

Eternal Beauty (6883 HK)

Pioneer of luxury fragrance management, initiate with Buy

Founded in 1980s, Eternal is the first company in China to introduce international premium perfumes in a systematic and large-scale manner. Distinct from pure distributors, the company adopts a brand licensing and agency model, providing end-to-end services for European perfumes, covering market access, channel development, and consumer education. As a pioneer in China's imported perfume sector, it has played a pivotal role in formulating and optimizing the current industry standards. We believe its core investment rationale is as follows:

- Core beneficiary of a high-growth industry.** Consensus positions China's perfume market as the fastest-expanding segment in cosmetics, with multiple institutions projecting [9-14% CAGR](#) over the next 4-5 years. This trend is underpinned by the cross-sector expansion of domestic/international beauty and global fashion conglomerates into perfume in recent years. The growth is mainly driven by rising penetration, supported by: 1) Macro: China's per capita perfume spending lags far behind the US/UK/Japan/South Korea; 2) Meso: stronger lower-tier city consumption willingness and surging spending on men's perfume, as well as growing online perfume penetration. 3) Micro: fragrance use scenarios extend to daily life. [Eternal ranks the 3rd](#) in China (incl. HK & Macau) in terms of retail sales in 2023. With 81% of FY25 revenue from perfume, it stands as a core beneficiary of market expansion.
- Multi-brand operation secures bargaining power in down/upstream markets.** 1) Downstream: with a portfolio of 70+ international brands, 2,000+ SKUs, and a broad price range (RMB30-RMB60,000), Eternal delivers one-stop beauty brand onboarding solutions for shopping malls, significantly reducing communication costs. It also strengthens partnership stickiness by flexibly replacing slow-moving brands to help channels mitigate operational risks. 2) Upstream: 40 years of market-entry expertise accelerates regulatory clearance (like hygiene inspections). Its 2mn member CRM data supports localization solution which covers product formulations, packaging and pricing. Omnichannel network (400 cities, 7,800 POS) enables precise sales channel matching.
- Investors' concerns: risks likely overblown: 1) withdrawal risk of brand licensing:** More optimistic in reality. The company's suppliers hold permanent contracts with most brands (contributing 70% of sales), and key brand Versace renewed contract for 30 years last year. European brands tend to maintain long-term channel partnerships given high R&D burden. Withdrawal of licensing usually follows with substantial compensation. Brands with large-scale sales rely more on channels (harder to withdraw), while small scale brand withdrawals have limited impact on performance. 2) **Competition from domestic brands:** Limited short-term threats. The perfume market has been expanding incrementally. Domestic brands show a big difference from international premium ones in price range and customer base, mostly cultivating potential customers for the latter. Besides, domestic brands lag far behind international peers in perfumer training/R&D/raw material access/production technology—posing no material short-term threats.
- Initiate with Buy.** Our TP of HK\$3.49 represents 14.2x FY26E P/E, which is derived from a 30% discount to the 1.07x 1-yr forward PEG of comparable peers. (See [Valuation Section](#) for details)

BUY (Initiate)

Target Price HK\$3.49
Up/Downside 72.8%
Current Price HK\$2.02

China Consumer Staples

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Stock Data

Mkt Cap (HK\$ mn)	2,740.1
Avg 3 mths t/o (HK\$ mn)	17.0
52w High/Low (HK\$)	NA/NA
Total Issued Shares (mn)	1356.5

Source: FactSet

Shareholding Structure

Eternal International Holding	73.8%
Lam King	0.5%

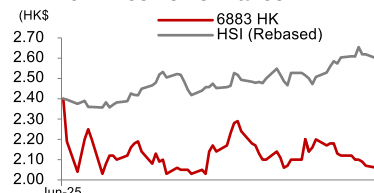
Source: HKEX

Share Performance

	Absolute	Relative
1-mth	-3.8%	-6.8%
3-mth	NM	NM
6-mth	NM	NM

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Mar)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMBmn)	1,864	2,083	2,425	2,784	3,134
YoY growth(%)	9.7	11.8	16.4	14.8	12.6
Net profit (RMBmn)	206.5	227.0	299.7	324.1	370.3
YoY growth(%)	19.3	10.0	32.0	8.1	14.3
EPS (Reported) (RMBcents)	na	na	22.47	24.30	27.77
Consensus EPS (RMB)	na	na	0.23	0.26	0.32
P/E (x)	na	na	8.2	7.6	6.7
Yield (%)	na	na	9.2	6.6	7.5

Source: Company data, Bloomberg, CMBIGM estimates

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Focus Charts

Figure 1: Key forecasts

RMB mn	2022	2023	2024	2025	2026E	2027E	2028E
Revenue	1,675	1,699	1,864	2,083	2,425	2,784	3,134
Direct sales channels	383	339	447	431	534	659	789
Retailer channels	785	761	845	1,013	1,169	1,318	1,452
Distribution channels	470	567	560	634	716	801	887
Others	38	32	11	6	6	6	6
YoY growth		1.5%	9.7%	11.8%	16.4%	14.8%	12.6%
Direct sales channels		-11.5%	32.1%	-3.6%	23.9%	23.3%	19.8%
Retailer channels		-3.0%	11.0%	19.9%	15.4%	12.8%	10.1%
Distribution channels		20.7%	-1.2%	13.0%	13.0%	11.9%	10.7%
Others		-14.3%	-65.2%	-49.9%	0.0%	0.0%	0.0%
Gross margin	51.4%	50.4%	50.3%	50.3%	51.7%	51.6%	51.8%
Direct sales channels	67.8%	67.5%	69.0%	68.9%	68.3%	66.4%	65.0%
Retailer channels	48.3%	47.7%	46.9%	47.9%	48.0%	48.0%	48.3%
Distribution channels	46.0%	48.3%	45.8%	45.6%	45.7%	45.7%	45.9%
Others	18.9%	-29.8%	-207.0%	-421.3%	0.0%	0.0%	0.0%
Net profits	171	173	206	227	300	324	370
YoY growth		1.3%	19.3%	10.0%	32.0%	8.1%	14.3%
Net margin	10.2%	10.2%	11.1%	10.9%	12.4%	11.6%	11.8%
Recurring net profit	171	173	206	227	260	324	370
YoY growth		1.3%	19.3%	10.0%	14.4%	24.8%	14.3%
Recurring net margin	10.2%	10.2%	11.1%	10.9%	10.7%	11.6%	11.8%

Source: Company data, CMBIGM estimates (fiscal year ended 31 March)

Figure 2: Top 5 perfume groups in China (including HK & Macau), 2023

排名/ Ranking	集团	Group	类别	Category	市场份额/ Market share
1	香奈儿	Chanel	品牌所有者	Brand-Owner	10.6%
2	路易威登	LVMH	品牌所有者	Brand-Owner	9.4%
3	颖通集团	Eternal	品牌运营者	Brand-Operator	9.3%
4	欧莱雅	L'Oréal	品牌所有者	Brand-Owner	9.1%
5	雅诗兰黛	Estée Lauder	品牌所有者	Brand-Owner	8.3%

Source: Frost & Sullivan, Company data, CMBIGM

Figure 3: Online GMV of major brands (three platforms including TBTM, Douyin, JD)

RMB mn 人民币百万元	FY 2025	FY2026 1-5M	FY 2025 YoY	FY2026 1-5M YoY
Hermès/爱马仕	421.6	208.0	0%	7%
Versace/范思哲	364.1	154.4	13%	-2%
Chloe/蔻依	247.0	91.3	46%	17%
Coach/蔻驰	107.2	38.8	38%	5%
Montblanc/万宝龙	37.4	15.9	-6%	22%
Ferragamo/菲拉格慕	28.5	9.5	-29%	-30%
Anna Sui/安娜苏	27.0	10.6	-19%	-14%
Van Cleef & Arpels/梵克雅宝	16.7	8.6	10%	23%
Lanvin 浪凡	16.8	9.2	-41%	15%
Cartier/卡地亚	17.0	9.2	-22%	28%
Lalique/莱俪	13.8	7.3	-33%	-1%
Juicy Couture	9.5	2.9	-20%	-36%
Acqua Kappa	9.0	2.3	-41%	-43%
4711	9.8	6.0	-24%	26%
Eternal 颖通合计	1,325.4	573.8	7%	5%

Source: Mojing Data, CMBIGM

Note: only covered brands entering top 100 on three platforms

Investment Thesis

1. Core beneficiary of high-growth segment

■ 1.1 Fragrance emerges as the fastest-growing beauty category based on consensus

Eternal Holdings derives 81% of revenue and 76% of gross profit from perfume sales (FY25, ending March 2025), which is the core growth driver of the company. Ranked third in China (including HK and Macau) with 9.3% market share and fourth in mainland China (8.1%) in terms of retail sales, the company solidifies its position as a tier-1 industry player.

Frost & Sullivan data shows that China's perfume market grew at a 15% CAGR during 2018-2023, outpacing skincare (8.4%), personal care (5.8%), and color cosmetics (4.7%). The firm projects that the sector will remain the fastest-growing category under the beauty category through 2028E with a 14% CAGR, expanding to RMB44bn - still outperforming skincare (8.7%), personal care (6.0%) and color cosmetics (8.4%). Euromonitor, Deloitte and CIC made a similar forecast, with 9%+ CAGR for the next 4-5 years. (Figure 6)

Market momentum validates this outlook: Global beauty conglomerates are accelerating fragrance investments while non-beauty brands (Max Mara, COS, BV) and domestic players (Maogeping, Proya) enter the category (Figure 7). This cross-sector participation confirms industry consensus that fragrance will be the highest growth segment under the beauty category.

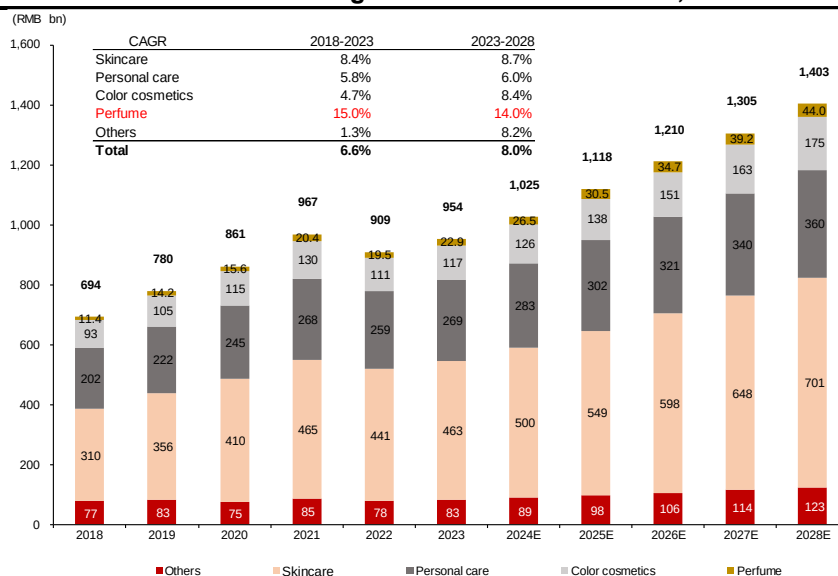
Figure 4: Perfume industry market share ranking - 2023 (by retails sales)

中国(含香港及澳门) 排名前五香水集团 Top5 Perfume group in China including HK & Macau, 2023

排名/Ranking	集团	Group	类别	Category	市场份额/Market share
1	香奈儿	Chanel	品牌所有者	Brand-Owner	10.6%
2	路易威登	LVMH	品牌所有者	Brand-Owner	9.4%
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Source: Frost & Sullivan, Company data, CMBIGM

Figure 5: Cosmetics sector's sales growth in mainland China, 2018-2028E



Source: Frost & Sullivan, Company data, CMBIGM

Figure 6: Perfume market scale estimates

Institution	Time frame	Forecast CAGR	Forecast market size
Frost & Sullivan	2023 - 2028E	14%	RMB 44 bn (2028E)
Euromonitor	2023 - 2028E	9% - 12%	RMB 80 bn (2028E)
Deloitte	2023 - 2028E	9%	RMB 33 bn (2028E)
CIC report	2024 - 2029E	9%	RMB 32 bn (2029E)

Source: Frost & Sullivan, Euromonitor, Deloitte, CIC report, CMBIGM

Figure 7: Domestic & International brands movements towards perfume field

Brand	Investment in perfume field (2024 - 2025)
Overseas: Non-beauty brands are entering the perfume sector	
珑骧 / Longchamp	On 22 July 2025, entered into a perfume licensing agreement with Interparfums Group, with the first batch of perfume products planned to be launched in 2027.
波萨利诺/Borsalino	In February 2025, reached a perfume business licensing agreement with Perfume Street and launched its first perfume, <i>Black Iris</i> .
柏黎雅/Balestra	In March 2025, launched a new perfume, <i>Balestra1924</i> , to celebrate the 100th anniversary of the founder's birth.
COS	In April 2025, COS under H&M Group launched its first in-house perfume collection, <i>COS Perfumery</i> .
鬼冢虎 / Onitsuka Tiger	In 2025, when opening its global flagship store in Paris, France, it released its first perfume series (consisting of four eau de toilette scents crafted by renowned perfumer Mark Buxton), which is scheduled to be launched globally in autumn 2025.
Max Mara	In 2024, assigned its perfume licensing rights to Shiseido, whose responsible for the production, promotion and distribution of Max Mara's perfume products.
葆蝶家 / Bottega Veneta	In October 2024, Kering Group launched its first perfume series for Bottega Veneta, positioning it in the luxury high-end segment.
施华洛世奇 / Swarovski	In 2024, entered into a cooperation with Coty, and the first batch of perfumes is expected to be launched in 2026.
Overseas: cosmetic groups are increasing Investment in Perfume	
欧莱雅 / L'Oréal	In February 2024, signed a beauty product licensing agreement with Miu Miu and launched the new <i>Miutine</i> perfume collection in 2025. In 2025, made an investment in the emerging South Korean luxury perfume brand Born to stand out, acquired a minority stake in Amouage, and acquired a minority stake in the French designer brand Jacquemus with plans to launch a co-branded perfume series.
雅诗兰黛 / Estée Lauder	In January 2024, reached an exclusive commercial agreement with the digital olfactory technology supplier Exuud, planning to integrate the technology into perfume products. In August 2024, the beauty business line formed cooperation with Balmain and released its first perfume series.
联合利华 / Unilever	In November 2024, made a minority investment in the perfume brand The 7 Virtues. In December 2024, announced an investment of EUR100 mn to establish Unilever Perfume House.
开云集团 / Kering Group	In 2024, based on the integrated development platform of Creed, launched perfumes for its brands Alexander McQueen, Bottega Veneta and Balenciaga (after regaining their licensing rights).
科蒂集团 / Coty Group	In 2024, launched its in-house high-end perfume brand <i>Infiniment Coty Paris</i> .
高丝 / Kose	In December 2024, acquired the Thai fragrance brand PANPURI.
Domestic: local cosmetic brands are launching perfume products	
毛戈平 / MGP	In October 2024, launched its first national charm-themed concentrated fragrance perfume series.
观夏 / To Summer	In January 2024, received a minority investment from L'Oréal Group's venture capital fund BOLD.
珀莱雅 / Proya	In August 2024, filed for the record of "Proya Qishi Jizhi Perfume".
半亩花田 / Little Dream Garden	In 2025, announced a comprehensive entry into the perfume field.
稀物集 / Xiwuji	In 2025, launched its first fragrance product "Xiwuji Meili Yingyue Perfume".

Source: public information, CMBIGM

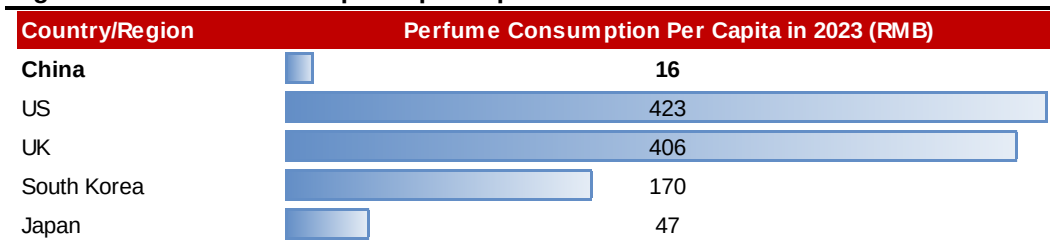
■ Fundamental drivers of fragrance market penetration growth

We believe the 9-14% CAGR projected for China's fragrance market over the next five years will be primarily driven by increased market penetration, supported by macro, meso and micro-level factors:

1) Macro perspective: Rising per capita fragrance expenditure.

China still has significant room for growth in per capita fragrance spending. According to the data of Frost & Sullivan, China's per capita expenditure on fragrance was only RMB16 in 2023, far below developed markets: US (RMB423), UK (RMB406), South Korea (RMB170), and Japan (RMB47). Meanwhile, China's GDP per capita only surpassed RMB12,960 recently in 2023, still significantly lagging behind developed economies. According to IMF, HKMA, ONS, COJ and BOK data, GDP per capita in 2023 amounts to: US (US\$ 76,740), Hong Kong (US\$52,540), UK (US\$46,280), Japan (\$35,120), South Korea (\$34,830). Furthermore, these institutions project that over the next five years (2023-2028E), China's GDP per capita growth will far outpace developed economies, creating substantial potential for growth in China's per capita fragrance expenditure.

Figure 8: Perfume consumption per capita in 2023



Source: Frost & Sullivan, CMBIGM

Figure 9: GDP per capita and growth rate forecasts in different countries/regions

Country/Region	2023 GDP per capita (USD)	Growth Rate of GDP Per Capita (2023-2028E)	Data Source
China	12,960	4.0% - 4.5%	World Bank (2023 Global Economic Prospects) / Global Economic Prospects 2024
UK	46,280	0.8% - 1.2%	Office for National Statistics (UK, 2023 GDP Release) / (Long-Term Economic Outlook 2023)
US	76,470	1.8% - 2.2%	IMF (2023 World Economic Outlook) / (World Economic Outlook 2024 forecast range)
Japan	35,120	1.0% - 1.5%	Cabinet Office of Japan (2023 Annual Economic Report) / (Economic Outlook Report 2024)
South Korea	34,830	2.0% - 2.5%	Bank of Korea (2023 Economic Statistics Bulletin) / (BOK, Medium-Long-Term Economic Outlook 2024)
HK	52,540	2.5% - 3.0%	HKMA (2023 Q3 GDP Preliminary Estimate) / (Economic Forecast 2024)

Source: World Bank, ONS, IMF, COJ, BOK, HKMA, CMBIGM

2) Meso perspective: consumption upgrade in lower-tier cities + significant growth in male fragrance expenditure.

