

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan (the “Frost & Sullivan Report”). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of the [REDACTED], any of their respective affiliates and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

OVERVIEW OF BRAND E-COMMERCE SOLUTION INDUSTRY IN CHINESE MAINLAND

Brand e-commerce solutions refer to integrated services provided to brand partners to enhance their brand operation on e-commerce platforms, mainly including online store operation, product distribution, marketing and promotion, customer service, information technology support, as well as supply-chain management. The core value of this industry lies in leveraging professional operational capabilities and extensive experience across e-commerce industry to support brands in achieving sustainable online business growth and enhance brand value across entire brand operation cycle.

The business models of brand e-commerce solution companies can generally be categorized into sales of goods model and service model. Under the sales of goods model, brand e-commerce solution companies enter into cooperation agreements with brand partners, procure products from them and, upon obtaining brand authorization, then sell to consumers directly or through e-commerce platforms. Under the service model, brand e-commerce solution companies do not engage in product procurement, but assist brand partners in selling products to consumers by operating online stores for them on e-commerce platforms.

Pain Points of Major Industry Participants

For Brand Partners

Limited operational capabilities in online channels. As consumers increasingly prefer online shopping for its convenience, online channels have become a strategic priority for brand partners. However, online channels differ substantially from offline channels in terms of product assortment planning, brand marketing and promotion, store operation, supply chain management, as well as consumer service and management. In practice, some brand partners lack sufficient expertise and operational experience in online channels, either having not established online stores or lacking integrated infrastructure to manage data across online channels and support effective consumer management, which may lead to less ideal consumer experiences and potential loss of sales opportunities. As a result, many brand partners face challenges such as difficulties in scaling online channels, relatively low efficiency in consumer acquisition and conversion, and slower-than-expected improvements in brand exposure and sales performance. With the rapid development of e-commerce market, such difficulties have been increasingly prominent for brand partners.

Rising operational challenges amid intensifying competition. As market dynamics continue to evolve rapidly, consumer demands become increasingly diversified and competition among brands intensifies, brand partners are under growing pressure to continuously enhance their brand operation. However, independently developing and executing comprehensive brand operation plans on e-commerce platforms often entails relatively high costs and requires experience across marketing, data analytics and supply chain coordination in-house. Consequently, brand partners may encounter challenges in maintaining competitiveness and responding efficiently to changes in the online retail environment.

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For Consumers

Unmet demand for personalized and high-quality online shopping experiences. With the continuous development and maturation of the e-commerce industry, consumer demands and preferences have become increasingly diversified and segmented. Beyond basic product information, consumers are placing greater emphasis on the overall shopping experience, including the relevance and accuracy of product recommendations, the quality of marketing content, and the responsiveness of consumer services. Consequently, consumers increasingly expect more professional, efficient and personalized online shopping services, and tend to favor e-commerce platforms and brands that can accurately match their specific needs while delivering a seamless and enhanced consumption experience.

Value Proposition of Brand E-commerce Solution Companies

Brand e-commerce solution companies constitute the core segment of the industry value chain, serving as a critical participant connecting upstream brand partners and downstream sales channels, providing services such as online store design and operation, operational plan execution, consumer service, consumer analysis and management, supply chain and inventory management.

Brand e-commerce solution companies resolve the operational problems faced by brand partners in the digital marketplace, helping them effectively transforming capability constraints into competitive advantages. By providing integrated services, these brand e-commerce solution companies enable brand partners to minimize the cost and resources required for building in-house digital competencies, while simultaneously ensuring unified data across channels that facilitate precise consumer targeting and agile responsiveness to market dynamics. This operational empowerment allows brand partners to navigate intensifying competition without diverting strategic focus from their core business activities, and thus brand partners have been increasingly partnering with professional brand e-commerce solution companies.

