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## INDUSTRY OVERVIEW

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*The information presented in this section, unless otherwise indicated, is derived from various government publications and other publications, and from the Frost & Sullivan Report prepared by Frost & Sullivan, an independent third-party industry consultant commissioned by us. We believe that the sources of the information in this “Industry Overview” section are appropriate sources for such information, and we 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. We also believe there is no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information in this section. However, the information derived from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED], other than Frost & Sullivan, and no representation is given as to its accuracy. The information and statistics may not be consistent with other information and statistics compiled. For a discussion of risks relating to our industry, see “Risk Factors — Risks relating to our business and industry”.*

### THE B2C EXPORT E-COMMERCE MARKET IN THE PRC

B2C export e-commerce refers to e-commerce activities that exchange products, services, and information between businesses and individual consumers across different borders.

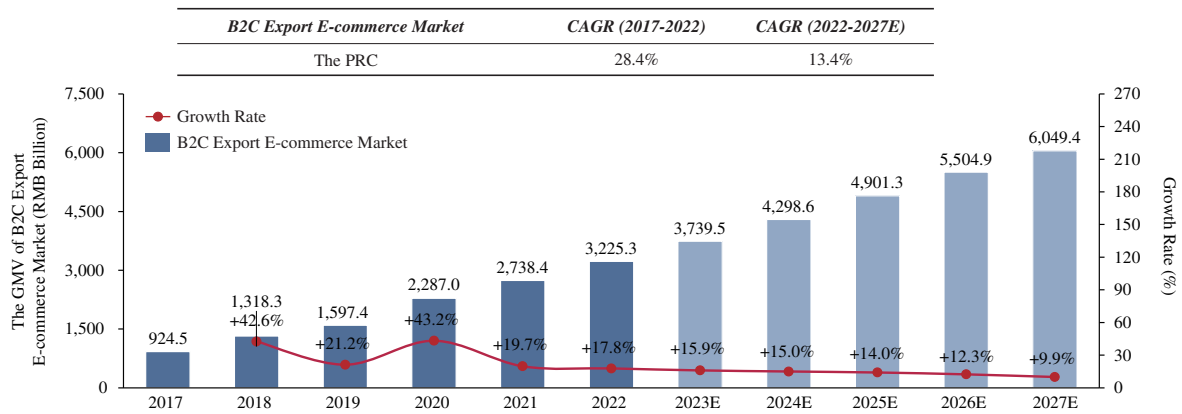
Since 2013, the B2C export e-commerce market has grown rapidly as driven by the further improvement of payment system, improved cross-border logistics delivery efficiency, increase in the number of new B2C export e-commerce platforms and the gradually formed habits of online shopping among global consumers.

The GMV of B2C export e-commerce market in the PRC increased rapidly, growing at a CAGR of 28.4% from RMB924.5 billion in 2017 to RMB3,225.3 billion in 2022.

In the future, the GMV of the B2C export e-commerce market in the PRC is expected to reach RMB6,049.4 billion in 2027 with a CAGR of 13.4% from 2022 to 2027 mainly driven by (1) the continued growth of the global economy (2) the increase in global consumer purchasing power and (3) the further strengthened international trade and economic cooperation between countries.

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The GMV of B2C Export E-commerce Market (The PRC), 2017–2027E



*Note:*

1. The market size of the B2C export e-commerce market refers to the sum of GMV of all cross-border e-commerce platforms.
2. GMV, which refers to gross merchandise value, is a way of measuring the total value of all e-commerce sales over a selected time period.

Source: CIECC and Frost & Sullivan Analysis

Despite the projected growth, the e-commerce vendors in the B2C export e-commerce market face the following key pain points:

- **Fragmented information:** The cost and availability of each component of the supply chain solutions, such as domestic collection, sorting, and transportation, are affected by many variables. Without supply chain visibility and control, it is difficult for e-commerce vendors to consolidate all information relating to different stakeholders and the logistical procedures involved.
- **Order management:** Most e-commerce vendors need to implement an omni-channel strategy to cater for orders from multiple e-commerce platforms. It is difficult to consolidate all consumer orders from various e-commerce platforms without the support of proper business processes and technological infrastructure.
- **Limited knowledge of local regulations:** Trading activities of e-commerce vendors are strictly regulated by different local regulations such as taxation, commodity access, trade policies and customs, etc.. E-commerce vendors, especially players which are new to the industry, are generally unfamiliar with such local regulations. Limited knowledge of local regulations proves to be a challenge to e-commerce vendors which plan to expand to new geographical areas.