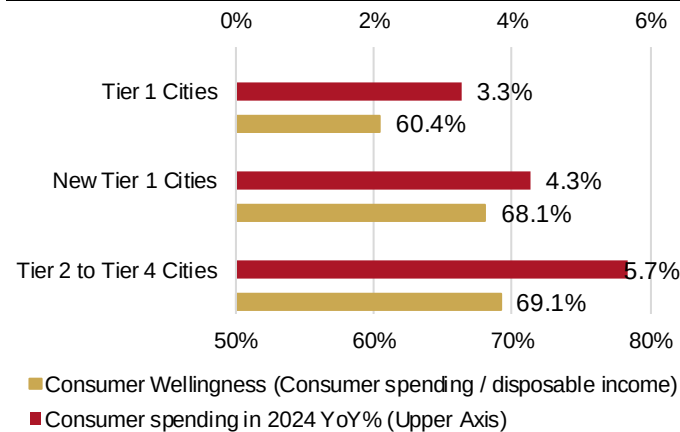
Consumption upgrade in lower-tier cities: The ongoing consumption upgrade in lower-tier cities continues to release incremental demand. As residents' purchasing power improves and aesthetic awareness awakens, acceptance and willingness to purchase fragrances in these markets gradually strengthens. According to the incomplete statistics of Deloitte, in 2024, consumption willingness in second-, third-, and fourth-tier cities was significantly higher than that in first-tier cities, with expenditure growth also outpacing first-tier cities. Meanwhile, according to Qingyan Intelligence's report, Gen Z consumers aged 18-25 are emerging as a new major force in fragrance consumption, accounting for 18.7% in second-tier and below cities, significantly higher than the 12.9% in first- and new first-tier cities.

Significant growth in male fragrance expenditure will provide crucial support for the overall increase in fragrance penetration in China. In 2023, Chinese men's interest in fragrances increased by 10% compared to 2022 (Kantar and Rednote "2024 Fragrance Trend White Paper"). Sales of men's fragrances and hair wax exceeded RMB60 mn in

2023, with year-on-year growth of 1,151% (Chanmofang data). In the first half of 2024, sales of men's fragrance products on Douyin E-commerce surged by 1,717%.

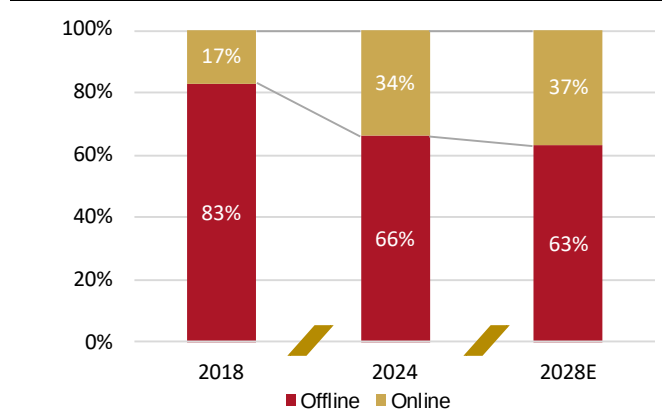
Online channel penetration: Fragrance sales remain predominant offline, but online channel penetration is expected to deepen continuously, leveraging scenario-based marketing on content e-commerce platforms to reach a broader consumer base.

Figure 10: Consumer willingness – by city tier



Source: NBS, Deloitte, CMBIGM
Note: incomplete statistics

Figure 11: China perfume market – by online/offline



Source: Euromonitor, Deloitte, CMBIGM

3) Micro perspective: usage scenario expansion + personalized demand

Usage scenario expansion: The application scenarios for branded fragrances continue to diversify, encompassing emerging areas such as automotive, home, outdoor sports, and aromatherapy. Meanwhile, consumers' pursuit of premium lifestyle experiences is driving the integration of higher-end fragrance materials into personal care and home cleaning products, facilitating the extension of professional fragrance products from "specific occasions" to everyday moments.

Personalized demand among younger demographics: The pursuit of distinctive scent profiles and brand personalities provides fertile ground for the growth of niche fragrance brands.

2, Multi-brand strategy: establishing bargaining power across the value chain

■ 2.1 Downstream channels: product portfolio enhances channel control.

As of May 2025, the company manages over 2,000 SKUs, providing distribution and market expansion services for more than 70 global brands, with product prices ranging from RMB30 to RMB60,000. Compared to single-brand operators and peers, the company offers distributors/channel partners with significantly greater SKU diversity and broader price coverage.

This forms two key competitive advantages in channel partnerships:

1) The ability to provide optimally matched product solutions through flexible combinations, substantially reducing channel partners' communication costs. Taking core offline partners (e.g., CR MixC, Xintiandi shopping malls) as examples: for grand openings or tenant refresh requirements, partnering with Eternal can fulfill multiple beauty brand introduction needs simultaneously - often addressing over 50% of cosmetics leasing demands through a single negotiation, significantly strengthening the company's bargaining position.

2) When channels face underperformance from specific brands, Eternal's extensive brand portfolio enables rapid product mix adjustments to mitigate channel losses. This risk mitigation capability further enhances channel partners' loyalty to Eternal.

Figure 12: SKU price range

Product category	产品分类	Recommended Retail Price Range (RMB) 零售价范围 (人民币)
Perfumes	香水	30 to 60,000
Skincare products	护肤	30 to 15,000
Color cosmetics	彩妆	15 to 6,600
Eyew ear	眼镜	190 to 2,600

Source: Company data, CMBIGM

■ 2.2 Upstream brand partners: establishing dominance through pain point resolution

As a pioneer in China's imported fragrance sector, the company was among the first to introduce overseas perfume brands to China. It has developed mature solutions for operational challenges faced by international brands entering Greater China:

1) Addressing high market entry barriers & complex procedures: International fragrance brands must navigate complex processes including product registration, customs inspections, and quarantine procedures. The company maintains specialized teams to handle registration filings and tariff processing efficiently. Additionally, to ensure regulatory compliance, it assists brands with: formula adjustments (replacing prohibited ingredients), and redesign of labels (meeting Chinese labeling requirements) etc. Through years of refinement, the company has standardized these processes, significantly reducing lead times from typically 6-18 months to just 3-6 months. This operational efficiency represents a core competitive advantage.

2) Solving localization challenges: With nearly 40 years of experience in Greater China, the company possesses exceptional localization capabilities supported by: The fragrance industry's leading CRM system with 2 million members (group-level, not brand-specific), data-driven insights for precise localization across product formulations, packaging design, pricing strategies, marketing campaigns etc. Notable successes include: the localized

version of "Burberry Brit Sheer " becoming a bestseller in Greater China, and German brand DR.Barbor's ampoule essence gaining market traction after package size optimization (smaller formats better suited for Asian consumers), which effectively resolved allergy issues caused by improper storage after opening.

3) Addressing "precision channel placement" challenges: The company has established a multi-tiered distribution network employing an omnichannel approach, with offline coverage spanning 7,800 sales points across 400+ cities and online presence across 200+ stores on 10+ e-commerce platforms. Offline channels include chain cosmetics specialty stores, duty-free shops, retailers, distributors, and self-owned stores; online channels comprise retailer shops, distributor shops, and self-owned brand stores. The comprehensive system enables precise monitoring of channel performance and optimal sales pathway matching to help brands achieve targets.

Through years of multi-brand operations, the company has developed a mutually reinforcing closed-loop ecosystem with bargaining power across upstream and downstream partners, forming a formidable competitive moat.

Figure 13: Brands under major perfume groups in China

Eternal 永恒		L'Oréal 欧莱雅		Estée Lauder 雅诗兰黛		LVMH 路易威登	
1 爱马仕	Hermès	1 梅森玛吉拉	Maison Margiela	1 雅诗兰黛	Estée Lauder	1 迪奥香水	Parfums Christian Dior
2 范思哲	Versace	2 圣罗兰美妆	YSL	2 祖玛珑	Jo Malone	2 宝格丽	Bvlgari
3 梵克雅宝	Van Cleef & Arpels	3 乔治阿玛尼	Giorgio Armani Beauty	3 汤姆·福特	TOM FORD	3 罗意威香水	Loewe Perfumes
4 萧邦	Chopard	4 普拉达	Prada	4 勒莱柏	Le Labo	4 帕尔马之水	Acqua di Parma
5 安娜苏	Anna Sui	5 兰蔻	Lancôme	5 倩碧	Clinique	5 娇兰	Guerlain
6 浪凡	Lanvin	6 法国欧珑	Atelier Cologne	6 克利安	by Kilian	6 梵诗柯香	Maison Francis Kurkdjian
7 蔻驰	Coach	7 缪缪	Miu Miu	7 馥马尔	Frédéric Malle	7 纪梵希香水	Parfums Givenchy
8 万宝龙	Montblanc	8 华伦天奴	Valentino	8 雅芮	AERIN	8 路易威登	LV
9 凯蒂诗贝	Kate Spade	9 伊索	Aesop	9 雅男士	Aramis	9 葆蝶家	Bottega Veneta
10 D二次方	Dsquared2	10 维克多罗夫	Viktor & Rolf			10 斯特拉·麦卡特尼	Stella McCartney
11 默斯奇诺	Moschino	11 阿莎罗	Azzaro	Around 10 brands			
12 克霖	Clean	12 迪塞尔	Diesel			Around 10 brands	
13 4711	4711	13 卡夏尔	Cacharel				
14 吉米周	Jimmy Choo	14 赫莲娜	HR				
15 卡尔·拉格斐	Karl Lagerfeld						
16 登喜路	Dunhill	Around 15 brands					
17 莱佩	Lalique						
18 宝诗龙	Boucheron						
19 玛丽之香	Parfums De Marly						
20 菲拉格慕	Ferragamo						
21 希尔乔夫	Xerjoff						
22 21G 香氛屋	Maison 21G						
23 布鲁内洛·库奇内利	Brunello cucinelli						
24 芙拉	Furla						
25 格拉夫	Graff						
26 MCM	MCM						
27 盟可睐	Moncler						
28 拉科斯特	Lacoste						
29 楚萨迪	Trussardi						
30 迈克尔·科尔斯	Michael Kors						
31 艾莉·萨博	Elie Saab						
32 蕾娜海	Les Nereides						
33 卡鲁	Kaloo						
34 克莱夫·克里斯蒂	Clive Christian						
35 Memo	Memo						
36 宾利	Bentley						
37 佩里斯·蒙特卡罗	Perris Monte Carlo						
38 霍比格恩特	Houbigant Paris						
39 黑之屋	Maison Noir						
40 特鲁东	Trudon						
41 罗伯特·卡沃利	Roberto Cavalli						
42 罗嘉德芬	ROJA						
43 桃丝熊	TOUS						
44 梅赛德斯-奔驰	Mercedes-Benz						
45 卡郎	CARON						
46 福尔纳塞蒂	Fornasetti						
47 布里奥尼	Brioni						
48 圣玛利亚修道院	Santa Maria Novella						
.....							
Around 50 brands							

Source: Company data, CMBIGM

Note: incomplete statistics, as of 31 May 2025

3. Are investors over concerned

Currently, investor concerns primarily center on two key issues: (1) the potential disruption from rising domestic brands in the premium fragrance market, which could erode Eternal's market share; and (2) the risk of core brand distribution rights being revoked, impacting revenue streams. However, operational data, industry dynamics, and partnership fundamentals suggest these fears are overblown. Domestic brands pose minimal near-term threat to premium fragrances. Instead, they help cultivate future high-end consumers. Meanwhile, the risk of distribution rights termination remains low in the medium term, with partnership stability exceeding expectations.

■ 3.1 Risk of losing operation rights of core brand? Reality far exceeds expectations

While this risk persists theoretically, actual observations paint a far more positive picture:

Fact 1: Eternal's suppliers hold perpetual contracts with most brand (contributing ~70% of Eternal's sales). Notably, Versace—a key revenue driver—recently renewed its 30-year global partnership with Eternal's supplier. For European fragrance houses, exclusive distribution agreements typically span 30-50 years, given the high R&D costs (e.g., formulation development, regulatory compliance). Without guaranteed distribution channels, brands face prohibitive costs to launch new categories independently. Long-term partnerships are thus mutually beneficial. Even if brands seek to reclaim rights, substantial termination penalties (e.g., high compensation clauses) act as deterrents.

Fact 2: Larger brands (e.g., those with annual sales >RMB 1bn) are more reliant on Eternal's distribution network. Replicating its 400+ city coverage (7,800 offline points + 200+ online stores) and navigating China's complex regulatory landscape (e.g., product registrations, labelling rules) would be prohibitively costly for brands. Smaller brands (<RMB 100mn annual sales) pose higher theoretical revocation risks but immaterial earnings impact.

■ 3.2 Domestic brand competition? Current threat remains limited

We acknowledge that domestic brands may eventually compete with Eternal's portfolio of premium international brands, but the current situation suggests that investor concerns are overstated. Key analysis dimensions include:

1) Market dynamics: domestic and international brands coexist in expansion phase

Growth stage: China's fragrance market is still in a "volume-driven expansion" phase, far from a zero-sum "share-shift" game.

Price & consumer segmentation: domestic brands (e.g., To Summer, DOCUMENTS) focus on mid-tier pricing (RMB 200–500/50ml), while Eternal's core brands (e.g., Versace) dominate the RMB 800–2,000+ luxury segment. Domestic brands act as "entry-level educators", cultivating future premium consumers.

2) Structural barriers for domestic brands:

Domestic players face significant challenges in competing with established international brands, which mainly lies in fore dimensions:

Talent development: significant system gap on perfumer training

International: In Europe, over ten higher education institutions offer fragrance degrees with rigorous standards. For example, France's ISIPCA requires a three-year perfumer program with undergraduate degree prerequisites, preferably in biochemistry, ensuring solid foundational knowledge.

Domestic: Only Shanghai Institute of Technology offers perfumery courses, with most perfumers relying on short-term industry association training, resulting in an incomplete and rushed training system that struggles to produce premium talent.

High-salary recruitment cannot solve structural disadvantages

While domestic companies attempt to recruit international perfumers with high salaries, international firms offer advantages beyond compensation due to two differences:

R&D investment gap: Domestic beauty companies (including fragrance businesses) generally have low R&D expense ratios (e.g., Proya ~1.95%, Lin Qingxuan 2.51%, Maogeping 0.95%), while international fragrance leaders (Givaudan, Symrise, IFF) maintain R&D investment rates at above 5%, providing advanced equipment, extensive raw material libraries, and innovative environments to help perfumers transform ideas into mature products.

Lack of copy right protection: China does not include fragrance scents under copyright protection, making formulas difficult to qualify as "works," and perfumers' individual contributions are easily overshadowed as corporate assets. International markets have comprehensive protection systems - perfumers can build reputations through attribution rights (e.g., Alberto Morillas became an industry benchmark for creating Kenzo Flower, with his studio works commanding premiums above some brands). A Dutch court even recognized a fragrance scent as an "original work" eligible for protection, encouraging perfumers to invest creativity and achieve LT value realization.

Raw material access challenge

International brands leverage long-term supply chain relationships to reliably obtain scarce, high-quality ingredients (e.g., natural essential oils from specific regions) and establish deep partnerships with suppliers for priority access to premium resources. For example, in Grasse, France, some international fragrance giants have secured decades-long regional arrangements with local flower farmers through exclusive contracts, monopolizing supplies of rare materials like May rose and bitter orange blossom to ensure stable annual deliveries for new products. Their stringent material selection standards, including spectroscopic analysis and gas chromatography for quality testing, guarantee each batch meets top perfumery requirements for aroma concentration and purity.

In contrast, domestic companies, having started later, lack mature supply chains and mostly rely on conventional procurement. A number of domestic companies source through intermediaries without direct control over origin, making them uncompetitive for scarce materials like sandalwood and ambergris. Some firms use synthetic substitutes to control costs, failing to meet premium consumers' demand for natural, pure scents. Quality management still depends on traditional sensory evaluation in most domestic companies, lacking advanced testing equipment and traceability systems, resulting in significant gaps in raw material consistency and uniqueness that cannot support premium fragrances' exacting standards.

Production quality gap

With decades of technical accumulation, international fragrance brands have built deep moats in core production processes. For extraction, top brands in Grasse use supercritical CO₂ technology to fully preserve volatile aromatic compounds in rare flowers like jasmine and rose, achieving purity of above 98%. During formulation, R&D teams employ GC-MS for component analysis and computer simulations to fine-tune molecular ratios across hundreds of ingredients, ensuring distinct top, middle, and base notes. For stability, strict quality systems include 18-month accelerated aging tests in controlled labs to prevent scent degradation.

While domestic manufacturers have invested heavily in production equipment and technology introduction in recent years, significant gaps persist in refined control. In terms of aroma layering and blending, due to insufficient in-depth research on the volatility characteristics of spices, they often struggle to accurately grasp the volatilization rhythm of different spices. This leads to stiff transitions between aroma notes in some products, failing to create the olfactory harmony that defines high-end perfumes. In production line capabilities—including filling quantity error rate, filling volume accuracy, automated integration, and defect detection systems—domestic brands lag far behind their international counterparts. Such deficiencies significantly impact product quality and batch consistency, resulting in greater fluctuations in key indicators (e.g., aroma concentration, longevity) across different batches. The inconsistency in quality is fatal in the high-end market, directly undermining consumers' repurchase intent toward domestic brands.

