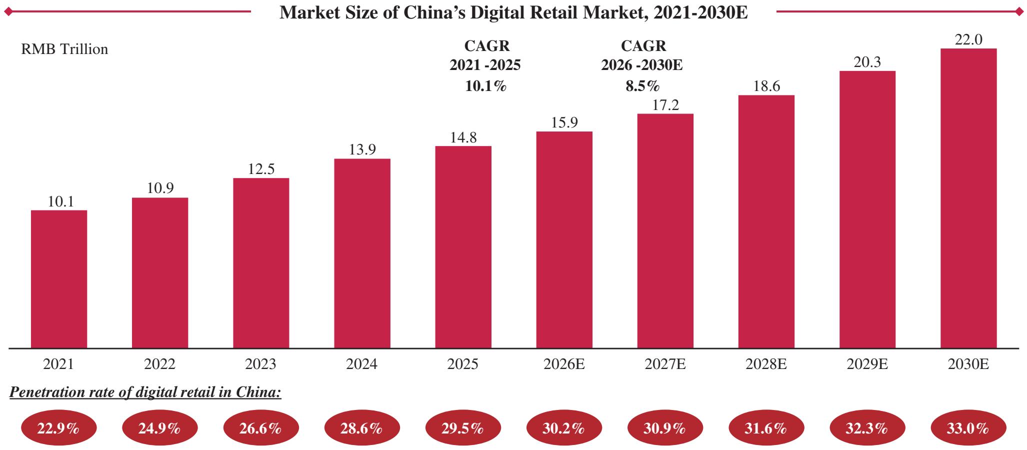
The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and academic research. In addition, we commissioned CIC, an independent industry consultant, to prepare the CIC Report, upon which this section is based. We believe that the source of this information is an appropriate source for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the Sole Sponsor, any of the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

CHINA'S DIGITAL RETAIL MARKET

Digital Retail Penetration Rates Continues to Rise

China stands as a global leader in the digital retail industry, underpinned by one of the most comprehensive and diversified digital retail ecosystems in the world.

Currently, China's overall digital retail penetration rate has been steadily increasing, increasing from 22.9% in 2021 to 29.5% in 2025, alongside ongoing market expansion. The size of China's digital retail market grew from RMB10.1 trillion in 2021 to RMB14.8 trillion in 2025, representing a CAGR of approximately 10.1%. Going forward, the market is expected to maintain its growth trajectory, to RMB22.0 trillion by 2030.



Source: National Bureau of Statistics, Ministry of Commerce, and CIC

Digital retail penetration varies across different product categories, each exhibiting distinct growth trends. Categories such as food & beverage and casual apparel have each exceeded a digital retail market size of RMB1.0 trillion. Categories such as pet care, baby & kids, pop toys and beauty and personal care have achieved relatively high levels of digital penetration with penetration rates exceeding 50%, driven by frequently-consumed and personalised demand and a wide variety of SKUs. Meanwhile, healthcare and outdoor sports products are also experiencing steady growth in digital penetration, supported by increasing consumer preference for online shopping. As the broader retail market continues to expand, these categories are well positioned to benefit from sustained momentum.

Retail Brands Face Distinct Pain Points During Digital Transformation

Amid rapid growth, retail brands in China are encountering a range of challenges in their digital operations. These pain points are prompting brands to seek more specialised technologies and services to enhance operational efficiency, optimise resource allocation and support sustainable development and market expansion. Specifically, the key challenges faced by digital retail brands include:

- **Rising Complexity of Channels and Formats:** With the ongoing integration and innovation of diverse models such as comprehensive e-commerce, social e-commerce, content-driven e-commerce and O2O e-commerce, the retail landscape has become increasingly complex. This evolution requires digital retail brands to strengthen their technological infrastructure and operational capabilities to keep pace with rapidly shifting consumer expectations and an expanding range of sales channels.

- **Limited IT and Organisational Capabilities:** Many small and medium-sized brands face significant pressure in making the necessary investments for digital transformation. Even leading brands encounter challenges in cross-departmental technical coordination and scaling their digital capabilities. The application of advanced technologies, such as artificial intelligence, data analytics and blockchain, is often hindered by a shortage of skilled talent, weakening competitiveness in areas including data-driven insights, product recommendation and supply chain optimisation.