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- ***Demand for fast delivery to end-consumers:*** Traditionally, without pre-sale stock stored in overseas warehouses, most e-commerce vendors can only deliver their goods directly from the PRC after orders have been placed by consumers overseas. As a result, the consumers need to endure long shipping times, which discourages them from ordering goods from e-commerce vendors. To retain their consumers, e-commerce vendors have to provide competitive shipping times similar to those of the local sellers, such as same-day or next-day delivery.
- ***High cost of after-sale services:*** E-commerce vendors normally face difficulties in dealing with product exchange and returns. For example, they may have to incur considerable cost and endure lengthy shipping period when processing product exchanges or return requests. The lengthened process for product exchange and returns generally results in a poor shopping experience for end-consumers and a costly after-sales services for e-commerce vendors.

### **B2C EXPORT E-COMMERCE SUPPLY CHAIN SOLUTIONS MARKET IN THE PRC**

In recent years, the rapid growth of the B2C export e-commerce market has stimulated demands for B2C export e-commerce supply chain solutions which can address the complicated, fragmented and costly process of delivery of goods to end-consumers overseas. B2C export e-commerce supply chain solutions refer to the supply chain solutions provided during the entire process of B2C e-commerce export. Therefore, there are many opportunities emerging for participants in the B2C export e-commerce supply chain solutions market, especially for providers who can provide end-to-end solution that can cover goods transportation, customs declaration and clearance services, warehousing, demand forecasting, and inventory management.

There are two models adopted by B2C export e-commerce supply chain solutions providers, namely (i) the direct shipping model and (ii) the pre-sale stocking model.

Direct shipping model is considered as the traditional method of cross-border shipping by which merchandise is shipped to end-consumers directly from the domestic warehouses of the e-commerce vendors upon the orders being placed. It provides more flexibility to e-commerce vendors given that it removes the risk of stagnant overseas inventory.

Pre-sale stocking model, which is a relatively new model in the industry, refers to the model by which e-commerce vendors first transport their goods to the overseas warehouses in the destination regions in advance for stocking, such that they can deliver the goods directly from the overseas warehouses to the consumers when the end-consumers place orders. This model helps e-commerce vendors bridge the distance between the end-consumers and the goods, improve the

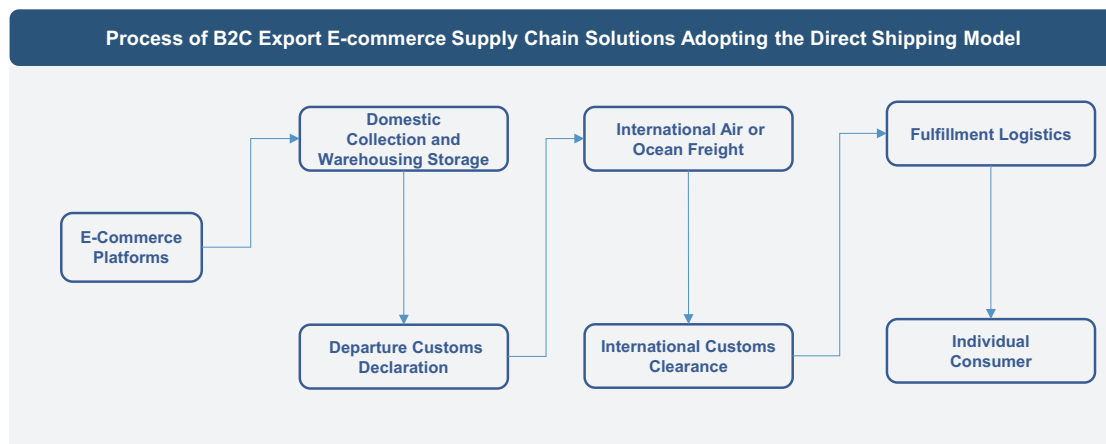
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quality control of goods, become more time-effective, and allow e-commerce vendors to provide after-sales services such as products returns and exchanges to its end-consumers at a lower cost and quicker turnaround time.

### Value Chain Analysis of B2C Export E-commerce Supply Chain Solutions Market

Direct shipping refers to the international shipping process from domestic sellers to overseas individual consumers, which usually takes two to four weeks. After receiving logistics orders from export e-commerce vendors, the B2C export e-commerce supply chain solutions providers carry out the corresponding business processes, which involve domestic collection, customs declaration and clearance, cross-border transportation and delivery of goods to individual consumers.