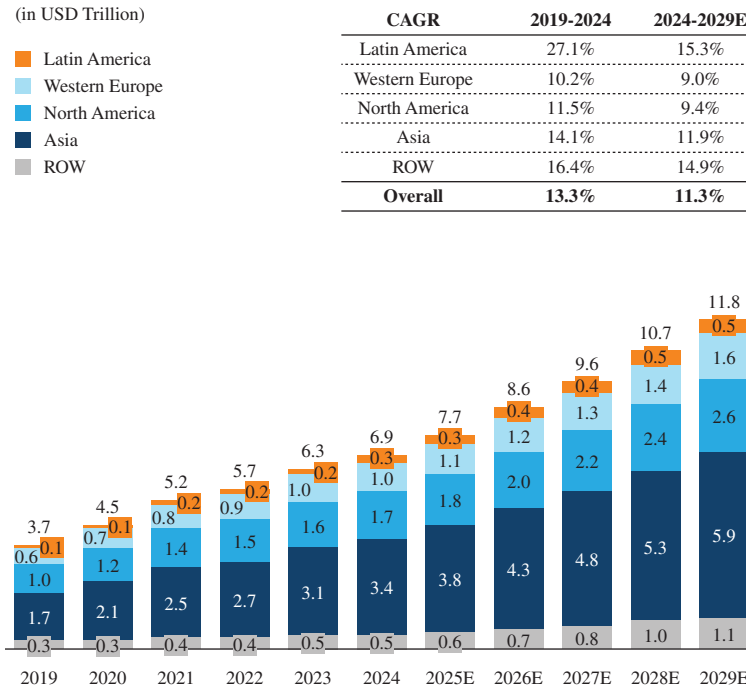
Concurrently, these companies bridge the disconnect between brand partners and evolving consumer expectations. By aggregating and analyzing consumer behavioral data across multiple touchpoints, brand e-commerce solution companies deliver better consumption experiences that consumers increasingly demand, including accurate product matching, compelling content, and responsive consumer service. This dual function as operational enabler for brands and experience curator for consumers creates a virtuous cycle where enhanced digital capabilities on the supply side directly promote consumer loyalty, conversion, and sustainable growth on the demand side.

Market Size of Global Retail E-commerce Industry

In recent years, the global retail e-commerce industry, which refers to the sale of goods to consumers via digital platforms, has continued to expand rapidly. Driven by the ongoing digitalization of retail channels, improving logistics and payment infrastructure, increasing consumer acceptance of online shopping, and the rapid penetration of mobile internet, global retail e-commerce transaction volumes have maintained sustained growth across major regions. According to Frost & Sullivan, in terms of GMV, the market size of global retail e-commerce industry increased from USD3.7 trillion in 2019 to USD6.9 trillion in 2024, representing a CAGR of 13.3% over the period. In 2024, Chinese Mainland represented the largest retail e-commerce market globally in terms of GMV. Looking ahead, the global retail e-commerce market size is expected to continue expanding, reaching approximately USD11.8 trillion by 2029, with a CAGR of 11.3% from 2024 to 2029.

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Market Size of Global Retail E-commerce Industry, Breakdown by Region, in terms of GMV, 2019-2029E



Source: Frost & Sullivan

Market Size of Brand E-commerce Solution Industry in Chinese Mainland

In 2024, the market size of brand e-commerce solution industry in Chinese Mainland reached RMB1.3 trillion in terms of GMV, and is expected to grow at a CAGR of 11.7% from 2024 to 2029, reaching RMB2.2 trillion in 2029. The sustained increase in online channel penetration, coupled with brands’ accelerating digital transformation strategies, continues to drive the expansion of e-commerce transaction volumes. Leveraging established channel resources, operational know-how and data-driven capabilities, brand e-commerce solution companies assist brands in improving traffic acquisition efficiency and customer retention, thereby strengthening brand competitiveness across online platforms.

