

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

“artemisinin”	a drug extracted from the plant <i>Artemisia annua</i> , sweet wormwood, a herb employed in Chinese traditional medicine, and is used in the treatment of malaria
“biotechnology”	the use of micro-organisms, such as bacteria or yeasts, or biological substances, such as enzymes, to perform specific industrial or manufacturing process
“CAGR”	compound annual growth rate
“collagen”	a natural protein that provides structural support in the body including skin
“cosmetic”	having beautifying, enhancing, improving or beneficial effects on facial or bodily appearance, and “cosmetics” and “cosmetic products” shall mean products having the foregoing effects, including products for face care and body care
“emerging media platforms”	platforms that allow users to communicate and share their lives and experiences with the community through short videos and pictures, such as <i>Douyin</i> , <i>Kuaishou</i> , and <i>Xiaohongshu</i>
“fermentation”	a biological process carried out by mass culture of micro-organisms to produce desired products
“fundamental research”	a type of scientific research focusing on strategic basic and frontier scientific research and common technology research in the field of cosmetics
“GB/T31962-2015”	a national standard that specifies quality standards for discharging wastewater to municipal sewers
“Generation Z”	the demographic cohort with the starting birth years of mid-to-late 1990s and the ending birth years of early 2010s
“GMV”	gross merchandise volume

GLOSSARY OF TECHNICAL TERMS

“hyaluronic acid”	a polymer mucopolysaccharide composed of N-acetylglucosamine and D-glucuronic acid, which is widely distributed in the vitreous body, joints, umbilical cord, skin, and other parts of human bodies. As one of the main components of human epidermis and dermis, it can increase hydration in the skin by binding water to collagen and trapping it in the skin, making the skin appear plumper, dewier, and more moisturized
“ISO”	the International Organization for Standardization, a worldwide federation of national standards bodies
“ISO14001”	an international standard that specifies requirements for an effective environment management system
“ISO45001”	an international standard that specifies requirements for an occupational health and safety management system
“ISO9001”	an international standard that specifies requirements for a quality management system
“KOL(s)”	key opinion leader(s), person(s) who have expert knowledge and influence in a respective field
“lactobacillus”	an ingredient that helps calm and comfort skin to relieve the dry, tight, bothered sensations that come with irritation
“major e-commerce platform(s)”	mainstream platforms where consumers shop products and make payments to sellers electronically, such as <i>Tmall</i> , <i>JD.com</i> and <i>VIP.com</i>
“maternity and childcare product”	the product that provides skin and personal care specifically for pregnant women, new-born mothers and children (under 12 years old).
“natural”	when referring to an ingredient used in skincare products, cosmetics and toiletries, means an ingredient that is an extract stemming directly from agricultural production, harvesting or exploitation and that is not transformed, or which is derived from such means solely through authorized physical procedures

GLOSSARY OF TECHNICAL TERMS

“nicotinamide”	a water-soluble vitamin that works with the natural substances in your skin to help visibly minimize enlarged pores, tighten lax or stretched out pores, improve uneven skin tone, soften fine lines and wrinkles, diminish dullness, and strengthen a weakened surface
“OEM”	original equipment manufacturing, where a manufacturer manufactures a product in accordance with the customer’s design and specifications and is marketed and sold under the customer’s brand name or under no specific brand
“ODM”	original design manufacturing, where a manufacturer designs and manufactures a product which is specified by the customer and eventually sold under the brand name of the customer or under no specific brand
“organic”	when referring to skincare products, means products that exclude certain chemicals and principally consist of natural ingredients and ingredients produced not utilizing manufactured chemicals
“PP2A”	Protein phosphatase 2A, a protein phosphatase
“retail sales”	Retail sales is the monetary value paid by final consumers on purchasing finished goods
“retinol”	a derivative of vitamin A, which plays a key role in helping cells regenerate. The ingredient is effective in battling wrinkles, roughness, hyperpigmentation and other skin imperfections
“R&D”	research and development
“sales order amount”	the purchase amount specified in the orders placed by the customers with the Company
“SAP system”	System Applications and Products system, an enterprise resource planning software developed by SAP SE, a German company, which incorporates various key business functions
“sodium hyaluronate”	a form of hyaluronic acid that can enter the deep layers of your skin. It attracts moisture and reduces inflammation, and is effective in reducing dryness and wrinkles

GLOSSARY OF TECHNICAL TERMS

"thermus thermophilus"	a gram-negative bacterium used in a range of biotechnological applications. The bacterium is extremely thermophilic
"toiletries"	cosmetics and other articles used in washing and dressing skin and hair
"VOC detectors"	volatile organic compound detectors
"Xylitol"	a crystalline alcohol that is a derivative of xylose