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STRUCTURAL SHIFTS IN CHINA'S CONSUMER MARKET: ENTERING A CONSUMER-CENTRIC ERA

China's consumer market has undergone significant structural changes over the past decades, driven by the rise of middle-class households and digitally native generations. Content-driven e-commerce platforms have led the transformation of retail channels and reshaped consumer touchpoints. Retail scenarios become more diversified with increasingly differentiated product offering. Consumer demand and preferences are continuously upgrading. The new generation of consumers places greater importance on personal values and emotional resonance, gradually shifting from purely functional consumption towards a pursuit of emotional satisfaction and self-expression. This shift has opened new growth opportunities for the consumer goods industry.

Expansion of China's Middle-Class and Above Households: Focus on Product Quality and Self-Expression

In 2024, China's urbanization rate had reached 67.0%, approaching the level of developed countries. The urbanization process has driven the steady expansion of middle-class and above households. According to Frost & Sullivan, the number of middle-class and above households in China reached 124.2 million in 2024, accounting for 24.6% of all households in China, and is expected to further increase to 128.5 million in 2029.

Typical representatives of this demographic include the established middle class and young white collars. These consumers have strong purchasing power and have shifted from price- and function-oriented consumption to a focus on functionality, emotional value, immersive experiences, and self-expression. They value the pleasure and recognition derived from each purchase and are willing to pay a premium for added value, such as emotional satisfaction and product experience. This trend is reshaping the traditional consumer goods market and pushing brands beyond merely offering functional products to creating emotional and value resonance.

Content-Driven E-Commerce Platforms Leading Channel Transformation and Creating New Growth Opportunities for Brands

China's consumer goods sales channels are rapidly migrating online, with online retail emerging as the core growth engine. According to the National Bureau of Statistics of China, online retail sales accounted for 31.8% of total consumer goods retail sales in 2024, up from 25.8% in 2019. From 2019 to 2024, online retail sales grew at a CAGR of 7.9%, significantly outpacing the 3.5% CAGR of overall consumer goods retail sales during the same period. By the end of December 2024, internet users in China have reached 1.1 billion, shaping the landscape of both online and offline retail sales channels. Disruptive and dynamic content-driven e-commerce platforms, exemplified by Douyin, have gained greater popularity among the new consumers.

Douyin, best known for its consumer algorithm, redefines retail sales channel in digital era. It can reach targeted consumers, stimulate interest, recommend desired products, establish trust, and facilitate purchase decisions through immersive experiences on its content-driven platform. For emerging brands, Douyin provides effective tools for building brand awareness and consumer engagement. Through efficient user outreach, real-time consumer feedback and agile product iteration, it helps brands achieve efficient user acquisition and rapid growth. Douyin is one of the most vibrant super mobile applications that have accumulated 1 billion MAU. Douyin's vast user base, massive traffic scale, and highly efficient algorithm are reshaping the growth trajectory of brands and redefining how brand value is built.

OVERVIEW OF CHINA'S HOUSEHOLD CARE INDUSTRY

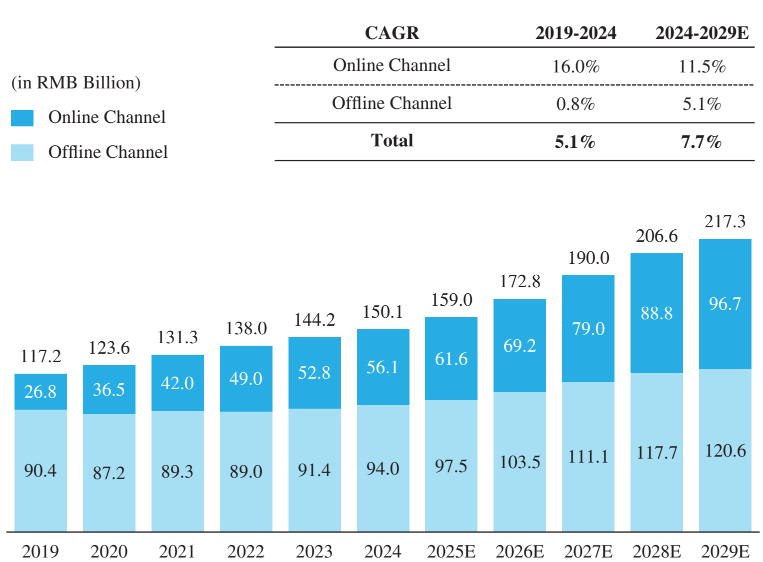
The household care industry encompasses a wide array of daily consumer products, including fabric care, personal hygiene and home care products. In recent years, rising health awareness and hygiene standards among China's consumers have fueled growing attention to product efficacy, quality, and safety, driving continuous innovation and diversified product offerings to meet the nuanced demands of consumer goods segments.

Profound Change from Offline to Online Channel, with Content-Driven E-Commerce Platforms Emerging as the Primary Driver

Household care products are considered necessities for daily life, demonstrating resilience against economic cycles. According to Frost & Sullivan, the market size of China's household care industry, in terms of retail sales, grew from RMB117.2 billion in 2019 to RMB150.1 billion in 2024, and is expected to reach RMB217.3 billion in 2029, at a CAGR of 7.7% from 2024. In recent years, the industry's sales channels have undergone notable transformation, with online penetration increasing from 22.8% in 2019 to 37.4% in 2024 and expected to reach 44.5% in 2029.

