This and other sections of this Document contain information relating to the industry in which we operate. Certain information and statistics set forth in this section and other sections of this document have been extracted from the Frost & Sullivan Report issued by Frost & Sullivan, an independent market research agency, which we commissioned, and from various official government publications. The information from official government has not been independently verified by us, the Sole Sponsor, **[REDACTED]***, any of their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]** *(excluding Frost & Sullivan), and no representation is given as to its accuracy or completeness of such information and statistics.*

OVERVIEW OF CHINA'S GENERAL MATERIALS PROCUREMENT INDUSTRY

Introduction and Definition of General Materials

General materials refer to materials and consumables used in the ordinary course of daily business operations, including for office, maintenance, support and other ancillary purposes, and do not comprise products manufactured by the enterprise or raw materials and components used in its production processes. By product category, general materials mainly include office supplies, MRO products, and marketing gifts and employee welfare products.

Office supplies are the physical resources used in daily office work, including office products, equipment, furniture, appliances and others. MRO products are the non-production materials used in support of a company's manufacturing and operational activities, covering the facilities and equipment for maintenance, repair and operation. Marketing gifts and employee welfare products primarily include promotional gifts for customer relationship management, as well as festival benefits and daily necessities for employee welfare.

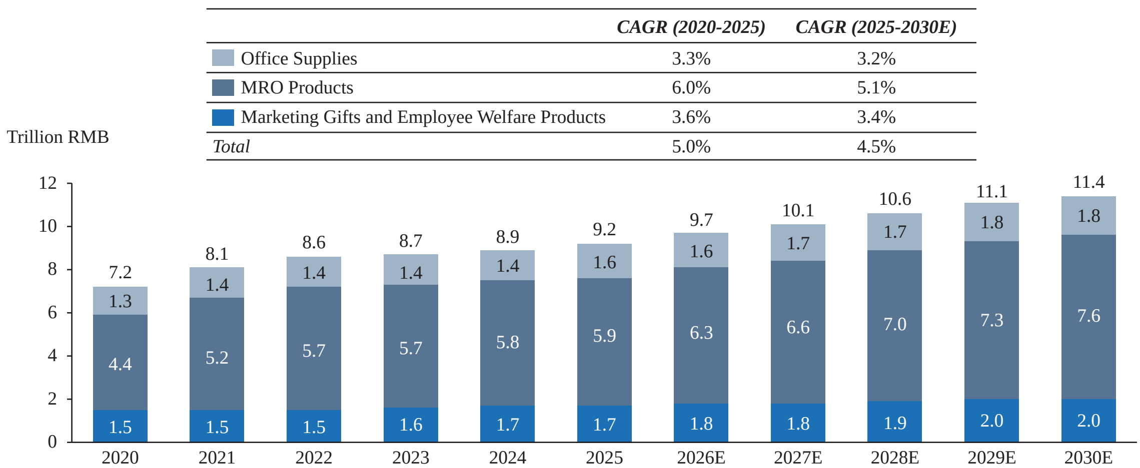
Market Size of China's General Materials Procurement Industry

From 2020 to 2025, China's general materials procurement market experienced steady growth, expanding from RMB7.2 trillion to RMB9.2 trillion by GMV, representing a CAGR of 5.0%. Looking forward, the market is expected to reach RMB11.4 trillion by GMV in 2030, with a CAGR of 4.5% from 2025. The continuous growth of the market is driven by the robust development of industrial and commercial activities, and the expansion of corporate operation scale.

In 2025, the market sizes of procurement for office supplies, MRO products and marketing gifts and employee welfare products reached RMB1.6 trillion, RMB5.9 trillion and RMB1.7 trillion by GMV, respectively, with CAGRs of 3.3%, 6.0% and 3.6% from 2020 to 2025. The growth of the MRO products procurement market was relatively faster, driven by the continued growth of China's manufacturing industry, which sustains strong demand for MRO products. By 2030, the market sizes of procurement for office supplies, MRO products and marketing gifts and employee welfare products are expected to reach RMB1.8 trillion, RMB7.6 trillion and RMB2.0 trillion by GMV, respectively, representing CAGRs of 3.2%, 5.1% and 3.4% from 2025 respectively.

