*The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan (the "**Frost & Sullivan Report**"). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the* **[REDACTED]**. *The information from official government sources has not been independently verified by us, the Joint Sponsor, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *any of the* **[REDACTED]**, *any of their respective affiliates and advisers, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to its accuracy.*

OVERVIEW OF CHINA'S COSMETICS INDUSTRY

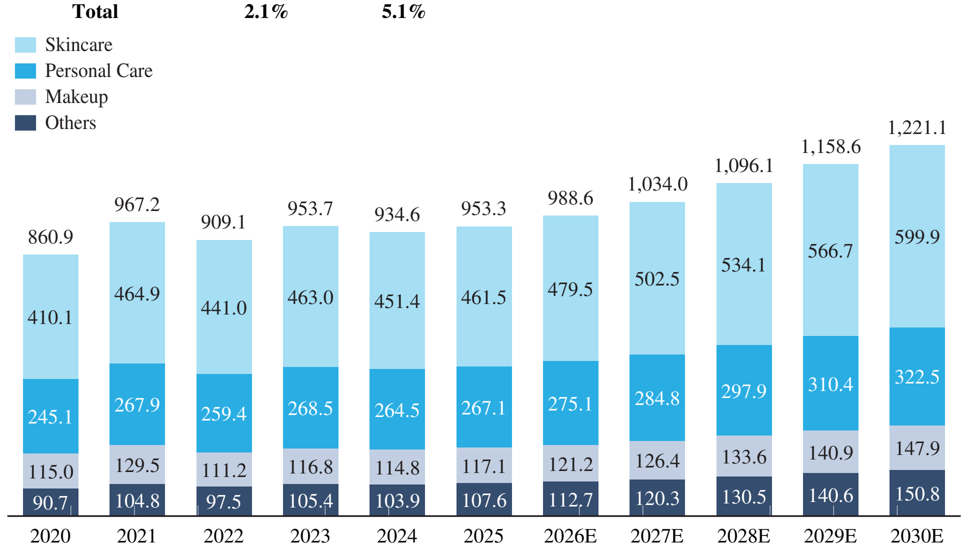
According to Frost & Sullivan, cosmetics industry include skincare products, personal care products, makeup products and others. China is the second largest cosmetics market in the world with share of 11.5% in the global cosmetics market in 2025. During the past five years, the overall cosmetics market in China has experienced fluctuating growth. The cosmetics industry in China experienced decline in 2022 primarily due to the public health event, and rebounded in 2023 fueled by resumption of social activities. The industry has seen a slight contraction in 2024 which was largely attributable to more prudent consumer purchasing decisions in the face of economic fluctuation and back to growth in 2025.

The per capita expenditure on cosmetics in China is about RMB679 in 2025, which is only approximately one-fifth of the per capita expenditure on cosmetics in developed Asian countries such as Japan and South Korea. With the further popularization of sophisticated skincare concept, the expanding consumer groups and diversified consumer demand, China's cosmetics market is expected to grow at a CAGR of 5.1% from 2025 to 2030. By 2030, China's share in the global cosmetics market is expected to increase to approximately 12.9%. The chart below illustrates the historical and forecasted market size of China's cosmetics industry by product segment in terms of retail sales from 2020 to 2030.

Market Size of Cosmetics Industry in China by Retail Sales, Breakdown by Product Categories

RMB Billion, 2020-2030E

CAGR	2020-2025	2025-2030E
Skincare	2.4%	5.4%
Personal Care	1.7%	3.8%
Makeup	0.4%	4.8%
Others	3.5%	7.0%
Total	**2.1%**	**5.1%**



Source: National Bureau of Statistics, Frost & Sullivan

Note: (1) Others include perfume, maternity and child care, deodorant, depilatory and other products.

