

INDUSTRY OVERVIEW

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Our Directors have confirmed that, after taking reasonable care, there is no adverse change in the market information since the date of the CIC Report, which may qualify, contradict or have an impact on the information as disclosed in this section.

SOURCE OF INFORMATION

We commissioned CIC, a market research and consulting company and an Independent Third Party, to conduct an analysis of, and to report on the China’s third-party logistics market. The CIC Report has been prepared by CIC independent of our influence. The fee payable to CIC for preparing the CIC Report is HK\$350,000, which we consider reflects market rates for similar services. CIC is a consulting firm founded in Hong Kong. It provides professional industry consulting across multiple industries. CIC’s services include industry consulting service, commercial due diligence, strategic consulting, etc.

Our Directors are of the view that the information set forth in this section is reliable and not misleading as the information was extracted from the CIC Report and are based on information available as at the Latest Practicable Date. CIC is an independent professional market research company with extensive experience in their profession. The information and data collected by CIC have been analysed, assessed and validated using CIC’s in-house analysis models and techniques. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as the National Bureau of Statistics of China and industry associations. The methodology used by CIC is based on information gathered from multiple levels and allows such information to be cross-referenced for reliability and accuracy. On such basis we consider the data and statistics extracted from the CIC Report to be reliable.

The CIC Report contains a variety of market projections which were produced with the following key assumptions: (i) China’s economic and industrial development is likely to continue to maintain a steady growth trend during the next decade; (ii) China’s economy is also likely to continue to grow steadily during the forecast period; (iii) related industry key drivers are likely to drive the China’s third-party logistics industry in the forecast period, including the rapid growth of e-commerce, demand for outsourcing logistics, investment in infrastructure, and steady growth of industries using third-party

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logistics services; and (iv) there is no extreme force majeure or industry regulations in which the markets may be affected either dramatically or fundamentally. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumption and factors.

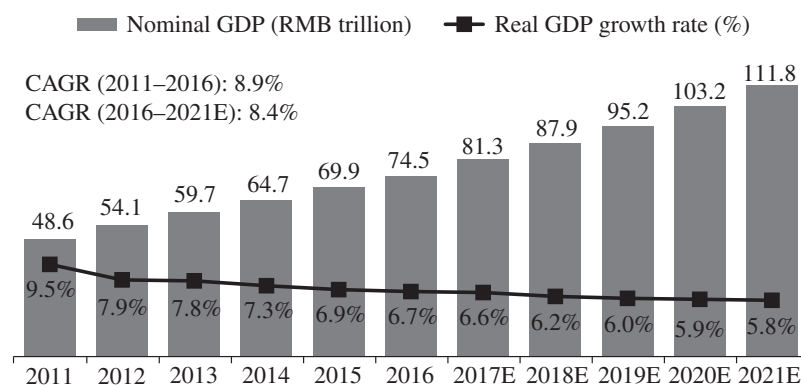
The CIC Report mainly focuses on the PRC market, being the main jurisdiction in which our business are located. Our Directors confirm that after taking reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the CIC Report which may qualify, contradict or have an impact on the information in this section.

ECONOMIC DEVELOPMENT OF CHINA

China’s nominal GDP and real GDP

China’s nominal GDP grew from RMB48.6 trillion in 2011 to RMB74.5 trillion in 2016, growing at a CAGR of 8.9%. While GDP growth has cooled off since 2013, consumption patterns are in transition and the economy is now undergoing a structural upgrade, with the added value of future economic development expected to actually represent a much higher quality. According to the International Monetary Fund (“IMF”), China’s nominal GDP is expected to sustain a long-term growth trend, with the real GDP annual growth rate at approximately 6.0% for the next five years. China’s nominal GDP is expected to reach at RMB111.8 trillion by 2021, growing at a CAGR of 8.4% from 2016 to 2021. With sustained growth of GDP and the ongoing transition of consumption patterns, the need for higher quality products and services is anticipated to rise. Logistics as supporting industries are expected to have further development and growth.