- **Supply-Side Expansion and Intensified Competition**: The rapid expansion of the retail market on the supply side has intensified market competition, leading to better product and brand homogenisation. As a result, retail brands struggle to establish lasting competitive advantages. While consumers now have more choices than ever, brand loyalty is declining, making it increasingly difficult for companies to secure a stable customer base.

- **Increasing Marketing Complexity and Costs**: As the era of easy traffic growth comes to an end, brands are facing increasing pressure to boost their investment in marketing and customer acquisition. Alongside increasing costs, they face challenges in efficiency and conversion rate, meaning the percentage of consumers who visit a website or watch the ads and actually make a purchase after that. To succeed in this digital landscape, brands must embrace more personalised and targeted marketing strategies, which will require continued investment in capital, technology and strategy optimisation to improve overall marketing performance.

- **High Pressure on Supply Chain Responsiveness**: As consumers place greater emphasis on delivery speed, brands and retailers are facing increased challenges in supply chain management. Many still operate with fragmented supply chains and low inter-regional coordination efficiency, making it difficult to respond swiftly to market demands in real time.

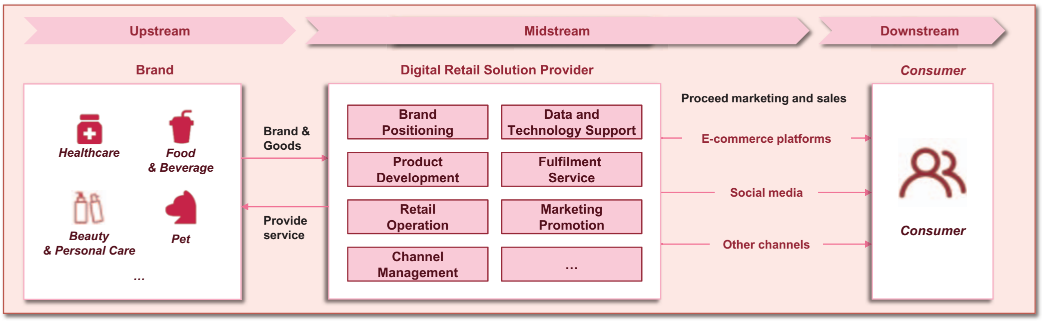
CHINA'S DIGITAL RETAIL SOLUTION MARKET

Digital Retail Solution Empowers Retail Brands' Digital Transformation

Against the backdrop of booming retail market and mounting challenges in digital transformation of retail brands, digital retail solutions have emerged to offer retail brands a systematic pathway toward digital transformation. These solutions extend beyond e-commerce store operations and product sales, providing end-to-end digital support across a wide range of functions, including brand positioning, consultation of product development, retail operations, channel management, marketing and promotion, fulfilment services, as well as data and technology support. By leveraging advanced digital technologies and deep expertise in online channel operations, digital retail solutions providers enable retail brands to efficiently build their e-commerce infrastructure and drive online sales. This, in turn, enhances operational efficiency and accelerates business growth.

China's digital retail solutions industry features a vibrant and diverse ecosystem with a wide range of participants. As retail brands actively pursue digital transformation and expand their online sales channels, the demand for specialised digital services continues to grow. Digital retail solutions providers serve as vital enablers in this landscape, connecting retail brands with various e-commerce platforms and offering tailored digital services across one or multiple functional areas. While empowering brands, they also play an active role in enhancing the consumer experience. By leveraging the capabilities of digital solution providers to build and optimise their digital operations, retail brands are better positioned to deliver higher-quality products and services, ultimately improving customer satisfaction and contributing to the continued advancement of the digital retail sector. Digital retail solutions providers have a variety revenue models to monetise their solutions provided to brand owners. In FMCG industry, typically, they either procure products from brand owners at a reduced cost and generate revenue from sales of goods, or record service fees received as revenue from the provision of services. Some digital retail solutions providers adopt the sales of goods model primarily to accommodate the specific operational and compliance needs of brand owners across different product categories. By directly procuring goods from brand owners and managing the retail process, these digital retail solutions providers are able to deliver more tailored, responsive, and execution-oriented digital retail solutions. This model enables greater flexibility in areas such as pricing, inventory, and campaign management, thereby enhancing the brand owners' performance across retail channels. Alternatively, under the provision of services model, the digital retail solutions providers typically charge fees for services such as digital infrastructure support, data analytics, traffic acquisition, and integrated marketing campaigns. The level of service fees depends on the depth of involvement and the sophistication of technologies and tools provided.

