

Baozun Inc.
Form 424B4
December 08, 2016

Filed Pursuant to Rule 424(b)4
Registration No. 333-214801

6,000,000 American Depositary Shares

Representing 18,000,000 Class A Ordinary Shares

Baozun Inc.

We are selling 3,000,000 American Depositary Shares, or ADSs, and the selling shareholders are selling 3,000,000 ADSs. Each ADS represents three Class A ordinary shares, par value US\$0.0001 per share. We will not receive any of the proceeds from the ADSs sold by the selling shareholders.

Our ADSs are listed on NASDAQ Global Select Market under the symbol BZUN. The last reported sale price of our ADSs on December 7, 2016 was US\$12.97 per ADS.

The selling shareholders have granted the underwriters a 30-day option to purchase up to additional 900,000 ADSs from the selling shareholders at the offering price, less the underwriting discounts and commissions.

We are an emerging growth company as the term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements. See Prospectus Summary Implications of Being an Emerging Growth Company.

Investing in our ADSs involves risks. See Risk Factors on page 18.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to us	Proceeds to Selling Shareholders
Per ADS	\$12.25	\$0.55125	\$11.69875	\$11.69875
Total	\$73,500,000	\$3,307,500	\$35,096,250	\$35,096,250

Neither the Securities and Exchange Commission, any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs on or about December 13, 2016.

Credit Suisse

Deutsche Bank Securities

China Renaissance

The date of this prospectus is December 7, 2016.

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This prospectus contains estimates and information concerning our industry, including market position, market size, and growth rates of the market in which we participate, that are based on industry publications and reports. This prospectus contains statistical data and estimates published by the National Bureau of Statistics of China and Shanghai iResearch Co., Ltd, China, also known as iResearch Consulting Group, or iResearch, a third-party research firm, including an industry report that we commissioned iResearch to prepare. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to variety of factors, including those described in the Risk Factors section. These and other factors could cause results to differ materially from those expressed in these publications and reports.

You should rely only on the information contained or incorporated by reference in this prospectus or to which we have referred you. Neither we nor the underwriters have authorized anyone to provide you with information that is different. This prospectus may only be used where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this prospectus regardless of the time of delivery of this prospectus or of any sale of our ADSs, and the information in any free writing prospectus that we may provide you in connection with this offering is accurate only as of the date of that free writing prospectus. Our business, financial condition, results of operations and future growth prospects may have changed since those dates.

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INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document filed by us with the SEC. Information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by this prospectus.

We incorporate by reference the document listed below:

our annual report for the fiscal year ended December 31, 2015 on Form 20-F filed with the SEC on April 8, 2016, as amended by amendment No. 1 to the annual report on Form 20-F/A filed with the SEC on June 1, 2016.

In addition, all documents we file under Sections 13(a), 13(c) and 15(d) of the Exchange Act subsequent to the date hereof and before the termination of this offering, including current reports on Form 6-K that we file with the SEC prior to the termination of this offering that indicate they are being incorporated by reference into this prospectus, are incorporated by reference.

Copies of all documents incorporated by reference in this prospectus, other than exhibits to those documents unless such exhibits are specially incorporated by reference in this prospectus, will be provided at no cost to each person, including any beneficial owner, who receives a copy of this prospectus on the written or oral request of that person made to: Baozun Inc., Building B, No. 1268 Wanrong Road, Shanghai 200436, The People's Republic of China, +86 21 8026-6000, Attention: Chief Financial Officer.

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CONVENTIONS WHICH APPLY TO THIS PROSPECTUS

In this prospectus, unless otherwise indicated or unless the context otherwise requires, references to:

ADRs are to the American depositary receipts, which, if issued, evidence our ADSs;

ADSs are to our American depositary shares, each of which represents three Class A ordinary shares;

Baozun, we, us, our company, and our are to Baozun Inc., a Cayman Islands company, formerly known as Baozun Cayman Inc. and unless the context requires otherwise, includes its consolidated subsidiaries and variable interest entity;

Baotong E-Logistics are to Baotong E-Logistics Supply Chain (Suzhou) Co., Ltd., our wholly-owned warehousing and logistics solutions subsidiary;

brand e-commerce are to B2C e-commerce conducted through official brand stores or official marketplace stores;

brand partners are to companies for which we operate official brand stores or official marketplace stores under their brand names or have entered into agreements to do so;

China and the PRC are to the People's Republic of China, excluding, for the purpose of this prospectus only, Taiwan and the special administrative regions of Hong Kong and Macau;

Distribution GMV are to the GMV under the distribution business model.