Nominal GDP and real GDP growth rate, China, 2011–2021E



Source: IMF

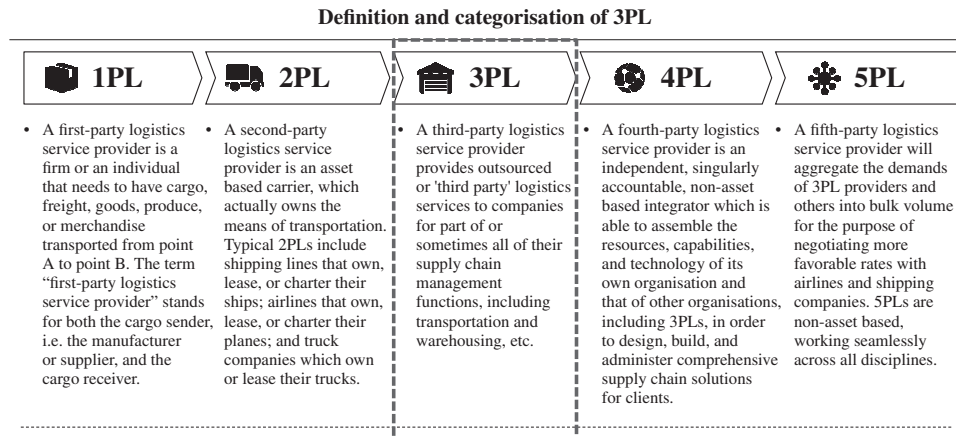
DEVELOPMENT OF THIRD-PARTY LOGISTICS (“3PL”) INDUSTRY IN CHINA

Definition and categorization of 3PL

Third-party logistics service providers (“**3PL providers**”) typically specialise in integrated operations such as warehousing and transportation services which can be scaled and customised to meet customers’ individual needs based on market conditions, including the demands and delivery service requirements for their products and materials. 3PL providers target particular functions within the supply chain management process such as warehousing or transportation.

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The advantages of outsourcing logistics to 3PL service providers include low capital commitment, cost savings and flexibility. First, there is no need for a warehouse or transportation facilities if a company outsources its logistics function, thereby reducing the company’s required capital commitment. Secondly, 3PL providers are more knowledgeable and have superior expertise in logistics, which can efficiently reduce the overall costs of logistics. Thirdly, 3PL providers can offer higher flexibility in terms of geographic distribution and the provision of other value-added services that companies are incapable of providing for themselves.



Source: CIC

Market sizes of China’s logistics and 3PL industries

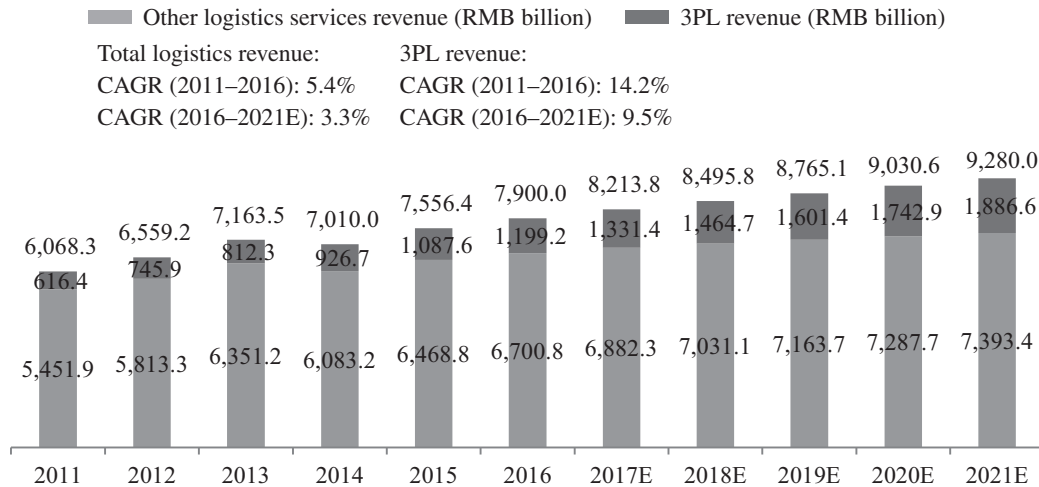
The logistics industry in China has continued to develop at a steady pace, driven by China’s growing economy, people’s rising income levels, the rapid expansion of the e-commerce industry, as well as recent improvements in logistics infrastructure. China’s total logistics revenue increased from RMB6,068.3 billion in 2011 to RMB7,900.0 billion in 2016, with a CAGR of 5.4%. With the gradual acceleration of China’s economic growth, and further penetration of logistics services into lower-tier cities in the years ahead, China’s total logistics revenue is expected to reach RMB9,280.0 billion by 2021, with a CAGR of 3.3% from 2016 to 2021.

As an emerging segment in the logistics industry, the 3PL market has shown a strong growth performance in the past five years. The manufacturing industry in China has been gradually transforming itself towards a more quality-focused approach. Therefore, there are now higher requirements placed on the logistics process. On the other hand, an increasing number of foreign manufacturers who were used to outsource their non-core operations such as logistics were setting branches in China. Thus, total 3PL revenue in China increased from RMB616.4 billion in 2011 to RMB1,199.2 billion in 2016, representing a CAGR of 14.2%.

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In the forthcoming years, the operation and management systems of the 3PL industry is expected to become more intelligent. This trend will help improve demand for 3PL services, as traditional companies, including state-owned enterprises, is expected to place more and more trust in the service quality of 3PL providers. China's total 3PL revenue is expected to reach RMB1,886.6 billion by 2021, with a CAGR of 9.5% from 2016 to 2021.