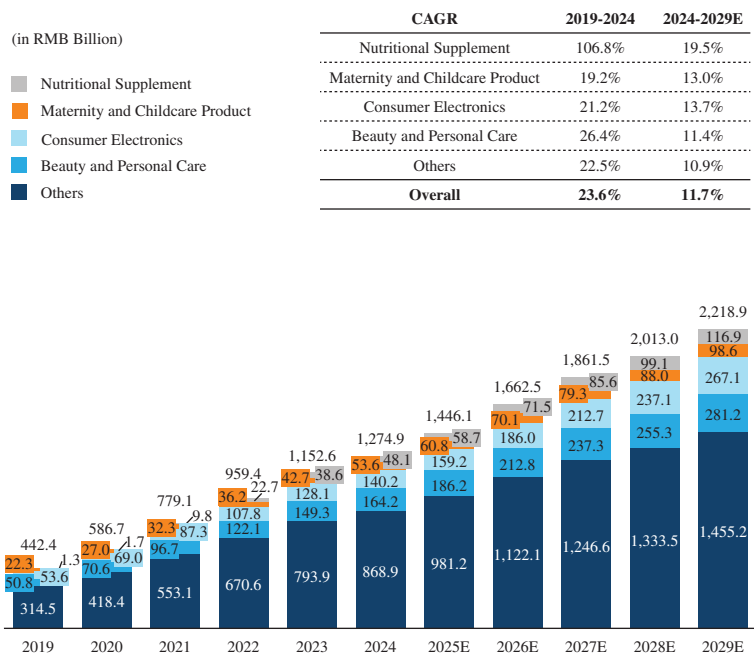
Key sectors within the brand e-commerce solution industry include: i) Consumer electronics, referring to electronic devices and related accessories intended for everyday consumer use, including smartphones and computers; ii) Maternity and childcare products, referring to products designed for pregnant women and children, encompassing daily care products and other related consumer goods; iii) Nutritional supplements, referring to food products designed to provide specific health benefits or to supplement essential nutrition, such as vitamins, minerals and other functional ingredients; iv) Beauty and personal care products, referring to skincare, personal care, color cosmetics and other products designed to beautify, enhance and improve facial and bodily appearance; and v) Other sectors.

The consumer electronics segment has benefited from policy support such as consumption subsidies, rapid product iteration driven by AI-enabled devices, and structural demand formed during the pandemic for remote working and digital lifestyle equipment. As a result, the market size of brand e-commerce solution industry in the consumer electronics segment in Chinese Mainland increased from RMB53.6 billion in 2019 to RMB140.2 billion in 2024, and is expected to grow at a CAGR of 13.7% from 2024 to 2029, reaching RMB267.1 billion in 2029, in terms of GMV. The maternity and childcare product segment demonstrated strong resilience due to its essential demand and high-frequency consumption characteristics. During the pandemic, online channels became an important supplement to offline retail,

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accelerating e-commerce penetration for core products such as infant formula and diapers. The market size of brand e-commerce solution industry in the maternity and childcare product segment in Chinese Mainland grew steadily from RMB22.3 billion in 2019 to RMB53.6 billion in 2024. The nutritional supplement segment has emerged as one of the fastest-growing segments within the brand e-commerce solution industry. With policies becoming supportive towards online sales of nutritional supplement products, an increasing number of nutritional supplement brands have expanded their online presence. In the early stage, given the industry’s strong reliance on professional expertise and regulatory compliance, brand partners generally preferred self-operated e-commerce models. As e-commerce solution companies accumulated industry know-how, compliance experience and channel resources, cooperation between brands and solution providers expanded rapidly, driving substantial GMV growth. The market size of brand e-commerce solution industry in nutritional supplement segment in Chinese Mainland increased from RMB1.3 billion in 2019 to RMB48.1 billion in 2024, representing a CAGR of 106.8%, and is expected to reach RMB116.9 billion in 2029, with a CAGR of 19.5% from 2024 to 2029. In 2024, the beauty and personal care segment accounted for 12.9% of total GMV of brand e-commerce solution industry in Chinese Mainland, with a market size of RMB164.2 billion.

Market Size of Brand E-commerce Solution Industry in Chinese Mainland, Breakdown by Category, in terms of GMV, 2019-2029E

