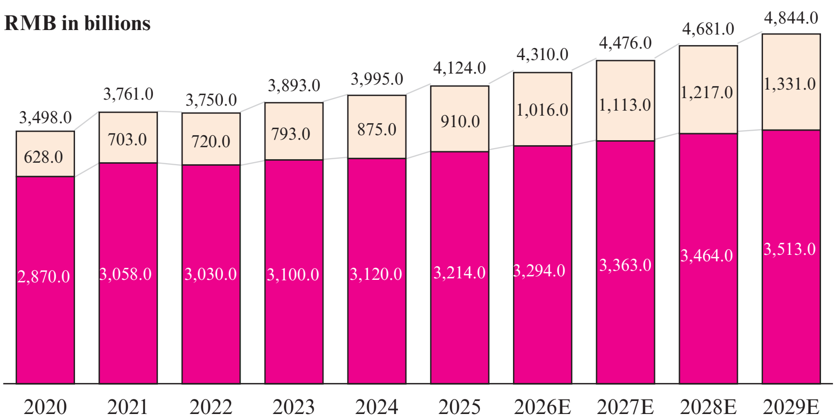
The information and statistics set out in this section and other sections of this document were extracted from the Frost & Sullivan Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [REDACTED]. The information from official government sources has not been independently verified by any of the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy. For discussion of risks related to the Group's industries, see "Risk Factors — Risks Relating to Our Business and Industry" in this document.

OVERVIEW OF CHINA'S MATERNAL, INFANT AND CHILD PRODUCTS AND SERVICES MARKET

China's maternal, infant and child products and services market serves families with children, covering essential product retail and related services such as parenting support, membership programs, interactive events and children's play zones. It is an important consumer market serving families with children. Frost & Sullivan is of the view that classifying maternal, infant and child products and services as an integrated market is consistent with common industry research practice in China. This is because the market is generally defined by family-based purchase decision-making, overlapping consumption scenarios covering pregnancy, infancy and child-growth stages, and shared retail channels, membership systems and omni-channel touchpoints. The selected players are primarily consumer-facing retailers, service providers or brand operators competing at the same or comparable level of the value chain, which makes such integrated classification appropriate for competitive landscape analysis. Such classification does not imply that every selected player operates across all sub-categories of the market. The chart below sets out the market size by GMV for 2020–2029E.

China's Maternal, Infant and Child Products and Services Market Size by GMV, 2020–2029E

CAGR	2020–2025	2026E–2029E
Services	7.7%	9.4%
Goods	2.3%	2.2%
Total	**3.3%**	**4.0%**



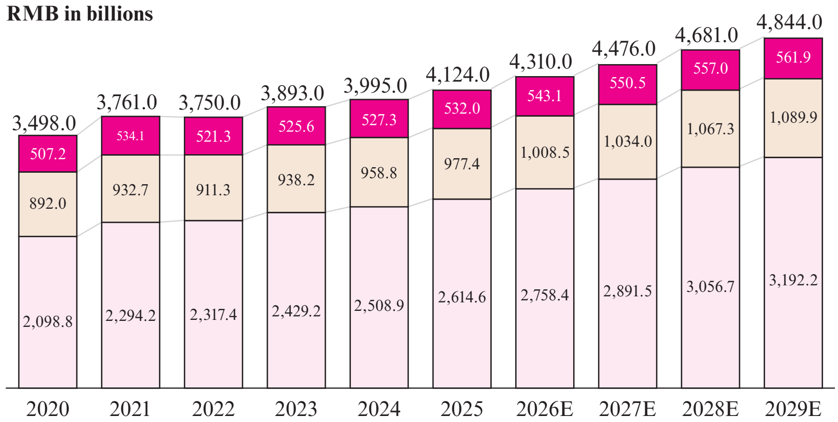
Source: National Bureau of Statistics (NBS), National Development and Reform Commission (NDRC), literature research, Frost & Sullivan analysis

China's maternal, infant and child products market is segmented into the food and non-food sectors, with the food segment maintaining a predominant market share. The food segment expanded from RMB2,032.0 billion in 2020 to RMB2,179.1 billion in 2025, representing a CAGR of 1.4%, and is projected to reach RMB2,325.6 billion by 2029. Concurrently, the non-food segment grew from RMB838.0 billion in 2020 to RMB1,034.9 billion in 2025 at a CAGR of 4.3%, with a forecasted valuation of RMB1,187.4 billion by 2029.