Market sizes of China's logistics and 3PL industries, 2011–2021E



Note: total logistics revenue is equal to the sum of 3PL revenue and other logistics services revenue, which includes 1PL, 2PL, 4PL, 5PL, etc.

Source: CIC

Market sizes of Guangdong Province's logistics and 3PL industries

With its geographical location on the coast, its close proximity to Hong Kong, as well as its increasing international trade volumes in the past few years, the total logistics revenue in Guangdong Province increased from RMB657.7 billion in 2011 to RMB1,001.5 billion in 2016, representing the CAGR of 8.8% from 2011 to 2016. In 2015, the government of Guangdong Province announced its plan to support *The Belt and Road Initiative* (“**B&R**”) (一帶一路) by increasing its positive intervention into the logistics industry and by developing multimodal transportation. Thus, the total logistics revenue in Guangdong Province is expected to reach at RMB1,377.4 billion by 2021, with a CAGR of 6.6% from 2016 to 2021.

Since 2008, the freight forwarding industry in Guangdong Province has been developing rapidly, with the number of freight forwarding companies having increased by 93.8% between 2008 and 2014. In addition, the government of Guangdong Province has endeavored to build an eco-friendly highway cargo transportation system, which has helped eliminate unregulated logistics companies. Both of these factors have stimulated the development of professional 3PL enterprises, with total 3PL revenue in Guangdong Province having increased from RMB70.2 billion in 2011 to reach RMB167.6 billion in 2016. The development of in-plant logistics industry is also relatively mature in Guangdong Province, and there were approximately 600 in-plant logistics service providers in 2016. In keeping to the B&R strategy, Guangdong Province has also made plans to reinforce the socialisation of its logistics industry in the

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years ahead by encouraging manufacturing enterprises to outsource their logistics process. This is expected to boost 3PL revenue in reaching at RMB323.4 billion by 2021, with a CAGR of 14.0% from 2016 to 2021.

Market sizes of Jiangsu Province's logistics and 3PL industries

Jiangsu Province has three large-scale ports, i.e. Lianyung Port, Dafeng Port, and Nantong Port, with the goods traded through these three ports primarily comprising bulk manufacturing materials, such as coal and steel. In recent years, these bulk manufacturing materials have been subjected to overproduction and low demand due to the slowdown in economic growth. Nevertheless, the rapid expansion of FMCG and e-commerce industries in Jiangsu Province, as well as the development of rural logistics, have stimulated the province's highway cargo transportation and the growth of its logistics industry. The total logistics revenue in Jiangsu Province reached RMB876.9 billion in 2016. With GDP predicted to grow at a fast pace in the years ahead, this number is expected to continue increasing with a CAGR of 7.5% from 2016 to 2021, reaching RMB1,258.3 billion by 2021.

As stated by the Department of Commerce of Jiangsu Province, 225 of the Fortune Global 500 have invested in Jiangsu Province, having established 1,162 enterprises there. The inflow of foreign manufacturers have continued to boost demand for 3PL services in Jiangsu Province since their business models usually involve outsourcing the non-core parts of their business. As such, total 3PL revenue in Jiangsu Province increased from RMB64.1 billion in 2011 to RMB139.8 billion in 2016. In December 2016, the National Development and Reform Commission issued a newly amended *Catalogue for the Guidance of Industries for Foreign Investment* (《外商投資產業指導目錄》), which is meant to encourage a wider opening in the industry. On the other hand, the in-plant logistics industry has been on its early stage of development in Jiangsu Province, and there were only approximately 230 logistics companies which provided in-plant logistics service in 2016. The reason for the relatively small number of in-plant logistics service providers in Jiangsu Province is that the current logistics market players generally focus on provision of transportation and warehousing services and lack specific knowledge, technology and skilled labour in providing in-plant logistics services. In particular, in-plant logistics service providers must possess specific technical expertise and technology and are required to train and second a team of skilled operators to customers' manufacturing plants to satisfy their logistic requirements. In Jiangsu Province, in-plant logistics service is mainly used by large-scale manufacturers and vehicle manufacturers who wish to improve efficiency and economies of scale. In the forthcoming years, with the increasing number of foreign-invested manufacturers being founded in Jiangsu Province who generally focus on their core manufacturing processes and outsource their non-core operations, such as logistics to third parties, the demand for 3PL and in-plant logistics will also rise. Jiangsu Province's 3PL revenue is expected to reach a further RMB290.1 billion by 2021, with a CAGR of 15.7% from 2016 to 2021.

