Proya Cosmetics Co., Ltd.

Internal Employee Reporting and Oversight Management Policy

Chapter I General Provisions

Article 1 This Policy is formulated to strengthen internal reporting and oversight at Proya Cosmetics Co., Ltd. (hereinafter referred to as the "Company"), standardize reporting procedures, safeguard the Company's healthy development, and protect the lawful rights and interests of whistleblowers.

Article 2 "Reporting" herein refers to the act by any entity or individual, through public or non-public means, of reporting to the Company’s Internal Audit Department, relevant departments, or leaders any violations of laws and regulations, company policies, code of ethics, or any other conduct that harms the interests of the Company or its employees.

Article 3 Persons subject to reporting include senior officers of the Company, as well as all employees of functional centers, business divisions, subsidiaries, and branches. Reportable matters encompass all aspects of the Company’s operational management and business activities.

Article 4 To protect the interests of whistleblowers, all whistleblower information shall be kept confidential. Reports involving senior officers shall be communicated directly to the Audit Committee to ensure the protection of the whistleblower’s interests.

Chapter II Scope of Reportable Conduct

Article 5 Violations of the Company’s financial policies that compromise the accuracy of financial reporting, such as any direct or indirect actions by management or employees that affect the truthfulness and accuracy of financial reports.

Article 6 Any conduct in breach of national laws or administrative regulations.

Article 7 Violations of the Company’s policies, regulations, and code of ethics.

Article 8 Any form of fraud committed by the Company’s management and employees.

Article 9 Any other acts that damage the Company's interests.

Chapter III Reporting Channels

Article 10 Whistleblowers may submit reports anonymously or under their real name. Real-name reporting is encouraged to facilitate follow-up and feedback by the receiving department. Reports may be submitted via telephone, letter, email, text message, or in person.

Mailing address: Internal Audit Department, Proya Cosmetics Co., Ltd., No. 588 Xixi Road, Xihu District, Hangzhou

Postal code: 310023

Email: jubao@proya.com Hotline for reporting: 0571-86629511

In-person reporting: Internal Audit Department, Proya Cosmetics Co., Ltd.

Article 11 For major issues, whistleblowers may report directly to the Deputy General Manager, CEO, or Chairman of the Board. Major issues include, but are not limited to: fraudulent acts by personnel at the Director level or above; significant abuse of position for personal gain, embezzlement, bribery, or solicitation (involving amounts of RMB 100,000 or more); and illegal or non-compliant activities involving a wide range of individuals.

Chapter IV Report Handling Process

Article 12 Registration

1) The Internal Audit Department shall designate a report registration officer to record all reported matters. Relevant emails, letters, interview records, and telephone logs must be kept in files. Emails shall be printed; letters (including envelopes and content) shall be filed, and an Internal Report Registration Form (see the Annex) completed.

2) After recording a reported matter, the report registration officer shall discuss with the Head of the Internal Audit Department to determine whether the case warrants investigation and whether it is material. Major matters shall be timely reported to the Deputy General Manager, General Manager, Chairman of the Board, or the Audit Committee.

3) For reported matters that do not meet the conditions for investigation, the report registration officer shall document the reasons, obtain the signature of the Head of the Internal Audit Department, and file the record. If the whistleblower has submitted a real-name report, the report registration officer shall notify the whistleblower of the reasons for not investigating via written communication or telephone.

Article 13 Acceptance

1) For reported matters that warrant investigation, the Head of the Internal Audit Department shall designate a lead investigator for the reported matter and establish a review panel to conduct the investigation. Where the investigation requires personnel from functional departments, business divisions, or subsidiaries and branches to assist or participate, such entities shall provide support.

2) The whistleblower has the right to be informed of the status of their reports and may inquire with relevant personnel in the Internal Audit Department.

3) A recusal mechanism shall apply to the review panel. If the whistleblower believes that any member of the review panel is a close relative of the person subject to reporting or has an interest in the matter that may affect the objective and fair handling of the report, a recusal request may be submitted to the Internal Audit Department or its supervisor. Verified requests must be honored.

