OVERVIEW

Who We Are

We are a leading multi-brand cosmetics group homegrown in China. We are dedicated to becoming a leading global cosmetics group that delivers high-quality cosmetics products to consumers worldwide. According to Frost & Sullivan, we were the fifth-largest cosmetics group in China in terms of retail sales in 2025 with a market share of 1.5%, and the only Chinese group among the top five. From 2023 to 2025, we achieved the highest CAGR of retail sales among these top five groups, outperforming the international peers. We have remained the largest Chinese cosmetics group in terms of retail sales in China for five consecutive years from 2021 to 2025 with a market share of 3.0% in 2025 among China's domestic cosmetics industry, demonstrating our well-established leading position.

Our Journey of Growth

China's cosmetics industry is an open and inclusive arena, characterized by rapid development. Guided by our mission "beauty to last, bliss to share (美麗永存, 共享美好)," we have been consistently dedicated to this industry for around 20 years. Drawing on our aesthetic insights, deep understanding of Chinese consumers, sustained R&D investment, rigorous product development, efficient in-house production and agile responses to sales channel shifts, we have evolved into a leading cosmetics group in China.

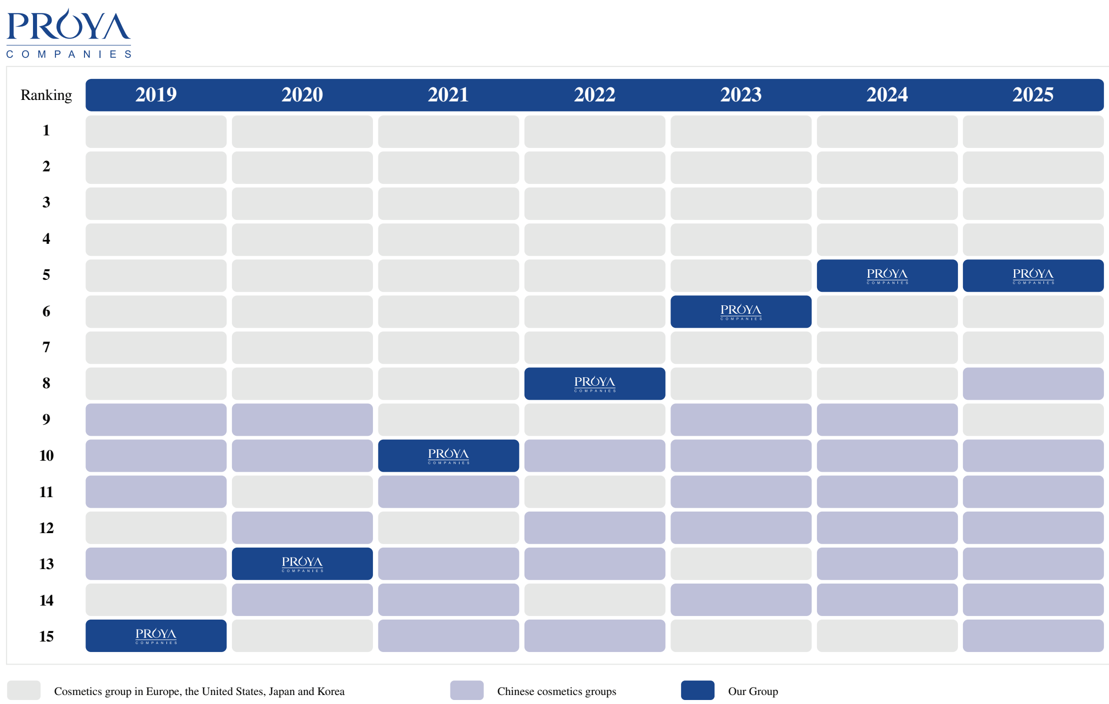
Before 2010: China's cosmetics market witnessed the continued entry of international players. Distinct from these entrants, we strategically targeted the mass-market cosmetics, establishing the PROYA (珀萊雅) brand and capitalizing on the pivotal growth opportunities presented by offline sales channels.

From 2010 to 2019: We successfully capitalized on the surging demand for high-quality mass-market cosmetics and the opportunities presented by the e-commerce revolution in China. Guided by our key strategic initiatives such as in-house supply chain development, multi-brand and multi-category strategy and digital transformation, we have accelerated our growth and ascended to a leading position in the industry.

Since 2020: We have cultivated strong capabilities in brand cultivation and signature product incubation, continuously strengthening our competitive moat. We demonstrated strategic foresight in identifying the rapid rise of China's efficacy-driven cosmetics market as a breakthrough opportunity. By consistently communicating the concept of "science-based skincare" to consumers, we have successfully launched multiple signature product series that continue to iterate and expand, reinforcing the long-term influence of PROYA (珀萊雅) as a nationally recognized skincare brand. In the makeup and personal care segments, we have also nurtured star brands such as TIMAGE (彩棠) and Off&Relax. We have established three R&D centers in China and France to guide strategic initiatives in foundational scientific research, product innovation, category expansion and overseas expansion.

Our Performance and Outlook

The following chart illustrates our industry rankings in China in terms of retail sales over the past years:



We have achieved steady growth and outstanding performance according to Frost & Sullivan:

Our Group: Among the top 15 cosmetics groups in terms of retail sales in China, we were the only one that achieved a steady rise in market ranking from 2019 to 2024 and continued to maintain a leading position in 2025. We first emerged as the largest cosmetics Chinese group in 2021 and had retained this leading position for five consecutive years through 2025. In 2024, we became the first Chinese cosmetics group with revenue surpassing RMB10.0 billion, and we were the only Chinese group among the top five cosmetics groups in terms of retail sales.

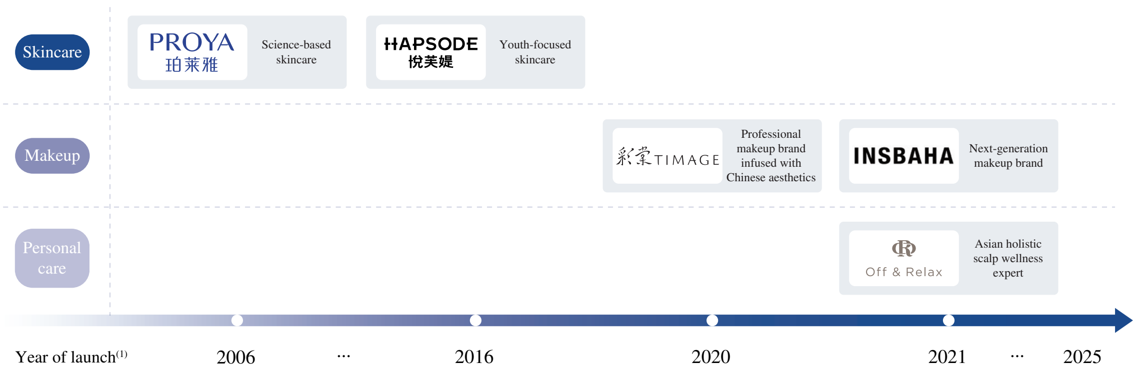
Our Brands: In terms of online retail sales, PROYA (珀萊雅) ranked among the top three skincare brands in China in 2022 and surpassed leading international peers to become the No. 1 in 2024 and maintained this position in 2025. In terms of retail sales, PROYA (珀萊雅) was the fourth-largest skincare brand in China in 2025. In addition, our TIMAGE (彩棠) brand ranked fourth among Chinese makeup brands in terms of online retail sales in China in 2025.

Our Products: We were the only Chinese cosmetics group whose number of hero products, each with retail sales exceeding RMB1.0 billion in 2024, reached four. Moreover, our flagship brand PROYA (珀萊雅) was the only brand in China with two essence products each exceeding RMB1.0 billion in retail sales in 2024.

Looking ahead, we will continue to spearhead the global ascent of Chinese cosmetics market. We are committed to pursuing the "Double Ten" strategy in 2024: ascending to a position among the world's top cosmetics groups within ten years. We remain dedicated to becoming a leading global cosmetics group.

Our Brands and Products

We have crafted a multi-brand, multi-category cosmetics portfolio spanning skincare, makeup and personal care that engages consumers across diverse segments. We have (i) skincare brands such as PROYA (珀萊雅), HAPSODE (悅芙媞) and CORRECTORS (科瑞膚); (ii) makeup brands such as TIMAGE (彩棠) and INSBAHA (原色波塔); and (iii) personal care brands such as Off&Relax and Awaken Seeds (驚時). In 2025, we were the No.1 Chinese cosmetics group with four star brands, namely PROYA (珀萊雅), TIMAGE (彩棠), Off&Relax and HAPSODE (悅芙媞), each with retail sales surpassing RMB500.0 million in 2025, according to Frost & Sullivan. This positions us as the only Chinese cosmetics group with such star brands across all three product segments.



Note (1): Year of launch refers to the year in which a brand first generated revenue under our operation.

Skincare: The three skincare brands, PROYA (珀萊雅), HAPSODE (悅芙媞) and CORRECTORS (科瑞膚) are respectively positioned in science-based skincare, youth-focused skincare and lab-grade professional skincare. In terms of retail sales, our flagship brand PROYA (珀萊雅) was the fourth-largest skincare brand in China in 2025 and was the only Chinese skincare brand among the top five. PROYA (珀萊雅) was also the No. 1 skincare brand in China's skincare industry in terms of online retail sales in 2024 and maintained this position in 2025 according to Frost & Sullivan, demonstrating its leading presence on online sales channels.

Makeup: Our makeup business achieved a CAGR of 18.4% in revenue from 2023 to 2025. TIMAGE (彩棠), a brand we created in collaboration with the renowned Chinese makeup artist, Mr. Tang Yi (唐毅), ranked fourth among Chinese makeup brands in terms of online retail sales in China in 2025, according to Frost & Sullivan. The next-generation makeup brand, INSBAHA (原色波塔), achieved a revenue growth of 138.4% in 2024 and 125.4% in 2025, compared to the same respective periods in the prior year.

Personal care: Our personal care business delivered strong performance with a CAGR of 97.7% in revenue from 2023 to 2025. Off&Relax, positioned as the "Asian holistic scalp wellness expert (亞洲頭皮整全愈養專家)," ranked among the top two in the anti-hair loss essence category in terms of retail sales in China in 2025 and third largest domestic hair care brand in terms of online retail sales in China in 2025, according to Frost & Sullivan. Off&Relax achieved a revenue growth of 71.1% in 2024 and 102.2% in 2025, compared to the same respective periods in the prior year.

Leveraging our profound insights into the diverse needs of different consumer groups, we fuse technology and aesthetics into the development, iteration and category expansion for our signature products. Through diversified channels, we effectively communicate product competitiveness to our target consumers, reinforcing our "science-based skincare" philosophy and earning strong market recognition for our signature products, thereby ensuring their enduring vitality. The essence product of the Advanced Firming Nourishing Essence (紅寶石精華) has now evolved to Version 3.0 and the product category of this series has expanded beyond essence category to also include other categories, such as cream, mask, eye cream, toner and lotion. In 2024, the retail sales generated from the Advanced Firming Nourishing Series (紅寶石系列) exceeded RMB5.0 billion and remained robust sales performance in 2025, according to Frost & Sullivan.

In addition, we have transformed our experience in signature product incubation into a replicable capability embedded across key functions including R&D, supply chain, marketing and sales. We are able to incubate and scale signature product series under multiple brands. Our makeup brand TIMAGE (彩棠) (彩棠TIMAGE) launched in 2020 and the personal care brand Off&Relax (Off & Relax) launched in 2021 have validated our ability in signature product incubation: in 2025, four TIMAGE products and two Off&Relax products had achieved revenue exceeding RMB100.0 million.

Empowered by our widely recognized signature products, we have forged consumer awareness of our strong "brand — product — efficacy" associations. The iteration and expansion of our signature product series have broadened our consumer and market reach, continually solidifying our leading position in the industry.

Our Growth Opportunities

In recent years, consumers have shown increasing demand for advanced ingredients, specialized skincare solutions and multi-functional products. Emerging demand in categories such as dermatological skincare, functional hair and body care, men's skincare and fragrances has created diversified and segmented market growth opportunities. In addition, the expanding consumer base and rising demand for high-quality, cost-effective products are driving further market growth potentials in China. According to Frost & Sullivan, China's cosmetics market size reached RMB953.3 billion in terms of retail sales in 2025, which is expected to grow at a CAGR of 5.1% from 2025 to 2030. Underpinned by our consumer insights, expertise in scaling signature products across multiple categories, execution-driven talent pool as well as leading industry position, we are well poised to capture these significant growth opportunities.

Our Financial Performance

During the Track Record Period, we have maintained strong growth and robust profitability.

Our revenue grew from RMB8.9 billion in 2023 to RMB10.6 billion in 2025, achieving a CAGR of 9.1%, positioning us as the first Chinese cosmetics group to exceed RMB10.0 billion in terms of revenue.

We are committed to efficient operation and continuously improving our profitability.

- We have successfully introduced multiple top-selling signature product series in skincare, makeup and personal care, continuously enriching our product portfolio. Capitalizing on economies of scale, we have optimized operation cost, thereby driving continuous improvement in our gross profit margin: from 69.9% in 2023 to 73.3% in 2025.

- We have consistently enhanced our supply chain management. Through initiatives such as digitalized operation and flexible production, we have accelerated our inventory turnover, ensured reliable product supply and improved our cost control. Our inventory turnover rates were 3.65, 4.23 and 4.37 in 2023, 2024 and 2025, marking the best performance in 2025 among all listed Chinese cosmetics companies.

- Our net profit increased from RMB1,230.8 million in 2023 to RMB1,542.5 million in 2025, representing a CAGR of 11.9%. Meanwhile, our net profit margin grew from 13.8% in 2023 to 14.6% in 2025.

We remain dedicated to delivering continuous return to our shareholders. Since our listing on the Shanghai Stock Exchange in 2017, we have paid dividends annually. We declared dividends for Track Record Period and made share repurchases during the Track Record Period of RMB1.8 billion in total, cumulatively representing a payout ratio of approximately 42%.

OUR STRENGTHS

We believe that the following core strengths have not only shaped our present accomplishments, but will remain decisive in enabling us to capture future market opportunities and achieve long-term sustainable growth.

No. 1 Cosmetics Group Homegrown in China, Recognized for Our Scale, Growth and Profitability

In 2006, our Company was established and initiated business operations under the PROYA (珀莱雅) brand. As one of the early movers for own-brand cosmetics operation in China, we have sustained steady development despite market fluctuations and competitions. Since our listing on the Shanghai Stock Exchange in 2017, we have achieved continuous annual growth in both revenue and net profit. From 2017 to 2024, our revenue increased five times, while net profit surged 6.9 times, demonstrating the resilience of our growth through varying industry cycles.

According to Frost & Sullivan, our ranking in the China's cosmetics industry has risen steadily from fifteenth in 2019 to fifth in 2024 by retail sales and maintained this position in 2025 with a market share of 1.5%. We were the only Chinese group among the top five cosmetics groups in terms of retail sales in China in 2025. From 2023 to 2025, we achieved the highest CAGR of retail sales among these top five groups, outperforming the international peers. We have remained the largest Chinese cosmetics group in terms of retail sales in China for five consecutive years from 2021 to 2025 with a market share of 3.0% in 2025 among China's domestic cosmetics industry, demonstrating our well-established leading position.

We have strategically and successfully seized the opportunities created by the e-commerce revolution in China, alongside the emergence of e-commerce and social media platforms. From 2019 to 2024, our revenue generated from online sales channel achieved a CAGR of 44.0%, significantly higher than the industry average. According to Frost & Sullivan, in terms of online retail sales, PROYA (珀莱雅) ranked among the top three skincare brands in China in 2022 and surpassed leading international peers to become the No. 1 skincare brand in 2024 and maintained this position in 2025.

In the skincare segment, according to Frost & Sullivan, our flagship brand, PROYA (珀莱雅), has been the No. 1 Chinese skincare brand in terms of retail sales for five consecutive years from 2021 to 2025, solidifying its position as a leading Chinese skincare brand. According to Frost & Sullivan Survey, PROYA (珀莱雅) was recognized as the most representative and leading Chinese cosmetics brand among all surveyed brands in China. In the makeup segment, our professional makeup artist-led brand, TIMAGE (彩棠), ranked fourth among Chinese makeup brands in terms of online retail sales in China in 2025. In the personal care segment, our Off&Relax ranked among the top two in anti-hair loss essence category by retail sales in China in 2025.

During the Track Record Period, we demonstrated strong financial performance. Our revenue reached RMB10.6 billion in 2025, achieving a CAGR of 9.1% from 2023 to 2025. Our net profit reached RMB1.5 billion in 2025, with a CAGR of 11.9% from 2023 to 2025. Our net profit margin grew from 13.8% in 2023 to 14.6% in 2025.

Multi-Dimensional Growth Engine Built on Signature Products, Brand Matrix and Diverse Product Categories

"0 to 1" Innovation Breakthroughs

Identify early: We have been adhering to the core strategy of "staying close to consumer needs." We have identified a booming demand for anti-aging, anti-glycation and anti-oxidant skincare in China. Based on the skin's distinct daytime and nighttime needs, we pioneered in promoting the "Daytime C, Nighttime A (早C晚A)" skincare concept in China in 2020. "C" stands for anti-oxidation ingredients, such as vitamin C, "A" stands for retinol, forming a skincare regimen of daytime anti-oxidant defense and nighttime anti-aging repair. We were among the earliest Chinese skincare brands to foresee, shape and advocate the "Daytime C, Nighttime A" skincare trend in China. According to Frost & Sullivan Survey, PROYA's "Daytime C, Nighttime A" series skincare products ranked first among all surveyed skincare series products following the same concept in China in terms of consumer willingness to recommend and repurchase. PROYA (珀萊雅) has been the No. 1 skincare brand in China for "Daytime C, Nighttime A" products in terms of retail sales for five consecutive years from 2021 to 2025.

Anticipate early: Driven by our understanding of Chinese skin and pursuit of science-based skincare, we have leveraged our foresight and proactively advanced fundamental research on the dermal-epidermal junction (DEJ) (基底膜), successfully converting scientific innovation into product competitiveness. Dermal-epidermal junction (DEJ) (基底膜), a key structure connecting epidermis and dermis of the skin, plays a crucial role in both maintaining the skin's barrier function and regulating the aging process. In 2021, we launched the Advanced Original Repair Concentrating Essence (源力精華) and the Advanced Original Repair Concentrating Essence Cream (源力面霜), which focused on dermal-epidermal junction (DEJ) (基底膜) repair. In 2025, our Original Repair Series (源力系列) generated retail sales nearly RMB1.0 billion, according to Frost & Sullivan.

"1 to X" Scaling for Signature Products

The strength of our successful signature product series has earned widespread recognition among Chinese consumers. According to Frost & Sullivan, we were the only Chinese cosmetics group whose number of hero products, each with retail sales exceeding RMB1.0 billion in 2024, reached four. Moreover, our flagship brand PROYA (珀萊雅) was the only brand in China with two essences products each exceeding RMB1.0 billion in retail sales in 2024. According to Frost & Sullivan Survey, PROYA's Advanced Firming Nourishing Essence (紅寶石精華) was identified as the product with the highest consumer willingness to recommend and repurchase among the signature products of all brands surveyed.

