

BUSINESS

WHO WE ARE

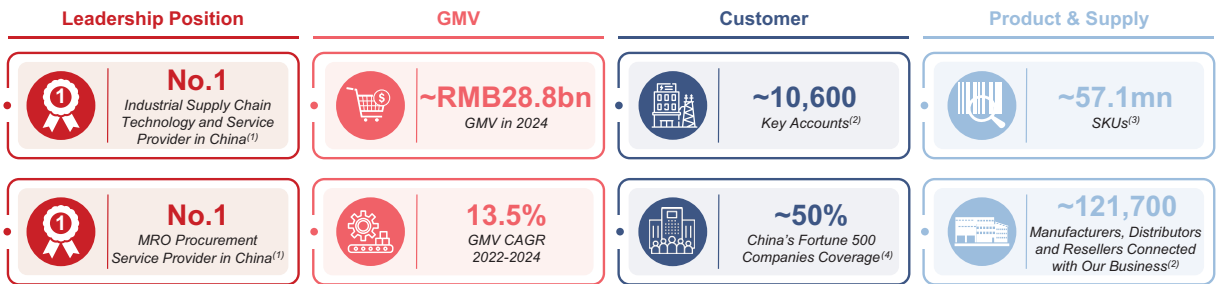
We are the leading industrial supply chain technology and service provider in China. Through transformative digitalization of the industrial supply chain, we help our customers increase supply chain reliability, reduce costs, enhance efficiency, and ensure compliance.

We offer a wide range of industrial products and digital supply chain services to satisfy diverse customer needs through Taipu (太璞), our digital industrial supply chain total solution that integrates digitalization (數) and products (實). Taipu is built upon our end-to-end supply chain digital infrastructure that covers products, procurement, fulfillment, and operations. We generate revenue primarily from sales of industrial products and provision of related services.

We started our supply chain technology and service business in 2017 focusing on MRO procurement service. Throughout years of development, we have established ourselves as the largest player in the MRO procurement service market in China, ranking No.1 as measured by GMV in 2024, which is nearly three times the size of the next largest player, according to CIC. As we expanded our focus to encompass the broader industrial supply chain market, we have also emerged as the largest service provider in China’s industrial supply chain technology and service sector, with a market share of 4.1%, in terms of GMV in 2024, according to CIC. Our sustained growth in scale is a firm testament to the efficiency of our business model. From 2022 to 2024, our GMV grew from approximately RMB22.3 billion to RMB28.8 billion, representing a CAGR of 13.5%.

We have the broadest customer coverage in China’s industrial supply chain technology and service market in 2024, according to CIC. In 2024, we served approximately 10,600 key accounts. For the first half of 2024, our key accounts included around 50% of China’s Fortune 500 companies and over 40% of Global Fortune 500 companies that had operations in China.

We offer an extensive variety of industrial products, standing as the broadest in China in terms of the number of SKUs as of December 31, 2024, according to CIC. As of December 31, 2024, we offered approximately 57.1 million SKUs across 77 product categories. Our product offerings are underpinned by our expansive industrial products sourcing network of approximately 121,700 manufacturers, distributors, and resellers on a nationwide basis in 2024.



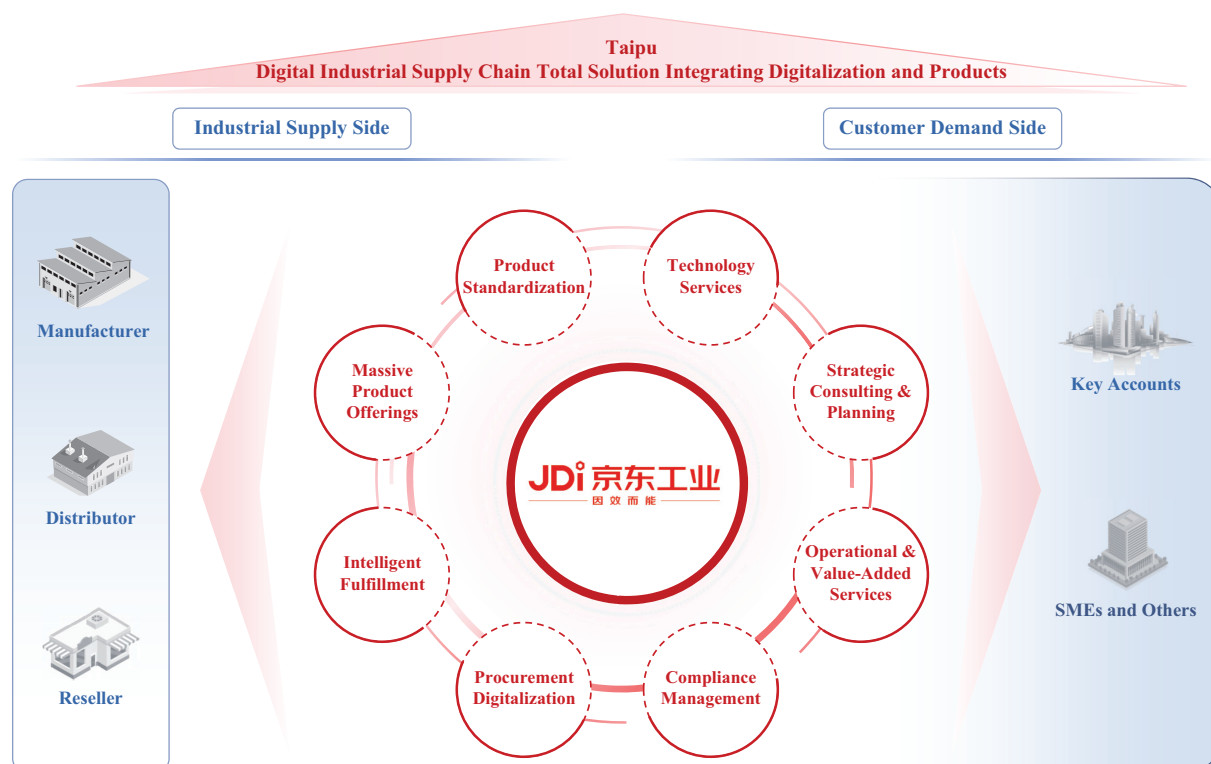
Notes: (1) In terms of GMV for the year ended December 31, 2024; (2) For the year of 2024; (3) As of December 31, 2024; (4) For the six months ended June 30, 2024

OUR BUSINESS MODEL

We have established an end-to-end supply chain digital infrastructure and leverage our broad product offerings, superior services, and streamlined operations to address the common fundamental needs of the industry. Built on this digital infrastructure, Taipu is our digital industrial supply chain total solution that integrates digitalization and products. We have adopted an asset-light approach to build our efficient and expansive business and, through Taipu, provide customers of all sizes across

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various industries with comprehensive categories of industrial products and various technology and service offerings for diverse use cases.



Taipu represents a package of offerings encompassing industrial products and digital supply chain services, including strategic consulting and planning, technology services, and operational and value-added services. Depending on customer needs, we can offer either the full Taipu solution or selected components, such as a combination of product offerings and certain specific services. For details of the offerings under Taipu, including a case study that illustrates the Taipu solution, see “—Taipu’s Integration of Digitalization and Products.”

On the industrial supply side, we drive the digital transformation of every aspect of the industrial supply chain from products, procurement, fulfillment to operations, establishing an end-to-end digital infrastructure, which serves as the foundation for Taipu. We standardize and digitalize a large number of parameters and specifications from a diverse array of products, creating a unified and consistent “language system” across the entire industrial supply chain. We provide digital procurement services for key accounts, SMEs, and others, enabling them to procure industrial products conveniently. We leverage intelligent decision-making to optimize fulfillment plans and enable real-time fulfillment assurance for our customers. Our closed-loop digital services cover of procurement planning, transaction, and aftersales services, allowing our customers to achieve cost reduction, efficiency enhancement, and procurement transparency simultaneously.

On the customer demand side, leveraging our end-to-end digital infrastructure, we have extended our services into our customers’ internal operations to further empower their digital transformation with top-level strategic planning as well as development of procurement supply chain systems. Through our digital procurement solutions offered under Taipu, including e-commerce solutions, supplier relationship management solutions, and tendering solutions, we help customers navigate different procurement scenarios more effectively. We also provide procurement consulting

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services and build procurement operation and compliance systems for our customers, helping them manage suppliers efficiently with closed-loop control and mitigate potential risks. We also offer a wide range of industrial products, aggregate customer and supplier information, and facilitate synchronization between supply and demand.

We have created an asset-light model by leveraging the end-to-end digitalization of the industrial supply chain. We aggregate the purchase orders and intelligently source product supplies by digitally connecting and synchronizing inventory available from distributors and resellers and production capacity from manufacturers. Such approach allows a great part of our orders to be delivered directly from the supply end to the demand end. In addition to our in-house operations, our intelligent fulfillment system, fulfillment timeline management system, and logistics platform enable us to leverage third-party logistics capabilities, thereby minimizing our proprietary investment in logistics assets. Our business model coupled with strong technology capabilities enable us to maintain healthy working capital as our business continues to grow.

With our asset-light model, we have developed an expansive business, which enables us to scale rapidly and efficiently. Leveraging our brand name, supply chain capabilities and technology infrastructure, we can efficiently reach, serve and retain customers and capture their incremental wallet share. We have established market leadership in the industrial supply chain technology and service market. We have also successfully expanded our product offerings from general-purpose MRO products to professional MRO products, and are currently penetrating into BOM products.

Our Revenue Model

We generate revenue primarily from sales of products, with the rest of the revenue generated from provision of services, including marketplace and advertising services as well as technology and other services. We monetize Taipu digital industrial supply chain total solution through sales of products and provision of technology and other services.

Revenue Model

Business and Customers

Product Revenue

- Product revenue is generated from our sales of industrial products and recognized when products are delivered and title is passed to customers. The industrial products we sell primarily consist of MRO products and BOM products. Key accounts contributed the majority of our product revenue. We provide designated digital procurement systems to key accounts to access our product offerings through API or cloud-based connections. We also offer mro.jd.com (京東五金城) and vipmro.com (京東工品匯) to SMEs and others for procurement of industrial products.
- We purchase a majority of products from our suppliers generally upon receiving orders from customers, and orders are often directly delivered from the supply end to the demand end. In addition, we also maintain our own inventory to better fulfill our customers' demand. We leverage accurate demand forecasts and advanced fulfillment network to achieve efficient inventory management. Therefore, we can maintain a manageable inventory level and reduce inventory risk.

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Revenue Model	Business and Customers
Service Revenue	<ul style="list-style-type: none">• Marketplace service<ul style="list-style-type: none">◦ We provide marketplace service, through which third-party merchants on our marketplace sell their products to customers.◦ Marketplace service revenue is in the form of commissions and platform usage fees that we charge to third-party merchants, where commissions and platform usage fees are generally charged at a certain percentage of sales and recognized at the point of delivery of products by the third-party merchants.• Advertising services<ul style="list-style-type: none">◦ We provide online digital marketing services to advertisers, including third-party merchants and suppliers. Our online digital marketing services include, among others, advertisement placements and pay-for-performance marketing services.◦ We charge advertising service fees to advertisers based on displays and effective clicks.• Other services<ul style="list-style-type: none">◦ We provide customers with technology and other services to empower their industrial supply chain digital transformation.◦ We primarily charge service fees to customers on a project basis.

OUR MARKET OPPORTUNITIES

China recorded the world’s largest secondary industry output value in 2024 and is the only country that features all industrial categories listed in the United Nations Industrial Classification. Moreover, China leads the global industrial supply chain market, with the largest market size of RMB11.4 trillion in 2024, according to CIC.

China’s industrial supply chain market is highly fragmented on both the supply and demand ends, with redundant distribution layers, non-standardized product parameters and specifications, and inefficient procurement process control within enterprises, leading to high costs, inefficiency, and low procurement transparency across the industrial supply chain. As a result, participants along the industrial supply chain have been calling for digital transformation to reduce costs and enhance efficiency.

The digital penetration rate of the industrial supply chain market in China was merely 6.2% in 2024 and is expected to reach 8.2% by 2029, according to CIC. The increasing digital penetration is expected to drive the industrial supply chain technology and service market to expand from RMB0.7 trillion in 2024 to RMB1.1 trillion in 2029, at a CAGR of 9.8%, according to CIC. As the industry increasingly shifts towards digitalization, traditional players may lack the capabilities or resources to digitalize their operations, while marketplace players normally have limited domain knowledge to resolve systemic supply chain problems. By adopting a differentiated business model and inheriting JD Group’s profound domain knowledge in supply chain management, we believe we are best positioned to spearhead an end-to-end digital transformation for the industrial supply chain.

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OUR FINANCIAL PERFORMANCE

We have experienced significant growth during the Track Record Period. We generate a majority of our revenue from sales of products and the rest from providing marketplace, advertising, and technology and other services. Our total revenue from continuing operations increased from RMB14.1 billion in 2022 to RMB17.3 billion in 2023 and further to RMB20.4 billion in 2024, representing a CAGR of 20.1%. Among our total revenue from continuing operations, our product revenue increased from RMB12.9 billion in 2022 to RMB16.1 billion in 2023 and further to RMB19.2 billion in 2024, representing a CAGR of 21.7%. Our service revenue remained stable at approximately RMB1.2 billion from 2022 to 2024.

