

Confidential

Perfume Industry Independent Market Research

To: *Eternal*

版权所有© 2025 沙利文。本文件提供的任何内容（包括但不限于数据、文字、图表、图像等）均系沙利文公司独有的高度机密性文件（在报告中另行标明出处者除外）。未经沙利文公司事先书面许可，任何人不得以任何方式擅自复制、再造、传播、出版、引用、改编、汇编本报告内容，若有违反上述约定的行为发生，沙利文公司保留采取法律措施，追究相关人员责任的权利。

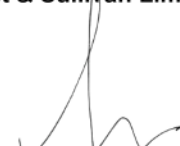
2025 Frost & Sullivan. All the information contained herein (including without limitation data, words, charts and pictures) is the sole property of Frost & Sullivan, treated as highly confidential document, unless otherwise expressly indicated the sources in the report. Should no one copy, reproduce, diffuse, publish, quote, adapt, compile all or any part of the report without the written consent of Frost & Sullivan. In the event of the violation of the above stipulation, Frost & Sullivan reserve the right of lodging claim against the relevant persons for all the losses and damages incurred.

June 2025



Date : 18 June 2025

For and on behalf of
Frost & Sullivan Limited


Name: Charles Lau
Title: Executive Director

■ The project scope is defined as follows:

Research Period

- Historical Year: 2017-2022
- Base Year: 2023
- Forecast Year: 2024E-2028E

Geographic Scope

- Globe
- Mainland China
- Hong Kong, China
- United Kingdom
- United States
- Japan
- South Korea

Target Market

- Overview of Cosmetics Industry
- Overview of Perfume Industry
- Overview of Skincare Industry
- Overview of Color Cosmetic Industry
- Overview of Personal Care Industry
- Overview of Sunglasses Industry
- Overview of Home Fragrance Industry

Limitations

■ Source of Information

- Interviews with industry experts and competitors will be conducted on a best-effort basis to collect information for in-depth analysis for this report.
- Frost & Sullivan will not be responsible for any information gaps where Interviewees have refused to disclose confidential data or figures.



- The study took 2023 as the base year for analysis and 2024-2028 for forecast. However, some of the figures of 2023 may not have become available from public statistical sources at the time when we conducted research for this report. Frost & Sullivan will use the latest information available or make projections based on historical trends.

- Under circumstances where information is not available, Frost & Sullivan in-house analysis will be leveraged using appropriate models and indicators to arrive at an estimate.

- Sources of information and data will be clearly stated in the bottom right hand corner on each slide for reference.

Methodology

■ Methodologies

- Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, technology, media and telecom.
- Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the industry trends of the target research markets. Primary research involved interviewing industry insiders such as leading market players, suppliers, customers, and recognized third-party industry associations. Secondary research involved reviewing company reports, independent research reports, and data based on Frost & Sullivan's own research database. Frost & Sullivan has independently verified the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of assumptions used and the choice of primary and secondary sources.
- Frost & Sullivan's Market Engineering Forecasting Methodology integrates several forecasting techniques with the Market Engineering Measurement-based System. It relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements include:
 - ✓ Expert-opinion forecasting methodology
 - ✓ Integration of market drivers and restraints
 - ✓ Integration with the market challenges
 - ✓ Integration of the Market Engineering Measurement trends
 - ✓ Integration of econometric variables

Table of Content

- 1 Overview of Cosmetics Industry**
- 2 Overview of Perfume Industry
- 3 Overview of Skincare Industry in China
- 4 Overview of Color Cosmetic Industry in China
- 5 Overview of Personal Care Industry in China
- 6 Overview of Eyewear Industry in China
- 7 Overview of Home Fragrance Industry in China

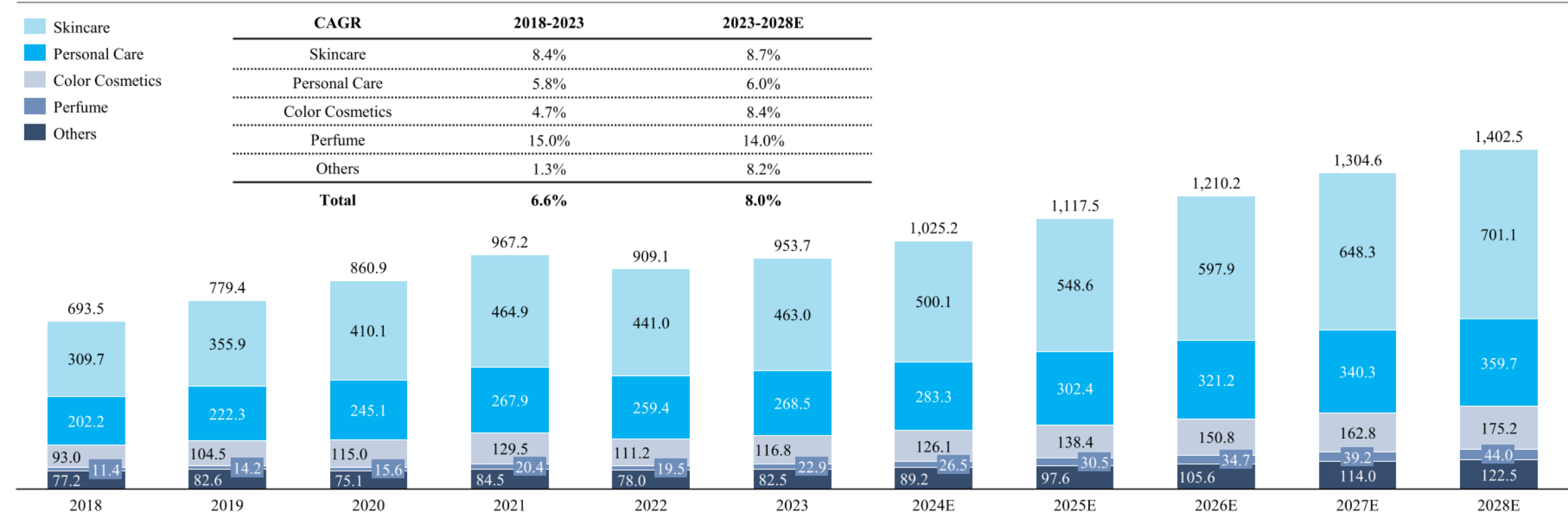


Overview of Cosmetics Industry in Mainland China

Market Size of Cosmetics Industry in Mainland China, in terms of Retail Sales

Market Size of Cosmetics Industry in Mainland China, in terms of Retail Sales, breakdown by Product Category

Billion RMB, 2018-2028E



Key Finding

- Mainland China has the second largest cosmetics market in the world, with a market share of 11.9% in the global cosmetics industry in terms of retail sales in 2023. According to Frost & Sullivan, the cosmetics industry in mainland China demonstrated growth from 2017 to 2021 due to the rise in the consumption expenditure, while the growth was partially offset by the impact of the COVID-19 pandemic on the cosmetics industry in 2022. The market size of the cosmetics industry in mainland China, in terms of retail sales grew from RMB693.5 billion in 2018 to RMB953.7 billion in 2023, representing a CAGR of 6.6%. Mainland China’s cosmetics industry boosts the highest growth rate among all major economies1 in the world. According to Frost & Sullivan, the market size of cosmetics industry in mainland China is expected to reach RMB1,402.5 billion in terms of retail sales in 2028, representing a CAGR of 8.0% from 2023.
- According to Frost & Sullivan, cosmetics products can be divided into five categories: skincare, personal care, color cosmetics, perfumes and others. Others primarily include maternity and childcare, deodorants and depilatory products.

Note: 1) Major economies refer to countries with more than US\$2.0 trillion of nominal GDP in 2023.

Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Table of Content

- 1 Overview of Cosmetics Industry
- 2 Overview of Perfume Industry**
- 3 Overview of Skincare Industry in China
- 4 Overview of Color Cosmetic Industry in China
- 5 Overview of Personal Care Industry in China
- 6 Overview of Eyewear Industry in China
- 7 Overview of Home Fragrance Industry in China



Overview of Perfume Industry in Globe

Definition

Perfume

- Perfume refers to fragrant liquid, which is typically made from essential oils extracted from flowers and spices and used to provide a pleasant smell to one's hair, body or clothes. The main components of the perfume are alcohol, essence and a small amount of water. The different volatilization rate of essential oil generally differentiates the scent of perfume into three stages, including top note, middle note and base note.

Major Components



Essence

- Essence is the fragrant substance in perfume, which is a mixture of natural and artificial fragrances.
- Natural fragrance refers to the extraction of natural flavors from animals and plants, or the extraction of essential oils from roots and stems by distillation.
- Artificial fragrance refers to the synthesis of molecules and other means to get the desired odor.



Alcohol

- Alcohol is the most abundant ingredient in perfume, which plays two main roles in perfume.
- As the main carrier of flavor, because most of the flavor insoluble in water but soluble in ethanol.
- The volatility of alcohol is high, which can improve the volatility of essence.