In terms of city tier structure, tier 1 and tier 2 cities currently remain the core component of the market due to their mature retail penetration and relatively high consumption base. However, the market's incremental growth is clearly shifting toward tier 3 and lower tier cities. The chart below sets out the market size of China's maternal, infant and child products and services market by GMV and by city tiers for 2020–2029.

China's Maternal, Infant and Child Products and Services Market Size, by GMV and by City Tiers, 2020–2029E

CAGR	2020–2025	2026E–2029E
Tier 1 cities	1.0%	1.1%
Tier 2 cities	1.8%	2.6%
Tier 3 and lower tier cities	4.5%	5.0%
Total	**3.3%**	**4.0%**



Source: NBS, NDRC, literature research, Frost & Sullivan analysis

China's maternal, infant and child market is seeing deeper integration between online and offline channels. While online channels offer convenience and broad access to information, offline channels, particularly chain specialty stores, remain important for product trials, professional consultation and in-store service experiences. The market is moving from fragmented single-channel competition toward integrated omni-channel operations, with local on-demand retail using stores as fulfillment nodes to combine online ordering convenience with offline immediacy.

Traditional and fragmented models are increasingly misaligned with new-generation parents' demand for trusted product selection, professional guidance, tangible experiences and one-stop fulfillment. Information noise and non-standardized offline services raise trust costs and prolong decision-making, while lower-tier markets often face constraints in scenarios, assortments and supply chain support. For retailers, high inventory risk, stockouts of best-sellers and backlogs of long-tail items, together with fulfillment and after-sales pressures, continue to weigh on operating efficiency and profitability.

Against this backdrop, the market is upgrading toward more standardized, service-oriented and integrated operations. The chain operation rate of China's offline maternal, infant and child market, in terms of GMV, increased from 18.1% in 2020 to 27.2% in 2025 and is projected to reach 35.4% by 2029. Beyond chain scale, share is increasingly concentrating toward players with stronger digital capabilities and deeper supply chain integration. Omni-channel professional retailers and service providers differentiate by integrating products and services into a one-stop offering, connecting in-store experience with online and local fulfillment, and running refined membership operations to build higher trust and repeat purchases, thereby accelerating the substitution of fragmented traditional channels.

Growth Drivers and Development Trends

- **Value-oriented growth driven by rising household budgets.** China's maternal, infant and child market is shifting from volume-driven expansion to value-oriented growth, as families increasingly prioritize safer, higher-quality and more specialized products and services. Although China's birth rate declined from 8.52‰ in 2020 to approximately 5.63‰ in 2025, spending per child is supported by policy measures that reduce childcare costs. In particular, the Implementation Plan for the Childcare Subsidy System, issued in July 2025, provides a national base subsidy of RMB3,600 per child per year for children under the age of three, effective from January 1, 2025. Such subsidy increases household budgets for childcare-related consumption and is expected to have a stronger marginal impact in lower-tier cities, where incremental subsidies may translate more directly into spending on infant food, consumables, children's apparel, educational products and parenting services. The Group benefits from this trend through its broad product and service portfolio covering food, footwear and apparel, consumables, durables, child development and parenting services, enabling it to capture upgraded household demand beyond basic infant necessities.
- **Digital omni-channel integration and local on-demand fulfillment.** China's maternal, infant and child market is shifting toward integrated online-offline operations, supported by the rapid growth of local on-demand retail. According to the China Academy of International Trade and Economic Cooperation under the Ministry of Commerce, China's instant retail market reached RMB781.0 billion in 2024, representing a year-on-year growth of 20.15%, and is expected to exceed RMB1.0 trillion in 2026 and reach RMB2.0 trillion by 2030. In high-frequency categories such as infant formula, diapers, baby food, consumables and daily-care products, faster delivery can improve purchase conversion and repeat purchases, as households often require timely replenishment. Store-based fulfillment and forward warehouse networks shorten delivery distance and allocate inventory closer to consumers, thereby improving response speed, reducing stock-out risk and making instant delivery more standardized. AI-enabled demand forecasting, inventory allocation, order routing and automated customer engagement further help retailers improve labor productivity, inventory turnover and fulfillment efficiency. The Group benefits from this trend through its nationwide store network, self-operated online platforms, local fulfillment capabilities and investment in digital and AI tools.