The following chart sets forth: the market of China's general materials procurement industry.

Market Size of China's General Materials Procurement Industry, Breakdown by Product Category, 2020-2030E



Source: Frost & Sullivan

Challenges of China's General Materials Procurement Industry

Low digital procurement penetration rate. In China, most procurement activities still remain offline, manual or scattered across internal systems. Traditional practices, including manual quotation comparison, paper-based approval process and fragmented order placement, have impaired data transparency and process standardization. Such traditional practices limit the capabilities to conduct real-time spend analysis, supplier performance monitoring and centralized procurement control, while also undermining demand forecasting and automated replenishment abilities. As a result, procurement efficiency is constrained, leading to higher implicit costs and weaker internal controls over general materials procurement.

Highly fragmented supplier landscape. China's general materials procurement market has a fragmented supplier landscape, with many small and medium-sized suppliers operating across product categories and geographic regions. Supplier capabilities, pricing standards and service quality vary among opaque and non-standardized market. Such fragmentation and opacity complicate supplier management and cost control. The needs for enterprises to manage extensive supplier relationships result in higher coordination costs and compliance risks. Inconsistent product specifications and descriptions further increase the probability of purchasing errors, duplicate procurement and loss of control over procurement spending.

Lack of one-stop solution providers. The market currently lacks providers that can deliver one-stop procurement solutions. Most market participants focus on selected product categories rather than offering comprehensive, one-stop services across the entire procurement value chain. Meanwhile, enterprise customers increasingly prefer unified platforms that integrate supplier resources, standardize product catalogs, connect with internal enterprise resource planning (ERP) systems, and provide consolidated delivery and settlement service. The shortage of one-stop solution providers results in multi-platform procurement, system fragmentation and duplicated management efforts, thereby reducing overall procurement efficiency and increasing total operating costs.

Large volume of SKUs. The general materials procurement industry features a large number of SKUs to satisfy enterprises' operation requirements. Similar product categories often involve different specifications, brand preferences, and technical parameters that vary across enterprises, which greatly elevates the complexity of product classification and catalog management. A lack of standardized classification may lead to item mismatches, repetitive purchases, and inconsistent pricing. The absence of standardized product data and unified catalogs lowers procurement efficiency, weakens cross-supplier price comparability, and intensifies price opacity in procurement practices.

Unstable fulfillment and delivery performance. Fulfillment and delivery performance in the industry is often unstable. Enterprise customers commonly face challenges, including volatile delivery lead times, inconsistent product quality, and inadequate after-sales support. Service capabilities vary significantly across suppliers and regions, particularly for urgent orders and specialized products. Unreliable fulfillment performance creates operational uncertainty for enterprises and may disrupt production schedules or daily business operations. Inadequate after-sales protection and unclear service accountability may increase the costs associated with dispute resolution and the risks of product replacement.

OVERVIEW OF CHINA'S GENERAL MATERIALS DIGITAL PROCUREMENT SOLUTION INDUSTRY

General materials digital procurement solution utilizes a digital platform to integrate the complete procurement cycle. Such services encompass demand management, sourcing and pricing comparison, online transaction, as well as fulfillment and delivery, providing client companies with procurement and supply chain management solutions.