The below graph displays the value chain of the B2C export e-commerce supply chain solutions adopting the direct shipping model:



*Source: Frost & Sullivan Analysis (including interviews conducted by Frost & Sullivan with experts from major market players and reviews on the annual reports and document of other market participants regarding their positions in the B2C export e-commerce supply chain solutions market and their principal businesses)*

In contrast to direct shipping model, under the pre-sale stocking model, the B2C export e-commerce supply chain solutions providers ship the goods from sellers to the overseas warehouses in advance as pre-sale stock in the destination regions, then deliver the goods directly from the overseas warehouses upon the placing of orders by end-consumers. The services can be divided into “first-mile” international freight and “last-mile” fulfillment services.

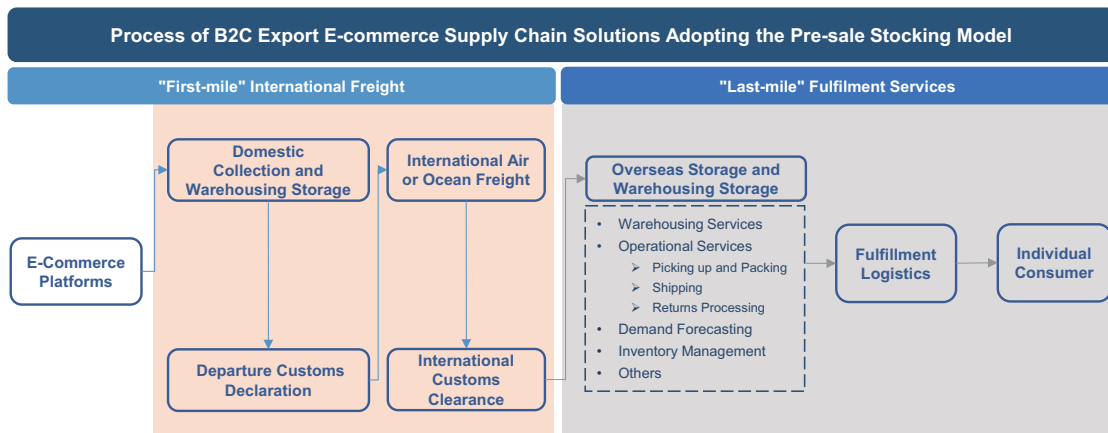
“First-mile” international freight services refer to the transport services of goods from vendors to the port of entry of imports. The services of “first-mile” international freight generally include domestic collection services, domestic warehousing storage services, customs declaration

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and clearance services and cross-border transportation services. Under the pre-sale stocking model, B2C export e-commerce supply chain solutions providers integrate the whole supply chain by outsourcing the whole process to third-party logistics providers which have the ability to provide “first-mile” international freight forwarding services.

“Last-mile” fulfillment services involve delivery from overseas warehouses to individual consumers. For “last-mile” fulfillment services, the B2C export e-commerce supply chain solutions providers under the pre-sale stocking model offer warehousing services and other value-added services, including operational services such as picking up and packing, shipping and return processing services, demand forecasting and inventory management services, and other ancillary services such as distribution services and after-sale services that support vendors in selling their products, and co-operate with the fulfillment logistics to deliver goods to individual consumers.

The below graph displays the value chain of the B2C export e-commerce supply chain solutions adopting the pre-sale stocking model:



*Source: Frost & Sullivan Analysis (including interviews conducted by Frost & Sullivan with experts from major market players and reviews on the annual reports and document of other market participants regarding their positions in the B2C export e-commerce supply chain solutions market and their principal businesses)*

### Major Participant Analysis

There are various types of participants in the market, including end-to-end export e-commerce supply chain solutions providers, international freight forwarding service providers, air/ocean carriers and “last mile” fulfillment service providers.

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The end-to-end export e-commerce supply chain solutions providers are focused more on value added services by digitalizing the whole process of value chain. The e-commerce enterprises rely on these solutions providers in wish to delivery their products to their overseas end consumers through a hassle free and track-able solution. On top of that, for some of the e-commerce enterprises that already have their own supply chain infrastructure, end-to-end export e-commerce supply chain solutions providers are also able to supplement their transportation and warehouse capacity during the peak season.