GMV are to gross merchandise volume, and when used in connection with our business, include (i) the full value of all purchases transacted and settled on stores operated by us (including our Maikefeng platform but excluding stores for the operations of which we only charge fixed fees) and (ii) the full value of purchases for which consumers have placed orders and paid deposits on such stores and which have been settled offline. Our calculation of GMV includes value added tax and excludes (i) shipping charges, (ii) surcharges and other taxes, (iii) value of the goods that are returned and (iv) deposits for purchases that have not been settled;

Non-distribution GMV are to the GMV under the service fee business model and the consignment business model.

O2O are to online-to-offline and offline-to-online commerce;

official brand stores are to brands' official online stores;

official marketplace stores are to brands' flagship stores and authorized stores on third-party online marketplaces;

RMB and Renminbi are to the legal currency of China;

ordinary shares are to our Class A and Class B ordinary shares, par value US\$0.0001 per share;

transaction value are to the value of all purchases made through stores operated by a brand e-commerce service partner, as such term is used by iResearch; and

US\$ and U.S. dollars are to the legal currency of the United States.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our ADSs discussed under Risk Factors, before deciding whether to buy our ADSs.

Our Business

We are the leading brand e-commerce service partner in China, with a market share of approximately 22% as measured by transaction value in 2015, according to iResearch. We help brands execute their e-commerce strategies in China by selling their goods directly to consumers online or by providing services to assist with their e-commerce operations. Our integrated end-to-end brand e-commerce capabilities encompass all aspects of the e-commerce value chain covering IT solutions, store operations, digital marketing, customer services, warehousing and fulfillment. We deliver omni-channel solutions to create seamless shopping experience across various touch points online and offline, enabling optimal and consistent branding and generating sales results that reflect our brand partners' unique e-commerce proposition.

With e-commerce in China growing rapidly in scale, more global brands view e-commerce as a critical part of their China expansion strategy. However, as the industry also grows in complexity, brands rely on us as their trusted partner to provide local knowledge and industry expertise in executing and integrating e-commerce strategies. This helps our brand partners avoid significant investment and risk associated with establishing and maintaining their own local infrastructure and developing their own capabilities.

The number of our brand partners grew from 71 as of December 31, 2013 to 93 as of December 31, 2014 to 113 as of December 31, 2015 and to 127 as of September 30, 2016. These brands encompass diverse categories, including apparel, appliances, electronics, home and furnishings, food and health products, cosmetics, fast moving consumer goods, insurance and automobiles. Many of our brand partners, such as Philips, Nike and Microsoft, are leaders in their respective industries.

We believe our brand partners value us for our integrated e-commerce capabilities, dependable services, deep category expertise, market insight and ability to innovate and adapt to the fast-changing e-commerce market. Our end-to-end brand e-commerce capabilities allow us to leverage brand partners' unique resources and seamlessly integrate with their back-end systems to enable data tracking and analytics for the entire transaction value chain, making our services a valuable part of our brand partners' e-commerce functions. We help our brand partners establish market presence and launch products quickly on official brand stores and major online marketplaces in China, such as Tmall and JD.com, as well as on social media platforms such as WeChat and Weibo. In May 2016, we were recognized by Tmall as its only six-star e-commerce service partner based on a suite of performance measures, including operational capabilities, brand development capabilities and service ratings. This was the highest ranking awarded to any Tmall e-commerce service partner. We also help our brand partners devise and execute O2O strategies to integrate their online and offline retail networks.

Our store operation capabilities, logistics network and warehousing resources are crucial to our success. We provide our brand partners with customized solutions and dedicated personnel with relevant industry expertise and brand-specific training in operating e-commerce stores. We partner with leading nationwide and local logistics service providers to ensure reliable and timely delivery. We are recognized by SF Express, one of the largest Chinese express

delivery companies, as one of its top five customers in China. We are able to achieve next-day delivery in over 100 cities across China. As of September 30, 2016, we operate eight warehouses with an aggregate gross floor area of 179,917 square meters and a capacity of 500,000 inbound pieces and 1,000,000 outbound pieces per day. Our warehouse management system can be customized to accommodate differences in product specifications and handle requirements specific to categories ranging from apparel and consumer electronics to beauty and health products. In September 2016, our wholly-owned warehousing and logistics solutions subsidiary, Baotong E-Logistics, became a partner of Cainiao Network Technology Co., Ltd., or Cainiao, a leading logistics data platform operator affiliated with Alibaba Group Holding Limited, or Alibaba Group, which enabled us to provide best-in-class services to a wider variety of merchants through Cainiao's logistics data platform.

