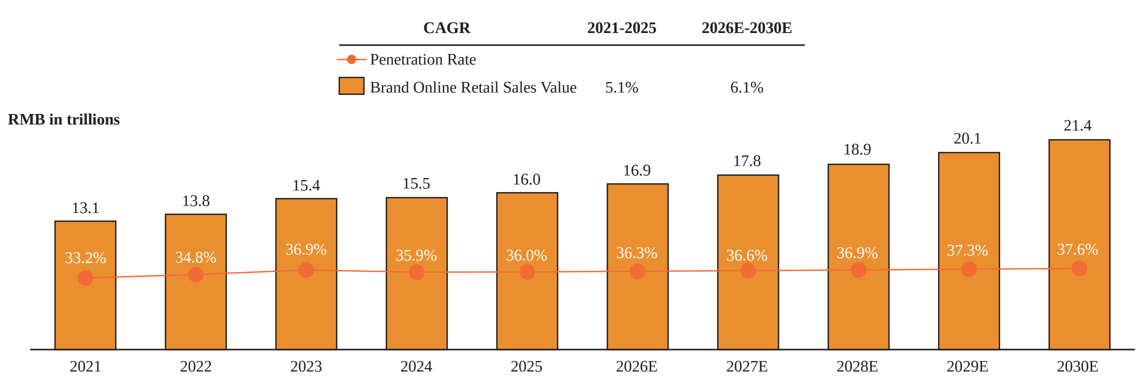
The information and statistics set out in this section and other sections of this Document were extracted from the Frost & Sullivan Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by the Sole Sponsor, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of their respective directors and advisors, or any other persons or parties involved in the* [**REDACTED**], *and no representation is given as to its accuracy.*

OVERVIEW OF CHINA'S BRAND ONLINE RETAIL MARKET

China's consumer goods market is sizeable, and the online penetration of retail continues to deepen. Measured by retail value, China's consumer goods market reached approximately RMB44.3 trillion in 2025. Supported by the widespread adoption of mobile internet and mobile payment, the continued improvement of platform infrastructure, the ongoing upgrade of warehousing, logistics and fulfillment networks, and increasingly diversified and content-driven consumer demand, online channels have evolved from supplementary sales channels into important channels for brand growth and consumer engagement. Brand online retail generally refers to the sale of products and services by brand owners to consumers through e-commerce platforms and their own online channels, such as mini-programs. Against this backdrop, China's brand online retail market is expected to continue to expand, and its penetration rate is expected to further increase.

The chart below sets out the market size of China's brand online retail market and its online penetration rate, measured by retail value.

China's Brand Online Retail Market and Online Penetration Rate, 2021-2030E



Source: National Bureau of Statistics of China, Frost & Sullivan Analysis

China's brand online retail market is characterized by the parallel development of shelf-based e-commerce and interest-based e-commerce. As transaction entry points become more decentralized, brand growth no longer depends on a single platform, but instead spans multiple touchpoints. Multi-platform operations have increased the complexity of coordination across content, promotions, pricing, inventory allocation and fulfillment, shifting competition from single-channel execution to cross-platform, systemized operating capabilities. Content quality has also become increasingly important, as it affects both conversion and return on investment on advertising spend.