OVERVIEW OF CHINA'S DOMESTIC COSMETICS INDUSTRY

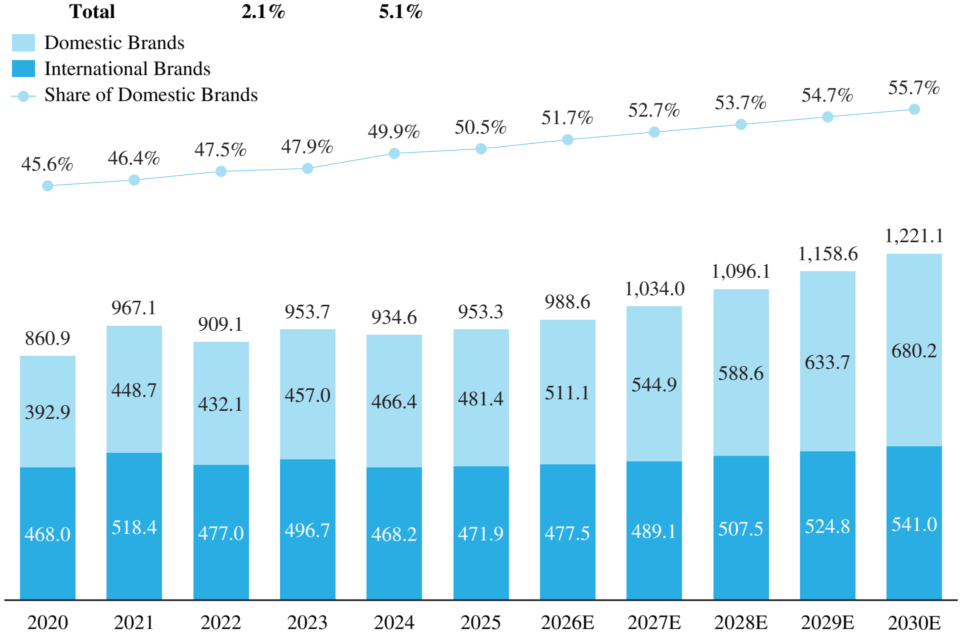
Cosmetics brands can be categorized into domestic and international cosmetics brands. Domestic cosmetics brands refer to brands owned by cosmetic groups headquartered in China, while international cosmetics brands refer to brands owned by cosmetics groups headquartered outside China. In terms of retail sales, the market size of China's domestic cosmetics industry grew from RMB392.9 billion in 2020 to RMB481.4 billion in 2025, with a CAGR of 4.1% and is expected to continue growing at a CAGR of 7.2% from 2025 to 2030, reaching RMB680.2 billion in 2030, outperforming international brands in China.

The recent expansion of China's domestic cosmetics industry has been driven by several key factors. Benefiting from the trend of "China Chic", China's domestic brands continues to grow with their intrinsic understanding of native culture. The popularization of online platforms has significantly increased their brand visibility. Well-established supply chain, advancements in R&D and extensive sales network enable them to deliver cost-effective products that can swiftly align with consumer preferences.

Currently, China's cosmetics industry is at a stage that shares similarities with the early stage in developed Asian markets such as Japan and South Korea. In terms of retail sales in 2025, domestic cosmetics brands in South Korea and Japan held a market share of over 80% and 70% respectively, maintaining dominant positions, compared with that of 50.5% in China.

Market Size of Cosmetics Industry in China by Retail Sales, Breakdown by Domestic and International Brands
RMB Billion, 2020-2030E

CAGR	2020-2025	2025-2030E
Domestic Brands	4.1%	7.2%
International Brands	0.2%	2.8%
Total	**2.1%**	**5.1%**