Ecosystem in China's Digital Retail Solution Market, 2024

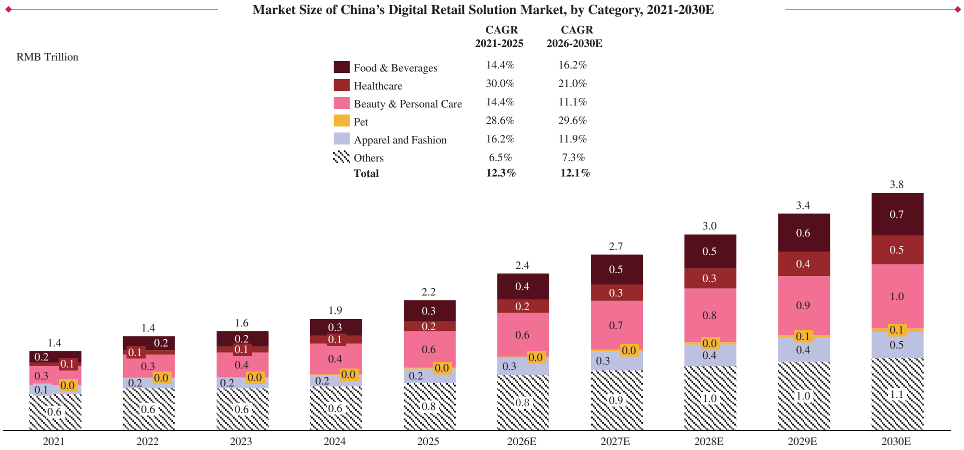


Source: Expert interview, CIC

China's Digital Retail Solution Market Continues to Expand

The rapid growth of China's digital retail solutions market is driven by a combination of factors, including sustained increases in digital spending, continuous innovation in digital technologies and strong policy support. According to CIC, the market expanded from RMB1.4 trillion in 2021 to RMB2.2 trillion in 2025 in terms of GMV, representing a CAGR of 12.3%. Looking ahead, the market is expected to continue growing, reaching RMB3.8 trillion by 2030, with a projected CAGR of 12.1%.

Market Size of China's Digital Retail Solution Market, by Category, 2021-2030E



Source: National Bureau of Statistics, Ministry of Commerce, and CIC

Within China's digital retail solutions market, various retail categories exhibit differing demands for digital solutions, influenced by the unique characteristics of each sector. Specifically, differences in operational models, consumer behaviour and supply chain management across categories lead to distinct requirements for digital tools, data analytics, marketing strategies and customer service. These variations underscore the need for tailored, and category-specific digital retail solutions.

According to CIC, among various retail categories, pop toys, healthcare, and pet care products have demonstrated the fastest growth in the digital retail solutions market. From 2021 to 2025, the market size for these categories increased from RMB1.1 billion, RMB66.8 billion, and RMB6.5 billion to RMB3.9 billion, RMB190.6 billion, and RMB17.7 billion, respectively, representing CAGRs of 36.1%, 30.0%, and 28.6%. This momentum is believed to continue, with the market projected to reach RMB15.3 billion, RMB496.3 billion, and RMB68.7 billion by 2030, at CAGRs of 29.6%, 21.0%, and 29.6% from 2026 to 2030. The beauty and personal care segment has maintained a relatively large market scale, growing from RMB333.1 billion in 2021 to RMB571.3 billion in 2025, and is expected to reach nearly RMB954.5 billion by 2030. Meanwhile, the outdoor sports category is emerging as a new growth driver, fuelled by evolving consumer demands and the rising popularity of urban outdoor lifestyles.

