OVERVIEW

In 2006, our Company was established under the name of Proya (Huzhou) Cosmetics Co., Ltd. (珀萊雅(湖州)化妝品有限公司) by Mr. Hou Juncheng, our Chairman and executive Director who has extensive experience in cosmetics marketing and brand development, and had business operations under the "PROYA (珀萊雅)" brand. In July 2015, our Company was converted into a joint stock company. Throughout the past decades of growth, the Company has been focusing on production and sales of cosmetics and committed to building a leading global cosmetics group that delivers high-quality cosmetics products to consumers worldwide.

In November 2017, our A Shares were listed on the main board of the Shanghai Stock Exchange (stock code: 603605) (the "**A-Shares Listing**"). See "— Major Shareholding Changes of Our Company — Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange (stock code: 603605)" for more details. As of the Latest Practicable Date, our Company was held as to 34.53% by Mr. Hou Juncheng ("**Mr. Hou**"), our Chairman of the Board and our Controlling Shareholder.

OUR KEY MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2006 . . .	Our Company was established and had business operations under the "PROYA (珀萊雅)" brand.
2008 . . .	We established our R&D center and our skin care laboratory in the PRC.
2010 . . .	We expanded our business into the E-commerce field.
2011 . . .	We were awarded the "National High-tech Enterprise" (國家高新技術企業).
2016 . . .	We launched our HAPSODE (悅芙媞) brand.
2017 . . .	We were listed on the main board of the Shanghai Stock Exchange (stock code: 603605).
2018 . . .	Our Zhejiang Postdoctoral Workstation (浙江省博士後工作站) was officially granted accreditation.
2020 . . .	We established Boya (Hong Kong) Investment Management Co., Limited in Hong Kong and commenced our overseas business operations.
	We launched our TIMAGE (彩棠) brand.
2021 . . .	We launched our Off&Relax, CORRECTORS (科瑞膚) and INSBAHA (原色波塔) brands.
	We officially released our first ESG report.
	We started to rank first in Chinese domestic cosmetics industry in terms of retail sales, according to Frost & Sullivan.
2022 . . .	We officially released our first sustainable development strategies and planning.

Year	Milestone
2023 . . .	Our annual revenue from each of Advanced Firming Nourishing Cream (紅寶石面霜) and Double Effect Whitening Brightening Essence (双抗精华) has exceeded RMB1 billion.
2024 . . .	We became the first Chinese cosmetics company with annual revenue over RMB10 billion.
	Our brand PROYA ranked first in terms of online retail sales within the skincare sector in China, outperforming all international brands, according to Frost & Sullivan.
	We established our Europe Innovation Center in Paris.
	We launched our Awaken Seeds (驚時) brand.
2025 . . .	We were awarded the recognition of "IFSCC 2025 Top 10 of Basic Research Award" (國際化妝品化學家協會聯合會十大基礎研究獎).

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
Hangzhou Proya Trading	PRC	June 14, 2011	100%	Sales of cosmetics
Zhejiang Beauty Valley	PRC	November 16, 2012	100%	Sales of cosmetics
Huzhou Chuangdai	PRC	December 16, 2016	100%	Sales of cosmetics
Ningbo TIMAGE	PRC	July 9, 2019	71.36%	Sales of cosmetics
Proya Zhejiang.	PRC	May 30, 2022	100%	Manufacture and sales of cosmetics
Proya Hainan.	PRC	July 18, 2025	100%	Sales of cosmetics

MAJOR SHAREHOLDING CHANGES IN OUR COMPANY

Early Development of our Company

In 2006, our Company was established under the name of Proya (Huzhou) Cosmetics Co., Ltd. (珀萊雅(湖州)化妝品有限公司). Upon the completion of several rounds of share transfers and capital injection, in August 2016, our registered capital reached RMB150,000,000 with 21 shareholders as listed below.