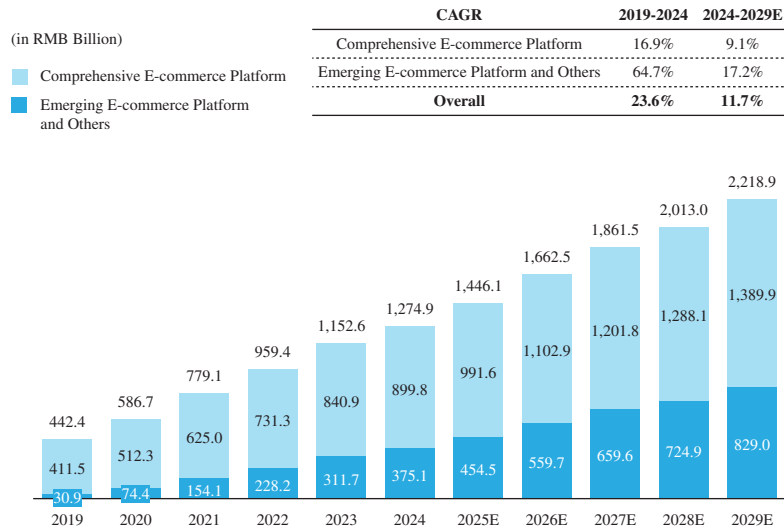


Source: Frost & Sullivan

E-commerce platforms can be mainly classified into: (a) comprehensive e-commerce platforms, such as Tmall and JD.com, which primarily serve as digital marketplaces for consumers to browse, compare and purchase products based on their search; and (b) emerging e-commerce platforms, such as Douyin and RedNote, which integrate shopping functions into short-video or social media platforms, enabling consumers to make online purchases through live streaming, videos and image-based content. Supported by a mature traffic ecosystem, standardized transaction infrastructure and relatively stable platform rules, comprehensive e-commerce platforms made a notable contribution to brand e-commerce solution industry Chinese Mainland, accounting for 70.6% of brand e-commerce solution industry, with a market size of RMB899.8 billion in 2024. Emerging e-commerce platforms, on the other hand, are expected to experience a faster growth with a CAGR of 17.2% from 2024 to 2029.

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Market Size of Brand E-commerce Solution Industry in Chinese Mainland, Breakdown by E-commerce Platform Type, in terms of GMV, 2019-2029E



Source: Frost & Sullivan

Market Drivers

Increasingly sophisticated consumer online shopping preferences driving brand partners to seek professional brand e-commerce solutions. In Chinese Mainland, consumers have cultivated the consumption habit of online shopping, and their consumption decision-making process not only relies on the basic product information but is also increasingly influenced by a comprehensive range of service experiences, such as the quality of marketing content, online store design, and consumer service, putting forward systematic requirements to the comprehensive operation capabilities of brand partners for online channels. Meanwhile, by leveraging their standardized processes, professional teams and digital tools, brand e-commerce solution companies generally have built a stable and efficient service system in online store design and operation, product planning and display, and consumer services, thereby enhancing the competitive advantages of brands in terms of consumer experience and driving the continuous growth of brand partners' demand for brand e-commerce solutions.

Advancement in information technologies drives the development of the industry. With the accelerated advancement of various information infrastructure construction in Chinese Mainland, advanced information technologies such as cloud computing, big data, and AI are increasingly applied in brand operation process such as consumption demand catching, supply chain coordination and intelligent consumer service. The continuous progress and application of information technology not only help improve operational efficiency, but also achieve more accurate user profiling and reach, providing strong technical support for the development of brand e-commerce solution industry in Chinese Mainland.

Favorable policies have created a well-establishment environment for the industry development. In recent years, e-commerce has played an increasingly important role and position in promoting economy growth and the development of social informatization. A series of policies that have been published to support and encourage the development of the e-commerce industry, including the *Opinions on Accelerating the Development of Circulation and Promoting Commercial Consumption* 《關於加快發展流通促進商業消費的意見》 and the *Opinions on Promoting the Coordinated Development of E-commerce and Express Logistics* 《關於推進電子商務與快遞物流協同發展的意見》. The continuous release of multiple favorable policies has created a well-established policy environment for the vigorous development of e-commerce industry, thereby providing a strong impetus for the increasing demand and rapid development of brand e-commerce solution industry in Chinese Mainland.