We recorded net loss of RMB1.3 billion in 2022, and net profit of RMB4.8 million and RMB761.6 million in 2023 and 2024, respectively.

We review adjusted profit (non-IFRS measure) in evaluating our operating results and for financial and operational decision-making purposes. We define adjusted profit (non-IFRS measure) as profit or loss for the year from continuing operations, excluding share-based payment expenses, fair value changes of convertible preferred shares, fair value losses on investments in unlisted entities, loss on redesignation of convertible preferred shares, gain on repurchase of convertible preferred shares, [REDACTED] expenses, and income tax effects of non-IFRS adjustments. By excluding the impact of these items which are non-cash in nature, we believe that the use of adjusted profit (non-IFRS measure) will provide [REDACTED] with useful information in understanding and assessing our consolidated results of operations in the same manner as it helps our management. We recorded an adjusted profit (non-IFRS measure) of RMB759.1 million, RMB894.4 million and RMB1.1 billion in 2022, 2023 and 2024, respectively, representing a CAGR of 18.5% from 2022 to 2024. The increases in adjusted profit (non-IFRS measure) during the Track Record Period demonstrate the improving profitability of our business.

OUR STRENGTHS

The Leader in the Industrial Supply Chain Technology and Service Market in China

We are a pioneer in adopting a total solution to digitalize the industrial supply chain to address the common challenges faced by the industrial supply chain in China, with the goal to increase supply chain reliability, reduce costs, enhance efficiency, and ensure compliance. Beyond product sales, we focus more on providing digital supply chain solutions to our customers, empowering them in their digital transformation of procurement, and creating values along the industrial supply chain. We believe that our business model is hard to replicate, as it requires extensive experience, resources, and technological capabilities to apply digitalization across industry verticals, product categories, use cases, and geographies at scale.

We are the largest MRO procurement service provider in China by GMV in 2024, nearly three times the size of the next largest player, according to CIC. The MRO procurement service market in terms of GMV in China is massive, with a size of RMB3.7 trillion in 2024. As industrial enterprises increasingly demand for digital transformation, the penetration rate of digital MRO procurement services in China is expected to grow from 9.5% in 2024 to 12.9% in 2029, indicating significant growth potential in light of the penetration rate in the U.S. of more than 15% in 2024.

Through our market leadership and our proven track record of enhancing supply chain efficiency in MRO procurement services, we are well positioned to further capitalize on the broader

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industrial supply chain market in China, which is expected to grow from RMB11.4 trillion in 2024 to RMB13.8 trillion in 2029. Within this broader market, the size of the industrial supply chain technology and service market in terms of GMV is expected to grow from RMB0.7 trillion in 2024 to RMB1.1 trillion in 2029, at a CAGR of 9.8%, according to CIC. In 2024, we achieved GMV of approximately RMB28.8 billion, making us the market leader in China’s industrial supply chain technology and service market with a market share of 4.1%, according to CIC. Our market leadership enables us to benefit from economies of scale so that we can secure reliable supplies at more favorable terms and acquire customers more rapidly and efficiently. Such position also helps us amass more participants along the industrial supply chain, which drives the network effect that further reinforces our leading position.

Industry-Transforming Digital Supply Chain Total Solution

We developed an end-to-end digital infrastructure that covers products, procurement, fulfillment, and operations, transforming the traditional way of industrial supply chain management.

- **Product digitalization.** Industrial enterprises often struggle to cope with a vast array of non-standardized products, leading to high communication and transaction costs for all industry participants involved. To address such challenge, we have developed our proprietary Mercator product library, which standardizes and unifies product parameters and specifications across a great variety of SKUs. Our product library defines clear product parameters and specifications that are ultimately accepted and widely adopted by both of our customers and suppliers. By developing a standardized product library, we have effectively decoupled definitions of product parameters and specifications from supplier-specific labels, assisting our customers in managing their procurement processes in a compliant and transparent manner. Product digitalization lays the foundation for our total solution to digitalize the entire industrial supply chain, and has systematically enhanced efficiency for both the supply and demand ends.
- **Procurement digitalization.** Industrial product procurement has traditionally been cumbersome and opaque. We offer full-suite digital procurement services that navigate complex procurement of industry supplies, streamline periodic procurement of production materials, and facilitate small-scale, scattered procurement of long-tail products, thereby empowering our customers with a transparent, efficient, and cost-effective procurement experience. We offer a series of digital procurement systems that provide a wide range of products and comprehensive, tailored services featuring industries and customer characteristics. Customers can therefore place orders in a standardized, automated fashion, minimizing manual engagement throughout the procurement process, which leads to higher procurement efficiency and accuracy, as well as better compliance management.
- **Fulfillment digitalization.** Industrial enterprises often grappled with inefficient inventory management and logistics challenges. We address these pain points by digitalizing fulfillment through our industrial supply chain large model, which intelligently identifies the optimal fulfillment plan by analyzing key variables such as costs, inventory location and availability, delivery timing, service quality of logistics service providers, and settlement periods, among others. As a result, we can fulfill customer orders in a cost-effective manner by minimizing costs associated with inventory, warehousing, and transportation, while ensuring precise delivery of customer orders with real-time visibility. Meanwhile, by leveraging our strategy of warehouse aggregation (萬倉合一), we are able

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to coordinate the warehousing systems of the supply end to efficiently dispatch inventory and optimize warehousing capacity. Since a great number of orders are delivered directly from the suppliers’ warehouses, we have been able to successfully minimize our own inventory storage. Such superior inventory management capability has helped us achieve inventory turnover days attributable to continuing operations of 14.8 days in 2024, demonstrating our industry-leading inventory turnover efficiency, according to CIC.

- **Operation digitalization.** In addition to facilitate the purchase of industrial products, we provide a suite of closed-loop digital services to our customers. We craft tailor-made service proposals and adapt our digital infrastructure to best suit our customers’ specific use cases and internal workflows. Our closed-loop digital services, such as smart settlement services, supply chain compliance management, supply chain control and management system, smart customer services, and tailored professional aftersales services, are designed and implemented in an integrated and seamless manner. As our digital infrastructure becomes increasingly interwoven with those of our customers, we are able to further elevate customer experience, cultivate customer loyalty, and capture a greater wallet share of their overall procurement spending.

Taipu, our digital industrial supply chain total solution, integrates digitalization and products by leveraging our digital infrastructure and our extensive experience serving millions of customers. We help our customers enhance industrial supply chain management, empower our customers with digitalization capabilities, and drive the digital transformation of their internal supply chain management. Beginning with top-level design, we offer holistic strategic consulting and planning, technology services over the industrial supply chain, massive offerings of industrial products, and operational and value-added services. Through Taipu digital industrial supply chain total solution, we strive to “let data analytics do the magic and minimize the product flow.” We have facilitated a smoother synchronization between the procurement needs of the customer demand side and the industrial supply side, optimizing matching accuracy, fostering higher collaboration efficiency, and ultimately, enhancing the overall reliability and agility of the industrial supply chain.

In-depth Industrial Supply Chain Know-how

We have accumulated a wealth of in-depth supply chain know-how since our inception. We benefit from JD Group’s profound domain knowledge in managing a massive end-to-end supply chain network for over two decades. Building on top of this foundation, we have achieved continuous breakthroughs in refining and upgrading our supply chain know-how in products, customers, industry verticals, and suppliers to better adapt to the evolving industrial supply chain.

We have accumulated strong product domain knowledge across a wide range of product categories. We had achieved the broadest coverage of SKUs in China’s industrial supply chain technology and service market in terms of the number of SKUs as of December 31, 2024, according to CIC, and offered approximately 57.1 million SKUs as of December 31, 2024. By serving the most extensive customer base in this sector in 2024, we have deepened our know-how in providing tailored services to a diverse spectrum of customer base and, particularly, large enterprises with complex demand and organizational structures. In 2024, we served approximately 10,600 key accounts. With a broad presence across different industry verticals, particularly in manufacturing, energy, transportation, and other general industries, and by maintaining close working relationships with industry leaders, we have amassed comprehensive vertical know-how that can be modularized and applied to customers from the same verticals efficiently, as well as to swiftly explore and enter new verticals over time.

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According to CIC, we had the broadest coverage of suppliers in the industrial supply chain technology and service market in China in 2024. In 2024, we sourced products from approximately 121,700 manufacturers, distributors, and resellers. Through our supplier network, we have accumulated in-depth supplier know-how in many aspects, such as product information, pricing, quality control, inventory availability, production visibility, fulfillment capabilities, and aftersales services. We leverage our supplier know-how to manage massive number of SKUs and navigate through vast group of suppliers simultaneously.

Leveraging our profound industrial supply chain know-how, we have expanded our customer base through a set of marketing strategy, resulting in strong customer loyalty while at the same time retaining robust profitability. In 2024, our selling and marketing expenses as a percentage of our revenue was 4.1%, and our average revenue contribution per sales personnel was RMB25.0 million, both of which set the industry-leading benchmarks for sales and marketing efficiency, according to CIC. Our strong customer loyalty is further demonstrated by our key accounts dollar retention rate of 105.7% in 2024, underscoring the loyalty that we have successfully cultivated among our valued customers.

Expansive Business Model

Since our inception, we have embraced a differentiated business model, which enables us to expand in an asset-light manner in multiple end-markets. Our capabilities are strategically designed to be interoperable across diverse industry verticals, product categories, use cases, and geographies.

Our proprietary Mercator product library enables us to standardize product parameters and specifications efficiently across a massive and increasing arrays of product categories. We enable swift implementation of digital connections for our customers to access our procurement services seamlessly, enabling us to broaden our customer reach effectively. We also streamline the onboarding of new suppliers by integrating with their diverse IT systems, so that we can expand product offerings rapidly and enable warehouse aggregation and inventory management on a large scale. When it comes to logistics services, we have forged strategic partnerships with major logistics service providers in China to ensure robust and efficient fulfillment as we scale up our business operations. In addition, our smart settlement services streamline the process of order generation, reconciliation, billing, and settlement for a variety of customer types and industry verticals. Meanwhile, we have also adopted supply chain financial technology services to reduce working capital requirements. Moreover, our advanced technology infrastructure and middleware have established a robust foundation, empowering us to operate and develop with great efficiency.

Our expansive business model has enabled us to rapidly broaden our offerings across diverse industry verticals, product categories, use cases, and geographies. As a result, we recorded a strong GMV growth with a CAGR of 13.5% from 2022 to 2024, outpacing the average growth rate of leading players in China’s industrial supply chain technology and service industry for the same period, according to CIC. In addition, we extended our product offerings from general-purpose MRO products to professional MRO products, and further to BOM products. Drawing on our successful service experience and solid reputation in the domestic market, we have also strategically targeted key accounts with ambitions and planning on overseas expansion. Leveraging robust and agile cross-border and local supply chains, we provide reliable industrial products to support our customers’ overseas venture. So far, we have successfully accompanied key accounts in terms of their expansion into selected Southeast Asian markets. Furthermore, we have been able to expand rapidly over time across

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diverse industry verticals, product categories, use cases, and geographies, while maintaining a profitable growth.

Superior Brand Image and Synergies in the JD Ecosystem

We enjoy strong brand recognition bolstered by our relationship with JD.com. JD.com ranked 47th in the 2024 Fortune Global 500 list. As China’s leading online retailer, JD.com sets the industry standard for e-commerce through its relentless commitment to quality and authenticity. Leveraging such well-established brand image, we have successfully penetrated high-value customer base across diverse industry verticals, earning widespread brand recognition and enduring customer loyalty.

In addition to our brand strength, we also enjoy significant synergies within the JD ecosystem. We have inherited, and will continue to leverage, JD Group’s best-in-class supply chain-based technology platform, deep product expertise, strong service capabilities, and vast talent pool, all of which empower us to continually enhance our technology and service capabilities. We partner with JD Logistics to access its established nationwide fulfillment network and infrastructure, thereby strengthening our network coverage and improving our overall customer experience. JD Technology equips us with robust supply chain financial technology services in relation to the trade receivables primarily originating from our key accounts, empowering us to scale rapidly while at the same time maintaining low working capital requirements.

Knowledgeable and Experienced Management Team

Our CEO, Mr. Chunzheng Song, is a serial entrepreneur within JD Group with a proven track record of success. Before assuming leadership in our company, Mr. Song spearheaded JD Group’s enterprise business, establishing it as the benchmark for the industry. Leveraging his extensive knowledge of the enterprise service market, Mr. Song pioneered the industry in the implementation of the concepts of warehouse aggregation (萬倉合一) and order aggregation (萬單合一) throughout the internet era. Mr. Song has started leading the internal incubation and innovation of our business in July 2017, and has since then been driving our total solution to digitalize the industrial supply chain, bringing in significant cost reduction and efficiency enhancement on an industry-wide basis. Mr. Song is one of the very few talents in the industry who possess the unique combination of abundant internet sector experience, deep insights into the enterprise market, and substantive expertise in digital supply chain technologies. Mr. Song has been a trailblazer in the industry, propelling and catalyzing the digital transformation of the industrial supply chain.