In certain segments, emerging brands have achieved rapid growth by leveraging e-commerce platforms to precisely reach target consumers and meet potential demand through product innovation and category expansion.

Market Size of China's Household Care Industry by Sales Channel, in Terms of Retail Sales, 2019-2029E



CAGR	2019-2024	2024-2029E
Online Channel	16.0%	11.5%
Offline Channel	0.8%	5.1%
Total	**5.1%**	**7.7%**

Source: Frost & Sullivan

Online sales channels typically include content-driven e-commerce platforms, integrated e-commerce platforms and others. Integrated e-commerce platforms serve as digital marketplaces, where products are displayed on virtual shelves and consumers can browse, compare and purchase products upon search, with representative examples including Tmall and JD.com, while others refer to online channels other than content-driven e-commerce platforms and integrated e-commerce platforms, primarily including official websites, brand-operated apps and mini-programs. Content-driven e-commerce platforms, led by Douyin, have emerged as disruptive forces, leveraging livestreaming, content marketing and targeted recommendations to accelerate the online penetration of the household care products. Retail sales of household care products through content-driven e-commerce platforms increased from RMB4.7 billion in 2019 to RMB18.0 billion in 2024, at a CAGR of 30.7%, and is expected to further increase to RMB40.6 billion in 2029, at a CAGR of 17.7% from 2024. Online retail sales from content-driven e-commerce platform as a percentage of total online retail sales increased from 17.6% in 2019 to 32.0% in 2024, and is expected to further increase to 42.0% in 2029, demonstrating its potential to be a key growth engine for online retail sales expansion.

Fabric Care Segment Dominates, While Home Care and Personal Hygiene Segments Grow Rapidly

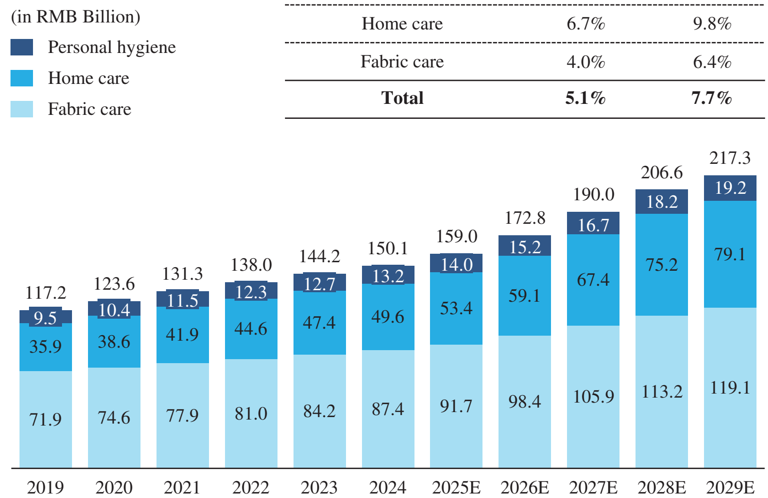
The household care industry primarily consists of three major segments: fabric care, home care and personal hygiene. Fabric care is the largest segment within the industry, covering liquid detergent, laundry pods, powder detergent, fabric softeners, etc. Driven by rigid demand and high-frequency usage, the fabric care segment maintained stable growth, accounting for 58.2% of the overall household care market in 2024 in China, with a market size of RMB87.4 billion.

Home care products primarily refers to cleaning products used for living space, including floor cleaners, dishwashing detergents, home fragrances, etc. Consumer expectations are expanding beyond basic cleaning and antibacterial functions to include odor management, low residue, environmental friendliness and material safety, driving product function upgrades and formulation iteration for related products. This segment reached a market size of RMB49.6 billion in 2024, in terms of retail sales, and is expected to reach RMB79.1 billion in 2029 in China, at a CAGR of 9.8% from 2024.

Hand cleaning products are a major category in the personal hygiene industry, which can be divided into two major categories: liquid hand soaps and bar soaps. Compared with bar soaps, liquid hand soaps cause less skin irritation and reduce cross-contamination risk, and are gaining traction among consumers. Consumer preferences for gentleness antibacterial efficacy, convenience, as well as fragrance and packaging, are driving product upgrades. At the same time, the increasing demand for attractive product designs and fragrance experiences has contributed to a shift toward products that balance functionality with sensory delight. From 2019 to 2024, personal hygiene category was the fastest-growing segment within the China's household care industry by retail sales.

Market Size of China's Household Care Industry by Major Category, in Terms of Retail Sales, 2019-2029E