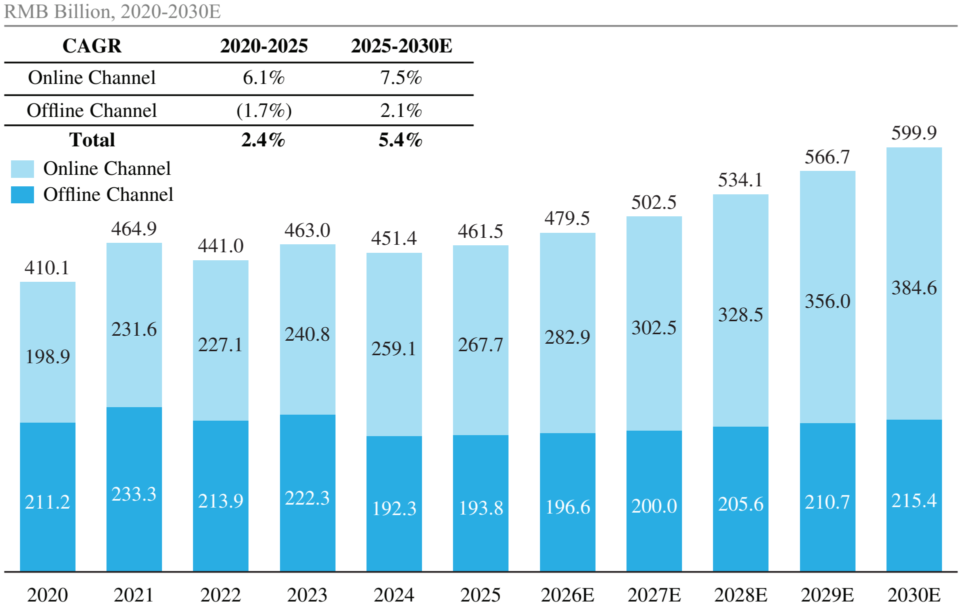
Source: National Bureau of Statistics, Frost & Sullivan

OVERVIEW OF CHINA'S SKINCARE INDUSTRY

Skincare is the largest segment in China's cosmetics industry in the past five years. In terms of retail sales in 2025, skincare segment accounts for 48.4% of China's cosmetics industry. The market size of skincare industry in China reached RMB461.5 billion in 2025. As consumers pay more attention to skin health, leading brands are continuously increasing R&D investment, focusing more on ingredient and efficacy R&D, launching more products to solve specific skin problems, therefore promoting ingredient-driven and efficacy-focused trend. The skincare industry in China is expected to continue to grow at a CAGR of 5.4% to reach RMB599.9 billion in 2030.

The chart below illustrates the historical and forecasted market size of China's skincare industry by sales channel in terms of retail sales from 2020 to 2030.

Market Size of Skincare Industry in China by Retail Sales, Breakdown by Sales Channel
RMB Billion, 2020-2030E



Source: National Bureau of Statistics, Frost & Sullivan

Online channels has become the primary channel for purchasing skincare products since 2022. In terms of retail sales in 2025, the market size of online skincare industry was RMB267.7 billion, indicating an online penetration rate of close to 60%. Following years of mobile internet development in China, the main consumer demographic in the cosmetics industry are gradually transitioning towards digital consumption models, prioritizing convenience, engagement, and tailored recommendations. The market size of online skincare industry is expected to continue to grow at a CAGR of 7.5% to RMB384.6 billion by 2030. Offline channels continue to play an important role in the skincare industry. The on-site product trials experience, the feature to fulfill immediate demands, as well as the professional and personalized services offered by beauty consultants, motivate consumers to be willing to purchase skincare products through offline channels. Cosmetics stores and OTC channels are becoming favored choices for consumers. For example, WOW Colour attracts large number of consumers with its diversified, high-quality and cost-effective product offerings, as well as free trial strategy. OTC channel, with pharmacists providing product recommendations and services that can meet consumers' specific skincare needs, has become a highly trusted purchasing channel.

OVERVIEW OF CHINA'S MAKEUP INDUSTRY

In terms of retail sales in 2025, makeup segment accounts for approximately 12.3% in China's cosmetics industry. In terms of retail sales, the market size of makeup industry in China reached RMB117.1 billion in 2025. Driven by increasing attention to personal appearance and the pursuit of diverse aesthetics, the makeup industry is expected to grow further at a CAGR of 4.8%, reaching RMB147.9 billion by 2030. The chart below illustrates the historical and forecasted market size of China's makeup industry by sales channel in terms of retail sales from 2020 to 2030.