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Future Trends

More cooperation with Chinese brands to help them expand overseas markets. In recent years, a growing number of Chinese brands have begun to seek opportunities in overseas markets and accelerate their globalization efforts. However, due to the fact that overseas e-commerce channels differ from Chinese Mainland in terms of regulatory requirements, platform rules, and consumer habits and preferences, it poses certain challenges to the planning and implementation of Chinese brands’ overseas expansion strategies. Brand e-commerce solution companies with professional capabilities such as product planning, supply chain management, multi-platform operation, and multilingual marketing, are able to help brand partners precisely match local consumer demands, enhance their channel expansion efficiency and competitiveness in overseas markets, thus having gradually become the important partners for Chinese brands to expand globally.

Broadening service scope and strengthening operation capabilities of brand e-commerce solution companies. Certain leading brand e-commerce solution companies are evolving from pure service roles to become strategic growth partners. During its long-term service to numerous brand partners, brand e-commerce solution companies generally have accumulated profound market insights, in-depth knowledge of consumer preferences and strong brand operation capabilities, which empower them with a unique advantage in providing even more services such as brand planning, product management, marketing services, as well as participation in product development through consumer insight-driven design and joint development with brand partners. With these broadening business scope and strengthening operation capabilities, brand e-commerce solution companies are better equipped to more brand customers with complicated operational demands and expand revenue streams with existing brand customers.

Growing demand for specialized services from vertical market sectors. As consumer demands continue to be segmented and refined, brand partners are increasingly dependent on professional operation capabilities for each vertical market segment. Different vertical market require varying product cycle management, marketing strategy, user touchpoints, pricing mechanisms, and channel layout. As such, brand partners are more inclined to cooperate with brand e-commerce solution companies that have been deeply involved in specific market segment and possess industry knowledge with methodologies to enhance operation efficiency and market competitiveness.

Expanding opportunities through collaboration with small and medium-sized brands. Small and medium-sized brands often face limitations in resources, operational expertise, and multi-e-commerce platform management, which can constrain their ability to scale independently. The complexity of e-commerce channels and diverse consumer preferences make it challenging for these brands to compete effectively without professional support. This creates a growing demand for brand e-commerce solution companies capable of providing comprehensive operational support, positioning small and medium-sized brands as a key growth segment in the industry.

Competitive Landscape

According to Frost & Sullivan, the brand e-commerce solution industry in Chinese Mainland is relatively fragmented, with the top ten companies accounting for 15.3% of the total market share in 2024, in terms of GMV. In 2024, our Group ranked ninth in brand e-commerce solution industry in Chinese Mainland, with a market share of 0.8%, in terms of GMV. Within the brand e-commerce solution industry, comprehensive e-commerce platforms accounted for a majority of the market. In 2024, our Group ranked seventh in brand e-commerce solution industry in Chinese Mainland, with a market share of 1.1%, in terms of GMV generated from comprehensive e-commerce platform. The following table sets forth the market shares of the top ten brand e-commerce solution companies in Chinese Mainland, in terms of GMV generated from comprehensive e-commerce platform:

Ranking of Top Ten Brand E-commerce Solution Companies in Chinese Mainland, in terms of GMV Generated from Comprehensive E-commerce Platform (2024)

Ranking	Company	Market Share (%)
1	Company A	3.7%
2	Company B	2.8%

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Ranking	Company	Market Share (%)
3	Company C	1.4%
4	Company D	1.4%
5	Company E	1.4%
6	Company F	1.2%
7	Our Group	1.1%
8	Company G	1.0%
9	Company H	0.9%
10	Company I	0.9%

Source: Public information and documents of each company, Frost & Sullivan

Notes:

- (1) Company A, established in 2007, is a NASDAQ and Stock Exchange listed company headquartered in Shanghai. Its principal businesses include brand e-commerce solution, digital marketing, and warehousing and logistics services. The company primarily serves industries such as apparel, beauty and personal care.
- (2) Company B, established in 2010, is a private company headquartered in Hangzhou. The company focuses on the beauty and personal care industry and provides services including brand e-commerce solutions and digital marketing.
- (3) Company C, established in 2009, is a private company headquartered in Hangzhou. The company offers brand e-commerce solutions covering industries such as beauty and personal care and maternal and infant products.
- (4) Company D, established in 2010, is a Shanghai Stock Exchange listed company headquartered in Shanghai. The company focuses on the cosmetics industry and provides services including brand e-commerce solutions.
- (5) Company E, established in 2012, is a Shenzhen Stock Exchange listed company headquartered in Hangzhou. The company primarily provides brand e-commerce solutions and warehousing services.
- (6) Company F, established in 2015, is a private company headquartered in Suzhou. The company primarily serves industries such as beauty and personal care and fast-moving consumer goods.
- (7) Company G, established in 2013, is a private company headquartered in Hangzhou. The company provides brand e-commerce solutions and marketing services, primarily serving industries such as home appliances and fast-moving consumer goods.
- (8) Company H, established in 2009, is a Shenzhen Stock Exchange listed company headquartered in Shanghai and Guangzhou. Its principal businesses include brand e-commerce solutions, digital marketing, and warehousing and logistics services, serving industries such as apparel, beauty and personal care, and pet products.
- (9) Company I, established in 2010, is a private company headquartered in Shanghai. The company provides brand e-commerce solutions primarily in industries such as beauty and personal care and maternal and infant products.

JD.com is highly recognized for its standardized product presentation and a highly efficient fulfillment system. Leading brand e-commerce solution companies on JD.com that accurately understand and leverage JD.com’s search and recommendation mechanisms, enhance product conversion efficiency, and maintain stable operational performance across the entire service process are more likely to establish long-term cooperative relationships with brand partners. In 2024, our Group ranked first in brand e-commerce solution industry in Chinese Mainland, in terms of GMV generated from JD.com. The following table sets forth the market shares of the top five brand e-commerce solution companies in Chinese Mainland, in terms of GMV generated from JD.com:

Ranking of Top Five Brand E-commerce Solution Companies in Chinese Mainland, in terms of GMV Generated from JD.com (2024)

Ranking	Company	Market Share ¹ (%)
1	Our Group	0.7%

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Ranking	Company	Market Share ¹
		(%)
2	Company B	0.6%
3	Company C	0.5%
4	Company A	0.4%
5	Company F	0.4%

Source: Public information and documents of each company, Frost & Sullivan

Note:

- (1) Calculated by dividing each company’s GMV generated from JD.com by the market size of comprehensive e-commerce platform segment within brand e-commerce solution industry in Chinese Mainland.

According to Frost & Sullivan, the consumer electronics brand e-commerce solution industry in Chinese Mainland is relatively fragmented, with the top five companies accounting for 10.3% of the total market share in 2024, in terms of GMV generated from consumer electronics. Consumer electronics products are characterized by rapid technological iteration and complex technical specifications. As a result, consumer electronics brand e-commerce solution companies are required to possess a high level of product understanding and technical communication capabilities. Companies with demonstrated capabilities in managing product technical attributes and enhancing channel operating efficiency are more likely to sustain a competitive position within the industry. In 2024, our Group ranked first in brand e-commerce solution industry in Chinese Mainland, with a market share of 3.3%, in terms of GMV generated from consumer electronics. The following table sets forth the market shares of the top five brand e-commerce solution companies in Chinese Mainland, in terms of GMV generated from consumer electronics:

Ranking of the Top Five Brand E-commerce Solution Companies in Chinese Mainland, in terms of GMV Generated from Consumer Electronics (2024)

Ranking	Company	Market Share
		(%)
1	Our Group	3.3%
2	Company A	2.4%
3	Company J	2.0%
4	Company G	1.4%
5	Company C	1.2%

Source: Public information and documents of each company, Frost & Sullivan

Note:

- (1) Company J, established in 2000, is a private company headquartered in Beijing. The company provides brand e-commerce solutions primarily in industries such as 3C electronics, automotive products, and home appliances.