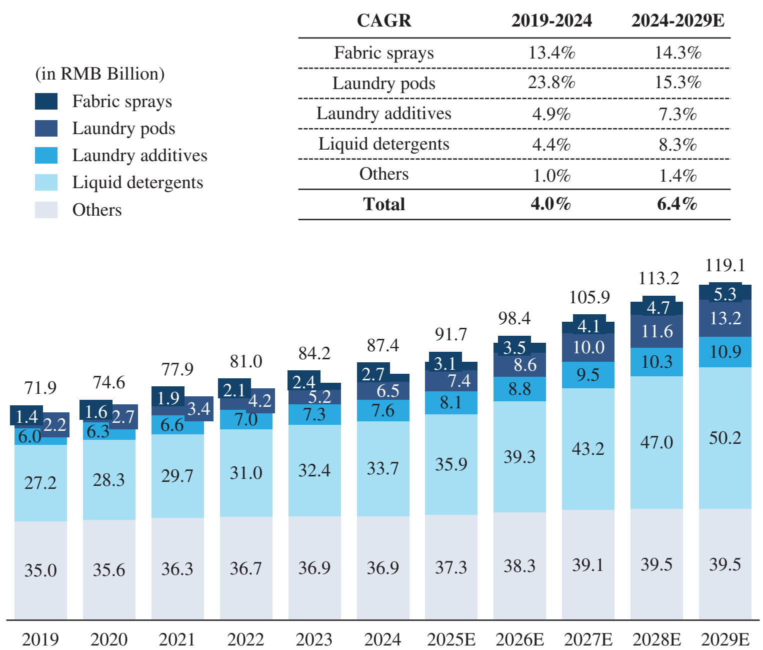
CAGR	2019-2024	2024-2029E
Personal hygiene	6.8%	7.8%
Home care	6.7%	9.8%
Fabric care	4.0%	6.4%
Total	**5.1%**	**7.7%**



Source: Frost & Sullivan

Within China's fabric care sector, a notable structural shift is occurring from powder laundry detergent to liquid detergent and laundry pods, driven by evolving consumer habits and product innovations. Liquid detergents have become the leading subcategory in the fabric care market. Retail sales grew from RMB 27.2 billion in 2019 to RMB 33.7 billion in 2024, with a CAGR of 4.4%. In 2024, they accounted for 38.6% of the total fabric care market. Due to their convenience, high solubility, and low residue after washing, liquid detergents have strengthened their leading position in this category. In China, from 2024 to 2029, retail sales of liquid detergents are expected to grow at a CAGR of 8.3%, reaching RMB50.2 billion in 2029, representing 42.2% of the fabric care market. Within this market, lingerie liquid detergent represents a distinct subsegment designed specifically for intimate and close-to-skin garments, reflecting consumers' growing demand for more refined and specialized fabric care. In terms of retail sales, the market size of China's lingerie liquid detergent reached RMB3.9 billion in 2024 and is expected to grow at a CAGR of 14.5% from 2024 to 2029, expanding to RMB7.7 billion by 2029. Laundry pods are also gaining market share rapidly, which increased from 3.1% in 2019 to 7.4% in 2024, reaching a market size of RMB6.5 billion in terms of retail sales in 2024. This subcategory is projected to grow at a robust CAGR of 15.3% to reach RMB13.2 billion in 2029, becoming a key driver of structural upgrades within the industry. Driven by increasingly refined functions and diversified usage scenarios, products such as fabric softeners and fabric sprays have also achieved rapid growth. The market size of fabric sprays, in terms of retail sales, grew at a CAGR of 13.4% from RMB1.4 billion in 2019 to RMB2.7 billion in 2024, and is expected to maintain a strong growth trajectory with a CAGR of 14.3% from 2024 to 2029. These products are increasingly popular for their ability to instantly eliminate odors, reduce wrinkles, offer antibacterial protection, and support convenient, on-the-go use.

Market Size of China's Fabric Care Industry by Major Product Category, in Terms of Retail Sales, 2019-2029E



CAGR	2019-2024	2024-2029E
Fabric sprays	13.4%	14.3%
Laundry pods	23.8%	15.3%
Laundry additives	4.9%	7.3%
Liquid detergents	4.4%	8.3%
Others	1.0%	1.4%
Total	**4.0%**	**6.4%**

Note: Others include powder detergents and bar detergents.

Source: Frost & Sullivan

Furthermore, driven by consumers' rising demand for refined and specialized fabric care beyond basic cleaning efficacy, the premium liquid detergent segment, defined as products priced at RMB50 or above per 1,000ml, has emerged as a key driver of the overall expansion of China's liquid detergent market. In terms of retail sales, the market size of China's premium liquid detergent segment reached RMB8.3 billion in 2024 and is projected to grow at a CAGR of 13.7% from 2024 to 2029, reaching RMB15.7 billion by 2029.

Key Drivers for the Household Care Market

- *Growing demand for refined and scenario-specific cleaning solutions*. Consumer preferences are shifting from basic cleaning functions toward more refined and specialized solutions, prompting brands to continuously expand their product portfolios, develop more targeted scenario-based solutions, and accelerate the market's evolution toward specialized and high-quality care.

- *Rapid growth of content-driven e-commerce platforms*. With content-driven e-commerce platforms such as Douyin accelerating the transformation of consumer pathways in household care sector, livestreaming has become a revolutionary force. According to China Internet Network Information Center, as of December 2024, the number of livestreaming users in China reached 833 million, accounting for 75.2% of the total number of internet users, evidencing the process and influence of content-driven e-commerce platforms. Compared with traditional e-commerce platforms, content-driven e-commerce platforms can leverage livestreaming and consumer algorithm to identify and reach new generation of consumers, who are highly distinctive. Livestreaming enables instant interactions and simulation of real-life usage scenarios, providing opportunities for products with limited offline visibility to penetrate online, making it a key driver of category growth.