Rise of End-to-End Digital Retail Solutions Providers

The pursuit of seamless shopping experiences by consumers, combined with the growing demand among digital retail brands to enhance their operational capabilities, has spurred the growth of end-to-end digital retail solutions providers. Consumers increasingly expect convenient, efficient and integrated services across diverse touchpoints, requiring a comprehensive digital ecosystem that encompasses product recommendations, logistics and after-sales support. Meanwhile, brands across different categories face have unique distinct digital retail needs, which leads to a demand for solution providers with broad adaptability and the ability to support tailored digital operations and continuous capability upgrades.

Unlike non-end-to-end digital retail solutions providers that offer services limited to specific processes, channels, or categories, end-to-end digital retail solutions providers deliver integrated digital services across the entire brand operation lifecycle and all major sales channels for retail brands spanning multiple categories. The value creation of end-to-end digital retail solutions providers can be summarised as follows:

- **Seamless End-to-End Operational Capabilities:** End-to-end digital retail solutions providers enable brands to achieve integrated operations across the entire value chain, offering comprehensive support in areas such as brand strategy, product distribution, e-commerce store operations, supply chain management, marketing, customer engagement, warehousing, and fulfilment. The digitalised and holistic nature of these solutions ensures smooth coordination across all functions, minimising communication barriers and system integration challenges that may arise when working with multiple service providers. This approach enhances automation and synergy throughout the operational process, improves overall efficiency, and allows for more agile iterations—ultimately accelerating brand growth.

- **Agile Multi-channel Enablement:** With full support across multiple sales channels, end-to-end digital retail solutions providers are well-positioned to meet the growing demand for multi-channel development. They consolidate data and services across comprehensive e-commerce, social e-commerce, content-driven e-commerce, and O2O e-commerce, addressing key challenges such as data silos and fragmented operations. This empowers brands to efficiently manage cross-channel operations, unify product presentation, sales, and data tracking, and mitigate internal channel conflicts. Supported by robust data integration capabilities, these providers offer valuable cross-channel user insights and help tailor optimal strategies for each platform, thereby enhancing customer experience while maintaining a consistent brand identity.

- **In-depth Full-spectrum Brand Support:** Leveraging deep market understanding and service expertise, end-to-end digital retail solutions providers have become able to support brands across a wide range of categories, sizes, and development stages. They cultivate close, long-term partnerships with their brand owners, offering tailored solutions to address their evolving needs. Their comprehensive service capabilities are particularly effective in empowering emerging and mid-sized brands to scale rapidly and achieve meaningful business breakthroughs, enabling mutual growth and delivering strong returns.

Drivers in China's Digital Retail Solution Market

- **A Strengthening Digital Ecosystem:** China's internet user base expanded from 457 million in 2010 to 1.1 billion in 2025, while online shoppers increased from 160 million to 948 million over the same period, injecting robust momentum into the digital retail market. Leading platforms such as Tmall and JD.com have built comprehensive digital ecosystems encompassing products, services, technologies, and data. As the platform landscape diversifies, more brands are adopting multi-channel strategies. These advancements have significantly enhanced the consumer experience and reinforced the sustained growth of the digital retail market.

- **Shifting Consumer Behaviours:** With the widespread adoption of digital technologies, Chinese consumers are increasingly inclined toward online shopping, mobile payments, and contactless delivery, with mobile payment penetration now exceeding 86%. This behavioural shift has directly fuelled the rapid growth of digital retail, with consumers demanding greater convenience, personalisation, and engagement, prompting brands to accelerate their digital transformation.

- **Rising Demand for Operational Efficiency:** As China's digital retail market matures and competition intensifies, brands face mounting challenges in customer acquisition and retention. Higher digital operational efficiency has become essential for differentiation. Brand owners are investing more in digital retail solutions, with digital spending rising from RMB2.63 billion in 2020 to approximately RMB5.0 billion in 2024, driving further demand for professional digital retail solutions providers.

- **Ongoing Advancement in Intelligent Technologies:** Emerging digital-intelligent technologies such as artificial intelligence and robotic process automation (RPA), are transforming the digital retail landscape. These tools enhance multilingual interaction, improve service automation and standardise product delivery, thereby boosting the precision, security and reliability of digital retail solutions. This technological advancement progress is continually expanding the boundaries of business development.