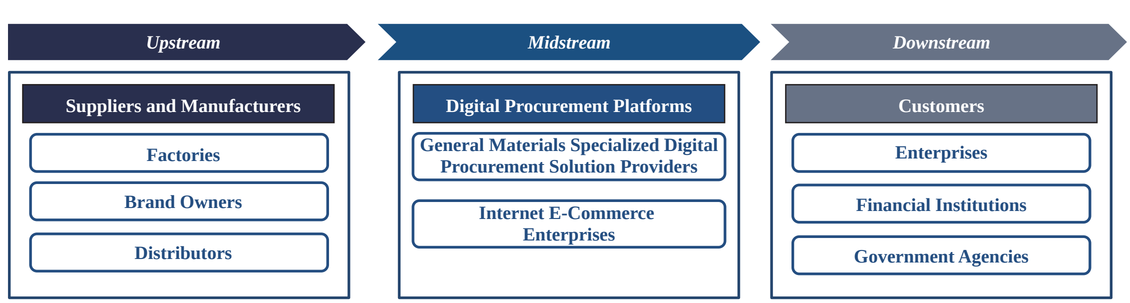
Value Chain Analysis of China's General Materials Digital Procurement Solution Industry

The upstream of China's general materials digital procurement solution industry constitutes the suppliers and manufacturers, such as factories, brand owners and distributors, who are mainly responsible for product R&D, production, branding, and primary distribution. The product portfolio comprises of non-production materials, mainly including office supplies, MRO products, marketing gifts and employee welfare products.

The midstream of the industry consists of general materials specialized digital procurement solution providers and internet e-commerce enterprises. General materials specialized digital procurement solution providers refer to companies that are primarily engaged in the Business-to-Business (B2B) procurement solution with focus on serving enterprise customers. The internet e-commerce enterprises, by contrast, refer to companies originating from consumer retail businesses that have subsequently expanded their operation into the enterprise customer segment.

The downstream of the industry mainly comprises customers, including enterprises, financial institutions and government agencies.

Value Chain of China's General Materials Digital Procurement Solution Industry



Source: Frost & Sullivan

Market Size of China's General Materials Digital Procurement Solution Industry

From 2020 to 2025, China's general materials digital procurement solution industry experienced rapid growth, with the market size reaching RMB1,682.5 billion by GMV in 2025 with a CAGR of 10.7%, driven by the advancement in digital procurement technology and enterprise demand for standardized management and cost control. Looking forward, the market is expected to maintain steady growth and reach RMB2,682.1 billion by GMV in 2030, with a CAGR of 9.8% from 2025 to 2030, driven by the continuous development of digital procurement platforms and enterprise demand.

By product category, the market sizes of digital procurement solution for office supplies, MRO products and marketing gifts and employee welfare products reached RMB601.7 billion, RMB571.4 billion and RMB509.4 billion by GMV in 2025, respectively, with CAGRs of 8.7%, 16.6% and 7.8% from 2020 to 2025, driven by the convenience, transparency and cost-control advantages of digital procurement. The market sizes of digital procurement solution for office supplies, MRO products and marketing gifts and employee welfare products are expected to reach RMB871.5 billion, RMB1,084.3 billion and RMB726.3 billion in terms of GMV by 2030, representing CAGRs of 7.7%, 13.7% and 7.4% since 2025 respectively.

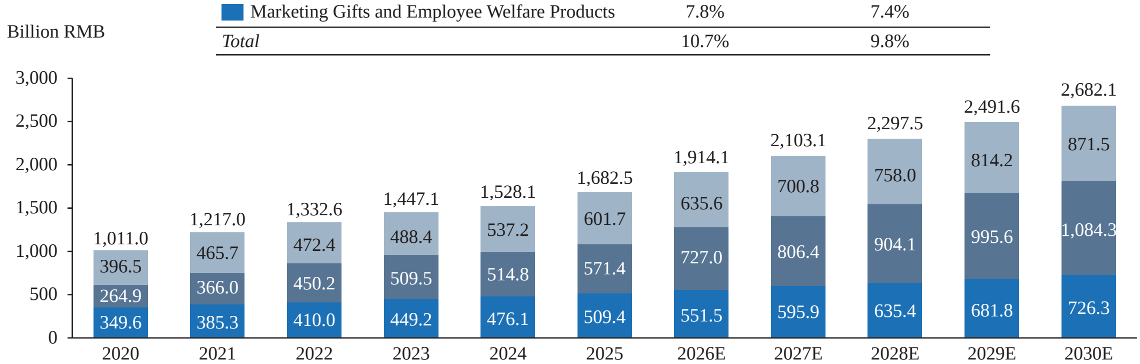
In 2025, the digital procurement penetration rates of MRO products markets of China and the United States were 9.7% and 15.9%, respectively. China's digital procurement penetration rate remains lower than that of the United States, indicating substantial potential for future growth.