Major Participants	Business Scope/service Features	Market Position
End-to-end Export E-commerce Supply Chain Solutions Providers	<ul style="list-style-type: none"> <li>End-to-end export e-commerce supply chain solutions providers, leveraging on third-party logistics service providers, ship the goods from sellers to port of entry of import or end consumers, which consist of “first-mile” international freight services and “last-mile” fulfillment service.</li> <li>Based on the advantages of comprehensiveness and flexibility, end-to-end export e-commerce supply chain solutions providers can cater to every stage of the product logistics and fulfillment life cycle and have the capacity to provide value-added services.</li> </ul>	<ul style="list-style-type: none"> <li>The vast majority of end-to-end export e-commerce supply chain solutions providers focus on information consolidation and digitalization of the whole process and do not have their own logistics infrastructures.</li> </ul>
International Freight Forwarding Service Providers	<ul style="list-style-type: none"> <li>Generally, leveraging the air or ocean carriers, the international freight forwarding service providers focus on the “first-mile” which in charges of the goods shipping from one region to the other region through air or ocean.</li> </ul>	<ul style="list-style-type: none"> <li>International freight forwarding service providers do not have their own shipping capacity. They consolidate shipping capacities from various air or ocean carriers.</li> <li>They collaborate with end-to-end export e-commerce supply chain solutions providers in order to receive more orders from customers.</li> </ul>
Air or Ocean Carriers	<ul style="list-style-type: none"> <li>Air or ocean carriers traditionally provide shipping service from port of export to port of import through air or ocean, which focus on delivery “first-mile” international freight services.</li> </ul>	<ul style="list-style-type: none"> <li>Air or ocean carriers invest heavily to build their own shipping logistics network and infrastructure, and provide logistics services to other industry participants.</li> <li>Except few large enterprises, most air or ocean carriers focus on one area of the value chain to save cost.</li> </ul>
“Last mile” Fulfillment Service Providers	<ul style="list-style-type: none"> <li>“Last-mile” fulfillment service providers generally deliver goods from port or overseas warehouse to end customer, which focus on “last-mile” delivery.</li> </ul>	<ul style="list-style-type: none"> <li>“Last-mile” fulfillment service providers construct their local logistics network and infrastructure, and provide logistics services to other industry participants.</li> <li>Due to heavy investment, most “last mile” fulfillment service providers focus on part of the value chain to achieve operational efficiency.</li> </ul>

*Source: Frost & Sullivan Analysis (including interviews conducted by Frost & Sullivan with experts from major market players and reviews on the annual reports and document of other market participants regarding their positions in the B2C export e-commerce supply chain solutions market and their principal businesses)*

### Market Size of B2C Export E-commerce Supply Chain Solutions Market by Service Models

The export e-commerce supply chain solutions market grew significantly during the past few years. Particularly, the market size of B2C export e-commerce supply chain solutions market increased more swiftly, with a CAGR of 28.8% from RMB113.6 billion in 2017 to RMB402.4 billion in 2022. Between 2019 and 2020, the outbreak of the COVID-19, which boosted the demand for online shopping, was the main driving factor behind the significant rise in the demand for B2C export e-commerce supply chain solutions. In 2027, the market size is projected to reach RMB621.3 billion, with a CAGR of 9.1% from 2022 to 2027. Generally, B2C export e-commerce supply chain solutions market can be divided into the pre-sale stocking model and the direct shipping model.

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### *Pre-sale stocking model*

In recent years, pre-sale stocking model is becoming more popular, as it can provide individual consumers with faster and more predictable delivery times which could optimize their shopping experience. During 2017 to 2022, the market size of the B2C export e-commerce supply chain solutions adopting the pre-sale stocking model increased from RMB40.1 billion to RMB177.1 billion with a CAGR of 34.6%.

Between 2019 and 2021, during the outbreak of the COVID-19, not only did end-consumers develop an online shopping habit, many e-commerce vendors also realized the advantages of the pre-sale stocking model due to the occurrence of pandemic-caused port congestions and prolonged cargo unloading cycles in 2021. Correspondingly, the market size of B2C export e-commerce supply chain solutions adopting the pre-sale stocking model experienced a sharp rise during 2019 to 2021.

However, in 2022, with the recovery of the COVID-19, offline shopping gradually resumed and the market size of the B2C export e-commerce supply chain solutions with pre-sale stocking model slightly decreased. Furthermore, in 2023, given the declining freight rate, the market size is expected to slightly decrease, but it will remain above the pre-COVID-19 level in 2019.