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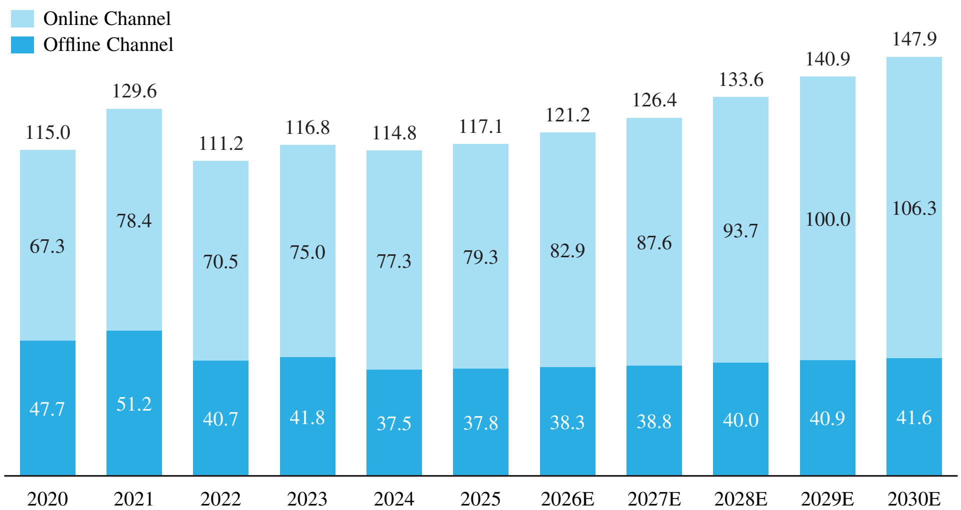
Market Size of Makeup Industry in China by Retail Sales, Breakdown by Sales Channel

RMB Billion, 2020-2030E

CAGR	2020-2025	2025-2030E
Online Channel	3.3%	6.0%
Offline Channel	(4.5%)	1.9%
Total	**0.4%**	**4.8%**



Source: National Bureau of Statistics, Frost & Sullivan

Under the rising trend of Chinese aesthetics, domestic brands have experienced rapid growth. Domestic brands incorporate traditional Eastern elements into product and package design, to promote cultural value and brand recognition. In terms of retail sales, the market size of domestic makeup industry was RMB65.2 billion in 2025, and is expected to reach RMB91.6 billion by 2030, with a CAGR of 7.0%.

OVERVIEW OF CHINA'S HAIR CARE INDUSTRY

Personal care products mainly include hair care, oral care and body care products. In terms of retail sales in 2025, personal care products accounted for 28.0% of China's cosmetics industry. In terms of retail sales, the market size of personal care products industry in China reached RMB267.1 billion in 2025, and is expected to further grow at a CAGR of 3.8% to RMB322.5 billion by 2030.

Hair care is the largest segment within the personal care products industry. In terms of retail sales in 2025, hair care accounted for approximately 42.4% of China's personal care products industry. In terms of retail sales, the market size of China's hair care industry grew from RMB97.2 billion in 2020 to RMB113.4 billion in 2025, with a CAGR of 3.1%. With pursuit of higher life quality, consumers have gradually apply skincare concepts to hair care, leading the demands evolving from basic cleansing to specialized efficacy. The market size of hair care industry is expected to grow further at a CAGR of 4.2%, reaching RMB139.4 billion by 2030.

In modern society, fast-paced and stressful lifestyles have made hair loss increasingly prevalent and affecting younger demographics. Consumers are gradually recognizing that a healthy scalp is fundamental for strong, dense hair thus increasing their focus on scalp care. According to Frost & Sullivan Survey, over 90% of surveyed consumers agreed that maintaining scalp health can effectively address hair problems fundamentally, and are willing to choose higher-priced products with better efficacy. In recent years, improvement in health awareness and sophisticated care philosophies such as "scalp skinification" and "scientific hair care" drive the rapid development of the scalp care market. As the significant scalp care category, the anti-hair loss essence has seen rapid growth in China, with a CAGR close to 20% from 2020 to 2025 and is expected to continue growing at a CAGR of 13.2% over the next five years.