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Technology is key to our success and rapid expansion. By leveraging our proprietary and scalable technology infrastructure and systems, we are able to provide integrated e-commerce solutions that synchronize marketing campaigns, centralize inventory management, order fulfillment and customer service, and collect and analyze real-time consumer behavior and transaction data across internet, mobile and offline channels. For example, our NEBULA+ platform enables us to efficiently set up and operate our brand partners' official brand stores and WeChat stores and achieve centralized store management. Our ShopDog O2O merchant tool allows brand partners to tightly integrate their inventories across offline and online channels, and to sell inventory in offline stores through online stores. The scalability of our systems, built on modular implementation and deep vertical knowledge across the e-commerce value chain, allows us to provide customized solutions efficiently across categories and channels, and support a growing array of transactions as we add new brands, integrate new channels and accommodate peaks and surges in consumer demand. In addition, we appreciate the importance of information security and have built a solid information security management system as evidenced by the ISO27001 certification awarded to us in December 2015.

We continue to win brands' loyalty with our track record of converting their sales and marketing plans into structured solutions that consistently deliver measurable sales results. We collect valuable consumer behavior data through CRM, our proprietary customer relationship management system. We have also developed our Business Intelligence software, which enables real-time analysis of transaction data across online and mobile channels to make more targeted and insightful marketing recommendations to our brand partners. We believe that our relationships with brand partners will be further strengthened as we increase our solution offerings on more channels, launch more marketing initiatives and campaigns and increase the sales of our brand partners.

Depending on each brand partner's specific needs and characteristics of its product category, we provide solutions to our brand partners under one or a combination of our three business models: distribution model, consignment model and service fee model. Under the distribution model, we select and purchase goods from our brand partners and/or their authorized distributors and sell goods directly to consumers through official brand stores or official marketplace stores operated by us. Under the consignment model and the service fee model, we provide a variety of e-commerce services, such as IT solutions, online store operation, digital marketing and customer service to our brand partners and other customers. Under the consignment model, in addition to these services, we also provide warehousing and fulfillment services. We have been shifting from the distribution model to the consignment model and the service fee model, which have enabled us to reduce inventory exposures and enhance our profitability and margins. In 2013, 2014, 2015, and the nine months ended September 30, 2015 and September 30, 2016, GMV from distribution model, or distribution GMV, contributed 56.9%, 32.3%, 33.6%, 36.5% and 25.3% of our total GMV, respectively.

We generate revenues from two revenue streams: (i) product sales and (ii) services. We derive product sales revenues primarily through selling products on behalf of brand partners to consumers under the distribution model, and derive services revenues primarily through charging brand partners and other customers fees under the consignment model and the service fee model. For services provided under the consignment model and service fee model, we charge fixed fees and/or variable fees primarily based on GMV or other variable factors such as number of orders fulfilled. Beginning in the third quarter of 2015, we have had two reportable operating segments: (i) the brand e-commerce segment that provides a variety of e-commerce services to our brand partners and other customers, and (ii) the Maikefeng segment that operates our online retail platform.

In 2013, 2014, 2015 and the nine months ended September 30, 2015 and 2016, our total net revenues were RMB1,521.8 million, RMB1,584.4 million, RMB2,598.4 million (US\$389.7 million), RMB1,582.4 million and RMB2,117.8 million (US\$317.6 million), respectively. For the same periods, net revenues from product sales accounted for 83.8%, 74.9%, 74.7%, 74.8% and 66.4%, respectively, of our total net revenues. We incurred net loss of RMB37.8 million and RMB59.8 million in 2013 and 2014, respectively, and recorded net income of RMB22.6 million

(US\$3.4 million), RMB9.3 million, and RMB24.8 million (US\$3.7 million) in 2015, and in the nine months ended September 30, 2015 and 2016, respectively. We incurred non-GAAP net loss of RMB26.3 million in 2013 and had non-GAAP net income of RMB25.1 million, RMB47.8 million (US\$7.2 million), RMB27.0 million, and RMB49.9 million

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(US\$7.5 million) in 2014, 2015, and the nine months ended September 30, 2015 and 2016, respectively. See Summary Consolidated Financial Data Non-GAAP Financial Measures.