In 2025, leading companies in the United States' general materials digital procurement solution industry reported average gross and net margins of over 30% and 6%, respectively. Due to the intense competition, China's general materials digital procurement solution market has lower average profitability. As digitalization deepens and the competitive landscape consolidates, leading companies in China are expected to further expand their profitability.

The following chart sets forth: the market of China's general materials digital procurement solution industry.

Market Size of General Materials Digital Procurement Solution Industry, Breakdown by Product Category, 2020-2030E

	CAGR (2020-2025)	*CAGR (2025-2030E)*
Office Supplies	8.7%	7.7%
MRO Products	16.6%	13.7%
Marketing Gifts and Employee Welfare Products	7.8%	7.4%
Total	10.7%	9.8%



Source: Frost & Sullivan

Market Drivers of China's General Materials Digital Procurement Solution Industry

Digital procurement efficiency drives growing demand. Digital procurement integrates online trading platforms, intelligent price comparison systems and supply chain collaboration tools, enabling a full-process, efficient, transparent and cost-controllable procurement solution system. Digital procurement solution can reduce communication costs, minimize manual intervention, and enhance overall procurement efficiency. Such advantages underpin sustained market demand and support the long-term development of the digital procurement sector.

AI empowers the industry chain. AI facilitates real-time data sharing and intelligent execution across industrial chain participants, thereby enhancing procurement precision, reducing supply chain risks and elevating overall operating efficiency. Evolution of the cloud computing and big data provides a solid technical foundation for digital transformation. AI-driven capabilities strengthen the competitiveness and operational sustainability of the digital procurement solution providers. Continuous AI advancement deepens industrial chain integration and creates a more efficient and reliable operating environment for market participants.

Government initiatives promote procurement standardization. The advancement of national policies such as the "Sunshine Procurement Project" can standardize procurement procedures, reinforce transaction oversight and information transparency, and restrict non-compliant procurement practices. Enterprises, financial institutions and government agencies can accelerate the digital transformation of procurement under relevant policy guidance. Such policy-driven transformation elevates the overall compliance level of the industry and provides an institutional foundation for the orderly and sustainable development of the procurement sector.

Rising demand of cost reduction and efficiency improvement. As pressure on profit margins continues to intensify, enterprises are increasingly prioritizing cost reduction, improvements in operating efficiency and the timely fulfillment of orders, thereby accelerating the adoption of digital procurement solutions. Enterprises are shifting towards automated sourcing processes, enhanced supplier collaboration and improved supply chain visibility. The demand for timely delivery and inventory accuracy further pushes enterprises to upgrade the procurement systems to digital platforms with more automated and intelligent functions.

Future Trends of China's General Materials Digital Procurement Solution Industry

Increasing industry consolidation. As market competition intensifies and technological barriers rise, leading digital procurement solution providers are accelerating the integration of upstream and downstream industry resources through mergers, acquisitions and strategic cooperation, thereby enhancing the market coverage and service capabilities. Meanwhile, as the continuous market expansion and rapid growth of leading players, companies unable to achieve economies of scale will be replaced and the market concentration is shifting towards the top players. The evolving competitive landscape demonstrates a trend toward scale development and structural consolidation within the industry.

Rising digital procurement penetration and enhancing capabilities. The digital procurement penetration rate continues to increase, accelerating the transition from traditional procurement to digitalized procurement processes. Procurement systems are increasingly integrated with core enterprise systems such as ERP, facilitating data connectivity and efficient information sharing across business functions. Data collaboration and intelligent analysis have become critical competitive factors, further enhancing operating efficiency and management refinement. For example, the application of AI can optimize the process such as product selection, dynamic pricing, inventory forecasting and customer service, thereby lifting the proportion of digital procurement and strengthening the digital capabilities of market participants.