MARKET DRIVERS AND INDUSTRY TRENDS IN CHINA'S COSMETICS INDUSTRY

The rise of domestic brands. China's younger generations have stronger cultural confidence and exhibits a higher acceptance of domestic cosmetics brands. Leading domestic cosmetics groups possess a deeper understanding of Chinese consumers and better knowledge of their skin characteristics and aesthetic preferences, enabling them to develop products that can better respond to their demand in a timely manner. The well-established supply chain in China further facilitate producing high quality and cost-effective products. Leveraging China's excellent fundamental research capabilities, domestic groups are continuously increasing their R&D investments, leading to the introduction of more functional skincare products.

Multi-category, multi-brand, and signature product strategies. The history of leading international cosmetics groups demonstrates that multi-category, multi-brand, and signature product strategies is an essential pathway to become a leading global cosmetics group. By developing diverse product categories, cosmetics groups can reach a broader consumer base. The differentiated positioning of brands precisely address the diverse needs of various consumer groups, facilitating comprehensive consumer outreach and substantial growth. Under signature product strategy, brands can swiftly establish consumer awareness of strong "brand — product — efficacy" associations, thereby strengthening brand image and consolidating its market position.

Expanding consumer groups, segmented consumer demand, and diversified consumption scenarios. Diversified consumer demand for cosmetics products under various consumption scenarios has further promoted the industry growth. For example, on-demand retail scenarios for urgent needs have facilitated the expansion of gift sets and combination products, outdoor scenarios with consumers' rising attention to sports and health have fostered the development of anti-aging sunscreens and sweat-resistant makeup products. Additionally, consumers' demands for product attributes such as efficacy, ingredients, and scent have become more segmented. This has fostered the emergence of many brands tailored to specific consumer needs and diverse product series. Further, cosmetics brands have progressively launched men's series to address the increasing demand from male consumers.

Channel transformation and development. The evolution of e-commerce platforms has provided significant growth impetus to China's cosmetics industry. Comprehensive e-commerce platforms offer a foundation for the development of numerous cosmetics brands, while the rise of emerging e-commerce platforms such as Xiaohongshu and Douyin presents new models for expansion of cosmetics brands. The emerging e-commerce platforms enhance interactivity between brands and consumers. Additionally, offline cosmetics stores, OTC stores, and other retail formats are invigorating the development of offline channels.

ENTRY BARRIERS IN CHINA'S COSMETICS INDUSTRY

Brand barrier. Brand awareness and loyalty have become increasingly important in consumer decision-making within the cosmetics industry. Brand recognition is a holistic reflection of product quality, brand culture, production technology, management services, marketing networks, and public acknowledgment, necessitating significant investment of capital, resources, and time. Leading cosmetics groups have undergone extensive development and accumulation across all aspects, thereby establishing brand identity and market recognition. New market entrants may encounter barriers when competing with existing brands within a relatively short timeframe.

R&D capabilities. Launching innovative products that meet rapidly changing market demands is a continuous challenge for the cosmetics industry. The research and development of cosmetics involves multiple disciplines such as life sciences, chemistry, dermatology, and botanical sciences, and requires a deep understanding of consumer needs. Therefore, leading cosmetics groups with abundant capital, sufficient talents, rich resources, and extensive R&D accumulation can consistently and efficiently develop new technologies, launch and promote new products. This poses a significant R&D barrier for new entrants.

Supply chain management capabilities. Cosmetics groups are gradually shifting towards technology-driven development direction. Groups with independent production capabilities and robust supply chain management capabilities have sustainable competitive advantages in ensuring product distinctiveness, swiftly responding to market demands, controlling product quality, and reducing costs. Rigorous control over raw materials empowers cosmetics groups to maintain autonomy and leadership in ingredient research and development, ensuring product uniqueness and thus establishing significant competitive barriers. Through integration of the entire supply chain, from raw material procurement to product sales, cosmetics groups can achieve agile production, adapt quickly to evolving market demands, and secure their market positions. This presents a formidable product barrier for new market entrants.