In addition, based on our robust experience in signature product incubation, we have cultivated integrated capability through business process including R&D, supply chain, marketing and sales management to continuously drive successful launch of signature product series under multiple brands. Our makeup brand TIMAGE (彩棠) (彩棠 TIMAGE) launched in 2020 and the personal care brand Off&Relax (Off & Relax) launched in 2021 have validated our ability in signature product incubation: in 2025, four TIMAGE products and two Off&Relax products had achieved revenue exceeding RMB100.0 million. Empowered by our widely recognized and continuously evolving signature product series, we have forged consumer awareness of our strong "brand — product — efficacy" associations, so that we are able to stimulate consumer demand, reinforce brand loyalty and ensure enduring vitality of our signature product offerings.

We strive not just for product enduring vitality, but for their continuous iteration and expansion. Leveraging innovative ingredients and advanced technologies, we consistently infuse emerging consumer needs into the iteration of our signature products. For example, the version 3.0 of our Advanced Firming Nourishing Cream (紅寶石面霜) first employs bicyclic peptide in China's cosmetics industry. This innovation overcomes the limitations of traditional linear peptides, offering enhanced skin penetration and gentler action. Meanwhile, our Double Effect Whitening Brightening Essence (雙抗精華) introduces an oxy-glycol peptide for internal and external dual defense, which has been updated as a whitening product certified by the NMPA to meet consumer demands for brightening, radiance and advanced whitening benefits.

As iterated and expanded our signature product series, we successfully broadened our consumer base and market reach. The average order value for our PROYA (珀萊雅) brand continuously grew, signaling our expanding presence in the premium skincare segment. PROYA's repurchase rate for our registered members of our major online sales channel significantly outperforming the industry average in 2025, according to Frost & Sullivan.

Multi-brand, Multi-category Matrix

We have extended the boundaries of PROYA (珀萊雅) brand from its initial focus on hydration into a broader functional skincare range, such as anti-aging, whitening, repair and sun protection. We continuously replicate this success and engage a wider consumer base through our differentiated brand positioning and category expansion.

In particular: (i) In skincare segment, our brand HAPSODE (悦芙媞) focuses on youth-focused skincare and CORRECTORS (科瑞膚) is positioned in lab-grade professional skincare. The revenue generated from our skincare brands (excluding PROYA (珀萊雅)) achieved a CAGR of nearly 13.6% from 2023 to 2025, demonstrating our success in identifying and capturing differentiated market demand; (ii) In makeup segment, our professional makeup artist-led brand, TIMAGE (彩棠), has successfully expanded its product categories, evolving from contouring products to a broader range of makeup products. Meanwhile, the next-generation brand INSBAHA (原色波塔) centers its identity around the concept of "Self." Our revenue generated from makeup segment achieved a CAGR of 18.4% from 2023 to 2025; and (iii) In personal care segment, our brand Off&Relax is positioned as an Asian holistic scalp wellness expert (亞洲頭皮整全愈養專家), while Awaken Seeds (驚時) focuses on efficacious hair care by specializing in the scalp microbiome. Our revenue generated from personal care business achieved a CAGR of 97.7% from 2023 to 2025, highlighting our success in cultivating multiple brands and multiple product categories.

Strong R&D and Research-to-Market Capabilities

We possess well-established scientific research capabilities in China's cosmetics industry and are committed to providing consumers with advanced scientific innovations. As of the Latest Practicable Date, we maintained a patent portfolio consisted of 312 patents in China and three patents overseas and held 23 exclusive ingredients, participated in the formulation of 22 national standards and eight industry standards. We have obtained CNAS National Laboratory accreditation and published research papers in authoritative international SCI-indexed journals and conferences, consistently leading industry development. We were the first and only Chinese company to win the 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), which marks a pivotal role transition for Chinese cosmetics R&D from follower of international players to peer player. During the Track Record Period, our total R&D expenses were RMB600.8 million.

For around two decades, we have adhered to a three-pillar R&D strategy comprised of in-house R&D, collaboration with academic and medical institutions and global partnerships.

- In terms of in-house R&D, we have established three core R&D centers. Our Hangzhou R&D Center and Shanghai R&D Center focus on research for skincare, makeup and scalp health from both foundational science and practical application perspective. Our Europe Innovation Center in Paris focuses on integrating global R&D resources with cutting-edge scientific research. Through establishing postdoctoral research stations and participating in national talent recruitment programs, we have built a global R&D team with bases in China and France. This team is led by international cosmetics scientists with deep academic expertise and extensive industry experience, including Chief R&D and Innovation Officer, Dr. Peiwen Sun (孫培文), Chief Scientific Officer, Dr. Hu Huang (黃虎), Chief Scientific Advisor and Vice President of the European Innovation Center, Dr. Lieve Declercq, and our Head of the Shanghai R&D Center, Dr. Xiaowei Chang (常曉維). As of December 31, 2025, our global R&D team comprised 334 experienced personnel, with around half of them holding a master's degree or higher.

- In terms of collaboration with academic and medical institutions, we have partnered with top-tier institutions and hospitals such as Shanghai Jiao Tong University, to establish research laboratories focused on cutting-edge fields such as pore care, mitochondrial anti-aging and scalp microbiome. In the field of hair care and scalp health, we jointly published our microbiome metagenomic analysis on youthful dandruff in the globally authoritative journal, The Journal of Investigative Dermatology, with our academic partners.

- In terms of global partnerships, we have established an end-to-end innovation capability spanning "foundational research — technology conversion — exclusive supply — product empowerment." By deeply engaging with world-leading research institutions and raw material providers, such as BASF from Germany and the Royal DSM-Firmenich from Netherlands, we have built a technological moat encompassing 23 exclusive ingredients as of December 31, 2025. For example, we have developed ingredients such as "Collagen Activation Factor (膠原激活因子)" ProECM for Asian skin in collaboration with BASF and "Long-chain Ceramide AC60 (超長鏈神經酰胺AC60)" for sensitive skin and fragile barriers repair in collaboration with Evonik Specialty Chemicals (Shanghai) Co., Ltd. (贏創特種化學(上海)有限公司).

After years of development, we have established an integrated R&D system built around a "three-generation" framework: (i) the First Generation — Front-End Research, focusing on exploratory studies of ingredients and technologies; (ii) the Second Generation — Strategic Reserve, dedicated to transforming innovative research outcomes into product reserves; (iii) the Third Generation — Market Iteration, driving product commercialization and continuous optimization. We conduct forward-looking research for innovative ingredients and technologies, transform the outcomes into product reserves, and ultimately capitalize on market and clinical data to achieve product launch and iteration.

- Taking the Advanced Original Repair Series (源力系列) as an example, which centers on the research and application of the dermal-epidermal junction (DEJ) (基底膜) related understanding and technologies. We have been dedicated to dermal-epidermal junction (DEJ) (基底膜) studies since 2014. Through over a decade of focused research and development, we have successfully achieved market commercialization. In collaboration with leading universities and hospitals in China, we made a breakthrough discovery of the key ingredient for dermal-epidermal junction (DEJ) (基底膜) repair, the Recombinant Type XVII Collagen (重組XVII型膠原蛋白). The related research findings have been published in multiple top-tier SCI journals, including the Journal of Agricultural and Food Chemistry.

- Our hero product, the Advanced Firming Nourishing Essence (紅寶石精華), features our proprietary, self-developed patented supramolecular encapsulation and sustained-release technology, combined with a custom soothing complex designed to reduce retinol irritation and enhance its stability. This advanced supramolecular delivery system enables the gradual release of retinol, allowing it to exert long-lasting and continuous anti-wrinkle effects within the skin. In addition, the formula incorporates Cyclopeptide-161 (環肽-161). According to Frost & Sullivan, we have become the first cosmetics group in China to exclusively use Cyclopeptide-161 (環肽-161), an ingredient that has been filed with the NMPA. This innovation overcomes the limitations of traditional linear peptides, offering significant improvements in skin penetration, stability, and target affinity, and marking a breakthrough that leads the evolution of cosmetic peptide ingredients toward cyclic peptides.

Consumer-centric Brand Communication and Channel Strategy

We connect with consumers through insight-driven branding, building broad reach and emotional loyalty. By returning to the consumer's perspective, we identify unfulfilled differentiated needs in practical efficacy and emotional experiences, and continuously adapt to evolving trends.

- ***We have successfully built a portfolio of trusted brands that resonate with consumers.*** Grounded in around two decades of profound consumer insights, sustained investment in technological innovation and a strong reputation for product excellence, we have established deep trust and enduring connections with a broad base of consumers.

  PROYA (珀萊雅) is a well-recognized skincare brand homegrown in China. According to Frost & Sullivan Survey, PROYA (珀萊雅) was recognized as the most representative and leading Chinese cosmetics brand among all surveyed brands in China. It ranked 21st on the "China Online Top 500 Global Brands" list issued by the National School of Development at Peking University, making it the No. 1 Chinese cosmetics brand on the list.

  Our TIMAGE (彩棠) brand was honored with accolades, such as the VOGUE Beauty Award in 2024 and the Youth Choice Award of the Year (年輕人選擇獎) under Tmall Beauty Award (天貓金妝獎) in 2025. Our Off&Relax brand has been awarded several honors, such as the Beauty Hair Care Top Award (美伊BEAUTY • 洗護髮TOP大獎) at the 28th China Beauty Expo (中國美容博覽會) in 2024 and the Top Brand of the Year (年度TOP新品獎) under Tmall Beauty Award (天貓金妝獎) in 2025.

- ***In response to the growing diversification, personalization and segmentation of the consumer market, we have adopted multi-dimensional marketing strategies that communicate our brand values and foster emotional connections with consumers.*** In the case of PROYA (珀萊雅), we engage a broader base of young consumers and sustain the popularity and influence of our hero products through celebrity endorsements and appearances in popular variety shows. For emerging product lines such as whitening and base makeup that remain in the incubation stage, we focus on word-of-mouth recommendations on social media platforms to reach target audiences more precisely, gradually building brand awareness and consumer trust.

  Meanwhile, through our multi-brand portfolio, we are able to reach different consumer groups and address their distinct efficacy expectations and emotional needs. This approach enables us to identify and engage targeted consumers, strengthen brand advocacy within each consumer group, and improve marketing efficiency. We place strong emphasis on cultivating deep emotional connections and value resonance with consumers by sharing our brand philosophy and product stories. For instance, our short film "*When She Begins to Break Boundaries (當她開始打破邊界)*" directly challenges gender stereotypes and promotes inclusiveness and equality. Our multi-brand strategy also enables us to accompany consumers through different life stages, fostering long-term loyalty and reducing marketing costs.

- ***We leverage digital capabilities to enhance consumer insights and marketing responsiveness, further optimizing our efficiency.*** We have implemented comprehensive digitalization, integrating internal data such as product sales, supply chain and marketing metrics with external data such as social media feedback and industry trends. This enables a seamless, precise and agile process from insight to decision-making to action.

We maintain keen insights into sales channel evolution and act proactively in response. Our leading omni-channel scale enables efficient and extensive consumer reach.

- ***We were among the first cosmetics groups to strategically focus on online sales channel, where we have now established a leading market position.*** As early as 2010, we established an e-commerce department to enter e-commerce sales channels such as Tmall and JD.com. In 2018, we further expanded into content-driven e-commerce platforms such as Xiaohongshu and Douyin, gaining an early-mover advantage in the cosmetics industry as well as leading capabilities in online operations and marketing. From 2023 to 2025, the CAGR of revenue generated from online sales channel reached

10.5%. According to Frost & Sullivan, we were the fourth-largest cosmetics group in China in terms of online retail sales in 2025 and the only Chinese group among the top five. In terms of online retail sales, our flagship brand PROYA (珀萊雅) was the No.1 skincare brand in 2025, surpassing leading international peers, and TIMAGE (彩棠) ranked as the fourth among Chinese makeup brands in 2025. We actively capitalized on the rapid rise of social e-commerce platforms, employing a variety of marketing methods such as brand-hosted live streaming, KOL live streaming and KOL/KOC recommendations to drive sales conversion.

- ***We possess long-cultivated offline channel expertise, which we continuously adapt to enhance our market reach and coverage***. Since our establishment, we have steadily built our presence in cosmetics stores and department store counters, gaining extensive experience through the evolution of China's offline cosmetics channels and building strong offline operational capabilities. We strategically partner with emerging channels, such as cosmetics stores and OTC pharmacies with growth potential, to maintain our consumer engagement and drive ongoing offline sales conversion. As of the Latest Practicable Date, our products entered around 6,200 cosmetics stores. In addition, our medical-device-class skincare products, specially formulated for skin repair and sensitive skin needs, are distributed through the OTC channels. As of the Latest Practicable Date, our products were available in approximately 4,190 OTC pharmacies.

Strong Supply Chain Capabilities Ensuring Operational Efficiency and Quality Control Effectiveness

We adhere to in-house production for our core skincare products. Through direct oversight of the entire production process, we ensure product launch efficiency, peak-season capacity and high quality standards. The capacity of our production base was over 400.0 million units for skincare products in 2025. The designed production capacity of our new production base in Huzhou is 400.0 million units, providing sufficient headroom for future growth.

We excel at seamlessly coordinating our R&D centers, ingredient suppliers, sales department and in-house smart production base. This integrated collaboration enables rapid testing and commercialization of formulas and technologies, significantly shortening the cycle for new product development and iteration. Our skincare hero products have an iteration cycle of around two years, whereas the industry average for leading international peers is typically between three to six years, according to Frost & Sullivan. For trendy makeup products, we can launch new products within six months to lead consumption trends.

We have established industry-leading 5G smart production base for cosmetics products, achieving fully digital scheduling, management and production across the entire process. Our production and logistics systems are both highly automated. Through integrated coordination of digital systems such as SAP, OMS and WMS, we achieve highly agile responses across the entire supply chain. We support high-frequency market demands with our smart supply chain, continuously optimizing inventory turnover efficiency. In 2023, 2024 and 2025 our inventory turnover rates were 3.65, 4.23 and 4.37 times, respectively, marking the best performance in 2025 among all listed Chinese cosmetics companies.

We deeply embedded ESG principles into our supply chain framework, driving leadership in both operational efficiency and environmental protection, thereby laying a solid foundation for our future global expansion. We have been recognized as a "National Green Factory" and "Green Supply Chain Management Enterprise" by the Ministry of Industry and Information Technology (工業和信息化部) and "Zhejiang Future Factory" by Economy and Information Technology Department of Zhejiang (浙江省經濟和信息化廳). We have also successfully obtained ISO 50001 Energy Management System certification and the Roundtable on Sustainable Palm Oil (RSPO) Supply Chain Certification (Mass Balance model). In 2025, our clean energy usage reached 55.8%, while the proportion of sustainable materials in our packaging increased to 38.4%.

Insightful, Innovation-driven and Execution-oriented Management Team

In a rapidly changing consumer market, our management team, with its keen grasp of market trends, has been continuously evolving and innovating. As early as 2010, our management made the forward-looking decision to develop our online business, successfully capturing the growth opportunities brought about by the evolution of e-commerce channels. The management team has also strategically formulated and implemented a signature product strategy, under which we have launched a series of signature products widely recognized by consumers. In addition, leveraging strategic foresight, the management team has consistently and decisively invested in technology, R&D, and supply chain capabilities. We have built an industry-leading global R&D framework, as well as a scalable, efficient and digitalized supply chain framework, empowering our long-term and sustainable growth.

Our management team has demonstrated strong capability in brand incubation, which represents one of the key competencies in our pursuit of becoming a leading global cosmetics group. The management team has applied and replicated our successful experience on PROYA (珀莱雅) brand in cultivating new brands. Our professional makeup artist-led brand launched in 2020, TIMAGE (彩棠) (彩棠TIMAGE), achieved a CAGR of nearly 60% in revenue from 2020 to 2025, with its revenue exceeding RMB1.2 billion in 2025. Our personal care brand launched in 2021, Off&Relax (Off & Relax), achieved a CAGR of 86.0% in revenue from 2023 to 2025, with its revenue exceeding RMB0.7 billion in 2025.

Our talent pool brings together profound understanding of the Chinese domestic market. Our core business team have prior career experience at international cosmetics or consumer goods companies, with expertise covering core operation areas such as R&D, digitalization and branding. Our team deeply integrates insights into the Chinese domestic market, serving as a talent bedrock for our international growth.

OUR STRATEGIES

To effectively propel the objectives of our "Double Ten" Strategy, fulfill our mission of "beauty to last, bliss to share" and realize our vision of becoming a leading global cosmetics group, we will continue to resolutely execute the following strategies:

Advance Our Signature Product Strategy and Enrich Our Brand and Product Matrix

Product competitiveness underpin our rapid growth and market leadership. Our signature product strategy serves as the core pillar for our product vitality enhancement. We will continue to align all key aspects of our business including R&D, supply chain, sales and marketing, to maximize the effectiveness of our signature product strategy. By maintaining keen insights into consumer preferences and leveraging our evolving R&D capabilities coupled with digitalized supply chain, we will continuously elevate the product competitiveness and technological sophistication of our signature products. We plan to reinforce the consumer awareness of our strong "brand — product — efficacy" associations through highly recognized signature product offerings. In addition, we target to deepen our sale channel penetration, expand our signature products distribution in more existing and new channels across online and offline, to further enhance consumer outreach and reinforce consumer mindshare, amplify brand influence and vitality, and ultimately forge differentiated competitive moats that are difficult to imitate or surpass.

We intend to continue to systematically upgrade our existing brand and product matrix. Anchored by our core signature products, we target to broaden product series, extend product application scenarios and continuously fulfill differentiated consumer needs. We will fully capitalize on the deep expertise and accumulated capabilities in product R&D, consumer insights and brand operation for PROYA (珀莱雅) brand to empower our other brands through sharing of core resources, achieving cross-category collaboration.

Looking ahead, we plan to further broaden our product categories. We will closely monitor global markets. Through self-incubation or strategic investments and acquisitions, we aim to scale our domestic and international brand and product portfolio to reinforce our industry leadership, dedicated to building a leading global cosmetics group. We plan to explore product categories such as men's skincare, body care and fragrances to address a broader spectrum of consumer needs.

Strengthen R&D Capabilities to Enhance Innovation-driven Product Competitiveness

Our R&D capabilities underpin our enduring product competitiveness and serves as the cornerstone for our success. We plan to further strengthen our globally integrated R&D system, covering key stages from raw material procurements to product sales. This will comprehensively enhance our R&D capabilities and foster durable and hard-to-replicate technological competitive edge, so that we could deliver more scientifically validated, safe and effective solutions for consumers worldwide.

Built on our deep understanding of Chinese consumers, we intend to advance understanding of product function mechanisms and continue to explore core ingredients that align with consumer needs. We will continue to develop and iterate key proprietary ingredients and bolster our reserves of innovative ingredients. Leveraging our strong R&D capabilities in foundational research, we will also continuously strengthen our cutting-edge scientific research to strategically position ourselves for future trends.

We target to further foster the collaborative ecosystem among academic and medical institutions. Specifically, we plan to strategically collaborate with leading domestic and international research institutions, medical organizations, universities, commercial entities and ingredient suppliers. We aim to fully leverage our Europe Innovation Center to strengthen specialized collaboration with overseas laboratories, and mobilize global R&D partner resources across various fields, continuously feeding back into our R&D system and deepening the construction of our globalized R&D system.