As an industry focused on serving enterprises, the industrial supply chain technology and service sector demands a unique set of skills from a company’s management to become successful. These skills include profound understanding of industrial supply chain, in-depth product and vertical knowledge, strong technological background, and proven operational execution capabilities. In addition to our CEO, our management team is comprised of seasoned executives who bring a wealth of experiences in enterprise business, industrial sectors, and internet and e-commerce, many of them hold long tenures at JD Group, all sharing a unified vision and possessing complementary skill sets. Under the leadership of our CEO, our management team has integrated their respective industry know-how with JD Group’s foundational expertise in supply chain and ecosystem synergies, and has developed a distinctive set of capabilities for us to maintain our competitive strengths.

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OUR STRATEGIES

Continue to Enhance Our Supply Chain Technological and Service Capabilities

We believe that the value we create for industrial supply chain is fundamentally supported by our superior supply chain technological and service capabilities. We are committed to, and will continue to invest in our proprietary technological capabilities. For example, we aim to further develop our core systems to reinforce Taipu’s capabilities on both the industrial supply side and the customer demand side, therefore equipping our customers with more comprehensive and advanced digital services. Such initiatives will also empower us to further elevate supply chain efficiency at a grander scale across a broader set of diversified use cases. In terms of service capabilities, we remain steadfast in further deepening our expertise across the entire industrial supply chain, continually expand our product offerings, and hone our ability to provide strategic consulting and planning, technology services over the industrial supply chain, massive offerings of industrial products, and operational and other value-added services tailored to the evolving demand of our customers.

Further Expand Our Customer Base and Capture Additional Share of Their Procurement Spending

We aim to continue to educate existing and potential customers and cultivate their awareness of the substantial efficiency enhancement that can be realized through the adoption of our industrial supply chain total solution, as opposed to simply facilitating the purchase of industrial products. By reshaping the perceptions of our customers, we will further enhance customer trust and loyalty to support the long-term development of our customer relationships.

For key accounts, our approach typically commences with the top-level design, followed by providing solutions for their comprehensive procurement scenarios. For existing key accounts, we will continue to refine our digital procurement systems to improve our customers’ procurement efficiency and accuracy. We remain steadfast in improving our e-commerce solutions, supplier relationship management solutions, and tendering solutions to better address the complex procurement scenarios of our key accounts and increase our wallet share within their procurement spending. We are committed to deepening our engagement with and penetration into all aspects of our customers’ supply chain management, such as smart fulfillment, as well as operational and value-added services. Additionally, we will continue to actively pursue and engage with new key accounts with significant needs for supply chain digitalization in the industry verticals where our business is growing. For SMEs and other customers, we intend to offer a comprehensive selection of product sources and categories and continually improve their procurement and fulfillment experience in order to attract greater traffic to our offerings.

Continue to Strengthen Team Building and Enhance Service Quality and Operational Capabilities

We will continue to elevate our operational capabilities through enhancing the expertise of our team and deepening our understanding of customers’ needs. By doing so, we aim to maximize the impact and the effectiveness of our product and service offerings. We firmly believe that a strong talent pool is crucial to our long-term success. Therefore, we will prioritize investment in talent acquisition, development, and cultivation, focusing on critical areas such as research and development, specialized product and industry vertical knowledge, and sales and services, among others, which we aim to realize through targeted and comprehensive employee training programs. In alignment with our

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overseas strategy, we will emphasize the attraction, nurturing, and retention of exceptional global talent, as well as incentivizing such individuals to retain and enhance our competitiveness on a global scale.

Continue to Explore New Market Opportunities

To take full advantage of our superior domain knowledge and advanced technological capabilities of industrial supply chain, we will continually explore new market opportunities by expanding the breadth and depth of our offerings, with a focus on expanding our SKUs across MRO products and BOM products that are commercially attractive, resonating with the needs of our customers, and reflecting our deep industry insights.

We are committed to continuous expansion across overseas markets to further capture opportunities all around the globe. In the short term, we will continue to leverage our robust customer relationships in China and capitalize on the momentum of Chinese enterprises expanding overseas. We plan to establish cross-border and overseas local supply chains to accompany and support our key accounts’ ventures into emerging markets overseas. In the medium term, we plan to broaden our footprint into more developed markets overseas. We intend to forge connections with key accounts in overseas countries and regions and directly collaborate with overseas local manufacturers to localize our supply chain. In the long term, we aspire to scale our operations across major global economies to cover key accounts and SMEs in those countries and regions, globalizing our overseas supply chain, and establishing ourselves as a world’s leading industrial supply chain technology and service provider.

We also intend to selectively pursue investment and M&A opportunities within China and internationally. As of the Latest Practicable Date, we have neither identified, engaged with, nor entered into any formal negotiations regarding any specific investment or acquisition targets.

TAIPU — OUR DIGITAL INDUSTRIAL SUPPLY CHAIN TOTAL SOLUTION

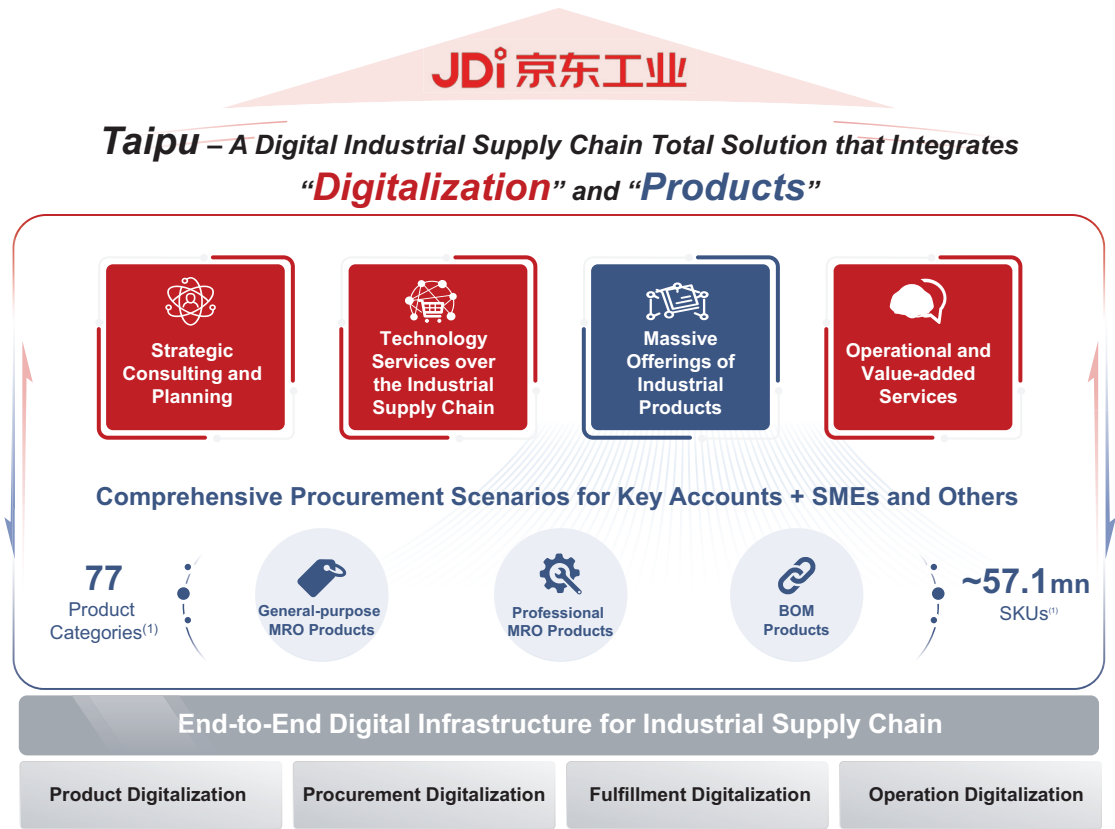
We are the leading industrial supply chain technology and service provider in China in terms of GMV each year from 2022 to 2024, according to CIC. Since our inception in 2017, we have been committed to digitalizing the entire industrial supply chain to meet the needs of our customers. We provide integrated industrial supply chain technology and services to help our customers increase supply chain reliability, reduce costs, enhance efficiency, and ensure compliance. By focusing on addressing the common fundamental needs of various industries and customer groups, we spend great efforts in cultivating our digital supply chain capabilities to be interoperable across industry verticals, product categories, use cases, and geographies.

Our integrated industrial supply chain technology and services are built upon the end-to-end digital infrastructure, which covers products, procurement, fulfillment, and operations. Leveraging this digital infrastructure, Taipu integrates digitalization and products, and empowers our customers to transform their own industrial supply chains with a top-down approach and enhance procurement efficiency. Rather than a separate solution, Taipu is a package of our existing offerings encompassing industrial products and a range of supply chain services including strategic consulting and planning, technology services over the industrial supply chain, and operational and value-added services. We monetize our Taipu digital industrial supply chain total solution through sales of products and provision of technology and other services.

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We began our journey by offering general-purpose MRO products, and gradually expanded our product offerings to include professional MRO products and BOM products. The industrial products we offered are the broadest in China in terms of number of SKUs as of December 31, 2024, according to CIC. As of December 31, 2024, we offered approximately 57.1 million SKUs across 77 product categories. We have accumulated invaluable business insights of our customers’ procurement needs after years of growth and development of our digital supply chain solutions.

In 2024, we served approximately 10,600 key accounts. Our key accounts mostly come from industries such as manufacturing, energy, transportation, and other general industries. We also serve SMEs and other demand-end participants such as sole proprietors and contractors. In 2024, we sourced industrial products from approximately 121,700 manufacturers, distributors, and resellers. We also coordinate with major logistics service providers in China to deliver industrial products to our customers.



Note: (1) As of December 31, 2024.

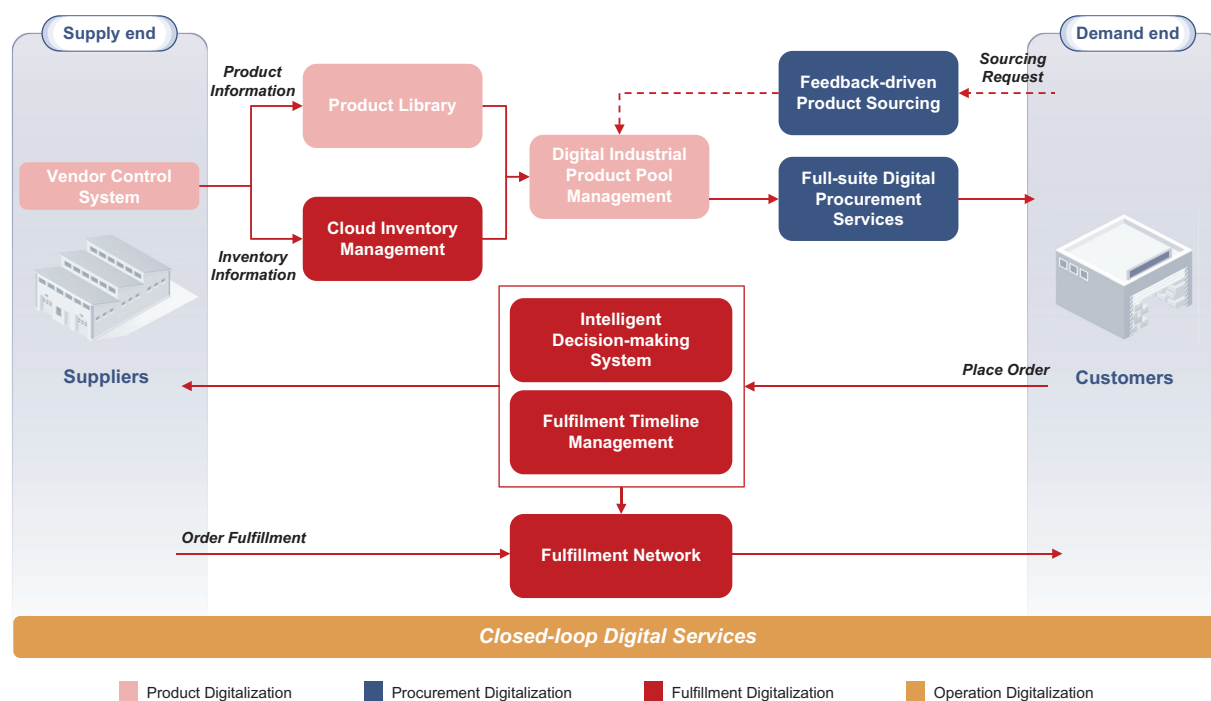
OUR DIGITAL INFRASTRUCTURE UNDERLYING TAIPU

Our digital infrastructure is our core capability that promotes the digital transformation of industrial enterprises.

We have transformed the industrial supply chain through digitalization of products, procurement, fulfillment, and operations, leading to meaningful cost reduction and substantial efficiency enhancement for participants along the industrial supply chain. As we digitalize and standardize industrial product information, we are able to synchronize with more suppliers to satisfy

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the needs of our customers and to better aggregate suppliers’ inventory information. Through our full-suite digital procurement services, we offer our customers with one-stop procurement management. We then use advanced algorithms to generate optimal fulfillment plans. We also offer a broad range of closed-loop digital services to assist our customers in enhancing their supply chain management and internal control.



Our digital infrastructure serves as the foundation for Taipu. The suite of digital systems we have developed, including Mercator, *Gongding*, *Lingxi*, K2 and others, are the pillars of this digital infrastructure. Such systems enable us to efficiently and intelligently source and fulfill a wide range of industrial products for our customers and provide them with better procurement experience. In the meantime, we leverage the technologies and know-how underlying those systems to provide consulting, technology and other digital supply chain services to customers, helping them build their internal supply chain systems, digitalize their operations and synchronize with supply end. In this way, Taipu effectively integrates digitalization with product procurement, streamlining each step involved in the supply chain process.