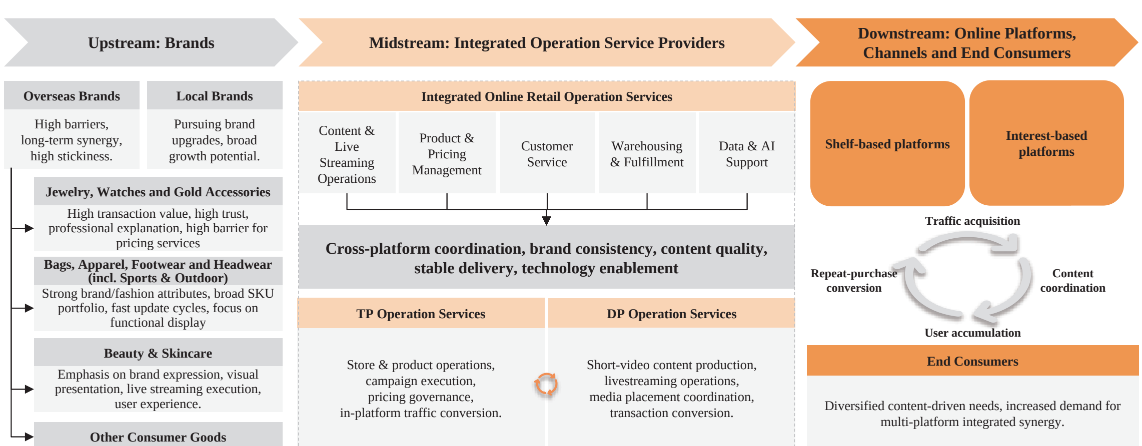
As platform rules and consumer experience metrics become more refined, the delivery chain of brand online retail has extended from front-end reach and conversion to fulfillment, service and data feedback. Fulfillment timeliness, service responsiveness and return and exchange experience are having a greater impact on conversion and repurchase rates, increasing brands' demands on stable delivery, quality control and end-to-end coordination. At the same time, generative AI, big data analytics and automation tools are being applied more widely in retail operations, supporting a shift from labor-intensive delivery toward coordinated operations based on personnel, systems and AI.

Overall, as China's brand online retail market continues to expand, competition is shifting from traffic acquisition and single-point execution toward cross-platform coordination, brand consistency, content quality, stable delivery and technology enablement. Accordingly, the value of integrated online retail operations services is increasingly concentrated in operating scenarios that place greater demands on brand management, content expression, service experience and end-to-end coordination. In particular, integrated online retail operations services for overseas brands generally exhibit higher value density and service barriers, and more directly reflect a service provider's capabilities in brand management, integrated delivery, risk control and long-term client relationships.

OVERVIEW OF CHINA'S BRAND ONLINE RETAIL INTEGRATED OPERATIONS SERVICES MARKET

China's brand online retail integrated operations services market refers to the market in which third-party service providers, within the scope authorized by brand owners, provide integrated or modular operational delivery services across the core chain of brand online retail operations. As brands' online operations evolve from single-channel execution to cross-platform, systemized operations, the importance of integrated online retail operations services continues to increase. Their value contribution is no longer limited to front-end traffic acquisition and store execution, but has extended to the full operating chain, including brand consistency, coordination between content and conversion, stable delivery and optimization of user experience.

Integrated online retail operations services typically cover modules such as content and livestreaming, product and pricing governance, media placement coordination, customer service, warehousing and fulfillment, membership operations, and data and AI support. Overall, this market is organization-intensive, operations-intensive and highly reliant on systemized coordination. Integrated online retail operations services are delivered through a coordinated value chain linking brands, service providers, online platforms and end consumers. The diagram below illustrates the value chain of China's brand online retail integrated operations services market.



Source: Frost & Sullivan analysis

Overview of China's Brand Online Retail Integrated Operations Services Market by Brand Origin

Based on the geographic origin of the brand owners served, China's brand online retail integrated operations services market can be divided into operation services for overseas brands and operation services for brands based in Chinese Mainland. These two groups of brands differ in operating priorities and service requirements, and together constitute important sources of demand in the market.

Integrated online retail operations services for overseas brands represent a relatively high-barrier segment of China's brand online retail integrated operations services market. Overseas brands, particularly premium brands and brands in highly brand-sensitive categories such as fashion, beauty and sports and outdoor, generally require greater consistency in brand presentation, pricing architecture, user experience and compliance management across multiple platforms. At the same time, their local teams are often relatively lean and therefore typically rely more heavily on external professional service providers for cross-platform coordination, brand stewardship, content localization, fulfillment stability and risk control.