- **Lifecycle-based consumption expansion and category boundary extension.** Demand in China's maternal, infant and child market is expanding beyond infancy-related essentials toward broader lifecycle-based family consumption. As of the end of 2024, China had a population of children aged 0 to 15 of 240.0 million, while students enrolled in compulsory education, including primary and junior secondary education, reached 159.7 million in 2024 according to the Ministry of Education of the PRC, providing a broad demand base for older-child categories such as children's apparel, toys, learning products, nutrition and health products, and child development services. In parallel, refined maternal care is growing rapidly, with China's postpartum care and recovery market increasing from RMB37.3 billion in 2020 to RMB67.5 billion in 2024, and expected to reach RMB171.2 billion by 2029. The Group captures this shift through sub-categories such as children's apparel, toys, learning desks and chairs, nutrition products, maternity apparel and maternal skincare products, addressing demand across a longer family consumption lifecycle.
- **Lower-tier market penetration and differentiated supply-chain capabilities.** China's maternal, infant and child products and services market is increasingly supported by lower-tier city expansion and supply-side consolidation. Tier 3 and lower-tier cities represented the largest and fastest-growing city-tier segment, with GMV growing from RMB2,098.8 billion in 2020 to RMB2,614.6 billion in 2025, representing a CAGR of 4.5%, and expected to reach RMB3,192.2 billion by 2029, representing a CAGR of 5.0% from 2026 to 2029. Meanwhile, the chain operation rate of China's offline maternal, infant and child market increased from 18.1% in 2020 to 27.2% in 2025 and is expected to reach 35.4% by 2029, indicating continued consolidation toward scaled players with standardized store operations, omni-channel fulfillment and stronger supply-chain integration. Leading players are better positioned to improve product accessibility and service consistency in lower-tier markets, while using direct sourcing, OEM partnerships, proprietary products and channel-exclusive customized products to enhance differentiation and margin resilience. Proprietary products are not the sole growth driver, but serve as an incremental tool for scaled players to shorten the path from production to consumers, improve supply-chain efficiency and maintain product quality and competitive pricing. The Group benefits from this trend through its nationwide store network, standardized operations and differentiated supply-chain strategy.

Competitive Landscape

According to Frost & Sullivan, the selection of industry players for market share and ranking comparison was based on whether the relevant players operate at the same or comparable level of the industry value chain as the Company, directly serve end consumers, and compete with the Company in relevant consumption scenarios, rather than merely whether they participate in the broader upstream or downstream industry chain.

For the maternal, infant and child products and services market, Frost & Sullivan selected comparable market players by considering, among others, (i) whether the relevant players directly sell maternal, infant and child-related products and/or provide relevant services to end consumers; (ii) whether they operate in overlapping consumption scenarios, including family consumption, infant and child care, children's apparel, parenting and child-growth scenarios; (iii) whether their products and services fall within one or more major sub-categories of the maternal, infant and child products and services market; and (iv) whether they compete with the Company at the retail or consumer-facing level of the value chain. On this basis, the inclusion of Company A, Company B, Company C, Company D and Company I is reasonable and appropriate, as they are consumer-facing players operating in relevant maternal, infant and child product and service categories and have direct competitive overlap with the Company in terms of target consumers, consumption scenarios and sales channels.

For diversified players, Frost & Sullivan included only the GMV attributable to the relevant maternal, infant and child-related products and services, and excluded unrelated business segments where applicable. For example, although Company A primarily sells casual wear and children's apparel, only the relevant GMV attributable to its children's apparel business was considered in the ranking analysis, while its adult casual wear business was excluded.

In terms of GMV in 2024, China's maternal, infant and child products and services market presents a highly fragmented competitive landscape. However, driven by market consolidation and the trend toward chain operation, the concentration rate of the top five players (CR5) is steadily increasing. The Company has consistently ranked first in the market by GMV from 2022 to 2025. In 2025, the Company ranked first in the market with a GMV of RMB13.7 billion, accounting for a market share of 0.3%. The top five market participants collectively accounted for approximately 1.0% of the market share.