Product Digitalization

We take initiatives to set and unify the “language system” along the industrial supply chain through product digitalization, aiming to address the inconsistency in product parameters and specifications and incompleteness in product offerings. Our product digitalization is mainly achieved through our proprietary Mercator product library, vendor control system, and *Gongding* digital industrial product pool management system.

Mercator product library. Our Mercator product library is a vital component of our product digitalization. By leveraging AI deep learning techniques to analyze standard product classification and attributes, guidance from product manufacturers, product information collected from participants along the supply chain, and knowledge and experience from industry experts, we have developed a set of unified and consistent definitions of product parameters and specifications. These definitions of

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parameters and specifications are applied to label the products in our Mercator product library through massive data cleaning and extraction. Our Mercator product library aims to “translate” product information from the supply and demand ends into standardized product parameters and specifications, thereby effectively reducing communication and transaction costs in the procurement process.

Vendor control system. Our digital vendor control system offers manufacturers, distributors, and resellers a dashboard to showcase and manage their products, inventory, pricing, and other related information.

Digital industrial product pool management. *Gongding* is a digital industrial product pool management system that imports, registers, and manages product information and pricing in product pools. *Gongding* utilizes advanced AI technologies to intelligently identify product parameters, cross-reference them with our customers’ procurement catalogs and industry price indices, and propose adjustments to product assortment and pricing in the pool accordingly. *Gongding* incorporates automated mechanisms that alert our quality control team of any product that does not conform to expected industry standards or display abnormal pricing, allowing us to promptly implement quality control measures.

Procurement Digitalization

We provide our customers with full-suite digital procurement services, and facilitate transparent, efficient, and cost-effective procurement experience. Additionally, we have integrated *Lingxi*, a powerful tool to source products that may not be available in *Gongding* digital industrial product pool.



Full-suite digital procurement services. We provide full-suite digital procurement services for our customers to manage their procurement processes in various scenarios, including navigating complex procurement of industrial supplies, streamlining periodic procurement of production

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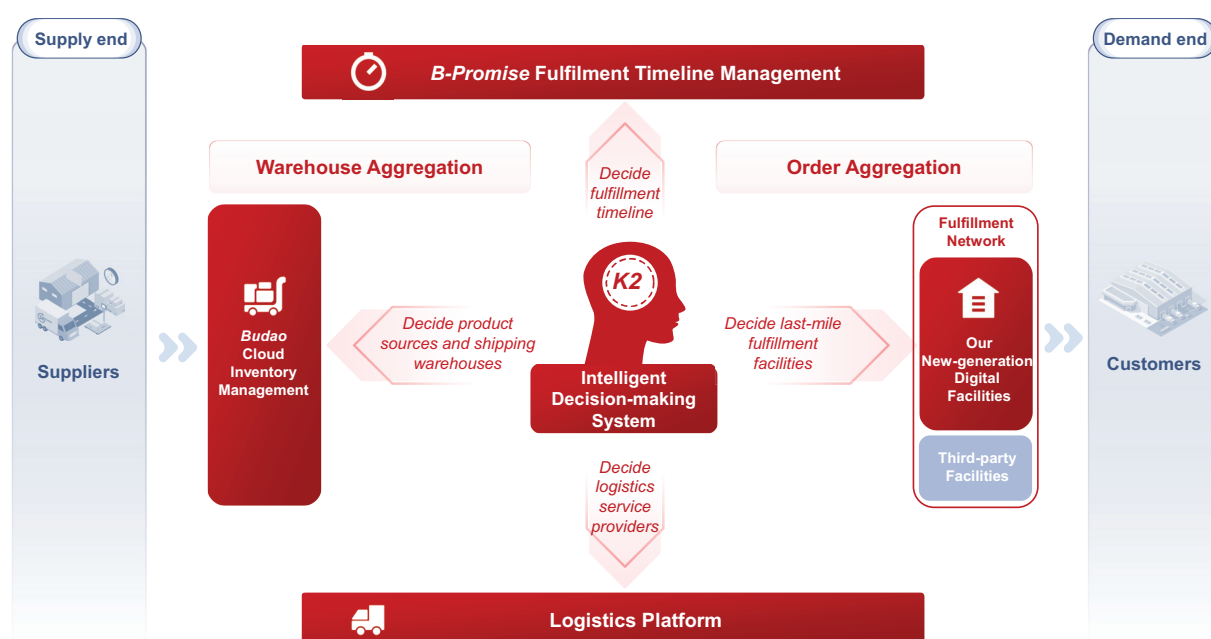
materials, and facilitating small-scale, scattered procurement of long-tail products. For key accounts, we enable swift implementation of digital connections and provide them with IXP, designated digital procurement systems that come with IOP (工采通) and ISP (工采). IOP refers to our proprietary API connections to key accounts which have their own procurement management systems, whereas ISP refers to cloud-based connections to key accounts which do not have their own procurement management systems. We draw on extensive industry expertise, broad selection of products, and advanced data analytics and AI technologies to display comprehensive and detailed product information, provide transparent and stable pricing, and empower key accounts to make informed procurement decisions. We offer comprehensive and tailored procurement management services for key accounts to efficiently search products and manage transactions. For SMEs and other customers, we connect them through mro.jd.com (京東五金城) and vipmro.com (京東工品匯). Leveraging advanced data analytics and AI technologies, we analyze the customer profiles of SMEs to deeply understand their needs. We provide them with a large assortment of products, competitive pricing, and consistent quality. We also offer SMEs and others procurement experience by use cases where a list of products based on a specific use case is automatically generated each time, so that SMEs and others can easily search and select products with a single click and place an order with multiple products.

Feedback-driven product sourcing. Our feedback-driven product sourcing system, *Lingxi*, helps source products that may not be available in *Gongding* digital industrial product pool and further streamlines product sourcing efforts within our ecosystem. Upon initiation of product sourcing through *Lingxi*, manufacturers, distributors, and resellers in our ecosystem can receive detailed sourcing requests outlining desired product characteristics and use cases. *Lingxi* is an intelligent system that analyzes these requests and sources suitable products based on factors such as price, inventory availability, and fulfillment plans. Our service team is also available to provide additional support as needed.

Fulfillment Digitalization

Our fulfillment digitalization is built upon warehouse aggregation (萬倉合一) and order aggregation (萬單合一). Under warehouse aggregation, we implement a cloud inventory approach to coordinate with the warehousing systems of manufacturers, distributors, and resellers to efficiently dispatch inventory, optimize warehousing capacity, and reduce the costs in shipping industrial products. Under order aggregation, we intelligently consolidate customer order information, fulfill orders in a centralized manner, and enable our customers to monitor and manage large volumes of orders and shipments. Our fulfillment digitalization revolves around our proprietary K2 intelligent decision-making system to optimize fulfillment plans for customer orders. We also provide real-time visibility to our customers through B-Promise for them to effectively monitor fulfillment timeline. Furthermore, our efficient inventory management helped us achieve inventory turnover days attributable to continuing operations of 14.8 days in 2024, which demonstrated our industry-leading inventory turnover efficiency, according to CIC.

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Intelligent decision-making system. K2 acts as the nerve center of our fulfillment digitalization, providing our customers with optimal decisions throughout the entire fulfillment process. Leveraging advanced data analytics, K2 evaluates variables such as costs, inventory location and availability, delivery timing, service quality of logistics service providers, and settlement period, to generate optimal fulfillment plans. K2’s notable capacities include intelligently deciding product sources and shipping warehouses, fulfillment timeline, logistics service providers, and last-mile fulfillment facilities.

Cloud inventory management. We use *Budao* to establish and coordinate an extensive network of the warehouses of manufacturers, distributors, and resellers, ensuring real-time synchronization of their inventory and production capacity information. *Budao* traces product sources and directly connects them with demand while analyzing optimal strategies to deploy inventory resources. This approach eliminates unnecessary product shipment caused by redundant distribution layers and streamlines the fulfillment process for our customers. We provide connections to ensure that manufacturers, distributors, and resellers can conveniently integrate with our system, including API connections for those with existing ERP systems and cloud-based connections for those with limited digital infrastructure.

Fulfillment timeline management. B-Promise provides our customers with accurate delivery estimates, timing commitments, and customized delivery plans. Our extensive experience in managing deliveries and collaborating with logistics service providers enables us to provide real-time visibility throughout the fulfillment process, allowing our customers to oversee and monitor their orders. B-Promise seamlessly connects logistics service providers’ systems to manage delivery time based on customers’ requests. This allows our customers to plan for order receipts with greater efficiency and improve their inventory turnover.

Logistics platform. We have formed strategic partnerships with major logistics service providers in China. These partnerships allow us to embed a vast logistics service network onto our platform to ensure robust and efficient fulfillment as we continue to scale our business operations. Moreover, we leverage our bargaining power and industry expertise to assist our customers, particularly SMEs, in obtaining more favorable pricing terms for deliveries.

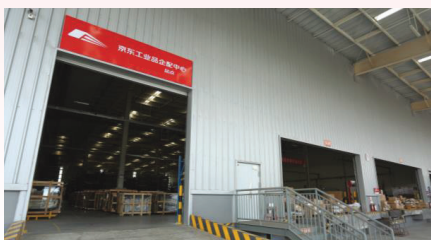
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Fulfillment network. Our nationwide fulfillment network spans almost all cities and major industrial clusters in China through partnerships with logistics service providers. With a vast and extensive fulfillment network, we can provide our customers with a wide range of fulfillment options and efficiently dispatch warehousing, logistics, and fulfillment resources to ensure timely and accurate delivery of orders. To complement the warehousing systems of manufacturers, distributors, and resellers connected through our cloud inventory approach and the last-mile facilities of the logistics service providers on our logistics platform, we have developed our own last-mile fulfillment infrastructure as a part of our fulfillment network. As of December 31, 2024, we had deployed various types of new-generation digital facilities, including 411 lightweight front warehouses, 381 Jinggong Cabinets, and 13 front warehouses.

- *Lightweight front warehouses* receive and inspect products, and aggregate orders that were previously dispersed among different sources, product categories, and logistics channels, and send to our customers in one go. We strategically choose the locations of lightweight front warehouses based on their geographical coverage and proximity to our customers’ plant sites.
- *Jinggong Cabinets* are placed close to the production lines inside our customers’ plant sites. They match inventory with production and generate product lists for production staff’s efficient collection. Jinggong Cabinets also track inventory collection, use, and return, provide real-time inventory information, and send procurement notices once inventory storage falls below specified thresholds.
- *Front warehouses* are purposely designed to facilitate timely delivery of products, often on an hourly basis. Front warehouses are typically placed in industrial parks and clusters. Leveraging advanced data analytics, we improve the accuracy of our demand forecast and strategically arrange product assortments for each front warehouse.
- *Intelligent mobile warehouses* are movable together with construction sites, which are particularly helpful in challenging industrial environments such as the construction industry or remote areas. The warehouses consist of movable fire-proof containers and floors, and are equipped with smart features such as radio-frequency identification, temperature and humidity sensor, face recognition, access control system, and IoT sensors.

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Lightweight Front
Warehouses



Jinggong Cabinets



Front Warehouses



Intelligent Mobile
Warehouses



Operation Digitalization

Our operation digitalization is intricately woven into almost every aspect of our customers’ business operations. Our deep understanding of our customers allows us to design tailor-made service proposals to best suit their specific use cases and internal workflows. Unlike services offered on a piecemeal basis, our services are designed and implemented to operate smoothly in an integrated manner.

We offer smart settlement services (易結算) that enable our customers to manage reconciliation, billing, settlement, and invoices more efficiently. We also offer supply chain compliance management, supply chain control and management system (供應鏈控制塔), smart customer services, and tailored professional aftersales services. As our digital infrastructure becomes increasingly integrated and compatible with our customers’ systems, we allow them to achieve cost reduction, efficiency enhancement, and procurement transparency simultaneously.

TAIPU’S INTEGRATION OF DIGITALIZATION AND PRODUCTS

We leverage our digital infrastructure to develop Taipu, a digital industrial supply chain total solution that helps industrial enterprises enhance overall industrial supply chain management. Our Taipu features the integration of digitalization and products. Taking a top-down approach, Taipu encompasses offerings of industrial products and a range of supply chain services including strategic consulting and planning, technology services over the industrial supply chain, and operational and value-added services. We monetize our Taipu digital industrial supply chain total solution through sales of products and provision of technology and other services.

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Strategic Consulting and Planning

We provide our customers with an extensive package of consulting, from planning, implementing, to coaching. We help our customers delve into evaluating and enhancing their operational workflows, and provide suggestions to optimize productivity and resource allocation. We work closely with our customers to develop customized strategies that align with their unique business needs to achieve supply chain digital transformation.

Technology Services over the Industrial Supply Chain

We provide our customers with comprehensive technology services to help them build robust digital supply chain systems by leveraging IOT, cloud computing, AI technologies, and big data. With these technological tools deployed, we are able to synchronize customers’ production schedules, maintenance plans, and inventories, enabling better supply chain operations and prediction of industrial supply needs. For example, we enable real-time monitoring of equipment condition and detecting of system malfunction, which in turn allows predictive maintenance.