Different Stages of Perfume Volatilization



Top Note

The first smell of perfume

- Features: Highly volatile
- Lasting time: 5 minutes to 15 minutes
- Representative spices: Citrus



Middle Note

The smell that appears after the front note disappears

- Features: Core of the perfume
- Lasting time: 20 minutes to 1 hour
- Representative spices: Floral, Fruity



Base Note

The final scent remains

- Features: The smell is light, Stay fragrant longer
- Lasting time: 1 hour to 4 hours
- Representative spices: Wood

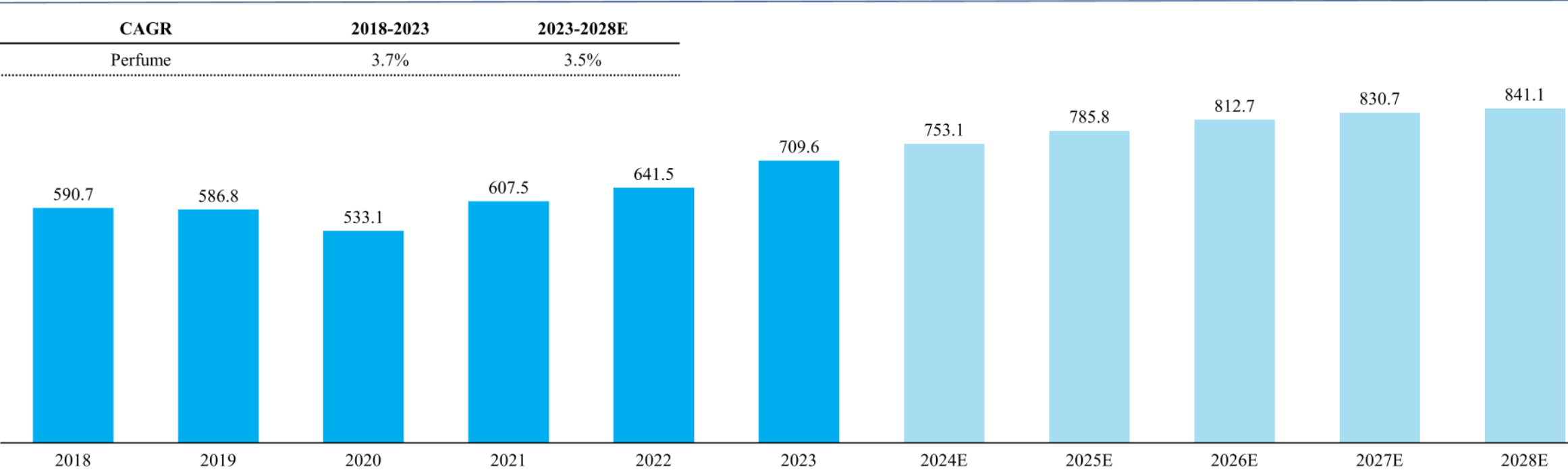
Source: Frost & Sullivan

Overview of Perfume Industry in Globe

Market Size of Perfume Industry in Globe, in terms of Retail Sales

Market Size of Perfume Industry in Globe, in terms of Retail Sales

RMB Billion, 2018-2028E



Key Finding

- According to Frost & Sullivan, the United States, Brazil, France, Germany and United Kingdom are the top five countries in terms of the market size of perfumes in 2023. The market size in terms of retail sales of perfumes globally increased from RMB590.7 billion in 2018 to RMB709.6 billion in 2023 with a CAGR of 3.7%, and is expected to grow to RMB841.1 billion in 2028 with a CAGR of 3.5%.

Source: Frost & Sullivan

Overview of Perfume Industry in China

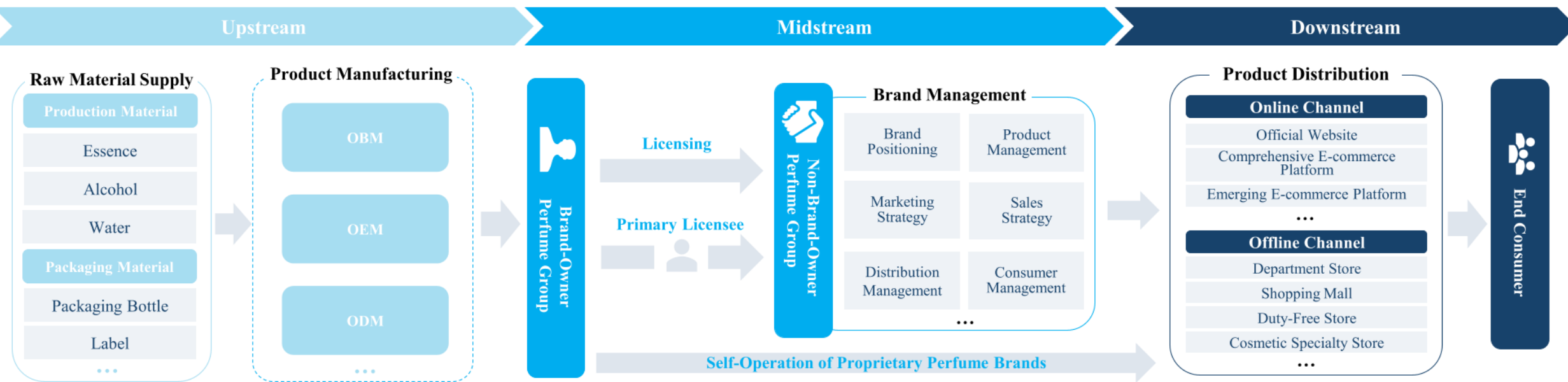
Development History of Perfume Industry in China

Period	Embryonic stage	Development stage	Accelerated development stage	High quality development stage
Duration	Before 1978	1978 - 2000	2000 - 2015	2015 - Present
Comments	<ul style="list-style-type: none"> Chinese perfume consumption is not popular, foreign perfume has not entered the Chinese market. At this stage, China's overall level of economic development is low, the purchasing power of residents is limited. Scented products include, cooling oil, white flower oil, etc. 	<ul style="list-style-type: none"> China is still in the early stage of reform and opening-up, the level of economic development is relatively low, the purchasing power of the residents is limited, resulting in the slow development of perfume market. At this stage, overseas perfume brands began to enter China, but the number of brands scarce, with poor product range. Chanel, Dior and other international brand perfumes to agent into China, to "Light luxury" products to promote. China's local perfume supply chain is relatively blank, only toilet water and other manufacturers. 	<ul style="list-style-type: none"> The international perfume giant accelerates to enter China, the Chinese localization manufacturer rises gradually, takes the electronic commerce as the representative diversification sale channel to begin to appear. At this stage, the category of Perfume brand gradually increased, began to focus on branding. Foreign brands occupy the high-end market, while local brands focus on the low-end market. At this time residents have a certain amount of consumption capacity, but because of the limited awareness of Chinese residents of perfume, perfume consumption has not yet formed a popular trend. 	<ul style="list-style-type: none"> China's perfume market is relatively mature, industry norms gradually improved, the awareness of Chinese residents on the rapid rise in perfume. At this stage, the international brand perfume occupies a larger market share, high-end perfume has become the main force of perfume growth in China. Domestic perfume brands began to layout the high-end market, in product design, brand publicity into the Chinese elements. In addition, the rapid penetration of e-commerce platform in the consumer power perfume products reach consumers from multiple channels, accelerate the development of the perfume industry.

Source: Frost & Sullivan

Overview of Perfume Industry in China

Industrial Chain Analysis



- According to Frost & Sullivan, perfume industry consists of (i) upstream, which includes raw material supply and product manufacturing; (ii) midstream, which includes market deployment and other operating activities for the brands that can be conducted by either brand-owner perfume groups or non-brand-owner perfume groups. Non-brand-owner perfume groups include primary licensees, which directly obtain authorization from the brand owners, or secondary licensees who obtain authorization from the primary licensees; and (iii) downstream, which includes product distribution to end consumers through various sales channels.
- Market deployment and other operating activities are in the midstream of perfume industry, which include two main business models: (i) self-operation by brand-owner perfume group, in which the brand-owner perfume group independently handles all aspects of the business, including product development, marketing, and the establishment and oversight of sales channels. The brand-owner perfume group has complete control throughout the entire value chain to shape and maintain the brand's image; and (ii) operation by a non-brand-owner perfume group, which receives primary license directly from the brand owner or secondary license from a primary licensee to handle all aspects of the business of the brand in designated regions. Brand-owner perfume groups may choose to operate their brands themselves, or grant licenses to the non-brand-owner perfume groups to operate their brands because, among others, (i) they are solely skilled in perfumes development and need to leverage expertise of external parties to manage the promotion and sales of the products; (ii) the lack an in-depth understanding of the local consumer markets or possess limited sales networks in the local markets; and/or (iii) some of them are mega-sized conglomerates with perfumes business representing only a relatively small segment of their overall business, which makes them inclined to involve third-party professional non-brand-owner perfume groups to handle the marketing and sales of the branded products, allowing them to focus on other areas of their business.
- Market deployment and other operating activities conducted by non-brand-owner perfume groups provide multiple benefits to brand-owner perfume groups, including, but not limited to, (i) alleviating financial pressure and operational burdens for them, as they can utilize the resources of the non-brand-owner perfume groups to rapidly enter the local markets leveraging established sales and distribution network of the local partners; (ii) leveraging the local expertise of the non-brand-owner perfume groups with respect to marketing strategies, brand positioning, product management, sales strategy and distribution management to facilitate a successful sales by cater to specific preferences and behaviors of the target consumers in the relevant regions; and (iii) sharing the operational risks with the non-brand-owner perfume groups.
- The downstream of the perfume industry generally involves distribution and sales of perfumes. The sales channels include (i) online channels, primarily including official websites, comprehensive e-commerce platforms and emerging e-commerce platforms; and (ii) offline channels, primarily including department stores, shopping malls, cosmetics specialty stores and boutique and perfumeries stores. There are three sales models in the perfume industry, and brand-owner perfume groups and non-brand-owner perfume groups generally adopt corresponding sales model according to their demand and competitive advantages. Firstly, brand-owner perfume groups and non-brand-owner perfume groups can sell perfume products directly to end consumers through direct sales channels. Secondly, selling product through retailers is also a common way for brand-owner perfume groups and non-brand-owner perfume groups. Moreover, they also sell products through sales channels operated by distributors to expand the market coverage and reach a wider consumer base.