No.	Name of Shareholders	Amount of registered capital subscribed for	Shareholding
1 . . .	Hou Juncheng (侯軍呈)	72,640,500	48.43%
2 . . .	Fang Yuyou (方玉友)	48,858,000	32.57%
3 . . .	Li Xiaolin (李小林)	7,589,400	5.06%
4 . . .	Xu Junqing (徐君清)	7,419,900	4.95%
5 . . .	Cao Lianguo (曹良國)	7,258,350	4.84%

No.	Name of Shareholders	Amount of registered capital subscribed for	Shareholding
6 . . .	Hangzhou Zhengde Investment Partnership (Limited Partnership) (杭州正德投資合夥企業(有限合夥)) ("**Hangzhou Zhengde**")	3,000,000	2.00%
7 . . .	Gao Dingbao (高定保)	600,000	0.40%
8 . . .	Fang Aifen (方愛芬)	390,900	0.26%
9 . . .	Zhou Fangjian (周方堅)	383,400	0.26%
10 . .	Wang Yiren (王以人)	333,300	0.22%
11 . .	Gao Xiuming (高秀明)	266,700	0.18%
12 . .	Fang Jia'an (方加安)	250,050	0.17%
13 . .	Ye Caifu (葉財福)	216,300	0.14%
14 . .	Li Jianqing (李建清)	199,050	0.13%
15 . .	Chen Dongfang (陳東方)	183,300	0.12%
16 . .	Li Wenqing (李文清)	159,150	0.11%
17 . .	Xu Dongkui (徐東魁)	68,100	0.05%
18 . .	Bao Qingfang (鮑青芳)	65,400	0.04%
19 . .	Fang Jiaqin (方加琴)	49,950	0.03%
20 . .	Fang Shanming (方善明)	49,950	0.03%
21 . .	Ye Hong (葉紅)	18,300	0.01%
	Total	**150,000,000**	**100.00%**

Note: Except for Mr. Hou Juncheng who is our Chairman and executive Director, and Ms. Wang Yiren who is currently our employee, each of Mr. Fang Yuyou, Mr. Cao Lianguo and Mr. Xu Junqing was a former employee of the Company; Hangzhou Zhengde was a former employee shareholding platform of the Company which had been deregistered; Ms. Fang Aifen is the sister of Fang Yuyou; and the remaining 14 individuals are Independent Third Parties.

Conversion into Joint Stock Limited Company and Listing on the Shanghai Stock Exchange (stock code: 603605)

In July 2015, our Company was converted from a limited liability company to a joint stock limited company, with the then 21 shareholders being our Company's promoters.

In November 2017, we offered a total of 50,000,000 A Shares during the A-Shares Listing, representing 25% of our then issued share capital. Upon completion of the A-Shares Listing, our Company was owned as to 36.32% by Mr. Hou.

Restricted shares issued under the 2018 Restricted Shares Incentive Plan

In July 2018, our Company adopted the 2018 Restricted Shares incentive plan (the "**2018 Restricted Shares Incentive Plan**") to establish and improve the Company's long-term incentive. A total of 1,362,300 restricted A Shares were granted to 40 employees of the Company under the 2018 Restricted Shares Incentive Plan.

As of the Latest Practicable Date, there was no outstanding restricted A Shares granted under the 2018 Restricted Shares Incentive Plan and the restricted A Shares granted pursuant to the 2018 Restricted Shares Incentive Plan have all been released from the restriction period and have become A Shares with unlimited conditions of sale.

Issuance of Proya Convertible Bonds and redemption

To satisfy funding needs of our Company for business operation, in January 2022, we conducted public issuance of Proya Convertible Bonds of RMB751,713,000 at a par value of RMB100, which were listed on Shanghai Stock Exchange on January 4, 2022 (bond code: 113634). The conversion period is from the first trading day after six months from the date of completion of the issuance of the Proya Convertible Bonds to the maturity date of the Proya Convertible Bonds, i.e., from June 14, 2022 to December 7, 2027. During the conversion period, the Company has the right to redeem part or all of the Proya Convertible Bonds at its principal amount together with accrued and unpaid interest if, among others, during the conversion period, (i) the closing prices of the A Shares on at least fifteen trading days among thirty consecutive trading days are no less than 130% of the conversion price, or (ii) the amount of the Proya Convertible Bonds which had not been converted into A Shares were less than RMB30 million. As of the Latest Practicable Date, the Proya Convertible Bonds in the amount of RMB985,000 had been converted into 7,253 A Shares.