We will continue to leverage our strengths as a leading beauty platform. We empower foundational R&D achievements with our advanced supply chain capabilities, continuously improving efficient commercialization of foundational research and application development. We plan to strengthen our R&D capabilities across different product categories, develop more tailored formulations for different target consumers and enhance user experience. We will enhance high-performance formulation reserves to provide flexible solutions for new product R&D.

Talent is the cornerstone of our R&D system. We aim to cultivate a global R&D team with both academic and industry experience. We will implement competitive incentive mechanisms alongside a professional training system to retain and motivate R&D talents. In addition, we are committed to further expanding the application of emerging technologies across the R&D processes. For example, by utilizing digital tools to assist in formula design and ingredient screening, we are able to enhance our product development efficiency.

Optimize Supply Chain Efficiency with an Enhanced Level of Intelligence and Agility

Our industry-leading supply chain capability is key to conversion of our R&D achievements and consumer insights into high-quality products. We plan to further strengthen our core competitive advantages in supply chain management.

We aim to continuously enhance our in-house production capabilities. We will continue to strengthen automatic and intelligent production. Leveraging smart production bases, advanced equipment and digital systems, we target to improve our control over the entire production process as well as product quality, while boosting production efficiency to support our rapid growth. Meanwhile, we intend to continuously enhance our supply chain responsiveness and flexible production capabilities, optimize collaboration with other internal departments as well as upstream and downstream partners in product development, product design and digitalization, to accelerate new product iterations, efficiently meet production demand for potential signature products and improve inventory turnover.

We intend to further deepen the collaboration with our strategic partnerships. We aim to further enhance our supply chain network with both breadth and depth by establishing deep cooperation with more suppliers. We aim to expand our pool of high-quality suppliers, collaborate with more internationally renowned suppliers, diversify our supply channels and improve the quality and supply stability of raw materials, so as to further improve our product competitiveness. Building on our core production technologies and capabilities, we aim to establish closer partnerships with suppliers across key stages, including raw materials, R&D and production. For example, we plan to further enhance cooperation with academic institutions and suppliers with a focus on advancing ingredients and formulation techniques, and transform these into successful product commercialization leveraging our production capabilities.

In addition, we are committed to building a sustainable green production system. Specifically, we intend to deepen our efforts in energy conservation and low-carbon operations, proactively adopt low-carbon and green production technologies and continuously explore the low-carbon solutions for our production and operational activities. We will also collaborate with our upstream and downstream partners to build an energy-saving, low-carbon and green supply chain system, and jointly explore collaborations in areas such as green packaging and sustainable procurement.

Strengthen Our End-to-end Digital and Intelligent Capabilities

We will further enhance digital and intelligent capabilities and facilitate the efficient data connectivity between key business stages, as well as actively promote the application of cutting-edge digital technologies.

In terms of R&D, we plan to proactively strengthen our digital and intelligent innovation capabilities in product R&D. Specifically, we aim to introduce AI tools for formulation design, ingredient screening and efficacy verification, such as utilizing large model to generate sample formulas to meet R&D requirements in an efficient manner. Meanwhile, we plan to deploy more digital tools to enhance internal and external collaboration efficiency. For example, we plan to enhance Product Lifecycle Management system to facilitate cross-functional coordination and improve product development efficiency.

In terms of supply chain, we aim to strengthen synergies across the entire processes, including production planning, inventory management and quality control, to support the efficient and digitalized operation of our supply chain. We intend to further refine our cost analysis to continuously enhance cost efficiency across our supply chain.

In terms of consumer engagement, we plan to actively utilize more digital tools to enhance our understanding of and strengthen our connections with consumers and use these insights to empower our entire business processes. We will continuously improve our real-time analysis capabilities for social media feedback, deepen our understanding of omni-channel consumer trends, continuously optimize agile data connectivity between our product R&D and production to accelerate conversion of consumer preferences into product iterations. Meanwhile, we target to enhance the real-time tracking of marketing performance to dynamically optimize operation efficiency.

In addition, we are committed to promoting AI applications in key business scenarios. We will continue to build on our AI capabilities by incorporating AI tools with our internal database, keenly identify AI use cases and actively promote the adoption of AI tools to drive digital transformation of our businesses.

Explore International Markets to Build up Brand Recognition Globally

Drawing on our years of successful operations and leading market position in China, we plan to seize the opportunities of Chinese brands expanding globally to explore overseas business. We plan to replicate our established capabilities in terms of products, technologies, supply chain and sales and marketing to better expand overseas consumer base and improve our global influence.

We will continuously strengthen our presence in global market and develop professional teams equipped with both local market insights and international perspectives. We aim to enhance resources allocation in regional markets, evaluate local market conditions and regulatory environments, and identify consumer preferences for tailored business operations. We aim to collaborate with global and local e-commerce platforms, strengthen partnership with major local distributors to drive omni-channel growth across online and offline sales channels. This will continuously broaden our reach to local consumers and advance our globalization with the accumulated global consumer insights. Our professional teams will be responsible for executing and optimizing local marketing initiatives, ensuring rapid response to evolving market conditions and consumer satisfaction, while continuously enhancing our operational capabilities in local markets.

Leveraging our professional team, product competitiveness and our channel expansion experience accumulated through years of successful operations in China, we intend to further deepen the localization of our business model in overseas markets. We plan to expand our business into key international markets, including Southeast Asia, Japan, South Korea, the Middle East, Europe and the United States. Our initial focus will be on emerging markets with high growth potential, such as Southeast Asia.

Enhance Consumer-centric Precision Marketing, Improve Multi-Channel Penetration and Keenly Capture Emerging Channel Opportunities

We will continuously enhance brand recognition and reputation. We intend to develop tailored marketing plans for our brand matrix, using content as the core to tell our brand stories, express our brand identity, convey our brand attitudes and share our brand values, eventually creating positive emotional resonance with consumers.

We will continuously improve marketing efficiency. Leveraging precise consumer insights from our omni-channel reach and digital empowerment, we plan to actively explore new forms and areas of marketing initiatives to consistently attract consumer interest and deepen brand awareness and loyalty, and further strengthen the precise management of omni-channel marketing.

We will deepen our existing channel layout and strengthen the connection with our consumers. For online sales channels, we plan to conduct differentiated and refined operations based on the characteristics of each e-commerce and social media platform to achieve healthy and sound development across all online sales channels. For offline sales channels, we will strengthen our in-depth collaboration with new retail channels. We intend to enhance the offline accessibility of our products, strengthen our brand's offline presence, and deepen consumer interactive experience to further increase brand awareness and influence.

We will also actively explore and proactively identify emerging sales channels to keenly capture new beauty trends and traffic opportunities. For instance, in terms of OTC channel, we will engage in deep collaboration with professional OTC distributors possessing pharmaceutical backgrounds. Through the deployment of our professional and efficacy-driven product portfolio, we aim to address a broader range of postoperative care needs, thereby reinforce our brand's overall positioning of professionalism and technological prowess.

OUR BRANDS AND PRODUCTS

We are committed to building a multi-category product portfolio to deliver consumers a comprehensive experience. Our product offerings span core segments, including skincare products, makeup products and personal care products, addressing diverse market demands. We adopted a multi-brand strategy to introduce new brands that establish differentiated market positions for distinct consumer segments. This approach not only expands our consumer coverage but also creates a synergistic brand ecosystem, thereby strengthening our overall competitive differentiation and market resilience.

Our multi-category and multi-brand ecosystem includes skincare brands, such as PROYA (珀莱雅), HAPSODE (悦芙媞) and CORRECTORS (科瑞肤), makeup brands, such as TIMAGE (彩棠) and INSBAHA (原色波塔), as well as personal care brands, such as Off&Relax and Awaken Seeds (驚時). Each brand, with its distinctive positioning, enriches our overall product portfolio and enhances our market penetration. According to Frost & Sullivan, in 2025, we were the No.1 Chinese cosmetics group with four star brands, namely PROYA (珀莱雅), TIMAGE (彩棠), Off & Relax and HAPSODE (悦芙媞), each with retail sales surpassing RMB500.0 million in 2025. This positions us as the only Chinese cosmetics group with such star brands across all three product segments.

The following table sets forth key information of our major brands as of the Latest Practicable Date:

Brand	Year of Launch(1)	Brand Positioning	Number of SKUs(2)	Typical Suggested Retail Price Range for Major Products
Skincare				
PROYA 珀莱雅	2006	Science-based skincare	1,188	RMB200 to RMB500
HAPSODE 悦芙媞	2016	Youth-focused skincare	119	RMB50 to RMB200
Makeup				
彩棠 TIMAGE	2020	Professional makeup brand infused with Chinese aesthetics	620	RMB150 to RMB300
INSBAHA	2021	Next-generation makeup brand	282	RMB39 to RMB200
Personal care				
Off & Relax	2021	Asian holistic scalp wellness expert	225	RMB150 to RMB350

Notes:

(1) Year of launch refers to the year in which a brand first generated revenue under our operation.

(2) Number of SKUs refers to the cumulative number of SKUs that generated revenue in our order management system as of the Latest Practicable Date since 2023.

The following table sets forth the breakdown of our revenue from sales of goods by product segments in absolute amount and as percentage of our revenue from sales of goods, the total sales volume and average selling price of our products by product segments for the years indicated:

	Year ended December 31,											
	2023				2024				2025			
	Revenue		Sales Volume[4]	ASP	Revenue		Sales Volume[4]	ASP	Revenue		Sales Volume[4]	ASP
	RMB'000	*%*	*sales unit in thousands*	*RMB per unit*	*RMB'000*	*%*	*sales unit in thousands*	*RMB per unit*	*RMB'000*	*%*	*sales unit in thousands*	*RMB per unit*
Skincare[1]	7,559,420	85.0	119,572.0	63.2	9,018,977	83.8	120,158.5	75.1	8,181,724	77.3	116,395.9	70.3
Makeup[2]	1,115,712	12.6	12,176.9	91.6	1,360,715	12.6	14,222.3	95.7	1,562,939	14.8	18,283.5	85.5
Personal care[3]	215,096	2.4	2,322.4	92.6	385,908	3.6	3,867.0	99.8	840,692	7.9	8,059.1	104.3
Total	**8,890,228**	**100.0**	**134,071.3**	**66.3**	**10,765,600**	**100.0**	**138,247.8**	**77.9**	**10,585,355**	**100.0**	**142,738.5**	**74.2**

Notes:

(1) Skincare brands mainly include PROYA (珀萊雅), HAPSODE (悅芙媞) and CORRECTORS (科瑞膚).

(2) Makeup brands mainly include TIMAGE (彩棠) and INSBAHA (原色波塔).

(3) Personal care brands mainly include Off&Relax and Awaken Seeds (驚時).

(4) Sales volume represents the number of products we sold to our customers. To unify the measurement of the sales volume of different types of products at various specifications, unit could stand for piece or bottle. Each piece or bottle is counted as one unit in this table.

The following table sets forth the breakdown of our revenue from sales of goods by brand for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
PROYA (珀萊雅)	7,177,345	80.7	8,580,748	79.7	7,689,072	72.6
TIMAGE (彩棠)	1,000,779	11.3	1,191,335	11.1	1,255,367	11.9
Off&Relax	215,095	2.4	368,105	3.4	744,253	7.0
HAPSODE (悅芙媞)	303,087	3.4	331,620	3.1	370,758	3.5
Others[(1)]	193,922	2.2	293,792	2.7	525,905	5.0
Total	**8,890,228**	**100.0**	**10,765,600**	**100.0**	**10,585,355**	**100.0**

Note (1): Others mainly included INSBAHA (原色波塔), Awaken Seeds (驚時) and CORRECTORS (科瑞膚).

Skincare

PROYA (珀萊雅)

PROYA consistently upholds science-backed skincare as its core philosophy, dedicated to providing consumers with scientific, safe and effective skincare solutions. PROYA's product innovation and iteration are grounded in scientific formulations, ensuring both safety and efficacy while continuously converting R&D breakthroughs into superior skincare experiences, forming our core competitive edge.

We deliver comprehensive product portfolio under PROYA, including essences, creams, masks, lotions, toners and sunscreens, which are designed to address a wide range of skincare needs from basic hydration to advanced anti-aging and skin repair. We primarily offer eight product series under PROYA as of the Latest Practicable Date, targeting different skincare needs, namely, (i) the Advanced Firming Nourishing Series (紅寶石系列) for anti-wrinkles, skin firming and nourishing; (ii) the Double Effect Brightening Series (雙抗系列) for skin brightening, anti-fatigue and preventative anti-aging; (iii) the Original Repair Series (源力系列) and Original Scientific Repair

Series (PROYA MED系列) for skin repair; (iv) PROYA Men's Series (PROYA MEN系列) for men's skincare; (v) the Inaugurating Nourishing Series (能量系列) for mature skin advanced anti-aging; (vi) the Sebum Control Purifying Series (淨源系列) for skin rejuvenation and oil control; (vii) the Illuminating Spotless Whitening Series (光學系列) for professional skin whitening and (viii) the Sun Protection Series (防曬系列) for sun protection. As of the Latest Practicable Date since 2023, we cumulatively offered 1,188 SKUs under PROYA.

Below sets forth a summary of our major product series under PROYA.

Advanced Firming Nourishing Series (紅寶石系列)

We offer multiple products under the Advanced Firming Nourishing Series (紅寶石系列) to address skin anti-aging. Through the application of safe and effective scientific ingredients, the Advanced Firming Nourishing Series (紅寶石系列) helps consumers address multiple aging-related skincare concerns. In 2024, the retail sales generated from the Advanced Firming Nourishing Series (紅寶石系列) exceeded RMB5.0 billion and remained robust sales performance in 2025 according to Frost & Sullivan. According to Frost & Sullivan Survey, Advanced Firming Nourishing Essence (紅寶石精華) was identified as the product with the highest consumer willingness to recommend and repurchase among the signature products of all brands surveyed.

Advanced Firming Nourishing Soft/Light/Moisture Cream (紅寶石面霜) (Hero Product)

- Delivering multi-dimensional anti-aging and skin stabilization, such as improving firmness, diminishing wrinkles, providing long-lasting hydration
- Innovatively incorporates a novel-structured "Cyclopeptide-161 (環肽-161)" and Linseed Cyclic Peptide (亞麻籽環肽)
- Tailored textures based on deep insights into consumer needs and diverse skin types
- Refillable cartridge design and sustainable packaging to promote recycling efficiency

Advanced Firming Nourishing Essence (紅寶石精華) (Hero Product)

- Reducing the appearance of wrinkles, providing advanced skin repair and enhancing radiance and elasticity
- Application of "Cyclopeptide-161" and retinol, with supramolecular encapsulation technology to mitigate potential skin irritation from retinol
- Utilizing a replaceable vacuum-sealed cartridge that prevents oxidation and protects against light exposure

Double Effect Brightening Series (雙抗系列)

We offer multiple products under the Double Effect Brightening Series (雙抗系列) to address anti-oxidation and anti-glycation skin needs. Through advanced scientific formulations, we achieve dual efficacy in early-stage anti-aging and whitening. In 2025, the retail sales generated from the Double Effect Brightening Series (雙抗系列) nearly RMB3.0 billion, according to Frost & Sullivan.

Double Effect Whitening Brightening Essence (雙抗精華) (Hero Product)

- Addressing key consumer concerns including skin brightening, dullness corrections and other advanced whitening needs
- Employing Nox-Age complex as core anti-oxidation and anti-glycation ingredient, as well as Nrf2 and GLO-1 biological recognition mechanisms to effectively counteract oxidative stress-induced dullness and glycation-related skin yellowing
- Freshness-lock packaging design facilitating the immediate and effective release of active ingredients

Double Effect Whitening Brightening Mask (雙抗面膜) (Hero Product)

- Addressing multiple skin concerns, such as lackluster complexion, tanning from sun exposure and redness, along with dehydration and peeling
- Containing multiple active anti-oxidant and anti-glycation compounds, such as Naringin, Astaxanthin, and Tranexamic Acid, supplemented with botanical extracts, such as Olive Leaf and Citrus Fruit
- Upgraded mask fabric for improved breathability and softness, elevating application satisfaction

Original Repair Series (源力系列)

We offer multiple products under the Original Repair Series (源力系列) specifically designed for fragile and sensitive skin repair. In 2025, our Original Repair Series (源力系列) generated retail sales nearly RMB1.0 billion, according to Frost & Sullivan.

Original Repair Light/Moisture Cream (源力面霜)

Original Repair Essence (源力精華)

- Targeting sensitivity and redness to reinforce skin's barrier and reveal a more youthful resilience
- Application of Recombinant Type XVII Collagen (重組XVII型膠原蛋白) proven to dermal-epidermal junction (DEJ) (基底膜) repair and anti-aging, to achieve skin reinforcement
- Formulated with Long-chain Ceramide AC60 (超長鏈神經酰胺 AC60), which helps repair the skin barrier of fragile, sensitive skin

Original Scientific Repair Series (PROYA MED系列)

In 2026, we further expanded the Original Repair product line by launching the Original Scientific Repair Series (PROYA MED系列), which is positioned as a professional-grade repair solution targeting skin conditions with higher sensitivity and post-procedure repair needs. The Original Scientific Repair Series (PROYA MED系列) further comprises a range of medical-grade products for post-operative, non-chronic wound care. These products are developed based on recombinant collagen and are intended to address different professional wound care needs.

Original Scientific Repair Series
(PROYA MED系列)

- Targeting compromised and highly sensitive skin conditions, including post-procedure skin repair and barrier recovery
- Application of Recombinant Type XVII Collagen (重組XVII型膠原蛋白), which is associated with dermal-epidermal junction (DEJ) (基底膜) support and skin structure reinforcement
- Formulated with barrier-supporting and soothing ingredients, designed to enhance skin resilience and support recovery of fragile skin

The launch of the Original Scientific Repair Series (PROYA MED系列) represents an extension of our repair-focused product portfolio into more specialized use cases, further broadening our coverage across different skin conditions and repair needs.

Men's Series (PROYA MEN系列)

In 2026, we launched the PROYA Men Revitalizing Multi-Effect Series (珀萊雅男士蘊能多效系列), a product line designed to address men's skincare needs. The series currently comprises three products: Men Revitalizing Multi-Effect Purifying Cleansing Foam (男士蘊能多效淨澈潔面乳), Men Revitalizing Multi-Effect Firming Lotion (男士蘊能多效緊致精華露) and Men Revitalizing Multi-Effect Firming Serum (男士蘊能多效緊致精華乳). The key information of these products is set forth below.

(Men Revitalizing Multi-Effect Purifying Cleansing foam 男士蘊能多效淨澈潔面乳)

- All-in-one formula that combines cleansing, makeup removal, exfoliation, and oil control. It can be used for facial cleansing, shaving, or as a mud mask
- Rich foam, deep cleaning, easy to rinse and leaves no residue

(Men Revitalizing Multi-Effect Firming Lotion 男士蘊能多效緊致精華露)

- All-in-one formula that combines oil control, hydration, firming, and anti-wrinkles effects, providing 8-hour oil control, helping balance skin's oil and moisture levels, and refining pores
- Lightweight and easily absorbed texture

(Men Revitalizing Multi-Effect Firming Serum 男士蘊能多效緊致精華乳)

- For daily basic skincare, use in conjunction with a serum, also all-in-one formula that combines oil control, hydration, firming, and anti-wrinkles effects, helping reduce fine lines, firms the jawline
- Hydrating and non-greasy texture

Inaugurating Nourishing Series (能量系列)

We offer multiple products under the Inaugurating Nourishing Series (能量系列) to address mature skin anti-aging delivering age-defying benefits through the application of mitochondrial anti-aging technology.