- *Rising health and hygiene awareness*. In recent years, consumers have become increasingly health-conscious and demand higher hygiene and safety standards for their living spaces. According to the National Health Commission of the People's Republic of China, in 2024 the national health literacy level reached 31.87%, and is expected to maintain a relatively rapid rate of increase. Health literacy refers to an individual's ability to obtain, understand and use basic health information and services to make appropriate health decisions. As health literacy continues to rise, consumers are placing greater emphasis on the safety, ingredient transparency and effectiveness of household care products. Beyond basic cleaning, there is a growing preference for products that combine functionality and sensory delight, such as antibacterial and deodorizing floor cleaners with fragrance and surface care, or natural hand soaps with minimal residue, and pleasant scents. This is fueling a shift toward low-irritant, eco-friendly, multi-functional formulations, reflecting dual expectations for safety and efficacy.

Future Trends

- *Rising demand for premium products driven by quality and innovation*. Today's consumers prioritize ingredient safety, eco-friendliness, and multifunctional benefits such as antibacterial, anti-mite, and long-lasting fragrance. At the same time, rising health and environmental awareness has increased demand for premium products featuring top-quality ingredients, a variety of functionalities, and innovative formulations. Top-quality ingredients refer to those that are safe, effective, and may include plant extracts, functional enzymes, and advanced fragrance components. Consumers are willing to pay a premium for safer and more effective products with better performance, which has become a key industry trend.

- *Convenient and scenario-based cleaning solutions are increasingly popular*. In a fast-paced modern lifestyle, consumers' preference for convenient, scenario-based household care solutions reflects a strong demand for efficient and practical offerings, and the market for products such as fabric sprays is expected to continue expanding in the future.

- *Health and environmental awareness accelerates the industry's green transformation*. Consumer focus on personal well-being and environmental impact is propelling the household care industry toward greener, more sustainable solutions. Such greener, more sustainable solutions include the use of biodegradable or recyclable packaging and the replacement of traditional chemical ingredients with plant-based or naturally derived ones, reflecting a shift toward more environmentally friendly product compositions.

Competitive Landscape

Household care products are essentially daily necessities. The household care industry has several defining traits, including stable consumer demand, a large number of market participants, the ease of entry and exit, and product homogeneity. These elements incentivize innovation among market participants and keep prices in check to gain an edge. In 2024, the top five brands accounted for approximately 34.6% of the household care market in terms of retail sales. Leading brands typically maintain their competitive advantage through strong economies of scale, brand influence and channel coverage. In this context, the LYCOCELLE brand has achieved remarkable growth, driven by strong product innovation and effective channel operations, with its growth rate significantly exceeding the industry average. In terms of the CAGR of retail sales from 2022 to 2024, LYCOCELLE was the fastest-growing scaled brand, brands with annual retail sales exceeding

RMB100 million in 2024, in China's household care industry. In 2024, only approximately 60 household care brands in China met this scaled brand threshold. The following table sets forth the top five household care brands in China, in terms of retail sales in 2024:

Top Five Household Care Brands in China, in Terms of Retail Sales in 2024

Rank	Brand	Market Share*
1	Brand A	12.3%
2	Brand H	7.4%
3	Brand B	6.9%
4	Brand G	4.8%
5	Brand I	3.2%

Source: Frost & Sullivan

Notes:

* Market share refers to the proportion of retail sales of the brand's household care relative to the total retail sales of household care in China.

1. Brand A was established in 1994, headquartered in China, and primarily engages in the production and sales of household care products, including liquid detergent, dishwashing detergent, and hand soap.
2. Brand B was established in 1992, headquartered in China, and primarily engages in the production and sales of household care products, including liquid detergent, hand soap, kitchen cleaner and bathroom cleaner.
3. Brand G was established in 1954, headquartered in the United Kingdom, and primarily engages in the research and development and sales of household care products, including liquid detergent, laundry pods, and powder detergent.
4. Brand H was established in 1992, headquartered in China, and primarily engages in the production and sales of household care products, including powder detergent, liquid detergent, and soap.
5. Brand I was established in 1986, headquartered in the United States, and primarily engages in the production and sales of household cleaning products, including kitchen cleaner and bathroom cleaner.

Fabric care becomes the largest segment in the household care industry, with approximately 2,000 brands in China's fabric care market. Within this segment, LYCOCELLE ranked 16th in China's fabric care industry, 11th in China's laundry additives industry, and 7th in China's fabric spray industry, in terms of retail sales in 2024. Liquid detergent is the dominant subcategory, and in terms of year-on-year growth rate of retail sales from 2023 to 2024, LYCOCELLE was the fastest-growing scaled brand in China's liquid detergent market, with a CAGR of 114.1%.

Meanwhile, premium liquid detergents, defined as those priced at RMB50 or above per 1,000ml, represent a rapidly growing segment, as consumers increasingly seek emotional value and identity alignment alongside functional performance. LYCOCELLE ranked fifth in China's premium liquid detergent segment, in terms of retail sales in 2024. The following table sets forth the top five premium liquid detergent brands in China, in terms of retail sales in 2024:

Top Five Premium Liquid Detergent Brands in China, in Terms of Retail Sales in 2024

Rank	Brand	Market Share*	Year-on-Year Growth, 2024
1	Brand A	25.0%	22.2%
2	Brand B	17.2%	17.3%
3	Brand C(1)	16.1%	13.1%
4	Brand D(2)	7.8%	9.2%
5	LYCOCELLE	3.0%	114.1%

Source: Frost & Sullivan

Notes:

* Market share refers to the proportion of retail sales of the brand's premium liquid detergents relative to the total retail sales of premium liquid detergents in China.