Source: Frost & Sullivan

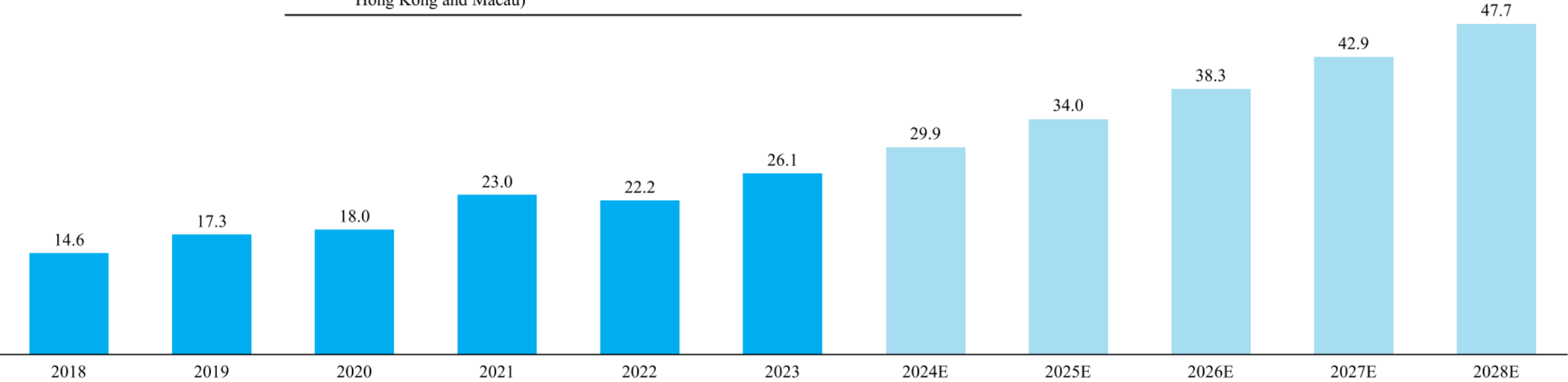
Overview of Perfume Industry in China

Market Size of Perfume Industry in China (including Hong Kong and Macau), in terms of Retail Sales

Market Size of Perfume Industry in China (including Hong Kong and Macau), in terms of Retail Sales

RMB Billion, 2018-2028E

CAGR	2018-2023	2023-2028E
Perfumes Market in China (including Hong Kong and Macau)	12.3%	12.8%



Key Finding

- The total market size in terms of retail sales of perfumes in China (including Hong Kong and Macau) increased from RMB14.6 billion in 2018 to RMB26.1 billion in 2023 with a CAGR of approximately 12.3%, and is expected to further grow to RMB47.7 billion in 2028, representing a CAGR of approximately 12.8% from 2023 to 2028.

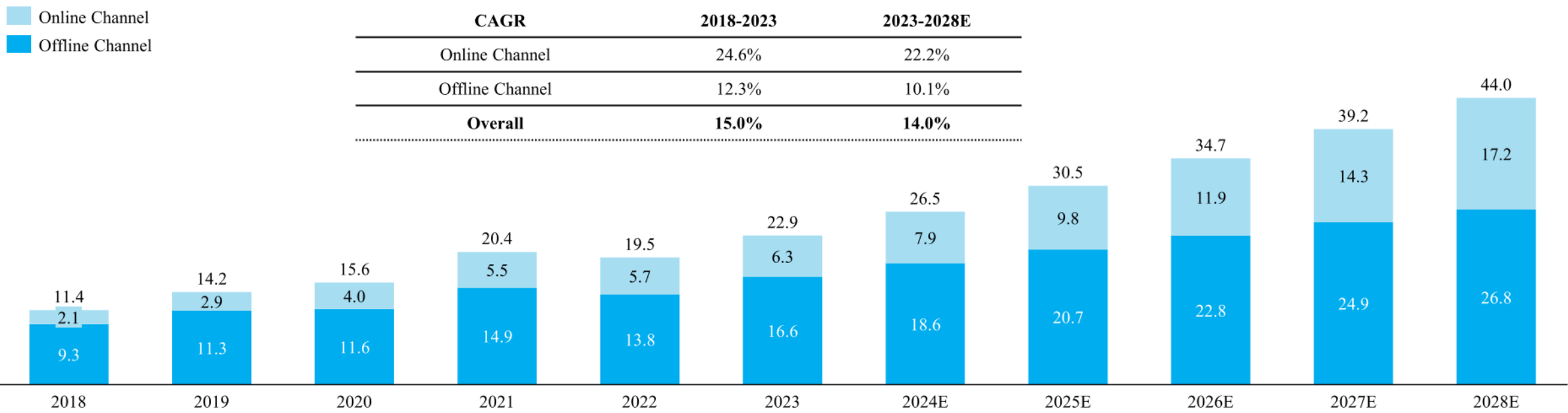
Source: National Bureau of Statistics of the PRC, Hong Kong Census and Statistics Department, Macau Statistics and Census Service, Frost & Sullivan

Overview of Perfume Industry in China

Market Size of Perfume Industry in Mainland China, in terms of Retail Sales, breakdown by Sales Channel

Market Size of Perfume Industry in Mainland China, in terms of Retail Sales, breakdown by Sales Channel

RMB Billion, 2018-2028E



Key Finding

- In recent years, the China’s perfume market has experienced rapid growth, witnessing an expansion in market size. Among the sales channels, online channels have shown particularly significant growth. From 2018 to 2023, online sales in the China’s perfume market increased from RMB 2.1 billion to RMB 6.3 billion, maintaining a steady growth trajectory with a CAGR of 24.6%. With the rapid development of the internet and e-commerce platforms in China, online channels have become one essential sales channels for the perfume market. Online channels offer convenience, personalization, and diversity, meeting consumers' demand for quick and convenient shopping. Moreover, online channels provide more brand choices and price comparisons, enabling consumers to freely select perfume brands and products that suit their preferences.
- Despite the rapid growth of online channels, offline channels remain a vital part of the China’s perfume market. Perfume usage involves personal taste and image cultivation, with consumers often requiring firsthand scent trials and experiences to choose the right perfume for themselves. Therefore, offline channels such as perfume department stores, and shopping mall continue to play important roles. They provide consumers with opportunities for direct contact and experience with perfumes, helping to establish brand images and enhance consumer trust in the brands.

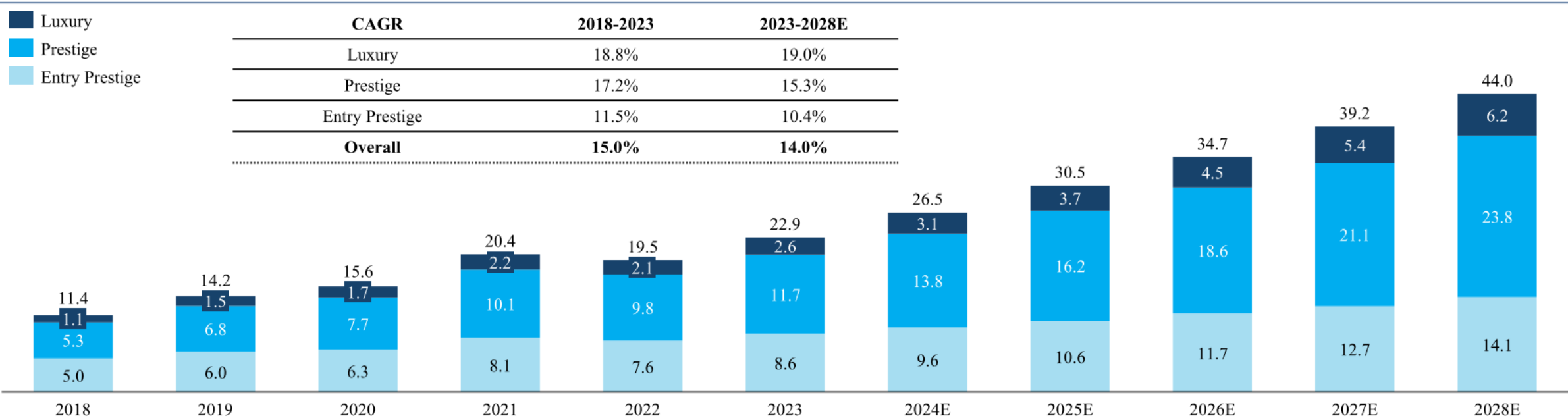
Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Overview of Perfume Industry in China

Market Size of Perfume Industry in Mainland China, in terms of Retail Sales, breakdown by Price Range

Market Size of Perfume Industry in Mainland China, in terms of Retail Sales, breakdown by Price Range

RMB Billion, 2018-2028E



Key Finding

- In the perfume industry, the market can be segmented into three distinct categories based on price range: “Luxury,” “Prestige,” and “Entry Prestige.”
- Firstly, the “Luxury” segment, usually with the prices at or below RMB599 per 50 ml, demonstrates remarkable growth momentum. It exhibits the fastest market expansion, with a CAGR 18.8% from 2018 to 2023. This segment is expected to sustain its rapid growth, projecting a CAGR of 19.0% until 2028. It appeals to affluent consumers seeking high quality and uniqueness experiences.
- Secondly, the “Prestige” segment, usually with the prices ranging from RMB600 to RMB1,199 per 50 ml, holds significant importance in the perfume industry, boasting high brand recognition. From 2018 to 2023, the Prestige segment showed steady growth, with a CAGR of 17.2%. With economic development and the rise of the middle class, the Prestige market attracts consumers who prioritize taste and quality.
- Lastly, the “Entry Prestige” market, usually with the prices at or above RMB1,200 per 50 ml, represents one of the primary segments in the perfume industry, catering to the widest consumer base and distribution channels. From 2018 to 2023, the Entry Prestige market experienced stable growth, with a CAGR of 11.5%. Consumers in this segment prioritize value for money and practicality, preferring relatively lower-priced but reliable perfume products.