Inaugurating Intensive Anti-Wrinkle Essence (能量精華)

Inaugurating Intensive Firming Cream (能量面霜)

- Addressing aging at a cellular level to tackle deep-seated concerns, such as loss of elasticity, sagging and the deepening of wrinkles
- Infused with sandalwood extract, which activates cellular mitochondrial defense and longevity cycles to deliver anti-aging benefits
- Infused with a custom-crafted woody fragrance to elevate consumer experience

Sun Protection Series (防曬系列)

We offer multiple products under the Sun Protection Series (防曬系列) to address diverse sun protection needs. To further enrich our Superskin sunscreen (超膜) product lineup and provide a broader range of sun protection solutions, in 2026, we launched Light Enjoy Sun Comfort Physical Sunscreen Cream (輕享陽光舒護物理防曬霜), a purely physical sunscreen formulated for sensitive skin. Such expansion enhances our product coverage across a broader range of sun exposure scenarios, including daily commuting, sensitive skin protection and post-procedure care.

Light Enjoy Sun Comfort Physical Sunscreen Cream (輕享陽光舒護物理防曬霜)

- Designed for sensitive skin and post-procedure use, featuring a mild and non-irritating formulation with high safety and tolerability, including use after micro-needling treatments
- Utilizing an innovative three-dimensional zinc oxide structure that integrates spherical and lamellar zinc oxide to enhance ultraviolet light scattering and absorption, providing effective broad-spectrum protection
- Formulated with ceramide-like lipids to support skin barrier repair while delivering sun protection, helping reduce the risk of redness, sunburn and post-procedure hyperpigmentation
- Featuring a lightweight lotion texture with smooth spreadability, suitable for daily and extended-wear use

HAPSODE (悅芙媞)

Launched in 2016, HAPSODE focuses on providing youth-focused professional skincare. HAPSODE leverages specialized ingredients and formulas to address common skin problems among younger generation, such as oily sensitivity, dullness and acne. This approach not only solidifies its market identity as a skincare expert for young skin but also elevates its brand value through deep integration of product performance and emotional resonance. Our product portfolio under HAPSODE mainly includes essences, masks and cleansers. As of the Latest Practicable Date since 2023, HAPSODE cumulatively offered a total of 119 SKUs.

Ultra Purifying Watery Cleansing Foam (多效淨澈水感晶透潔顏蜜)

- Long-lasting oil control and smoother complexion
- Suitable for sensitive skin
- A dual-action formula that effectively cleanses the skin and removes makeup

Purifying Pore Cleansing Mud Mask (淨澈毛孔清潔泥膜)

- Delivering a deep cleanse while quickly clearing blackheads and smoothing bumps
- Soothing hydration for comfortable wear without tightness or dryness

Multi-Effect Ultra Soothing Serum (多效舒緩特護精華液)

- Reducing redness and repairing oily and sensitive skin
- Evening out skin tone and fading post-acne marks
- Improving skin's oil-moisture balance

Makeup

TIMAGE (彩棠)

In 2020, we launched TIMAGE (彩棠TIMAGE) in collaboration with a renowned Chinese makeup artist master, Mr. Tang Yi (唐毅). The brand emphasizes on the natural beauty of Asian faces by creating innovative fusion between Eastern artistry and global beauty trends. Anchored by the brand ethos of "Chinese makeup, Natural beauty (中國妝,原生美)" and the core brand philosophy of "Simplifying Complexity, Perfecting Harmony between Makeup and People (化繁為簡,妝人合一)", TIMAGE draws on natural, authentic and minimalism-featured Chinese aesthetics and modern styles to design products suitable for Asian skin, assisting consumers to present their unique beauty through artisanal craftsmanship and adaptive technique. In addition, we have launched multiple limited-edition products, such as the Summer Palace Series (頤和園系列) and the Zheng Qing Series (爭青系列). Its interpretation of Eastern artistry, fused with cosmetics technology, has earned broad recognition and favorable reputation. Below sets forth our representative products in the such series:

Summer Palace Series (頤和園系列)

Zheng Qing Series (爭青系列)

TIMAGE continued to enhance its product portfolio in the makeup category, with efforts on maintaining its well-established strengths in makeup products and further developing base makeup products. Our product portfolio under TIMAGE mainly encompasses (i) contouring makeup products, such as light & shadow blending palettes and contour palettes; (ii) base makeup products, such as primers, foundation, concealer palettes and cushion compacts; and (iii) color items, such as blush palettes, eyeshadows, mascara and lipstick. As of the Latest Practicable Date since 2023, we cumulatively offered 620 SKUs under TIMAGE.

Light and Shadow Blending Palette (浮光掠影高光修容粉盤)

- The three-color combination sculpts a dimensional and seamless contour
- Soft-toned and specially calibrated for Chinese skin tones
- A silky, lightweight texture

Frosted Fine Gauze Lasting Foundation and Correcting (霧瓷無瑕持妝粉底液飾顏遮瑕膏)

- Long-lasting, water-resistant and sweat-resistant
- A foundation-and-concealer dual-layer design that offers both a lightweight, natural fit and high coverage

Jade Trio Blush Palette (爭青流玉三色胭脂盤)

- A versatile 3-in-1 palette for creating a natural cheek look
- A zoned design with dual textures to cater to diverse makeup needs
- Special design exudes traditional Chinese elegance

INSBAHA (原色波塔)

Launched in 2021, with the core philosophy of "Self," INSBAHA aims to reimagine makeup through its unique aesthetics and create products embodying futurism and punk spirit. We primarily deliver mascaras, eyebrow mascaras, eyeshadows, eyeliners, concealer palettes, contour sticks and lipsticks under INSBAHA. As of the Latest Practicable Date since 2023, INSBAHA cumulatively offered a total of 282 SKUs.

Wave Mascaras (波浪睫毛膏)

- Waterproof and smudge-resistant
- Featuring a variety of mascara wand designs catering to diverse makeup needs

Primary Look Backtracking Multi-effect Concealer Palette (原色回溯多效遮瑕盤)

- Lightweight texture with high coverage
- Gentle and non-irritating ingredients
- An all-in-one solution for all concealing needs

Personal care

Off&Relax

Launched in 2021, Off&Relax is positioned as the "Asian holistic scalp wellness expert (亞洲頭皮整全愈養專家)," dedicated to offering innovative haircare experience. "Off" signifies cleansing and removing. Through purifying scalp and hair, the consumers "Relax" both body and mind for effortless healing, seamlessly uniting scalp treatments with soothing emotional nourishment.

The Off&Relax brand was built on our proactive identification of consumers' growing need for specialized hair and scalp care. Consumers' preferences have gradually shifted from basic cleaning function to dual focus on hair repair and scalp care. Leveraging our solid R&D expertise, we successfully transferred our research on hair and scalp care into a range of high-efficacy products that have gained strong market recognition. Under the Off&Relax, our product portfolio mainly includes shampoos, conditioners, hair masks, hair oil, scalp essences and scalp cleansers, and our product series primarily consist of the Fluffy Refresh Series (蓬鬆系列), the Oil Control Series (控油系列), the Anti-Dandruff Series (淨屑系列), the Hair Repair Series (修護系列) and the Anti-Hair Loss Series (防脱系列). As of the Latest Practicable Date since 2023, Off&Relax cumulatively offered 225 SKUs.

The representative products under Off&Relax are set forth below:

Fluffy Refresh Shampoo (蓬鬆洗髮水)
- Designed for mild and normal oily scalp or combination hair types
- Utilizing scientifically effective ingredients to deliver long-lasting freshness and airy volume
- A specially crafted scent for a more pleasant consumer experience

Anti-hair Loss Shampoo (防脱洗髮水)
- Provides tailored anti-hair loss solutions for both oily and dry scalps, with customized formulations designed to meet specific scalp needs
- A specially designed scent provides relaxation during hair care routine

Anti-hair Loss Strengthening Ampoule Essence (防脱固髮安瓶精華液)
- Specifically designed to address hair thinning, repairing scalp, enhancing follicle vitality and improving hair density
- Light-shielding packaging preserving the potency of active ingredients
- An easy-to-use rollerball applicator for controlled dispensing and deeper absorption to boost efficacy

Anti-hair Loss Density Essence (防脱密髮精華液)
- Formulated with active ingredients, such as burdock root (牛蒡根) and kudzu root (野葛根) extracts
- Stimulating follicles into the growth phase and effectively improve anti hair-loss
- A specially curated fresh scent enhances the consumer experience and helps relax both body and mind

Other Brands

To seize the expanding market opportunities, we have developed a diverse brand portfolio to offer a comprehensive range of products. Other than the aforementioned brands, our brand portfolio mainly included Awaken Seeds (驚時) and CORRECTORS (科瑞膚), as of the Latest Practicable Date.

Awaken Seeds (驚時)

Launched in 2024, Awaken Seeds focuses on scalp microbiome health and is committed to delivering solutions for scalp health concerns. Awaken Seeds remains dedicated to providing science-supported, high-efficacy hair care solutions that meet consumers' evolving needs.

CORRECTORS

Launched in 2021, CORRECTORS is a professional, lab-engineered skincare brand focused on efficacy. CORRECTORS leverages an integrated "industry-academia-research" ecosystem by partnering with top universities, specialized institutes and renowned dermatologists worldwide. Guided by the philosophy that "Precision is the key to efficacy," CORRECTORS transforms cutting-edge research into highly effective and safe targeted skincare solutions.

RESEARCH AND DEVELOPMENT

Our ongoing commitment to R&D is the cornerstone of our success. Our R&D strategy is centered on our in-house R&D capabilities, complemented by collaborative efforts with external partners. After years of development, we have established an integrated R&D system built around a "three-generation" framework: (i) the First Generation — Front-End Research, focusing on exploratory studies of ingredients and technologies; (ii) the Second Generation — Strategic Reserve, dedicated to transforming innovative research outcomes into product reserves; (iii) the Third Generation — Market Iteration, driving product commercialization and continuous optimization. As of the Latest Practicable Date, we maintained a patent portfolio consisted of 312 patents in China and three patents overseas and held 23 exclusive ingredients. In addition, we participated in drafting 22 national, eight industry and 46 association standards as of the Latest Practicable Date.

Benefiting from our R&D capabilities, we have been recognized as a National High-Tech Enterprise for five times since 2011. We were the first and only Chinese company to win the 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), which marks a pivotal role transition for Chinese cosmetics R&D from follower of international players to peer player.

Our Research and Development Team and Framework

Our highly skilled R&D team with diverse backgrounds is the driving force behind our strong R&D capabilities. As of December 31, 2025, our global R&D team comprised 334 experienced personnel with extensive expertise in chemistry, biology and pharmacy and around half of them held a master's degree or higher. Our global R&D team is led by our Chief R&D and Innovation Officer, Dr. Peiwen Sun (孫培文), our Chief Scientific Officer, Dr. Hu Huang (黃虎), our Chief Scientific Advisor and Vice President of the European Innovation Center, Dr. Lieve Declercq, and our Head of the Shanghai R&D Center, Dr. Xiaowei Chang (常曉維). Dr. Sun oversees our product R&D activities, integrates upstream and downstream resources to efficiently incubate new products and build a strategic product pipeline. Dr. Huang focuses on foundational research, ingredient development and clinical efficacy studies. Dr. Declercq is dedicated to advancing the establishment of our global R&D system leveraging her profound scientific expertise. Dr. Chang leads our technological R&D and product innovation in the field of scalp and hair health. By combining academic knowledge with industry experience, they guide our global R&D team to continue to innovate product and solid our market position.

We have three R&D centers, encompassing Hangzhou R&D Center, Shanghai R&D Center and Europe Innovation Center, which collaborate closely with each other. The synergetic innovation driven by these three R&D centers enhances the efficiency of technology commercialization. Hangzhou R&D Center is our largest R&D center, which overseas the entire R&D process, from new ingredients innovation, formulation design, testing and market launch for our major skincare and makeup products. Shanghai R&D Center primarily focuses on scalp ecosystem protection and hair care, conducting foundational, application and clinical efficacy research dedicated to the development of personal care products. Europe Innovation Center serves as a core hub for our global R&D network. By introducing globally advanced R&D technologies and integrating global resources, our Europe Innovation Center enhances our R&D capabilities and strengthens product competitiveness, as well as elevates our international influence and drives sustainable development. To achieve greater synergies, we have established an R&D Evaluation Committee to enable joint decision-making among our three R&D centers on R&D directions and ensure comprehensive, targeted efforts for our product development. This committee implements management of R&D projects through periodic meetings. Its responsibilities cover the regular advancement of project timelines, rigorous evaluation of phase-based outcomes and collective decision-making at critical milestones. Under such management framework, the three R&D centers work closely together, pooling their research findings and insights.

Our Research and Development Collaborations

Collaborations with universities, research institutions and hospitals

We have collaborated with reputable universities, research institutions and hospitals globally to advance cutting-edge skincare science and convert innovative findings into high-efficacy products. These collaborations are integral to our R&D strategy, enabling us to leverage academic expertise and state-of-the-art technologies while adhering to rigorous scientific standards. For example, we have partnered with top-tier institutions and hospitals such as Shanghai Jiao Tong University, to establish research laboratories focused on cutting-edge fields such as pore care, mitochondrial anti-aging and scalp microbiome. By bridging academia and industry together, we continuously reinforce our leadership and advance in scientifically validated skincare innovation.

Collaborations with ingredients providers

We have established strategic partnerships with leading global ingredient suppliers to enhance our R&D capabilities, ensure supply chain resilience and drive innovation in cosmetic formulations. These collaborations are integral to our innovation development, which combines in-house research with external expertise to develop core ingredients and cutting-edge technologies. Set forth below are our key R&D collaborations:

Collaboration with Ashland (亞什蘭). We have established a deep strategic partnership with Ashland Inc., a global leader in cosmetic ingredient manufacturing, engaging in comprehensive collaboration across R&D, supply chain, marketing, and product quality control. Through this strategic alliance, we accelerate product innovation and technological advancement while further enhancing brand influence and expanding market share. For example, Ashland Inc. exclusively supplies us with NOX-AGE®, a dual-action anti-oxidation and anti-glycation ingredient, which has been incorporated into several products under PROYA (珀萊雅), such as the Double Effect Brightening Series (雙抗系列), delivering enhanced brightening and early-stage anti-aging effects.

Collaboration with BASF (巴斯夫). BASF, one of the world's leading suppliers of cosmetic ingredients, provides us with high-quality raw materials and advanced technical support. We have developed an in-depth collaboration with BASF in areas such as active ingredient development and formulation support. In particular, BASF's patented anti-glycation ingredient, Collrepair, has been incorporated into the Double Effect Whitening Brightening Essence (雙抗精華) under PROYA (珀萊雅), helping to improve skin dullness and meet consumers' needs for advanced brightening and radiance care.

Collaboration with Zhejiang Peptides (浙江湃肽). We have established a collaborative partnership with Zhejiang Peptides Biotech Co., Ltd. (浙江湃肽生物股份有限公司), a national high-tech enterprise specializing in pharmaceutical-grade peptide products, to jointly advance innovation in peptide research, green synthesis, and production technologies. The outcomes of our collaboration, such as the development of various types of peptides, have been applied to the Advanced Firming Nourishing Series (紅寶石系列) under PROYA (珀萊雅), significantly enhancing product efficacy and safety, and providing effective solutions for anti-aging skincare.

The following table sets forth a summary of the salient terms of our collaboration agreements with R&D partners:

Term	The term of the agreements is generally one year and may vary depending on the specific circumstances of the collaborations.
Development progress	The R&D partners shall complete its development work according to the schedules stipulated in the agreements and inform the Company the progress in its development.
Fee arrangement	The R&D fee generally paid by us in accordance with the schedule for completing milestone R&D deliverables.
Ownership of intellectual property rights	The intellectual property rights shall be handled as agreed between the Company and R&D partners in the agreements.

Termination	The agreements can be terminated upon contract expiration, by mutual agreement, or due to significant breach.
Exclusivity	No exclusivity is generally granted by us or the R&D partners.

We continue to strengthen strategic partnerships with leading global ingredient suppliers and expand our collaborative R&D into innovative fields, such as sustainable bio-based active ingredients and synthetic biology.

Our Research and Development Achievements

We have been dedicated to developing safe and effective products that resonate with our consumers. Leveraging our proprietary R&D capabilities and our collaboration with external partners, we have achieved significant breakthroughs in key ingredients and technologies, particularly in anti-aging and skin repair, enhancing the efficacy of our products and solidifying our competitive edge in the industry. Set forth below are our key R&D achievements:

Supramolecular Retinol (超分子A醇): Using our proprietary supramolecular encapsulation and sustained-release patented technology, it mitigates the irritation of retinol on the skin while enhancing its stability. This supramolecular delivery system enables the gradual release of retinol, providing long-lasting and continuous anti-wrinkle effects within the skin. Supramolecular Retinol (超分子A醇) has been applied into our hero product Advanced Firming Nourishing Essence (紅寶石精華) under PROYA (珀萊雅).

Cyclopeptide-161 (環肽-161): In collaboration with Zhejiang Peptide Biotech Co., Ltd. (浙江湃肽生物股份有限公司), we jointly developed Cyclopeptide-161 (環肽-161). According to Frost & Sullivan, we have become the first cosmetics group in China to exclusively use Cyclopeptide-161 (環肽-161), an ingredient that has been filed with the NMPA. Cyclopeptide-161 (環肽-161) addresses issues commonly associated with traditional linear peptides, such as susceptibility to enzymatic hydrolysis, and achieves significant improvements in skin penetration, stability and skin affinity. This enhances its effectiveness in skin protection and care. Cyclopeptide-161 has been applied into the Advanced Firming Nourishing Series (紅寶石系列) under PROYA (珀萊雅).

Recombinant Type XVII Collagen (重組XVII型膠原蛋白): In collaboration with Jiangsu Trautes Medical Technology Co., Ltd (江蘇創健醫療科技股份有限公司), we obtain right to globally use Recombinant Type XVII Collagen (重組XVII型膠原蛋白), a key ingredient for dermal-epidermal junction (DEJ) (基底膜) repair. This recombinant collagen supports the restoration of the skin's dermal-epidermal junction (DEJ) (基底膜), delivering skin repair as well as anti-wrinkle and firming effects. Recombinant Type XVII Collagen (重組XVII型膠原蛋白) has been applied into the Original Repair Series (源力系列) under PROYA (珀萊雅).

Long-Chain Ceramide AC60 (超長鏈神經酰胺AC60): In collaboration with Evonik Specialty Chemicals (Shanghai) Co., Ltd. (贏創特種化學(上海)有限公司), we developed Long-Chain Ceramide AC60 (超長鏈神經酰胺AC60), an innovative ingredient designed to replicate the layered structure of the human skin barrier in formulations. This exclusively supplied ingredient induces the skin's own lipid formation, effectively repairing damaged skin barriers and establishing a stable and resilient protective system. Long-Chain Ceramide AC60 (超長鏈神經酰胺AC60) has been applied into the Original Repair Series (源力系列) under PROYA (珀萊雅).