- **Continued Growth in Cross-border E-commerce:** China's cross-border e-commerce sector is flourishing, attracting global brands seeking local market access. This trend enriches consumer choice and creates substantial growth opportunities for international players. To meet localisation needs, overseas brands are placing greater emphasis on understanding Chinese market dynamics and consumer preferences, driving demand for more diversified and customised digital retail solutions.

- **Optimised Supply Chain and Logistics Infrastructure:** The adoption of digital technologies has enabled enterprises to enhance inventory control, streamline logistics and improve channel coordination, resulting in cost reductions while boosting agility and resilience. Innovations such as smart warehousing, unmanned delivery, and instant logistics have strengthened responsiveness and service quality, enhancing brand competitiveness and consumer satisfaction.

- **Policy Support:** Government initiatives continue to provide strong support for digital retail growth by integrating the digital economy with traditional retail. For instance, the 2024 "*Retail Innovation and Enhancement Implementation Plan*" (《零售業創新提升工程實施方案》) issued by the General Offices of the Ministry of Commerce and six other departments outlines strategic efforts to accelerate the digital transformation of brick-and-mortar commerce, aiming at fostering new productive forces and comprehensively upgrading the efficiency and competitiveness of the retail industry. Regional efforts to stimulate consumption and expand domestic demand are setting the stage for a more dynamic retail market. This, in turn, will accelerate the market's expansion and digital transformation. For providers of digital retail solutions, this trend will fuel growth in their customer base and service demand, ultimately broadening the entire market's foundation. Also, there are also policies directly drive the development of digital retail solutions industry by encouraging digital retail solution providers to adopt smart technologies and lowering transformation costs through subsidies and infrastructure support. For example, the "Notice on Applying for Support Policies to Promote High-Quality Development of E-Commerce in 2025" (《北京市商務局關於申報2025年促進電子商務高質量發展支持政策的通知》) issued by the Beijing Municipal Bureau of Commerce specifies that e-commerce service providers facilitating cumulative actual transaction volumes of at least RMB20 million from 10 or more enterprises in 2025 are eligible for a reward of up to 0.5% of the transaction amount. The policy also provides funding for enterprises to develop software service systems that integrate product selection, inventory management, marketing, and after-sales processes, enabling unified management across online and offline channels, public and private domains, and operational workflows.

Key Success Factors of China's Digital Retail Solutions Providers

- **Comprehensive Category Coverage:** Given the varying stages of development and diverse digital needs across retail categories, leading digital retail solutions providers are typically equipped with the capabilities and experience to serve multiple sectors. This diversified service portfolio helps mitigate cyclical risks inherent to reliance on a single category. It also establishes a strong foundation for building and optimising multi-channel capabilities, allowing brands to sustain steady growth and remain competitive in changing market conditions.

- **End-to-End Integrated Solution Ecosystem:** Successful digital retail solutions providers often creates a holistic ecosystem that encompasses the entire retail value chain from brand positioning and product development to retail operations, channel management, marketing, order fulfilment and data services. These end-to-end offerings streamline enterprise integration efforts, enhance service consistency and improve operational efficiency and consumer experience, thereby accelerating digital transformation.

- **Robust Partnership Network and Multi-Platform Integration Capabilities:** Top-tier providers effectively aggregate resources across logistics, technology, e-commerce platforms and marketing channels to establish a comprehensive service network. Their ability to integrate across platforms and understand platform-specific mechanisms fosters high operational synergy. This empowers retail brands to scale across platforms and channels swiftly and efficiently, enhancing overall market competitiveness.

- **Technological Competence and Innovation-Driven Growth:** By harnessing big data, AI, cloud computing, and IoT technologies, digital retail solutions providers become able to deliver intelligent and data-driven operational services. To stay agile in a dynamic market, these providers increasingly rely on full-ecosystem data assets accumulated through service delivery. They also forge strong partnerships with cloud service providers to develop AI-powered data platforms. These platforms facilitate drive brand enablement and support innovation-led growth across operations.