Massive Offerings of Industrial Products

We help our customers manage their industrial product supply chains to cover their comprehensive procurement scenarios. Products we offer cover a wide range of industrial supplies including general-purpose MRO products, professional MRO products, and BOM products, to meet the diverse needs of key accounts, SMEs, and others. These products are sourced and fulfilled through our digital infrastructure.

Our industrial product offerings include general-purpose MRO products, professional MRO products, and BOM products. The industrial products we offered are the broadest in China in terms of number of SKUs as of December 31, 2024, according to CIC. As of December 31, 2024, we offered approximately 57.1 million SKUs across 77 product categories. In particular, our vast product assortment equips us with the capabilities to better meet the diversified demand of key accounts, SMEs, and others for industrial products, which are critical for their specific procurement needs and unplanned purchases.

- General-purpose MRO products refer to MRO products designed and manufactured for use in a wide range of industries and applications. These products are typically standardized, meaning that they can be used in a variety of settings and are not customized for specific use cases. Examples of general-purpose MRO product categories include (i) safety and security, (ii) cleaning and janitorial, (iii) handling, shipping, and storage, (iv) wires and cables, (v) welding supplies, (vi) tools, and (vii) personal protective equipment.
- Professional MRO products refer to MRO products used in professional use cases or for professional purposes by trained and specialized technicians and service providers who have expertise in specific areas. Examples of professional MRO product categories include (i) chemicals, (ii) lifting equipment, (iii) instruments, (iv) metalworking, (v) lab supplies, (vi) motors and power transmission, and (vii) mechanical equipment.
- BOM products refer to bill of materials, meaning parts and materials in process which are used in an original manufacturing process to produce final products. Examples of BOM products include (i) electronic components, and (ii) fasteners.

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Operational and Value-Added Services

We offer our customers a range of operational and value-added services, including operational planning and design, supplier management, customer service and aftersales support, settlement, and risk management, among others. Additionally, we help our customers monitor energy consumption in real-time, track historical equipment energy consumption, and perform AI-backed analysis and forecast, assisting our customers in systematically developing and adjusting energy consumption plans. Our comprehensive services are designed to enhance operational efficiency, ensure smooth transaction processes, and provide ongoing support to address customer needs effectively.

Case Study

One of our key accounts is a global electronics company with substantial manufacturing operations in China. The customer encountered a number of supply chain challenges including limited access to quality industrial supplies, pressure to reduce cost and improve operational efficiency, a lack of centralized control over the supply chain and poor data quality. To help the customer tackle these challenges, we provide it with Taipu, our digital industrial supply chain total solution encompassing a wide variety of industrial products as well as customized digital supply chain services, including strategic consulting and planning services and technology and value-added services.

Through strategic consulting and planning at the customer’s group level, part of the services under Taipu, we helped the customer develop and implement a comprehensive plan aimed at enhancing its procurement capabilities. The plan covers transitioning the customer’s procurement of MRO products online, restructuring and centralizing its internal procurement structure, strengthening its supplier base and consolidating SKUs, enabling easier transaction settlement and enhancing its inventory management.

Through our technology and value added services offered as part of Taipu, we helped the customer upgrade its internal procurement system. We introduced an intelligent procurement system, allowing the customer’s procurement staff to easily search from a pool of industrial products, efficiently complete the internal approval process, and place orders with ease. To further enhance search efficiency and accuracy, leveraging our Mercator product library, we conducted a thorough data cleansing and de-duplication inside the customer’s request list of MRO products, creating a standardized and consolidated MRO product database that enables quick search and accurate data analysis. We also established a procurement control tower for the customer with a data dashboard, which allows the customer to visualize and better monitor its overall purchasing status.

On the products side, we offer the customer an assortment of high-quality, cost-effective industrial products under Taipu that are tailored to its manufacturing needs, such as storage, packaging and metalworking products and tools. Furthermore, we deliver products to the customer’s factories across China on a timely basis and save its operational staff from the burden of paperwork through digitalized bill reconciliation and settlement. The customer was impressed by the quality of the thousands of MRO products we provide and the speed of our delivery, which allow it to reduce purchase cost effectively without disrupting its normal business operations.

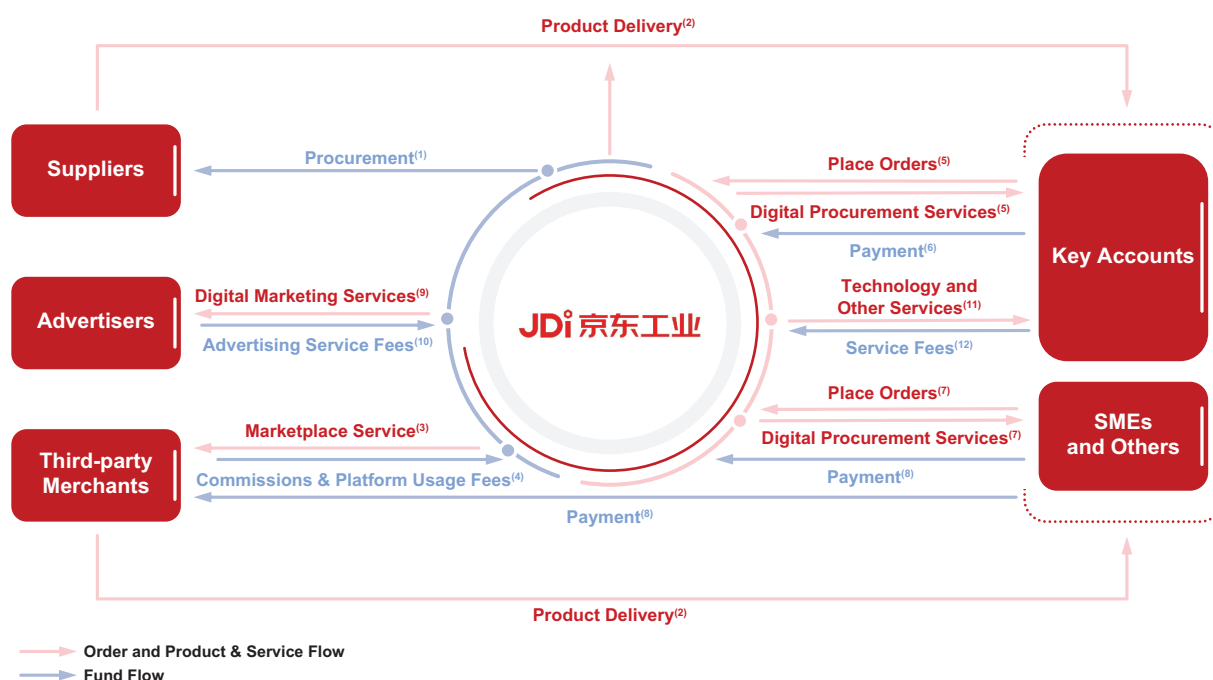
Thanks to Taipu, the customer now enjoys a more efficient, centralized, and robust supply chain, featuring an improved supplier base and a streamlined procurement process. With better visibility and transparency along its supply chain, the customer is able to make more informed procurement decisions. Meanwhile, we have seen a significant increase in purchase orders from this customer.

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PRODUCTS AND SERVICES TO OUR INDUSTRIAL SUPPLY CHAIN PARTICIPANTS

We engage in sales of industrial products through our full-suite digital procurement services, where we procure products from suppliers and sell them to key accounts, SMEs, and others. We also provide (i) marketplace service to third-party merchants who sell their products on our marketplace, (ii) digital marketing services to advertisers, and (iii) technology and other services mainly to key accounts.

The diagram below illustrates the product and service flow between our industrial supply chain participants and us:



Notes:

- (1) We procure industrial products from our network of trusted suppliers. We are entitled to the ownership of inventory procured by us. Inventory is either stored in the warehouses operated by us, or, in most cases, directly managed by suppliers under our cloud inventory approach under which we source products and directly connect the supply end with the demand end.
- (2) For orders placed with us, in addition to us delivering products to our customers, we adopt a cloud inventory approach where our suppliers could directly deliver products to our customers. Logistics services are provided by logistics service providers, including JD Logistics and other major third-party logistics service providers. We are responsible for logistics service fees for orders placed with us. Product delivery is typically completed within five to twelve days after payment is made. For orders placed with third-party merchants, third-party merchants are responsible for product delivery and management of delivery timeline.
- (3) We allow third-party merchants to operate their online stores on our marketplace and offer industrial products to the demand end.
- (4) For marketplace, we primarily collect commissions and platform usage fees from third-party merchants according to the terms of our contracts with them. Commissions and platform usage fees are generally charged at a certain percentage of sales.
- (5) We provide designated digital procurement systems to key accounts. Key accounts access our designated digital procurement systems through API (IOP) or cloud-based connections (ISP). Key accounts procure industrial products mainly directly from us through the designated digital procurement systems.
- (6) Key accounts pay the transaction value to us or third-party merchants for the products procured, through third-party payment service providers, to whom we pay payment service fees. We typically allow a credit period of 30 to 180 days for key accounts.
- (7) We connect SMEs and others through mro.jd.com (京東五金城) and vipmro.com (京東工品匯). SMEs and others procure industrial products from third-party merchants or directly from us.

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- (8) SMEs and others pay the transaction value to us or third-party merchants for the products procured, through third-party payment service providers. As the transaction is facilitated through us, we pay payment service fees to third-party payment service providers. For most SMEs and others, payment is typically received within one to one and a half days after an order is placed.
- (9) We provide digital marketing services to advertisers to promote their products and services online.
- (10) For digital marketing services, we collect advertising service fees, which are based on displays and effective clicks.
- (11) We provide technology and other services mainly to key accounts.
- (12) For project-based technology and other services, service fees are typically contractually determined.

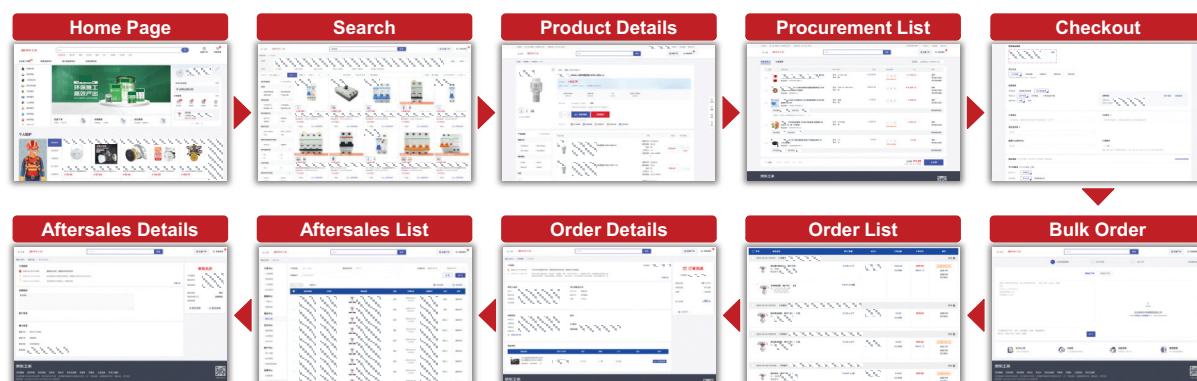
Key Accounts

Key accounts are selected based on criteria such as business characteristics, industry of operation, and scale of operation, typically including state-owned enterprises and listed privately-owned enterprises. In 2024, we served approximately 10,600 key accounts.

We generate product revenue and service revenue from key accounts.

- Key accounts mainly procure industrial products directly from us through our digital procurement services, where we procure products from our suppliers and sell them directly to key accounts. Leveraging advanced algorithms, we provide key accounts with individually-tailored product pools that evolve as we continually expand the SKUs offered and, if they could not identify their desired products in the product pools, we help them initiate feedback-driven product sourcing from manufacturers, distributors, and resellers in our ecosystem. We intelligently fulfill key accounts’ orders and decide product sources and shipping warehouses, fulfillment timeline, logistics service providers, and last-mile fulfillment facilities. We generate product revenue from sales of industrial products to key accounts.
- We provide consulting, technology and operational and value-added services to key accounts. Depending on the needs of key accounts, we provide different combinations of services. We generate service revenue from provision of these services.

We provide IOP, namely, our proprietary API connections to key accounts which have their own procurement management systems and ISP, namely, cloud-based connections to key accounts which do not have their own procurement management systems. Through IOP and ISP, we provide key accounts with e-commerce solutions and connect them with supplier management solutions and tendering solutions. The diagram below illustrates how key accounts access our designated digital procurement systems:



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Small-and-Medium Enterprises and Others

SMEs and others represent a large but underserved market and we have identified significant market potentials for their demand for industrial products. SMEs and others tend to make more frequent, unplanned purchases. They usually have limited source of funds, procurement channels, and bargaining power, and are therefore sensitive to product prices. They also lack effective means for inventory management, partly due to unmet demand for digital services.

SMEs and others can procure industrial products directly from us through our digital procurement services or source industrial products from the third-party merchants on our one-stop marketplace. We generate revenue from product sales when we sell industrial products directly to SMEs and others.

We provide one-stop procurement for SMEs and others mainly through mro.jd.com and vipmro.com. The diagram below illustrates mro.jd.com and vipmro.com accessible to SMEs and others:



We give no preference or priority to key accounts and SMEs and others in terms of availability of products and delivery resources. Availability of products is managed through our cloud inventory approach, where product sources are directly matched with demand. The suppliers showcase their products through our vendor control system. These products are imported to *Gongding* and available to all demand-end participants, no matter whether they are key accounts or SMEs and others. Demand-end participants manage their procurement through our digital procurement systems and can source additional products through *Lingxi*. In addition, demand-end participants can decide product delivery time through our K2 and B-Promise and deliveries will be arranged accordingly. We collaborate with major logistics service providers in China and we believe their logistics services are sufficient to cover the needs of our demand-end participants.