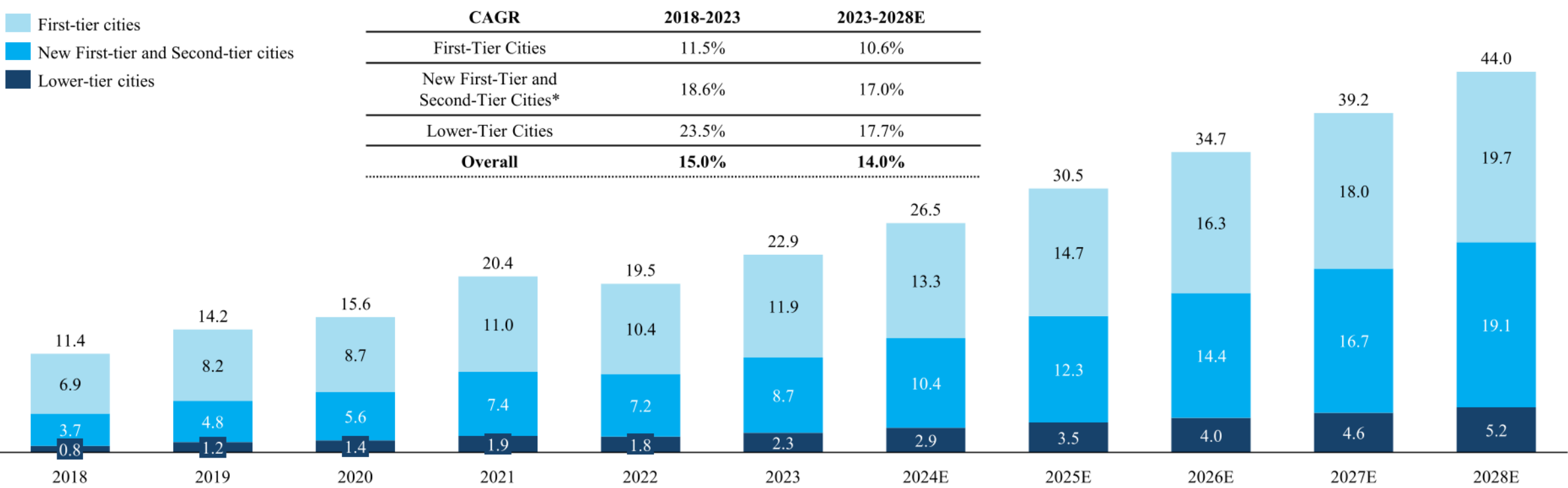
Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Overview of Perfume Industry in China

Market Size of Perfume Industry in Mainland China, in terms of Retail Sales, breakdown by Tiers of Cities

Market Size of Perfume Industry in Mainland China, in terms of Retail Sales, breakdown by Tiers of Cities

RMB Billion, 2018-2028E



- Key Finding
- With the acceleration of economic vitality and urbanization, the new first-tier and second-tier and lower-tier cities in the China’s perfume industry exhibit significant potential and growth momentum. Perfumes, symbolizing sophistication and fashion, are gradually integrating into the daily lives of people in these regions.
 - As economic development and rapid urbanization progress, the market potential of new first-tier and second-tier and lower-tier cities is gradually becoming apparent. The increasing demand from consumers in these areas for personal image and taste drives a continuous rise in their demand for high-quality perfumes. Consequently, the growth rate of the new first-tier and second-tier and lower-tier city markets significantly surpasses that of first-tier cities, becoming a crucial force driving overall perfume market growth.

Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Overview of Perfume Industry in China

Market Driver Analysis



The Synergy of Economic Growth and E-commerce Catalyzing Perfume Penetration in Lower-tier Cities

- Perfume has become a part of the daily life of the middle class in lower-tier cities in mainland China due to the economic development and rapid urbanization in lower-tier cities, which improved the financial status of the rising middle class in these regions and fostered their awareness of personal image and taste. Moreover, online channels provide an expansive and accessible platform for perfume brands to meticulously target their consumer base, conduct precision marketing and deliver personalized recommendations, which enhanced the purchasing desire of consumers and fostered strong brand loyalty. Accordingly, the development of e-commerce allowed perfume brands to further penetrate mainland China's market, especially in lower-tier cities where online channels can still effectively reach without brick-and-mortar stores.



Diversification of consumption scenarios stimulates more consumer demand

- In recent years, as the social value and collection value of perfumes have been receiving increasing attention, Chinese consumers are gradually purchasing perfumes not only for personal daily use, but also for the purpose of collection and gifts, among others. The continuous diversification of consumption scenarios of perfumes will continue to stimulate the growth of consumption demand, thereby, further promote the expansion of the market size of the perfume industry in mainland China.



Increasing Usage of Perfume Leads to Increasing Purchase Frequency

- In the wake of increasing awareness of perfume products among Chinese consumers, there is an increasing number of consumers who have begun to apply multiple times of the same perfume or apply different types of perfume for diversified occasions during the day. Increasing usage of perfume leads to increasing purchase frequency, which has stimulated the growing momentum of the perfume industry in mainland China.



Favorable governmental policies

- Favorable government policies have boosted the growth of the duty-free channels in mainland China, especially benefiting the perfume sector, which is a key product category in such channels. In June 2020, the MOF, the SAT and the General Administration of Customs jointly issued the Policy of Duty-Free Shopping for Hainan Outlying Island Visitors (《海南離島旅客免稅購物政策》), which stipulated tax-free shopping policy for outlying island travelers in Hainan Province. This policy raised the annual tax-free shopping quota to RMB100,000 per person, expanded the range of duty-free goods, removed the RMB8,000 limit of value per item, and increased the maximum cosmetics purchases to 30 items that travelers are allowed to take with them for each trip. These favorable adjustments have strengthened the attractiveness of Hainan's duty-free shopping, raised spending limits, and broadened the product selection, which help drive the growth of the duty free channels and benefit the industries for the relevant products, including perfumes. In August 2024, the MOF, the MOFCOM, the Ministry of Culture and Tourism of the PRC, the General Administration of Customs and the SAT jointly promulgated the Interim Measures for the Administration of Downtown Duty-Free Shops (《市內免稅店管理暫行辦法》). This new policy introduced enhanced regulations for downtown duty-free shops to foster orderly and sustainable growth. In addition, duty-free shops in 13 cities in mainland China, including Beijing and Shanghai, will be converted from foreign exchange duty-free stores into downtown duty-free shops, with eight new stores to be launched in other major cities, such as Guangzhou, Chengdu and Shenzhen. This policy signals a steady expansion of the duty-free sector, which, we believe, stimulate the industry growth of the relevant products sold in duty-free channels, including perfumes.

Source: Frost & Sullivan

Overview of Perfume Industry in China

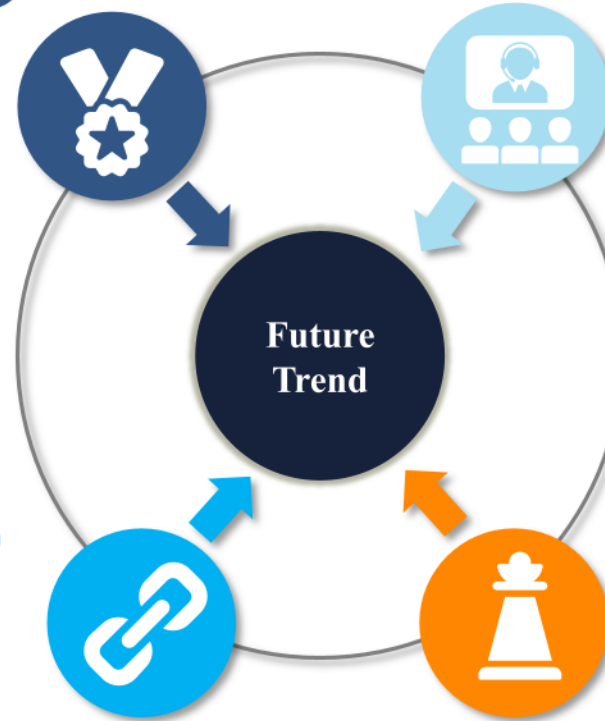
Future Trend

Mainland China is Becoming Next Global Frontier for Perfume 1

- Mainland China has one of the fastest-growing perfumes market in the world and it is expected to continue such momentum in the future. Existing perfume brands have launched exclusive perfume products for Chinese consumers in the past, and more brands are planning to explore exclusive product lines in the Chinese market. Furthermore, there was an increasing number of international brands entering the Chinese market. According to Frost & Sullivan, more international brands are eager to establish their presence in China in the near future.

Integration among Online and Offline Channels 3

- Unlike other consumer industries, offline experience is vital to the perfumes industry, in which consumers need to smell and experience the perfumes to understand their features. Similarly, the online platform is the major channel for news feeds and shopping. There will be an increasing integration between the offline stores and online platforms, in which consumers learn detailed information about the products on online platform, and then have first-hand experience with interested products offline. As pricing of online and offline channels are converging, offline channels with better experience remain the preferred choice for most end consumers to purchase perfume.



2 International perfume brands cooperate with local operators

- International perfume brands were generally recognized for their premium quality, long track record of operating history and inspiring brand philosophy. However, there are some entry barriers for them to establish and expand business operations in mainland China, including weak relationships with major retailers, limited distribution networks, and lack of understanding of the Chinese market and Chinese consumer preferences, among other things. The cooperation between international perfume brands and local operators forms a formidable and mutually beneficial partnership. Local operators are among the key factors for the success of international perfume brands.

4 International brands continue to dominate the market

- International brands continue to maintain their dominant position due to their exceptional quality, strong brand influence, and advanced market strategies. Moreover, companies of international brands possess extensive capabilities in research and development, technology and product innovation, which allow them to cater to the diverse needs of consumers. These brands also adeptly employ various marketing strategies to enhance brand awareness and influence, which effectively attract consumers, further solidifying their dominance in the market. Chinese consumers increasingly prioritize personal image and quality of life, leading to a rising demand for lifestyle products, such as perfumes, during which quality and brand reputation are also taken into consideration.