Market sizes of Tianjin's logistics and 3PL industries

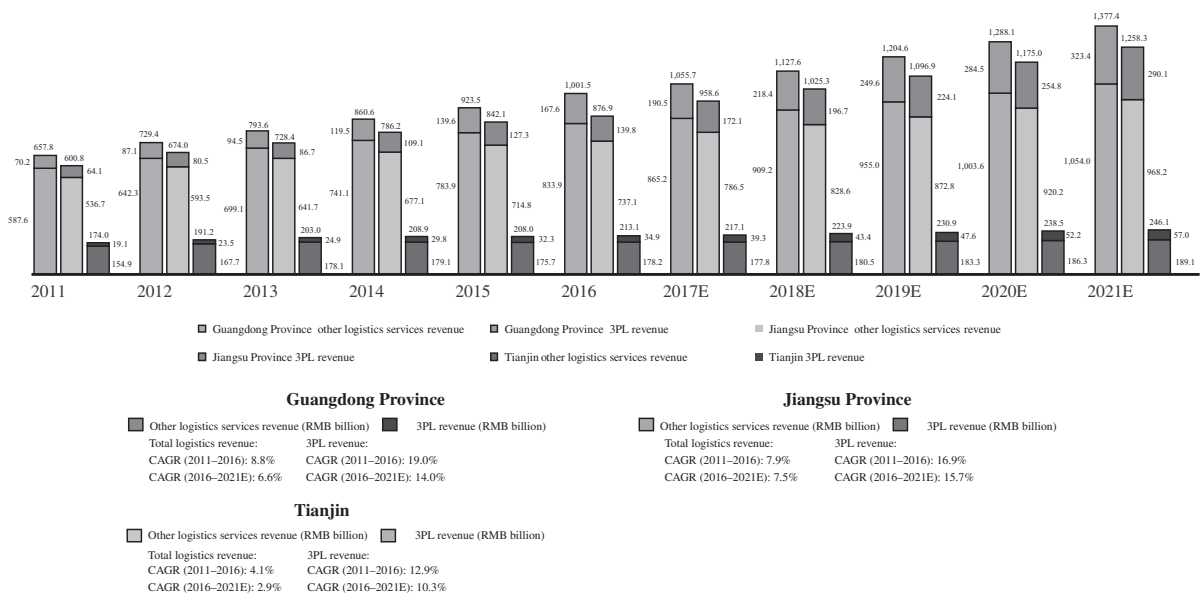
Tianjin has long been a core shipping center in North China, with an enormous amount of trade goes through Tianjin Port which is the 4th largest port in the world. After the massive explosion accident in 2015, a large quantity of warehouses, transportation vehicles and cargo containers were damaged. Thus, the in-port and out-port volume for Tianjin was severely damaged, with total logistics revenue having stagnated in 2015. However, the government continues to place a great deal of emphasis

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on its logistics industry as well as on the reconstruction of Tianjin Port. Therefore, total logistics revenue in Tianjin is expected to keep growing well into the future, maintaining a CAGR of 2.9% from 2016 to 2021.

The growth of the 3PL industry in Tianjin has been fueled by improvements in customs clearance efficiency due to the application of electronic clearance systems in ports. Total 3PL revenue in Tianjin increased from RMB19.1 billion in 2011 to RMB34.9 billion in 2016, with a CAGR of 12.9%. Moreover, the government of Tianjin has set goals to strengthen the informatisation of its logistics parks, enacting more regulations and measures to support the development of its logistics industry. Similar to Jiangsu Province, the in-plant logistics business is a relatively new segment in Tianjin. In 2016, there were only around 100 logistics companies providing in-plant logistics services. The reason for the relatively small number of market players is that the provision of in-plant logistics services requires not only transportation vehicle fleets and warehouses, but also specific technical expertise, technology and skilled operators stationing in the customers’ manufacturing plants to satisfy their logistics requirements. However, the growth of foreign production plants who tend to focus on their core manufacturing processes and outsource logistics operations to third parties will help stimulate the demand for in-plant logistics. In 2016, there were 1,106 foreign capital invested enterprises being newly founded in Tianjin, representing an annual growth rate of 6.9%. Also, the investment of foreign capitals is expected to keep growing due to the government’s efforts being put on investment promotion for the Pilot Free Trade Zone. As a result, Tianjin’s demand for 3PL and in-plant logistics is expected to experience a fast growth, and its 3PL revenue is expected to reach a further RMB57.0 billion by 2021, with a CAGR of 10.3% between 2016 and 2021.

Market sizes of Guangdong Province, Jiangsu Province, and Tianjin’s logistics and 3PL industries, 2011–2021E



Note: total logistics revenue is equal to the sum of 3PL revenue and other logistics services revenue, which includes 1PL, 2PL, 4PL, 5PL, etc.