Overseas expansion. Chinese enterprises have continued to expand overseas, progressively advancing international business expansion. General materials digital procurement solution providers have followed the trend to expand business layout in international market, offering localized procurement execution, inventory management and supply chain coordination solutions for overseas projects. Such services help Chinese enterprises lower their overseas operational costs and secure stable material supply. Meanwhile, this trend also creates new business growth opportunities for digital procurement enterprises and further promotes the global development of the digital procurement industry.

Challenges of China's General Materials Digital Procurement Solution Industry

Cost volatility. Cost volatility is a prominent challenge in the general materials digital procurement industry. Prices of upstream raw materials, standardized components, logistics services and warehousing resources are always influenced by macroeconomic fluctuation, changes in energy prices and supplier capacity adjustments. The large number of SKUs and fragmented procurement channels in the industry make short-term cost fluctuations difficult to fully hedge or pass through in a timely manner. Such volatility may exert pressure on corporate gross profit margins, heighten the complexity of procurement budgeting, and impose stricter requirements on enterprises' dynamic pricing and inventory management capabilities.

Intensifying market competition. Market competition has continued to intensify with the entry of more general materials specialized digital procurement solution providers and internet e-commerce enterprises. Industry participants compete across multiple dimensions, including product coverage, price transparency, fulfillment efficiency, and digital system integration. Larger platforms benefit from economies of scale and stronger bargaining power over suppliers, while specialized service providers focus on industry-specific customization services. Heightened competition may exert downward pressure on product pricing, increase customer acquisition costs, and require greater investment in technology research and service capacity building.

Global supply chain instability. Global supply chain instability results in price increases and unreliable delivery of imported products, adversely impacting the supply availability and pricing stability. Disruptions in cross-border transportation, trade policy adjustments and overseas supplier capacity constraints may lead to procurement delays and increased cost pressure. Product categories with import dependence are exposed to greater supply uncertainty, which may further affect delivery efficiency and contractual performance. Digital procurement solution providers are therefore required to strengthen supplier diversification, safety stock arrangements and supply chain visibility to address such risks.

COMPETITIVE LANDSCAPE

Market players in the general materials digital procurement solution industry primarily include general materials specialized digital procurement solution providers and internet e-commerce enterprises. The China's general materials specialized digital procurement solution market is relatively fragmented, with top five players collectively holding 8.3% of the market in terms of GMV in 2025. Our Group ranked the second in China's general materials specialized digital procurement solution industry in terms of GMV in 2025, with a market share of 1.6%.

Top Five General Materials Specialized Digital Procurement Solution Providers by GMV (China), 2025

Rank	Company	Identities and Background	Market Share (%) 2025
1	Company A	*Company A is a public company engaged in supply chain technology and service. Founded in 2019, Company A is headquartered in Beijing, China, and listed on the Hong Kong Stock Exchange.*	3.1%
2	**Our Group**	/	**1.6%**
3	Company B	*Company B is a private company engaged in digital procurement solution for office supplies and enterprise integrated procurement solutions. Founded in 2018, Company B is headquartered in Zhejiang, China.*	1.4%
4	Company C	*Company C is a public company engaged in B2B office supplies procurement, MRO industrial products and enterprise digital procurement solution. Founded in 1991, Company C is headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange.*	1.2%
5	Company D	*Company D is a listed company engaged in MRO products distribution and one-stop industrial procurement solution. Founded in 1996, Company D is headquartered in Shanghai, China, and listed on the New York Stock Exchange.*	1.0%

Source: Frost & Sullivan

In 2025, the number of market players in China's office supplies specialized digital procurement solution industry exceeds 6,000. China's office supplies specialized digital procurement solution market is relatively fragmented, with top five players collectively holding 16.3% of the market in terms of GMV in 2025. Our Group ranked the first in China's office supplies specialized digital procurement solution sector in terms of GMV in 2025, with a market share of 3.8%.