Multi-category and multi-brand operational management as well as capability reuse. The incubation and growth of a brand require long-term investment in multiple dimensions including time, experience, capital, and talent. Leading cosmetics groups typically possess strong multi-category and multi-brand operational capabilities, which requires robust management capabilities, mature talent mechanisms, precise market positioning and market expansion capabilities, as well as strong resource integration capabilities. Only in this way can brands establish precise and differentiated positioning, avoid mutual competition and internal resources depletion, and successfully achieve continuous iteration across multiple product categories. New entrants lack sufficient resources and experience to incubate multiple brands and maintain stable development in the short term.

COMPETITIVE LANDSCAPE

China's Cosmetics Industry

According to the Frost & Sullivan, in terms of retail sales in 2025, we are fifth-largest cosmetics group in China, with a market share of 1.5%. We are the fastest-growing cosmetics group among the top five from 2023 to 2025, and the only Chinese cosmetics group.

Top Five Cosmetics Groups in China's Cosmetics Industry, by Retail Sales in 2025

Ranking	Group	Country of headquarters	Market share
1	Group A	France	8.6%
2	Group B	United States	5.2%
3	Group C	United States	4.0%
4	Group D	Japan	1.8%
5	Our Group	China	1.5%

Source: Frost & Sullivan, Public Information or filings of respective companies

Notes:

Group A: A listed cosmetics group established in France in 1909 and listed on the Paris Stock Exchange, primarily offering skincare, makeup, and personal care products.

Group B: A listed cosmetics group established in the United States in 1837 and listed on the New York Stock Exchange, primarily offering skincare and personal care products.

Group C: A listed cosmetics group established in the United States in 1946 and listed on the New York Stock Exchange, primarily offering skincare and makeup products.

Group D: A listed cosmetics group established in Japan in 1872 and listed on the Tokyo Stock Exchange, primarily offering skincare, makeup, and personal care products.

According to the Frost & Sullivan, PROYA was the fourth-largest cosmetics brand in China in terms of retail sales in 2025, with a market share of 1.1%. PROYA was the only Chinese cosmetics brand among the top five cosmetics brands.

Top Five Cosmetics Brands in China's Cosmetics Industry by Retail Sales in 2025

Ranking	Brand	Country of headquarters	Market share
1	Brand A	France	2.4%
2	Brand B	France	2.2%
3	Brand C	United States	1.8%
4	PROYA	China	1.1%
5	Brand D	United States	1.1%

Source: Frost & Sullivan, Public Information or filings of respective companies

Notes:

Brand A: A cosmetics brand launched in 1909, primarily offering skincare, makeup, and personal care products.

Brand B: A cosmetics brand launched in 1935, primarily offering skincare, makeup, and fragrance products.

Brand C: A cosmetics brand launched in 1946, primarily offering skincare, makeup, and fragrance products.

Brand D: A cosmetics brand launched in 1946, primarily offering skincare and makeup products.

China's Domestic Cosmetics Industry

In terms of retail sales in 2025, the market share of China's top five domestic cosmetics groups is approximately 10%, which is less than half of the market share held by the top five domestic cosmetics groups in Japan and South Korea. According to the Frost & Sullivan, we were the largest domestic cosmetics group by retail sales in China in 2025 with a market share of 3.0%, and we have maintained this leading position in China's domestic cosmetics industry for five consecutive years in terms of retail sales since 2021.

Top Five Groups in China's Domestic Cosmetics Industry by Retail Sales in 2025

Ranking	Group	Market Share
1	Our Group	3.0%
2	Group E	2.3%
3	Group F	1.9%
4	Group G	1.6%
5	Group H	1.6%

Source: Frost & Sullivan, Public Information or filings of respective companies

Notes:

Group E: A listed cosmetics group established in China in 2004 and listed on the Hong Kong Stock Exchange, primarily offering skincare and maternity and childcare products.

Group F: A private cosmetics group established in China in 2004, primarily offering skincare, makeup, and personal care products.

Group G: A private cosmetics group established in China in 1931, primarily offering skincare, makeup, and personal care products.

Group H: A listed cosmetics group established in China in 1995 and listed on the Shanghai Stock Exchange, primarily offering skincare, makeup, and personal care products.