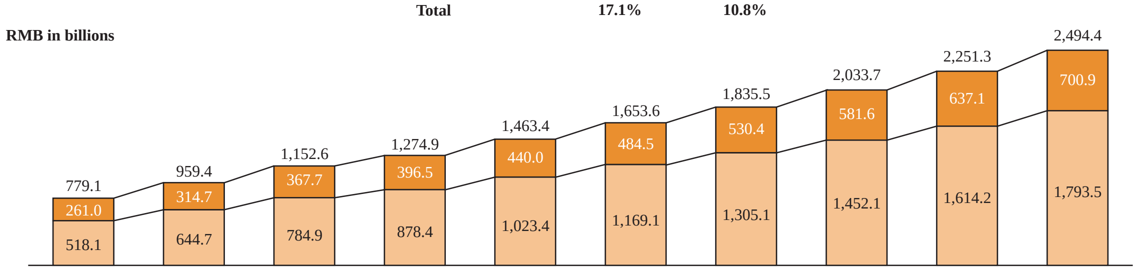
More importantly, the value of integrated online retail operations services for overseas brands lies not only in supporting front-end transaction conversion, but also in maintaining brand equity, controlling service quality and supporting long-term operating stability. As system integration, data accumulation, team collaboration and operating methodologies continue to build up over the course of cooperation, service providers and brands typically develop strong synergies and relatively high switching costs. Accordingly, this is a segment with higher value density, higher entry barriers, stronger client stickiness and a greater ability to sustain leading positions.

Integrated online retail operations services for brands based in Chinese Mainland constitute another important component of the market, with broad coverage and significant growth potential. As Chinese Mainland brands continue to pursue brand upgrading, expand online channels and strengthen content, livestreaming and membership operations, their demand for integrated operations services continues to increase, thereby creating substantial room for growth in the market.

The chart below sets out the market size of China's brand online retail integrated operations services market, measured by GMV and broken down by overseas brands and brands based in Chinese Mainland.

China's Brand Online Retail Integrated Operations Services Market By Brand Origin, 2021-2030E

CAGR	2021-2025	2026E-2030E
Overseas Brands	13.9%	9.7%
Local Brands	18.6%	11.3%
Total	**17.1%**	**10.8%**



Source: Literature research, expert interviews, Frost & Sullivan Analysis

Overview of China's Brand Online Retail Integrated Operations Services Market by Product Category

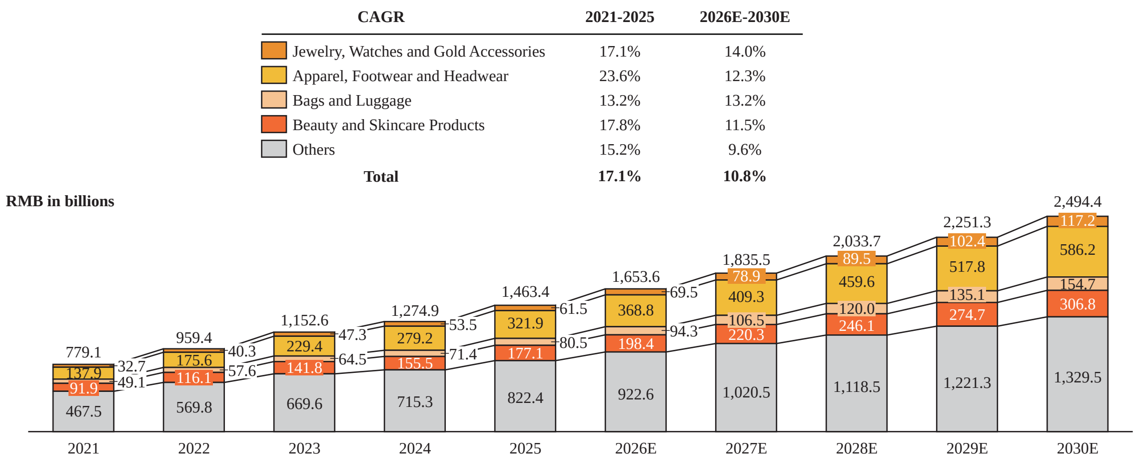
Based on the principal consumer product categories covered by the services, China's brand online retail integrated operations services market can be further divided into jewelry, watches and gold accessories, bags, apparel, footwear and headwear (including sportswear), beauty and skincare, and other categories. Different categories vary in product attributes, consumer decision-making paths, content presentation and service requirements, and therefore require different operational service capabilities.