The table below sets forth the ranking of the top five participants in China's maternal, infant and child products and services market in 2025 (in terms of GMV):

Ranking and Market Share of China's Maternal, Infant and Child Products and Services Companies, 2025, by GMV

Ranking	Company	GMV (RMB in billions)	Market Share (%)
1.	The Company	13.7	0.3%
2.	Company A	11.5	0.3%
3.	Company B	7.0	0.2%
4.	Company C	4.0	0.1%
5.	Company D	3.5	0.1%
	Sub-total of Top Five	39.7	1.0%
	Total GMV	4,124.0	

Source: Listed companies' public filings, expert interview, Frost & Sullivan

Notes:

Company A is a public company founded in 2002 and listed on the Shenzhen Stock Exchange. It is a multi-brand garment enterprise in China, focusing on casual wear and children's apparel through its flagship brands.

Company B is a private company founded in 2019, headquartered in Hangzhou. It is an integrated maternal and infant brand providing design-driven products across diverse categories, including diapers, feeding supplies, and nursery essentials.

Company C is a public company founded in 2005 and listed on the Shanghai Stock Exchange. It is a retail chain providing maternal and child products, parenting services, and early education solutions.

Company D is a private company founded in 2016, headquartered in Chengdu. It operates as a maternal and child service provider focusing on retail sales of mother-baby products and supporting services for downstream franchisees.

The table below sets forth the ranking of the top five participants in China's maternal, infant and child products market in 2025 (in terms of GMV):

Ranking and Market Share of China's Maternal, Infant and Child Products Companies, 2025, by GMV

Ranking	Company	GMV (RMB in billions)	Market Share (%)
1.	The Company	13.4	0.4%
2.	Company A	11.5	0.4%
3.	Company B	7.0	0.2%
4.	Company C	3.8	0.1%
5.	Company D	3.5	0.1%
	Sub-total of Top Five	39.2	1.2%
	Total GMV	3,214.0	

Source: Listed companies' public filings, expert interview, Frost & Sullivan

The table below sets forth the ranking of the top three participants in China's maternal, infant and child services market in 2025 (in terms of GMV):

Ranking and Market Share of China's Maternal, Infant and Child Services Companies, 2025, by GMV

Ranking	Company	GMV (RMB in millions)	Market Share (%)
1.	The Company	360	0.04%
2.	Company C	221	0.02%
3.	Company I	162	0.02%
	Sub-total of Top Three	743	0.08%
	Total GMV	910,000	

Source: Listed companies' public filings, expert interview, Frost & Sullivan

Note: Company I is a private company founded in 1998, headquartered in Zhuhai. It operates as a maternal and child retail chain and supply chain service provider, involving the sales of mother-baby products and operational support for its network of franchised and direct stores.

OVERVIEW OF CHINA SCALP AND HAIR CARE MARKET

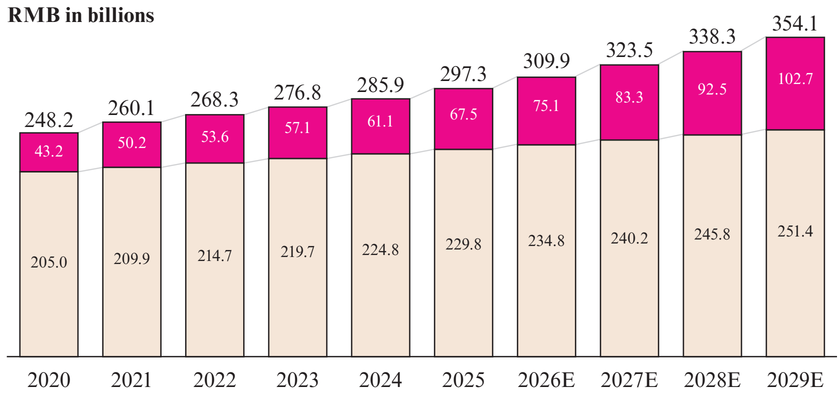
The scalp and hair care market comprises professional services and functional products focused on scalp health management and hair quality improvement. Unlike traditional hairdressing that centers on appearance styling such as cutting, dyeing and perming, scalp and hair care emphasizes health attributes and longer-term management through detection, cleansing and targeted care. Service forms include in-store professional care with instrument-assisted application, as well as home-use products such as shampoos, essences and hair masks.

China's premium hair services market is undergoing structural upgrading, with consumer spending shifting from styling-led salon services toward efficacy-driven care and home treatments. Scalp and hair care is becoming an increasingly important growth driver within premium hair services.