Restricted shares issued under the 2022 Restricted Shares Incentive Plan

In July 2022, our Company adopted the 2022 Restricted Shares incentive plan (the "**2022 Restricted Shares Incentive Plan**") to further improve the Company's long-term incentive. Under the 2022 Restricted Incentive Plan, a total of 2,100,000 restricted A Shares were granted to 101 employees of the Company.

Upon completion of cancellation of 29,344 Shares granted under the 2022 Restricted Shares Incentive Plan, there was no outstanding restricted A Shares granted under the 2022 Restricted Shares Incentive Plan and the restricted A Shares granted pursuant to the 2022 Restricted Shares Incentive Plan have been released from the restriction period and have become A Shares with unlimited conditions of sale.

2026 Employee Stock Ownership Scheme

In April 2026, our Board resolved to approve the 2026 employee stock ownership scheme (the "**2026 Employee Stock Ownership Scheme**"), which were outstanding as of the Latest Practicable Date.

The aggregate number of A Shares underlying the outstanding awards granted to our Directors and senior management under the 2026 Employee Stock Ownership Scheme shall be no more than 71,000 A Shares, representing approximately 0.018% interest in our Company. For details of our 2026 Employee Stock Ownership Scheme, please see "Appendix VI — Statutory and General Information — 2026 Employee Stock Ownership Scheme" in Appendix VI to this document.

Capital increase by conversion from capital reserve

In May 2022, the registered capital of our Company was increased by RMB80,403,986 through dividends by conversion of capital reserve as approved by the shareholders meeting, pursuant to which each Shareholder would be entitled to four A Shares for each 10 A Shares.

In May 2023, the registered capital of our Company was increased by RMB113,408,136 through dividends by conversion of capital reserve as approved by the shareholders meeting, pursuant to which each Shareholder would be entitled to four A Shares for each 10 A Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

OUR LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE [REDACTED] ON THE STOCK EXCHANGE

Our Directors confirmed that, as of the Latest Practicable Date, we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shanghai Stock Exchange. As advised by our PRC Legal Advisors, during the Track Record Period and up to the Latest Practicable Date, we have not been subject to any substantial administrative penalties or regulatory measures imposed by PRC securities regulatory authorities and we have complied with the relevant laws and regulations on A share listings applicable to us in all material respects. Based on the independent due diligence conducted by the Joint Sponsors and our PRC Legal Advisors' view as set out above, nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange in any material respect.

Our Company seeks to be [**REDACTED**] on the Hong Kong Stock Exchange in order to advance global expansion strategy, accelerate the growth of international business, enhance overseas financing capabilities and further reinforce comprehensive competitiveness. See "Business — Our Strategies" and "Future Plans and Use of [**REDACTED**]" for more details.

[REDACTED] AND [REDACTED]

[REDACTED] Requirements

Immediately upon completion of the [**REDACTED**] (before any exercise of the [**REDACTED**] and the [**REDACTED**]), the Company will have [**REDACTED**] H Shares which are expected to be held by the public hand, representing no less than [**REDACTED**]% of the total issued share capital of our Company (excluding treasury shares), thereby satisfying the [**REDACTED**] requirement under Rule 19A.13A(2) of the Listing Rules.