According to the Frost & Sullivan, PROYA was the largest domestic cosmetics brand by retail sales in 2025 with a market share of 2.2%, and PROYA has maintained this leading position in China's domestic cosmetics industry for five consecutive years in terms of retail sales since 2021.

Top Five Brands in China's Domestic Cosmetics Industry by Retail Sales in 2025

Ranking	Brand	Market Share
1	PROYA	2.2%
2	Brand E	1.8%
3	Brand F	1.8%
4	Brand G	1.4%
5	Brand H	1.4%

Source: Frost & Sullivan, Public Information or filings of respective companies

Notes:

Brand E: A cosmetics brand launched in 2003, primarily offering skincare, and maternity and childcare products.

Brand F: A cosmetics brand launched in 2001, primarily offering skincare, makeup, and personal care products.

Brand G: A cosmetics brand launched in 1931, primarily offering skincare, makeup, and personal care products.

Brand H: A cosmetics brand launched in 2000, primarily offering skincare and makeup products.

China's Skincare Industry

According to the Frost & Sullivan, PROYA was the fourth-largest skincare brand in China by retail sales in 2025. In terms of online retail sales in 2025, PROYA was the largest skincare brand in China, with a market share of 3.8%.

Top Five Brands in China's Skincare Industry, by Online Retail Sales in 2025

Ranking	Brand	Country of headquarters	Market Share
1	PROYA	China	3.8%
2	Brand A	France	3.8%
3	Brand B	France	3.6%
4	Brand E	China	3.0%
5	Brand C	United States	2.9%

Source: Frost & Sullivan, Public Information or filings of respective companies

China's Makeup Industry

According to the Frost & Sullivan, in terms of online retail sales in 2025, TIMAGE was the fourth largest domestic makeup brand in China, with a market share of 3.8%.

Top Five Brands in China's Domestic Makeup Industry, by Online Retail Sales in 2025

Ranking	Brand	Market Share
1	Brand I	5.1%
2	Brand J	4.8%
3	Brand H	4.6%
4	TIMAGE	3.8%
5	Brand K	3.8%

Source: Frost & Sullivan, Public Information or filings of respective companies

Notes:

Brand I: A cosmetics brand launched in 2017, primarily offering makeup products.

Brand J: A cosmetics brand launched in 2017, primarily offering makeup products.

Brand K: A cosmetics brand launched in 2001, primarily offering makeup products.

China's Hair Care Industry

According to Frost & Sullivan, in terms of retail sales in 2025, Off&Relax ranked top five in the domestic hair care industry. In terms of online retail sales in 2025, Off&Relax was the third largest domestic hair care brand in China.

Scalp care represents the fastest-growing segment in China's hair care market, with anti-hair loss essences being the primary scalp care category. China's scalp anti-hair loss essence market exhibits relative concentration. In terms of retail sales in 2025, the top three brands contributed a market share of approximately 30%. Off&Relax ranked among the top two in China's anti-hair loss essence market in terms of retail sales in 2025.

OVERVIEW OF THE COSMETICS INDUSTRY IN SOUTHEAST ASIA

In terms of retail sales, the market size of Southeast Asia's cosmetics industry reached over RMB400 billion in 2025, and is expected to grow at a CAGR of 7.2% over the next five years, outpacing developed markets such as Europe and the United States. The skincare industry in Southeast Asia reached RMB166.0 billion in terms of retail sales in 2025, and is expected to expand at a CAGR of 8.8% over the next five years. The cosmetics market in Southeast Asia is relatively fragmented with the top five cosmetics groups contributed a market share of approximately 15.0% and the market has demonstrated remarkable vitality in recent years, emerging as a growth focus in the global cosmetics industry.