Source: Frost & Sullivan

Overview of Perfume Industry in China

Entry Barrier



Source: Frost & Sullivan

Overview of Perfume Industry in Mainland China

Top 5 Perfume Groups in Mainland China

Ranking of Top 5 Perfume Groups in Mainland China By Retail Sales (2023)			
Ranking	Group Name	Operator Custodian	Market share
1	Group A	Brand-Owner Perfume Group	10.4%
2	Group B	Brand-Owner Perfume Group	10.2%
3	Group C	Brand-Owner Perfume Group	9.0%
4	<i>Eternal</i>	Non-Brand-Owner Perfume Group	8.1%
5	Group D	Brand-Owner Perfume Group	7.2%

- Perfume group refers to the company that operates perfume brands, including both the brand owners, which have proprietary ownership over the brands, and non-brand-owner perfume groups, which are licensed by the brand owners or primary licensees to conduct product distribution and market deployment for the brands.
- Group A is a private company, which was founded in 1910 in France and provides consumers with, among others, clothing, perfumes and accessories.
- Group B is a listed company based in France and founded in 1987, which mainly provides consumers with perfumes, cosmetics and jewelry.
- Group C is a listed company based in France and founded in 1909, which provides consumers with skincare products and cosmetics, among others.
- Group D is a listed company based in the United States and founded in 1946, which mainly provides consumers with cosmetics and perfumes.
- The market shares are calculated solely based on sales of perfume, including extrait de parfum, eau de parfum, eau de toilette and eau de cologne concentrations, but do not include non-perfume products such as home fragrances and personal care products.

TOP5: 44.9%

Key Finding

- The group competes with all companies that sell perfumes in mainland China, which mainly include other non-brand-owner perfume groups and brand-owner perfume groups. The group was the fourth largest perfume group in mainland China in terms of retail sales in 2023, with a market share of approximately 8.1%. The group ranked first among non-brand-owner perfume groups in terms of retail sales of perfume products in 2023.
- Seven brands for which we conduct product distribution and market deployment in mainland China were among the top 30 perfume brands in mainland China in terms of the retail sales in 2023, with a market share of approximately 4.0%, 1.6%, 0.7%, 0.7%, 0.4%, 0.4% and 0.3%, respectively. Among the operators of the top 30 perfume brands, we were the one of the only two non-brand-owner perfume groups. According to Frost & Sullivan, the leading effect is evident among non-brand-owner perfume groups in the perfume industry in both mainland China and China (including Hong Kong and Macau). The competitive landscape of non-brand-owner perfume groups in China (including Hong Kong and Macau) mainly consists of two large-scale leading groups and a number of small- and medium-scale market participants.

Source: Frost & Sullivan

Overview of Perfume Industry in Mainland China, Hong Kong and Macau

Top 5 Perfume Groups in Mainland China , Hong Kong and Macau

Ranking of Top 5 Perfume Groups in Mainland China, Hong Kong and Macau By Retail Sales (2023)			
Ranking	Group Name	Operator Custodian	Market share
1	Group A	Brand-Owner Perfume Group	10.6%
2	Group B	Brand-Owner Perfume Group	9.4%
3	<i>Eternal</i>	Non-Brand-Owner Perfume Group	9.3%
4	Group C	Brand-Owner Perfume Group	9.1%
5	Group D	Brand-Owner Perfume Group	8.3%
			TOP5: 46.7%

- Perfume group refers to the company that operates perfume brands, including both the brand-owner perfume groups, which have proprietary ownership over the brands, and non-brand-owner perfume groups, which are licensed by the brand owners or primary licensees to conduct product distribution and market deployment for the brands.
- The market shares are calculated solely based on sales of perfume, including extrait de parfum, eau de parfum, eau de toilette and eau de cologne concentrations, but do not include non-perfume products such as home fragrances and personal care products.

Key Finding

- The group competes with all companies that sell perfumes in China (including Hong Kong and Macau), which mainly include other non-brand-owner perfume groups and brand-owner perfume groups. Such competition primarily results from (i) the fact that other brand-owner perfume groups and non-brand-owner perfume groups target similar consumer groups; (ii) the absence of consistently top-selling brands or products that dominate the perfumes market in China (including Hong Kong and Macau); and (iii) the subjective and constantly evolving consumer preferences.
- The group was the third largest perfume group in China (including Hong Kong and Macau) in terms of retail sales in 2023, with a market share of approximately 9.3%.
- 8 brands for which we conduct product distribution and market deployment in perfumes market in China (including Hong Kong and Macau) are among the top 30 perfume brands in this combined market in terms of the retail sales in 2023, with a market shares of approximately 4.2%, 1.6%, 0.8%, 0.7%, 0.5%, 0.4%, 0.4% and 0.3%, respectively. Among the operators of the top 30 perfume brands, we were the one of the only two non-brand-owner perfume groups.

Source: Frost & Sullivan

Table of Content

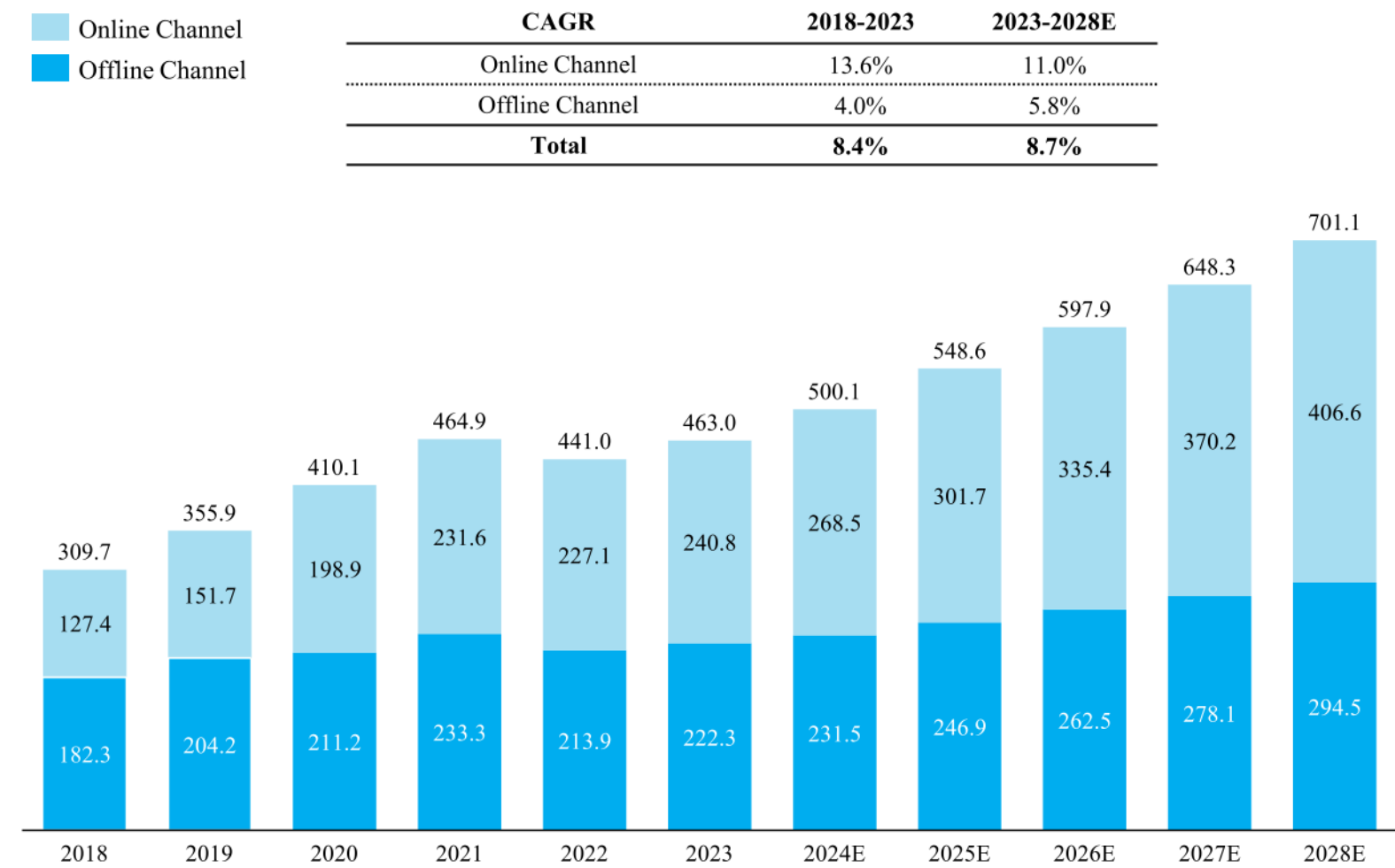
- 1 Overview of Cosmetics Industry
- 2 Overview of Perfume Industry
- 3 Overview of Skincare Industry in China**
- 4 Overview of Color Cosmetic Industry in China
- 5 Overview of Personal Care Industry in China
- 6 Overview of Eyewear Industry in China
- 7 Overview of Home Fragrance Industry in China



Overview of Skincare Industry in China

Market Size of Skincare Industry in Mainland China, in terms of Retail Sales, breakdown by Sales Channel

Market Size of Skincare Industry in Mainland China, in terms of Retail Sales, breakdown by Sales Channel
Billion RMB, 2018-2028E



Key Finding

- Skincare products refer to products that improve skin integrity, provide relief to skin conditions and address specific skin concerns, including acne, dark spots, hyperpigmentation, fine lines and inflammation. Skincare products can be mainly divided into facial care, body care, hand care and others. Facial care products include, among others, facial cleanser, toner, facial moisturizer, essence, cream, face mask and sun protection. Body care products include, among others, body cream and body lotion. Hand care products include, among others, hand cream, hand lotion and hand sanitizer.
- The market size in terms of retail sales of skincare products in mainland China increased from RMB309.7 billion in 2018 to RMB463.0 billion in 2023 with a CAGR of approximately 8.4%, and is expected to grow to RMB701.1 billion in 2028 with a CAGR of approximately 8.7%.

Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Table of Content

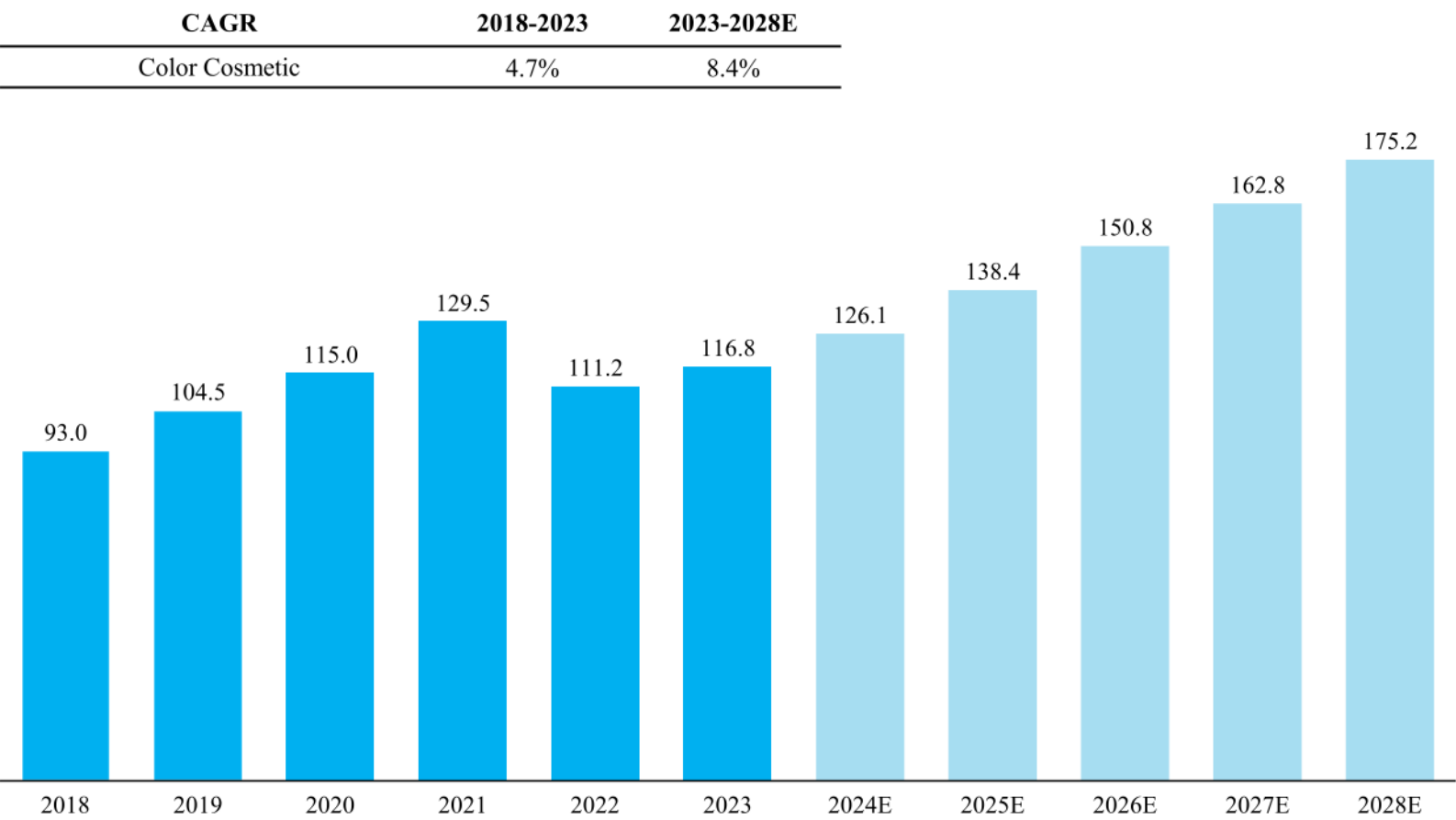
- 1 Overview of Cosmetics Industry
- 2 Overview of Perfume Industry
- 3 Overview of Skincare Industry in China
- 4 Overview of Color Cosmetic Industry in China**
- 5 Overview of Personal Care Industry in China
- 6 Overview of Eyewear Industry in China
- 7 Overview of Home Fragrance Industry in China



Overview of Color Cosmetic Industry in China

Market Size of Color Cosmetic Industry in Mainland China, in terms of Retail Sales

Market Size of Mainland China's Color Cosmetics Industry, in terms of Retail Sales
Billion RMB, 2018-2028E



Key Finding

- Color cosmetics refer to the act of applying makeup to emphasize or alter the colors of one's skin, lips, eyes, face, or other areas of the body in daily life, which aim at accentuating personal features, enhancing skin tone, or creating diverse appearance styles. Color cosmetics products can be mainly divided into: (i) facial products, such as foundation, concealer, powder, blusher and highlighter; (ii) eye products, such as eye liner, eye shadow and mascara; (iii) lip products, such as lipstick and lip gloss; and (iv) others.
- The market size in terms of retail sales of color cosmetics in mainland China increased from RMB93.0 billion in 2018 to RMB116.8 billion in 2023 with a CAGR of approximately 4.7%, and is expected to grow to RMB175.2 billion in 2028 with a CAGR of approximately 8.4%.

Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Table of Content

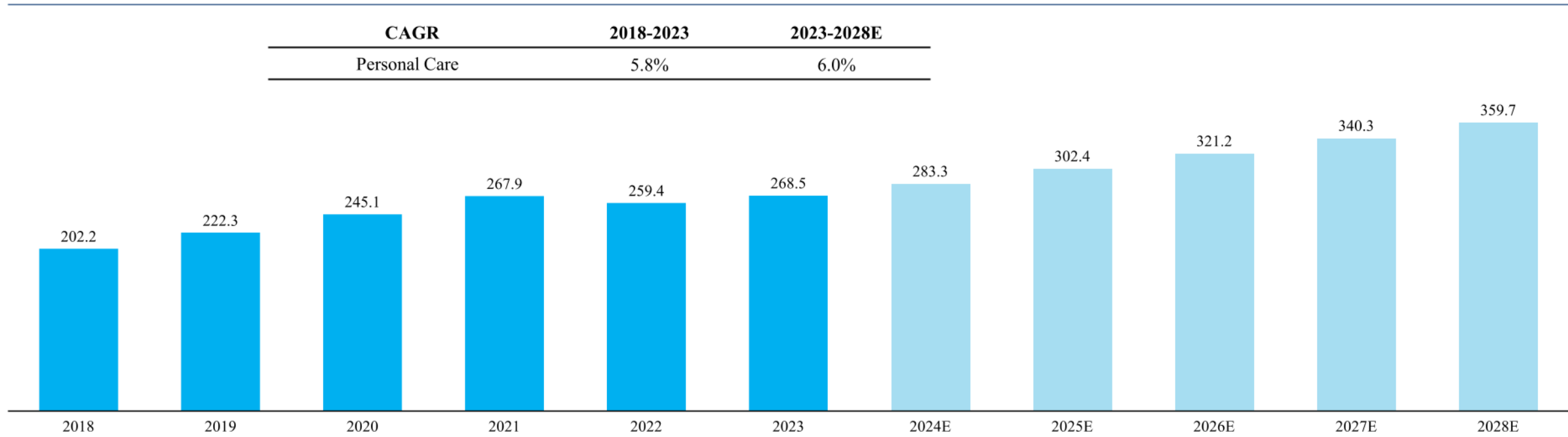
- 1 Overview of Cosmetics Industry
- 2 Overview of Perfume Industry
- 3 Overview of Skincare Industry in China
- 4 Overview of Color Cosmetic Industry in China
- 5 Overview of Personal Care Industry in China**
- 6 Overview of Eyewear Industry in China
- 7 Overview of Home Fragrance Industry in China



Overview of Personal Care Industry in China

Market Size of Personal Care Industry in Mainland China, in terms of Retail Sales

Market Size of Personal Care Industry in Mainland China, in terms of Retail Sales
RMB Billion, 2018-2028E



Key Finding

- Personal care refers to product that can clean and repair the skin, body, hair and others, which mainly include bath and shower products, hair care, oral care and others.
- The market size in terms of retail sales of personal care in mainland China increased from RMB202.2 billion in 2018 to RMB268.5 billion in 2023 with a CAGR of approximately 5.8%, and is expected to grow to RMB359.7 billion in 2028 with a CAGR of approximately 6.0%.

Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Overview of Mainland China's Other Major Cosmetics Market

Market Drivers



Growing willingness and capabilities to consume

- With the steady growth of mainland China's economy and the improvement in the living standards of Chinese people, per capita expenditure on cosmetics products in mainland China is expected to grow. In addition, the economic development and acceleration of urbanization have gradually enhanced the purchasing power and awareness of personalized lifestyle among consumers in mainland China's lower-tier cities. The development of e-commerce has also enabled brands to directly deliver products, convey brand philosophy and provide beauty knowledge to consumers in lower-tier cities. As a result, there are significant opportunities and potential in the cosmetics market in lower-tier cities..

Youthful and diversified consumer groups



- The demand for beauty and personality expression among the younger generation is growing. This is primarily driven by their exposure to various beauty information and recommendation on the internet, films, television shows and anime imitation makeups trends, making them a crucial consumer force in this market. In addition, mature consumers are increasingly purchasing premium products, and male consumers are becoming more attentive to their image, both of which further drive the market's growth.