Source: CIC

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Drivers of China's 3PL industry

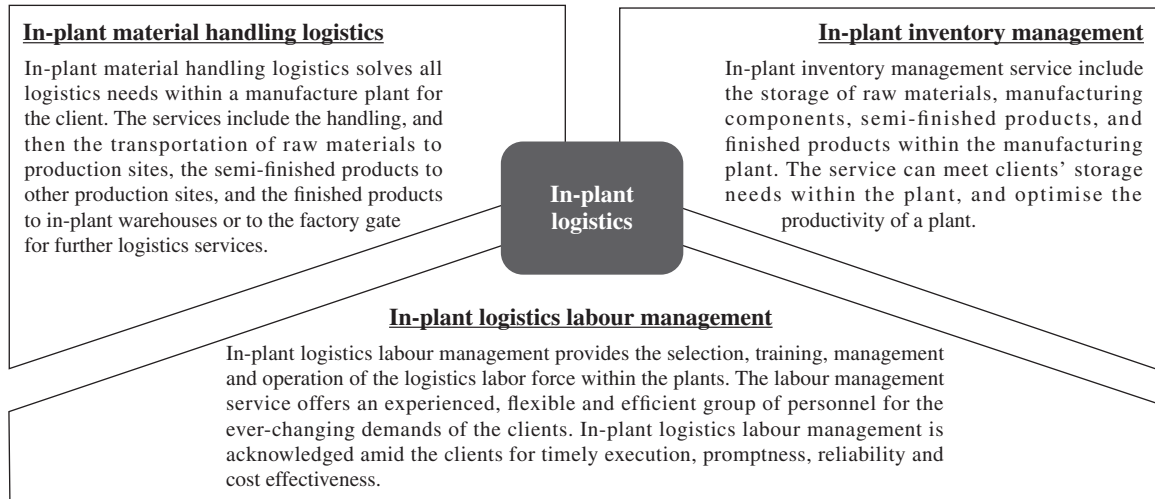
- (i) *The rapid growth of e-commerce:* The China's total gross merchandise value of retail e-commerce reached RMB4.2 trillion in 2016, accounting for 12.7% of total retail consumption and is expected to increase to RMB9.9 trillion by 2021, representing a CAGR of 18.7%. FMCG industry is one of the leading industries that possess the largest demands for logistics services. With the help of new sales channels such as e-commerce, the sales of FMCG have grown steadily in recent years and are predicted to continue growing in the future. E-commerce highly relies on logistics services as the products purchased have to use logistics services for delivery. The growing market of e-commerce is a strong driver that China is in need of better and larger scale of logistics services.
- (ii) *Rising demand for outsourcing logistics:* Logistics is a fairly complex process and is relatively difficult to manage. With the focus of manufacturing process and quality, manufacturers are beginning to outsource logistics services that are considered merely a supporting activity along the manufacturing value chain. However, it is also one of the most important activities ensuring the efficiency and productivity of the whole manufacturing process. Manufacturing companies are expected to focus primarily on their products and manufacturing process and thus creates a relatively large untapped market for 3PL companies.
- (iii) *Increasing investment in infrastructure:* In tandem with economic growth, both national and local governments are continuing to invest heavily in the development of transportation infrastructure including roads, railways, airports and port terminals. Improved infrastructure creates new opportunities in areas that may not previously have had good accessibility and also helps lower overall logistics costs for logistics and 3PL companies.
- (iv) *Steady growth of industries using 3PL services:* Industries using 3PL services such as pharmaceutical industry and electronics industry have high demand for logistics services for storing and transporting goods. The steady growth of these industries guaranteed a steady demand for logistics services, especially for 3PL services. For example, in 2016, online pharmaceutical sales reached RMB16.0 billion. For electronics industry, it achieved a growth rate of 7.5% in revenue in 2016. These facts suggest that there is a large market for 3PL services in the years to come.

Future trends of China's 3PL industry

- (i) *Increasing demand for in-plant logistics:* With the development of consumer market and increasingly diversified consumer needs, the manufacturers in different industries are focusing more on developing their products. Logistics, as a supporting activity within the manufacturing value chain, is considered time and labour consuming. Currently, more and more manufacturers are working with 3PL logistics companies to employ in-plant logistics services, in order to reduce costs, elevate productivity and increase efficiency. By utilising the in-plant logistics services provided by professional 3PL providers, the manufacturers can improve their overall business process. Manufacturing companies are expected to focus primarily on their products and manufacturing process. As a result, more and more companies will recognise the advantages of using in-plant logistics services, which thus creates a relatively large untapped market for in-plant logistics service providers. The market of in-plant logistics services is anticipated to see a fast growth.

