INDUSTRY OVERVIEW

Certain information and statistics set out in this section and elsewhere in this document are derived from various government and other publicly available sources and from the market research report prepared by Frost & Sullivan. Frost & Sullivan is an independent industry consultant engaged by us, and we commissioned Frost & Sullivan to prepare a market research report. The information from official government sources has not been independently verified by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], or any other persons or parties involved in the [REDACTED], and no representation is given as to the accuracy of such information. For discussions of risks relating to our industry, please see "Risk Factors — Risks Relating to Our Business and Industry."

GLOBAL B2C E-COMMERCE MARKET

Overview

E-commerce, as one of the trade activities, digitalizes the whole process of trade, breaking away from the time and space constraints in conventional offline trade and connecting sellers and consumers around the world.

E-commerce can be mainly divided by business model into (i) B2B e-commerce and (ii) B2C e-commerce. B2C e-commerce refers to a transaction activity in which individual consumers visit business sellers' websites or online third-party platforms, select goods, process payments and receive goods from sellers via logistics. Typically, this transaction involves a wide variety of industry participants, primarily including sellers, third-party platforms, self-operated websites, third-party payment service providers, logistics solutions providers and individual consumers.

In particular, third-party platforms refer to marketplaces such as Alibaba, Amazon, eBay and Wish, which provide platforms on which sellers sell their products. Self-operated websites refer to platforms that sell their products to consumers through their own websites or mobile apps.

Value Chain Analysis

The value chain of B2C e-commerce consists of (i) upstream suppliers and producers such as OEM suppliers; (ii) midstream B2C e-commerce sellers, B2C e-commerce platforms and B2C e-commerce service providers, which are the core of the entire value chain; and (iii) downstream individual consumers. B2C e-commerce sellers include brand operators, retailers, distributors and traders. B2C e-commerce service providers include logistics solutions providers, payment services providers and other services providers such as export declaration service providers and IT services providers, offering services in all aspects of e-commerce transactions. Sellers sell products to individual consumers through B2C e-commerce platforms, and B2C e-commerce service providers offer services to assist with fulfillment.
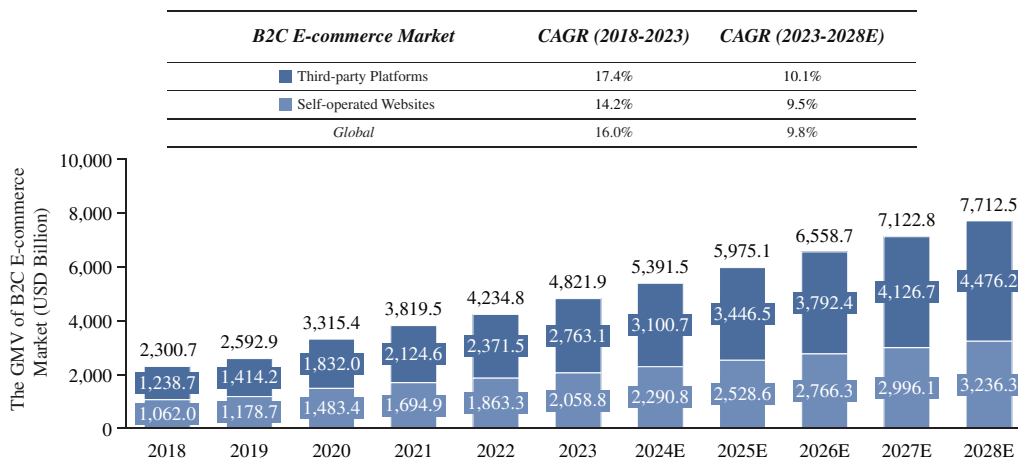
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Market Size

In terms of GMV, the global B2C e-commerce market increased rapidly from USD2,300.7 billion in 2018 to USD4,821.9 billion in 2023, with a CAGR of 16.0%. After the outbreak of COVID-19, the demand for online shopping increased in various developed regions such as the U.S. and Europe, driving the growth of the global B2C e-commerce market, with the GMV of the global B2C e-commerce market increasing by 27.9% from 2019 to 2020. The GMV of the global B2C e-commerce market is expected to reach USD7,712.5 billion in 2028, with a CAGR of 9.8% from 2023 to 2028. As a result, the receding of the COVID-19 pandemic will not lead to contraction of the global B2C e-commerce market. Instead, there is expected to be escalating consumer dependence on online shopping platforms and broadening of the scope of the digital marketplace.