With a CAGR of 14.5% from 2022 to 2027, the market size of B2C export e-commerce supply chain solutions adopting the pre-sale stocking model is projected to reach RMB348.6 billion in 2027.

### *Direct shipping model*

From 2017 to 2022, the market size of the B2C export e-commerce supply chain solutions with direct shipping model grew at a CAGR of 25.1% from RMB73.5 billion to RMB225.3 billion. Affected by the declining freight rate, the market size experienced a downward trend in 2022 and 2023, but is expected to resume to the normal level in the future. Accordingly, the market size of B2C export e-commerce supply chain solutions adopting the direct shipping model is predicted to reach RMB272.7 billion in 2027, with a CAGR of 3.9% from 2022 to 2027.

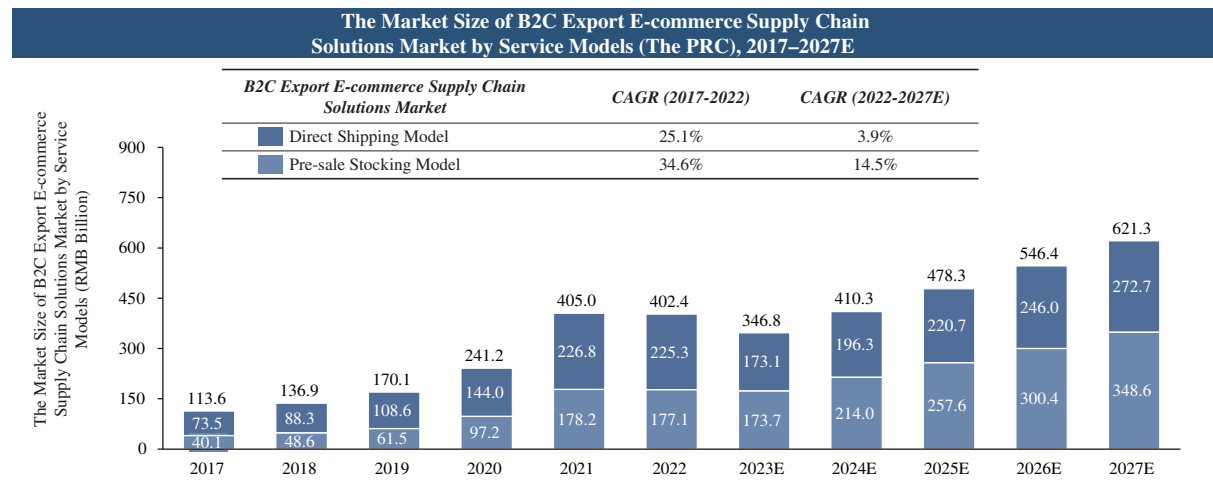
The expected recovery of the market size of B2C export e-commerce supply chain solutions adopting the direct shipping model was based on the following assumptions: (i) The direct shipping mode usually adopt air shipping and its market size is closely tied with the air freight rate. The freight rate has experienced a rapid growth during COVID-19 due to an increased demand arising from popularity of online shopping and is expected to resume normal post pandemic given the growing supply for the air shipping capacity. Since the pandemic, the cross-border flights were gradually resuming and alleviating the shortage of air shipping capacity,



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the freight rate resumed to around USD3,500 per tonne in the first half of 2023, similar to the freight rate range prior to the outbreak of COVID-19. As the second half of the year is usually the peak season for e-commerce, freight rates are expected to increase compared to the first half of the year. Meanwhile, from October 2023, the U.S. experienced the effects of extreme weather such as heavy rain and snow, which reduced the supply for the air shipping capacity, increasing air freight rates as a result. At the same time, due to the Israeli-Palestinian conflict, air freight rate started to improve in the second half of 2023. However, as the end of the conflict is uncertain, it is expected that air freight rate will continue to increase, resulting in further development of the market of B2C export e-commerce supply chain solutions adopting the direct shipping model in the future.

(ii) In the post-COVID-19 period, the infrastructure of B2C export e-commerce supply chain solutions were further developed. As a result, the market size of B2C export e-commerce supply chain solutions for direct shipping is expected to continue grow in the future.