Jewelry, watches and gold accessories generally involve higher average transaction values and place greater demands on brand image, consumer trust, professional product explanation, pricing strategy and service fulfillment. Relevant brands typically place greater emphasis on consistency in brand tone, professionalism in content presentation, trust-building throughout the consumer decision-making process, and stability in fulfillment and after-sales experience. As a result, such categories impose higher requirements on service providers in areas such as brand management, content presentation, customer service support, risk control and stable delivery, reflecting relatively strong service barriers.

Bags as well as apparel, footwear and headwear are important categories in China's brand online retail integrated operations services market, among which sportswear and sports and outdoor-related categories are particularly representative. These categories generally feature strong brand and fashion attributes, relatively broad SKU portfolios, faster product refresh cycles and frequent promotional campaigns, creating sustained demand for merchandise operations, visual content, store management and cross-channel coordination. In particular, sportswear and sports and outdoor-related brands typically place greater emphasis on functional product presentation, brand tone, consumer engagement and multi-platform coordination, and therefore generally reflect relatively higher entry barriers. At the same time, as healthy lifestyles become more widespread and branding trends continue to deepen alongside the penetration of online retail, demand for online operations among such brands is expected to continue to grow, providing strong growth potential for the integrated operations services market.

Beauty and skincare is also an important category in China's brand online retail integrated operations services market. Such categories generally place greater emphasis on brand expression, visual presentation, product seeding through content, product explanation and user experience management, and therefore impose higher requirements on service providers in areas such as aesthetic capabilities, content creation, livestreaming execution, consumer communication and maintenance of brand consistency. As interest-based e-commerce, livestreaming e-commerce and full-domain membership operations continue to deepen, demand for integrated operations services in this category is also increasing.

The chart below sets out the market size of China's brand online retail integrated operations services market, measured by GMV and broken down by product category.



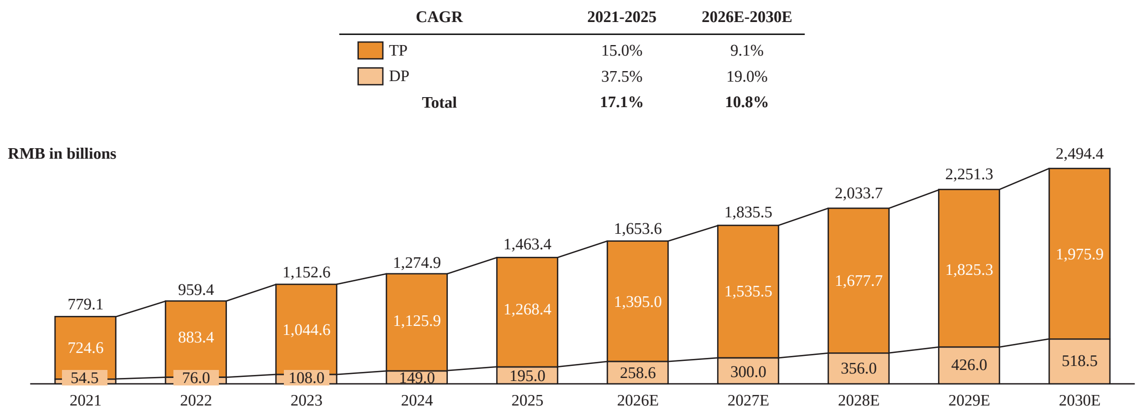
Source: Literature research, expert interviews, Frost & Sullivan Analysis

Overview of China's Brand Online Retail Integrated Operations Services Market by Online Platform Type

Based on online platform type, China's brand online retail integrated operations services market mainly comprises TP operations services and DP operations services. TP and DP are industry terms. TP operations services mainly serve shelf-based and social-oriented third-party online retail platforms represented by Tmall, JD.com and VIP.com, as well as brands' owned online touchpoints and membership systems, with typical forms including brands' proprietary online retail apps, WeChat mini-programs, official websites and related membership centers, and generally provide systemized support covering store and product operations, campaign execution, pricing governance, in-platform traffic conversion and service experience management. DP operations services mainly serve interest-based platform ecosystems represented by Douyin e-commerce, and generally provide integrated delivery covering short-video content production, livestreaming operations, media placement coordination and transaction conversion.