The global B2C e-commerce market can further be divided into (i) the global B2C e-commerce market by third-party platforms and (ii) self-operated websites. Compared with self-operated websites, third-party platforms take advantage of the convenience of customer acquisition and warehouse management, succeeding in overseas markets and experiencing promising growth. The GMV of the global B2C e-commerce market by third-party platforms grew from USD1,238.7 billion in 2018 to USD2,763.1 billion in 2023 at a CAGR of 17.4%, accounting for approximately 57.3% of the global B2C e-commerce market in 2023, and is expected to further reach USD4,476.2 billion in 2028, with a CAGR of 10.1% from 2023 to 2028.

The GMV of B2C E-commerce Market (Global), 2018-2028E

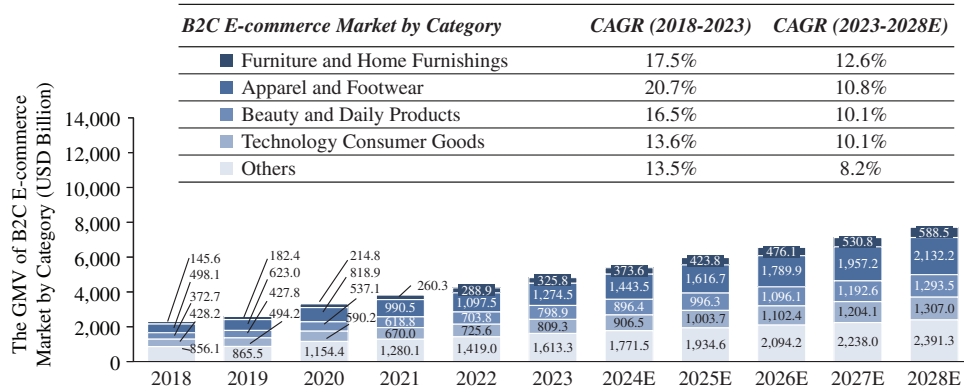| B2C E-commerce Market	CAGR (2018-2023)	CAGR (2023-2028E)
■ Third-party Platforms	17.4%	10.1%
■ Self-operated Websites	14.2%	9.5%
Global	16.0%	9.8%

Note: The market size refers to the sum of GMV generated from all e-commerce platforms.

Source: International Trade Administration and Frost & Sullivan Analysis.

Furniture and home furnishings, apparel and footwear, beauty and daily products and technology consumer goods are the major categories of the global B2C e-commerce market, which accounted for 6.8%, 26.4%, 16.6% and 16.8%, respectively, in 2023. Due to the rise in disposable income in developed countries and the convenience of shopping online, furniture and home furnishings are expected to be the fastest growing category in the global B2C e-commerce market. The GMV of global B2C e-commerce for the furniture and home furnishings market is expected to reach USD588.5 billion in 2028, with a CAGR of 12.6% from 2023 to 2028.

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The GMV of B2C E-commerce Market by Category (Global), 2018-2028E

B2C E-commerce Market by Category	CAGR (2018-2023)	CAGR (2023-2028E)
■ Furniture and Home Furnishings	17.5%	12.6%
■ Apparel and Footwear	20.7%	10.8%
■ Beauty and Daily Products	16.5%	10.1%
■ Technology Consumer Goods	13.6%	10.1%
□ Others	13.5%	8.2%

Note: The market size refers to the sum of GMV generated from all e-commerce platforms.