Figure 14: Domestic & international perfume brands ASP comparasion

Brand/ 品牌	ASP (RMB/pct) 均价 (人民币/每件)	Brand/ 品牌	ASP (RMB/pct) 均价 (人民币/每件)
Eternal 颖通平均	233.5	Local brands 国产品牌	62.7
Hermes/爱马仕	271.4	Imsole/不定所	140.0
Versace/范思哲	211.1	草本海洋	60.2
Chloe/蔻依	278.2	Ttouchme	173.5
Coach/蔻驰	254.5	春风十里	180.2
Montblanc/万宝龙	194.2	Jean Miss	54.9
Ferragamo/菲拉格慕	177.0	c2u	14.9
Anna Sui/安娜苏	185.4	To Summer/观夏	190.0
Van Cleef & Arpels/梵克雅宝	205.9	Miniso/名创优品	18.2
Lanvin	143.5	Homefacialpro	160.6
Cartier/卡地亚	471.5	和风雨	103.8
Lalique/莱俪	129.6	Avon/雅芳	34.5
Juicy Couture	162.6	古势	93.2
Acca Kappa	145.0	小城伊香	33.9
4711	87.7	Scent Library/气味图书馆	104.5
		bBg Eve/张大奕	178.7
		Re Classified	169.7
		Black Paw/黑爪	95.8
		自分	40.7
		Mystery Aroma/未知气味	156.7
		水木花草	83.5
		Jiangnan Moonlight/江南月色	64.6
		花知晓	130.8
		沁森	37.1
		柏迪芬	32.0
		cia	140.3
		闻献	352.3

Source: Mojiq data, CMBIGM

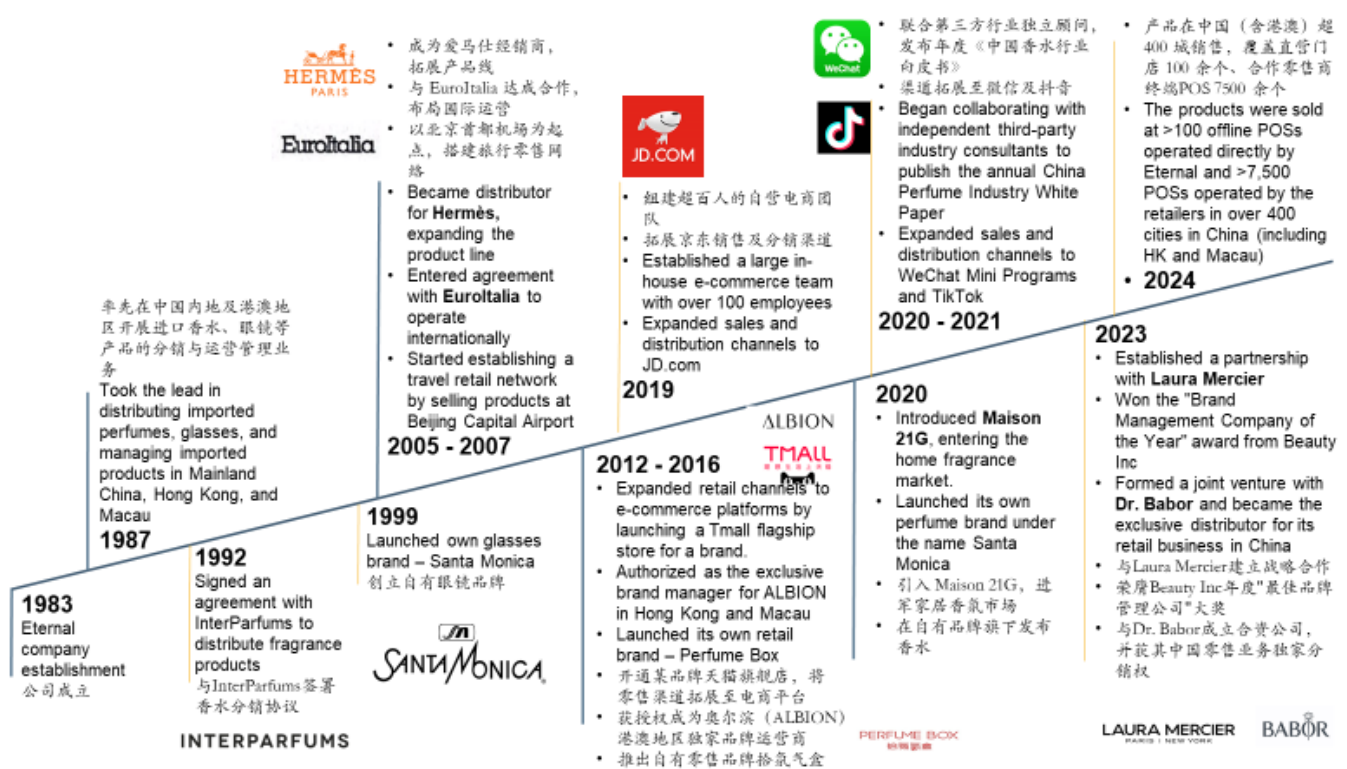
Note: Statistics cover brands ranked in the top 100 by GMV across TBTM, Douyin, and JD.com in 2024. As samples may include gift sets, calculated unit prices are significantly lower than offline retail prices.

Company Overview

Development history: 40 years in perfume industry, growth fueled by brand & category expansion

The Company stands as a premier omni-channel cosmetics brand operator, representing over 70 international brands across Mainland China, Hong Kong, and Macau. Its portfolio spans a diverse array of product categories, including perfume, color cosmetics, skincare, home fragrance, and eyewear. Founded in the 1980s, the Company began distributing and operating the sale of European perfumes in Mainland China and imported eyewear in Hong Kong and Macau through its subsidiary, Eternal Far East. Eyeing on the absence of international beauty products in China markets, the Company's strategic entry as a pioneer in importing high-end fashion and beauty products to China was both natural and timely. The Company's prolonged connections with international cosmetics groups helped secure a long-lasting position in the rapidly expanding market as international brands first entered China.

Figure 15: Company milestones



Source: Company data, CMBIGM

With a history of nearly 40 years, the Company has mirrored and driven the growth of China's perfume sector through innovative strategies. Initially, in 1992, the Company formed a distributor partnership with InterParfums, which owns the operation right of Coach, Montblanc, Jimmy Choo etc.. This early collaboration was followed by the partnership with Hermès in the 2000s, capitalizing on the popularity of international prestige brands. To stay ahead of evolving consumer preferences, the Company expanded its market reach and solidified its position through its partnership with EuroItalia in 2007, which owns the operation rights of Moschino, Dsquared2, Versace etc. The Company also ventured into travel retail in 2007 and embraced e-commerce in 2012 to ensure broader product accessibility. In the 2010s, the Company expanded from traditional retail to e-commerce, further enhancing its reach and customer engagement. Recently,

the addition of niche brands such as Acca Kappa, Maison 21G, and Xerjoff has strengthened its position in the niche fragrance market. A significant milestone was the launch of the retailer brand “Perfume Box” in 2016, a one-stop shop offering a curated selection of fragrances and beauty products to a diverse customer base. The Company has played a crucial role in educating consumers, reflecting broader trends of consumption upgrades in China.

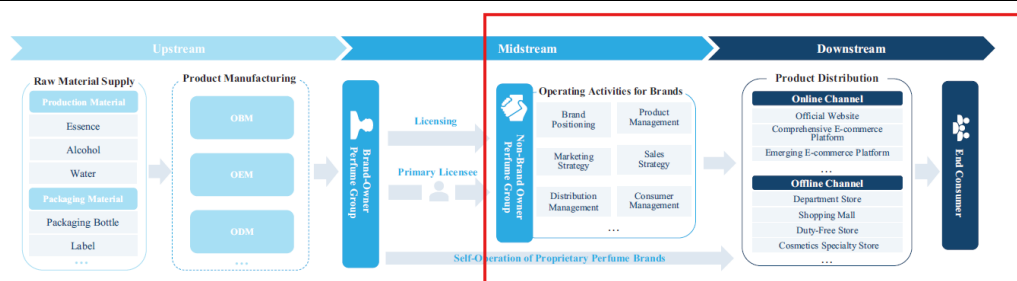
In addition to its continued success in the perfume sector, the Company pioneered and expanded its eyewear business at the same time. By securing exclusive distribution agreements for eyewear products in 1987, it captured niche demand and established a strong foothold in the eyewear industry. This strategic move led to the launch of its own eyewear brand, “Santa Monica,” in 1999, further diversifying its product offerings.

Beyond perfumes and eyewear, the Company has leveraged its deep understanding in the fashion beauty sector by forming exclusive direct partnerships with niche cosmetics brands like Laura Mercier and Elegance, and becoming the sole operator of Albion in 2014. These collaborations have solidified its position as a leader in the industry. With long-standing collaborations with overseas fashion and cosmetics groups and an extensive, multi-layered accumulated consumer base, the Company ranked first in terms of retail sales in 2023 among non-brand-owner perfume companies in the combined markets of Mainland China, Hong Kong, and Macau. Looking ahead, the Company will further expand its business scope to become an integrated brand, continuing to lead the lifestyle-related product market and the curation of its brand portfolio. As of 31 March 2025, the company derived 75.9%/10.8%/7.5%/1.2%/0.6% of its revenue from perfume/make up/skincare/home fragrance/eyewear products respectively.

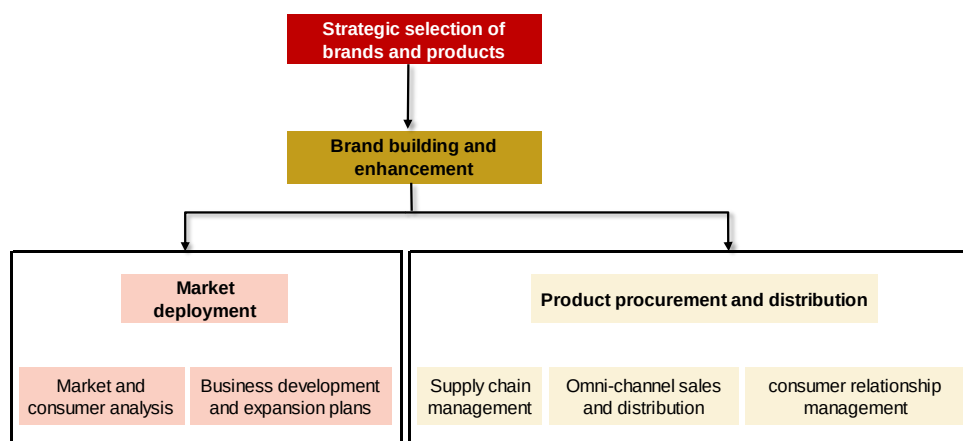
Integrated business model secured its position on the supply chain

The Company’s business mainly covers the midstream and downstream of perfume industrial chain. It possesses global brands across the entire business process, including brand strategy, market entry and expansion planning, product procurement, inventory management, logistics, warehousing, marketing, sales, distribution, and customer relationship management (CRM). This positions the Company as a crucial participant in China’s value chain for perfumes, skincare, cosmetics, personal care, eyewear, and home fragrances. The Company’s business focuses on two key areas: 1) brand building and enhancement: developing and executing tailored market entry and expansion strategies; and 2) procurement and distribution: distributing branded products to a broad consumer base through an extensive omni-channel network in Mainland China, Hong Kong, and Macau.

Figure 16: Perfume industrial chain



Source: Frost & Sullivan, Company data, CMBIGM

Figure 17: Business model

Source: Company data, CMBIGM

Note: The company does not separately generate revenue from the services associated with market deployment.

Supply chain: stable partnerships with leading suppliers

Brand partnerships are built on mutual selection and trust between the licensors and the Company. In the partner brand matrix, the Company has collaborated with InterParfums for over 30 years and with Euroitalia for over 15 years. As of 31 May 2025, the Company possesses a portfolio of over 70 brands, including prestigious names such as Hermès, Van Cleef & Arpels, Chopard, Albion, and Laura Mercier. These brands cover a wide range of pricing tiers and features, catering to the diverse and varied demands of consumers of the Chinese cohort.

On the procurement side, the Company procured branded products from external brand licensors. Among the top five suppliers, Euroitalia and InterParfums have consistently been the top two suppliers for the Group from FY23 to FY25. As of the year ended 31 March 2025, the transaction amounts were RMB 400 mn and RMB 251 mn, respectively, accounting for 36.5% and 22.9% of the total procurement. Hermès ranked fourth, with a share of 6.3%. On the selling end, the Company sets recommended retail prices based on numerous factors, including the indicative retail prices determined in discussion with the brand licensors.

Figure 18: Brand portfolio, as of May 2025

Source: Company data, CMBIGM

Figure 19: Top 5 largest suppliers' procurement amount to total

EuroItalia	36.5%
InterParfums	22.9%
Supplier B	6.9%
Hermes Parfums	6.3%
Bareminerals Ar Wires & Ac	5.2%

Source: Company data, CMBIGM (as of 31 March 2025)

Limited local sales and distribution network resources are a common challenge for international brands. The Company's product distribution and market deployment capabilities are supported by deep market insights, an extensive omni-channel network, experienced professional teams, and strong supply chain management. These assets were acquired through early market penetration in the perfumes sector in China, a strong local presence, and continuous capital investments and business relationship maintenance and expansion. These comprehensive product distribution and market deployment capabilities have enabled the Company to build and maintain strong, stable, and mutually beneficial relationships with brand licensors, further strengthening multi-layered market entry barriers.

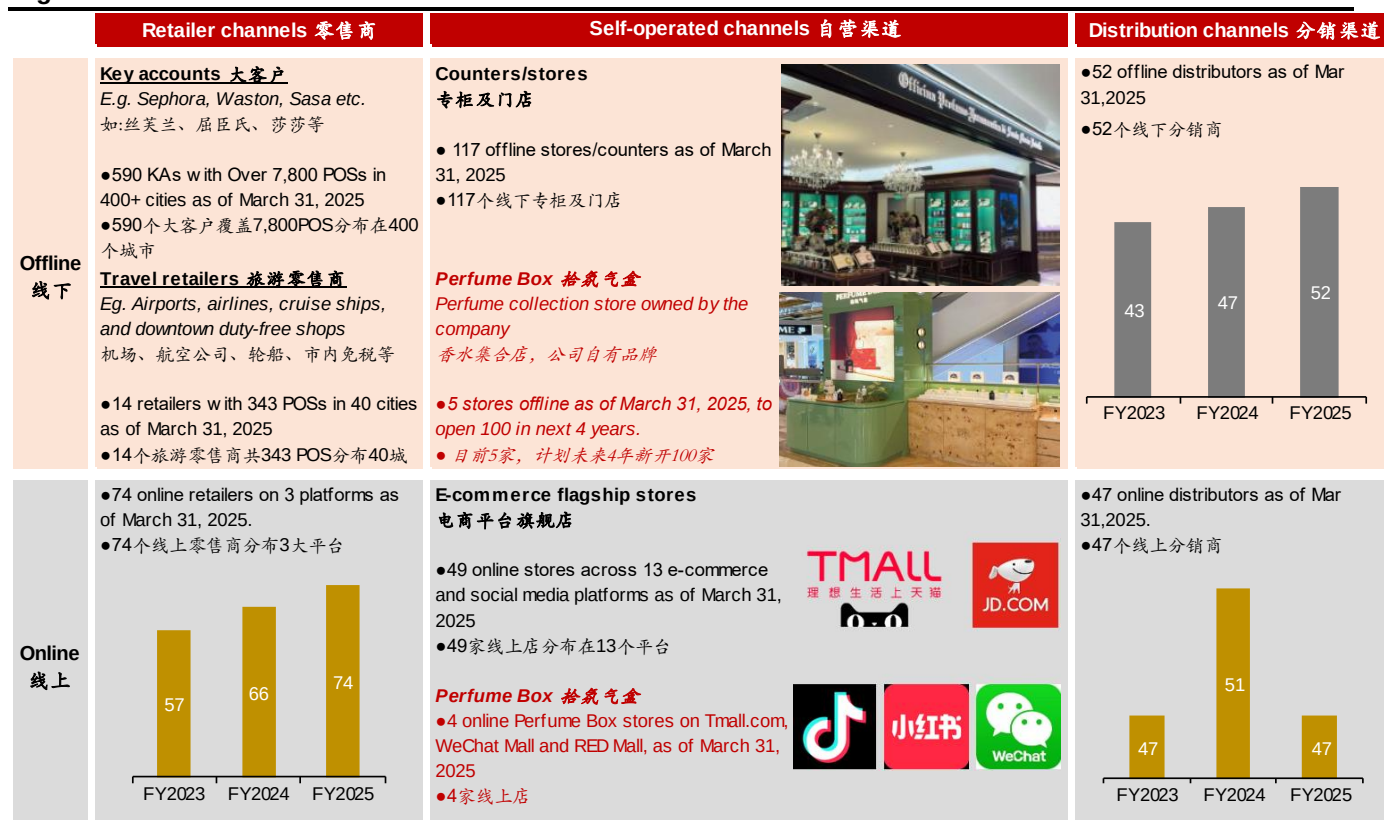
Distributorship management and sales channels optimized at scale

The Company built its omni-channel network by leveraging long-term local presence and deep industry knowledge, helping it overcome market challenges and navigate the complex regulatory environment in China. The Company has established a comprehensive sales and distribution network, consisting of (i) direct sales channels, which refers to self-operated stores/counters, (ii) retailer channels, which purchase products from the company and subsequently sell them directly to consumers, (iii) distribution channels, which purchase products from the company and primarily resell them to retailers.

The Company typically sells products to online and offline distributors and retailers at a discount from the recommended retail prices. These discounts are determined through negotiations with distributors or retailers, based on historical discounts and market conditions for similar products. Additionally, the Company provides retrospective sales rebates to retailers and distributors who exceed a specified purchase volume, ensuring healthy market inventory.

The Company operated >100 offline POSs by itself and over 8,000 offline POSs through retailers in more than 400 cities across Mainland China, Hong Kong, and Macau as of 31 March 2025. The Company also directly manages operations on 13 well-known social media and e-commerce platforms as of the same date. This well-managed and extensive sales and distribution network enables the Company to maintain and grow its consumer base in the dynamic market environment, enabling quick deployment of go-to-market strategies for new brands for which it conducts product distribution and market deployment.

Figure 20: Channel network



Source: Company data, CMBIGM

Self-operated channels

Direct sales channels contributed approximately 21% of the total revenue in the year ended 31 March 2025. The Company's direct sales channels are self-operated sales channels, comprising online stores on e-commerce and social media platforms, as well as offline stores and counters in shopping malls and department stores.

Regarding self-operated stores, the Company primarily operates online and offline stores under the brand names. It also runs its own brand, Perfume Box, with both online and offline channels. The company sold over 2,000 products in terms of SKU from over 55 brands in online and offline Perfume Box stores from FY23 to FY25. It is worth noting that most brands under the company operate under a full-scale management model — all of their domestic online and offline exclusive stores are self-operated by Eternal. Even in the brands' stores for non-fragrance categories (e.g., shoes, bags, apparel), the fragrances sold remain under Eternal's self-operation. For example, fragrances available at Salvatore Ferragamo's shoe and bag exclusive stores are self-operated by Eternal.

The Company typically enters into concession agreements or lease agreements with shopping malls and department stores for opening and operating its self-operated offline stores and counters. As of 31 March 2025, the Company operates 49 online stores on 13 e-commerce platforms and social media platforms, and 117 offline stores and counters (75 in Mainland, 34 in HK, 8 in Macau) in over 20 cities. As of end of FY25, the company's revenue per store for self-operated channel reached RMB 3.3/2.3 mn online/offline.