Top Five Office Supplies Specialized Digital Procurement Solution Providers by GMV (China), 2025

Rank	Company	Identities and Background	Market Share (%) 2025
1	**Our Group**	/	**3.8%**
2	Company B	*Company B is a private company engaged in digital procurement solution for office supplies and enterprise integrated procurement solutions. Founded in 2018, Company B is headquartered in Zhejiang, China.*	3.6%
3	Company C	*Company C is a public company engaged in B2B office supplies procurement, MRO industrial products and enterprise digital procurement solution. Founded in 1991, Company C is headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange.*	3.4%
4	Company E	*Company E is a private company engaged in one-stop digital procurement solution for office supplies and enterprise B2B direct sales. Founded in 2014, Company E is headquartered in Chongqing, China.*	3.2%
5	Company F	*Company F is a private company engaged in one-stop digital procurement solution for government, military and central and state-owned enterprises. Founded in 2007, Company F is headquartered in Beijing, China.*	2.3%

Source: Frost & Sullivan

In 2025, the number of market players in China's MRO products specialized digital procurement solution industry exceeds 8,000. The China's MRO products specialized digital procurement solution market is relatively fragmented with top five players collectively holding 11.8% of the market in terms of GMV in 2025. Our Group ranked the third in China's MRO products specialized digital procurement solution sector in terms of GMV in 2025, with a market share of 1.0%.

Top Five MRO Products Specialized Digital Procurement Solution Providers by GMV (China), 2025

Rank	Company	Identities and Background	Market Share (%) 2025
1	Company A	*Company A is a public company engaged in supply chain technology and service. Founded in 2019, Company A is headquartered in Beijing, China, and listed on the Hong Kong Stock Exchange.*	6.8%
2	Company D	*Company D is a listed company engaged in MRO products distribution and one-stop industrial procurement solution. Founded in 1996, Company D is headquartered in Shanghai, China, and listed on the New York Stock Exchange.*	2.2%
3	**Our Group**	/	**1.0%**
4	Company G	*Company G is a private company engaged in MRO products e-commerce and digital supply chain services. Founded in 2002, Company G is headquartered in Shanghai, China.*	0.9%
5	Company B	*Company B is a private company engaged in digital procurement solution for office supplies and enterprise integrated procurement solutions. Founded in 2018, Company B is headquartered in Zhejiang, China.*	0.9%

Source: Frost & Sullivan

In 2025, the number of market players in China's marketing gifts and employee welfare products specialized digital procurement solution industry exceeds 10,000. The China's marketing gifts and employee welfare products specialized digital procurement solution market is relatively fragmented with top five players collectively holding 5.4% of the market in terms of GMV in 2025. Our Group ranked the first in China's marketing gifts and employee welfare products specialized digital procurement solution sector in terms of GMV in 2025, with a market share of 1.4%.

Top Five Marketing Gifts and Employee Welfare Products Specialized Digital Procurement Solution Providers by GMV (China), 2025

Rank	Company	Identities and Background	Market Share (%) 2025
1	**Our Group**	/	**1.4%**
2	Company B	*Company B is a private company engaged in digital procurement solution for office supplies and enterprise integrated procurement solutions. Founded in 2018, Company B is headquartered in Zhejiang, China.*	1.2%
3	Company H	*Company H is a public company engaged in employee welfare product solutions, enterprise welfare procurement and integrated welfare services. Founded in 2011, Company H is headquartered in Shanghai, China and listed on the National Equities Exchange and Quotations.*	1.0%
4	Company C	*Company C is a public company engaged in B2B office supplies procurement, MRO industrial products and enterprise digital procurement solution. Founded in 1991, Company C is headquartered in Guangdong, China, and listed on the Shenzhen Stock Exchange.*	0.9%
5	Company I	*Company I is a private company engaged in providing one-stop employee welfare product solution. Founded in 2012, Company I is headquartered in Shanghai, China.*	0.9%

Source: Frost & Sullivan

Entry Barriers of China's General Materials Digital Procurement Solution Industry

Transaction scale. The general materials digital procurement solution industry is characterized by significant economies of scale. Market participants with large order volumes and extensive SKU coverage can enhance their bargaining power with upstream suppliers and reduce procurement costs. Given the fragmented categories and massive number of SKU across office supplies, MRO products, marketing gifts and employee welfare products, new entrants may not be able to achieve sufficient transaction scale in the short term, making it difficult to compete with leading enterprises in terms of bargaining power, warehousing and logistics efficiency, and platform operating costs.