Source: International Trade Administration and Frost & Sullivan Analysis

Competitive Landscape of Global B2C E-commerce Market

The global B2C e-commerce market is highly fragmented, with more than 50 million market participants. In 2023, the total GMV of the global B2C e-commerce market was approximately USD4,821.9 billion. In terms of GMV, our group accounted for approximately 0.02% of the total GMV of the global B2C e-commerce market in 2023.

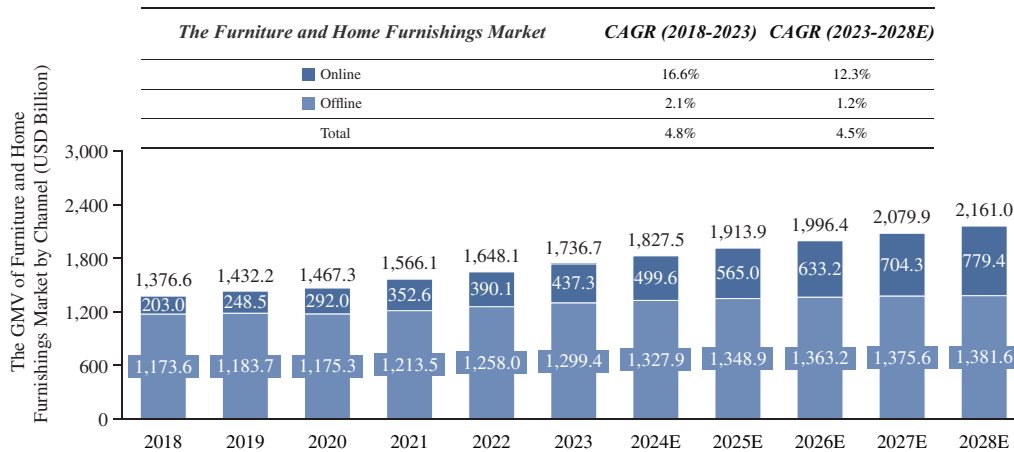## GLOBAL FURNITURE AND HOME FURNISHINGS B2C E-COMMERCE MARKET

Overview

Products in the global furniture and home furnishings B2C e-commerce market are generally composed of two categories, namely furniture and home furnishings. Furniture commonly includes, among others, beds, bookcases, dressers, chests of drawers, vanity tables and vanity benches, food cabinets, sideboards, sofas and outdoor furniture. Home furnishings are used to decorate and furnish a home, including home textiles such as bedding sets, carpets and curtains, and home decorations such as photo frames, wall decor and vases. Furniture and home furnishings are commonly medium-to-large goods with high unit prices and transportation costs. Therefore, consumers are more cautious when choosing furniture and home furnishings online, which reduces the likelihood of returns. As a result, furniture and home furnishings typically have low return rates. Currently, the overall return rate of the global furniture and home furnishings B2C e-commerce market is approximately 5%.

Market Size

The GMV of the global furniture and home furnishings market grew from USD1,376.6 billion in 2018 to USD1,736.7 billion in 2023, with a CAGR of 4.8%. Compared with offline channels, the furniture and home furnishings market by online channels has experienced and is expected to continue experiencing higher growth with the development of e-commerce infrastructure such as warehousing, logistics solutions and payment systems. The GMV of the global furniture and home furnishings market by online channels increased from USD203.0 billion in 2018 to USD437.3 billion in 2023 with a CAGR of 16.6% from 2018 to 2023, and is expected to reach USD779.4 billion in 2028, with a CAGR of 12.3% from 2023 to 2028.

