportion to ending balance of other receivables	Closing balance of provision for bad debts
Company 1	Accounts receivables from subsidiaries	702,000,000.00	Within 1 year	94.66%	
Company 2	Accounts receivables from subsidiaries	27,000,000.00	Within 1 year, 1-4 years	3.64%	
Company 3	Accounts receivables from subsidiaries	5,000,000.00	Within 1 year	0.67%	
Company 4	Deposit	2,235,509.00	Within 3 years	0.30%	447,101.80
Company 5	Deposit	1,583,838.00	2-3 years	0.21%	316,767.60
Total		737,819,347.00		99.48%	763,869.40

7) Other receivables derecognized due to transfer of financial assets

☐ Applicable ☒ N/A

19.3 Long-term equity investment

Unit: CNY

Item	Ending balance			Opening balance		
	Book balance	Provision for Impairment	Carrying value	Book balance	Provision for Impairment	Carrying value
Investment in subsidiaries	481,799,055.23		481,799,055.23	531,799,055.23		531,799,055.23
Total	481,799,055.23		481,799,055.23	531,799,055.23		531,799,055.23

(1) Investment in subsidiaries

Unit: CNY

The invested	Opening balance (book value)	Opening balance of impairment provision	Increases and decreases in the current period				Closing balance (book value)	Closing balance of impairment provision
			additional investment	Reduce investment	Provision for impairment	other		
Kunming Yunzhuang	25,920,000.00						25,920,000.00	
Kunming Botanee Sales	5,000,000.00						5,000,000.00	
Shanghai Botanee	2,000,000.00		10,000,000.00				12,000,000.00	
Qimei Technology (Shanghai)	10,000,000.00			10,000,000.00				
Shanghai Jiyan Biomedicine	2,000,000.00			2,000,000.00				
Botanee (Shanghai) Supply Chain	2,000,000.00			2,000,000.00				
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						112,000,000.00	
Shanghai Botanee Technology	30,000,000.00		4,000,000.00				34,000,000.00	
Keningmei (Shanghai)	20,000,000.00		10,000,000.00				30,000,000.00	
Botanee (Kunming) Trading	100,000,000.00						100,000,000.00	
Hainan Botanee Venture Capital Private Equity Fund Management Co., Ltd.	30,000,000.00			30,000,000.00				
Botanee Trading								
Chengdu Botanee	50,000,000.00						50,000,000.00	
Hainan Botanee Private Equity Fund Management Co., Ltd.	40,000,000.00			40,000,000.00				
Yunnan Weijia	10,200,000.00						10,200,000.00	
Wuhan	1,579,055.20						1,579,055.20	

Botanee	23						3	
Qimei Technology (Kunming)	1,000,000.00						1,000,000.00	
Xiamen Chonglou Private Equity Fund Management	30,000,000.00						30,000,000.00	
Yunnan Botanee Technology			10,000,000.00				10,000,000.00	
Xiamen Yunzhong Equity Investment Partnership (Limited Partnership)			150,000,000.00	150,000,000.00				
Total	531,799,055.23		184,000,000.00	234,000,000.00			481,799,055.23	

(2) Investment in associates and joint ventures

☐ Applicable ☒ N/A

(3) Other Description

☐ Applicable ☒ N/A

4. Revenue and cost of sales

Unit: CNY

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Revenues	Costs	Revenues	Costs
Main business	3,563,496,378.36	1,444,430,592.65	3,598,178,418.03	1,242,510,124.16
Other business	34,774,354.38	23,712,371.58	3,504,608.78	1,231,809.25
Total	3,598,270,732.74	1,468,142,964.23	3,601,683,026.81	1,243,741,933.41

Relevant information of revenue and cost:

Unit: CNY

Contract classification	Daily chemical industry		Services and others		Total	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
By type of product						
including						
Skin care products	3,283,226,857.56	1,320,990,037.61			3,283,226,857.56	1,320,990,037.61
Medical Devices	219,087,540.94	94,858,397.97			219,087,540.94	94,858,397.97
Cosmetics	61,181,979.86	28,582,157.07			61,181,979.86	28,582,157.07