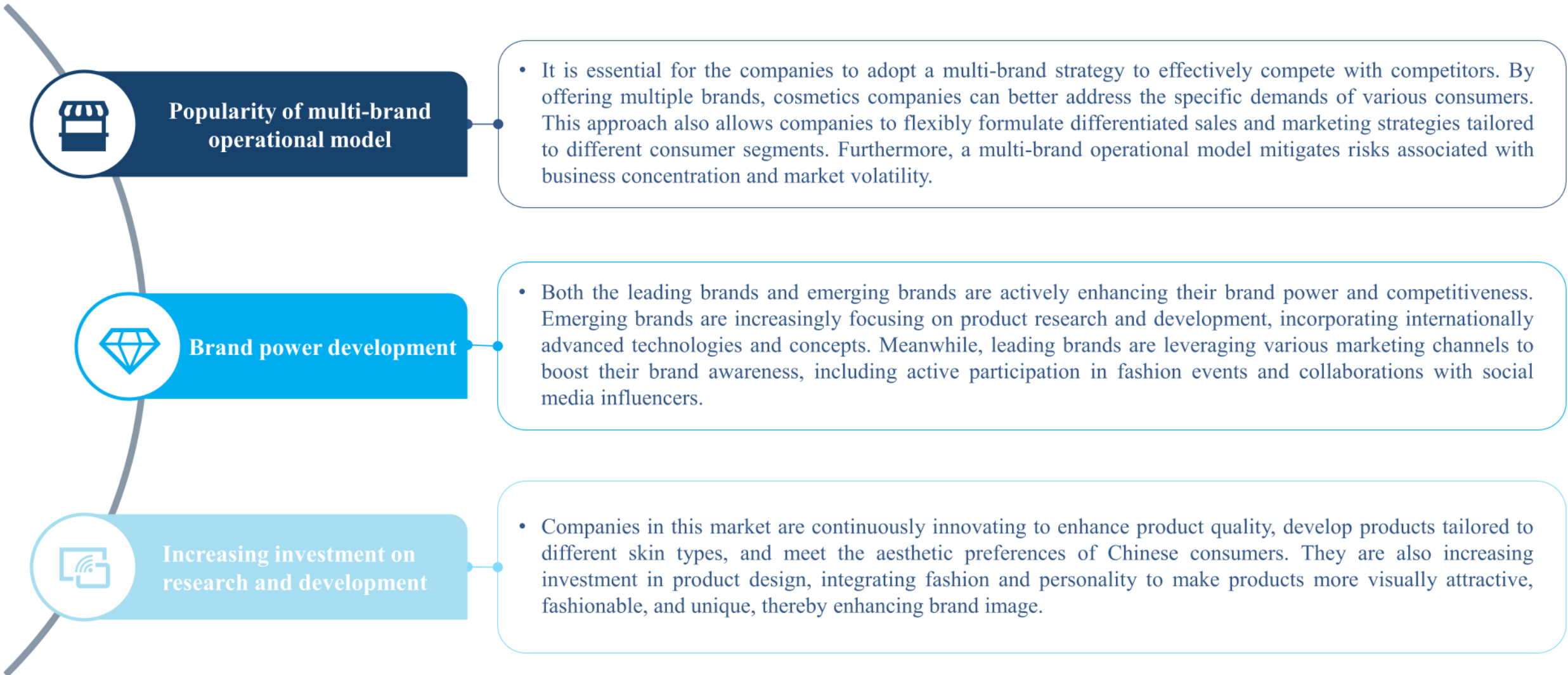
Development of emerging social media and e-commerce channels

- The emergence of media platforms and innovative marketing methods has enhanced the shopping experience for internet users and fostered their interests in cosmetics products. Consumer experiences and recommendations shared on social media and e-commerce channels can stimulate the purchasing desire of other consumers. In addition, the growth of these platforms provides a more convenient shopping experience, allowing consumers to access detailed information and tutorials on cosmetics products.

Source: Frost & Sullivan

Overview of Mainland China's Other Major Cosmetics Market

Future Trend



Source: Frost & Sullivan

Table of Content

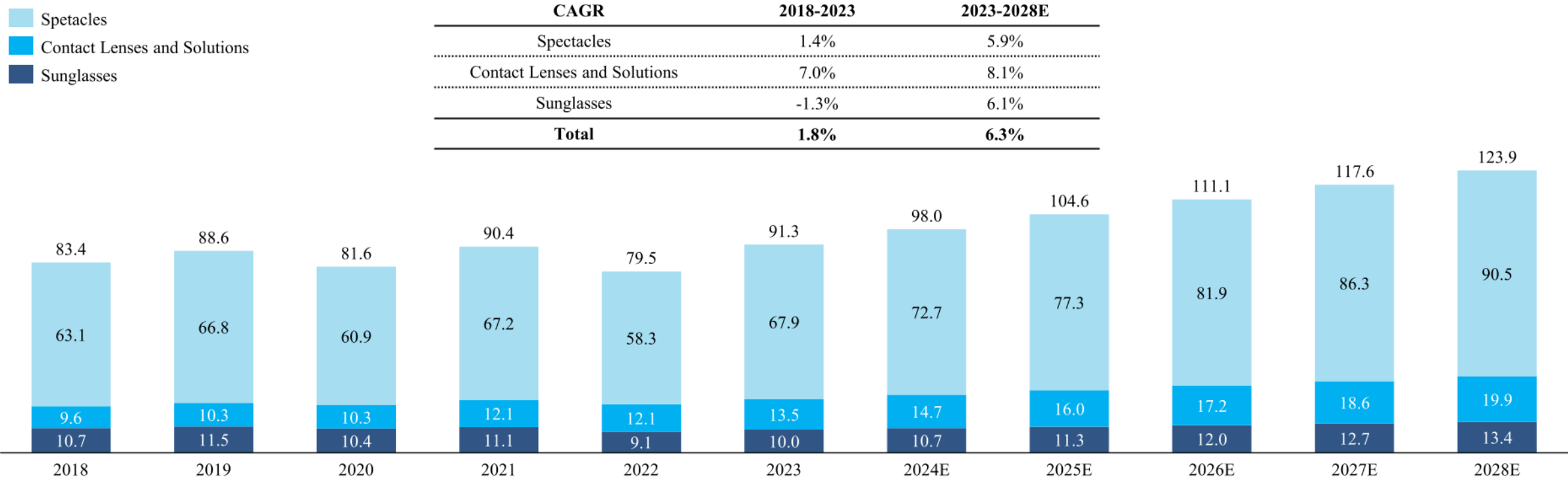
- 1 Overview of Cosmetics Industry
- 2 Overview of Perfume Industry
- 3 Overview of Skincare Industry in China
- 4 Overview of Color Cosmetic Industry in China
- 5 Overview of Personal Care Industry in China
- 6 Overview of Eyewear Industry in China**
- 7 Overview of Home Fragrance Industry in China



Overview of Eyewear Industry in China

Market Size of Eyewear Industry in Mainland China, in terms of Retail Sales

Market Size of Eyewear Industry in Mainland China, breakdown by Categories, in terms of Retail Sales
RMB Billion, 2018-2028E



- Key Finding
- Eyewear(眼镜) refers to the corrective or protective devices for the eyes, including spectacles, sunglasses, contact lenses and solutions.
 - The market size in terms of retail sales of eyewear in mainland China increased from RMB83.4 billion in 2018 to RMB91.3 billion in 2023 with a CAGR of approximately 1.8%. The outbreak of the COVID-19 pandemic has led to a slight decline in the market size of the mainland China’s eyewear industry from 2020 to 2022. However, it has returned to a growth trend in 2023 and grow to RMB123.9 billion in 2028 with a CAGR of approximately 6.3%.

Source: Frost & Sullivan

Overview of Eyewear Industry in China

Market Drivers



Increasing Awareness of Visual Health

- The rapid development of technologies resulted in people's long-term use of electronic devices, which usually caused vision problems for users. Accordingly, they pay more attention to visual health. In addition, increased outdoor activities created more usage scenarios for sunglasses. As a result, consumer demand for sunglasses, spectacles and other eyewear products has grown rapidly.

Rapid Development of Online Sales Channels



- Consumers are getting more acclimated to online shopping due to, among other things, the changing shopping habits cultivated during the COVID-19 pandemic and the market development efforts by cross-border e-commerce merchants. In addition, live streaming e-commerce and group-buying have become the leading strategies for many brands to reach consumers. The strong performance of online sales channels will drive the growth of China's eyewear market.



Continuously Diversified Design of Eyewear Brand

- As Chinese consumers have increasingly pursued individuality, distinctiveness and a wider selection of color and shapes, eyewear brands have begun to introduce a broader range of options, which resulted in many types of eyewear fashion accessories becoming available to accommodate varying personal styles and tastes. Accordingly, there will be more diversified designs and application scenarios in the eyewear market, which will promote the development of China's eyewear industry.

Source: Frost & Sullivan

Overview of Eyewear Industry in China

Future Trend



Developing One-stop Shopping Model

Sales Models of Brand Collection Stores Develop Rapidly

- One-stop shopping experience offered by brand collection stores provides an extensive selection of brands, styles, sizes, and designs of eyewear, catering to different preferences of and occasions for consumers. It allows consumers to find suitable eyewear more expediently. Non-brand-owner perfume groups offering one-stop shopping experiences can curate products from reputable brands, ensuring that the products meet quality standards.



Increasing Demand for Brand Management

More Cooperation Between International Eyewear Brands And Domestic Non-Brand-Owner Perfume Groups

- International brands are increasingly looking to enter or expand their presence in mainland China. Their lack of familiarity with local consumer preferences often leads them to seek collaboration with established non-brand-owner perfume groups that have extensive local market expertise, which enables them to achieve a greater market share.



Accelerating Digitalization

Accelerating Industrial Digital Transformation

- Mainland China's eyewear industry is expected to continue to promote digital changes in the future, which will lead to increased adoption of digital technologies and online sales channels. The adoption of these digital technologies is expected to improve the overall efficiency of mainland China's eyewear industry and enhance the competitiveness of market participants. It will also lead to more personalized shopping and wearing experiences for consumers, promoting further growth and development of mainland China's eyewear industry.