Our Industry

Brand e-commerce refers to business-to-consumer, or B2C, e-commerce conducted through official brand stores and official marketplace stores. Brand e-commerce differentiates itself from other models of B2C e-commerce, such as independent direct sales platforms and online stores operated by brands offline distributors, by enabling online stores to be operated with the brands unique brand image, look and feel, and by allowing brands to exert greater control over their branding and merchandising. According to iResearch, brand e-commerce in China has experienced and is expected to continue to experience a high growth rate in China, with the market expected to grow from an estimated RMB1.3 trillion (US\$202 billion) in 2015 to more than RMB2.7 trillion (US\$411 billion) in 2017, representing a CAGR of more than 42.7%. China's brand e-commerce market is also expected to further increase its penetration of the overall B2C e-commerce market to more than 69.0% in 2017.

With the rising popularity and rapid growth of e-commerce in China, global brands increasingly view e-commerce as a critical part of their China expansion strategy and recognize the need for omni-channel distribution capabilities. However, brands face numerous challenges and complexities operating in China with regard to distribution channel selection, digital marketing strategies, merchandising, online store operations, technology infrastructure, warehousing and fulfillment. As such, brands look to service partners with local knowledge and industry expertise who can execute and integrate e-commerce strategies for them. This allows the brand partners to avoid the investment and risk associated with establishing and maintaining their own local infrastructure and operations. With in-depth understanding of vertical-specific operations and brand partners' needs, end-to-end brand e-commerce service partners offer turnkey solutions across the e-commerce value chain for brands while enabling them to maintain a high level of quality and control.

The brand e-commerce service market in China is currently undergoing rapid development. It is expected to be sustained by the strong growth in China's brand e-commerce sector and further penetrate the broader e-commerce market. According to iResearch, the market size of the brand e-commerce service market in China based on transaction value is expected to grow from RMB43 billion (US\$6.5 billion) in 2015 to RMB95 billion (US\$14.2 billion) in 2017, representing a compound annual growth rate, or CAGR, of 47.9%.

Our Strengths

We believe that the following competitive strengths contribute to our leading position in the brand e-commerce service market in China:

Clear Leader in Brand e-Commerce Service and Trusted Partner to Global Brands

We are the leading brand e-commerce service partner in China with a market share of approximately 20% and 22% as measured by transaction value in 2014 and 2015, respectively, according to iResearch. From 2014 to 2015, we have enhanced our market leadership and expanded our market share by growing our transaction value faster than the overall brand e-commerce service market in China, according to iResearch. In May 2016, we were recognized by Tmall as its only six-star e-commerce service partner, which was the highest ranking awarded to any Tmall e-commerce service partner. The number of our brand partners grew from 71 as of December 31, 2013 to 93 as of

December 31, 2014, to 113 as of December 31, 2015 and to 127 as of September 30, 2016. Our end-to-end, omni-channel solutions across the e-commerce value chain enable global brands to quickly and cost-effectively establish brand presence, introduce products and services to Chinese consumers and benefit from the rapidly growing e-commerce sector in China.

We believe brand partners value us for our intimate knowledge of local consumer behavior and industry practices, dependable and seamless services, as well as deep category expertise and market insight. We also believe that they value our ability to provide innovative services and solutions, anticipate market trends and adapt to the fast-changing e-commerce market. We continue to earn brand partners' loyalty with our track record of fulfilling their marketing needs with workable solutions that consistently deliver measurable sales results. We believe that as we increase our solution offerings and channels to our brand partners, launch more marketing initiatives and campaigns, and grow their customer base and sales, we will continue to enhance the stickiness of our relationships with brand partners.

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End-to-End Multi-Category Brand e-Commerce Service with Omni-Channel Capabilities

Our brand e-commerce capabilities encompass every aspect of the e-commerce value chain covering IT solutions, store operations, digital marketing, customer services, warehousing and fulfillment. Our ability to provide end-to-end multi-category solutions enables us to consolidate consumer and transaction data to deliver a seamless shopping experience.

We partner with brands to set up and operate their online stores in China, which are brands' official online stores, as well as their stores on the major online marketplaces in China, such as Tmall and JD.com, and to establish presence on the major social media platforms such as WeChat and Weibo. We also help our brand partners devise and execute O2O strategies by integrating and utilizing their online/offline retail space and customer data to optimize sales opportunities and provide a more connected consumer experience. We are able to unify product details and consumer profiles across different platforms to enhance consumers' shopping experience, and to leverage multi-channel sales and consumer data to optimize marketing strategies and fulfillment solutions for brand partners. Our omni-channel capabilities help our brand partners achieve their desired branding effect and sales results that reflect our brand partners' individual e-commerce objectives. We believe our end-to-end, omni-channel brand e-commerce capabilities help broaden our revenue sources, maximize our value propositions to brands, and deepen brand entrenchment and loyalty.