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In-plant logistics consists of three main parts of services, which are in-plant material handling logistics, in-plant inventory management, and in-plant logistics labour management. These services cover the movement of raw materials, components and semi-finished products within the manufacturing plant, either to or from storage points or production lines, as well as bringing finished products out to the factory gate. An in-plant logistics service provider can offer one or more of the following services to its clients, which depends on the demands and requirements from the clients.



- (ii) *Utilisation of automated storage facilities and system:* Due to the increasing volume of products and the rising demands for faster responses in logistics services, companies within 3PL industry are expected to utilise automated storage facilities and system. Compared with traditional manual-based warehouses, intelligent automated facilities and system are expected to largely improve the productivity and efficiency in handling, packaging, loading and unloading the inventory in warehouses. The use of cloud platforms and mobile autonomous robotics supports high-volume, light load, goods-to-person operations in the warehouse which are expected to become a key solution in meeting the ever-changing demands of clients. China's 3PL industry is expected to see the increasing use of automated storage facilities and system to satisfy the ever-changing market demand.
- (iii) *Increasing focus on providing integrated solutions:* As a relatively fragmented industry, most small and medium-sized logistics companies can only provide one type of service such as transporting or storage services. The services provided are thus relatively fragmented. With the increasing demands of clients, the future trend for 3PL is likely to involve the provision of integrated logistics solutions. Integrated logistics solutions solve most or all of the logistics needs of clients, including the transportation of raw materials and products, warehousing of products and semi-finished products, cargo handling and other services.
- (iv) *Faster responses:* Clients demand quicker deliveries and higher service quality at lower prices. Deliveries with faster response times can improve clients' efficiency, productivity and profitability. This is a common demand from clients in the retail sector, who are currently under increasing pressure from massive multichannel challenges. Faster response times require investments in improving the logistics process in order to elevate service standards.

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Future Threats and Challenges of China’s 3PL industry

- (i) *Relatively poor logistics infrastructure:* In China, the state of logistics infrastructure development is relatively backward in terms of transportation. Although the total mileage for highways in China remains the fourth largest in the world, several problems persist given the following reasons: (a) the structure of the road network is not being fully optimised; (b) the main structure has not yet been formed; and (c) there is still an overall shortage of highways. Storage infrastructure problems are mainly a result of outdated and inefficient equipment. Therefore, there are still not enough advanced warehouses able to maximise productivity and efficiency.
- (ii) *Influence of traditional logistics services:* China’s traditional logistics were designed to satisfy the needs of transporting a limited variety of products with relatively large quantities. Logistics services were manual-based, offered limited services, and lacked unified service standards. At present, quite a large number of enterprises in China still retain their own logistics system. This self-service-based logistics service model has greatly restricted and delayed the development of the logistics industry.
- (iii) *Lack of professionals:* China’s modern logistics management research and education is still relatively underdeveloped. In China, the importance of production is considered far greater than logistics. Therefore, logistics, as a field of research and study, has not been given enough attention over the years. Given a lack of standardised and systematic training mechanisms, only a small group of professionals have sufficient knowledge in modern logistics and supply chain management. The shortage of professionals in the field of logistics continues to hinder the rapid development of China’s modern logistics industry.

COMPETITIVE LANDSCAPE OF CHINA’S 3PL INDUSTRY

Overview of the competitive landscape

The licensing and registration requirements for logistics and 3PL companies in China are relatively low, and thus the business of China’s logistics and 3PL are fairly fragmented. In 2016, there were about 30,000 3PL companies in China, and the top five players only occupied around 3.4% of the total market.

Leading logistics service providers in China are mainly large-scale and state-owned enterprises, which generally have more assets, resources and business connections to secure global servicing contracts with multi-national companies. They tend to provide a comprehensive range of services from freight forwarding, supply chain management solutions, customs clearance, freight tracking and monitoring, to distribution solutions. However, for most small and mid-scale logistics companies in China, their service types and client bases are both relatively concentrated. In China, there is a strong dependency between manufacturing companies and their logistics service providers. A manufacturing company relies on certain one or two logistics service providers to save cost and time, and it is also easier for the manufacturing company to manage, track, and ensure the uniformity of its logistics segment. Meanwhile, logistics service providers in China also tend to maintain well-established relationship with certain large-scale and reputable clients in order to keep strong performance and also to enter new markets easily with the expansion of their clients’ business.

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Ranking and market share of leading players in Guangdong Province’s 3PL industry

The 3PL market in Guangdong Province is relatively concentrated as compared to the competitive landscape in China’s nationwide logistics market, with the top five companies occupying around 14.8% of the total market in 2016. There were over 5,000 3PL companies in Guangdong Province in 2016, which was about one-sixth of the total number of 3PL companies in China. The main reason is that Guangdong Province is a coastal province which is close to Hong Kong and the Pacific Ocean, and it made its gross value of import and export goods occupied around 28.6% of the total value of China in 2015. However, among the 5,000 3PL companies in Guangdong Province, around 50% of them only act as logistic subcontractors whose major responsibility is to connect clients with vehicle and other logistics service providers. Around 45% of them only provide a limited range or single type of logistics services such as transportation services. Only 5% (around 250 companies) of them provide “one-stop” and customised logistics services including transportation, warehousing, in-plant logistics, etc. like the Group does.