Source: Frost & Sullivan

Table of Content

- 1 Overview of Cosmetics Industry
- 2 Overview of Perfume Industry
- 3 Overview of Skincare Industry in China
- 4 Overview of Color Cosmetic Industry in China
- 5 Overview of Personal Care Industry in China
- 6 Overview of Eyewear Industry in China
- 7 Overview of Home Fragrance Industry in China**



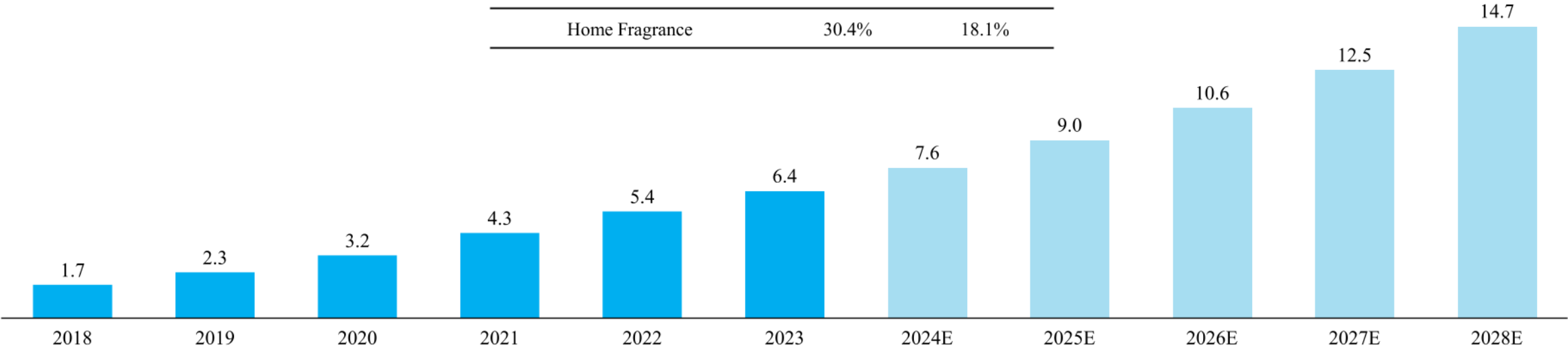
Overview of Home Fragrance Industry in China

Market Size of Home Fragrance Industry in Mainland China, in terms of Retail Sales

Market Size of Home Fragrance Industry in Mainland China, in terms of Retail Sales

RMB Billion , 2018-2028E

	CAGR	2018-2023	2023-2028E
Home Fragrance		30.4%	18.1%



Key finding

- Home fragrances refer to various products aimed at enhancing the ambiance and air quality within households, including, among others, scented candles, diffusers, room sprays, essential oils, fragrance stones, and diffusing devices designed to release pleasant aromas to create a comforting home atmosphere.
- During the COVID-19 pandemic, residents were often forced to spend more time at home, which led to an increased emphasis on the quality of the home environment and a desire for emotional value and socialization. This trend had propelled the rapid expansion of mainland China’s home fragrance industry. As the consumption habits for home fragrances and the demand for improved quality of home life continue to evolve, the home fragrances market is expected to continue to grow.
- The market size in terms of retail sales of home fragrances in mainland China increased from RMB1.7 billion in 2018 to RMB6.4 billion in 2023 with a CAGR of approximately 30.4%, and is expected to grow to RMB14.7 billion in 2028 with a CAGR of approximately 18.1%.

Source: National Bureau of Statistics of the PRC, Frost & Sullivan

Table of Content

● Appendix



Appendix

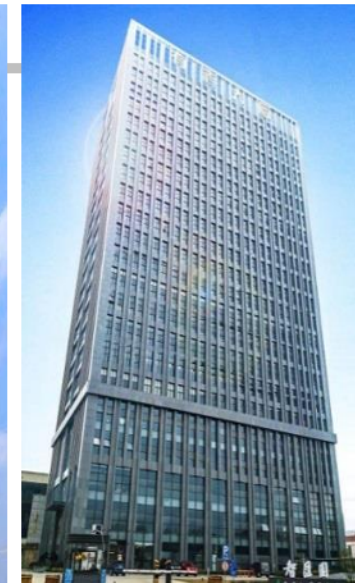
	Statements
1	The Group is the third largest perfume group in China (including Hong Kong and Macau) in terms of retail sales in 2023.
2	The perfumes market in mainland China recorded growth in recent years and has the potential to further expand, mainly due to the lower penetration of perfumes in mainland China and its large population size compared with other developed countries.
3	Mainland China is the fastest growing perfumes market among the top 10 countries in the global perfumes industry in terms of retail sales from 2018 to 2023, with a CAGR of 15.0% during this period.
4	The market size in mainland China's perfumes market in terms of retail sales grew at a CAGR of 15.0% from 2018 to 2023 (including a CAGR of 11.7% from 2020 to 2022), and is expected to further grow at a CAGR of 14.0% to 2028. This growth rate was higher than that of the perfumes market in the United States, the United Kingdom, Japan and South Korea,
5	The limited exposure to local sales and distribution network resources is a challenge commonly faced by international brands.
6	China is the fastest growing perfumes market among the top 10 countries in the global perfumes industry in terms of retail sales from 2018 to 2023, with a CAGR of 15.0% during this period. Comparatively, the perfumes market in the United States, Brazil, France, Germany and the United Kingdom grew at a CAGR of 7.0%, 2.8%, 0.7%, 2.4% and 0.7%, respectively, for the same period.
7	Cultural disparities and industry know-how in the supply chain process in mainland China are among several formidable challenges for international brands that wish to enter into this market..
8	The Group's reputation enabled the Group to be a business partner for a number of brand licensors who are looking to enter into or expand their brands' presence in these markets, particularly in China, which has been increasingly viewed as a strategically significant market for global expansion and growth by the international brands.
9	The Group sell products through all major online platforms in mainland China.
10	It is a relatively common strategic approach for companies in all industries to develop their self-owned brands as they will be able to leverage their initial capital accumulation, established sales channels, and understanding of the market demand in the development of their self-owned brands, with an aim to further enhance their brand influence and increase their profit margins.
11	There are more than 10,000 enterprises that satisfy the following selection criteria: (i) solid market reputation and reliability; (ii) sound financial performance; and (iii) possession of a large and expanding consumer base.
12	The complementary provision of market deployment services is generally in line with the industry norm.
13	Such decrease of consumer traffic was partially attributable to customers' preference for one-stop shopping during the COVID-19 pandemic, as opposed to visiting multiple locations, which was mainly motivated by a desire to reduce human contact due to the health concerns.
14	The industry trend showing a decline of department stores as consumers preferred shopping destination due to, among other factors, outdated infrastructure, old fashioned business model and conservative operational strategies adopted by their operators.

Source: Frost & Sullivan

Appendix

	Statements
15	Shopping malls are expected to continue to grow in the next five years, primarily driven by their ability to meet the evolving consumer demands.
16	There were over 200 duty-free shops in mainland China as of the Latest Practicable Date.
17	The Circular announced the opening of eight new downtown duty-free shops, which further solidifies the growth potential in mainland China's travel retailer market arising from the steady expansion of duty-free shops.
18	Selling products through distributors is a common practice in the industries where we operate.
19	Our distribution arrangements, including the product return policies for our distributors, are generally in line with industry norm.
20	The Group is the largest perfume group in China (including Hong Kong and Macau) apart from brand-owner perfume groups in terms of retail sales in 2023, and the third largest perfume group in China (including Hong Kong and Macau) in terms of the retail sales in 2023.
21	(i) the market size of perfumes industry in mainland China in terms of retail sales increased from RMB11.4 billion in 2018 to RMB22.9 billion in 2023, representing a CAGR of approximately 15.0%; (ii) the market size of skincare products industry in mainland China in terms of retail sales increased from RMB309.7 billion in 2018 to RMB463.0 billion in 2023, representing a CAGR of approximately 8.4%; (iii) the market size of color cosmetics industry in mainland China in terms of retail sales increased from RMB93.0 billion in 2018 to RMB116.8 billion in 2023, representing a CAGR of approximately 4.7%; (iv) the market size of personal care industry in mainland China in terms of retail sales increased from RMB202.2 billion in 2018 to RMB268.5 billion in 2023, representing a CAGR of approximately 5.8%; (v) the market size of eyewear industry in mainland China in terms of retail sales increased from RMB83.4 billion in 2018 to RMB91.3 billion in 2023, representing a CAGR of approximately 1.8%; and (vi) the market size of home fragrance industry in mainland China in terms of retail sales increased from RMB1.7 billion in 2018 to RMB6.4 billion in 2023, representing a CAGR of approximately 30.4%.
22	The demands of the middle class and younger generation in mainland China for beauty and personality expression associated with the development of olfactory economy have become the key growth drivers in mainland China's cosmetics industry. In addition, we are subject to the changes in economic conditions affecting the level of consumer spending on the products we sell.
23	Based on the acquisition and investment selection criteria we identified in the section headed "Business — Our Business Strategies — Strengthen our market leading position through optimizing, broadening and diversifying our brand and product portfolios", we believe that there is a group of suitable acquisition or investment targets. There are approximately 200 enterprises that satisfy the above-mentioned selection criteria.
24	The market size of perfumes in mainland China in the new first-tier and second-tier cities is expected to grow at a CAGR of 17.0%, which is faster than that in first-tier cities at 10.6% in the next five years.
25	The raw materials of perfumes sold in mainland China primarily include ethanol and glycerol. According to Frost & Sullivan, the price of ethanol increased from RMB5,482 per ton in 2018 to RMB6,690 per ton in 2023 with a CAGR of approximately 4.1%, and the price of glycerol decreased from RMB6,869 in 2018 to RMB4,338 in 2023 with a CAGR of approximately -8.8%.

Source: Frost & Sullivan



北京办公室：

北京市朝阳区建国门外大街1号
国贸写字楼2座24层2401室

电话：86 10 5929 8678
传真：86 10 5929 8680
www.frost.com

上海办公室：

上海市静安区南京西路1717号
会德丰国际广场2504室

电话：86 21 5407 5836
传真：86 21 3209 8500
www.frost.com

香港办公室：

香港中环康乐广场8号
交易广场1期1706室

电话：852 2191 5788
传真：852 2191 7995
www.frost.com

深圳研究院：

深圳市南山区深南大道9676号
大冲商务中心D座14C03室

电话：86 755 3688 9828
传真：86 755 3686 8806
www.frost.com

南京研究院：

南京市江宁区科建路29号
有志大厦7楼

电话：86 25 8509 1226
传真：86 25 8509 1226
www.frost.com

成都办公室：

四川省成都市青羊区西御街3号
领地中心东塔14层

电话：028 63207456
传真：028 63207456
www.frost.com

台北办公室：

台北市信义区松高路9号
统一国际大楼25楼

电话：886 2 7743 0566
传真：856 2 7743 7100
www.frost.com