Third-Party Merchants

We allow third-party merchants, including manufacturers, distributors, and resellers, to operate their online stores on our marketplace and offer industrial products to a large base of key accounts, SMEs, and others. Third-party merchants can conveniently manage their online accounts, product information, inquiries, purchase orders, and billing information, among others. We generate performance analyses and reports for merchants based on transaction activities on our marketplace. Third-party merchants are therefore better able to make sales forecasts and informed production, procurement, and sales decisions. We are not involved in the delivery of products sold by third-party merchants on our marketplace.

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For marketplace, we primarily collect commissions and platform usage fees from third-party merchants according to the terms of our contracts with them. Commissions are generally charged at a certain percentage of sales, typically up to 8%.

Advertisers

We provide digital marketing services to advertisers, leveraging AI capabilities and large datasets accumulated from a wide range of business scenarios along the industrial supply chain. Our digital marketing services refer to a set of techniques and strategies used by enterprises and advertisers to promote their products and services online, including advertising placements such as banners, links, logos, and buttons on our websites, and pay for performance marketing services.

We collect advertising service fees, which are based on displays and effective clicks.

PRICING

Product prices in our digital procurement services are contractually determined. Our agreements with key accounts are negotiated on a case-by-case basis, whereas those with SMEs and others are more standardized. Through contractual agreements, we usually set prices for a specific period of time. These prices may be fixed or may be subject to adjustments based on factors such as fluctuation in raw material prices, inflation, among others. Prices of the industrial products are usually determined by our actual costs plus reasonable markups, which may vary depending on market demand, competition, and inventory storage. In addition, we may provide volume discounts to customers who purchase large quantities of products and services, where larger orders tend to receive higher discounts. We may also offer package deals that include multiple products and services at a discounted price. We typically allow a credit period of 30 to 180 days for key accounts. Credit period is generally not available to SMEs and others.

Product prices on our marketplace are determined by third-party merchants. Listing prices significantly deviate from market level can be reported for our review.

We charge service fees as commissions and platform usage fees for marketplace. Commissions are generally charged at a certain percentage of sales and recognized upon completion of sales. Platform usage fees were typically fixed and recognized over each service period before the second quarter of 2023 and are charged at a percentage of sales and recognized upon completion of sales since the second quarter of 2023. Fixed fees could be burdensome to third-party merchants with smaller business scales. This switch allows us to better attract and serve third-party merchants of all sizes, thereby further expanding our product offerings. For digital marketing services, we charge fees based on displays and effective clicks. For project-based technology and other services, service fees are typically contractually determined.

CUSTOMERS

Our customers consist of various participants along the industrial supply chain. For product sales, our customers are mainly key accounts, SMEs, and others. For the services provided, our customers include third-party merchants that sell products on our marketplace, advertisers that use our digital marketing services, and customers, mainly key accounts, that use our technology and other services. Our customers mostly come from industries such as manufacturing, energy, transportation, and other general industries.

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For each year during the Track Record Period, revenue derived from our top five customers in 2022, 2023 and 2024 accounted for 8.1%, 10.5% and 12.1% of our total revenue, respectively.

Standard agreements with key accounts generally provide that, among others, (i) term of contract is typically one to two years; (ii) parties may agree on payment upon product shipment, payment upon product receipt, prepayment, or other payment terms; and (iii) we typically allow a credit period of 30 to 180 days. Standard agreements with SMEs generally provide that, among others, parties may agree on payment upon product shipment, payment upon product receipt, prepayment or other payment terms. Standard agreements with third-party merchants generally provide that, among others, (i) contract is typically long term; (ii) currently, commissions and platform usage fees are payable upon completion of transactions; (iii) third-party merchants shall indemnify us for damages arising out of defective products and services; and (iv) early termination is available upon a 15-day notice period for early termination by us or by third-party merchants subject to our approval.

SUPPLIERS

Our suppliers mainly include manufacturers, distributors, and resellers of industrial products. We connected approximately 121,700 suppliers in 2024. We select our suppliers based on their qualification, brand names, experience in e-commerce businesses, reliability, volume, and price. We conduct background checks, examine business licenses and certificates, evaluate brand recognition, and conduct sampling on-site visits and verification. We have a dedicated team assigned to monitor and manage our suppliers and third-party merchants with respect to product quality and availability, logistics services, aftersales services, among others.

We adopt a cloud inventory approach that enables us to coordinate inventory management and share demand information with our suppliers, so that they can carry out productions or procurement based on received orders or forecasted demand. We provide significant values to our suppliers. Our suppliers are provided with improved demand planning through insights based on transaction activities and our deep industry know-how. This allows them to make informed decisions and maintain efficient production or procurement processes. Additionally, we introduce a large customer base to our suppliers, helping them grow their businesses and better understand customer needs. Our digital marketing services also enhance their brand recognition.

For each year during the Track Record Period, purchases from our top five suppliers in 2022, 2023 and 2024 accounted for 12.5%, 10.7% and 10.2% of our total purchases of products and services, respectively. For each year during the Track Record Period, purchases from our largest supplier, JD Group, accounted for less than 10.0% of our total purchases.

To the best of our knowledge, except JD Group and its associate, all of the other largest suppliers during the Track Record Period were Independent Third Parties as of the Latest Practicable Date. As of the Latest Practicable Date, (i) Mr. Richard Qiangdong Liu, a non-executive Director and chairman of the Board of our Company, held approximately [REDACTED]% of the voting rights in JD.com through shares capable of being exercised on resolutions in general meetings; and (ii) all the other Directors in aggregate held less than 1% of the beneficial ownership in JD Group.

Except as disclosed above, none of our other Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our top five suppliers during the Track Record Period.

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We believe we have sufficient alternative suppliers for industrial products that can provide us with substitutes of comparable quality and prices. During the Track Record Period, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the products we sourced from our suppliers.

Standard agreements with our suppliers generally provide that, among others, (i) term of contract is typically one year; (ii) pricing is generally determined based on cost of products, profit margin, and availability of comparable products in the market; (iii) parties may agree on payment within seven days after settlement, or prepayment; (iv) we are entitled to product return for product quality-related reasons; and (v) early termination is available upon a 30-day notice period for early termination by either parties.

For the year ended December 31, 2024, merely approximately 1.0% of the supply-end participants, measured in terms of the number of supply-end participants, were both our suppliers in our digital procurement services and third-party merchants on our marketplace. Supply-end participants’ decisions to become our suppliers and/or to register as third-party merchants depend on their own business considerations and needs, as long as all registration requirements are satisfied. Furthermore, demand-end participants freely decide whether to purchase from us or from third-party merchants based on their demand for products and requirements of related services. Our product search algorithms are mainly based on factors such as product quality, product feedback, service quality, price competitiveness, distance for rendering products, and payment methods. Products sold by us are not presented in a more prominent way or given higher rankings just because of the source of products. Competition between us and third-party merchants, if any, has no material impact on our business operations.

INVENTORY MANAGEMENT

Our digital infrastructure enables us to react promptly to customers’ demand while achieving high inventory turnover and operating an asset-light model. We cultivate strong relationships with our suppliers and adopt a cloud inventory approach that enables us to coordinate inventory management and ensure reliable supplies of industrial products. A great part of the orders are shipped directly from the supply end to the demand end. Therefore, we do not need to heavily maintain our own inventory.

In addition to our cloud inventory approach, we maintain our own inventory to better fulfill our customers’ demand. To ensure efficient inventory management, we continually improve our demand forecasts. We leverage our extensive industry know-how and insights gained from historical transactions, use advanced algorithms that take into account various factors such as product supplies, prices, seasonality, and product popularity, to improve the accuracy of our demand forecasts. This allows us to make informed decisions on the types and quantities of products to procure, timing of procurement, and the warehouses for inventory storage. We also leverage advanced algorithms to efficiently fulfill the varied demand of our customers through our extensive fulfillment network.

Generally, when products are shipped directly from suppliers to customers without being transferred through warehouses operated by us, we tend to obtain title of products and bear inventory risk from the commencement of product shipment till the products are delivered to and accepted by our customers. Product damages during the shipping process are borne by us, but we are entitled to seek indemnification from relevant logistics service providers that provide logistics services for us. For product sales where we maintain our own inventory, we generally own the products and bear inventory

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risk until they are delivered to and accepted by our customers. JD Logistics provides warehousing services for us, and inventory risk at warehouses is covered by property insurance purchased by JD Logistics. Our own insurance policies do not cover potential losses in relation to our inventory holding.

We are able to maintain relatively low inventory levels. For the years ended December 31, 2022, 2023 and 2024, our inventory turnover days attributable to continuing operations were 17.9 days, 13.8 days and 14.8 days, respectively. For a detailed discussion of product quality management, please refer to “—Risk Management and Internal Control—Product Quality and Safety.”

TECHNOLOGY INFRASTRUCTURE

Technology is our foundation and a key component of our strengths. We have leveraged JD ecosystem’s proprietary technologies and middleware, such as cloud computing and AI, and our proprietary technologies in building our technology infrastructure, developing and upgrading our services. Built on top of the industrial product data and market insights generated from our business operations, our data analytics and applications provide a solid foundation for processing artificial intelligence workloads. For the years ended December 31, 2022, 2023 and 2024, we spent RMB344.9 million, RMB295.2 million and RMB289.3 million on research and development, respectively. As of December 31, 2024, our R&D team consisted of 331 highly qualified employees with expertise in AI, data analytics, and algorithms, as well as deep knowledge of the industrial sector. Our R&D employees team up with our business operations teams to make sure they incorporate business and industry insights into R&D activities. In this way, the development of our technologies can always respond to, or even anticipate, the needs of the participants along our industrial supply chain. Key capabilities and benefits of our technology infrastructure include:

Dealing with high concurrency. Leveraging JD ecosystem’s proprietary technologies, our technology infrastructure is well-established to allow multiple participants to conduct multiple transactions within our system with low latency and high throughput. We have been successfully in assuring multiple participants to access data at the same time without causing inconsistencies.

System reliability. We ensure system reliability and security through our proprietary data security system. We regularly conduct full data-link pressure tests and system safety drills to ensure that our system is well-protected. We have set up safety procedures and warning systems to ensure that we can quickly and timely detect and solve online problems to minimize any data loss.

Distributed search algorithms. We apply distributed search algorithms to process and analyze massive data and requests using a network of processors while distributing the workload among them. The distributed search algorithms run simultaneously on independent and interconnected processors. The outputs generated by each processor are then merged into one common solution. In this way, we largely improve our performance efficiency. These processors also serve as back-ups for each other, thereby reducing system failure risk.

Modularization. We develop our services and connections through modularization to deliver a future-proof technology infrastructure that is stable and scalable. We extract the different capabilities of our technology infrastructure and have built numerous function modules. These modules allow services and connections to be published independently of their logic implementation. For example, we create and upgrade API connections separately from the underlying logic implementation to allow such API connections to be independently designed and governed. The underlying logic implementation can

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therefore evolve without interfering the services provided to our customers. Moreover, we can recouple modules to quickly create infrastructure that suits different needs in different use cases. Most of our modules support multiple different interfaces and service formats, such as SaaS and APIs, so that we can swiftly apply our service capabilities to different customers’ working environments.

SALES AND MARKETING

Our sales force is purpose-built for our customers, especially key accounts. We made efforts to retain existing key accounts and increase their spending, by continually enhancing the accuracy and efficiency of our services and solutions, helping them reduce costs and enhance efficiency. We conduct management visits at our customers’ plant sites and invite customers for on-site visits to strengthen customer relationships. We also actively participate in industry summits, exhibitions, and conferences to showcase our enterprise business capabilities and cultivate potential business opportunities. In addition, we host and participate in online marketing campaigns and promotion events, including virtual events, content marketing campaigns, and webinars. Moreover, leveraging JD Group’s reputation and customer pool, we are able to further cultivate a large base of loyal customers and explore synergic effects.

Our sales force operates with a small group of 816 sales personnel, as of December 31, 2024, with deep knowledge in the industrial sector and experience in interpersonal communication and business negotiation. For the year ended December 31, 2024, our selling and marketing expenses as a percentage of revenue was 4.1% and our average revenue contribution per sales personnel was RMB25.0 million, both of which are industry-leading in terms of sales and marketing efficiency, according to CIC.

COMPETITION

The industrial supply chain technology and service industry in China is growing rapidly with concentration rate being relatively low. Our current and potential competitors include supply chain technology and service providers and MRO procurement service providers in China. We are the only supply chain technology and service provider capable of offering end-to-end integrated technologies and services using a comprehensive model.

We anticipate that the industrial supply chain technology and service market will continually evolve and experience rapid technological change, evolving industry standards, shifting customer requirements, and frequent innovation. We must continually innovate to remain competitive. We believe that the principal competitive factors in our industry are:

- brand recognition and reputation;
- ability to provide comprehensive and effective services and solutions to increase supply chain reliability, reduce costs, enhance efficiency, and ensure compliance;
- broadness of product offerings for customers;
- product quality and assortment;
- technology and digitalization capabilities;
- fulfillment capabilities;
- customer service; and
- pricing.