Accumulation of industry know-how. The industry provides a wide range of product categories and serves customers across multiple industries, requiring long-term accumulation of expertise in product knowledge, customer demand insights, as well as compliance and risk control. Established players have developed standardized solutions, risk control systems and product category operation capabilities through long-term practice. Moreover, leading players also have a well-established key customers group and a diversified portfolio of industry cases, thereby establishing a strong brand reputation that supports the acquisition of large enterprise customers. Lacking such accumulated experience, new entrants are unable to meet complex demands from customers or control product quality and delivery risks effectively.

Supply chain capability. The industry depends on an efficient and stable integrated supply chain system, covering upstream procurement, warehousing layout, logistics distribution and inventory management. Leading industry players typically establish a warehousing network, digital supply chain management systems and a high-quality supplier pool to achieve centralized fulfillment, timely delivery and cost optimization across multiple categories. New entrants usually face difficulties in quickly building such comprehensive operational systems, resulting in gaps of supply chain management capabilities with top players.

Business complexity and delivery capability. Compared with the business-to-consumer model, general materials digital procurement involves complex requirements including multi-layered approval processes, fragmented delivery, stringent inbound standards and compliance management, with a longer value chain with multiple operational stages. Market participants also need to maintain stable fulfillment capability under large order volumes. Lacking experience in complex project implementation and the ability to manage high volume fulfillment, new entrants can hardly establish a complete system architecture and standardized delivery system tailored to enterprise demands in a short period of time.

Digitalization and lean management capabilities. Developing digital procurement and lean management capabilities requires substantial technical expertise and integration of AI for demand forecasting and inventory optimization. Small market participants and new entrants lack the necessary technical resources and data infrastructure to operate AI-enabled digital platforms and lean management frameworks, thereby facing difficulties in achieving the operating efficiency and cost control.

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned Frost & Sullivan, a market research and consulting company and an independent third party, to conduct an analysis of, and to report on China's general materials procurement market and China's general materials digital procurement solution market. The report prepared by Frost & Sullivan for us is referred to in this Document as the Frost & Sullivan Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independent of our influence. The fee payable to Frost & Sullivan for preparing the Frost & Sullivan Report is RMB400,000, which we believe reflects market rates for similar services. Founded in 1961, Frost & Sullivan has over 45 global offices with more than 3,000 industry consultants, market research analysts, technology analysts and economists. Our Directors confirm, to the best of their knowledge, and after making reasonable enquiries, that there have been no adverse changes in the industry since the date of the Frost & Sullivan report and up to the Latest Practicable Date which may qualify, contradict or have an impact on the information set forth in this section.

RESEARCH METHODOLOGY

During the preparation of the Frost & Sullivan Report, Frost & Sullivan collected, analyzed, assessed and validated the information and statistics using its in-house analysis models and techniques. Primary research was conducted via discussions and interviews with industry participants and industry experts. Secondary research involved analysis of market statistics obtained from several publicly available data sources, such as releases from the governments of the research countries, company reports, independent research reports and Frost & Sullivan's own internal database. The methodology applied by Frost & Sullivan is based on information and statistics gathered from multiple levels and allows such information and statistics to be cross-referenced for accuracy. In light of the above, we consider the information and statistics reliable.

BASIS AND ASSUMPTION

The Frost & Sullivan Report contains a series of market projections which were produced based on the following assumptions, without limitations: (i) China's and global economy is likely to maintain steady growth in the next decade; (ii) China's and global social, economic, and political environment is likely to remain stable from 2026 to 2030.