Source: Drewry, ICAO Air Transport Report, Freightos FBX, SCFI and Frost & Sullivan Analysis

### Entry Barriers

**Industry knowledge:** The value chain of the B2C export e-commerce supply chain solutions market is highly complicated with different local regulations and various types of service providers involved, such as freight forwarding service providers and fulfillment logistics service providers. The existing experienced B2C export e-commerce supply chain solutions providers in the market have already accumulated extensive industry knowledge, thus they could overcome the underlying obstacles and mitigate uncertainties during the provision of services such as arrival and customs declaration and clearance services, warehousing and storage services. However, it is difficult for new entrants to accumulate sufficient industry knowledge within a short period of time, which creates an entry barrier for them.

**Developing long-term collaboration relationships with customers and market participants:** The long-term collaboration and diverse client base contribute to a sustainable demand for B2C export e-commerce supply chain solutions. Specifically, the large customer base



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and solid customer relationships guarantee an ever-increasing scale and frequency of orders, allowing market players to fully utilize resources and infrastructure. Over time, the experienced B2C export e-commerce supply chain solutions providers have developed symbiotic relationships with freight forwarding service providers and maintained deep collaboration relationships with “last-mile” fulfillment service providers in this market. It is difficult for new entrants to build the same level of cooperative relationships with customers and market participants in the short term.

**Technology:** Application of technologies such as big data and digitalization technologies in the provision of B2C export e-commerce supply chain solutions enables solutions providers to consolidate and analyze information from different sources, optimize service quality and promote efficiency. The continued adoption of these technologies provides both e-commerce vendors as well as consumers with higher operational efficiency and service quality. However, new entrants are normally unable to proficiently apply these technologies within a short period of time due to limited resources and industry experience.

**Overseas local expertise:** Overseas local expertise is another entry barrier for new entrants. For example, along with the long-term operation, the B2C export e-commerce supply chain solutions providers have accumulated local knowledge and professional experience in the overseas market, which greatly improves these solutions providers’ operational efficiency. In addition, a comprehensive network can meet customers’ ever-changing demands by providing flexible and diverse e-commerce supply chain solutions. However, it is difficult for new entrants to build their own pool of overseas local resources in the B2C export e-commerce supply chain solutions market in the short run.

### **Competitive Landscape of B2C Export E-commerce Supply Chain Solutions Market in the PRC**

The B2C export e-commerce supply chain solutions market in the PRC is rather fragmented with more than 4,000 market players, among which some adopt the direct shipping model and some adopt the pre-sale stocking model. Sometimes, for the convenience of the customers, B2C export e-commerce supply chain solutions providers adopt both the direct shipping model and the pre-sale stocking model. Compared with the industry participants focusing on small packages, those B2C export e-commerce supply chain solutions providers which focus on medium and large packages generally have some differential advantages, such as higher gross profit margins and customer loyalty. Deliverers of medium and large parcels generally charge a premium as medium and large parcels come in more shapes and sizes, which need to be attended to with special care. Regardless, the e-commerce vendors are willing to choose a B2C export e-commerce supply chain solutions provider which has the industry expertise to handle medium and large parcels and ensure the efficiency of the warehousing and outbound process. Therefore, the B2C export e-commerce supply chain solutions providers focusing on medium and large parcels usually have more

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bargaining power than others and gain a higher gross profit margin. In terms of revenue in 2022, the top 10 B2C export e-commerce supply chain solutions providers in the PRC accounted for approximately 7.5%.

In terms of revenue in 2022, our Group ranked seventh among all B2C export e-commerce supply chain solutions providers primarily utilizing pre-sale stocking model in the PRC, with a market share of approximately 0.4%. Our Group accounted for approximately 0.07% of the entire export e-commerce supply chain solutions market in the PRC. In addition, our Group is one of the largest B2C export e-commerce supply chain solutions providers adopting the partnered overseas warehousing model in the PRC.