Figure 21: Number of self-operated stores- offline

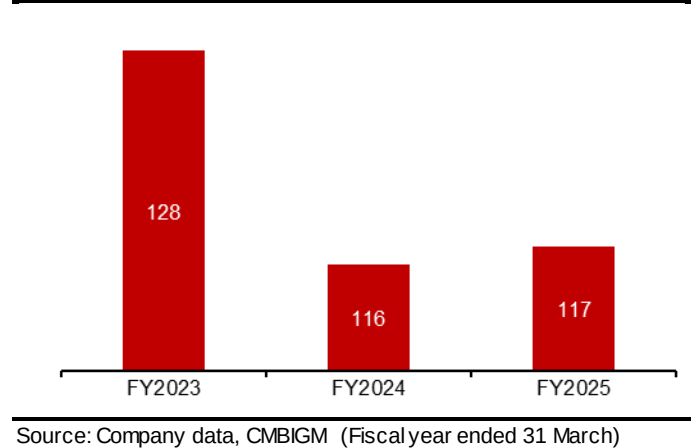


Figure 22: Number of self-operated stores - online

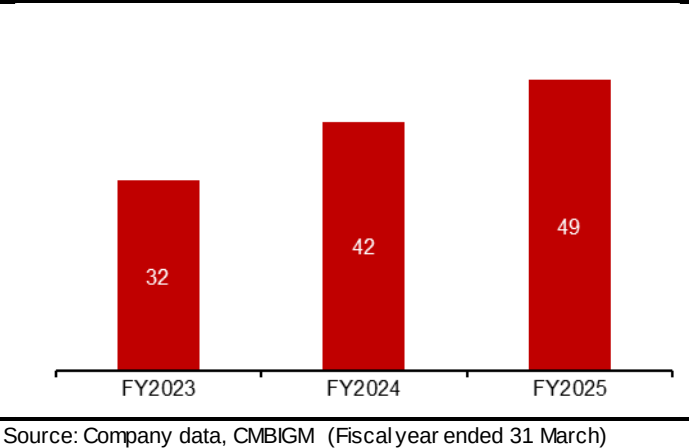
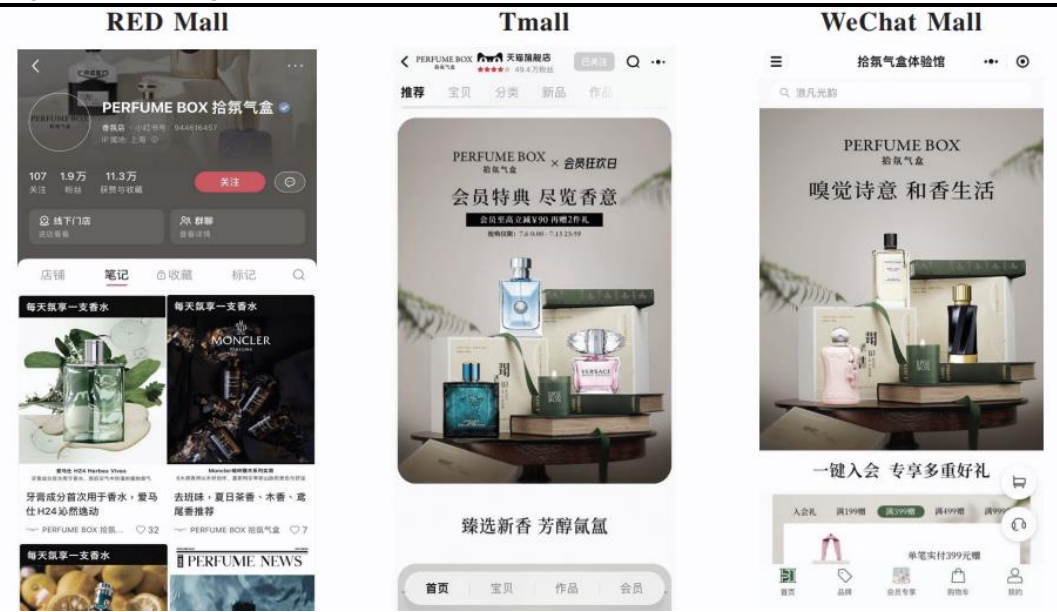


Figure 23: Self-operated offline Perfume Box store – Shanghai K11 Art Mall



Source: Company data, CMBIGM

Figure 24: Self-operated online Perfume Box store



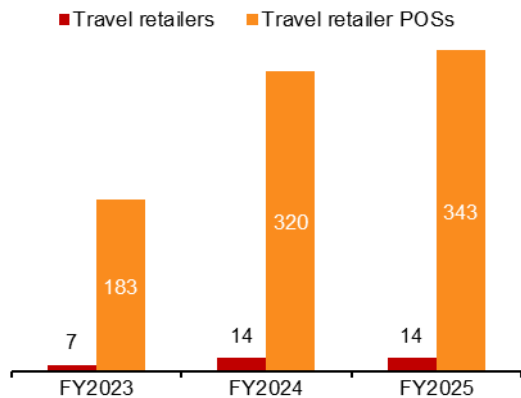
Source: Company data, CMBIGM

■ Retailer channels

Retailer channels, including online and offline retailers, consisting of key accounts, and travel retailers, which purchase products from the company and subsequently sell them directly to consumers. As of end of March FY25, the channel contributed 48.6% of total revenue.

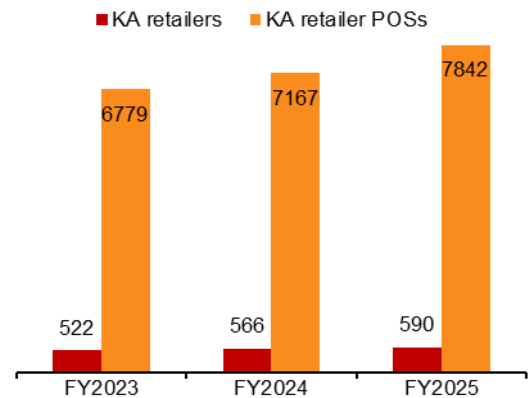
Regarding retailers, the Company collaborates with various entities. Besides traditional online and offline retailers, the Company collaborates with third-party KOL (key opinion leader) representatives for marketing services. As of March 2025, the Company sold products to 74 online retailers (covering 122 POSs) through multiple e-commerce platforms, and 590/14 key accounts (KAs)/travel retailers (covering 7,842/343 POSs respectively) in over 300/40 cities.

Figure 25: Number of retailers – offline: travel

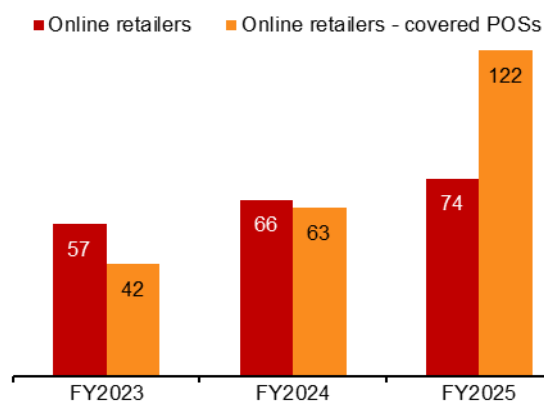


Source: Company data, CMBIGM (Fiscal year ended 31 March)

Figure 26: Number of retailers – offline: KA



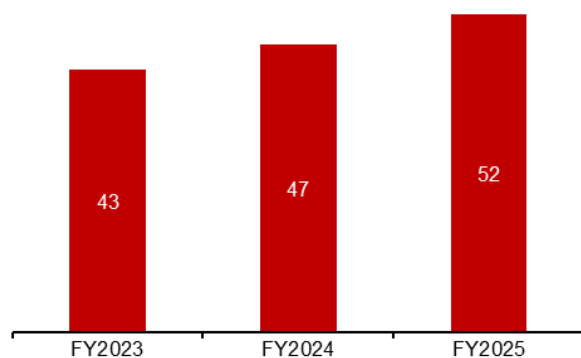
Source: Company data, CMBIGM (Fiscal year ended 31 March)

Figure 27: Number of retailers - online

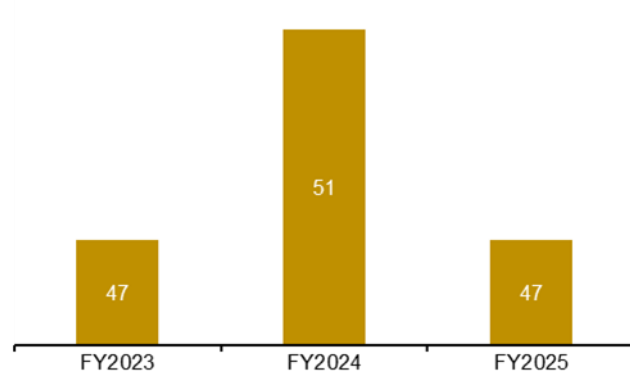
Source: Company data, CMBIGM (Fiscal year ended 31 March)

■ Distribution channels

Distribution channels contributed approximately 30% of the total revenue in the year ended 31 March 2025. The Company's distributors include both online and offline entities. Online distributors purchase products from the Company and primarily resell them to online retailers, while offline distributors focus on selling to physical stores and retail outlets. Additionally, some of these distributors also sell products directly to consumers, expanding the reach and accessibility of the Company's offerings. This dual-distributor model ensures a broad and diverse distribution network, enhancing the Company's market presence and consumer engagement.

Figure 28: Number of distributors - offline

Source: Company data, CMBIGM (Fiscal year ended 31 March)

Figure 29: Number of distributors - online

Source: Company data, CMBIGM (Fiscal year ended 31 March)

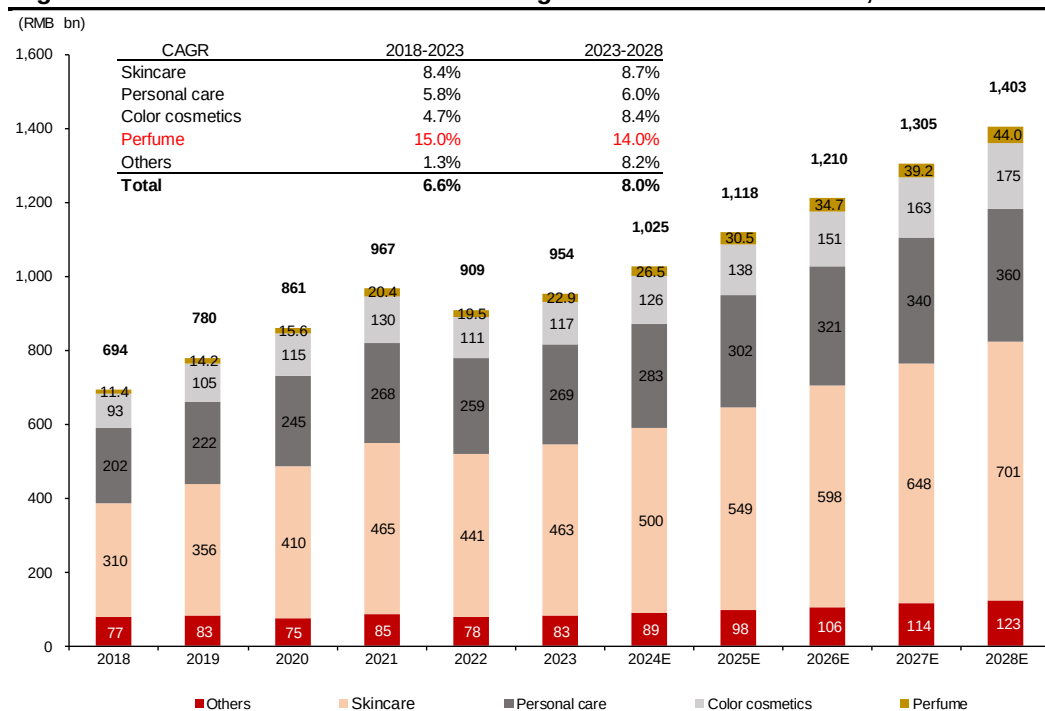
Industry Overview

Strong momentum in perfume remains in high visibility

We believe policy-encouraged structural adjustments and innovation-driven development are reshaping China's consumption trends. Consumers now prioritize value for money and high-quality experiences, seeking practical and functional products that also offer enjoyment without significant expense. Innovative discretionary goods with low ASP are gaining traction among a broad consumer base.

According to Frost & Sullivan, mainland China's perfume market grew at a CAGR of 15% from 2018 to 2023 and is expected to maintain a CAGR of 14% from 2023 to 2028 in terms of retail sales, outpacing other categories like skincare, personal care, and makeup products.

Figure 30: Cosmetics sectors retail sales growth of mainland China, 2018-2028E



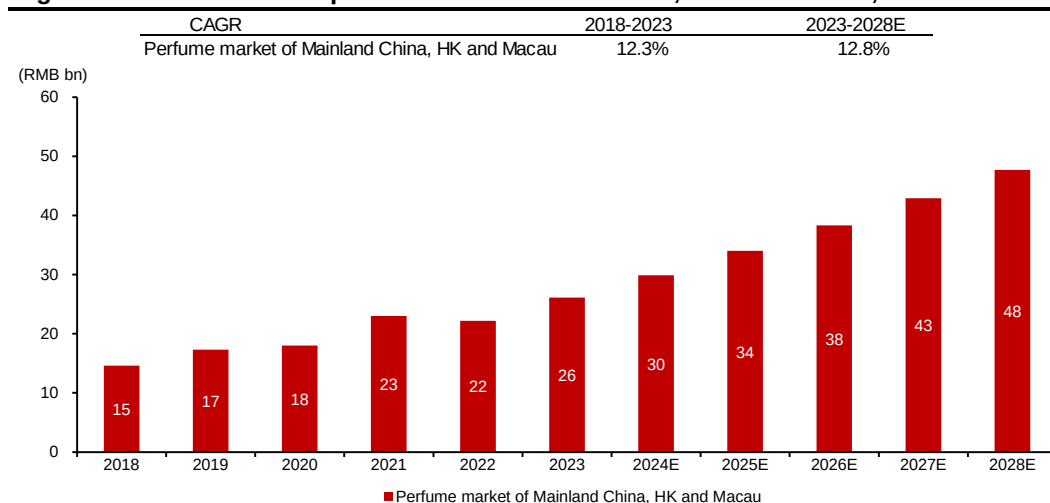
Source: Frost & Sullivan, Company data, CMBIGM

Currently, mainland China's perfume penetration rate and per capita spending remain significantly lower than those of developed countries. In 2023, perfume expenditure per capita in mainland China was RMB 16, compared to RMB 47 in Japan, RMB 170 in South Korea, RMB 423 in the US, and RMB 406 in the UK. Based on the report of Frost & Sullivan, driven by growing popularity, mainland China's per capita perfume expenditure is projected to grow at a CAGR of 14.0% from 2023 to 2028E, surpassing growth rates in Japan, South Korea, the US, and the UK. According to Frost & Sullivan data, from 2018-2023, mainland China's perfume market growth far exceeded the global average (CAGR: 15% vs. 3.7%), fueled by increasing consumer demand and decent performance of high-quality perfumes (CAGR of Entry prestige/Prestige/Luxury recorded 11.5%, 17.2% and 18.8%, respectively).

We believe these numbers suggest that high-end perfumes will continue to be well-received by Chinese consumers, who value social and personal identity and are willing to pay more for unique scents and compelling brand stories. Due to the demographic shift, with Generation Z becoming the dominant purchasers and male consumers increasing

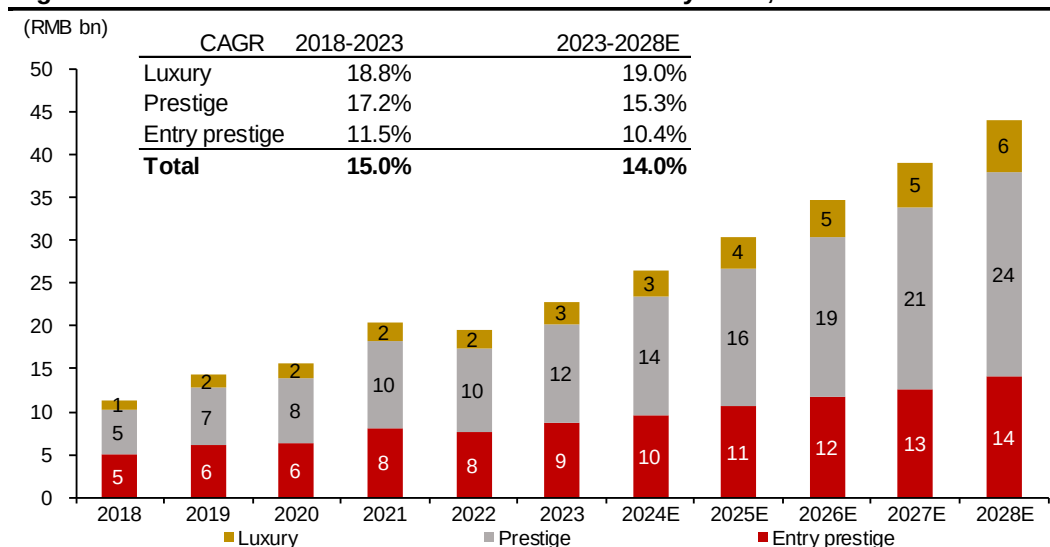
their spending on personal care, it further drives this trend with increasing popularity of high-end perfumes.

Figure 31: Market size of perfume in mainland China, HK and Macau, 2018-2028E



Source: Frost & Sullivan, Company data, CMBIGM

Figure 32: Perfume retail sales in mainland China – by class, 2018-2028E



Source: Frost & Sullivan, Company data, CMBIGM

The new "lipstick effect" in the post-pandemic era: the emotional value of fragrance

The profound and lasting impact of the three-year pandemic and an uncertain world on people's mindset and behavior is evident. In our view, with masks becoming a daily necessity, the effects of facial makeup are obscured, making perfume a new form of personal expression. In the prolonged home environment, residents have become more focused on the quality of life and seek for fresh and pleasant living conditions. Aromatherapy products, being cost-effective mood enhancers, meet the public's needs.

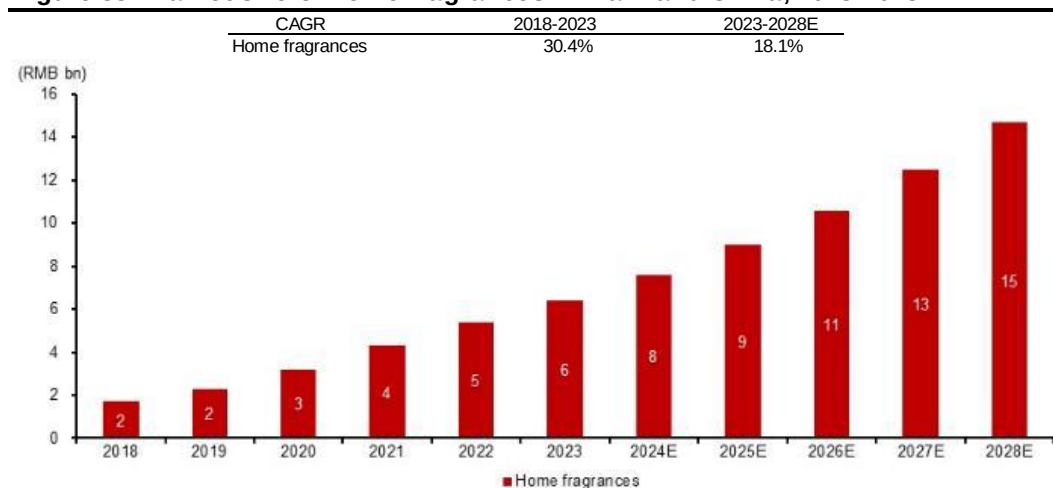
We believe the traditional "lipstick economy" effect may be redefined as the "perfume economy" in the post-pandemic era. Similar to the "lipstick economy," perfume, as a

relatively affordable item, can provide add-on psychological comfort and emotional value. During the period when consumers are confronting with economic uncertainties, such traits held accumulated traction among new dominating purchasing power with widely chosen and the emerging group with niched preference.

According the Global Wellness Institute (GWI), China's wellness economy (疗愈经济) remains strong. In 2023, it was the second-largest wellness market, with a size of US\$ 790 bn, accounting for 16.6% of the global market.

In recent years, the demand for fragrances has diversified across multiple categories including scented candles, car fragrances, and scented personal care products, integrating seamlessly into various daily life scenarios. Data from Frost & Sullivan highlights that, home fragrance retail sales in China expanded from RMB 1.7 bn to RMB 6.4 bn over 2018-2023, at a CAGR of 30.4%, and are projected to hit RMB 14.7 bn by 2028, growing at a CAGR of roughly 18.1%. With evolving consumption habits and rising demand for better home life quality, the home fragrance market is poised for continued growth.