Raw Material Analysis

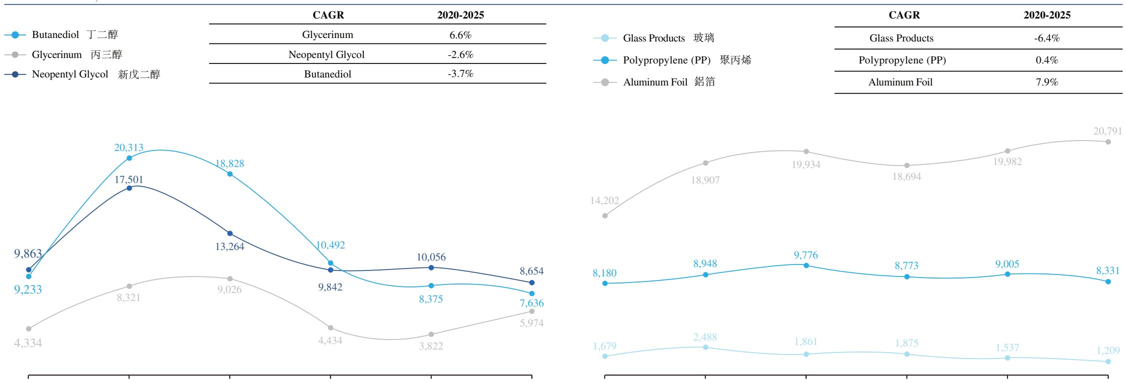
Cosmetics raw materials encompass both ingredients and packaging materials. The types of raw materials used varies among products and may include oils, emulsifiers, sunscreens, moisturizers, active ingredients, colorants, vitamins, and plant extracts. Skincare products primarily utilize moisturizers and lipid components as base ingredients, which mainly comprise glycerin, butylene glycol, neopentyl glycol, along with other functional ingredients.

Key Production Raw Material Price and Packaging Raw Material Price

RMB/Tonne, 2020-2025

CAGR	2020-2025
Glycerinum	6.6%
Neopentyl Glycol	-2.6%
Butanediol	-3.7%

CAGR	2020-2025
Glass Products	-6.4%
Polypropylene (PP)	0.4%
Aluminum Foil	7.9%



Source: Frost & Sullivan, Ministry of Commerce of the People's Republic of China

From 2020 to 2025, the prices per ton of glycerinum, neopentyl glycol, and butanediol recorded CAGRs of 6.6%, -2.6%, and -3.7%, respectively. Glycerinum prices rose sharply in 2025, driven by tighter supply from adverse climate conditions and regional policy adjustments. The decline in butanediol prices was mainly due to rapid post-pandemic capacity expansion leading to oversupply, while the slight drop in neopentyl glycol prices was primarily caused by a fall in its upstream raw material costs. Besides, among packaging materials, glass, polypropylene, and aluminum foil experienced CAGRs of -6.4%, 0.4%, and 7.9%, respectively. The sharp contraction in downstream demand was the core reason for falling glass prices. Polypropylene prices remained relatively stable, whereas rising transportation costs pushed aluminum foil prices higher from 2020 onward.

Data Sources and Reliability

For the purpose of the [**REDACTED**], we have engaged Frost & Sullivan, an independent market research consultant, to analyze the industry in which we operate and prepare an industry report, with a commission of RMB800 thousand. Founded in 1961, Frost & Sullivan is an independent global consulting firm whose services include conducting industry research and preparing industry reports across various sectors. The Frost & Sullivan information disclosed in this Document is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan employed the following primary methodologies to gather diverse information sources, validate collected data and materials, and cross-verify information and statements from each respondent: (i) detailed primary research involving discussions with leading industry participants and experts on the current state of the industry; and (ii) secondary research involving the review of company reports, independent research studies, and data from Frost & Sullivan's proprietary research database.

In designing and compiling the Frost & Sullivan Report, Frost & Sullivan has assumed that the social, economic, and political environment of the relevant markets will remain stable during the forecast period to ensure the stable and healthy development of China's cosmetics industry and related sectors. Furthermore, Frost & Sullivan's projections are based on the following foundation and assumptions: China's economy will maintain steady growth over the next decade, and the social, economic, and political environment will remain stable throughout the forecast period. Additionally, China's cosmetics industry and other related sectors are projected to develop in accordance with relevant macroeconomic assumptions.