1. Brand C was established in 1967, headquartered in Germany (currently owned by a U.S. company), and primarily engages in the production and sales of household care products, including powder detergent, liquid detergent, and laundry pods.
2. Brand D was established in 1946, headquartered in the United States, and primarily engages in the production and sales of household care products, including powder detergent, liquid detergent, and laundry pods.

As laundry care continues to evolve with more diverse product formats, laundry pods are gaining popularity for their convenience and efficiency. In China, LYCOCELLE ranked fourth in the laundry pod industry in terms of online retail sales in 2024. Meanwhile, as laundry care becomes more refined, lingerie detergents have gradually emerged as an important subcategory within the liquid detergent market. Lingerie detergents address delicate fabric care needs not met by general-purpose detergents. The following table sets forth the top five lingerie detergent brands in China, in terms of online retail sales, in 2024:

Top Five Lingerie Detergent Brands in China, in Terms of Online Retail Sales in 2024

Rank	Brand	Market Share*	Year-on-Year Growth, 2024
1	Brand A	15.1%	17.1%
2	Brand E(1)	7.2%	6.9%
3	LYCOCELLE	6.6%	26.2%
4	Brand F(2)	6.2%	13.5%
5	Brand B	5.9%	15.6%

Source: Frost & Sullivan

Notes:

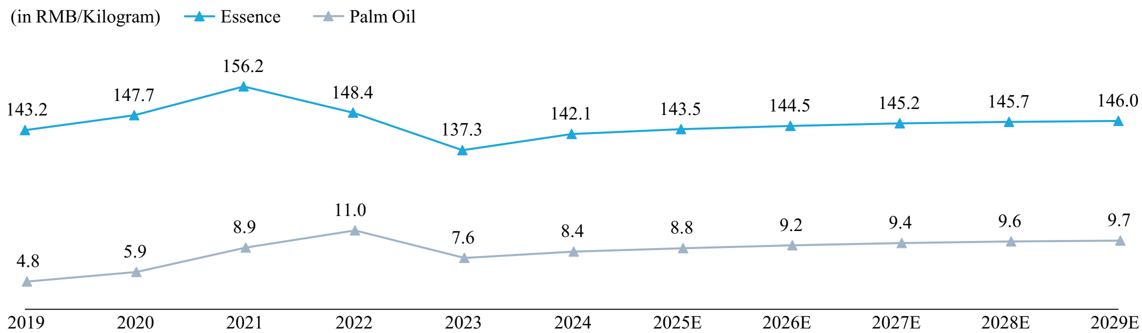
* Market share refers to the proportion of the brand's online retail sales of lingerie detergent relative to the total online retail sales of lingerie detergent in China.

1. Brand E was established in 2000, headquartered in China, and primarily engages in the production and sales of household care products, including liquid detergent and hand soap.
2. Brand F was established in 1996, headquartered in Thailand, and primarily engages in the R&D, production, and sales of household care products, including lingerie detergent and hand soap.

Historical Prices of Major Raw Materials

Household care products generally use chemicals that are derived from palm oil as their raw material. Due to a shortage in supply, the price of palm oil increased from 2019 to 2021 but turned to decrease in 2023, with the production and export expansion in Southeast Asia, especially in Malaysia. The price of palm oil remained relatively stable in 2024. One of the main raw materials used for premium fabric care products is essence. Between 2019 to 2021, driven by heightened awareness of hygiene and cleanliness at home, there were an upward adjustment in essence prices. Thereafter, as supply chains normalized and demand stabilized, essence prices is expected to gradually stabilize in the future.

Price of Major Raw Materials in China, Essence and Palm Oil, 2019-2024



Source: Frost & Sullivan

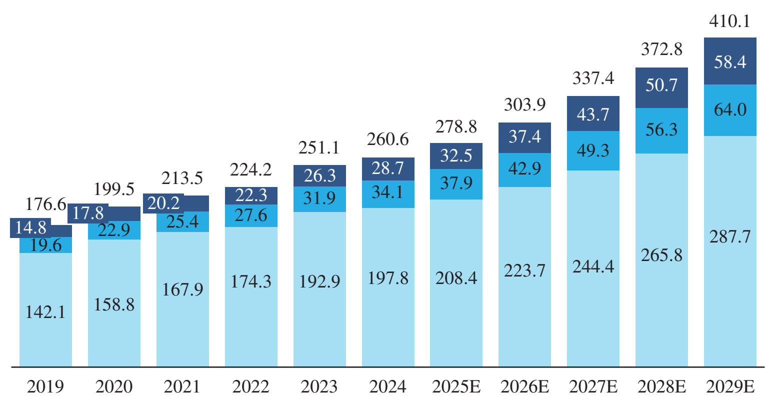
OVERVIEW OF CHINA'S NUTRITIONAL SUPPLEMENTS INDUSTRY

Nutritional supplements refer to food products designed to provide specific health benefits or supplement essential nutrition, such as vitamins and minerals. These products are generally used to support bodily functions and are not intended to diagnose, treat, cure or prevent any diseases. Nutritional supplements come in a variety of product categories, including those with official health food certifications and other products designed to provide specific health benefits or essential nutritional supplements. Based on their intended functions, nutritional supplements can be further categorized into three types: (i) beauty-focused nutritional supplements, primarily designed to enhance external appearance by promoting internal bodily functions through the intake of functional ingredients. These supplements aim to deliver cosmetic benefits such as whitening or anti-aging. Common active ingredients include fish oil, ergothioneine, collagen and hyaluronic acid; (ii) basic nutritional supplements, aimed to compensate for insufficient intake of essential nutrients, such as vitamins, minerals and proteins, in daily diets, supporting general health and maintaining normal bodily functions; and (iii) weight management nutritional supplements, designed to assist in weight control, reduce body fat, or suppress appetite.