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In addition, new technologies may lead to increasing competition in the industrial supply chain technology and service industry. New competitive business models may appear.

We believe that we are well-positioned to effectively compete on the basis of the factors listed above and to adapt to the evolving market competition. However, some of our current or future competitors may have longer operating histories, greater brand recognition, better supplier relationships, larger customer bases or greater financial, technical or marketing resources than we do.

Furthermore, as our business continues to grow rapidly, we face significant competition for highly skilled personnel. The success of our growth strategy depends in part on our ability to retain existing personnel and attract additional highly skilled employees.

SEASONALITY

We experience seasonality in our business, primarily because of seasonal fluctuations in customer procurement demand. Given seasonal concentration of industrial activities and Chinese industrial enterprises’ general procurement pattern, our customers’ demand in the procurement of industrial products is typically the highest in the fourth quarter of each calendar year and the lowest in the first quarter. We expect the impact of seasonality on our business to remain in the future. However, due to our limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results.

DATA PRIVACY AND PROTECTION

We are committed to protecting information and privacy of our customers and the suppliers, third-party merchants, and other participants along our industrial supply chain. Our system collects and processes customer data and personal data, such as the name, phone number, order information, and shipping address of individual customers, and the name, and tax invoice information of enterprise customers. We have developed a company-wide policy on data security to preserve individual personal information and privacy. We strictly comply with laws and regulations and do not distribute or sell any personal data for any purpose. We encrypt data in network transmissions and in backend storage to ensure confidentiality.

Our network configuration is secured at multiple layers to protect our databases from unauthorized access. We use sophisticated security protocols for communications among our mobile app, WAP website and plug-ins. To prevent unauthorized access to our system, we utilize a firewall system and maintain a designated zone to separate our external-facing services from our internal systems.

To minimize the risk of data loss, we conduct regular data backup and data recovery tests. Our database can only be accessed by certain designated and authorized personnel after assessment and approval procedures, whose actions are recorded and monitored. We have data disaster recovery procedures in place and are in the process of establishing our active data centers.

We have designed strict data governance policies in relation to data protection, collection, usage, storage, retention, and transmission, including (i) establishing a data security management policy and stipulating corresponding management and technical measures for the entire process of data processing; (ii) establishing a personal information security management policy, which sets compliance requirements for collection, usage, storage, retention and transmission of customers’ data

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to meet relevant regulatory requirement; and (iii) setting up a data security group, which is responsible for formulating data and information security strategies, and supervising the implementation of the data security and information security strategies.

Our PRC Legal Adviser is of the view that the current data protection policies and privacy protection practice satisfy the requirements of PRC laws and regulations with all material respects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Since our founding, we have been highly committed to sustainable corporate responsibility projects, both through charitable endeavors and by extending the benefits of our ecosystem to the society at large. We collaborate with JD Group in carrying out ESG activities. JD Group considers the relevant laws, regulations and standards, such as the ESG Reporting Guide provided in the Listing Rules and Sustainable Development Goals promulgated by the United Nations, to identify material ESG issues and develop ESG strategies. Under the supervision of JD Group’s board of directors, the ESG governance framework comprises JD Group’s ESG Committee, its Strategy Executive Committee (SEC), its ESG working group, and our ESG representatives. The ESG Committee assumes the responsibilities to (i) oversee ESG issues, such as environmental sustainability, business ethics, product safety and service quality, employee training and development, diversity and inclusion, and community support; (ii) assist the board of directors to identify and evaluate ESG risks and opportunities; and (iii) guide and review ESG strategies and plans, ESG activities, and material ESG disclosure and reports. The SEC is responsible for specifying ESG strategies and priorities and reports to the ESG Committee on a regular basis. The ESG working group coordinates with our ESG representatives, implements and promotes ESG action plans, and reports to the SEC on a regular basis.

Our ESG representatives, leveraging their understanding of business operations, implement and promote the overall ESG activities of JD Group; they report to the ESG working group on a regular basis. To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental laws or regulations.

Identification, Assessment and Mitigation of Our ESG Risks

We have identified the following ESG risks which we consider material and may have an impact on our business, strategies, or financial performance:

- production emissions and energy consumption by the suppliers;
- sustainability of industrial products procured by us;
- waste of industrial products at the demand end;
- waste generation and sustainability of packaging materials during fulfillment and warehousing; and
- emissions and energy consumption from our overall business operations.

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We believe we have been effectively addressing these ESG risks. In particular:

- we promote energy conservation and emission reduction along the supply chain through our own business operations, such as considering energy conservation and emission reduction in our supplier selection process, collaborating with suppliers to set joint sustainability goals, and providing incentives to suppliers that achieve significant progress in these areas;
- we actively manage our supplier channels and quality, including managing product and brand qualifications and monitoring service performance. If a product does not meet the national environmental protection requirements, we may coordinate with third-party institutions to monitor and issue an evaluation report to recall and replace such product; and
- we adopt a cloud inventory approach to reduce unnecessary product shipment, thereby reducing energy consumption and carbon emission in relation to product shipment and warehouse distribution. Please refer to “—Carbon Neutral and Energy Saving” for a detailed discussion. Our Taipu helps the demand end to better predict and manage their procurement and avoid unnecessary inventory build-up, thereby reducing waste of industrial products.

We also obtained Leadership in Energy and Environment Design (LEED) certificate for our office facilities.

Key Performance Indicators

The following table sets forth our key performance indicators for the years indicated:

	Indicator	Unit	2023	2024
Greenhouse gas (GHG) emissions	Total GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent	13.29	0.41
	Total GHG emissions (Scope 2)	tonnes of carbon dioxide equivalent	1,480.54	2,025.80
Use of resources	Purchased power	kilowatt hours	2,064,494.79	2,797,640.95
	Total water consumption	tonnes	18,756.62	26,071.68

Our GHG emissions, purchased power and water consumption generally increased from 2023 to 2024, mainly as a result of our continued business expansion. Going forward, by implementing strategies to improve the energy efficiency and optimize the resource management practices in our business, by 2030, we intend to reduce GHG emissions and use of resources by 20% compared with their respective levels in 2024.

Cost Reduction, Efficiency Enhancement, and Procurement Transparency

Our strong commitment to ESG principles is embedded in our business operations. We bring digitalization to the industry, integrating digital technologies and services across various aspects of the business operations of the participants along our industrial supply chain. We help streamline and automate their processes and help them save time, reduce errors, control costs, and improve overall productivity. Our digital infrastructure provides real-time data and insights, allowing for better decision-making and improved performance. Digitalization helps us scale and grow more easily, by providing a solid foundation for expansion and the ability to quickly adapt to changing market conditions.

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We continually promote technology innovation and connect with industrial demand, effectively driving the digital, low-carbon transformation of the upstream and downstream partners throughout the industrial supply chain. For example, in our efforts to promote technology innovation, we launched a series of new-generation facilities for industrial supply chain management, such as lightweight front warehouses, Jinggong Cabinets, front warehouses, and intelligent mobile warehouses. We had deployed facilities nationwide to address the challenges faced by enterprise customers.

Carbon Neutral and Energy Saving

We help our customers take steps to reduce their carbon emissions by improving energy efficiency, using renewable energy sources, and implementing energy-saving technologies.

In addition, we implement a business model to directly connect the supply end and the demand end, optimize fulfillment routes, and reduce unnecessary product shipment caused by redundant distribution layers. For example, a great part of the orders are delivered directly from the supply end to the demand end, reducing around 40% of carbon emissions in shipping industrial products. In this way we help the industry as a whole reduce fuel consumption and transportation emissions.

Moreover, we organize suppliers to participate in the training so that they can have a better understanding of carbon neutrality. We also conduct carbon emission data collection and model construction to monitor the suppliers’ progress in achieving carbon emission control goals.

Diversity Enrichment

We value gender equality and diversity. We are committed to broadening the impact of female employees, and empowering them to shine in the industrial sector. Our female employees benefit from our women-empowerment activities. We also actively support women’s economic empowerment and women’s leadership promotion.

Talent Cultivation

We are committed to generating employment opportunities and fostering a growth-oriented workplace environment. We provide career development opportunities for our employees. In 2024, our organizational health rate was as high as approximately 4.45/5. In the same year, we organized over 1,900 training courses, with our full-time employee receiving approximately 60 hours of training on average.

INTELLECTUAL PROPERTY

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on copyright, trademark and patent law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. As of the Latest Practicable Date, we had (i) 13 issued patents; (ii) over 750 granted trademarks; (iii) over 300 granted computer software copyrights; and (iv) over 200 granted domain names.

During the Track Record Period, we had not been subject to any material intellectual property infringement claims by third parties or suffered any material intellectual infringement by third parties.

We have been granted exclusive and non-exclusive rights by JD Group to use in our operations certain copyrighted materials, trademarks and patents that are registered or for which registration applications have been filed with applicable authorities.

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Intellectual property rights are important to the success of our business. We share JD Group’s comprehensive intellectual property protection policies and related internal control system to ensure our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties. Highlights of our intellectual property protection policies and related internal control system include the following:

- We perform searches on related intellectual property rights to make sure our intellectual property rights will not be challenged.
- We file trademarks and patents with the relevant authorities to protect our brand image and technological innovations. We regularly monitor third-party actions to protect our IP and take appropriate measures against any infringement.
- We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our business partners. We have entered into confidentiality agreements and non-competition agreements with our senior management and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee’s work.
- We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

EMPLOYEES

As of December 31, 2024, we had a total of 1,931 full-time employees in China. The following table sets forth the numbers of our employees categorized by function as of December 31, 2024:

<u>Function</u>	<u>Number of Employees</u>
Supply Chain	672
Research and Development	331
General and Administrative	112
Sales and Marketing	816
Total	<u>1,931</u>

We always strive to provide employees with comprehensive social benefits, a diverse work environment and a wide range of career development opportunities. Furthermore, we are committed to providing a safe and healthy workplace, which is backed by strict policies, robust trainings and safety recognition awards, along with continued investments in technology. We are committed to the education, recruitment, development and advancement of our personnel. Additionally, we place special emphasis on the building of a talent pipeline and cohesive company culture. We have established a comprehensive system for employee training and development, covering topics such as leadership, general competencies, professional competencies, and others. Our comprehensive training program covers subjects such as corporate culture, employee rights and responsibilities, team building, professional behavior, job performance, management skills, leadership, and administrative decision-making.

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As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

We are committed to establishing a competitive and fair remuneration. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation for our employees quarterly to provide feedback on their performance. Compensation for our staff typically consists of base salary and a performance-based bonus.

We typically enter into standard employment agreements and confidentiality agreements with our senior management and core personnel. These contracts include a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years after termination of his or her employment. We maintain a good working relationship with our employees, and we have not experienced any material labor disputes.

PROPERTIES

Our corporate headquarters is located in Beijing. As of the Latest Practicable Date, we leased or otherwise had the right to use properties in the PRC with an aggregate gross floor area of approximately 5,100 square meters, which were primarily used for office functions. These properties in the PRC are primarily used for office purposes. The relevant lease agreements will expire between March 2025 and March 2026 and we will negotiate lease renewal upon their expiry as appropriate. We believe that our existing facilities are generally adequate to meet our current needs.

As of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

INSURANCE

We consider our insurance coverage to be adequate and in accordance with the commercial practices in the industries in which we operate. We provide social security insurance, including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. We do not maintain business interruption insurance or key-man insurance. Our management will evaluate the adequacy of our insurance coverage from time to time and purchase additional insurance policies as needed.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of

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any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted and implemented various policies and procedures to ensure rigorous risk management and internal control, and we are dedicated to continually improving these policies and procedures.

Our risk management and internal control policies and procedures cover various aspects of our business operations, such as product safety and operational and regulatory risk management.

Product Quality and Safety

We have put in place comprehensive product quality and safety policies and related internal control system to (i) maintain and monitor product safety and quality for the products sold through our digital procurement services and our marketplace, and (ii) protect our company against claims for unauthorized or contaminated products. Highlights of our product quality and safety policies and related internal control system include the following:

- ***Product safety and quality.*** We select manufacturers, distributors, and resellers based on qualification, brand, past experience with e-commerce, reliability and volume. We perform background checks on manufacturers, distributors, and resellers as well as the products they provide before we enter into any agreement. We examine their business licenses and the relevant licenses and certificates for their products before establishing business collaboration with them. We evaluate their brand recognition and make inquiries about the market acceptance of their products among players in the same industry. We conduct product sampling. We also selectively conduct on-site visits to assess and verify their location, scale of business, production capacity, property and equipment, human resources, research and development capabilities, quality control system and fulfillment capability. We require a majority of manufacturers, distributors, and resellers to place an upfront security deposit with us for quality control purposes, typically up to RMB150,000. In case such deposit is insufficient to cover product liabilities, we may deduct from payment of product sales or seek indemnification from these manufacturers, distributors, and resellers. We have also put in place stringent rules governing the operations of manufacturers, distributors, and resellers to ensure that the industrial products provided comply with applicable PRC laws and regulations, as well as our standards for product authenticity and reliability. We conduct trainings to improve manufacturers, distributors, and resellers’ customer service capabilities. We also conduct regular reviews on the performance of manufacturers, distributors, and resellers. We have established a team dedicated to the management of manufacturers, distributors, and resellers with respect to product quality,

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sales, logistics, aftersales customer services, and satisfaction rate, among others. We monitor on a daily basis data relating to logistics and customer services, and communicate with the relevant manufacturers, distributors, and resellers when issues arise. According to our standard agreements with suppliers, we have the right to return any subquality products and impose a penalty on the suppliers. Manufacturers, distributors, and resellers are also subject to indemnities if the quality of their products causes any damage to us, our customers or third parties. According to our standard agreements with third-party merchants on our marketplace, we have the right to unilaterally terminate our relationships with third-party merchants on our marketplace that sell smuggled, counterfeit or otherwise sub-quality products. Third-party merchants on our marketplace are also responsible for monetary and reputational damages incurred to us caused by the quality of the products they sell. We are not ultimately liable for product defects for products sold by us, as generally our suppliers and product manufacturers assume such liability. We are not ultimately liable for product defects for products sold by third-party merchants.