Optical 335 "Dual-Degradation" Whitening Technology (光學335"雙降解"美白技術): Our independently developed Optical 335 "Dual-Degradation" Whitening Technology (光學335"雙降解"美白技術) significantly enhances autophagy protein activity and promotes tyrosinase degradation, achieving efficient skin brightening and melanin reduction. This technology overcomes the limitations of traditional whitening ingredients, which are prone to re-darkening, short-lived effects. The Optical 335 "Dual-Degradation" Whitening Technology (光學335"雙降解"美白技術) has been applied in the Illuminating Spotless Whitening Series (光學系列) under PROYA (珀萊雅).

Dual-Regulation Active Compound AM-124 (雙向調節活性物組合AM-124): To address microbial imbalance in dandruff-prone scalps, we collaborated with a renowned professor. Through multiple rounds of precise ingredient screening and ratio optimization, we developed the Dual-Regulation Active Compound AM-124. This innovation achieves long-term management of the scalp's micro-ecological balance, breaking the vicious cycle of drug resistance and dependency associated with anti-dandruff treatments. Dual-Regulation Active Compound AM-124 has been applied into the Anti-Dandruff Series (淨屑系列) under Off&Relax.

Magnetic Polymer Anti-Dandruff Control Ingredient Poly-AD (高分子磁能淨屑成分 Poly-AD): This ingredient pioneers the use of positively charged polymer ingredients to target and lock onto dandruff-causing microbes, effectively breaking down their cell membrane structure and rapidly restoring the scalp's microbial balance. Simultaneously, the polymer prevents the deep skin penetration of anti-dandruff agents, ensuring a gentler and non-irritating approach. Magnetic Polymer Anti-Dandruff Control Ingredient Poly-AD has been applied into the Anti-Dandruff Series (淨屑系列) under Off&Relax.

Our Product Design and Development Process

We always center our R&D process around consumer needs. Leveraging foundational skin science research and advanced ingredient technology, we successfully convert consumer insights into product competitiveness. Throughout our R&D process, we adhere to selecting premium ingredients and combining them with advanced formulation technologies. We focus on developing products that truly suit the characteristics of Asian skin and aesthetic standards, allowing technology to empower our products and meet consumer expectations.

Moreover, our product design and development process employs an integrated collaboration mechanism involving consumer insights team, R&D team, production team and marketing team. The entire process typically takes around six to 18 months. Specifically, the development of new products or upgrade of existing products are generally driven by insights from our consumer insights team focusing on evolving consumer needs. Such insights are converted into specific requirements for our R&D team for further execution. The R&D team is responsible for design, testing and validation of new formulations and technologies. They proactively share key R&D data and test results with the marketing and production teams, enabling transparency and collaborative advancement throughout the entire process.

Our product design and development process typically encompasses the following steps:

Market and consumer research: Based on market trends and our consumer insights, we develop preliminary concepts for products and carry out feasibility study.

Project Initiation and Concept Proposal: We generally formulate product concept based on our market research as well as internal discussion. We will carry out analysis to preliminarily decide whether the ongoing formulation research and its commercialization is feasible.

Verification: We typically carry out efficacy verification over the formulation and consumer-targeted verification over the product concept by inviting the consumers to trial the new product and collecting feedback to refine the product concept.

Finalization: We make decisions in terms of the final product concept and its commercialization route as well as other details such as packaging design and product price.

BRANDING AND MARKETING

As a cosmetics group deeply rooted in the Chinese market yet forward-looking in our global aspirations, we view brands not merely as product identifiers but as emotional bonds that connect us with consumers. Guided by this belief, we continuously invest in brand building, creative storytelling and consumer insight–based marketing to strengthen brand equity, deepen consumer engagement and sustain our industry leadership.

Branding

We regard brand building and reputation as central to our long-term success. We operate a multi-brand portfolio across skincare, makeup and personal care. Each brand is designed with a distinct market positioning to engage specific consumer segments, enabling us to meet evolving consumer needs across demographics and consumption scenarios.

Our brand philosophy is shaped by industry trends and a passion for innovation. We have developed skincare concepts that resonate with consumers and contributed to market evolution. For instance, we were among the earliest Chinese skincare brands to foresee, shape and advocate the "Daytime C, Nighttime A" skincare trend in China. This initiative not only reinforced our scientific credibility but also earned us recognition for our skincare innovation. According to Frost & Sullivan Survey, PROYA's "Daytime C, Nighttime A" series skincare products ranked first among all surveyed skincare series products following the same concept in China in terms of consumer willingness to recommend and repurchase. According to Frost & Sullivan, PROYA (珀萊雅) has been the No. 1 skincare brand in China for "Daytime C, Nighttime A" products in terms of retail sales for five consecutive years from 2021 to 2025.

In addition, we are steadfast in building brands with warmth and cultural relevance. We seek to connect with consumers through resonant storytelling. For example, our short films such as "*When She Begins to Break Boundaries (當她開始打破邊界)*" and "*The Awakening Lioness Girl (醒獅少女)*" released during International Women's Day directly challenge gender stereotypes and promote inclusiveness and equality. We have also launched micro-movies based on authentic consumer stories, including "*Thanks for Being Part of It (謝謝參與)*" and "*Thanks for Remembering (謝謝記得)*", underscoring our belief in walking alongside our consumers through their personal journeys. These initiatives embody our commitment to being not only a beauty brand, but a trusted companion that grows with consumers over time.

Marketing

Our marketing integrates consumer insights, creativity and multi-channel engagement to build brand awareness, credibility and loyalty. Our approach combines content-driven engagement, social influence and experiential touchpoints to deliver a compelling presence across channels.

Digital and Social Media Marketing

We were an early mover in digital channels, establishing e-commerce operations on Tmall and JD.com in 2010 and expanding into content-driven platforms such as Xiaohongshu and Douyin in 2018. This early adoption enabled us to build an industry-leading presence and robust online marketing capabilities.

We engage consumers through platform-based word-of-mouth recommendations (種草), where users share personal experience and product reviews, creating organic peer-to-peer influence that drives trust and purchases. Word-of-mouth marketing goes beyond product introduction. It combines educational content such as insights into ingredients, formulation expertise and makeup tips, while demonstrating how our products can be incorporated seamlessly into consumers' daily routines. For instance, our "Daytime C, Nighttime A" skincare regimen is positioned not only as a functional solution but also as a lifestyle symbol that resonates with consumers. KOCs who post authentic experiences play a critical role in amplifying peer-to-peer recommendations, reinforcing our brand credibility and engagement. In addition, professional KOLs complement these organic consumer voices. Invited to trial our products and share curated content, KOLs help extend our reach, communicate product value effectively, and provide structured content that can be amplified across platforms.

We also create high-quality short-form content, including short videos, short films and micro-movies, which are distributed across major platforms such as Douyin, conveying our brand value. Our Douyin flagship stores, which integrate content marketing with e-commerce operation, have attracted around 26 million followers as of the Latest Practicable Date, reflecting strong consumer engagement, recognition and commercial impact.

We have implemented a diversified KOL/KOC collaboration strategy. We generally collaborate with KOL/KOC agencies to engage KOLs/KOCs for promotional activities. By carefully selecting KOLs/KOCs across different tiers, fields and audience segments, we engage in partnerships with a broad spectrum of KOLs/KOCs and develop various marketing approaches tailored to the specific characteristics of our products. This strategy not only enhances marketing efficiency but also prevents reliance on any single KOL/KOC to promote our products, thereby ensuring the continuity and stability of our promotional activities and business operations. The service fee we pay for such promotional activities is recorded as our selling and distribution expenses. During the Track Record Period, there is no reliance on a particular KOL or KOC to promote our products.

The salient terms of the typical agreements with KOL/KOC agencies are set forth as follows:

Term	The term of the agreement is determined by the advertising publication period and the number of live streaming sessions mutually agreed upon by the parties, generally spanning from three to six months.
Service scope	KOL/KOC agencies engage KOLs/KOCs to conduct marketing campaigns to promote our brands and products.
Fee arrangement . .	We typically pay a service fee in a fixed amount and/or as a percentage of sales amount generated during live streaming.
Intellectual property	We generally retain the intellectual property rights for materials supplied to KOLs/KOCs for the creation of promotional content. KOLs/KOCs typically retain the intellectual property rights for their work products, excluding materials provided by us. Both parties are obligated to maintain the confidentiality of trade secrets, including customer and transactional information.
Product sales and post-sale customer service .	We are responsible for providing products for sale and for post-sale customer services.
Termination	Agreements can typically be terminated upon expiry, by mutual consent, or in the event of a substantial breach by either party.

Livestreaming

We amplify consumer engagement through a combination of in-house livestreaming studios and KOL collaborations. In-house studios provide a consistent platform for daily operations, delivering uniform messaging and real-time interaction with consumers. Livestream events with KOLs leverage their personal influence and credibility to reach new audiences and drive online traffic conversion.

Celebrity Endorsements and IP Collaborations

We collaborate strategically with renowned celebrities to enhance brand credibility and connect with target consumers. These partnerships integrate the celebrities' unique personalities with our brand essence, communicating product value and philosophy in a resonant manner. In addition, selective IP collaborations, including product co-creations and limited-edition launches, further differentiate our offerings and reinforce cultural relevance.

Offline Marketing and Experimental Engagement

Offline initiatives complement our digital strategy, creating tangible consumer touchpoints. We deploy targeted experiential campaigns, including in-store product demonstrations, outdoor advertising, pop-up stores and new product launch activities. These activations allow consumers to engage directly with our products, strengthen emotional connections, and foster deeper brand loyalty. We also participate in or sponsor leading industry events, such as COSMOPROF International Cosmetics Exhibition in Italy Bologna (COSMOPROF意大利博洛尼亞國際美容展), China Beauty Expo (中國美容博覽會).

Membership and Consumer Communities

We operate integrated online and offline membership programs designed to foster long-term engagement. Members enjoy privileges such as member-only promotions or point-based incentives that encourage repurchase. Beyond formal membership, we foster a dynamic consumer ecosystem across e-commerce platforms, social media and other touchpoints, where consumers share experiences, provide feedback and participate in brand-led initiatives. By combining structured membership benefits with broader engagement channels, we create an ecosystem that not only delivers tangible rewards but also strengthens emotional connections, drives loyalty, and reflects our commitment to serving consumers, reinforcing our position as a trusted, consumer centric industry leader. Our Tmall flagship store had the largest number of registered members among all our omni sales channels as of the Latest Practicable Date. As of December 31, 2023, 2024 and 2025, the cumulative registered members of our major brands, including PROYA (珀 萊雅), HAPSODE (悦芙媞), TIMAGE (彩棠), INSBAHA (原色波塔) and Off & Relax, on the Tmall flagship stores were around 32.2 million, 43.9 million and 68.7 million, respectively, reflecting steady growth in alignment with our business growth.

SALES NETWORK

We operate on a sales model that prioritizes online platforms while leveraging offline sales channels to amplify our reach and achieve comprehensive market coverage. Our online sales channels include online direct sales and online distribution. Our offline sales were mainly through distribution. This dual approach has enhanced our brand's market penetration and reached a broader consumer base. The following table sets out our revenue from sales of goods breakdown by sales channel in absolute amount and as percentage of our revenue from sales of goods for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Online	**8,274,351**	**93.1**	**10,233,662**	**95.1**	**10,117,453**	**95.6**
– Online direct sales	6,748,550	75.9	8,121,889	75.5	8,192,415	77.4
– Online Distribution	1,525,801	17.2	2,111,773	19.6	1,925,038	18.2
Offline	**615,877**	**6.9**	**531,938**	**4.9**	**467,902**	**4.4**
– Offline Distribution	598,983	6.7	486,678	4.5	442,624	4.2
– Others	16,894	0.2	45,260	0.4	25,278	0.2
Total	**8,890,228**	**100.0**	**10,765,600**	**100.0**	**10,585,355**	**100.0**

Our Online Sales Channels

Leveraging our strong brand image, product advantages and consumer trust, we are rapidly expanding our online sales channels to meet the evolving consumer needs. Our online sales channels primarily consist of online direct sales and online distribution.

Online Direct Sales

We have established a robust online direct sales presence through our self-operated online stores on major e-commerce platforms such as Tmall and Douyin. As of the Latest Practicable Date, we operated 136 online stores. Through our forward-looking presence on these leading e-commerce platforms, we are able to efficiently reach a broad consumer base and deliver products directly. This strategy not only enhances shopping convenience but also strengthens our digital brand presence. Our online stores serve as key showcases, fully presenting product competitiveness and highlights, allowing consumers to browse and complete purchases. Consumers can place orders directly in our online stores and securely complete transactions through integrated online payment channels. This online sales channel is crucial to our business growth, helping us nimbly adapt to the fast-changing market landscape while enabling more precise and timely responses to consumer needs.

We have entered into agreements with the e-commerce platforms to operate and manage our online stores. There had been no material disagreement between such e-commerce platforms and us during the Track Record Period and up to the Latest Practicable Date. The following table sets forth a summary of the salient terms of our standard agreements with e-commerce platforms:

Term	The terms of our agreements with e-commerce platforms are typically one year.
Service scope	The e-commerce platforms shall provide software services in relation to online information services, software technology services, marketing and promotion resources, transaction management, transaction completions and other services.
Service fees	The e-commerce platforms generally charge us with a service fee both in fixed amount and as a percentage of sales amount.
Rebate arrangement	The rebates are typically calculated proportionally based on the overall sales of the relevant applicable products or the promotional service fees incurred with e-commerce platforms.
Code of conduct . . .	We are subject to the code of conduct of the e-commerce platforms. We shall follow the standard code of conduct regarding the scope of business, anti-bribery and anticompetition, confidentiality, consumer protection and data protection requirements.
Termination and renewal	The service agreements can generally be terminated upon prior written notice or in the event of a material breach. We and the e-commerce platforms generally need to enter into new agreements when the existing agreements expire.

Online Distribution

In line with market practice, during the Track Record Period, we also engaged online distributors. Our online distributors include major e-commerce platforms who directly sell our products to end consumers, such as JD.com, Vipshop and Tmall's self-operated stores, and other distributors who operate their own stores on the e-commerce platforms. In 2023, 2024 and 2025, we terminated business relationships with 27, 26, and 7 online distributors, respectively, primarily due to our evaluation of their sales performance and the expiration of distribution agreements. The following table sets forth the movement in the number of our online distributors for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Number of online distributors at the beginning of the year.	59	53	67
Number of online distributors newly engaged	21	40	26

	Year ended December 31,		
	2023	2024	2025
Number of online distributors terminated	27	26	7
Number of online distributors at the end of the year	53	67	86

In line with market practice, we typically enter into standard agreements with online distributors, which are essentially sales and purchase agreements. Under sales and purchase agreements, we have a buyer-seller relationship with online distributors and recognize revenue when they accept our products upon delivery. During the Track Record Period, we also entered into consignment agreements with certain online distributors, who distribute our products to end consumers through their online platforms. Under consignment agreements, we recognize revenue when products are sold to end-customers.

The following table sets forth a summary of the salient terms of our standard distribution agreements (including sales and purchase agreements and consignment agreements) with online distributors:

Term	The term of our agreement is generally one year.
Designated platform	The online distributors are generally not allowed to sell the products outside of their designated online platforms and specific stores as listed in the agreement without our written approval.
Product pricing	We generally provide a suggested retail price as guidance.
Payment and credit terms	For sales and purchase agreements, we generally require online distributors to make full payment prior to product delivery or within a specified period upon acceptance confirmation. For consignment agreements, we generally require the online distributors make their payment within a specified period upon acceptance confirmation.
Minimum procurement requirements	We generally do not set minimum procurement requirements for the majority of our sales to online distributors.
Logistics	We are generally responsible for delivering our products to the locations agreed between online distributors and us.
Transfer of risk	For sales and purchase agreements, the online distributors generally bear the risk of loss or destruction of the product after acceptance. For the consignment agreements, we generally retain ownership of the products and bear the risk of loss until products are sold to end customers.
Return and exchange policy	For the sales and purchase agreements, online distributors may return our products under specific conditions, including instances of product defects, exceeded shelf-life or other agreed reasons. For the consignment agreements, online distributors are permitted to return, provided that when the end consumers returned the products or the products are defective. Our Industry Consultant is of the view that the product return policies for online distributors are in line with industry practice.
Termination	The agreements can be terminated upon contract expiration, by mutual agreement, or due to significant breach.

Our Offline Sales Channels

Our offline sales channels are essential for building long-term consumer trust and loyalty. Our strong online sales channels are supplemented by offline sales channels, which mainly comprise offline distribution. In 2023, 2024 and 2025, our revenue generated from the sales through our offline channels was RMB615.9 million, RMB531.9 million and RMB467.9 million, accounting for 6.9%, 4.9% and 4.4% of our revenue from sales of goods, respectively.

During the Track Record Period, our offline sales are primarily conducted through partnerships with distributors to expand our offline sales network and improve brand awareness. Our offline distributors are typically regional distributors primarily engaged in the sales and distribution of cosmetics products with local distribution network and resources. We believe that offline distributors with strong sales channel management capabilities as well as sales and distribution experience of cosmetics products can help us penetrate a broader consumer base and enhance our brand awareness efficiently. We generally do not allow our distributors to set up or sell products to sub-distributors. In 2023, 2024, and 2025, we terminated business relationships with 72, 91, and 44 distributors, respectively. These terminations were primarily due to our evaluation of their sales performance and the expiration of distribution agreements. The following table sets forth the movement in the number of our offline distributors for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Number of offline distributors at the beginning of the year	318	332	349
Number of offline distributors newly engaged	86	108	93
Number of offline distributors terminated	72	91	44
Number of offline distributors at the end of the year	332	349	398

In line with market practice, we primarily enter into standard distribution agreements with our offline distributors, which are sales and purchase agreements in nature. Under sales and purchase agreements, we have a buyer-seller relationship with offline distributors and recognize revenue when they accept our products upon delivery. The following table sets forth a summary of the salient terms of our typical agreements with offline distributors:

Term	The term of our agreement is generally one year.
Designated distribution area	The offline distributors are generally not allowed to sell our products outside of their designated distribution area.
Pricing policy	We provide a suggested retail price for our offline distributors to follow.
Payment and credit terms	We typically require distributors to make payment upfront upon making a purchase order.
Minimum sales targets	We generally do not set minimum sales targets for offline distributors, except for some circumstances where we may impose minimum sales target and reserve the right to terminate the distribution agreement if a distributor fails to meet such targets.
Transfer of Risk	The offline distributors generally bear the risk of loss or destruction of the products after acceptance.

Product return and exchange	We typically do not accept product return and exchange from our offline distributors except for cases involving product defects, exceeded shelf-life, or as otherwise agreed. Our Industry Consultant is of the view that the product return policies for offline distributors are in line with industry practice.
Termination	The agreements can be terminated upon contract expiration, by mutual agreement or due to significant breach.