Although these two types of services differ in delivery focus, the boundaries among TP and DP services are increasingly converging as brands deepen their full-domain online operations. In practice, brands typically deploy across shelf-based e-commerce and interest-based e-commerce simultaneously and seek to create a closed loop across traffic acquisition, content coordination, user accumulation and repeat-purchase conversion. Service providers capable of delivering coordinated support across TP and DP channels are therefore better positioned to meet brands' integrated needs in multi-platform operations and to enhance overall operating efficiency and delivery stability.

The chart below sets out the market size of China's brand online retail integrated operations services market, measured by GMV and broken down by online platform type.



Source: Literature research, expert interviews, Frost & Sullivan Analysis

Growth Drivers and Development Trends

- ***Cross-platform operations are becoming the norm.*** As transaction entry points decentralize and platform formats converge, brands are increasingly operating across multiple platforms, shifting service demand from single-module outsourcing to integrated delivery and favoring longer-term cooperation with fewer service providers.

- ***Content quality is increasingly shaping traffic and conversion.*** High-quality content affects not only organic distribution and conversion, but also creative efficiency and return on investment on advertising spend. Service providers are increasingly differentiated by their ability to build replicable content systems with consistent brand tone and coordination across merchandise, media placement and livestreaming.

- ***Operating priorities are shifting toward efficiency and quality.*** Brands are placing greater emphasis on sustainable ROI, gross profit quality and user experience, driving demand for refined operations, stronger data governance and more actionable decision-making.

- ***Compliance and service stability are becoming more important.*** More stringent platform rules and increasingly granular requirements on fulfillment, service responsiveness and content compliance are extending the delivery chain and reinforcing the need for stronger compliance and brand safety management.

- ***Technology and AI are becoming key growth enablers.*** E-commerce retail is a priority use case for AI-enabled efficiency gains, and automation and AI are expected to improve efficiency in high-frequency functions such as inspection, reporting, customer service, content assistance and operational analysis.

Entry Barriers and Key Success Factors

- ***Integrated service capabilities and stable delivery systems are essential.*** Brands increasingly prefer long-term cooperation with service providers that offer integrated capabilities and stable delivery, while deeper system integration, data accumulation and team coordination further increase switching costs.

- ***Category specialization and brand operation expertise matter.*** In higher-value categories such as fashion, beauty and sports and outdoor, service providers need stronger capabilities in brand tone control, consumer insights and category-specific operating methodologies.

- ***Aesthetic capabilities and content creation systems are increasingly important.*** As platform traffic becomes more content-driven, content has become a key factor affecting exposure, conversion and brand asset accumulation, making aesthetic capabilities and replicable content systems important sources of competitiveness.

- ***Technology and data capabilities underpin scalable operations.*** As the online retail operating chain continues to extend, system integration, data governance and operational analysis are becoming more important foundations for scale. Service providers need to connect multi-platform data, continuously monitor products, content, traffic, conversion and repeat purchases, and support business review and strategy optimization. Automation and intelligent tools also help improve efficiency, reduce reliance on manual labor and enhance delivery consistency.

- ***Service quality and stable delivery remain fundamental.*** As platform rules become stricter and consumer experience metrics more granular, service quality management is becoming more standardized and measurable. Service providers need systemized capabilities in process management, quality control, exception handling, training and performance management in order to support stable delivery in high-frequency operating environments.

- ***Switching costs and client stickiness support long-term competitiveness.*** In integrated online retail operations services, factors such as system integration, data accumulation, team coordination and continuity of operating rhythm build up over time and create switching costs. Replacing a service provider often requires brands to readjust processes, teams and systems, which may affect short-term operating stability. Service providers with long-term service capabilities and consistent delivery quality are therefore more likely to build durable client relationships and stronger client stickiness.

Threats and Challenges

- ***Platform rules and traffic mechanisms are evolving.*** Major platforms continue to update their algorithms, advertising tools, settlement arrangements and governance rules, which may increase traffic acquisition costs, cause fluctuations in operating metrics and require adjustments to service delivery, thereby affecting the predictability of GMV contribution, project renewals and profitability.