As consumer demand for beauty-focused nutritional supplements continues to rise, emerging functional ingredients such as ergothioneine have attracted significant attention and awareness. From 2019 to 2024, the market size of beauty-focused nutritional supplements achieved a CAGR of 14.1% in China, becoming a key growth driver for overall market expansion. In China's beauty-focused nutritional supplement market, collagen is a well established category due to its early market entry, reaching RMB11.6 billion in retail sales in 2024. Ergothioneine-based supplements, featuring a key ingredient that has rapidly gained popularity in recent years, recorded RMB860 million in retail sales in 2024. This segment is expected to grow at a CAGR of 44.1%, reaching RMB5.3 billion by 2029, highlighting its strong growth potential. Additionally, fish oil products, known for promoting skin health and providing anti-inflammatory benefits, have also gained traction. In 2024, China's fish oil market reached approximately RMB6.5 billion in retail sales and is projected to grow at a CAGR of around 15.0% from 2024 to 2029.

Market Size of China's Nutritional Supplements Industry by Product Function, in Terms of Retail Sales, 2019-2029E

CAGR	2019-2024	2024-2029E
Beauty-Focused	14.1%	15.3%
Weight Management	11.7%	13.4%
Basic Nutritional	6.8%	7.8%
Total	**8.1%**	**9.5%**



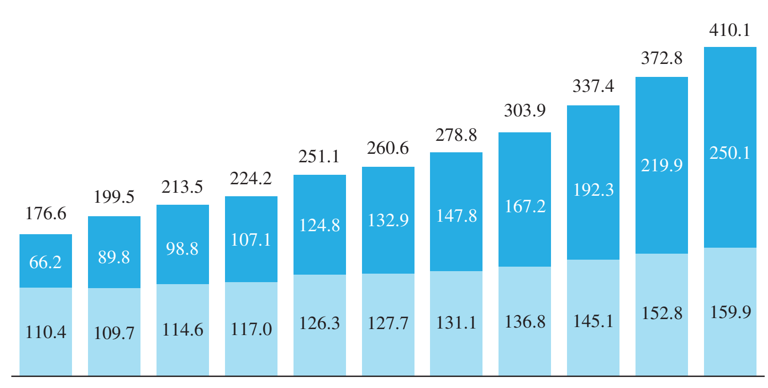
Source: Frost & Sullivan

Market Size of China's Nutritional Supplements Industry

Traditionally, nutritional supplements in China have been sold through pharmacies, supermarkets, specialty stores and e-commerce platforms. In recent years, the online channels have risen steadily, driven in particular by emerging brands launched on content-driven e-commerce platforms. According to Frost & Sullivan, China's nutritional supplements market size, in terms of retail sales, grew from RMB176.6 billion in 2019 to RMB260.6 billion in 2024, and is expected to grow at a CAGR of 9.5% to reach RMB410.1 billion in 2029. The share of nutritional supplementals sold through online channels is expected to rise from 51.0% in 2024 to 61.0% in 2029.

Market Size of China's Nutritional Supplements Industry by Sales Channel, in Terms of Retail Sales, 2019-2029E

CAGR	2019-2024	2024-2029E
Online Channel	15.0%	13.5%
Offline Channel	3.0%	4.6%
Total	**8.1%**	**9.5%**



Source: Frost & Sullivan

Within online channels, content-driven e-commerce platforms, enabled by livestreaming, content-driven marketing and personalized recommendation algorithms, have experienced rapid growth in recent years. From 2019 to 2024, the retail sales of nutritional supplements sold through content-driven e-commerce platform grew at a CAGR of approximately 23.0% and reached RMB63.1 billion in 2024, becoming the primary growth driver within the online channel. In 2024, content-driven e-commerce platforms contributed 47.5% of online retail sales of nutritional supplements, which is expected to further increase to 58.0% in 2029.

Key Drivers for Nutritional Supplement Market

- *Growing preference for beauty-focused supplements*. Nowadays, women are investing more resources on health and beauty. The fact that they recognize personal well-being as a long-term investment rather than a short-term need has contributed to a rising interest in beauty-focused nutritional supplements. Beauty-focused nutritional supplements serve demands to improve both appearance and wellness, reflecting a heightened emphasis on self-care and holistic health management, and have thus become one of the most dynamic categories in China's nutritional supplement market.

- *Rising per capita spending fuels market expansion*. Despite rapid development, per capita spending in nutritional supplementals in China remains relatively low compared with developed countries. In 2024, Chinese consumers spent approximately RMB185 per capita on nutritional supplements, compared to RMB1,332 in the United States. Given China's large population and rising consumer spending power, the current low market penetration highlights significant untapped potential, making China one of the most attractive and fastest-growing markets in the global nutritional supplement industry.