The chart below sets out the market size of China's premium hair services market by GMV for 2020 to 2029, including the split between scalp and hair care and hairdressing and coloring.

Market size of China's Premium Hair Services Market, by GMV, 2020–2029E

CAGR	2020–2025	2026E–2029E
Scalp & Hair Care	9.3%	11.0%
Hairdressing & Coloring	2.3%	2.3%
Total	**3.7%**	**4.5%**



Source: Chinese Association of Plastics and Aesthetics, Frost & Sullivan analysis

Growth Drivers and Development Trends

- **Visible efficacy demand and proactive scalp health management.** Demand in China's scalp and hair care market is increasingly driven by consumers' preference for visible efficacy, preventive care and appearance- and health-oriented self-care. Hair and scalp issues provide a large demand base, with over 250 million people in China suffering from hair loss, according to a survey cited by the National Health Commission. China's scalp and hair care market grew from RMB43.2 billion in 2020 to RMB67.5 billion in 2025 and is expected to reach RMB102.7 billion by 2029, reflecting a shift toward proactive, full-cycle scalp health management. Hairology benefits from this trend through its scalp diagnosis, personalized treatment design, targeted intervention, outcome tracking and home-care guidance, which address demand for professional and measurable scalp care solutions.
- **Technology-enabled "treatment + product" closed-loop model.** The industry is shifting from standalone product sales to integrated solutions combining in-store treatment, functional products, devices and home-use maintenance. This model improves conversion and retention by extending professional scalp care from offline treatment to daily home-care routines, while making outcomes more observable through diagnosis, tracking and personalized product recommendations. Scalp and hair care recorded a CAGR of 9.3% from 2020 to 2025, compared with 2.3% for hairdressing and coloring, and is expected to grow at 11.0% from 2026 to 2029, compared with 2.3%, reflecting its faster structural growth. Hairology captures this trend through its "professional service + salon-use products + home-use products" model, connecting diagnosis, treatment and follow-up care into a closed-loop consumer journey.

- **Industry standardization and cross-category scenario expansion.** China's scalp and hair care industry is upgrading toward more standardized, efficacy-driven service models as consumers place greater emphasis on safety, consistency and measurable results. This favors players with standardized procedures, product R&D, registration capabilities and trained service systems. Scalp and hair care is also expanding into adjacent self-care scenarios such as beauty care, skincare, body care and maternal wellness, supporting higher purchase frequency and cross-category repurchase. Hairology benefits by embedding scalp and hair care offerings into broader family and self-care consumption scenarios, enhancing customer engagement and cross-selling potential.

Competitive Landscape

For the scalp and hair care market, Frost & Sullivan selected Company F, Company G, Company E and Company H based on their direct competitive relevance to the Group's scalp and hair care business. The selection considered whether the relevant players provide products or services relating to scalp health, hair care, hair growth, hair loss prevention, hair maintenance, scalp conditioning and other professional scalp and hair care scenarios, and whether they directly serve end consumers through comparable service or product channels.

Although Company G is engaged in hair transplantation business, it also provides hair loss prevention and maintenance, scalp conditioning and other hair-health management services, which directly overlap with the service scenarios and target consumers of Hairology. Therefore, Company G constitutes a direct competitive player in the relevant scalp and hair care market. For diversified players, Frost & Sullivan only included the GMV attributable to relevant scalp and hair care, hair maintenance and hair-health management products and services, and excluded unrelated business segments where applicable. Accordingly, the comparison is intended to compare the scale of relevant consumer-facing businesses within the defined scalp and hair care market, rather than the total business scale of diversified companies.

In terms of GMV in 2025, China's scalp and hair care market presents a relatively fragmented competitive landscape. However, leading brands, leveraging their comprehensive advantages in product R&D, store network, and membership operations, are gradually widening the gap with followers. In 2025, Hairology ranked first in the market with a GMV of RMB2.3 billion, accounting for a market share of 3.3%.