**Top 10 B2C Export E-commerce Supply Chain Solutions Providers of  
B2C Export E-commerce Supply Chain Solutions with Pre-sale Stocking Model (the PRC), 2022**

Ranking	Company	Background Information	Market Share (%)
1	Company A	Founded in 2009, one of the leading export e-commerce supply chain solutions providers in the PRC, specializing in overseas storage and warehousing, “first-mile” international freight, “last-mile” delivery services, etc.	1.7%
2	Company B	Founded in 2012, one of the leading export e-commerce supply chain solutions providers in the PRC, providing overseas warehousing, special line logistics, etc.	1.5%
3	Company C	Founded in 2004, a leading export e-commerce supply chain solutions provider in the PRC, focusing on overseas warehousing, FBA, special line logistics, etc.	1.3%
4	Company D	Founded in 2015, a fast-growing export e-commerce supply chain solutions provider in the PRC, providing overseas warehousing, “first-mile” international freight, etc.	0.9%
5	Company E	Founded in 2016, a well-known export e-commerce supply chain solutions provider in the PRC, focusing on “first-mile” international freight, overseas warehousing, etc.	0.6%
6	Company F	Founded in 2012, a well-known export e-commerce supply chain solutions provider in the PRC, focusing on overseas warehousing, logistic solutions, etc.	0.5%
7	<b>Our Group</b>	See “Business” in this document	<b>0.4%</b>
8	Company G	Founded in 2002, a listed and top manufacturer of ergonomic solution products in the PRC, it also offers overseas warehousing services.	0.2%
9	Company H	Founded in 2009, a well-recognized export e-commerce supply chain solutions provider in the PRC, providing overseas warehousing, FBA, special line logistics, etc.	0.2%
10	Company I	Founded in 2016, a well-known export e-commerce supply chain solutions provider in the PRC, focusing on “first-mile” international freight, overseas warehousing, etc.	0.2%
Top 10			7.5%

*Notes:*

- All B2C export e-commerce supply chain solutions providers in the list are third-party companies.
- The revenue of Company G excludes revenue generated from self-use overseas storage and warehousing services.

*Source: Annual Reports, Interviews Conducted by Frost & Sullivan with Experts from Leading Market Players and Frost & Sullivan Analysis*

### Major Drivers

**Government support:** In recent years, the PRC government introduced some supportive policies to drive the development of the B2C export e-commerce supply chain solutions market. For example, the General Office of the People’s Government of Guangdong Province issued “Notice on a Number of Policy Measures to Promote the High-quality Development of Cross-border E-commerce\*” (《關於推進跨境電商高質量發展若干政策措施的通知》) in 2021

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striving to build 500 overseas warehouses with a total area exceeding 4 million sq.m., and gradually form a professional and intelligent overseas warehouse network. Thus, the government’s supportive policies have stimulated the development of the B2C export e-commerce supply chain solutions market.

**Rapid development of B2C export e-commerce market:** The increased cross-border online shopping activities and rapid development of e-commerce continue to drive the demand for B2C export e-commerce supply chain solutions. The development of the internet further accelerated changes in overseas consumers’ shopping habits and the booming demand for online shopping stimulated growth of the export e-commerce market, which in turn created opportunities for the growth of B2C export e-commerce supply chain solutions market.

**The popularity of pre-sale stocking model:** In recent years, more e-commerce vendors prefer to engage B2C export e-commerce supply chain solutions providers who adopt the pre-sale stocking model. Under the pre-sale stocking model, goods are shipped directly from the overseas warehouses after a consumer has placed an order, which shortens the delivery time of “last-mile” fulfillment services. In addition, under this model, the B2C export e-commerce supply chain solutions providers offer after-sale services such as product returns and exchange services, resulting in an improvement of overall efficiency.

**Application of new technologies:** The application of new technologies, such as SaaS solution and big data, has been promoting B2C export e-commerce supply chain solutions providers to save costs and improve efficiency. For example, the application of SaaS solution enables B2C export e-commerce supply chain solutions providers to offer more services such as supply chain visibility and control, supporting sellers’ omni-channel operation through consolidating all orders. Moreover, the use of intelligent robots in goods sorting and goods storing plays an important role in achieving the reduction in labor costs. In addition, the application of big data and other technologies enables B2C export e-commerce supply chain solutions providers to optimize the overall path of B2C export e-commerce supply chain solutions, which could save cost and help clients shorten the lead time of their goods.

### Market Trends

**Integrated supply chain solution platform:** The B2C export e-commerce supply chain solutions market is complex and involves multiple parties including end-to-end export e-commerce supply chain solutions providers, international freight forwarding service providers, air or ocean carriers, and “last mile” fulfillment service providers, etc., therefore, it is especially important for B2C export e-commerce supply chain solutions providers to obtain and integrate the scattered resources of the whole value chain to form an end-to-end one-stop B2C export e-commerce supply chain solution platform in the future. The integrated platform can facilitate real-time data

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integration and sharing, thus reduce the time required for each process, ensure better supply chain timeliness, further gain customer recognition, and ultimately achieve the goal of increasing revenue. In addition, the B2C export e-commerce supply chain solutions providers could offer value-added services, such as providing advice on stocking to help sellers optimize stocking and merchandise selections.