- *Advances in research and development*. Breakthroughs in biotechnology, particularly synthetic biology, are transforming raw material supply. Synthetic biology enables large-scale production of emerging functional ingredients such as ergothioneine. Compared with traditional extraction methods of natural products, synthetic biology not only reduces reliance on natural resources but also offers advantages in cost efficiency, supply chain stability, and overall sustainability. These advantages prompt companies to innovate their products, help enhance corporate competitiveness, and lay a solid foundation for the sustainable development of the nutritional supplement industry.

Future Trends

- *Beauty-focused supplements shaping the future landscape*. Female consumers are increasingly adopting a lifecycle approach to health and appearance management. Beyond functionality, the emotional satisfaction and sense of identity derived from these products further drive sustained consumption.

- *Stronger regulatory oversight*. Ongoing regulatory refinement is driving greater industry standardization. For instance, the Implementation Rules for the Measures for the Supervision and Administration of Food Labeling (《食品標識監督管理辦法》) issued in 2025 has strengthened the regulation and supervision of the labeling of nutritional supplements and other foods. Such stricter rules are expected to improve product safety, efficacy, and quality control; enhance professionalism; and ensure compliance and strengthen consumer protection, supporting sustainable industry development.

- *Increasingly robust quality control*. With a rising focus on product safety and efficacy, quality control across the entire supply chain has become a central competitive differentiator, including moving quality control upstream, implementing stricter raw material audits and supplier management mechanisms, and adopting digital traceability systems in the manufacturing process. Comprehensive quality control systems are essential to maintaining consumer trust and market competitiveness.

Competitive Landscape

China's nutritional supplements market features a large number of participants and remains relatively fragmented. According to Frost & Sullivan, approximately 20,000 and 3,000 brands have involved in the overall nutritional supplement industry and the beauty-focused nutritional supplement industry, respectively, in China. In 2024, the top five brands jointly accounted for approximately 25.0% in the nutritional supplement industry in China, in terms of retail sales. Traditional leading brands remain focused on basic nutritional supplements, whereas the beauty-focused segment has expanded rapidly with intensifying competition. Among these emerging players is FineNutri, which was launched in September 2024 and is still in an early stage of development. It occupied a market share of far less than 1% in China's beauty-focused nutritional supplement industry in 2024, in terms of retail sales, but has become the fastest-growing beauty-focused nutritional supplement brand to surpass RMB500 million in retail sales in China since its inception, as of the Latest Practicable Date. The following table sets forth the top five beauty-focused nutritional supplement brands in China, in terms of the time they spend to achieve cumulative retail sales of RMB500 million:

Top Five Beauty-Focused Nutritional Supplement Brands in China, in Terms of the Time Spent to Achieve Cumulative Retail Sales of RMB500 million

Rank	Brand	Time to Achieve Cumulative Retail Sales of RMB500 Million(1)
1	FineNutri	12 months
2	Brand J(2)	Approximately 2 years
3	Brand K(3)	Approximately 3 years
4	Brand L(4)	Approximately 4 years
5	Brand M(5)	Approximately 4 years

Source: Frost & Sullivan

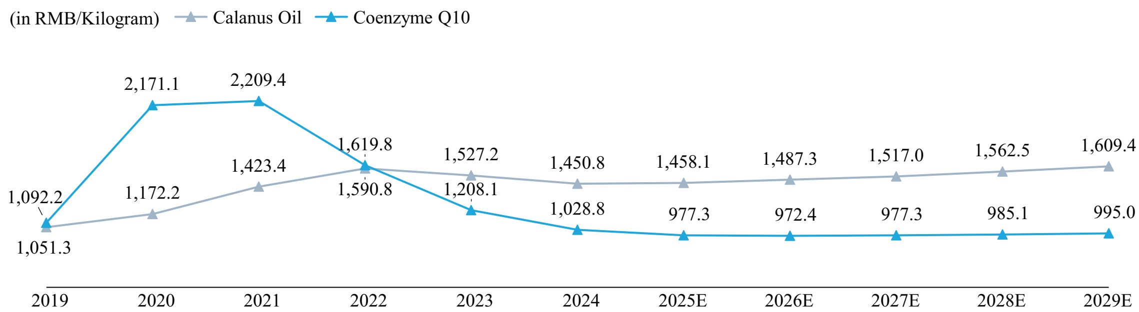
Notes:

1. Time measured from the brand's inception to the point when its cumulative retail sales reached RMB500 million.
2. Brand J was established in 2019, headquartered in China, and primarily engages in the R&D of beauty-focused nutritional supplements, with products including collagen peptide drinks.
3. Brand K was established in 2021, headquartered in China, and specializes in synthetic biotechnology and the R&D of beauty-focused nutritional supplements, with key products including ergothioneine oral capsules.
4. Brand L was established in 2017, headquartered in China, and primarily engages in the R&D and production of beauty-focused nutritional supplements, with key products including whitening pills and anti-glycation pills.
5. Brand M was established in 2020, headquartered in China, and specializes in the production and R&D of beauty-focused nutritional supplements, with key products including whitening pills and collagen peptide drinks.