Distributor Selection and Management

We have adopted a set of distributor selection criteria and management policies to ensure our distributors are capable, efficient and well-resourced. Factors considered in distributor selection mainly include their geographic coverage, scale of operations, qualifications, existing consumer base and market reputation. We regularly review the performance of distributors through a selection process and annual assessment. We consider various factors in renewing agreements with distributors, primarily including their qualifications, sales and marketing capabilities, sales network, financial resources, consumer resources and synergies with our brands. We proactively manage our distributors to comply with the requirements of relevant laws and regulations. We require our distributors to have adequate storage conditions and facilities and adequate sales channels resources. We adopt and implement a suite of distributor management policies to ensure distributors are in compliance with the legal requirements. Our distributor management policies typically set out a variety of operational guidelines, including promotion activities, inventory management and payment requirements.

We monitor market trends and promptly formulate appropriate marketing and procurement plans in advance, which facilitates dynamic market management and ensures that our products are neither in excess nor out of stock. We formulate and implement stringent policies to prevent existing employees from working for or owning equity in any of our distributors. If any of our former employees becomes an employee of our distributors, or holds equity in our distributors, we require such relevant distributors to notify us. In addition, our internal control policy ensures the equal treatment of our distributors. To our best knowledge, as of the Latest Practicable Date, all of our distributors were Independent Third Parties. To our best knowledge, there was no employment, financing or family relationship between our distributors and us during the Track Record Period, save for one distributor who is controlled by our former employee. Our collaboration with such distributor began in 2024. The transaction terms with this distributor are comparable to other distributors. We use the same templates for and apply the same distributor management policies to all distributors.

Anti-Cannibalization Risk Management

We normally examine from an overall development perspective to manage the operation and optimize our resources investments in different channels and platforms. To minimize cannibalization among different sales channels, we typically adopt the following measures: (i) coordinating our different sales channels by providing, to a certain extent, products in different types or specifications; (ii) formulating and carrying out marketing campaigns and strategies considering the performance of our overall online and offline sales networks to avoid cross-platform competition; (iii) adopting a uniform pricing policy for products across different sales channels to ensure the standardization of our product pricing; (iv) providing our distributors with guidelines that define sales cannibalization and specify the consequences for its occurrence; (v) establishing a team responsible for reviewing any material violations by distributors in relation to cannibalization; and (vi) reserving the right to unilaterally terminate the distribution agreements with those distributors that engage in severe cannibalization or cross channel or cross region sales such as in cases where either a single retail transaction of RMB50,000 or more, or cumulative retail transactions amounting to RMB100,000 or more.

Channel Stuffing Risk Management

We strive to minimize the channel stuffing risks associated with our distributors primarily through the following measures: (i) we generally require a full payment before delivering products to distributors or grant a short credit period to selected distributors; (ii) we maintain a relatively stringent return policy for our distributors and generally do not allow returns of products sold to distributors unless there are product defects, exceeded shelf-life or other agreed-upon circumstances; and (iii) we generally do not set minimum sales targets for the majority of sales to our online distributors. We believe these measures incentivize our distributors to maintain a reasonable level of inventory of our products and avoid channel stuffing. Our Industry Consultant is of the view that the product return policies for distributors are in line with industry practice. In addition, we monitor and manage our own outbound inventory to track distributors' purchase activities. At the same time, we typically maintain proactive communication regarding product sales performance, inventory status and future procurement plans, thereby ensuring information alignment and smooth collaboration.

PRODUCTION

To ensure the product quality, we primarily relied on our in-house production capacity for our major skincare and personal care products during the Track Record Period, while engaging OEM/ODM partners to assist in producing certain makeup products and personal care products. Through self-production, we maintain stringent control over every stage of the production process, which is essential to guaranteeing product quality, safety and consistency. Meanwhile, we implement stringent production quality control measures over our OEM/ODM partners, including qualification check, onsite or remote inspection, unified production standard and final review of production and inspection results before releasing products so as to ensure controllable product quality and a stable supply chain.

Equipment and Technology

We have stayed attuned to the latest production technological development globally. We collaborate with leading suppliers on technology advancement and equipment upgrades to continually improve the quality of our products. Our key equipment used in production of our products includes emulsifying equipment, automatic filling equipment, as well as cartoning equipment, automatic sterilization equipment and packaging equipment. Our key equipment used in processing of our products includes extraction and refining equipment, mixing equipment and separation equipment. We precisely manage our production lines by implementing digital control over production parameters and monitoring production data. We consistently enhance the automation and digitalization of our production process through upgrades to our key equipment and devices involved in our production process. Moreover, we utilize multiple intelligent IT systems including the SAP to collect data across each of the key production steps, achieving real-time data monitoring and analysis, to ensure a controllable and transparent production process.

Production Process

We have set comprehensive production processes to ensure production efficiency and quality. We implement stringent quality control measures throughout the entire production process to deliver safe and effective products. We maintain strict control over each production step, closely monitor key stages such as formulation, filling and packaging, and support a high degree of automation to ensure precision, consistency and efficiency. Our typical production process for our major products is illustrated as below:

- ***Heating and Stirring Ingredients***: Ingredients and auxiliary materials are heated and stirred until completely dissolved at this step.

- ***Mixing and Emulsification***: The mixture of different materials undergoes high-pressure homogenization and emulsification. After stirring and cooling, active ingredients are added, followed by mixture filtration and discharge. We carry out inspection of semi-finished products at this step.

- ***Filling and Packaging***: We typically utilize automatic filling lines to fill in semi-finished products into inner packaging materials. The packaging process strictly follows the regulatory requirements, including coding and boxing. After mass packaging, we carry out inspection of finished products.

- ***Storage***: Finished products are stored in warehouses.

Production Capacity

Our production capability enables us to effectively respond to market demand and achieve economies of scale. As of the Latest Practicable Date, we operated one production base located in Huzhou, Zhejiang Province mainly for producing skincare products, with 66 production lines and an aggregate GFA of approximately 231,700 sq.m. The following table sets forth the details of our designed annual production capacity, actual production volume and utilization rate of our production base in Huzhou for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(million units, except the percentage)		
Designed production capacity[(1)]	380.0	401.2	401.2
Actual production volume	312.4	300.3	288.6
Utilization rate[(2)]	82.2%	74.9%	71.9%

Notes:

(1) The designed production capacity for each year is determined based on assumptions that our production facilities operate 11.25 hours per day, and we operate 315, 303 and 305 working days in 2023, 2024 and 2025 respectively.

(2) The utilization rate equals the actual production volume during the year divided by the designed production capacity for the same year.

To fulfill our long-term development goal and to address growing consumer demand, we had a factory in Huzhou under construction as of the Latest Practicable Date. The production base will be primarily used for the manufacture of skincare and personal care products, with a designed production capacity of 400 million units. The estimated total investment for the project amounts to RMB1,091.0 million. The estimated date of completion will be determined on the actual construction progress.

In addition, to maximize production efficiency and broaden our product portfolio, we cooperated with a selection of reliable OEM/ODM suppliers to produce our certain makeup products and personal care products. Under OEM model, we provide product formulations, designs, packaging and technical requirements, with OEM suppliers solely responsible for producing according to specified standards, and we lead and maintain strict control over all stages, including product design, raw material selection, production processes and quality standards. Under ODM model, the ODM suppliers are not only responsible for production but also participate in early-stage product development, formula design and sample prototyping. Based on market and product development plans, we propose requirements and collaborate with ODM suppliers to co-create new formulas. During the Track Record Period, the production volume under the OEM model represented 2.3%, 5.0% and 6.1% of our total production volume, respectively, while the production volume under the ODM model accounted for 7.5%, 10.7% and 12.4% of our total production volume for the same years. During the Track Record Period, the number of SKUs produced under OEM model was 4, 33 and 54, respectively, while the number of SKUs produced under ODM model was 187, 319 and 346 for the same years. The increases in the proportion of production volume and the number of SKUs produced under OEM/ODM model are in line with our growing makeup and personal care business. We carefully take into account a number of factors when selecting OEM/ODM providers, including price, product quality, production capacity, delivery scheme, geographic position, financial condition and reputation. We maintained strong relationships with multiple OEM/ODM providers during the Track Record Period. During the Track Record Period, there were no material quality issues with the products produced by OEM/ODM providers and no products were returned to OEM/ODM providers. In addition, we adjust purchase volume by certain OEM/ODM providers from time to time, which reduces our reliance on any single provider. Below sets forth a summary of the salient terms of our standard agreements with OEM/ODM providers:

Term	The term of our agreement is generally two to three years.
Production	We generally require our OEM/ODM providers to manufacture products according to our instruction and requirements. Production of products must comply with the agreed quality standards and product specifications.
Product return and exchange	We may return products to OEM/ODM suppliers under scenarios such as product quality issues.
Termination	The contract can be terminated by mutual agreement. We reserve the right to terminate the agreement in instances such as late delivery and product quality issues.

PROCUREMENT, WAREHOUSING AND LOGISTICS

Procurement

We adopt a centralized and quality-oriented procurement strategy to ensure the stability, traceability and efficacy of raw materials across our product portfolio. We primarily procure raw materials for our products, including humectants, active substances, grease wax, emulsifiers and packaging materials.

To ensure effective control over our key raw materials, we have established collaboration with a number of suppliers. We have put in place a supplier management system and implemented a rigorous supplier selection and evaluation procedure. We have a dedicated department responsible for reviewing the qualifications of suppliers, periodically evaluating their performance and updating the list of suppliers. We meticulously select our suppliers by taking into account a number of factors, including their product quality and efficacy, compliance condition of their production facilities, warehouses and logistics capabilities, quality control system and production equipment management capabilities. We also conduct thorough on-site inspections before engagement to ensure their standards meet our requirements and align with our business objectives and consumer needs. For qualified suppliers, our procurement department is responsible for establishing and maintaining supplier lists and conducting performance evaluation on existing suppliers on their product quality and timeliness in delivery. We reserve the right to terminate our relationship with suppliers who do not meet our internal standards. During the Track Record Period, we did not encounter any material quality problems or receive defective products, nor did we experience any supply shortages that materially and adversely affected our business, financial condition or results of operations.

Warehousing

We utilized the warehouses located within our production base mainly for raw materials and finished products and engaged third-party logistics service providers to provide warehousing facilities to optimize our logistics chain and enhance our logistics agility. We developed policies and procedures for inventory management. Our inventory management strategy is dynamic and responsive, taking into account the individual needs of different product categories and adjusting inventory levels based on careful analysis of production cycles and sales forecasts to ensure efficiency and responsiveness to market demands. Our WMS provides centralized, real-time inventory management across all sales channels. These systems enable us to continuously monitor stock levels, generate detailed inventory reports and maintain optimal product availability while ensuring operational efficiency. During the Track Record Period, we did not experience any material shortage of inventory or material obsoleteness of inventory of raw materials. Our inventories primarily consist of finished goods and raw materials. As of December 31, 2023, 2024 and 2025, we had inventories of RMB797.2 million, RMB661.4 million and RMB634.7 million, respectively.

Logistics

We mainly engage third-party logistics service providers for product delivery. Our transportation arrangements with our third-party logistics service providers enable us to maintain a low level of capital investment in developing and maintaining an in-house logistics system. We select logistics service providers based on their reputation, scale of operation, track record and price. We usually enter into fixed term agreements with our logistics service providers. We use a standardized logistics agreement for our logistics service providers. Our logistics service providers bear the risks associated with the delivery of our products, the liability for product damage occurring during the transportation process and are required to purchase necessary insurance. We assess our logistics service providers based on delivery performance, transportation capability and overall service quality. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material disruption in the delivery of our products or suffered any loss due to late delivery or mishandling of products by our logistics service providers.

QUALITY CONTROL

We attach great importance to the quality of our products. We have implemented stringent quality control in all material aspects of our operations, including product design and development, raw material procurement and production, ensuring consistent high quality of our products. We strictly adhere to applicable laws and regulations and have passed ISO 9001:2015, ISO 22716 Cosmetic Good Manufacturing Practice (GMP), and US FDA CFSAN Cosmetic Good Manufacturing Practice (GMP) certifications. We have also established comprehensive internal systems and aim to continuously refine and optimize the quality management system to ensure product quality, safety and reliability. In addition, we developed a comprehensive emergency procedures in the event of major quality-related issues, including (i) suspending the release and sale of affected products; (ii) establishing a dedicated team to collaborate with suppliers in identifying root causes and conducting risk assessments; (iii) reporting incidents involving regulatory or health safety issues to the medical products regulatory authorities in accordance with legal requirements; (iv) initiating product recall procedures when necessary and issuing notifications through official channels; and (v) establishing a dedicated hotline to handle consumer inquiries and complaints and providing necessary medical assistance or compensation support.

We have established a comprehensive quality risk management system, including R&D, procurement, production and delivery, which covers the entire product lifecycle to identify, assess and manage quality risks.

Product design and development. We embed our quality control processes into the product design and development phase. Through close collaboration between our quality control team and the R&D department, we identify and address potential quality issues before production. By involving quality control early in the design and development stages, we can integrate quality control measures into the product design specifications, including selection of raw materials, design for manufacturability, to ensure the product can be reliably produced.

Procurement. We carefully select our suppliers for raw materials, including mandatory qualification assessment before engaging suppliers. This assessment ensures that only suppliers who meet our standards for quality, reliability and other criteria such as sustainability and ethical practices are chosen to provide raw materials. Moreover, we have developed a tailored management system for safety testing of innovative raw materials to be used in market. We set multi-dimensional quality control indicators for raw materials we procured, including perspectives from physiochemical, microbiological and infrared spectrum fingerprint control.

Production. We follow all relevant standards for the production of our products, including the national mandatory standards and our internal standards. We have implemented a set of quality control standards for our self-manufacturing process and for our OEM/ODM providers to ensure consistent quality of our products. See "— Production.". Multiple quality control measures are implemented throughout the production process, including raw material control, manufacturing management, filling and packaging control, finished product control and shipping inspection. Our quality control team conducts internal inspections and external testing, sorting and inspecting finished products against our quality standards. These finished products are then sent to national or local testing institutes for further testing. This external testing adds an extra layer of quality assurance, verifying the product's compliance with relevant national standards and regulations. Depending on the nature of the product, this may involve a range of tests, including safety, performance and durability assessments. Through our internal and external quality control measures, we ensure that products are free from defects and meet all specified requirements before delivery to our sales channels.

Storage and Delivery. We cooperate with selected logistic providers to deliver our finished products in a cost-effective and timely manner. We then store our finished products in warehouses under conditions with ventilation, temperature and humidity controlled. In addition, we have taken measures to safely store our finished products with firefighting facilities. Moreover, we implemented a tracing system for the entire delivery process, complemented by periodic inspections of retained samples to prevent any material quality issues from arising during transit.

PRICING

In line with the market positioning of our brands and products, we determine the price of our products based on a number of factors, including cost of materials, the price of comparable products in the market, market conditions and our manufacturing and operation costs. We have implemented a uniform pricing strategy across all channels to ensure general consistency of our prices. We may participate in promotional events hosted by third-party e-commerce platforms and department stores. With respect to sales to distributors, our products are generally sold at a discount off the suggested retail prices of our products, taking into account the volume of products purchased by them, the profit margins, the prices of our products across the market, marketing and promotion costs for the sales channels, designated sales channels, as well as the number of end consumers they can reach.

CONSUMER SERVICE

We have a highly trained consumer service team that is dedicated to providing exceptional support to our consumers. Our team is equipped with technical knowledge and experience to provide accurate and timely assistance. We are committed to providing high-quality service to each of our consumers in an effort to enhance our consumer loyalty and satisfaction.

Feedback Handling Policy/Procedure

We have a dedicated consumer service team that stays responsive to consumers' inquiries, feedback and complaints, committed to providing personalized consumer services to build long-lasting consumer relationships and enhance consumer loyalty and satisfaction. As of December 31, 2025, our consumer service team consisted of 227 personnel. We closely monitor and keep record of reviews, feedback or complaints received across various channels such as our offline stores, third-party e-commerce platforms and accounts on social media and short video and promptly contact relevant consumers to address their concerns in a timely manner. Our consumer service team works closely with our sales, public relations, R&D, manufacturing and logistics team to address issues and enhance the overall consumer experience. Regular cross-departmental meetings are held to review consumer feedback and implement targeted improvements in products, logistics and service processes.

Supported by our consumer service team, we have built a strong track record of consumer satisfaction. For example, according to Frost & Sullivan Survey, the PROYA (珀萊雅) brand enjoys strong brand awareness and reputation, as evidenced by a high willingness to repurchase and recommend its products. During the Track Record Period and up to the Latest Practicable Date, we did not receive any complaint from consumers that had a material and adverse effect on our operations and business reputation.

Product Recalls, Returns and Exchanges

We have implemented a comprehensive product recall, return and exchange policy in compliance with applicable PRC laws and regulations and relevant third-party platform policies to protect consumer rights. For products sold via our offline stores, we generally allow product returns within the return period specified by the respective offline store for reasons such as product defects, adverse skin reactions or dissatisfaction with service. For products sold via our online stores on third-party e-commerce platforms, we generally allow consumers to return or exchange products in a condition suitable for a second sale within seven days from receipt according to the relevant laws and regulations. For return policies of products sold to distributors, see "— Sales Network." During the Track Record Period, our product return rate was approximately 1.9%. Such product return rate is calculated as a percentage of the total value of returned products during the Track Record Period divided by the sum of the total value of returned products and our total revenue during the same years. Such product return rate was lower than the industry average, according to Frost & Sullivan. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material product recalls, returns or defects.

OUR CUSTOMERS

Our customers are primarily end consumers in terms of revenue, while the largest customers could comprise e-commerce platforms that serve as our online distributors. Revenue from our five largest customers in each year during the Track Record Period was RMB1,161.3 million, RMB1,651.6 million and RMB1,325.5 million, respectively, representing 13.1%, 15.3% and 12.5% of our total revenue from sales of goods for the respective year.

To the best of our knowledge, each of our five largest customers in each year during the Track Record Period was an Independent Third Party. To the best of our knowledge, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest customers in each year during the Track Record Period.