Figure 33: Market size of home fragrances in mainland China, 2018-2028E



Source: Frost & Sullivan, Company data, CMBIGM

Gen Z and male consumers bring new momentum to the industry

■ Gen Z emerges as core consumer group for perfumes

The development of the Chinese fragrance market has been accelerated due to both expanding consumer group and increasing per capita consumption. On the demand side, perfume consumption has the attribute of cultivating interest and progressing through levels. Loyal customers tend to upgrade and expand their collection as they develop greater appreciation and better understanding in brands and products. Such diverse demands are met by the equally diversified fragrance matrix on the supply side, ranging from basic commercial fragrance items to high-end handmade niche perfumes, and from international names to boutique offerings, each with its specific market positioning.

According to Shuying Intelligence, as of June 2023, the Chinese perfume consumers can be broadly categorized into three groups:

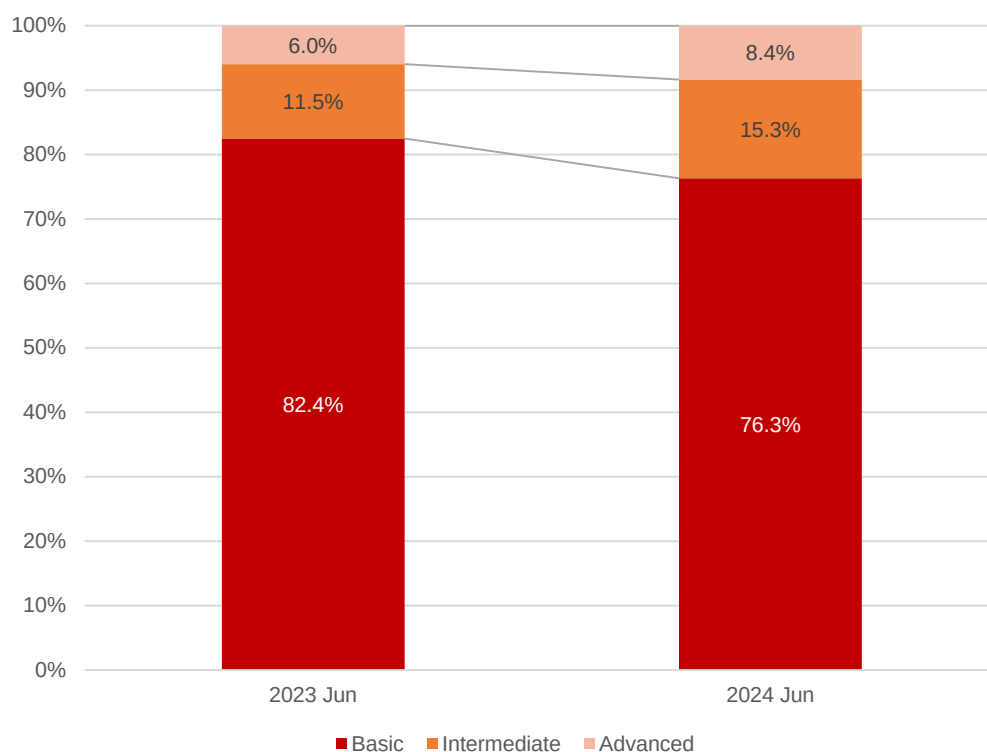
1. Basic Level (accounting for 76% of the total consumer group): primarily loyal to mainstream brands, valuing consistency and reliability. They see perfume as an accessory that boosts confidence and tend to repurchase familiar products.

2. Intermediate Level (accounting for 15% of the total consumer group): relatively affluent, viewing perfume as a way to express distinct personal traits. They prefer high-end perfumes and are active on online sharing platforms, influencing others and forming communities.
3. Advanced Level (accounting for 9% of the total consumer group): high-quality consumers, seeking innovation and willing to pay a premium on artisanal and natural perfumes.

Figure 34: Customer group classification

Role Positioning of Perfume	Trendy, self-image	Personality highlight	Self-identity reflection
Appeal for Perfume	No mistakes + Easy to recognize	Niche + High-end feel	Suitable for oneself + Diversification
Purchase Focus Factors	Packaging, marketing, Pricing	Word-of-mouth, Brand reputation	Brand philosophy, Craftmanship
Product category preference	Commercial fragrance	Commercial fragrance and Niche	No limitation on brand selection
Avg. # of brands in use	2.7	6.2	14.6
Perfume Usage Frequency	Only 33% of people use it every day	49% of people use it every day	63% of people use it every day
Perfume Usage Scenarios	Social event, Weekend	Social event, Workplace	Social event, Workout, Solitude
Avg. # of scents used	2.4	3.4	6.1
Popular scent choice	Floral	Fruity, Woody	Aquatic, Chypre, Gourmet, Stacked

Source: Shuying Intelligence, 2024 China Perfume & Fragrance White Paper, CMBIGM

Figure 35: Perfume consumer structure change in Jun 2023 – Jun 2024

Source: Shuying Intelligence report, CMBIGM

Driven by high digital media exposure and active social lives, Generation Z has become the primary customer base in the current wave of perfume enthusiasm. Their preference for social and self-identity has led to a growing usage of perfume. According to Shuying

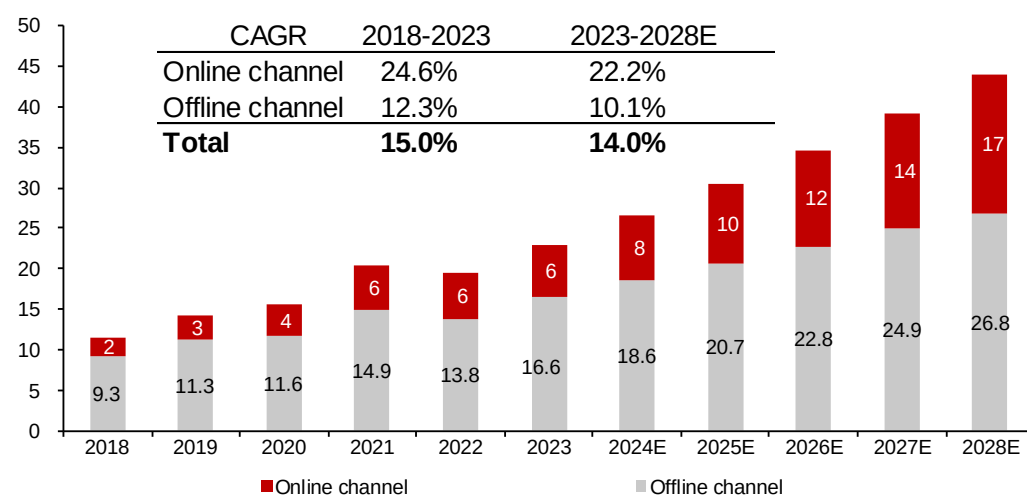
Intelligence, among the 19-28 age group, 47% are beginners, 48% are intermediates, and 49% are classified as advanced customers. By June 2024, the online customer base for perfumes on Taobao, Douyin, and JD.com has reached 30 mn, 36 mn, and 5 mn, respectively, with the 18-29 age group comprising 44%, 42%, and 36% of buyers on these platforms. Among all user levels, those aged 25-34 have the highest proportion, at 32.3%, 32.0%, and 30.5%. In 2023, perfume-related searches on RED increased by 23% YoY, with interest spilling over to non-perfume fragrance products as well.

As the Gen Z consumer base expands, the trend toward high-end fragrance consumption is accelerating. According to a report by Frost & Sullivan, luxury perfumes in the Chinese market are expected to maintain a CAGR of 19% from 2023 to 2028. This aligns with the trend of consumers advancing in their perfume choices, increasing their purchase frequency, and the more youthful demographic structure.

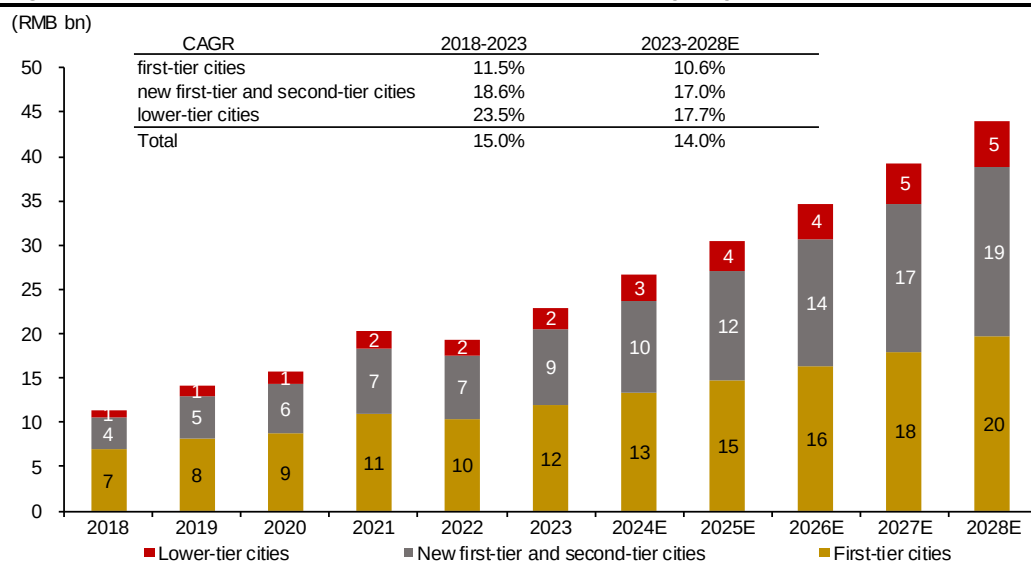
Additionally, online sales and sales in lower-tier cities are showing significant growth, outpacing other channels and regions, partly due to the lower base effect and the high concentration of Gen Z consumers in these areas.

Figure 36: Perfume retail sales in mainland China –online/offline, 2018-2028E

(RMB bn)



Source: Frost & Sullivan, Company data, CMBIGM

Figure 37: Perfume retail sales in mainland China – by city tiers, 2018-2028E

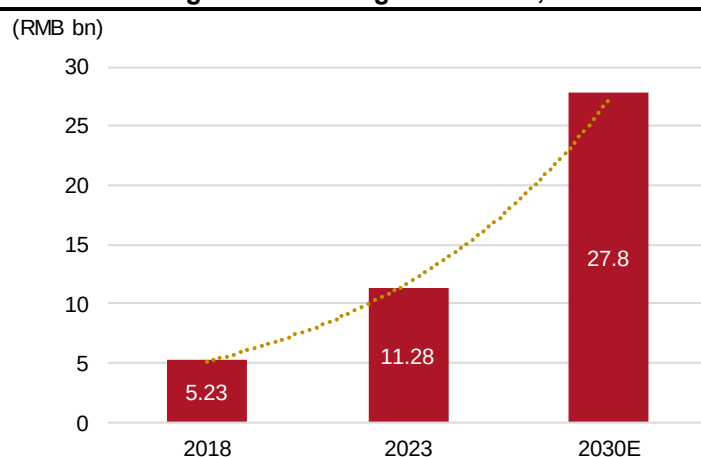
Source: Frost & Sullivan, company data, CMBIGM

■ Male consumption power adding to the personal care industry growth

As the society places a greater emphasis on cleanliness, proper attire, and decent appearance, the male beauty market is experiencing rapid growth, fueled by increased purchasing power and heightened self-care awareness among men. With men becoming more knowledgeable about beauty, there is a growing demand for high-quality, professional products. Male consumers show diverse and individualized preferences, and perfumes tailored to various lifestyles and personal identities are increasingly popular. Brands are now focusing on developing specialized fragrances and skincare lines for men, with the Asia-Pacific region leading as the fastest-growing market for male personal care. Notably, luxury brands such as Louis Vuitton and Hermès have introduced male product lines, acknowledging that men's desire for aesthetics and premium experiences matches with that of women. According to iMedia, over 30% of China's olfactory economy market comprises male consumers.

Moreover, male consumers are breaking into niche cultures, including outdoor activities, street culture, esports, and rap, which are predominantly male-oriented and often social in nature. These activities provide platforms for men to express their tastes and social status through fragrance, significantly enhancing their engagement with the industry. According to Gongy, the Chinese men's perfume market grew by 10% in 2023, and it is expected to grow by 11.4% in 2024, significantly outpacing the overall cosmetics industry.

Figure 38: China's male fragrance market growth trend, 2018-2030E



Source: Zhongyanpuhua Industrial Research, CMBIGM

Entry barriers

Comprehensive capabilities and resources. The business requires robust capabilities in product development, marketing, sales coverage, and risk management. Leading brands often collaborate with top perfume makers due to their financial strength and reputation. These brands are typically part of large cosmetic groups with substantial marketing budgets and the ability to offset losses in perfume lines with profits from other product lines. They usually have multiple successful product lines.

Strong capital resources. Unlike other consumer products, perfume production requires a high degree of customization, leading to significant upfront costs. Each scent is highly subjective, and the return on investment for each flavor is unpredictable. Brands with strong capital resources have a better chance of launching successful scents and leveraging their market insights to develop more winning fragrances.

Local market adeptness. Cultural differences, local competition, regulatory constraints, and the need to build robust sales networks and brand recognition are major obstacles. As a result, partnering with local non-brand-owner perfume companies, like Eternal, is essential. These companies offer expertise in regulatory nuances, branding and marketing strategies, and the promotion of brand culture and awareness. Success in the Chinese market requires deep local market knowledge, experienced, highly skilled and professional teams, as well as substantial time and capital investments.

Operational capability barrier. Establishing a sales network involves significant investments in infrastructure, logistics, and distribution channels. Maintaining this network also requires compliance with regulatory requirements and building partnerships with distributors, retailers, and e-commerce platforms. As a result, the establishment of non-brand-owner perfume companies with robust sales and distribution networks has a competitive advantage, making it difficult for newcomers to compete effectively.

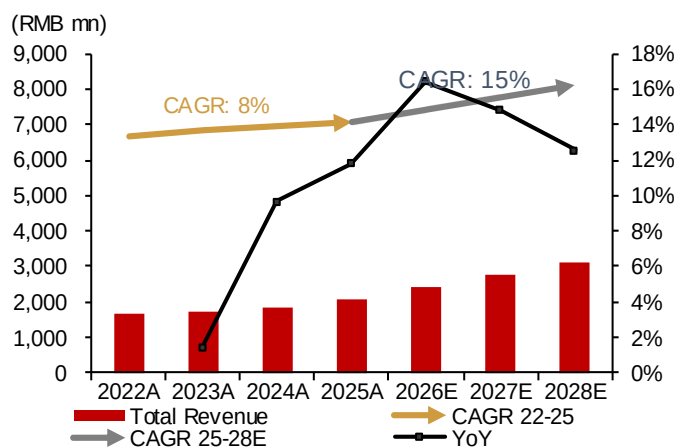
Financial Forecast

Revenue: 15% CAGR in FY25-28E, supported by new store launches and new brand contracts

Primarily propelled by 1) the increasing penetration of perfume in China; 2) the sales of newly contracted brands; 3) the expansion of offline channels (with over 100 directly-managed stores to be newly opened within the next 4 years); 4) the intensified efforts in non-perfume categories such as skincare and makeup products; and 5) potential brand acquisitions, we expect the Company's total revenue to attain a CAGR of 14.6%, escalating from RMB 2.08 bn in FY25 to RMB 3.13 bn in FY28E.

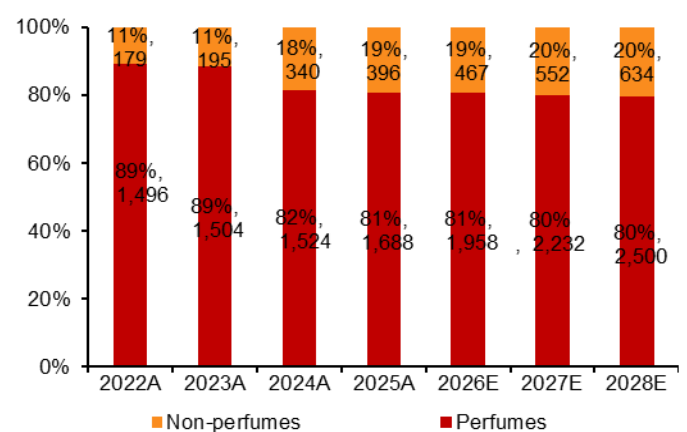
From FY22 to FY25 (fiscal year ended in Mar), total revenue booked a CAGR of 7.6%. The two major business segments, i.e. perfumes and non-perfumes, delivered revenue CAGRs of 4.1% and 30.2%, respectively. We expect the CAGR of each segment to reach 14.0% and 17.0% in FY25-FY28E. By sales channel, direct sales, retailer channels and distribution channels delivered revenue CAGRs of 4.1%, 8.9% and 10.5% in FY22-25, respectively. We expect the CAGR of revenue from each channel to reach 22.3%, 12.8% and 11.9% in FY25-FY28E. By sales medium, online/offline sales revenue booked a CAGR of -1.6%/16.2% in FY22-25, and we expect to accelerate to 12.8%/15.6% for online/offline in FY25-28E.