- ***Competition and pricing pressure may intensify.*** As more participants enter the market, service offerings become more homogeneous and some brands strengthen their in-house operating capabilities, market competition may continue to intensify. At the same time, brand clients may become more sensitive to pricing and return on investment, which may put pressure on service fee rates, commission levels and gross margins.

- ***Compliance and delivery risks are increasing.*** Tightening regulation over advertising, data, livestreaming content and product quality, together with the growing complexity of multi-platform operations, may increase compliance and execution risks. Any regulatory breach or major after-sales or public opinion incident may result in penalties, traffic restrictions or reputational damage.

COMPETITIVE LANDSCAPE

China's brand online retail integrated operations services market is sizeable and remains relatively fragmented. As the industry continues to mature, competition has intensified and operating performance among service providers has become increasingly differentiated. Certain participants with relatively weaker competitiveness or under profitability pressure have scaled back the relevant business or exited the market, driving resources to concentrate toward leading service providers. Leveraging their cross-channel delivery capabilities, coordination between content and media placement, service quality control and digital operation capabilities, leading service providers have gradually established differentiated competitive advantages.

Integrated online retail operations services for overseas brands represent a relatively high-barrier segment, with higher requirements on brand consistency, content standards, pricing architecture, service experience and compliance and risk control. The continued accumulation of system integration, data assets, team coordination and operating methodologies further raises service barriers and client switching costs. As a result, this segment is better able to reflect the comprehensive competitiveness of leading service providers, and its market concentration is relatively higher.

According to Frost & Sullivan, measured by GMV in 2025, the Group was the second largest provider of brand online retail integrated operations services in China, with a market share of approximately 2.7%, while the top five service providers in aggregate accounted for approximately 14.4% of the market. Measured by GMV in 2025, the Group was the largest integrated online retail operations services provider for overseas brands in China, with a market share of approximately 8.8%, while the top five service providers in aggregate accounted for approximately 25.8% of the market. Meanwhile, the Group was also the largest DP operations services provider in China, with a market share of 4.6%, while the top five service providers in aggregate accounted for approximately 17.2% of the market.

The following table sets forth the top five brand online retail integrated operation service providers in China and their respective market shares, measured by GMV in 2025.

Ranking	Company	GMV (RMB in billions)	Market Share (%)
1	Company A	78.0	5.3%
2	**The Group**	**39.7**	**2.7%**
3	Company B	33.8	2.3%
4	Company C	30.5	2.1%
5	Company D	29.0	2.0%
	Top 5 combined	211.0	14.4%

Source: Listed companies' public filings, company websites, expert interview, Frost & Sullivan Analysis

Notes:

Company A: Founded in 2007 and headquartered in Shanghai, Company A is a China-based brand e-commerce service provider listed on Nasdaq and the Hong Kong Stock Exchange, offering a range of services including online store operations, digital marketing, IT solutions, warehousing and logistics, and customer service.

Company B: A privately held, China-based brand digital and e-commerce services company founded in 2009 and headquartered in Hangzhou, primarily engaged in full-value-chain e-commerce services, including shelf-based e-commerce, private-domain e-commerce, data and technology solutions.

Company C: A privately held, China-based e-commerce services company founded in 2016 and headquartered in Hangzhou, primarily engaged in one-stop e-commerce operations, livestreaming, short-video marketing and data-driven operations.

Company D: A privately held, China-based brand management company founded in 2004 and headquartered in Shanghai, primarily engaged in brand operations, marketing delivery, omni-channel rollout, digital retail, warehousing and logistics.

The following table sets forth the top five integrated online retail operation service providers for overseas brands in China and their respective market shares, measured by GMV in 2025.

Ranking	Company	GMV (RMB in billions)	Market Share (%)
1	**The Group**	**38.6**	**8.8%**
2	Company A	33.5	7.6%
3	Company E	16.0	3.6%
4	Company F	13.5	3.1%
5	Company D	11.3	2.6%
	Top 5 combined	112.9	25.7%

Source: Listed companies' public filings, company websites, expert interview, Frost & Sullivan Analysis

Notes:

Company E: A privately held, China-based brand management company founded in 2013 and headquartered in Hangzhou, primarily engaged in brand retail, brand operation management, channel distribution and digital marketing.