Article 14 Investigation

1) The lead investigator for a reported matter shall conduct the investigation based on the actual circumstances. The investigation shall be completed within 30 days from the date of report acceptance. For complex or resource-constrained matters, extensions up to 90 days may be granted.

2) The lead investigator for the reported matter may contact the whistleblower for additional information if necessary, but direct meetings shall be avoided unless absolutely necessary, to protect the whistleblower’s identity.

Article 15 Reporting

1) Upon completion of investigation, the investigation team shall issue an investigation report based on the verified facts. After approval by the Executive Vice General Manager, the report shall be forwarded to the Enterprise Management Department for action per company policy. Reports involving major issues and the Executive Deputy General Manager or General Manager shall be escalated to the Audit Committee and Board of Directors.

2) Cases substantiated as criminal shall be referred by the Legal Department to judicial authorities.

3) Whistleblowers shall be informed of the outcome of investigation or reason for non-investigation. If dissatisfied, they may appeal to the Executive Deputy General Manager, General Manager, Chairman of the Board, or Audit Committee, which shall arrange an independent re-investigation and issue a final determination based on verified findings.

Chapter V Custody of Report Files

Article 16 Report files refer to all records documenting the entire process of registration, acceptance, investigation, and reporting of reported matters, including textual materials, audio recordings, and other forms of documentation.

Article 17 After the investigation report is issued, the lead investigator shall compile and transfer all records to the designated archivist. All report files are classified as confidential and retained for 10 years. Upon expiration, they shall be destroyed in accordance with the Company’s archival management policies.

Chapter VI Whistleblower Protection and Rewards

Article 18 Personnel handling a reported matter shall strictly maintain the confidentiality of the whistleblower's identity and the specific details of the reported matter.

Related investigations shall be conducted without exposing the whistleblower's identity. Under no circumstances shall information of the whistleblower, including the name, department, and contact information, be disclosed, unless with consent of the whistleblower. Any staff members who breach confidentiality or act improperly shall be disciplined based on the severity and resulting consequences. Cases constituting criminal offenses shall be referred to judicial authorities.

Article 19 No entity or individual may obstruct, suppress, or retaliate against whistleblowers.

Any retaliation against whistleblowers or their family members, once verified, shall be strictly dealt with in accordance with relevant company regulations. If such acts constitute a crime, the case shall be referred to judicial authorities for legal prosecution.

Article 20 Where a verified report leads to disciplinary or legal action and helps the Company recover or mitigate losses, the Internal Audit Department may recommend commendation or reward per company policy. To protect the whistleblower, rewards approved by the Executive Deputy General Manager shall be conferred discreetly, unless the whistleblower consents to public recognition.

Chapter VII Whistleblower Responsibilities

Article 21 The whistleblower should, to the extent possible, provide the name of the person subject to reporting, affiliated department, specific details of the violation, and supporting evidence, and take responsibility for the accuracy of the report. The reporting mechanism may not be utilized to retaliate against any person subject to reporting. Malicious false accusations or defamation, once verified, shall be handled per company policies and relevant laws and regulations. If a crime is constituted, the case shall be referred to judicial authorities.

Article 22 When requested, whistleblowers shall actively assist in investigations, provide truthful information, and refrain from interfering with the inquiry process.

Chapter VIII Supplementary Provisions

Article 23 This Policy is subject to interpretation by the Internal Audit Department.

Article 24 This Policy takes effect upon approval by the Strategy Committee of the Board of Directors.

Annex: Internal Report Registration Form

Reporting channels	In-person □ Telephone □ SMS □ Letter □ Email □ Other □
Type of report	Anonymous □ Named □
Date of report	
Whistleblower	Name: Department: Telephone:
Person subject to reporting	Name: Department: Telephone:
Details of report:	
Provision of supporting evidence: Yes □ (please specify) No □ Evidence provider (signature): Internal Audit Department officer (signature):	
Preliminary assessment and proposed action (e.g., reason for non-acceptance if applicable) Internal Control Auditor (signature): Date:	