The table below sets forth the ranking of the top five participants in China's scalp and hair care market in 2025 (in terms of GMV):

Ranking and Market Share of China's Scalp & Hair Care Companies, 2025, by GMV

Ranking	Company	GMV (RMB in billions)	Market Share (%)
1.	Hairology	2.3	3.3%
2.	Company F	1.4	2.1%
3.	Company G	1.2	1.7%
4.	Company E	1.0	1.4%
5.	Company H	0.7	1.1%
	Sub-total of Top Five	6.5	9.6%
	Total GMV	67.5	

Source: Listed companies' public filings, expert interview, Frost & Sullivan

Notes:

Company E is a private company founded in 1999, headquartered in Beijing. It operates in the hair health industry focusing on the research, production, and sale of herbal hair regrowth and skincare products.

Company F is a private company founded in 2012, headquartered in Shenzhen. It focuses on hair care solutions, utilizing herbal extracts to provide anti-hair loss, white-to-black hair recovery, and scalp maintenance services.

Company G is a private company founded in 2000, headquartered in Beijing. It is a hair health institution offering comprehensive hair transplantation, scalp care, and hair loss prevention products and services.

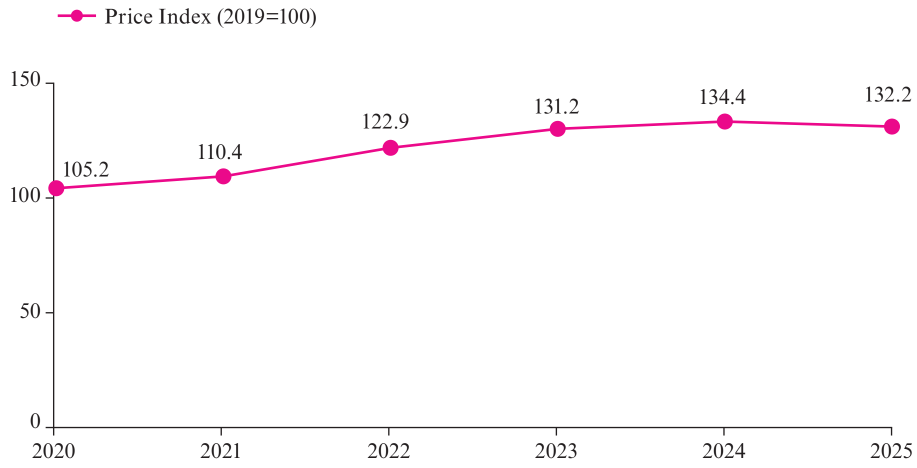
Company H is a private company founded in 2013, headquartered in Guangzhou. It provides hair and scalp health management services by combining traditional herbal methods with modern technology through a network of service centers.

COST ANALYSIS

The price index of infant formula in China (2019 = 100) rose from 100 in 2019 to approximately 105 in 2020 and 110 in 2021, reflecting moderate inflation and product premiumization. In 2022, driven by higher international raw milk and whey prices and exchange rate fluctuations, the index increased to approximately 123. As upstream cost pressures eased and market competition intensified, the pace of increase moderated, with the index edging up to approximately 131 in 2023 and 134 in 2024. In 2025, the full-year index was approximately 132, indicating that infant formula prices remained broadly stable and slightly moderated from the prior year.

Looking ahead, infant formula prices are expected to remain broadly stable with a mild upward bias. Premiumization, stricter product standards and continued demand for higher-quality formulations may provide some support to pricing, while intensified market competition, promotional activities, demographic pressure and the expansion of proprietary and value-for-money offerings are expected to offset part of the upward pressure. Overall, cost conditions are likely to remain relatively predictable, with limited short-term volatility compared with the sharper increase observed during 2021 and 2022.

Price Index of Infant Formula in China, 2020–2025



Source: National Development and Reform Commission, Frost & Sullivan

SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the [REDACTED]. We expect to pay Frost & Sullivan a total fee of RMB450,000 for the Frost & Sullivan report and our use of the report. Based on their best knowledge, our Directors believe that there has been no adverse change in the market information since the date of the research report that may qualify, contradict or impact the information disclosed. Frost & Sullivan is a consulting company that provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan report. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing statistical data from government such as National Bureau of Statistics, National Development and Reform Commission, industry association materials from China toy & juvenile products association, corporate reports, and independent research reports and data based on its own research database. We have extracted certain information from the Frost & Sullivan report in this section, as well as in the sections headed Summary, Risk Factors, Business, Financial Information and elsewhere in this Document to provide our potential [REDACTED] with a more comprehensive presentation of the industry in which we operate.