The Group had 23 vehicles for transportation and warehouses with over 50,000 sq.m.. With its assets scale and revenue amounting to approximately RMB154 million, the Group had approximately 0.1% market share in Guangdong Province’s 3PL market in 2016.

Competitive advantages of the Group

- (i) *Clientele advantages:* Having established close partnerships with clients through years of cooperation, the Group now works with a large number of clients in many different industries, including clients in the FMCG and pharmaceutical industries. The Group has been successful in establishing long-term partnerships with the clients. With a stable and high quality clientele base, the Group’s brand image is expected to get better and better.
- (ii) *In-plant logistics services:* The Group offers in-plant logistics services which resolve most of the in-plant logistics demands from the client including transportation and storage of raw materials, semi-finished products, production components and finished products. The services also include working with the clients and plant management team to provide an integrated management solution for the in-plant logistics process, as well as providing labour force for logistics activities. By offering comprehensive in-plant logistics services, along with the personnel for executing the services, the Group has an outstanding competitive advantage over the competitors.
- (iii) *Technology and equipment advantages:* Most of the Group’s vehicles are equipped with GPS which enables real-time tracking. With the help of intelligent logistics management system, the Group can manage storage activities with accuracy and increased productivity. As a result of the technology used in the operations, the Group enjoys certain competitive advantages over the competitors.

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- (iv) *Geographic advantages:* The Group’s base is located in Guangdong Province and enjoys the geographic advantages. Guangdong Province, as a coastal province, has well-developed transportation system, a few major ports and well-developed industries to support the development of logistics companies. Furthermore, the short distance between Southeast countries and frequent trading activities provide a continuous demand for logistics services.

Entry barriers of China’s 3PL industry

- (i) *Stable client relationships:* Logistics and 3PL providers’ clients include manufacturers from various industries. For logistics and 3PL providers to succeed, expertise in relevant industries and stable relationships with clients are the key for continuous growth. It is considered difficult for logistics and 3PL providers to gain the trust of clients, which remains a key entry barrier for new players.
- (ii) *Sufficient technical support:* Complex logistics services rely heavily on information technology and technical devices. Technologies can provide a substantial boost for the efficiency and productivity of the working process. Integration of information technology is one of the keys for future development but remains rather difficult to achieve.
- (iii) *Proven brand image:* A brand’s image is developed over time and it is realised through clients’ direct experiences. In the logistics and 3PL industries, a company’s brand image links directly to the company’s overall competence and professionalism. Clients value the brand image of a logistics company and will entrust their goods to a well-branded logistics company accordingly, which thus creates an entry barrier for new logistics companies.
- (iv) *Competent management team:* A strong management team should have in-depth knowledge of integrated logistics as well as a solid understanding of the market. Industry expertise, coupled with vision and entrepreneurial spirit, enables a logistics company to compete successfully in the market by adjusting its business strategies in a timely fashion and by operating based on customers’ needs and market conditions.

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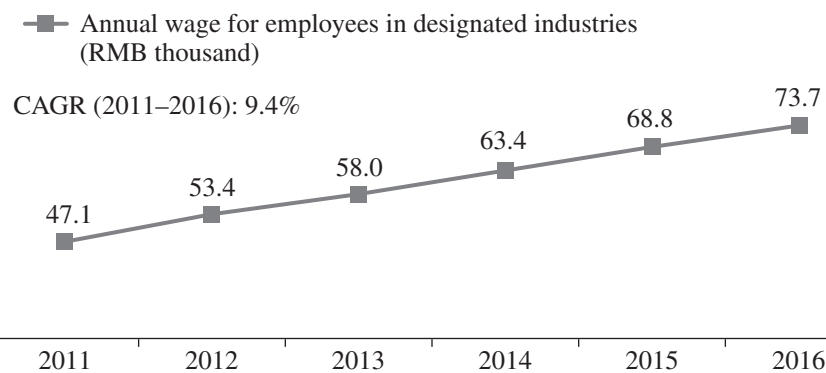
Cost analysis of China's 3PL industry

The main cost items for 3PL companies in China include wages for employees, rental costs of warehouses and diesel fuel expenditures.

Average annual wage for employees in transport, storage, and postal industries

The average annual wage for employees in transport, storage, and postal industries increased from RMB47.1 thousand to RMB73.7 thousand between 2011 and 2016, with a CAGR of 9.4%. The main factor pushing up wages has been the rapid expansion of express delivery and logistics industries, which have caused a shortage in delivery personnel.