Scalable and Robust Proprietary Technology

Technology is key to our success and rapid expansion. We have developed robust technology infrastructure and proprietary systems on both personal computers and mobile devices that can be seamlessly integrated with our brand partners' back-end systems to enable automated inventory tracking, order fulfillment, billing and payment settlement, logistics management as well as consumer data tracking and analytics. The scalability of our systems, built on modular implementation and deep vertical knowledge across the e-commerce value chain, allows us to provide customized solutions efficiently across categories and support a growing array of transactions as we add new brands, integrate new channels and accommodate peaks and surges in consumer demand. The scalability of our technology was demonstrated by our success in handling approximately 4.6 million orders during the Singles Day promotion in 2016, compared to the daily average of 41,000 orders generated in the first nine months of 2016. This represented a significant improvement in our service efficiency compared with Singles Day in 2014 and 2015, when we handled approximately 1.1 million and 2.7 million total orders, respectively.

We believe our proprietary technology allows us to quickly scale up our business, keep us at the forefront of brand e-commerce service, and become an integral part of our brand partners' operations. With our NEBULA+ platform, we can quickly set up and operate our brand partners' official brand stores and WeChat stores to provide rich features that enhance consumers' online shopping experience, provide customized service catering to Chinese consumers' habits and demands, and integrate and unify operation of official brand stores and WeChat stores. Our ShopDog O2O merchant tool allows brands to tightly integrate their inventories across offline and online channels, and to sell inventory in offline stores through online stores. After an order is placed online, ShopDog enables consumers to pick up, change or return the goods in offline retail stores, which enables brands to efficiently utilize offline stores for pickup and payment collection.

Proven Store Operation Capabilities and Fulfillment Infrastructure

We help our brand partners conduct e-commerce in China through capabilities that chaperone merchandise throughout the e-commerce life cycle.

Full Store Operation Capability and Customer Service: Our customizable offerings, including digital asset management, site authoring and content management, merchandising and allocation, payment integration and digital analytics, help us or our brand partners operate official brand stores and official marketplace stores more efficiently and effectively. We provide dedicated and seasoned store operations teams that are specifically assigned to our brand partners. Our store operations teams provide brand-oriented customer service to facilitate product sales.

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Robust Logistics Capabilities: We partner with leading nationwide and local logistics service providers to ensure reliable, timely and cost-effective delivery through volume discounts and operational synergies. We are recognized by SF Express, one of the largest Chinese express delivery companies, as one of its top five customers in China. We are able to achieve next-day delivery in over 100 cities across China.

Advanced Warehousing Resources and Capabilities: We have established warehousing capacity with advanced warehouse management system to support our long-term growth. As of September 30, 2016, we operate eight warehouses with an aggregate gross floor area of 179,917 square meters and a capacity of 500,000 inbound pieces and 1,000,000 outbound pieces per day. Our warehouses are organized by product categories and provide category-tailored services, such as tailored shelf structure, separate floor space, customized rack dimensions and other value-added services, such as enhanced security and temperature control, which enables us to monitor each step of the fulfillment process. Equipped with advanced warehousing resources and capabilities, our wholly-owned warehousing and logistics solutions subsidiary, Baotong E-Logistics, become a partner of Cainiao in September 2016, which enables us to provide best-in-class services to a wider variety of merchants through integration with Cainiao's logistics data platform. Our first premium warehouse, or the Baotong Cube, was opened in September 2016, which further strengthens our ability to provide automated storage, intelligent sorting and retrieval, and highly efficient packing and delivery allocation.

We believe our store operation capabilities and our logistics network and warehousing capabilities are crucial to our success and will continue to help us attract and retain brand partners.

Insightful and Effective Data Analytics and Digital Marketing Capabilities

We derive valuable consumer data and analytics through our proprietary Business Intelligence and CRM software and data mining systems, which enable real-time analysis of consumer behavior and transaction data across online and mobile channels. These help us create targeted and insightful marketing strategies for our brand partners that leverage the particular strengths of various channels for different marketing purposes, such as branding campaigns and special item promotions. For example, with strong market insights, we are able to help some brand partners launch targeted live-streaming campaigns on Tmall and design marketing plans on social media, such as WeChat. Intelligent tracking also helps us profile individual consumers and push more targeted product displays, searches and promotional campaigns, thereby increasing overall conversion rates and enhancing brand loyalty and consumer stickiness. We believe our digital marketing capabilities support and supplement our marketing acumen and will continue to give us an edge in advanced marketing strategies.