Figure 39: Total revenue growth trend

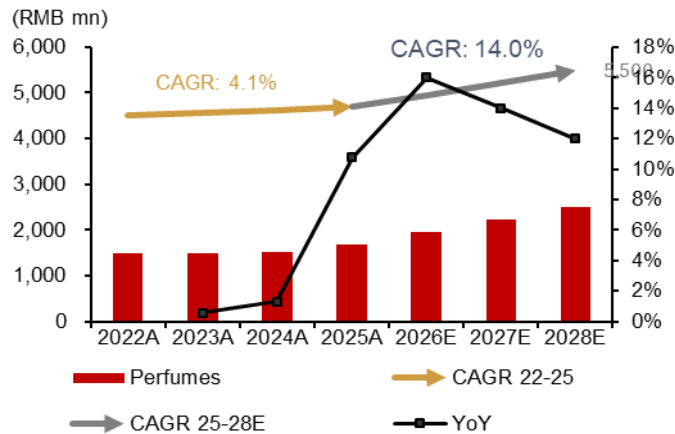


Source: Company data, CMBIGM estimates

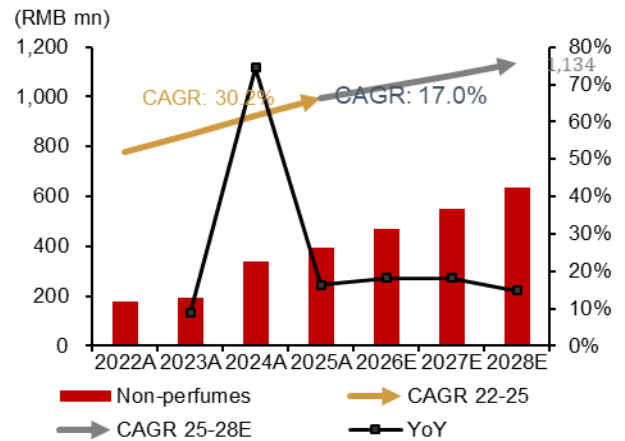
Figure 40: Revenue breakdown - by product type



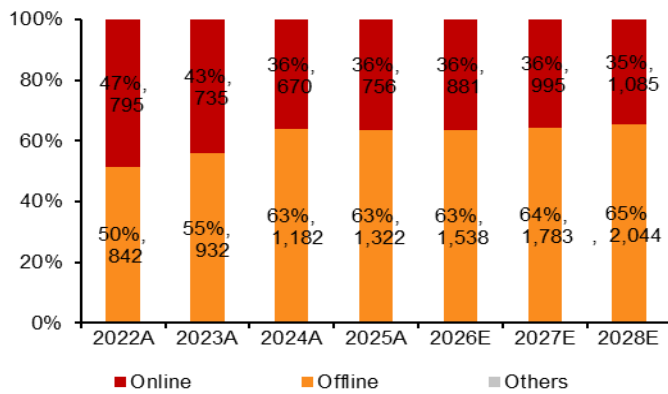
Source: Company data, CMBIGM estimates

Figure 41: Revenue from sales of perfumes

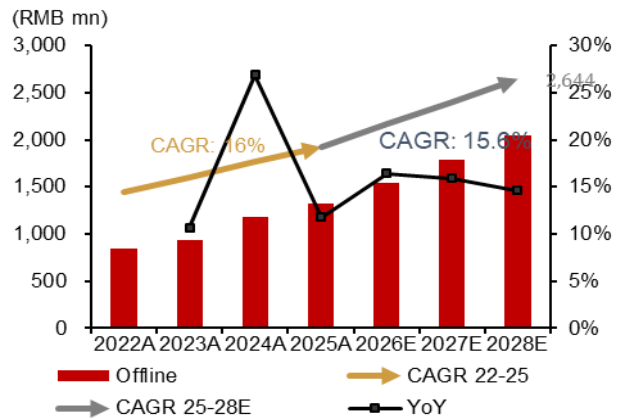
Source: Company data, CMBIGM estimates

Figure 42: Revenue from sales of non-perfumes

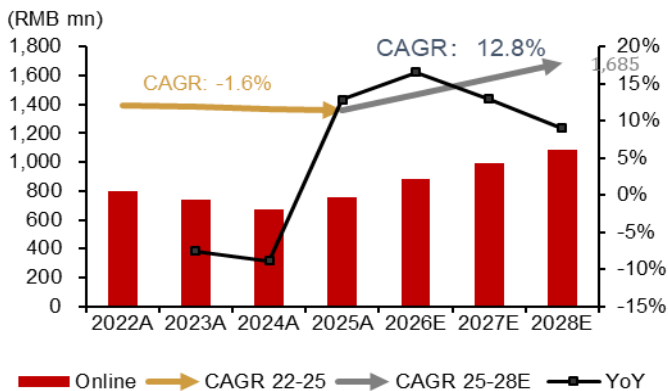
Source: Company data, CMBIGM estimates

Figure 43: Revenue breakdown - by sales medium

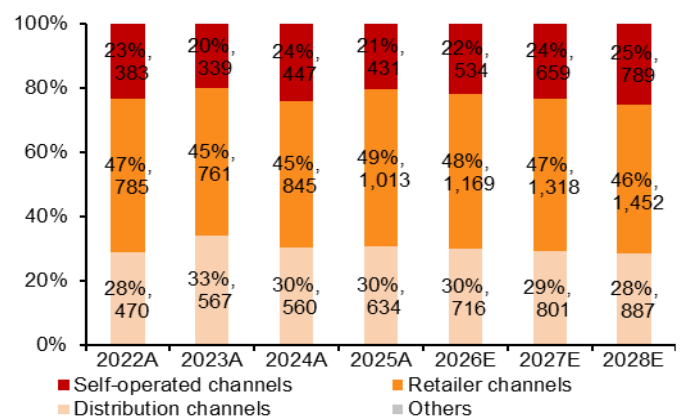
Source: Company data, CMBIGM estimates

Figure 44: Revenue from offline

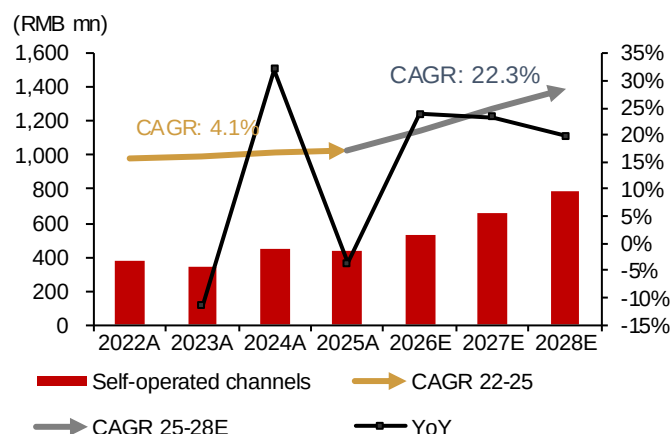
Source: Company data, CMBIGM estimates

Figure 45: Revenue from online

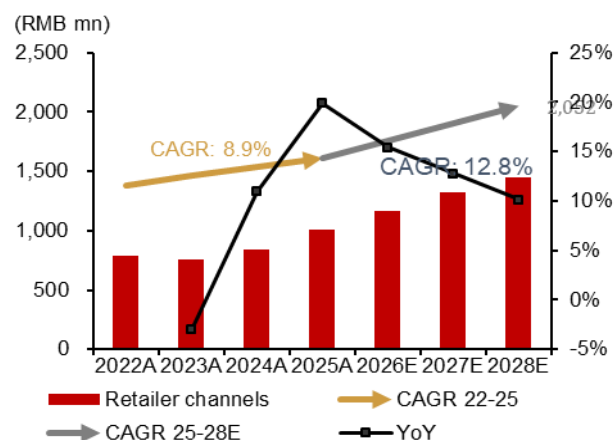
Source: Company data, CMBIGM estimates

Figure 46: Revenue breakdown - by channels

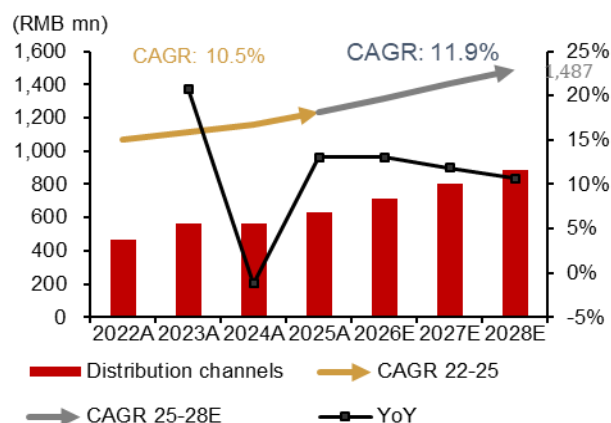
Source: Company data, CMBIGM estimates

Figure 47: Revenue from direct sales channels

Source: Company data, CMBIGM estimates

Figure 48: Revenue from retailer channels

Source: Company data, CMBIGM estimates

Figure 49: Revenue from distribution channels

Source: Company data, CMBIGM estimates

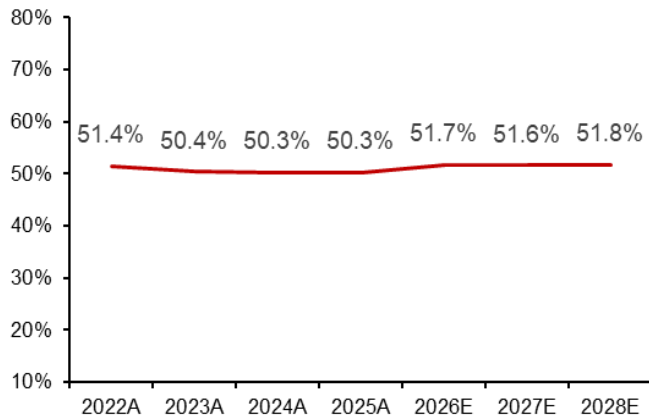
Gross profit and gross profit margin: to improve with revenue mix skewed to self-operated channel

The Company's overall gross profit margin decreased by 1.1 pts from 51.4% in FY22 to 50.3% in FY25. Its gross profit booked a CAGR of 6.8% mainly affected by COVID that slowed down sales and one of the major brands for which the company conducts product distribution and market deployment having terminated the contract.

We expect the overall GPM to reach 51.7%/51.6%/51.8% in FY26/27/28E respectively, and gross profit to grow at a FY25-28E CAGR of 15.7%, primarily backed by the major enhancement in self-operated channel with higher GPM which is expected to deliver revenue CAGR of 22.3% and increase its contribution to revenue from 20.7% in FY25 to 25.2% in FY28E.

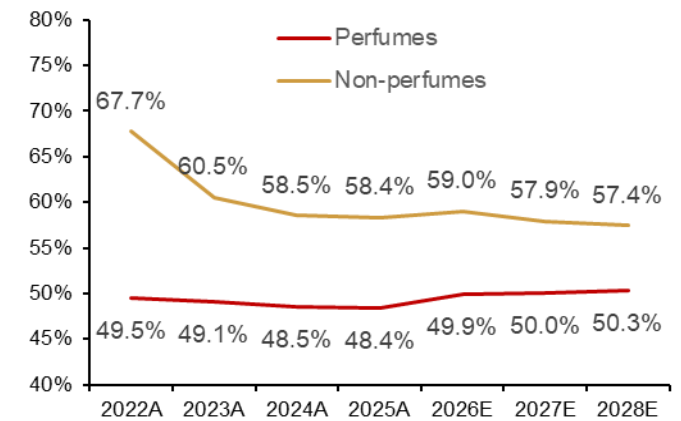
We expect the GPM of the perfume segment to reach 49.9%/50.0%/50.3% in FY26/27/28E respectively, and the non-perfume segment's GPM to reach 59.0%/57.9%/57.4% during the same period.

Figure 50: Overall GPM



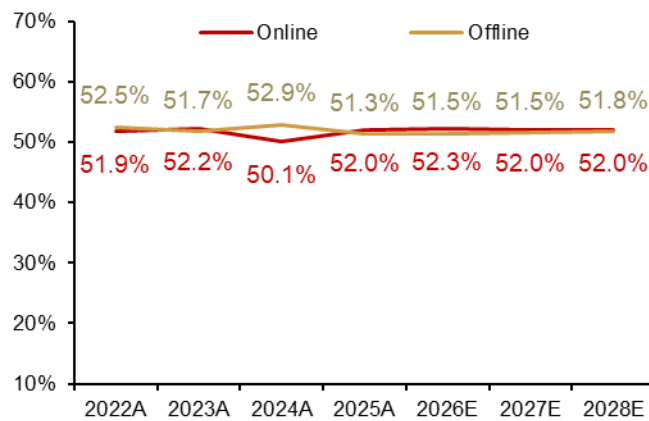
Source: Company data, CMBIGM estimates

Figure 51: GPM of sales products



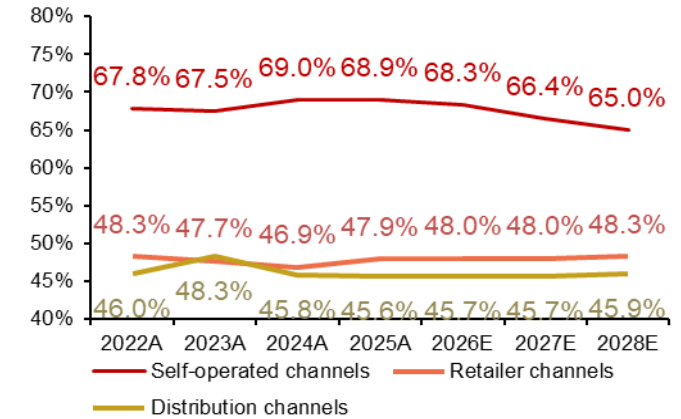
Source: Company data, CMBIGM estimates

Figure 52: GPM of sales mediums



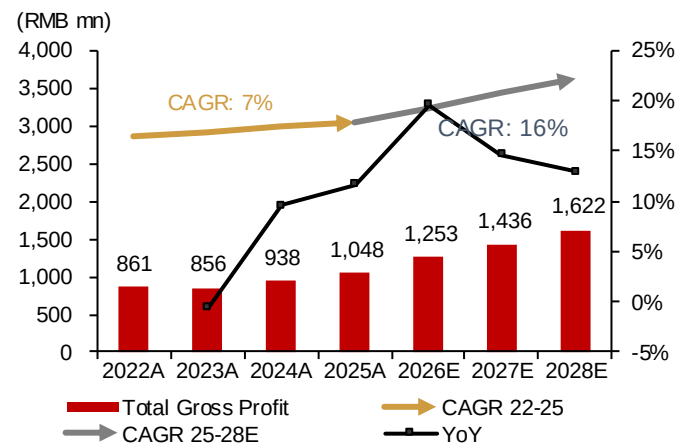
Source: Company data, CMBIGM estimates

Figure 53: GPM of sales networks



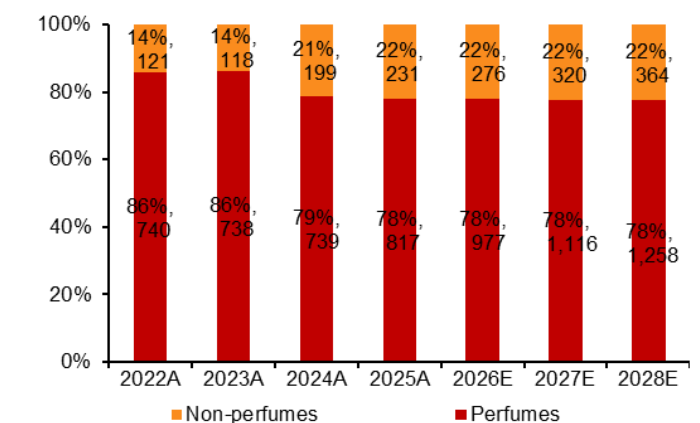
Source: Company data, CMBIGM estimates

Figure 54: Gross Profit growth



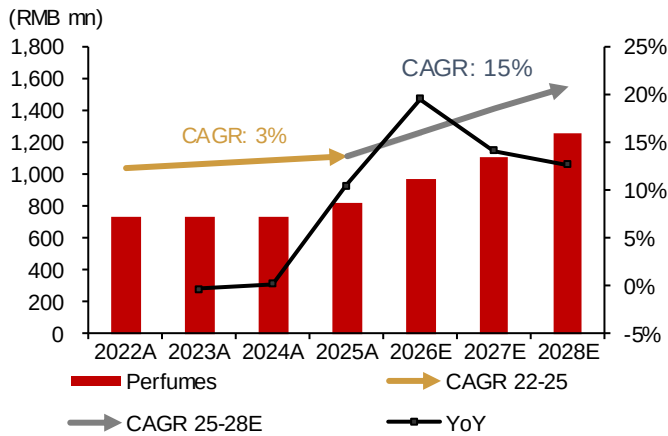
Source: Company data, CMBIGM estimates

Figure 55: GP breakdown by product type



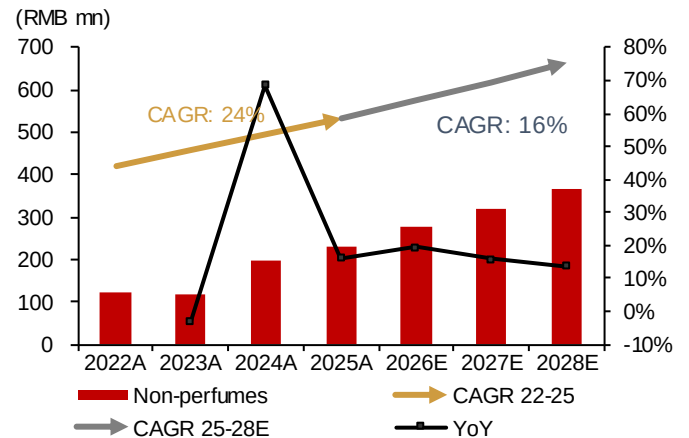
Source: Company data, CMBIGM estimates

Figure 56: GP from perfume segment



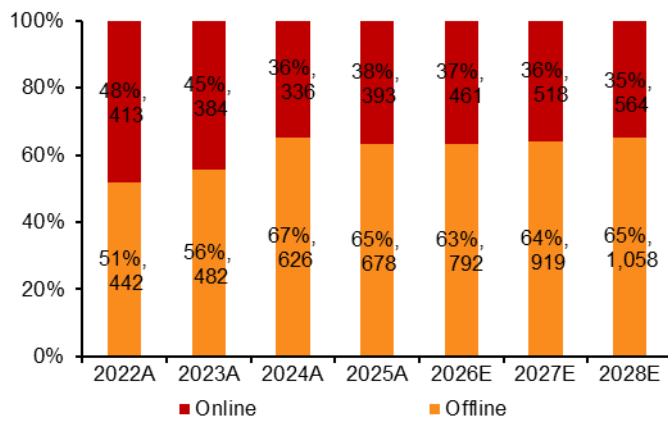
Source: Company data, CMBIGM estimates

Figure 57: GP from non-perfume segment



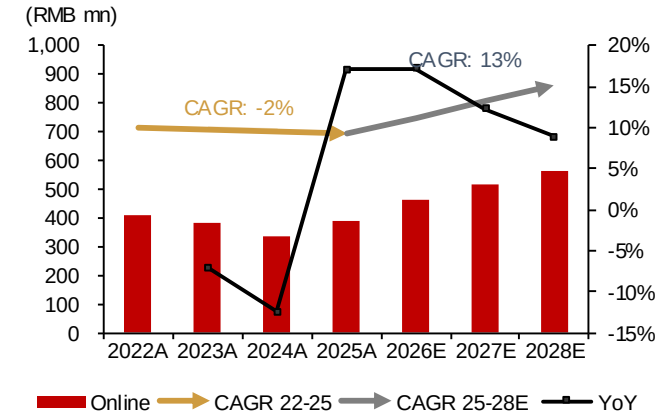
Source: Company data, CMBIGM estimates

Figure 58: GP breakdown by sales medium



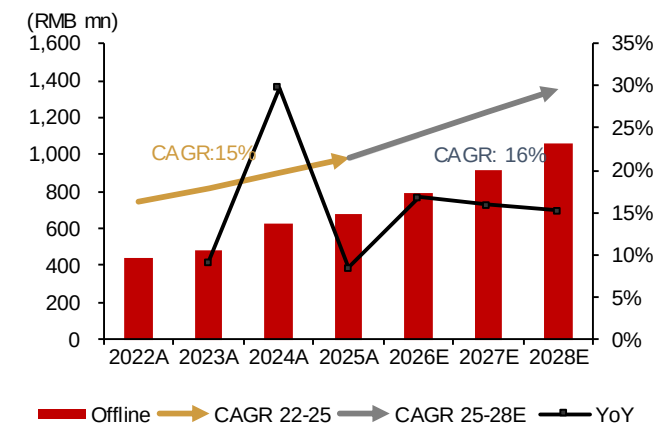
Source: Company data, CMBIGM estimates

Figure 59: GP from online



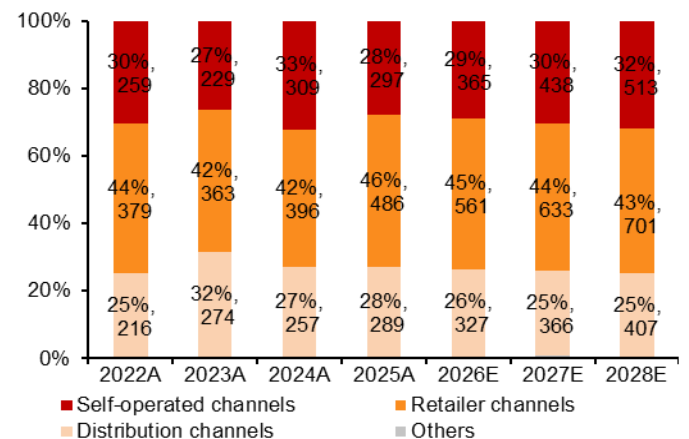
Source: Company data, CMBIGM estimates

Figure 60: GP from offline

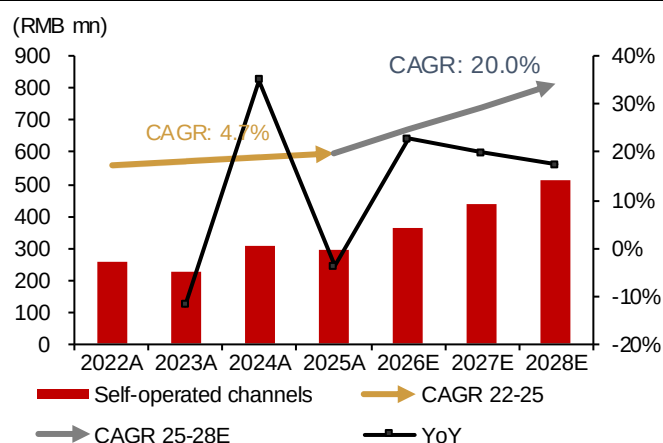


Source: Company data, CMBIGM estimates

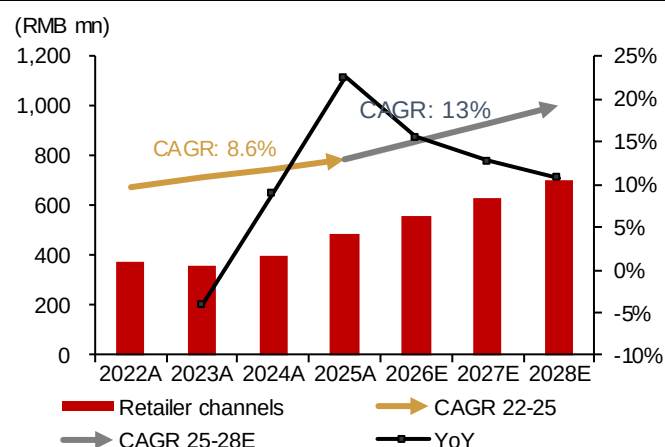
Figure 61: GP breakdown by sales channels