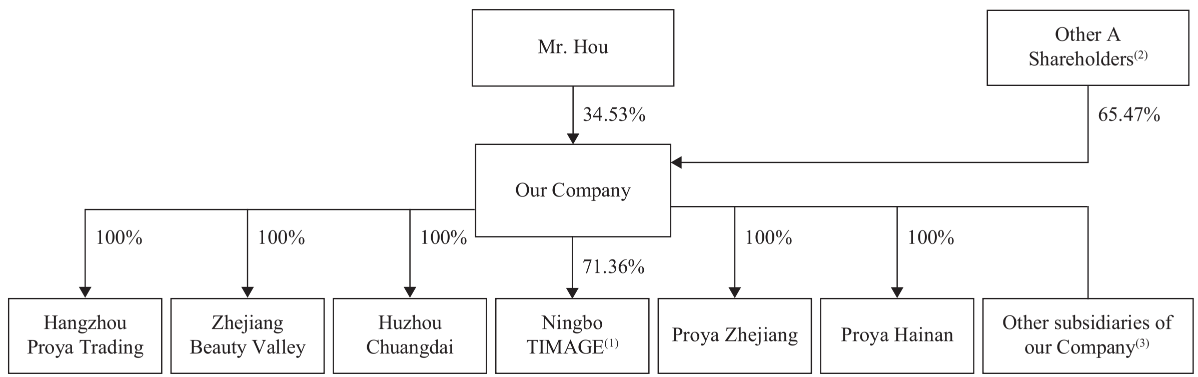
[REDACTED] Requirements

Immediately upon completion of the [**REDACTED**] (before any exercise of the [**REDACTED**] and the [**REDACTED**]), the [**REDACTED**] of the H Shares of the Company is expected to be no less than [**REDACTED**]% of the total issued share capital of the Company (excluding treasury shares) with an expected [**REDACTED**] at the time of listing of not less than HK$[**REDACTED**], thereby satisfying the [**REDACTED**] requirement under Rule 19A.13C(2) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate structure immediately before the [REDACTED]

The following chart depicts a simplified shareholding and beneficial ownership structure of our Group immediately prior to the completion of the [**REDACTED**] (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**]):



Notes:

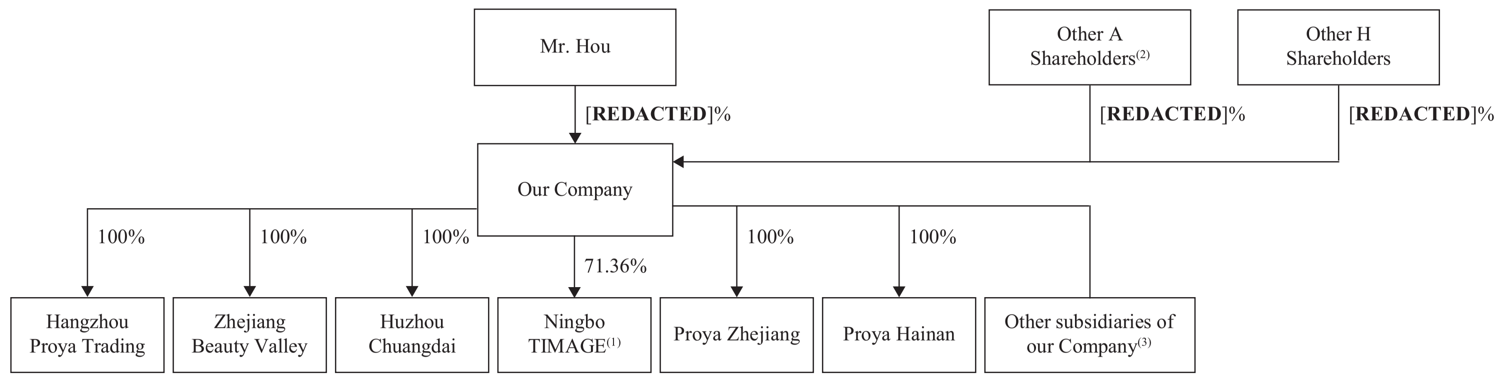
(1) The remaining 28.64% equity interest was held by Mr. Tang Hongyi (唐宏毅) (also known as "Tang Yi (唐毅)"), a connected person of our Company at the subsidiary level given Ningbo TIMAGE cannot satisfy the requirement for an "insignificant subsidiary" under Rule 14A.09 of the Listing Rules. See "BUSINESS — Makeup — TIMAGE (彩棠)."

(2) Other A Shareholders include Mr. Fang Yuyou (方玉友), a former Director and the former general manager who resigned in September 2024, and the brother of Mr. Hou Juncheng's spouse, with 15.06% equity interest as of the Latest Practicable Date, Mr. Jin Yanhua, our executive Director and deputy general manager, with 0.04% equity interest as of the Latest Practicable Date, and other public A Shareholders. None of the other A Shareholder is entitled to, or controls, 30% or more of the voting rights at the Company's general meetings, or is in a position to determine the composition of the majority of the Board.

(3) Other subsidiaries include, in aggregate, 36 subsidiaries established in various jurisdictions including PRC, Hong Kong, Japan, Korea, Malaysia and France.

Shareholding and Corporate structure immediately following the [REDACTED]

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the [**REDACTED**], assuming that the [**REDACTED**] and the [**REDACTED**] are not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**]:



Notes (1) to (3): Please refer to the details contained in the preceding page.