**Digitalization:** In recent years, digitalization creates strong growth potential for the B2C export e-commerce supply chain solutions market. B2C export e-commerce supply chain solutions providers leverage various types of digital applications such as SaaS and IoT to simplify transaction processes, improve supply chain solutions efficiency and increase consumer stickiness. With the support of digitalization tools, solutions providers in the market gradually reduce their operating cost, which could in turn increase their profit.

**Popularity of partnered overseas warehousing model:** In recent years, the partnered warehousing model is becoming more popular and it is expected to be widely adopted by the B2C export e-commerce supply chain solutions providers in the future, mainly due to the following advantages. Firstly, the service providers under the partnered warehousing model can save rental cost of the overseas storage and warehousing, thus reducing the capital expenditure. Moreover, the partnered warehousing model is scalable allowing B2C export e-commerce supply chain solutions providers to easily expand its existing network of warehouses, especially for those who have solid technology foundation and strong management capabilities. Therefore, it is expected that more and more industry participants will prefer to choose the partnered warehousing model in the future.

### Cost Analysis

The main cost for most B2C export e-commerce supply chain solutions providers is freight rate of seaborne transportation and “last-mile” fulfillment delivery fee.

Before 2020, the freight rate of seaborne transportation from the PRC maintained steady and was kept under USD1,400 per FEU. The global outbreak and spread of the COVID-19 in 2020 led to a surge in online shopping. Consequently, as major ports had limited capacity to deal with the huge increase in freight volume, there was an uneven distribution of seaborne freight capacity globally during the epidemic era, which had eventually led to an increase of the freight rate of seaborne transportation. The freight rate of seaborne transportation rose and peaked at USD7,321.0 per FEU in 2022 from USD1,360.6 per FEU in 2017, with a CAGR of 40.0%. As China Average Composite Containerized Freight Index had been decreased since August 2022, the decline of the freight rate signifies that the B2C export e-commerce supply chain solutions market had been returned to normal in 2023. The PRC freight rate of seaborne transportation is predicted to drop to USD2,526.3 per FEU in 2027, with a CAGR of -19.2% from 2022 to 2027.

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A continuous increase in the average “last mile” delivery fee in the United States has been witnessed in recent years, which results in a growing cost for B2C export e-commerce supply chain solutions providers. From 2017 to 2022, the average “last mile” delivery fee in the United States increased from USD6.3 per parcel in 2017 to USD8.0 per parcel in 2022, with a CAGR of 4.9% from 2017 to 2022. In 2027, the average “last mile” delivery fee in the United States is expected to reach USD10.2 per parcel, with an expected CAGR of 5.0% from 2022 to 2027.

### SOURCES OF INFORMATION

We have commissioned Frost & Sullivan, an independent market researcher and consultant, to analyze and report on, the export e-commerce market in the PRC and the B2C export e-commerce supply chain solutions market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Frost & Sullivan provides market research on a variety of industries, among other things. The information from Frost & Sullivan disclosed in this document is extracted from a report commissioned by us for a fee of RMB500,000, and is disclosed with the consent of Frost & Sullivan (the “**F&S Report**”).

We have included certain information from the F&S Report in this document because our Directors believe that such information facilitates an understanding of the relevant market by potential investors. The market research process for the F&S Report has been undertaken through detailed primary research which involves discussing the status of the B2C export e-commerce market in the PRC, and the B2C export e-commerce supply chain solutions market with leading market participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database.

Analysis and forecasts contained in the F&S Report are based on the following major assumptions at the time of compiling such report: (i) the global economy and the PRC economy are likely to maintain a steady growth in the next decade; (ii) the PRC’s social, economic, and political environment is likely to remain stable in the forecast period; (iii) the COVID-19 will affect the market stability in the short term; and (iv) market drivers such as increasing urbanization rate, policy supports from governments, growing of economy, stable growth of foreign trade, continuous development of network technology and others will drive the development of the B2C export e-commerce supply chain solutions market. Our Directors confirm that after taking reasonable care, there has no material adverse change in the overall market information since the date of the F&S Report that would materially qualify, contradict or have an impact on such information.