Company F: A privately held, China-based beauty e-commerce services company founded in 2012 and headquartered in Hangzhou, primarily engaged in full-value-chain beauty brand e-commerce services.

The following table sets forth the top five DP operation service providers in China and their respective market shares, measured by GMV in 2025.

Ranking	Company	GMV (RMB in billions)	Market Share (%)
1	**The Group**	**8.9**	**4.6%**
2	Company G	8.0	4.1%
3	Company H	7.8	4.0%
4	Company I	5.0	2.6%
5	Company J	3.8	1.9%
	Top 5 combined	33.5	17.2%

Source: Listed companies' public filings, company websites, expert interview, Frost & Sullivan Analysis

Notes:

Company G: A privately held, China-based DP service provider founded in 2016 and headquartered in Hangzhou, primarily engaged in interest-based e-commerce services, including content marketing, merchandise strategy, livestreaming operations and traffic promotion.

Company H: A privately held, China-based integrated business solutions provider founded in 2014 and headquartered in Shanghai and Hangzhou, primarily engaged in brand promotion, influencer seeding, media buying and e-commerce operations.

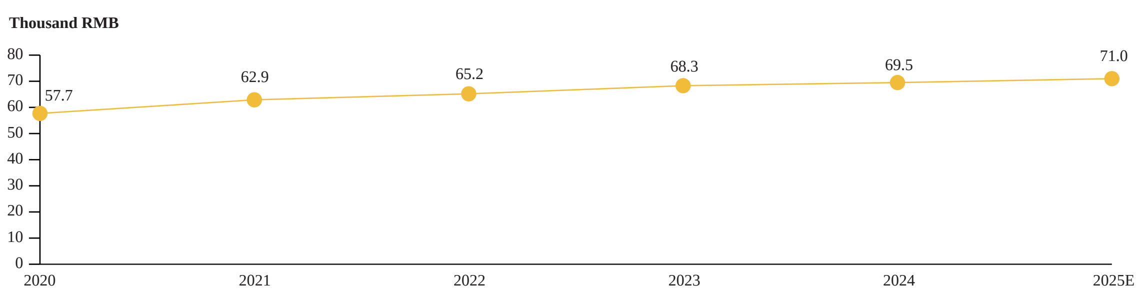
Company I: A privately held, China-based brand services company founded in 2020 and headquartered in Hangzhou, primarily engaged in self-broadcast operations, full-link marketing, short-video production and livestreaming operations.

Company J: A privately held, China-based digital commerce services company founded in 2016 and headquartered in Hangzhou, primarily engaged in STP, DP, Omni-Marketing and new retail solutions.

COST ANALYSIS

Labor costs are generally one of the principal cost items for integrated online retail operation service providers, primarily because key functions such as store operations, customer service, content production, marketing placement and data analytics continue to require substantial input of skilled personnel. During the historical period, the average annual wage of employees in urban private enterprises in China generally increased, reflecting a continued rise in overall labor costs and, in turn, driving an overall increase in labor costs for integrated online retail operation service providers. Looking ahead, labor costs in the industry are expected to continue to increase as demand for specialized roles in operations, content production, data analytics and technology application remains.

The chart below sets forth the average annual wage of employees in urban private enterprises in China from 2020 to 2025.



Source: National Bureau of Statistics of China, Frost & Sullivan analysis

SOURCE OF INFORMATION

This section contains information extracted from the Frost & Sullivan Report prepared by Frost & Sullivan independently, which is commissioned by us in connection with the [**REDACTED**]. We expect to pay Frost & Sullivan a total of RMB550,000 for the Frost & Sullivan Report and our use of the report. Frost & Sullivan is a consulting company which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries. We are of the view that the payment of such fee does not impair the fairness of the conclusions drawn in the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in the sections headed "Summary," "Risk Factors," "Business," "Financial Information" and elsewhere in this Document to provide our [**REDACTED**] with a more comprehensive presentation of the industry in which we operate.

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.