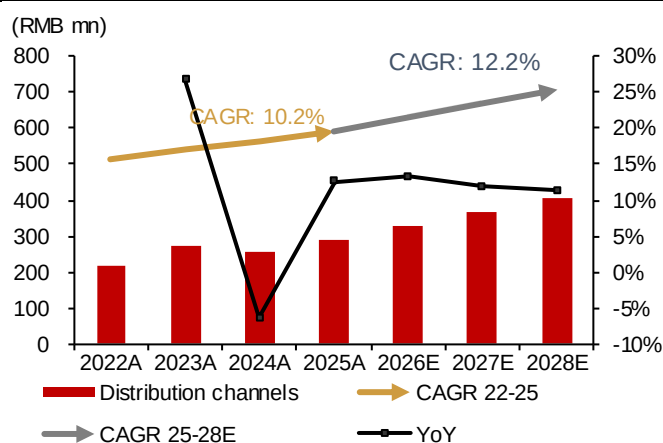
Source: Company data, CMBIGM estimates

Figure 62: GP from self-operated channels

Source: Company data, CMBIGM estimates

Figure 63: GP from retailer channels

Source: Company data, CMBIGM estimates

Figure 64: GP from distribution channels

Source: Company data, CMBIGM estimates

Net profit and net profit margin: sustained improvement momentum

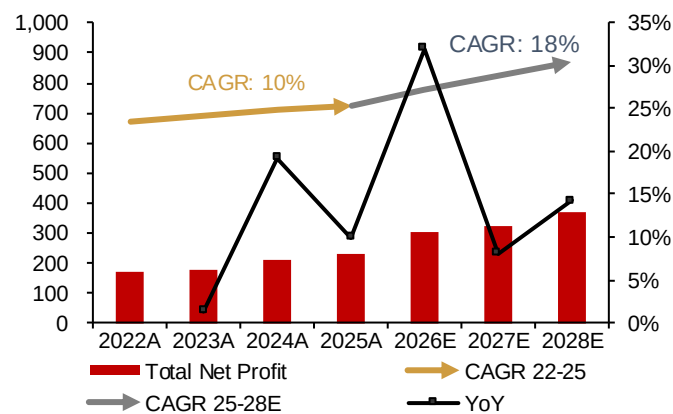
The Company's SG&A ratio experienced a 3.0ppt decrease from 41.5% in FY22 to 38.4% in FY25 partially due to that significant decline in A&P expenses. We expect a slightly contracted SG&A ratio from 38.4% in FY25 to 37.5% in FY28E supported by scale effect, given that the Company has already established a relatively sophisticated marketing team, and the increase in marginal costs is minimal when the number of external brands rises.

The net profit came in at a FY22-25 CAGR of 9.9% to RMB 227mn, with net profit margin rising from 10.2% to 10.9%. We expect the net profit to deliver a CAGR of 17.7% in FY25-28E to reach RMB 370mn, representing a net margin of 11.8%.

We estimate a 32% NP surge in FY26E, primarily driven by the Company's expected disposal gain of RMB 60mn and listing fee of c. RMB 20mn, which are non-recurring items.

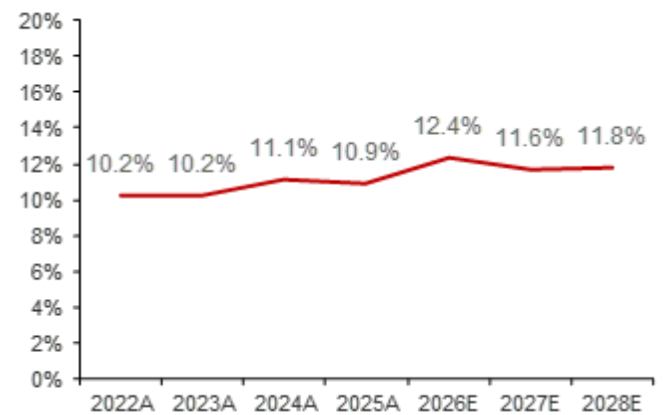
Figure 65: Overall net profit growth

(RMB mn)



Source: Company data, CMBIGM estimates

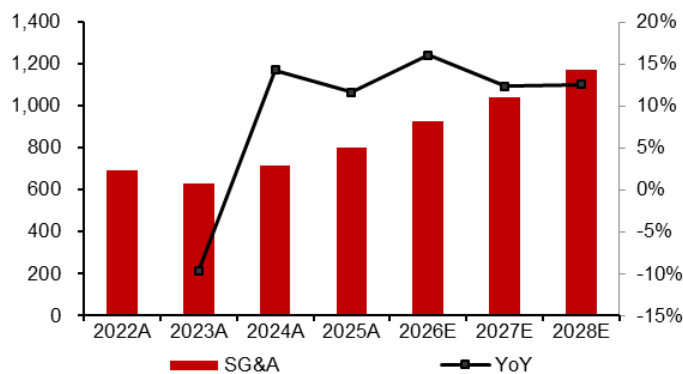
Figure 66: Overall NP margin



Source: Company data, CMBIGM estimates

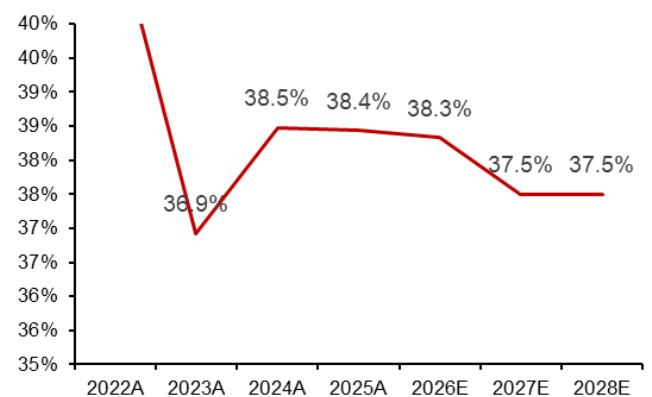
Figure 67: SG&A expenses

(RMB mn)



Source: Company data, CMBIGM estimates

Figure 68: SG&A ratio



Source: Company data, CMBIGM estimates

Valuation

Initiate with BUY and TP of HK\$ 3.49

We value Eternal Beauty at 14.2x FY26E P/E, based on the following key considerations:

1. Comparable peers' valuation benchmark. As shown in Figure 69, the weighted average 3-year net profit CAGR of comparable peers is 23.0%, implying a forward PEG ratio of ~1.07x.
2. Applying this benchmark, Eternal's theoretical valuation should trend toward 20.3x FY26E (CY2025E) and 18.7x FY27E (CY2026E).
3. Valuation discount adjustments. We apply two key discounts to reflect inherent risks:
 - 1) 10% discount for non-self-owned brand dependency risk. The majority of Eternal's profits stem from licensed brands, exposing it to potential brand revocation risks. Although we noted in the investment rationale section that we believe this risk remains low in the near term, it remains a structural concern over the long term.
 - 2) 20% discount for liquidity risk: The company's stock lags significantly behind peers in liquidity metrics such as turnover rate, bid-ask spread, and institutional ownership, leading to objective liquidity risks (Figure 69).

In summary, we arrive at a target P/E ratio of 14.2x for FY26E. Based on our forecasts, the company's FY26E earnings per share (EPS) is projected to be RMB0.22 under the FX rate of 0.92, deriving the target price of HK\$3.49 per share (Figure 70).

Figure 69: Valuation comps

Company	Ticker	Last Price	Mkt Cap (USD mn)	P/E (x)			NP growth (%)			GPM (%)	NPM (%)	Payout ratio		Div yield		3yr CAGR of NP	1yr fwd PEG (3M25+9M26)
		(LC)		25E	26E	27E	25E	26E	27E	24A	24A	24A	24A	24A	25E		
Giant Biogene	2367 HK Equity	61.45	8,464	23.7 x	19.2 x	15.9 x	16.3	22.9	20.5	82.1	38.8	37%	1.3%	2.2%		19.9	1.2 x
Mao Geping	1318 HK Equity	106.60	6,721	39.7 x	30.7 x	24.3 x	36.1	29.2	26.3	84.4	22.7	113%	2.2%	0.9%		30.5	1.3 x
Chicmax	2145 HK Equity	101.40	5,307	33.8 x	26.9 x	22.0 x	39.1	25.7	22.3	75.2	11.5	65%	1.5%	2.1%		28.8	1.1 x
Beutyfarm Med	2373 HK Equity	36.82	1,116	25.5 x	22.1 x	19.0 x	37.7	15.6	14.7	46.3	8.9	20%	0.6%	1.8%		22.2	1.1 x
Eternal Beauty	6883 HK Equity	2.02	352	8.2 x	7.6 x	6.7 x	32.0	8.1	14.3	58.2	10.9	33%	3.1%	9.2%		17.7	0.4 x
COTY	COTY US Equity	4.03	3,515	11.4 x	9.3 x	8.0 x	-25.0	53.2	13.0	64.4	5.3	0%	0.0%	0.0%		9.1	1.3 x
Average				28.2 x	22.5 x	18.3 x	21.7	28.8	21.0	76.9	22.6	57%	1.4%	1.6%		23.1	1.07 x

Source: Bloomberg, Company data, CMBIGM estimate (data as of 23 Sep 2025)

Figure 70: Liquidity matrix vs peers

Company	Stock code	Avg. Daily turnover	Avg. daily transaction (HKD mn)	Avg. bid/ask spread as % shr px	Institutional investors' holding as % of total share	Institutional investors' holding as % of free float
Giant Biogene	2367 HK	1.12%	690.2	12.1%	20.4%	45.4%
Miao Geping	1318 HK	0.88%	232.4	14.1%	5.5%	28.4%
Chicmax	2145 HK	0.56%	97.1	28.6%	1.4%	7.5%
Beutyfarm Med	2373 HK	0.22%	15.4	57.1%	9.6%	24.9%
COTY	COTY.N	1.10%	341.1	21.5%	31.5%	75.1%
Peers' average		0.78%	275.2	26.7%	13.6%	36.2%
Eternal Beauty	6883 HK	0.39%	11.2	61.1%	0.14%	0.5%

Source: Bloomberg, Futu, Company data, CMBIGM estimates

Note: trading data calculation period from 27 June 2025 to 10 September 2025

Figure 71: Valuation and rating

(截至 3/31)		2022	2023	2024	2025	2026E	2027E	2028E
EPS	(RMB)	0.13	0.13	0.15	0.17	0.22	0.24	0.28
YoY			1.3%	19.3%	10.0%	32.0%	8.1%	14.3%
Core EPS	(RMB)	0.13	0.13	0.15	0.17	0.19	0.24	0.28
YoY			1.3%	19.3%	10.0%	14.4%	24.8%	14.3%
FX rate	(HKD/CNY)					0.92	0.92	0.92
Targeted P/E	(X)					14.2 x		
Current P/E	(X)					8.4 x	7.8 x	6.8 x
Target price	(HKD)					3.49		
Current price	(HKD)					2.02		
Upside	(%)					72.8%		
CMBI Rating	(BUY/HOLD/SELL)					Buy		

Source: Bloomberg, Company data, CMBIGM estimate (as of 19 Sep 2025)

Figure 72: Valuation logic

No.	Valuation step	Value	Logic and basis
1	Comparable peers' PEG benchmark	1.07x PEG	Referring to the weighted average CAGR of comparable peers in the next 3 years, which is 23.1%, the corresponding 1yr forward PEG is about 1.07x (weighting: 3 months in 2025 + 9 months in 2026).
2	Long-term valuation anchor point	1.07x PEG	We believe the company's long-term valuation should move closer to the industry's 1.07x PEG. Calculated accordingly, the expected P/E ratio corresponding to Eternal should be 20.3x for FY2026E (calendar year 2025E) and 18.7x for FY2027E (calendar year 2026E).
3	Discount: non-self-owned brand dependency risk	-10%	Most of the company's profits come from non-self-owned brands, and there is a risk of being recalled. Although considering the current facts and industry status, the probability of such risks occurring in the near future is not high, but this risk objectively exists in the long term.
4	Discount: liquidity risk	-20%	The company's stock lags significantly behind peers in liquidity metrics such as turnover rate, bid-ask spread, and institutional ownership, leading to objective liquidity risks.
5	Final target P/E multiple	14.2x (FY26E)	30% discount on theoretical valuation in step 2

Source: Bloomberg, Company data, CMBIGM estimates (as of 23 Sep 2025)

Investment Risks

Underperformance of sales

Market demand volatility: consumer preferences, purchasing power, and macroeconomic conditions (e.g., economic downturn) may lead to weaker-than-expected sales. For instance, a brand's misaligned product positioning can result in a significant loss in market share. Competitive pressure: intensified competition or superior rival products (e.g., innovative offerings) may erode Eternal's market position. Overreliance on specific products or client segments exacerbates vulnerability to demand shifts. Operational Impact: sales shortfalls could trigger inventory build-up, strained cash flow, and disrupted operational plans.

Strategic execution

Expansion challenges: plans like opening 100 new stores may face hurdles such as site selection delays, regulatory approvals, and staffing bottlenecks. A case study highlights a retailer missing market opportunities due to slow execution. External uncertainties: unanticipated policy changes (e.g. regulatory shifts) or demand fluctuations can derail strategic goals. Internal misalignment (e.g. interdepartmental inefficiencies) further hampers progress. Competitive lag: slow adaptation to market trends may weaken Eternal's long-term competitiveness.

Terminal of brand partnership

High dependency on licensed brands: around 88% of Eternal's FY24 revenue stems from licensed brands (e.g., Hermès, Van Cleef & Arpels). Termination risks include: brand strategy shifts: partners may reduce product lines or alter collaboration models (e.g. Adidas-Yeezy fallout). Performance/quality issues: failure to meet sales targets or quality standards can trigger contract breaches. Business impact: loss of key brands would disrupt supply chains, revenue streams, and necessitate costly replacements.

Delay in self-operated brand development (Santa Monica Line)

Technical & supply chain bottlenecks: R&D hurdles (e.g. fragrance formulation) or supplier instability may delay launches. Market timing risks: slow development risks missing demand peaks, especially in the affordable segment where cost control is critical. Financial strain: extension of timelines increases costs and may compromise profitability.

Organizational restructuring caused by potential management changes

The company's founder, at the age of 79, has abundant experience in the industry and laid a solid foundation for the enterprise's development. Given his age, it cannot be ruled out that he may gradually step back from frontline management in the future (e.g., due to retirement), which may bring potential uncertainties in decision making of the company. If there are adjustments to core management personnel, it may be followed by the optimization and restructuring of the organizational structure, which could impact the company's development direction, business layout, and personnel division of labor. Failure to achieve a smooth transition will disrupt the company's normal operations and weaken its market competitiveness.