- **Deep Market Insight and Localisation Expertise:** An in-depth understanding of retail trends, consumer behaviour, and regional market dynamics is essential for tailoring effective digital retail solutions. In China, localisation capabilities are particularly critical, ranging from regulatory comprehension to regional consumer preferences, enabling precise market penetration and operational optimisation. As more Chinese retail brands expand globally, enhanced localisation in overseas markets will be key to sustaining competitive advantage.

- **Efficient Client Support Capabilities:** High-quality after-sales service and ongoing support remain core decision factors for brand owners. Solution providers must offer professional technical assistance, customised consulting and operational guidance to help brand owners deploy quickly and optimise continuously. In addition, real-time responsiveness and effective issue resolution are crucial in enhancing client satisfaction and stickiness, strengthening long-term brand relationships.

COMPETITIVE LANDSCAPE OF CHINA'S DIGITAL RETAIL SOLUTION MARKET

China's digital retail solution market is vast and highly fragmented, with over 10,000 digital retail solutions providers competing in an increasingly intense landscape as the sector continues to expand. According to CIC, the market reached RMB2.2 trillion in terms of GMV in 2025, with the top five players collectively accounting for approximately 10% of the total market share. Based on GMV in 2025, the Company is the fifth largest digital retail solutions provider and the largest O2O digital retail solutions provider in China. Within a highly competitive and diversified market landscape, the Company stands out as one of the few market players capable of delivering integrated services across multiple categories and channels. With its end-to-end capabilities and extensive service compatibility, the Company has established itself as a leading provider of end-to-end digital retail solutions in China.

Ranking of China's Digital Retail Solutions Providers, 2025

Ranking	Company	GMV, RMB Billion, 2025	Market share, %, 2025
1	Company A (1)	~100	~5%
2	Company B (2)	~45	~2%
3	Company C (3)	~30	~1%
4	Company D (4)	~20	~1%
5	**The Company**	**~15**	**~1%**

Notes:

(1) Company A︰Established in 2007, headquartered in Shanghai, listed in Hongkong Stock Exchange in 2020. Engages in the provision of end-to-end digital solutions, including store management, digital marketing and IT systems as an e-commerce agency, for international brands.

(2) Company B︰Established in 2009, headquartered in Hangzhou. Engages in the provision of e-commerce services, including multi-channel operations, integrated marketing, consumer insights, data-driven operations and supply chain management, for mid- to high-end international brands.

(3) Company C︰Established in 2010, headquartered in Hangzhou. Engages in the provision of services in relation to e-commerce empowerment and the acceleration of brand incubation, primarily for emerging beauty brands.

(4) Company D︰Established in 2012, headquartered in Hangzhou, listed in Shenzhen Stock Exchange in 2019. Engages in the provision of professional e-commerce retail services as both an e-commerce full-service provider and a new consumer brand accelerator, for diverse retail brands.

SOURCE OF INFORMATION

China Insights Consultancy was commissioned to conduct research, provide an analysis of, and to produce a report on the digital retail solutions industry in China, and other related economic data. The commissioned report has been prepared by China Insights Consultancy independent of the influence of the Company and other interested parties. We have agreed to pay a fee of RMB650,000 to CIC in connection with the preparation of the CIC Report.

During the preparation of this report, CIC conducted both primary and secondary research through a variety of resources to obtain in-depth knowledge, statistical data, and industry insights regarding market trends in the target sector. Primary research involved interviews with key industry experts and leading market participants, while secondary research drew on publicly available sources such as publications issued by the Chinese government, annual reports released by relevant industry players, information from industry associations, and CIC's proprietary database.

The findings and projections presented in this report are based on the following key assumptions: (i) the overall global social, economic, and political environment is expected to remain stable over the next decade; (ii) major industry drivers will continue to support the growth of China's digital retail solutions market throughout the forecast period; and (iii) there will be no force majeure events or regulatory shifts that could significantly disrupt or fundamentally alter current market dynamics.

Our Directors confirm that, to the best of their knowledge and after making all reasonable enquiries, there has been no material adverse change in the market information since the date of the CIC Report that would limit, conflict with, or otherwise affect the information presented in this section.