Services and others			34,774,354.38	23,712,371.58	34,774,354.38	23,712,371.58
Classification by business area						
Including:						
Within Chinese Mainland	3,563,496,378.36	1,444,430,592.65	34,774,354.38	23,712,371.58	3,598,270,732.74	1,468,142,964.23
Outside Chinese Mainland						
Type of market or customer						
Including:						
Winona	3,475,101,846.70	1,378,726,540.56			3,475,101,846.70	1,378,726,540.56
Winona Baby	55,856,496.29	36,717,250.98			55,856,496.29	36,717,250.98
瓊科曼 (AOXMED)	15,503,715.22	12,120,877.87			15,503,715.22	12,120,877.87
Miscellaneous	17,034,320.15	16,865,923.24	34,774,354.38	23,712,371.58	51,808,674.53	40,578,294.82
Contract type						
Including:						
Self-operation	3,552,895,168.19	1,440,422,493.62	34,774,354.38	23,712,371.58	3,587,669,522.57	1,464,134,865.20
Distribution	10,601,210.17	4,008,099.03			10,601,210.17	4,008,099.03
Classified by the time of goods transfer						
Including:						
Revenue recognized at a certain time point	3,563,496,378.36	1,444,430,592.65			3,563,496,378.36	1,444,430,592.65
Revenue recognized in a certain period			34,774,354.38	23,712,371.58	34,774,354.38	23,712,371.58
Classification of contract term						
Including:						
Expected to be completed within one year	3,563,496,378.36	1,444,430,592.65	34,774,354.38	23,712,371.58	3,598,270,732.74	1,468,142,964.23
Classification by sales channel						
Including:						
Online channel product sales	1,661,630,814.36	960,042,911.61			1,661,630,814.36	960,042,911.61
Offline channel product sales	1,901,865,564.00	484,387,681.04			1,901,865,564.00	484,387,681.04
Offline channel services and others			34,774,354.38	23,712,371.58	34,774,354.38	23,712,371.58
Total	3,283,226,857.56	1,320,990,037.61	34,774,354.38	23,712,371.58	3,598,270,732.74	1,468,142,964.23

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 variable consideration in the contract:

☐ 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
Income from entrusted financial management of cash management	53,372,195.12	75,098,955.60
Dividends from subsidiaries	1,143,391.98	2,035,704.81
Dividends received from investments in non-current financial assets	94,756.71	
Investment income from the disposal of long-term equity investments	-3,068,821.29	310,000.00
Total	51,541,522.52	77,444,660.41

6. Others

☐ Applicable ☒ N/A

20. Supplementary information

1. List of non-recurring loss/gain of the current period

☒ Applicable ☐ N/A

Unit: CNY

Item	Amount	Description
Gains and losses from disposal of non-current assets	461,616.01	461,616.01
Government subsidies included in the current profit or loss (excluding those closely related to the normal business of the Company and granted under the national policies and continuously enjoyed according to a certain quota of amount or volume)	131,682,124.63	131,682,124.63
Except for the effective hedging activities related to the Company's ordinary activities, profit or loss arising from changes in fair value of financial assets and financial liabilities held for trading, and investment income from disposal of financial assets and financial liabilities held for trading and available-for-sale financial assets	-17,238,886.41	-17,238,886.41
Profits and losses on the assets by entrusting others to invest or manage	54,656,428.89	54,656,428.89
Other non-operating income and expenses other than the above	-7,167,283.17	-7,167,283.17
Minus: Effect on income tax	22,633,297.72	
Amount affected by minority shareholders' equity	1,024,486.20	
Total	138,736,216.03	--

Other profit or loss conforming to the definition of non-recurring gains and losses

☒ Applicable ☐ N/A

According to the relevant regulations of the "Explanatory Announcement No. 1 on Information Disclosure of Companies that Publicly Offer Securities - Non-recurring Profit and Loss (Revised in 2023)" issued by the China Securities Regulatory Commission on December 22, 2023, the Company will be closely related to the Company's normal operating business in 2023. Government subsidies that comply with national policies, are enjoyed in accordance with determined standards, and have a lasting impact on the Company's profits and losses are recognized as recurring profits and losses, and non-recurring profits and losses in 2022 and 2021 will be adjusted in the same manner. The after-tax non-recurring profits and losses attributable to shareholders of listed companies in 2022 and 2021 will decrease by 2,458,461.09 CNY and 2,462,143.48 CNY respectively.

Explanation on defining the non-recurring gains and losses set out in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public - Non-Recurring Gains and Losses as recurring gains and losses

☐ Applicable ☒ N/A

2. Return on equity and earnings per share

Profit in the report 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	13.21%	1.79	1.79
Net profit attributed to ordinary shareholders of the Company after deducting non-recurring gains and losses	10.79%	1.46	1.46

3. Difference in accounting data under domestic and foreign accounting rules

(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 China Accounting Standard

☐ Applicable ☒ N/A

(2) The difference 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 domestic and foreign 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. Miscellaneous

☐ Applicable ☒ N/A