Appendix

Brands operating by Eternal

Figure 73: Key brand value tiers and profiles

Eternal 永恒		Key Brand Value Tiers and Profiles	
Ultra-luxury brands			
1	爱马仕	Hermès	The gold standard in luxury across all categories (leather goods, fragrances, scarves etc.), maintaining artisanal craftsmanship with unparalleled brand equity and scarcity Century-old premier jew elry house renowned for "Mystery Set" technique, serving European royalty w ith museum-grade jew elleries and fragrances French jew elry maison (est. 1858), first to occupy Place Vendôme, extending its jew elry excellence to luxury fragrances Family-ow ned w atchmaker and jew eler, official partner of Cannes Film Festival, embodying "Happy Luxury" positioning in fragrances British "King of Diamonds" specializing in rare colored diamonds and haute joaillerie, w ith fragrances matching its diamond-tier luxury World's oldest apothecary-perfumery (est. 1221), using 800-year-old recipes with rare ingredients - "museum-collection grade" fragrances "Rolls-Royce of perfumery", holder of w orld's most expensive perfume record, using premium natural essences in limited editions Founded by master perfumer Roja Dove, specializing in "royal fragrance recreations" with luxurious ingredients (avg. price >RMB10k/bottle) French heritage brand (est. 1643, official candle supplier to French royalty), benchmark in luxury home fragrances and scented candles
2	梵克雅宝	Van Cleef & Arpels	
3	宝诗龙	Boucheron	
4	萧邦	Chopard	
5	格拉夫	Graff	
6	圣玛利亚修道院	Santa Maria Novella	
7	克莱夫·克里斯蒂安	Clive Christian	
8	罗嘉德芬	ROJA	
9	特鲁东	Trudon	
Luxury brands			
1	范思哲	Versace	Italian luxury house renow ned for bold designs and Medusa logo, offering full-range premium products from fashion to fragrances Century-old Italian brand built on artisanal footwear, with fragrances maintaining elite "Italian elegance" positioning "King of Dow n Jackets" blending functionality and luxury, extending "alpine luxury" positioning to fragrances British mensw ear luxury specializing in premium business essentials (leather goods, watches, fragrances) with royal clientele heritage German luxury leader in w riting instruments ("Meisterstück"), expanded into business leather goods and understated luxury fragrances "Hermès of Cashmere" offering ultra-premium knitw ear, w ith fragrances reflecting minimalist luxury aesthetics Italian bespoke tailoring legend (official 007 suit maker), featuring collector-grade crystal fragrance bottles French crystal master (est. 1888), creating art-collectible fragrance vessels blending glass artistry w ith perfumery World's oldest perfumery (est. 1752), pioneer of modern fragrance composition techniques Historic French perfumer (est. 1904), "Impressionist of Fragrance" know n for complex artistic scent architectures Italian art-luxury brand iconic for surreal face motifs, creating museum-grade home fragrances French niche perfumery inspired by Bourbon court rituals, offering royal ceremony-inspired luxury scents Italian ultra-premium perfumer specializing in high-concentration natural essences and bespoke blending French artisanal perfumery crafting "scented travel diaries" using rare ingredients like Madagascar vanilla Monaco-based luxury perfumery carrying aristocratic fragrance DNA w ith premium positioning
2	菲拉格慕	Ferragamo	
3	盟可睐	Moncler	
4	登喜路	Dunhill	
5	万宝龙	Montblanc	
6	布鲁内洛·库奇内利	Brunello Cucinelli	
7	布里奥尼	Brioni	
8	莱俪	Lalique	
9	霍比格恩特	Houbigant Paris	
10	卡郎	CARON	
11	福尔纳塞蒂	Fornasetti	
12	玛丽之香	Parfums De Marly	
13	希尔乔夫	Xerjoff	
14	Memo	Memo	
15	佩里斯·蒙特卡洛	Perris Monte Carlo	
Affordable luxury and designer brands			
1	吉米周	Jimmy Choo	Know n for "red-soled shoes," its core categories (women's shoes, perfumes) position it as "affordable luxury bordering on premium." Features strong design appeal and youthful aesthetics. Italian designer brand famous for "animal prints" and sensual designs. Its perfumes fall under light fashion fragrances. Named after Chanel's former artistic director, inheriting the "Kaiser's" fashion DNA. Perfumes target the affordable luxury fashion market. Lebanese haute couture brand (renowned for red-carpet gowns). Perfumes extend its "fairy-tale dress" romantic design, positioned as premium affordable luxury fragrances. American affordable luxury leather goods icon. Perfumes are positioned as "entry-level affordable luxury" with high cost-performance, targeting mass premium consumers. American affordable luxury fashion brand. Perfumes embody "casual American glamour," ranking among mainstream affordable luxury fragrances.
2	罗伯特·卡沃利	Roberto Cavalli	
3	卡尔·拉格斐	Karl Lagerfeld	
4	艾莉·萨博	Elie Saab	
5	蔻驰	Coach	
6	迈克尔·科尔斯	Michael Kors	

7	MCM	MCM	German affordable luxury leather brand (famous for studded bags). Perfumes extends its "street luxe" positioning, targeting young affordable luxury consumers.
8	芙拉	Furla	Italian affordable luxury leather brand. Perfumes focus on "sweet elegance," offering high cost-performance extensions.
9	拉科斯特	Lacoste	Known for its "crocodile logo" and sporty casual style. Perfumes positioned as "affordable luxury sporty fragrances," covering business and leisure scenarios.
10	楚萨迪	Trussardi	Italian fashion brand. Core categories (leather goods, perfumes) range from "affordable to premium," featuring classic casual designs.
11	浪凡	Lanvin	French historic fashion house (once premium luxury, now focused on affordable luxury). Perfumes positioned as "classic affordable luxury fragrances" with standout cost-performance.
12	默斯奇诺	Moschino	Italian designer brand centered on "humorous fashion." Perfumes are trendy affordable luxury fragrances popular among youth.
13	安娜苏	Anna Sui	American designer brand known for "girly charm" and "vintage fairy-tale style." Perfumes target younger ladies affordable luxury fragrances.
14	D 二次方	Dsquared2	Canadian designer duo brand blending "street+luxury elements." Perfumes belong to trendy affordable luxury fragrances.
15	凯蒂诗贝	Kate Spade	American affordable luxury brand emphasizing "vibrant colors" and "girly aesthetics." Perfumes positioned as entry-level affordable luxury women's fragrances.
16	桃丝熊	TOUS	Spanish affordable luxury jewelry brand (known for its "bear logo"). Perfumes extend the "adorable luxury" positioning, serving as affordable luxury jewelry extended fragrances.
17	蕾娜海	Les Nereides	French affordable luxury jewelry brand (famous for "fairy-tale jewelry"). Perfumes positioned as "affordable luxury niche women's fragrances," featuring delicate and compact designs.
18	21G 香氛屋	Maison 21G	Affordable luxury fragrance brand specializing in "customized perfumery," with "personalized blending" at its core. Price points are lower than top-tier luxury fragrances.
19	克霖	Clean	American niche affordable luxury fragrance brand, centered on "fresh and clean scents" (e.g., "Cool Cotton," "Skin"). A representative of affordable luxury fresh fragrances.
20	卡鲁	Kaloo	French high-end Maternal, Infant & Children fragrance brand, emphasizing "safe & gentle formulas" and "playful designs."
21	黑之屋	Maison Noir	Niche affordable luxury fragrance brand focused on "gothic aesthetics" and "unique scent profiles." Targets younger consumers.
22	宾利	Bentley	British luxury automotive brand's fragrance line, inspired by "automotive luxury."
23	梅赛德斯-奔驰	Mercedes-Benz	German luxury automotive brand's fragrance line, catering to car enthusiasts.
24	4711	4711	Historic German cologne brand (est. 1792), renowned for "refreshing citrus notes." Low price point positions it as an "entry-level affordable luxury cologne."

Source: Company data, public information, CMBIGM

Company milestones

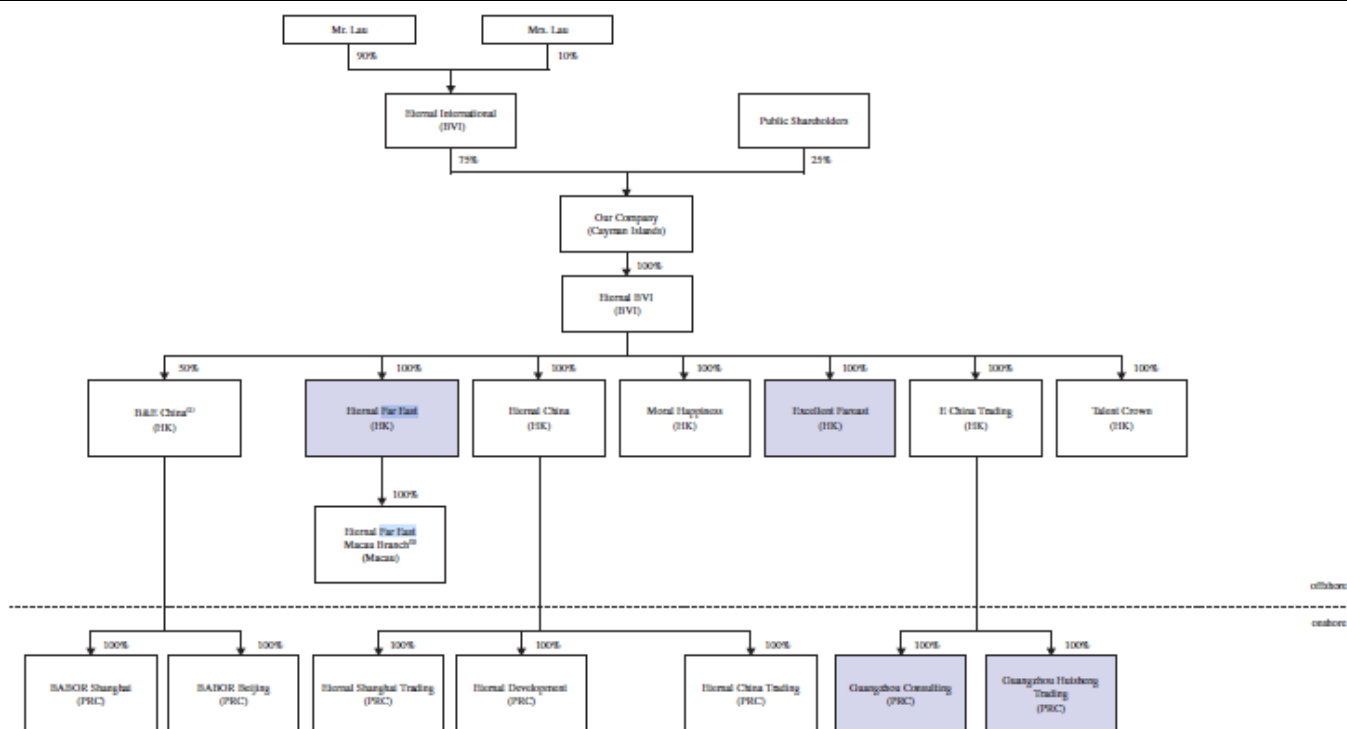
Figure 74: Company history

Year	Milestones
1987	The company entered into the first exclusive distribution agreement to distribute imported eye wear products in Hong Kong and Macau The company pioneered in distributing and operating imported skincare brand in mainland China
1992	The company established distributor partnership with InterParfums, a globally renowned company specializing in the development, manufacturing, and distribution of prestige perfumes and cosmetics which has continued collaborating with the company as one of the key business partners for over 30 years
1999	The company launched the self-owned eye wear brand under the brand name of "Santa Monica"
2005	The company began distributing and operating the perfume products of Hermès in mainland China which were among the most high-end perfumes in the market
2007	The company established distributor partnership with EuroItalia, a leading company in global fragrances and cosmetics industries, which creates, produces, and distributes a wide range of luxury fragrances and cosmetics which has continued collaborating with the company as one of the key business partners for over 15 years The company started to establish the travel retailers network by selling the products in Beijing Capital Airport
2012	The company expanded the retailer channels to e-commerce platforms by first launching a Tmall flagship store for an international brand of color cosmetics
2014	The company was authorized by Albion, a high-end Japanese skincare brand, as its sole brand manager to manage and distribute its products in department stores in Hong Kong and Macau
2016	The company launched the retailer brand "Perfume Box" with online sales channel, and later established flagship store in 2018
2019	The company developed a large-scale in-house e-commerce team with over 100 staff The company helped launch and operate Tmall flagship stores for Albion in mainland China The company widened the sales and distribution channels to include JD.com
2020	The company started publishing the China Perfume Industry Research White Paper jointly with an Independent Third-party industry consultant annually, which has become a well-received research report in mainland China's perfumes industry In February 2020, The company launched a WeChat mini program in two weeks' time and officially set up the omni-channel sales and distribution platform
2021	The company widened the sales and distribution channels to include Douyin, including setting up an in-house live streaming team and established a dedicated live streaming sales base The company introduced Santa Maria Novella, a long-established Italian brand primarily with over 800 years of history offering perfumes and home fragrances in mainland China The company established over 6,000 offline POSs covering over 300 cities in mainland China, Hong Kong and Macau
2022	The company expanded into the home fragrances market by introducing Maison 21G The company launched the self-owned perfume brand under the brand name of "Santa Monica"
2023	The company established a joint venture, B&E China, in respect of the operation of Dr. Babor, a high-end skincare brand from Germany and became the exclusive licensee of Dr. Babor, for its retail business in mainland China in terms of designated products and channels The company established partnership with Laura Mercier, a leading global cosmetics brand and started distributing their products The company pioneered in launching the first standalone flagship store with cabin facial treatment for Albion in Hong Kong
2024	The products were sold at more than 100 offline POSs operated directly by Eternal and more than 7,500 POSs operated by the retailer customers in over 400 cities in China (including Hong Kong and Macau)

Source: Company data, CMBIGM

Shareholding structure

Figure 75: Shareholding structure (Post IPO)



Source: Company data, CMBIGM

Management profile

Figure 76: Directors and management profile

	Name	Age	Position	Date of first joining the Company	Time of Appointment as Director	Roles and responsibilities
Executive Directors	Mr. Lau Kui Wing (刘钜荣)	78	Executive Director and chairman of the Board	February 1983	January 9, 2024	Overall strategic planning and business direction
	Ms. Lam King (林荊)	49	Executive Director and chief executive officer	December 1999	July 10, 2024	Overall operational management
	Ms. Lau Wing Yin (刘颖贤)	49	Executive Director	March 2004	July 10, 2024	Overall business development
	Mr. Chu Wai Tsun, Baggio (朱维驯)	50	Executive Director and chief financial officer	July 2010	July 10, 2024	Overall financial management and investors relationship affairs
Independent Non-executive Directors	Mr. Tao Chi Keung (陶志强)	54	Independent Nonexecutive Director	2025	2025	Supervising and providing independent judgment to the Board
	Mr. Nagy Guillaume Nicolas Sébastien	49	Independent Nonexecutive Director	2025	2025	Supervising and providing independent judgment to the Board
	Ms. Chan Soh Cheng	57	Independent Nonexecutive Director	2025	2025	Supervising and providing independent judgment to the Board

Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar (RMB mn)						
Revenue	1,699	1,864	2,083	2,425	2,784	3,134
Cost of goods sold	(843)	(926)	(1,035)	(1,172)	(1,348)	(1,512)
Gross profit	856	938	1,048	1,253	1,436	1,622
Operating expenses	(627)	(717)	(801)	(929)	(1,044)	(1,175)
Selling expense	(458)	(515)	(593)	(690)	(793)	(892)
Admin expense	(170)	(203)	(208)	(239)	(251)	(283)
Operating profit	229	221	247	324	392	447
Other income	12	12	7	5	5	5
Investment gain/loss	(1)	(0)	1	0	0	0
Other gains/(losses)	(17)	(1)	13	40	0	0
Share of (losses)/profits of associates/JV	0	(3)	(3)	(3)	(4)	(4)
EBITDA	291	314	367	469	494	549
Depreciation	16	23	25	25	20	20
Depreciation of ROU assets	51	58	71	72	72	72
Other amortisation	1	2	2	3	4	5
EBIT	223	232	268	369	398	452
Interest income	6	8	2	1	3	5
Interest expense	(3)	(4)	(6)	(6)	(6)	(7)
Pre-tax profit	227	233	261	361	391	446
Income tax	(54)	(26)	(34)	(61)	(66)	(76)
After tax profit	173	206	227	300	324	370
Minority interest	0	0	0	0	0	0
Net profit	173	206	227	300	324	370
Core net profit	173	206	227	260	324	370

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar (RMB mn)						
Current assets	903	898	1,071	1,889	2,053	2,235
Cash & equivalents	320	151	256	975	1,022	1,094
Account receivables	157	175	250	291	335	377
Inventories	358	390	434	491	565	634
ST bank deposits	13	0	0	0	0	0
Other current assets	54	181	131	131	131	131
Non-current assets	192	136	140	132	164	203
PP&E	16	20	17	12	27	42
Right-of-use assets	66	82	72	64	77	96
Investment in JVs & assos	0	3	7	7	7	7
Intangibles	4	4	9	14	19	24
Other non-current assets	106	28	35	35	35	35
Total assets	1,095	1,033	1,211	2,021	2,217	2,438
Current liabilities	534	540	498	513	536	559
Amounts due to related parties	139	194	116	116	116	116
Short-term borrowings	0	0	33	33	33	33
Payables	177	169	119	119	119	119
Account payables	113	93	120	135	156	175
Tax payable	24	6	27	27	27	27
Other current liabilities	9	10	11	11	11	11
Lease liabilities	48	53	59	59	61	65
Contract liabilities	23	16	13	13	13	13
Non-current liabilities	26	35	23	23	23	25
Long-term borrowings	0	0	0	0	0	0
Obligations under finance leases	25	33	20	20	21	23
Other non-current liabilities	1	2	2	2	2	2
Total liabilities	559	575	520	536	559	584
Share capital	0	0	0	0	0	0
Retained earnings	0	0	0	72	234	419
Other reserves	535	459	691	1,442	1,442	1,442
Total shareholders equity	535	459	691	1,485	1,658	1,854
Minority interest	0	0	0	0	0	0
Total equity and liabilities	1,095	1,033	1,211	2,021	2,217	2,438

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar (RMB mn)						
Operating						
Profit before taxation	227	233	261	361	391	446
Depreciation & amortization	68	82	99	100	96	97
Tax paid	(34)	(50)	(20)	(61)	(66)	(76)
Change in working capital	(72)	(137)	(107)	(83)	(97)	(92)
Others	21	33	4	(32)	7	6
Net cash from operations	210	161	237	285	331	381
Investing						
Capital expenditure	(13)	(28)	(26)	(35)	(35)	(35)
Acquisition of subsidiaries/ investments	0	(6)	(7)	0	0	0
Net proceeds from disposal of short-term investments	(13)	13	0	0	0	0
Others	1	3	25	25	(5)	(5)
Net cash from investing	(25)	(17)	(9)	(10)	(40)	(40)
Financing						
Dividend paid	(146)	(195)	(76)	(228)	(162)	(185)
Net borrowings	0	0	33	0	0	0
Proceeds from share issues	0	0	0	751	0	0
Others	(70)	(141)	(90)	(79)	(82)	(85)
Net cash from financing	(216)	(335)	(133)	444	(244)	(270)
Net change in cash						
Cash at the beginning of the year	307	320	151	256	975	1,022
Exchange difference	44	21	10	0	0	0
Cash at the end of the year	320	151	256	975	1,022	1,094
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
Revenue	1.5%	9.7%	11.8%	16.4%	14.8%	12.6%
Gross profit	(0.6%)	9.6%	11.7%	19.6%	14.6%	12.9%
Operating profit	37.4%	(3.3%)	11.9%	30.9%	21.1%	13.9%
EBITDA	9.1%	7.8%	16.9%	27.9%	5.2%	11.2%
EBIT	5.2%	3.8%	15.8%	37.6%	7.7%	13.7%
Net profit	1.3%	19.3%	10.0%	32.0%	8.1%	14.3%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
Gross profit margin	50.4%	50.3%	50.3%	51.7%	51.6%	51.8%
Operating margin	13.4%	11.9%	11.9%	13.3%	14.1%	14.3%
EBITDA margin	17.1%	16.8%	17.6%	19.3%	17.7%	17.5%
Return on equity (ROE)	33.0%	41.5%	39.5%	27.6%	20.6%	21.1%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
Net debt to equity (x)	(0.6)	(0.3)	(0.3)	(0.6)	(0.6)	(0.6)
Current ratio (x)	1.7	1.7	2.2	3.7	3.8	4.0
Receivable turnover days	33.7	34.3	43.9	43.9	43.9	43.9
Inventory turnover days	154.8	153.9	153.0	153.0	153.0	153.0
Payable turnover days	49.1	36.8	42.1	42.1	42.1	42.1
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Mar						
P/E	na	na	na	8.2	7.6	6.7
P/E (diluted)	na	na	na	8.2	7.6	6.7
Dividend yield (%)	na	na	na	9.2	6.6	7.5
EV	2,903.8	2,734.2	2,806.1	3,525.6	3,572.5	3,644.0
EV/Sales	1.7	1.5	1.3	1.5	1.3	1.2
EV/EBIT	13.0	11.8	10.5	9.6	9.0	8.1
EV/EBITDA	10.0	8.7	7.6	7.5	7.2	6.6

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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