Average annual wage for employees in transport, storage, and postal industries, China, 2011–2016



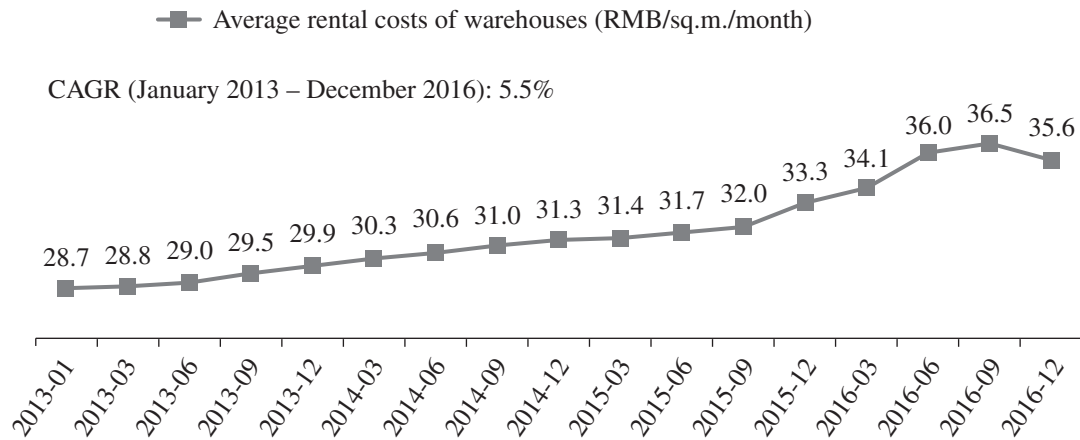
Source: NBSC

Average rental costs of warehouses

Since 2014, the supply of state-owned construction land in Guangdong Province kept dropping, which pushed up the rental costs of warehouses. The rapid development of e-commerce industry and logistics industry over the past few years was considered another major driving force for increasing the rental price of warehouses in Guangdong Province. As a result, the average rental costs of warehouses in Guangdong Province rose from RMB28.7 per sq.m. per month in January 2013 to RMB35.6 per sq.m. per month in December 2016, with a CAGR of 5.5%.

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Average rental cost of warehouses, Guangdong Province, January 2013–December 2016

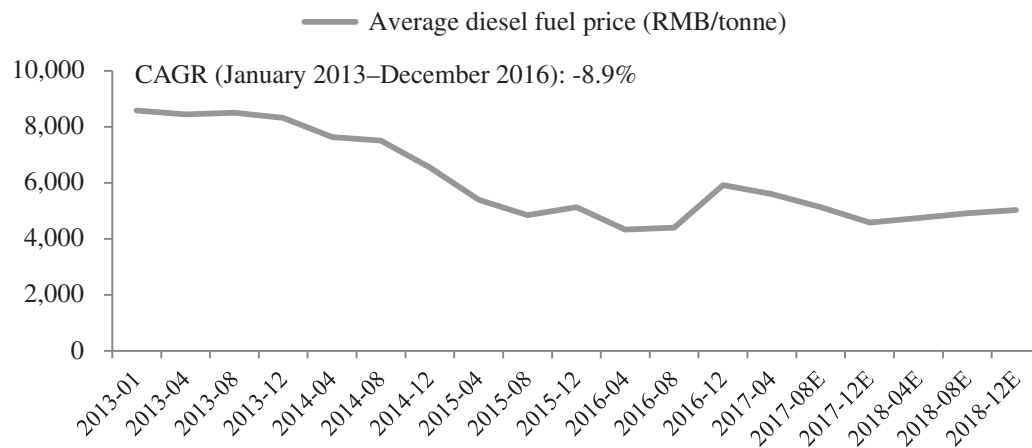


Source: China Association of Warehouses and Storage

Diesel fuel price

Due to the discovery of shale oil and the slowdown in global economic growth, crude oil experienced a stage of overproduction and demand meanwhile dropped. As a result, the price of diesel fuel, a type of liquid fuel which is made of crude oil, also suffered from the slump starting from the second half of 2014. The price of diesel fuel in China dropped from RMB8,586.0/tonne in January 2013 to RMB5,915.9/tonne in December 2016, with a negative CAGR of 8.9%. Global issues such as the Brexit, the presidential election of the US, and the easing of supply disruptions in Canada all put downward pressure on the average diesel fuel price in the first half of 2017. In the future, the average diesel fuel price is expected to keep dropping in 2017, and see a moderate growth after 2017 due to oil demand growth.

Average diesel fuel price, China, January 2013–December 2018E



Source: CIC