- ***Combating unauthorized or contaminated products.*** We require our suppliers to represent that they have obtained the required IP licenses to produce and provide the products that they supply to us and indemnify us against any IP infringement litigations relating to the products that they supply to us. We also have the right to return any damaged or contaminated products and be compensated if caused by our suppliers. We require third-party merchants on our marketplace to represent in the agreements that we enter with them that all the products they sell are legally authorized and procured. Other measures to prevent, detect and reduce the occurrence of unauthorized or contaminated products that we have implemented include: (i) enabling customers, manufacturers, distributors, and resellers to report suspicious transactions on unauthorized products; (ii) requiring the use of manufacturers, distributors, and resellers’ real identities when opening accounts; and (iii) analyzing transaction patterns to identify anomalies.
- ***Shipping, return, refund, and exchange.*** Our standard agreements with logistics service providers generally provide that, among others, (i) term of contract is typically one year; (ii) pricing is generally based on distance and frequency of product transportation services provided, subject to adjustment based on fluctuation in fuel prices; (iii) payment period is typically monthly; and (iv) early termination is available upon a one-month notice period for early termination by us. For products sold by us to our customers in our digital procurement services, we provide return, exchange, or repair services for customers who receive products with quality issues or products that deviate from agreed description, and bear the actual expenses incurred in the course of return, exchange, or repair of such products. We also guarantee to deliver products timely to our customers. We are responsible for products that are not delivered on time or are delivered in a damaged state. If we are unable to deliver on time due to circumstances such as inventory shortage, extreme weather conditions, large-scale promotion seasons, and remote areas, we are required to promptly notify our customers. For products that are shipped but we expect delay in delivery, we negotiate with our customers to agree on an updated delivery time. For products that are not shipped, we assist our customers in product return and exchange. In the event of a significant delay in delivery, we may offer compensation to our customers in accordance with the applicable terms in the contracts. Additionally, we provide product return or exchange for damaged products. We are entitled to seek indemnification in accordance with the applicable terms in the contracts, (i) from logistics service providers for delivery delays caused by them or product damage in the shipping

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process, and/or (ii) from our suppliers if delivery delays are due to their delays in shipping or unavailability of products, or if product damage already exists before the shipping process. With respect to our suppliers, depending on our business relationship and negotiation with them, we have different tiers of policies for product return, exchange, and repair, namely, our suppliers are required to accept our request (i) with or without cause, (ii) for products with quality issues or seven-day return without cause, or (iii) for products with quality issues only. Our suppliers should inspect and collect the products for return, exchange, or repair. Unless agreed otherwise, our suppliers are required to bear the actual expenses incurred in the course of return, exchange, or repair. Our suppliers are required to also bear any storage and other related expenses if they fail to collect the products in time.

- ***Product safety during storage and delivery.*** We rely on warehousing and logistics service providers to ensure product safety during storage and delivery. We ensure that proper labeling and identification are in place so that industrial products are clearly identified with appropriate information such as product name and handling instructions, helping us prevent mix-ups during storage and delivery. Regular inspections of the storage and delivery areas are conducted to ensure that products are stored appropriately and are compliant with safety regulations. This includes checking for proper storage conditions, such as temperature, humidity, and ventilation. Only trained and authorized personnel are allowed to handle industrial products during storage and delivery.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material product recall and return, customer complaints and disputes, or product quality and safety issues, including the products provided by third-party merchants.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. We have established a series of internal procedures to manage such risk.

In particular, we pay close attention to risk management relating to our IT, as sufficient maintenance, storage and protection of data and other related information is critical to our success. Sensitive customer information in our business operations is stored in the internet data center established and owned by us. Such information includes, but is not limited to, personal information (such as individual name, cell phone number, delivery address, age and gender), consultation record, order record and activity log. We keep all sensitive customer information, such as order record and consultation record, in our database, since inception and maintain such information for an indefinite period of time, unless deletion of such data is required by relevant laws and regulations, requested by the relevant customers or pursuant to conditions as specified under our terms of service with our customers.

In general, according to our terms of service and except as required by relevant laws and regulations, by signing up such terms, customers acknowledge that they permit and authorize our use of the information they provide us and the information generated in the course of our services. The customers also acknowledge under the terms of service that they authorize our business partners to use their information that is necessary for our business partners to provide services to them or to improve their service quality. We give the relevant business partners the necessary information only within the

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authorized scope. For instance, for the third-party logistics service providers we engage, we only provide them with limited information (names and contacts) that is necessary for their rendering services to our customers.

To ensure the security of sensitive information, we and our business partners owe a duty of confidentiality to the customers with respect to such information. We have adopted robust encryption algorithms and implemented stringent rules for data extraction and transmission to ensure the confidentiality of our customers. We have implemented relevant internal procedures and controls to ensure that data is protected and that leakage and loss of such data is avoided. We have formulated policies for data administration which set out the overall responsibilities and procedures for our staff to adhere to. We have promulgated internal instructions setting out specific procedures regarding the handling of information containing customer data, and intend to establish ethical standards in relation to data protection. Violation of the relevant requirements will result in disciplinary action. The degree of access to and control of the information is determined by reference to the roles and seniority of our staff who is granted such access or control. For activities requiring higher levels of confidentiality, multiple staff are required to be present. We have also implemented mechanisms, such as responsibility rotation and segregation of duties, among our data administration staff in daily operations. In the event of an information security breach, we perform investigations and perform damage control. We also hold trainings on data protection for our employees on a regular basis.

Our system keeps a daily log of data extraction and transmission activities and status of authorization of data extraction and transmission for review. We also have a dedicated data security team that is responsible for (i) monitoring suspicious data extraction and transmission activities or violations of our internal rules relating to data protection, (ii) advising on data protection issues identified in the course of monitoring and reporting to company management for attention, and (iii) enhancing our data protection system in accordance with changes in regulatory requirements and technological developments. As and when required by relevant laws and regulations, we intend to consult an external ethics advisor in relation to data protection.

We also have a data back-up system through which data is encrypted and stored on servers in different locations regularly to reduce the risk of data loss. In addition, we perform back-up recovery tests regularly to examine the status of the back-up system. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of customer data.

Human Resources Risk Management

We provide regular and specialized training tailored to (i) the needs of our employees in different departments, and (ii) our anti-bribery and anti-corruption policy. We have a training center where we regularly organize internal training sessions conducted by senior employees or outside consultants on topics of interest that employees can vote on. The training center schedules regular online and classroom trainings, reviews the content of the trainings, follows up with employees to evaluate the impact of such training and rewards lecturers for positive feedback. Through these training sessions, we ensure that our staff's skill sets and knowledge level of our anti-bribery and anticorruption policy remain up-to-date, enabling them to better comply with applicable laws and regulations in the course of exploring business.

We have in place an employee handbook and a code of conduct which are distributed to all our employees. The handbook contains internal rules and guidelines regarding work ethics, fraud

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prevention mechanisms, negligence and corruption. We provide employees with regular training, as well as resources to explain the guidelines contained in the employee handbook.

Regulatory Compliance and Legal Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of our failure to comply with relevant laws, regulations, rules and guidelines. Meanwhile, legal risk refers to the risk of legal liability arising from violations of laws and regulations, breaches of contracts, infringements on the legal rights of others or otherwise in connection with any contract or business activity in which we are involved.

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with relevant rules and regulations. In particular, as we and our employees deal with a variety of third parties in our operations, we have implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters. First, as part of our risk management and internal control measures, we have adopted a series of internal regulations against corrupt and fraudulent activities, which include measures against receiving bribes and kickbacks, and misappropriation of company assets. We have anti-corruption and anti-bribery clauses in a majority of our business contracts, and we require our suppliers and other third parties who cooperate with us to comply with relevant laws and regulations. Second, we require every department to perform self-check on any violations in key processes and responsibilities on a regular basis, and report to the internal control department any violation or trace of possible risk events. Third, employees and parties outside our Company are encouraged to report suspicious behaviors via phone, email, letters and other means, and we would offer rewards in return for valuable information. Fourth, our internal control department carefully evaluates risk events and conducts investigations when necessary. Fifth, we have implemented clear and strict policies and guidelines that prohibit the acceptance of gifts, hospitality and other offers by interested third parties. Lastly, our internal control department conducts internal control inspections regularly. Employees are required to acknowledge and accept JD Group’s Code of Business Conduct and Ethics, which applies to us, that lists in detail relevant policies and regulations, including but not limited to clear definitions of bribery, corruption and interested parties. We impose on directors, senior management and employees penalties, and require compensation, for any losses incurred as a result of any activities concerning bribery and corruption.

We continually improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We also undertake compliance management over various aspects of our operations and employee activities, and have established an accountability system in respect of employees’ violations of laws, regulations and internal policies. In addition, we continually review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient.

Board Oversight

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee comprises three members, namely Mr. Hanhui Sam Sun,

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Professor Xin Tang, and Ms. Po Fong Nancy Ku, with Mr. Hanhui Sam Sun (being our independent non-executive Director with the appropriate professional qualifications) as chair of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see the section headed “Directors and Senior Management” in this document.

LICENSES, APPROVALS AND PERMITS

In the opinion of Shihui Partners, our PRC Legal Adviser, we had obtained material licenses, approvals and permits during the Track Record Period, including the Value-Added Telecommunication License. In the opinion of Shihui Partners, our PRC Legal Adviser, all of our major subsidiaries complied in all material aspects with relevant laws and regulations during the Track Record Period.

We renew all such material permits and licenses from time to time to comply in all material aspects with the relevant laws and regulations. Our PRC Legal Adviser has advised us that there is no material legal impediment to renewing such permits or licenses.

The following table sets forth a list of our material licenses, approvals and permits:

No.	Holder	Name of Licenses, Approvals and Permits	Expiration Date
1.	Beijing JINGDONG Boyan Information Technology Co., Ltd. (北京京東博延信息技術有限公司)	Value-Added Telecommunication License (增值電信業務經營許可證) ⁽¹⁾	July 20, 2027
2.	Suzhou JINGDONG Gongpinhui Information Technology Co., Ltd. (蘇州京東工品匯信息科技有限公司)	Value-Added Telecommunication License (增值電信業務經營許可證) ⁽²⁾	April 8, 2029
3.	Beijing JINGDONG Industrial Products Trading Co., Ltd. (北京京東工業品貿易有限公司)	Value-Added Telecommunication License (增值電信業務經營許可證) ⁽³⁾	January 23, 2029

Notes:

- (1) For internet-based information services, online data processing and transaction processing (operating e-commerce only);
(2) For internet-based information services;
(3) For online data processing and transaction processing (operating e-commerce only).

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AWARDS AND RECOGNITION

During the Track Record Period, we have received recognition for the quality and popularity of our products and services. Some of the significant awards and recognition we or our senior management have received are set forth below.

<u>Award / Recognition</u>	<u>Award Year</u>	<u>Awarding Institution / Authority</u>	<u>Entity / Person Being Awarded</u>
Manufacturing Outstanding Contribution Award in the High-Quality Development Annual Summit of 2023 (2023高質量發展年度峰會製造突出貢獻獎)	2023	Guangzhou Daily Group (廣州日報報業集團)	JINGDONG Industrials, Inc.
2023 Qianfeng Award Digital Supply Chain Company of the Year (2023千峰獎數字供應鏈年度企業)	2023	ebrun (億邦)	JINGDONG Industrials, Inc.
Sinochem Strategic Partner of the Year (中化藍天年度戰略合作夥伴獎項)	2023	Sinochem (中化藍天)	JINGDONG Industrials, Inc.
Global Unicorns Index 2023 (2023全球獨角獸榜)	2023	Hurun (胡潤研究院)	JINGDONG Industrials, Inc.
Featured Professional Industrial Internet Platforms (特色專業型工業互聯網平台)	2021	Ministry of Industry and Information Technology (工信部)	JINGDONG Industrials, Inc.
Global Unicorns Index 2021 (2021全球獨角獸榜)	2021	Hurun (胡潤研究院)	JINGDONG Industrials, Inc.
Procurement Success Awards 2021 (亞太卓越採購獎)	2021	Procurement Success Summit (亞太卓越採購峰會)	JINGDONG Industrials, Inc.
Top 10 Service Award for Central Enterprise Central Procurement Suppliers (中央企業集採供應商十佳服務獎)	2021	Industry Supply China Committee of China Chamber of International Commerce (中國國際商會產業供應鏈委員會)	JINGDONG Industrials, Inc.