OUR SUPPLIERS

Our suppliers primarily comprise raw materials, packaging materials, logistics services suppliers and OEM/ODM service providers. All of our five largest suppliers in each year during the Track Record Period were located in the PRC. The following tables set forth certain information about our five largest suppliers during the Track Record Period:

Suppliers	Major products/ services provided to us	Listing venue	Size of operations[9]	Credit term	Purchase cost	% of our total purchase cost	Year of commencement of business relationship with us
					(RMB'000)		
Year ended December 31, 2023							
Supplier A[1]	Logistics and transportation services	Listed in Shenzhen Stock Exchange and Hong Kong Stock Exchange	RMB216,469 million	10 business days	167,314	6.2	2016
Supplier B[2]	Cosmetics packaging materials	Not listed	RMB50,000 thousand	60 days	144,152	5.4	2017
Supplier C[3]	Cosmetics packaging materials	Not listed	USD14,480 thousand	60 days	129,002	4.8	2020
Supplier D[4]	Cosmetics packaging materials	Not listed	RMB11,000 thousand	60 days	95,680	3.6	2006
Supplier E[5]	Logistics and transportation services	Not listed	RMB6,000 thousand	10 business days	91,352	3.4	2018
Total					**627,500**	**23.4**	
Year ended December 31, 2024							
Supplier B[2]	Cosmetics packaging materials	Not listed	RMB50,000 thousand	60 days	156,519	5.1	2017
Supplier A[1]	Logistics and transportation services	Listed in Shenzhen Stock Exchange and Hong Kong Stock Exchange	RMB216,469 million	10 business days	139,617	4.5	2016
Supplier F[6]	Raw materials (including active ingredients and conditioners)	Not listed	RMB41,710 thousand	60 days	125,711	4.1	2019
Supplier D[4]	Cosmetics packaging materials	Not listed	RMB11,000 thousand	60 days	120,595	3.9	2006
Supplier G[7]	Makeup products	Not listed	RMB40,000 thousand	30 days	98,953	3.2	2021
Total					**641,395**	**20.8**	
Year ended December 31, 2025							
Supplier H[8] and its related parties	Personal care products	Not listed	USD 4,200 thousand	30 to 60 days	194,720	6.9	2021
Supplier B[2]	Cosmetics packaging materials	Not listed	RMB50,000 thousand	60 days	144,511	5.1	2017

Suppliers	Major products/ services provided to us	Listing venue	Size of operations[9]	Credit term	Purchase cost	% of our total purchase cost	Year of commencement of business relationship with us
					(RMB'000)		
Supplier A[1]	Logistics and transportation services	Listed in Shenzhen Stock Exchange and Hong Kong Stock Exchange	RMB216,469 million	10 business days	142,163	5.0	2016
Supplier G[7]	Makeup products	Not listed	RMB40,000 thousand	30 days	107,494	3.8	2021
Supplier D[4]	Cosmetics packaging materials	Not listed	RMB11,000 thousand	60 days	100,750	3.6	2006
Total					**689,638**	**24.3**	

Notes:

(1) Supplier A is a company specialized in logistics and transportation.
(2) Supplier B is a company specialized in manufacturing and sale of plastic and glass products.
(3) Supplier C is a company specialized in manufacturing and sale of plastic products.
(4) Supplier D is a company specialized in manufacturing and sale of plastic and glass products.
(5) Supplier E is a company specialized in logistics and transportation.
(6) Supplier F is a company specialized in manufacturing and sale of peptide biologics.
(7) Supplier G is a company specialized in manufacturing and sale of cosmetics products. Supplier G is an OEM/ODM service provider.
(8) Supplier H is a company specialized in manufacturing and sale of cosmetics products. Supplier H is an OEM/ODM service provider.
(9) In terms of the listed company, the size of operation refers to its total assets as of the December 31, 2025. In terms of the unlisted companies, the size of operation refers to their respective registered capital as of the Latest Practicable Date. With respect to the Supplier H, the size of operation refers to its own registered capital as of the Latest Practicable Date does not include registered capital of its related parties.

To the best of our knowledge, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party. To the best of our knowledge, none of our Directors, their close associates or any Shareholders of our Company, who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital, had any interest in any of our five largest suppliers in each year during the Track Record Period.

The salient terms of the agreements with our suppliers are set out as below:

Term . . . . The term of our agreement is generally three years.

Products/Service Type . . . Agreements with our suppliers mainly include supply of raw materials, packaging materials, logistics and warehousing services.

Payment and credit terms . . . . Payments to our suppliers are typically settled with a pre-agreed credit term as set forth in the agreements.

Termination . . . . We reserve the right to terminate the agreement in instances such as late delivery and product quality issues.

INFORMATION TECHNOLOGY

Information technology ("**IT**") systems are essential to competitiveness and efficient operations. We have instituted a systematic IT system covering all material aspects of our operations, including product sales, human resource management, membership management, financial reporting, e-commerce transactions via third-party platforms and logistics. Key IT systems we utilize in the course of our business operation primarily include: (i) SAP, which we use as a unified platform to integrate business-related information across our operations, supporting digitalized management, inventory control, order processing and crossdepartmental coordination; (ii) OMS, which centralizes the management of orders from multiple online sales channels across the entire order lifecycle, enhancing supply chain coordination and supporting sales data analysis; (iii) WMS, which supports multi-warehouse coordination and refined inventory management, with seamless integration with our SAP system to improve warehouse efficiency and resource utilization; and (iv) BI system, which enables data collection, analysis and visualization, supporting operational monitoring, demand forecasting and daily management decision-making.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any information technology system failure or downtime that had a material adverse effect on our business operations.

DATA PRIVACY AND SECURITY

With the prior consent of our customers, we collect and maintain customer information through systems developed and technically supported under the engagement of third-party service providers during the ordinary course of our business to the extent necessary for the sales and delivery of our products and provision of services, mainly including phone numbers, account names and delivery addresses. The collection of such data facilitates user registration, order processing, membership management, and other services related to the sale of cosmetics products. We have implemented measures to preserve the confidentiality of such information to ensure regulatory compliance. Furthermore, we have established stringent access controls and monitoring mechanisms to prevent unauthorized data access and ensure that data handling practices comply with both domestic and international data protection standards. We use the SaaS solution provided by third party and process customer personal information through the CRM system of such third party. Such third party implements industry-standard security measures to protect customer personal information and prevent unauthorized access, public disclosure, use, alteration, damage, or loss of data. Such measures include, but are not limited to: ensuring SSL encryption during data transmission; enabling HTTPS secure browsing for CRM-related websites; applying encryption technologies to safeguard data confidentiality; employing trusted protection mechanisms to defend against malicious attacks; and deploying access control mechanisms to ensure that only authorized personnel may access personal information. During the term of the contract, the CRM system of such third party has already obtained the following certifications and filings and maintains their validity throughout the contract period: the National Cybersecurity Classified Protection (Grade III) filing and assessment; ISO/IEC 27001:2022 Information Security Management System certification; and ISO/IEC 27701:2019 Privacy Information Management System certification. All SaaS platform accounts provided by such third party are equipped with security protection features, including encrypted storage of user passwords and other reasonable safeguards to prevent loss, misuse, or forgery of personal information. In addition, we use third parties' cloud service to store data related to our business systems. These cloud service providers have obtained multiple internationally recognized security and management certifications, including various ISO standards, covering key domains such as business continuity, quality management, information security, privacy protection, cloud service security, personal information management, storage security, and payment security.

Furthermore, we have formulated and implemented the Cybersecurity Management Policy Manual (《網絡安全管理制度匯編》), Data Lifecycle Security Management Policy (《數據全生命周期安全管理制度》) and Data Classification and Grading Security Management Policy (《數據分類分級安全管理制度》). These policies prescribe differentiated protection requirements for data at each classification level. With respect to access control, we adhere to the principle of least privilege, establish access rules for customer personal information, and conducts periodic audits and clean-ups of user permissions. Access to such data requires identity authentication, and the use of shared accounts is strictly prohibited. For privileged accounts, such as database administrator accounts, we further specify authorized users, restrict permitted access locations, enforce multi-factor authentication and require complete operation logging.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material data leakage or data loss or any material unauthorized use of customers' personal information. As advised by our PRC data compliance legal advisor we had complied with the applicable laws and regulations with respect to data privacy and personal data protection during the Track Record Period and up to the Latest Practicable Date in all material aspects. Given that legislation and law enforcement in the PRC on data privacy and security are still evolving, we will closely monitor further regulatory developments and take appropriate measures in a timely manner.

INTELLECTUAL PROPERTY

Intellectual property rights are critical to our business. As of the Latest Practicable Date, we maintained an intellectual property portfolio consisted of 312 patents in China, three patents overseas and 1,630 trademarks in China and worldwide. We also have an additional of 122 patent applications under review in China as of the Latest Practicable Date. See "Appendix VI — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights." We protect our intellectual property through patents, copyrights, trademarks and trade secrets in the PRC and other jurisdictions, together with confidentiality and contractual protections. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material infringement of our intellectual property rights or allegations of infringement by third parties.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Being a socially responsible company is not only an indispensable part of our business development, but also a core value that we have adhered to since our establishment. We are dedicated to corporate social responsibilities, environmental awareness and long-term sustainable development and have taken initiatives and practices to promote our value.

ESG Strategies

Our sustainable development strategy — "Beauty aspirations for a shared future (美美相生，共向未來)" — centers on the three pillars of sustainable development: sustainable business, sustainable value chain, and sustainable social ecosystem. With comprehensive ESG management as its foundation, this strategy drives sustainable progress. We look forward to driving sustainable values throughout PROYA's value chain through our own sustainable transformation. Together with all partners, industry peers, and consumers, we will ultimately achieve a sustainable social ecosystem.

(i) Sustainable Business — Creating Beauty: Products are the core driver of PROYA's sustainable business. To achieve sustainable development, we focus on developing safe and highly effective products that continuously create value and enhance the beauty of our consumers' lives. Simultaneously, we prioritize transforming our production and business models, driving sustainable shifts across the entire product lifecycle from product R&D, packaging, production, consumption, warehousing and logistics to create sustainable products.

(ii) Sustainable Value Chain — Delivering Beauty: Within our sustainable value chain, we prioritize three key stakeholders: business partners, consumers and industry ecosystem participants. We will support our partners' sustainable transformation, guide consumers toward greener lifestyles, and share our sustainable principles, knowledge, and solutions with industry partners to achieve industry-wide sustainability.

(iii) Sustainable Social Ecosystem — Empowering Beauty: We prioritize youth development and societal equality and inclusion, committing to support adolescents and women and supports equal opportunities for all members of society. Simultaneously, we address global environmental challenges beyond our direct business impact, striving to contribute to solving humanity's shared environmental challenges.

Governance Framework

Based on our development objectives and actual progress, we have established a comprehensive Environmental, Social and Governance (ESG) framework. The Board of Directors, as the highest decision-making body, is responsible for leading and making decisions on ESG initiatives. Under the Board, Board of Directors' Strategy and Sustainable Development Committee primarily researches and provides recommendations on corporate development strategies, major decision-making matters, sustainable development and ESG work. As of the Latest Practicable Date, the Strategy and Sustainable Development Committee currently comprises three members including one Executive Director and two Independent non-executive Directors. The ESG Management Committee serves as the specific ESG management body, it is subordinate to the Board's Strategy and Sustainability Committee and reports regularly to the Board's Strategy and Sustainability Committee. The ESG Management Committee is chaired by the Company's general manager, who shall regularly report to the Strategy and Sustainable Development Committee on behalf of the ESG Management Committee. The ESG Management Committee has established an ESG Implementation Team to support the implementation of the Company's ESG strategy and decision-making. This ESG Implementation Team is composed of representatives from various internal departments involved in ESG matters. It is coordinated by the Board Secretariat Office, with the Board Secretary serving as its head. The ESG Implementation Team is responsible for coordinating ESG efforts across business units, reporting on ESG matters to the ESG Management Committee, providing information necessary for decision-making, and offering operational guidance to all business segments.

The ESG Management Committee primarily undertakes the following responsibilities: (i) formulating and reviewing our ESG management policies, strategies, and structures to ensure they align with corporate needs and comply with applicable laws and regulatory requirements; (ii) reviewing our ESG objectives developed by the ESG Implementation Team, monitoring their execution, and tracking progress toward achieving these objectives; (iii) comprehensively identify current and future ESG risks and exposures, analyze their impacts on financial position, asset value, and cash flow, develop response plans for identified ESG-related risks, and integrate ESG considerations into strategic decision-making to ensure resource allocation supports risk mitigation and business transformation, enhancing corporate resilience and compliance capabilities; (iv) identify and prioritize substantial issues relevant to us; (v) regularly review our communication channels and methods with stakeholders to ensure the effectiveness of relevant policies; (vi) review our annual ESG report and other ESG-related disclosures, and submit recommendations to the Board of Directors' Strategy and Sustainability Committee for approval; (vii) monitor external ESG trends, summarize significant developments impacting our ESG management policies, strategies, and goal setting, then report to the Board of Directors' Strategy and Sustainable Development Committee; and (viii) other related matters delegated by the Board of Directors' Strategy and Sustainable Development Committee.

Our directors have diverse backgrounds. For directors and executives, we maintain a Board Diversity Policy. All board appointments are made based on the principle of meritocracy, while considering diverse perspectives, including gender, age, cultural background, educational background, professional experience, skills, regional and industry experience. We have established a comprehensive compensation incentive system to ensure alignment of their interests with those of shareholders.

We have established multiple management systems, including the "Internal Audit Management System," and "Internal Control Application Guidelines," to continuously enhance our risk control and compliance management capabilities. Additionally, we deepened compliance awareness among relevant departments and personnel through initiatives such as publishing internal legal magazines, establishing knowledge repositories, conducting thematic awareness activities, offering specialized legal training, and facilitating peer legal communications and training. These efforts fostered a compliance-oriented culture and advanced the unification and standardization of legal management across all brands.

Anti-corruption

We have established a comprehensive anti-corruption governance framework. Anticorruption efforts are centrally directed by the Board of Directors' Strategy and Sustainable Development Committee, headed by the ESG Management Committee, and executed by the ESG Management Committee's Corporate Governance Subgroup. We strictly complies with applicable laws and regulations and has formulated internal policies such as the "Anti-Commercial Bribery and Anti-Corruption Management Measures" and the "Sunshine Code of Conduct". In addition, we conducts regular business ethics risk assessments, provides integrity training, implements supplier integrity management, and maintains multi-tier whistleblowing channels, including an employee reporting system, hotlines, and email to promote a fair and transparent business environment.

ESG Risk Management

To identify ESG-related risks and opportunities through materiality issues, we first establish a materiality issue library by assessing business and industry characteristics, policy trends, exchange disclosure requirements, and peer comparisons. Subsequently, we engage stakeholders and internal and external experts to identify key ESG issues and assess their potential impact. Afterward, materiality is further evaluated through quantitative stakeholder questionnaires, and a dual materiality matrix is developed and confirmed by the ESG Management Committee for disclosure. Additionally, to identify, analyze, and organize the short-term, medium-term and long-term impacts of each ESG issue on ESG performance, risks, and opportunities within business operations and the business model, we conducted sustainability-related due diligence and disclosed the relevant targeted measures and practices implemented by us. In ESG issue management, we actively maintain communication with stakeholders, and strive to respond to their concerns aiming to achieve mutually beneficial cooperation among shareholders, employees, society and other parties.

Environmental Indicators and Targets

We actively seek to conserve resources, reduce greenhouse gas ("GHG") emissions, and limit waste and pollutant discharges, while fully implementing our sustainability strategy. We adhere to regulatory standards, as well as our internal management policies and objectives, and closely monitor key performance indicators in our operating environment, covering climate action, carbon reduction, electricity and water use, wastewater discharge, air emissions and solid waste. To better respond to the national "dual carbon" goals, we have set the following greenhouse gas emission targets, including achieving net-zero emissions in our own operations by 2030 and achieving carbon neutrality across the entire value chain by 2045.

The following table presents our GHG emissions for the years indicated:

		Year ended December 31,		
	Unit	2023	2024	2025
Scope 1 GHG emissions	tCO_2e	2,054.7	2,730.5	2,584.9
Scope 2 GHG emissions	tCO_2e	5,366.2	8,848.7	7,297.6
GHG emissions (Scope 1 + Scope 2)	tCO_2e	7,420.9	11,579.2	9,882.5

Addressing Climate Change

We acknowledge climate change-related risks and opportunities and have built a systematic framework to identify, assess and monitor them, strengthening corporate climate resilience and capturing business potential value.

Identification & Assessment

We identify climate-related risks and opportunities that may impact our operations, financial performance and strategic objectives, covering current and projected climate impacts across legal, technological, market and environmental aspects. We conduct climate risk assessment aligned with the IFRS S2 framework and tailored to our business traits, identifying climate risks and opportunities linked to our assets and operations and deploying targeted response measures. We further evaluate risk severity and opportunity value via qualitative analysis over short, medium and long-term risks and opportunities.

Management and Monitoring

We regularly monitor the management measures for various climate-related risks and opportunities, assess their implementation status, and report progress to the ESG Management Committee, which in turn reports to the Board of Directors and the Board's Strategic and Sustainability Committee on management progress and execution outcomes. The Board of Directors and the Board of Directors' Strategy and Sustainability Committee are responsible for overseeing ESG matters, including "climate change mitigation and adaptation," ensuring these are aligned with our needs. The Board of Directors' Strategy and Sustainability Committee has established the ESG Management Committee to oversee and guide climate change plans, formulate and monitor the implementation of climate change performance targets, and develop climate change incentive policies, all under the supervision of the Board of Directors and the Board of Directors' Strategy and Sustainability Committee. The ESG Implementation Team, under the ESG Management Committee, serves as the core execution team for climate change management efforts.

Energy Management

We continuously improve our energy management system by establishing a multi-level energy efficiency control framework, effectively ensuring the ongoing enhancement of our energy usage efficiency and the achievement of energy-saving targets. We have set energy management target: the proportion of clean energy usage will reach 50% by 2025. In daily operations, we promote green office practices by strictly adhering to the "Proya Building Daily Energy-Saving Plan" and the "Proya Building Orderly Power Usage Management Plan." In daily production, we champion energy-saving and carbon-reduction principles while vigorously implementing energy conservation and emission reduction projects, effectively reducing electricity consumption during equipment operation.

The following table presents our clean energy ratio for the years indicated:

		Year ended December 31,		
	Unit	**2023**	**2024**	**2025**
Clean energy ratio[1]	%	53.7	46.7	55.8

Note:

(1) The clean energy ratio is calculated by dividing the sum of purchased electricity (renewable energy), solar photovoltaic power generation and natural gas consumption, by the total energy consumption.

Water Resources Management

We prioritize water resource management, strictly adhere to laws and regulations and ensure lawful and compliant utilization of water resources. Taking our Huzhou production base as an example, we have set up a water-saving management leading group. The team oversees water-saving initiatives, applies assessment and incentive mechanisms, improves water metering, and standardizes water use to boost water efficiency. We have developed multiple water recycling systems, including cooling water circulation, wastewater filtration and reuse, concentrated water recovery from pure water production, and steam condensate reuse. A 50-ton water tank is also installed to mitigate sudden water supply interruption risks and safeguard stable operation.

Green Packaging

While maintaining product quality and performance, we adopt lightweight design, streamline production workflows, optimize product structure and assembly, and improve material efficiency to enhance packaging sustainability. Our brands actively advance packaging recycling and reuse. We have established the 3R (Reduce, Reuse, Recycle) framework for sustainable packaging improvement, and are committed to enhancing the sustainability of packaging across all stages of design, procurement, production, and logistics. In 2025, sustainable materials accounted for 38.4% of our total packaging materials.

Waste and Pollutant Management

We have identified the waste and pollutants generated at various stages of our operations and conducted environmental impact assessments to enable targeted management. The pollutants and waste we produce mainly originate from product research and development as well as employee office activities. Additionally, we have established a long-term monitoring mechanism to manage pollutant emissions. We regularly commission third-party agencies to conduct air and water quality testing, generating detailed inspection reports. During the Track Record Period and up to the Latest Practicable Date, we had not materially violated any environmental laws and regulations applicable for our operations.

Employee Hiring

We uphold the principles of fairness, impartiality and openness, and strictly abide by relevant national laws and regulations throughout the employment process to ensure equal opportunities in recruitment, hiring, promotion and remuneration, and to eliminate discrimination. We respect and safeguard employees' legitimate rights and interests through standard working hours, statutory paid holidays and other specific systems.

Employee Development and Training

We are committed to building a sound employee development and incentive system. We have established a training mechanism covering all levels, including induction training for new employees, professional training for business backbones, promotion training for middle managers and executive study tour programs. Moreover, we provide flexible learning channels through the online platform "Proya E Course". We implement a dual-channel promotion system for management and professionals, uphold fairness and impartiality, and conduct talent selection based on performance and competency assessment.