Historical Prices of Major Raw Materials

As an emerging ingredient in the nutritional supplement industry, Calanus oil is able to be extracted and sold by only a very few raw material suppliers currently. It is expected that as the application and popularity of Calanus oil in the nutritional supplement industry continue to rise, the market demand and price of Calanus oil may experience a steady increase in the future. Coenzyme Q10, one of the key raw materials used in nutritional supplements, experienced price fluctuations between 2019 and 2024. Prices rose from approximately RMB1,092 per kilogram in 2019 to RMB2,171 per kilogram in 2020 due to surging demand with rapidly increasing health awareness. Since 2022, the release of new capacity and improved fermentation technologies reduced production costs and increased supply. Prices fell to RMB1,620 per kilogram in 2022 and further to RMB1,029 per kilogram in 2024.

Price of Major Raw Materials in China, Calanus Oil and Coenzyme Q10, 2019-2024



Source: Frost & Sullivan

OVERVIEW OF CHINA'S E-COMMERCE SOLUTION INDUSTRY

E-commerce solution providers are specialized companies dedicated to offering comprehensive services to brand clients, covering online store operations, marketing, customer service, IT support, as well as warehousing and logistics to brand partners. The core value of this industry lies in leveraging professional operational expertise and extensive channel experience to help brands achieve online business growth and strengthen brand building across different stages of development.

Business Models of E-Commerce Solution Providers

Within the e-commerce solution industry, solution providers mainly operate under two models: brand management and e-commerce operation services. Under the brand management model, service providers are responsible for brand sales and marketing operations in specific regions. Their scope of work includes product procurement, inventory management, distribution and sales, as well as marketing planning and campaign execution aligned with the brand's strategy to drive sales and expand market share. E-commerce operation services model emphasizes providing professional operational support. Service providers acts as a third-party partner operate online stores on designated platforms and deliver a full suite of services, including store operations, marketing, supply chain coordination and consumer services.

E-commerce solution providers typically generate revenue through two approaches: (i) distribution model, under which the solution providers purchase products from the brand and sells them to consumers through e-commerce platforms, earning profit from the price difference; and (ii) service fee model, under which solution providers charge brand clients commissions based on the sales generated on the platform or a fixed service fee. In practice, many solution providers adopt a hybrid model to diversify revenue streams, ensure stable growth, and mitigate business risks.

Market Size of China's E-Commerce Solution Industry

In 2024, the market size of China's e-commerce solution industry reached RMB1.3 trillion, in terms of GMV, and is expected to grow at a CAGR of 11.7% over the next five years, reaching RMB2.2 trillion in 2029. Growth is driven by rising online penetration and evolving e-commerce ecosystems, including content-driven and live-streaming channels, alongside increasing demand for localized and end-to-end brand management services.

The e-commerce solution industry serves multiple sectors, including health & wellness, beauty & personal care, fast-moving consumer goods (FMCG), home furnishing and appliances, and others. Among these, the health & wellness segment is one of the fastest-growing categories. Since professional knowledge in the health & wellness industry was crucial to the business operation of brands, brand owners are generally tended to control the product sales and marketing operations on their own in the early period. With the continuous accumulation of industry experience and channel resources, e-commerce solution providers have achieved cooperation with increasing numbers of brands, driving the rapid growth of the market size in the health & wellness segment in the e-commerce solution industry. In 2024, GMV of China's e-commerce solution in this category reached RMB80.1 billion, and is expected to rise to RMB237.9 billion in 2029, representing a CAGR of 24.3%.

Competitive Landscape

The health & wellness segment is one of the fastest-growing sub-sectors within China's e-commerce solution industry. The market is relatively fragmented, with the top five players accounting for approximately 15.7% of the total market share in 2024, in terms of GMV generated from the health & wellness category. Leveraging years of experience in e-commerce operation services, Ruoyuchen has developed differentiated strengths in brand partnerships, digital operations capabilities, channel expansion, and content marketing. With its deep expertise in the health & wellness sector, Ruoyuchen is able to anticipate shifts in consumer demand and provide customized solutions for brand clients. In 2024, Ruoyuchen ranked fourth in China's e-commerce solution industry, in terms of GMV generated from the health & wellness category.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, a market research and consulting company and an independent third party, to conduct an analysis of, and to report on the household care, nutritional supplements and e-commerce solution markets in China. The report prepared by Frost & Sullivan for us is referred to in the document as the F&S Report. The F&S Report has been prepared by Frost & Sullivan independent of our influence. The fee payable to Frost & Sullivan for preparing the F&S Report is RMB600,000 which we believe reflects market rates for similar services. Founded in 1961, Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists. Our Directors confirm, to the best of their knowledge, and after making reasonable enquiries, that there have been no adverse changes in the industry since the date of the F&S report and up to the Latest Practicable Date which may qualify, contradict or have an impact on the information set out in this section.

During the preparation of the F&S Report, Frost & Sullivan collected, analyzed, assessed, and validated the information and statistics using its in-house analysis models and techniques. Primary research was conducted via discussions and interviews with industry participants and industry experts. Secondary research involved analysis of market statistics obtained from several publicly available data sources, such as releases from the governments of the research countries, company reports, independent research reports, and Frost & Sullivan's own internal database. The methodology applied by Frost & Sullivan is based on information and statistics gathered from multiple levels and allows such information and statistics to be cross-referenced for accuracy.

The F&S Report contains a series of market projections which were produced based on the following assumptions, without limitations: (i) China's and global economy is likely to maintain steady growth in the next decade; and (ii) China's and global social, economic, and political environment is likely to remain stable from 2025 to 2029.