Proven and Experienced Management Team with Deep Industry Knowledge

We benefit from the steady leadership of a management team with rich operational experience and strong execution capabilities. Our co-founders and senior management team have an average of over ten years of experience in retail, global brand marketing, e-commerce, technology and finance that enable us to provide end-to-end, omni-channel solutions that help brands succeed in e-commerce in China. This group of industry veterans and their long-term teamwork are key to our continuing growth.

We have also established a young, talented and passionate mid-level management team that is in charge of key business functions. We believe that our cohesive, vibrant and brand-oriented corporate culture inspires and encourages innovation, and helps us attract, retain and motivate an aspiring team to drive our growth.

Our Strategies

Our goal is to be the leading global e-commerce service partner for brands. We plan to achieve our goal by pursuing the following key strategies:

Deepen Existing Relationships with Brands

As our brand partners continue to expand their e-commerce footprint in Asia, we intend to help enhance their online brand appeal and increase sales by implementing, among others, the following measures:

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Maintain high performance. We strive to be trusted partners for brands by continuously exceeding their expectations. We will continue to bring our category expertise and creative vision to refine and enhance their marketing strategies and deliver optimal operational results.

Expand value-added solutions. Through our deep understanding of our brand partners' e-commerce operations, comprehensive local market knowledge, and strong research and development capability, we aim to broaden our suite of services and introduce and sell more suitable value-added services to our existing brand partners, such as digital marketing services, data analytics, omni-channel operations, and execution of O2O strategies.

Become an integral part of brands' growth strategy. We intend to deepen our understanding of our brand partners' business goals, brand image and culture, and customer base, and lead our brand partners to design and execute their e-commerce strategies. We will continue to integrate e-commerce and technologically enabled marketing practices into our brand partners' business plan and growth strategies at the outset. This helps ensure that we will continue to act as their trusted and indispensable partner and be their first choice for executing their e-commerce strategies.

Expand e-Commerce Solutions Business. In response to our brand partners' demand for our expertise to help them expand their e-commerce business, we have extended our operational capabilities beyond mainland China and plan to continue enhancing our service capabilities outside of China. We have started providing end-to-end e-commerce solutions in Hong Kong and Taiwan, which enable us to better meet our brand partners' demand.

Expand and Optimize our Brand Portfolio and Model Mix

We intend to expand our brand partner base. Specifically, we aim to:

Attract more leading global brands. We intend to capitalize on our established category expertise to attract more leading global brands, particularly those with enhanced needs for highly visible marketing campaigns and end-to-end e-commerce strategies.

Capture small to medium global and regional brands with high growth potential. We intend to add smaller global and regional brands with high growth potential to our portfolio as e-commerce platforms would be a lower-cost channel for them to enter the China market.

Focus on brands in more profitable categories. As we track consumer trends, we will proactively identify and adjust our emphasis to brands in more profitable product categories, such as apparel.

Explore new brand categories. We plan to expand into new categories with strong consumer demand, such as healthcare-related and infant and maternity categories.

Shift to brand partners under consignment model and service fee model. We will continue to optimize our business model mix and reduce inventory exposure by increasing the number of brand partners working with us under the consignment model and service fee model.

Strengthen our IT and Data Analytics Capabilities

We expect to continue to improve our IT capabilities and enrich our IT solutions to better service our brand partners' demand by launching standardized software products to improve operational efficiency. We plan to continue enhancing our Business Intelligence software, improving our Shopdog O2O merchant tool to better integrate online and offline data, and optimizing our NEBULA+ technology platform serving both official brand stores and official WeChat brand stores. We also intend to continue strengthening our research and development capacities by identifying and retaining qualified talents.

Enhance our Warehousing and Fulfillment Capabilities

We will continue to commit resources to expanding our warehousing and fulfillment infrastructure and improving the efficiency of our warehouse management system.

Improve our warehouse management system. We will continue to improve our warehouse management system with enhanced functionalities that allow us to intelligently choose optimal

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service providers for different brands/stores based on various metrics, such as location and cost. We also plan to develop testing modules in these systems, through which we can help our brand partners evaluate the impact of replacing logistics service providers. Externally, we expect to further integrate our warehouse management system with those of our brand partners and our logistics partners.