Occupational Health and Safety

We have consistently placed employee occupational health and safety at the core of our operational. We adhere to the principle of "ensuring safe production, fostering a culture of safety and safeguarding physical and mental well-being". Furthermore, we have established an occupational health and safety management system in alignment with ISO 45001 to protect employees' safety and health in the workplace.

Community and Public Welfare

We upheld our mission of "Beauty to last, bliss to share (美麗永存,共享美好)" by systematically advancing our social responsibility initiatives and actively participating in various charitable activities and philanthropic efforts. We operate our corporate social responsibility initiatives through our corporate foundation, focusing on key areas including educational empowerment, regional prosperity, women's development, emergency relief, and community building. Additionally, we maintained the operation of PROYA (珀萊雅) Primary School for 18 consecutive years to support rural education. We provided financial support to multiple community charitable projects. From 2023 to 2025, we invested a total of RMB16.3 million in community public welfare initiatives, with charitable donations reaching RMB16.1 million. Total employee volunteer service hours reached 3,750 hours.

Raw Material Procurement and Biodiversity Conservation

We consistently monitor the potential environmental and social impacts of the raw materials we use, adhering to responsible sourcing practices. At the same time, we actively guide and support our partners in implementing ESG management to help reduce their environmental and social footprints. Performance indicators covering employee training, ethical business practices, and environmental management, among other areas, are included in our assessments.

We are committed to biodiversity conservation and strive to minimize the ecological impact of our operations. Palm oil is widely adopted in the cosmetics industry. However, its production can lead to excessive deforestation and poses a threat to the habitats of endangered species. While we do not directly use palm oil in our production, we actively manage palm oil-derived ingredients by prioritizing the procurement of palm oil derivatives certified by the Roundtable on Sustainable Palm Oil (RSPO). This approach enhances the sustainability of our products and reduces their environmental impact.

We are committed to minimizing the use of laboratory animals during product development by actively establishing and applying alternative testing methods. Where permitted by regulations and while ensuring product safety, we employ scientific approaches to replace animal testing. We utilize a range of animal-free methods to verify product safety, including 3D artificial skin models.

During the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations in China regarding animal testing and biodiversity conservation in all material respects. During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, we were not aware of there were any material non-compliance by our suppliers with the relevant laws and regulations regarding animal testing and biodiversity conservation.

RISK MANAGEMENT AND INTERNAL CONTROL

We have put in place a set of internal control and risk management policies and procedures to address potential operational, financial, legal and market risks identified in relation to our operations. We also periodically review these procedures to ensure their effectiveness. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [**REDACTED**], we have adopted, among other things, the following risk management measures: (i) establishing an Audit Committee to review and supervise our financial reporting process and internal control system; (ii) adopting policies to ensure compliance with the Listing Rules, including matters relating to risk management, connected transactions and information disclosure; (iii) organizing training sessions for our Directors and senior management in respect of the relevant requirements of the Listing Rules and the duties of directors of companies listed in Hong Kong; (iv) establishing a set of emergency procedures in the event of major quality-related issues; (v) adopting internal control policies with regard to our brands and products; (vi) providing enhanced training programs on quality assurance and product safety procedures; and (vii) distributing employee handbooks to enhance employees' awareness of compliance with laws and regulations.

In addition, we have adopted the following measures to ensure ongoing compliance with relevant laws, regulations and policies in relation to cosmetics advertising, including: (i) ***Internal Review Process***: We have established a cross-departmental advertising content compliance review procedure; all advertising materials must undergo a joint review by marketing, R&D and legal teams to ensure scientific accuracy and full compliance with relevant laws and regulations; (ii) ***Staff Training***: We conduct specialized training for business teams, such as marketing, operations, customer service, on topics like advertising law, cosmetic regulations, and compliance for live-streaming/short videos; simultaneously, we provide our legal team with opportunities for external training, ensuring their professional expertise evolves in step with the latest legal and regulatory developments; (iii) ***Performance Evaluation Mechanism***: We have incorporated advertising compliance into the internal key performance indicators for relevant business teams; through well-defined assessment criteria, we reinforce compliance awareness and ensure the effective implementation of all regulations in daily operations; and (iv) ***External Expert Support Network***: We maintain ongoing communication with external legal advisors and regulatory experts; when encountering uncertainties, we proactively seek external professional opinions to preemptively mitigate compliance risks arising from misinterpretation.

SEASONALITY

Our results of operations are exposed to seasonal fluctuations in demand for our products. We typically experience higher product sales during shopping festivals, such as 618, Double Eleven and Double Twelve shopping festivals, and public holidays, such as the New Year, the Spring Festival and Christmas. As such, we typically experience sales peaks during the fourth quarter of each year. We believe this pattern is likely to continue in the foreseeable future. See "Risk Factors — Risks Relating to Our Business and Industry — Our sales volume may fluctuate due to seasonality."

COMPETITION

We are rooted in China's cosmetics industry, particularly the skincare industry. According to Frost & Sullivan, China is the world's second-largest cosmetics market. Its share of the global cosmetics market was approximately 11.5% in 2025. The Chinese cosmetics market size reached RMB953.3 billion in terms of retail sales in 2025, which is expected to grow at a CAGR of 5.1% from 2025 to 2030 higher than the expected CAGR of the global cosmetics market over the same periods. According to Frost & Sullivan, we were the fifth-largest cosmetics group in China in terms of retail sales in 2025, and the only Chinese group among the top five. Underpinned by our consumer insights, expertise in scaling signature products across multiple categories, execution-driven talent pool as well as leading industry position, we are well poised to capture significant growth opportunities.

We mainly compete with domestic and international brands in the cosmetics industry in China. Some of our competitors may have better financial, technical or marketing resources, have more established commercialization and operating history and enjoy greater brand recognition, market share and consumer base. See "Risk Factors — Risks Relating to Our Business and Industry — The industry in which we operate is highly competitive and rapidly evolving and may not develop as anticipated. Our business success closely ties to the development of this industry and our ability to compete effectively against existing or potential competitors in this industry." We believe that with our strategic positioning, strong R&D capabilities and dynamic sales and distribution network, we are well-positioned in the industry to capture the rapidly growing market opportunities, attract and maintain consumers and increase our market share. See "Industry Overview."

EMPLOYEES

As of December 31, 2025, we had 3,252 full-time employees, including 3,236 based in China, five based in France and 11 based in Japan. The following table sets forth a breakdown of our employees by business function as of the same date:

Business Function	Number of Employees	Percent (%)
Sales	2,063	63.4
Production	409	12.6
Administration	446	13.7
Research and Development	334	10.3
Total	3,252	100.0

Attracting, retaining and motivating qualified employees is crucial to our success. We recruit talent through multiple channels, including professional recruitment platforms, campus recruitment and referrals, and are committed to maintaining a fair and equal working environment. We motivate and retain employees by offering competitive compensation, comprehensive welfare packages and performance-based incentive schemes. We also provide training programs for employees at all levels, including induction training for new hires, management skills training for key personnel and regular or specialized training tailored to the needs of different departments. In addition, we have established labor unions to protect employees' rights, encourage employee participation in management decisions and assist in mediating disputes between us and union members. We have maintained a good relationship with our employees and did not have any material labor dispute during the Track Record Period and up to the Latest Practicable Date.

As required by the laws and regulations in the PRC, we participate in various employee social security plans that are administered by local governments, including housing provident fund, pension insurance, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. We also enter into employment contracts and agreements regarding confidentiality, intellectual property and non-competition with our executive officers, managers and employees.

During the Track Record Period, we had not paid social insurance and housing provident fund in full using actual wages as the contribution basis. Our Directors confirm that the non-compliance was mainly due to (i) the applicable PRC laws and regulations governing social insurance and housing provident funds are vary by region, which added complexity to our compliance efforts; and (ii) certain employees were unwilling to pay the social insurance and housing provident funds in full as it requires additional contributions from them. See "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to additional contributions of social insurance and housing provident funds imposed by relevant governmental authorities." Pursuant to relevant PRC laws and regulations, for under-contribution of social insurance, we may be ordered to pay the outstanding balance within a prescribed time period plus a daily overdue charge of 0.05% of the delayed payment amount. If such payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the outstanding amount. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may require payment of the outstanding amount within a prescribed time period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

With respect to the future contribution to social insurance and housing provident fund, we will (i) continuously educate employees to raise awareness about the importance of contributing to social insurance and the housing provident fund and require employees to cooperate in compliance of making full contributions; (ii) strengthen our communication with the local competent authorities to ensure our compliance with the regulatory requirements of the local competent authorities; and (iii) consult external legal adviser regularly to assess whether we are subject to relevant risks of non-compliance.

According to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "Interpretation II") promulgated by the Supreme People's Court on 31 July 2025 and implemented on 1 September 2025, any agreement between an employer and an employee, or any undertaking by the employee, purporting to waive statutory social insurance contributions shall be deemed void by the people's court; if an employer fails to make social insurance contributions as required by law, and the employee invokes Article 38(3) of the Labor Contract Law of the PRC to terminate the labor contract and seek economic compensation, the people's court shall uphold the employee's claim. Considering that (i) the Interpretation II does not repeal any currently effective PRC laws or regulations relating to social insurance; (ii) the Interpretation II does not expand the scope of any applicable penalties relating to social insurance; (iii) the Group has no agreements or undertakings with any employees purporting to waive statutory social insurance contributions; and (iv) during the Track Record Period and up to the Latest Practicable Date, there have been no material employee complaints, reports, or related litigation or arbitration proceedings against the Group, our PRC Legal Advisor is of the view that the Interpretation II has no material adverse impact on the Group's operation or financial condition.

INSURANCE

We maintain insurance coverage in place for our daily operations. Our principal insurance policies primarily include social security insurance for our employees, public liability insurance, property insurance and product liability insurance. We believe that we have adequately covered major risks in the jurisdictions in which we operate and follow general market practices by not maintaining certain policies that are not available or required by law in those jurisdictions. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may be inadequate to protect us from the liabilities we may incur or cover all of our potential losses." We believe that our insurance coverage is deemed sufficient for our business and aligns with industry standards and market practice. We regularly review and assess our risk portfolio and make necessary adjustments to our insurance plans to meet our needs and industry practices. During the Track Record Period and up to the Latest Practicable Date, we did not have any significant insurance claims related to our business.

PROPERTIES

Our headquarters office is located in Hangzhou, China. We own and lease properties in China. As of the Latest Practicable Date, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of December 31, 2025, we owned the land use rights of 27 properties in the PRC with an aggregated gross land area of approximately 233,528.8 sq.m. Additionally, we owned 40 buildings in the PRC, all of which have all obtained property ownership certificates and land use rights, with a total floor area of approximately 278,373.2 sq.m. The abovementioned owned properties are primarily for use as manufacturing facilities and offices.

Leased Properties

As of December 31, 2025, our Company and our Major Subsidiaries leased five properties in China among which the gross land area of the leased land parcels is approximately 12,091.0 sq.m., and the gross floor area of the leased buildings is approximately 4,891.6 sq.m., which were primarily for R&D and business operations such as R&D centers, offices and photography studios. The lease generally have a term ranging from one to ten years.

Leased Properties with Defective Titles

As of December 31, 2025, among the five leased properties of our Company and our Major Subsidiaries, there are two leased land parcels that have not applied for land use right certificates, corresponding to a gross land area of the leased land parcels of approximately 12,091.0 sq.m., and a gross floor area of the leased buildings of approximately 3,686.8 sq.m.

We believe that the lessors' failure to provide the relevant documentation is due to reasons beyond our control. According to our PRC Legal Advisor, without valid property ownership certificates or proper authorizations, our use of these buildings may be invalid or subject to third-party claims or disputes. Furthermore, if the lessors lack legal rights, we may be required to vacate these leased buildings and relocate our operational sites. Considering that: (i) the lessor has issued a confirmation letter stating that it legally owns the property, that the actual use of the leased property complies with relevant planning requirements, and that it will continue to perform under the lease agreement; (ii) current PRC laws and regulations do not explicitly impose any penalties on lessees in these circumstances; (iii) the properties with defective titles only accounted to a relatively small portion of the premises we used for business operations and are substitutable, and (iv) during the Track Record Period, neither our Company nor our subsidiaries were subject to any penalties by competent authorities due to the defective properties, our PRC legal advisor is of the view that the foregoing defects in the leased properties is unlikely to impose an material and adverse effect on our business operation. Additionally, considering the leased properties with defective titles and/or registration defects are primarily used for R&D, office and photography studio rather than for production, we believe in the event that relocation becomes necessary, we are able to identify and relocate to comparable alternative leasing properties in a timely manner. During the Track Record Period and up to the Latest Practicable Date, we had not received any notification requiring us to relocate from the properties with defective titles. Therefore, our management is of the view that the aforementioned incident would not have any material adverse effect on our business, financial condition and results of operations.

Leased Properties with Registration Defects

Pursuant to the applicable laws and regulations in China, property lease agreements for leased buildings must be registered with the relevant real estate authorities. Our PRC Legal Advisor has confirmed that the lack of registration does not affect the validity or enforceability of these lease agreements, although we may face fines ranging from RMB1,000 to RMB10,000 per unregistered lease. As of December 31, 2025, the leased properties have not completed the registration and filing procedures for their lease agreements. During the Track Record Period and up to the Latest Practicable Date, we had not been ordered to make corrections by the competent authority of Ministry of Housing and Urban Development. See "Risk Factors — Risks Relating to Our Business and Industry — Any interference to our right to use the owned or leased premises may adversely affect our business operations."

LICENSES, PERMITS AND APPROVALS

We are required to obtain various licenses, permits, approvals and certificates for our business. As advised by our PRC Legal Advisors, we had obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations and such licenses, permits, approvals and certificates are valid and subsisting as of the Latest Practicable Date.

As of December 31, 2025, apart from business licences, special cosmetics registration certificates and the filing for domestic general cosmetics, our Company and our Major Subsidiaries possess the following material licences, permits, approvals and certificates:

No.	Holder	Certificate Name	Filing Date	Expiry Period
1 . .	Company	Cosmetic Production License 化妝品生產許可證	December 16, 2025	February 8, 2031
2 . .	Proya Zhejiang	Cosmetic Production License 化妝品生產許可證	August 18, 2023	August 17, 2028

No.	Holder	Certificate Name	Filing Date	Expiry Period
3 . .	Zhejiang Beauty Valley	Class II Medical Device Distribution Filing 第二類醫療器械經營備案	April 8, 2025	/
4 . .	Huzhou Chuangdai		April 1, 2025	/
5 . .	Zhejiang Beauty Valley	Medical Device Online Sales Filing 醫療器械網絡銷售備案	April 8, 2025	/
6 . .	Huzhou Chuangdai		April 2, 2025	/
7 . .	Company	Record of a Consignee or Consignor of Imported or Exported Goods 進出口貨物收發貨人備案	August 25, 2010	/
8 . .	Huzhou branch of Company		September 25, 2019	/
9 . .	Shanghai Branch of Company		September 16, 2025	/
10 .	Huzhou branch of Company	Fixed Pollution Source Emission Registration固定污染源排污登記	September 3, 2025	September 2, 2030

The Directors are of the view that we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions where we operate during the Track Record Period and up to the Latest Practicable Date, on the ground that as advised by our PRC Legal Advisors, we had duly obtained the requisite licenses, permits, approvals and certificates from applicable authorities which are material to our operations, and such licenses, permits, approvals and certificates are valid and subsisting during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any non-compliance incidents that led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations. Our Directors are of the view that, we had complied, in all material respects, with all relevant laws and regulations in the jurisdictions we operate in during the Track Record Period and up to the Latest Practicable Date.

AWARDS AND RECOGNITIONS

The following table sets out major awards and recognitions we received during the Track Record Period and up to the Latest Practicable Date:

Awards to Us

Year	Name of award or recognition	Awarding Authority
2026	Best Progress Enterprise in the Industry (行業最佳進步企業) and Top 10% of the Personal Care Industry (個人用品行業最佳10%)	S&P Global
2025	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)	International Federation of Societies of Cosmetic Chemists

Year	Name of award or recognition	Awarding Authority
2025	Top 10 Company China's Light Industry (中國輕工業化妝品行業十強企業)	China National Light Industry Council (中國輕工業聯合會)
2025	Future Factory in Zhejiang Province (浙江省未來工廠)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2024	National Green Factory (國家級綠色工廠)	Ministry of Industry and Information Technology (中華人民共和國工業和信息化部)
2024	Digital Transformation "Leader of China's Light Industry" (中國輕工業數字化轉型"領跑者")	China Light Industry Information Center (中國輕工業信息中心)
2024	Zhejiang Provincial Leading Enterprise for Private Sector Economy (浙江省民營經濟總部領軍企業)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2024	Zhejiang Provincial Efficacy Cosmetics Key R&D Institute (浙江省功效化妝品重點企業研究院)	Department of Economy and Information Technology of Zhejiang Province (浙江省經濟和信息化廳)
2023	National Intellectual Property Advantage Enterprise (國家知識產權優勢企業)	China National Intellectual Property Administration (國家知識產權局)
2023	Green Supply Chain Management Model Enterprise (綠色供應鏈管理企業)	General office of the Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部辦公廳)
2022 to 2024 . . .	Wind China Listed Companies ESG Best Practice Top 100 (Wind中國上市公司ESG最佳實踐100強)	Wind Information (萬得資訊)
2020, 2021, 2022, 2024 . . .	SSE Main Board Listed Company A-Level Rating for Information Disclosure (滬市上市公司信息披露工作評價結果為A)	Shanghai Stock Exchange (上海證券交易所)
2011, 2014, 2017, 2020, 2023 . . .	National High-Tech Enterprise (國家高新技術企業)	Zhejiang Provincial Tax Service, State Taxation Administration (國家稅務總局浙江省稅務局)
2019 to 2024 . . .	Top 100 Most Valuable Main Board Listed Companies (主板上市公司價值百強)	Securities Times (證券時報)

Awards to Our Brands

Year	Name of award or recognition	Awarding Authority	Awarded Brand
2026	Nomination for Cosmoprof Awards 2026 (2026 Cosmoprof Awards提名)	Cosmoprof Worldwide Bologna (博洛尼亞國際美容展)	TIMAGE (彩棠)、Off & Relax
2025	China Online Top 500 Global Brands (全球品牌中國線上500強)	National School of Development at Peking University (北京大學國家發展研究院)	PROYA (珀萊雅)

Year	Name of award or recognition	Awarding Authority	Awarded Brand
2024, 2025 .	Top Brand of the Year under Tmall Beauty Awards (天貓金妝獎 • 年度TOP品牌獎)	Tmall	PROYA (珀萊雅)
2025	Youth Choice Award of the Year under Tmall Beauty Award (天貓金妝獎 • 年度年輕人選擇獎)	Tmall	TIMAGE (彩棠)
2024	Beauty Hair Care Top Award (美伊BEAUTY • 洗護髮TOP大獎)	China Beauty Expo (中國美容博覽會)	Off&Relax
2024	VOGUE Beauty Award (VOGUE美容大獎)	VOGUE China	TIMAGE (彩棠)
2024	Annual Emerging Brands List (年度新銳品牌榜)	Beauty Evolution (美麗修行)	HAPSODE (悅芙媞)