Development of Cross-Border E-commerce for Global Market Expansion

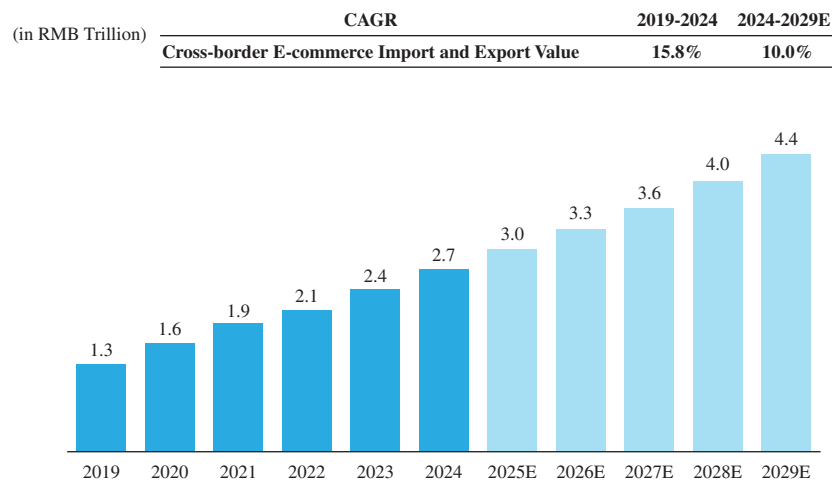
Cross-border e-commerce, as an emerging form of global trade, generally refers to transactions between domestic consumers and overseas sellers or between domestic sellers and overseas consumers, with orders placed via cross-border e-commerce platforms and fulfilled through international logistics. Compared with domestic e-commerce, where both buyers and sellers are typically located within the same

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country and transactions are fulfilled through domestic logistics networks, cross-border e-commerce involves cross-border counterparties and international logistics arrangements. Well-established manufacturing base and diversified industrial clusters in Chinese Mainland have played a key role in the development of cross-border e-commerce, supporting both the expansion of Chinese products into overseas markets and the availability of overseas products to domestic consumers. Continuous advancements in digitalization and automation within domestic manufacturing have further improved production efficiency, product consistency and supply responsiveness. As a result, cross-border e-commerce activities have continued to grow.

According to Frost & Sullivan, the cross-border e-commerce import and export value in Chinese Mainland has reached RMB2.7 trillion in 2024, and is expected to continuously expand in the future, reaching RMB4.4 trillion by 2029, indicating a vast market demand and growth potential.

Cross-border E-commerce Import and Export Value in Chinese Mainland, 2019-2029E



Source: General Administration of Customs of China, Frost & Sullivan

When entering overseas markets, Chinese brands typically face operating environments that differ materially from those in the domestic market, including e-commerce platform rules, traffic acquisition mechanisms and local compliance requirements. In addition, many brand partners lack specialized operational capabilities and real-time response capacity tailored to overseas markets, which may limit their ability to achieve efficient overseas expansion using their own in-house resources. By contrast, brand e-commerce solution companies, drawing on their experience in e-commerce platform operation, traffic deployment, localized content production, as well as cross-border logistic services and customer service, are able to support brand partners in establishing and enhancing their presence on cross-border e-commerce platforms with relatively lower upfront investment and operational burden.

Collaboration with brand e-commerce solution companies allows brand partners to focus internal resources on core activities such as product development and brand management. Such cooperation has supported the adoption of brand e-commerce solutions in cross-border scenarios and has contributed to the development of brand e-commerce solution industry in Chinese Mainland.

SOURCE OF INFORMATION

In connection with the [REDACTED], we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report about brand e-commerce solution industry in Chinese Mainland. Frost & Sullivan is an independent global consulting firm, which was

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founded in 1961 in New York. It offers industry research and market strategies, and provides growth consulting and corporate training. In connection with the market research services provided, we have paid a fee of RMB650,000 to Frost & Sullivan, which we believe to be consistent with market rates.

When developing and preparing the research report, Frost & Sullivan assumed that the social, economic and political environment in the relevant markets remain stable during the forecast period to ensure the stable and healthy development of brand e-commerce solution industry in Chinese Mainland and the related industries. Further, Frost & Sullivan’s forecast is based on the following bases and assumptions: economy in Chinese Mainland maintains steady growth over the next decade, and the regional social, economic and political environment remains stable during the forecast period. In addition, brand e-commerce solution industry in Chinese Mainland and other relevant industry is expected to develop on the basis of the relevant macroeconomic assumptions.

Except as otherwise noted, all the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Frost & Sullivan has prepared the Frost & Sullivan Report based on detailed primary research which involved discussing the status of the brand e-commerce solution industry with certain leading industry participants and secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.