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**The GMV of Furniture and Home Furnishings
Market by Channel, 2018-2028E**

The Furniture and Home Furnishings Market	CAGR (2018-2023)	CAGR (2023-2028E)
■ Online	16.6%	12.3%
■ Offline	2.1%	1.2%
Total	4.8%	4.5%

The GMV of Furniture and Home Furnishings Market by Channel (USD Billion)

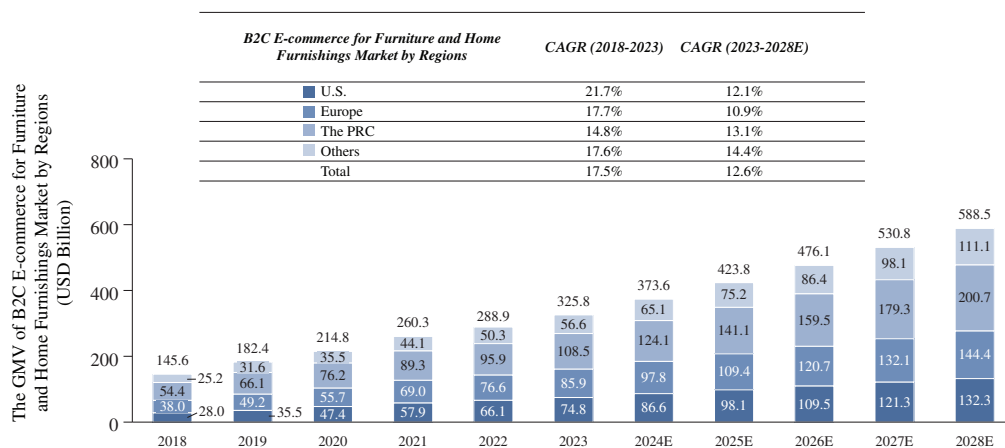| Year	Total	Online	Offline
2018	1,376.6	203.0	1,173.6
2019	1,432.2	248.5	1,183.7
2020	1,467.3	292.0	1,175.3
2021	1,566.1	352.6	1,213.5
2022	1,648.1	390.1	1,258.0
2023	1,736.7	437.3	1,299.4
2024E	1,827.5	499.6	1,327.9
2025E	1,913.9	565.0	1,348.9
2026E	1,996.4	633.2	1,363.2
2027E	2,079.9	704.3	1,375.6
2028E	2,161.0	779.4	1,381.6

Note: The market size refers to the sum of GMV generated from all e-commerce platforms.

Source: CSIL and Frost & Sullivan Analysis.

The GMV of global B2C e-commerce for the furniture and home furnishings market increased from USD145.6 billion in 2018 to USD325.8 billion in 2023, with a CAGR of 17.5%. The U.S. and Europe were the main regions for the global B2C e-commerce market for furniture and home furnishings, which accounted for 23.0% and 26.4% of the market in 2023, respectively. The GMV of the B2C e-commerce market for furniture and home furnishings in the U.S. increased from USD28.0 billion in 2018 to USD74.8 billion in 2023, with a CAGR of 21.7%, while the Europe GMV increased from USD38.0 billion in 2018 to USD85.9 billion in 2023, with a CAGR of 17.7%.

In line with the increase of the furniture and home furnishings market by online channels, the GMV of global B2C e-commerce for the furniture and home furnishings market is expected to reach USD588.5 billion in 2028, with a CAGR of 12.6% from 2023 to 2028.

**The GMV of B2C E-commerce for Furniture and Home
Furnishings Market by Regions (Global), 2018-2028E**

B2C E-commerce for Furniture and Home Furnishings Market by Regions	CAGR (2018-2023)	CAGR (2023-2028E)
■ U.S.	21.7%	12.1%
■ Europe	17.7%	10.9%
■ The PRC	14.8%	13.1%
■ Others	17.6%	14.4%
Total	17.5%	12.6%

The GMV of B2C E-commerce for Furniture and Home Furnishings Market by Regions (USD Billion)

Year	Total	Others	The PRC	Europe	U.S.
2018	145.6	25.2	54.4	38.0	28.0
2019	182.4	31.6	66.1	49.2	35.5
2020	214.8	35.5	76.2	55.7	47.4
2021	260.3	44.1	89.3	69.0	57.9
2022	288.9	50.3	95.9	76.6	66.1
2023	325.8	56.6	108.5	85.9	74.8
2024E	373.6	65.1	124.1	97.8	86.6
2025E	423.8	75.2	141.1	109.4	98.1
2026E	476.1	86.4	159.5	120.7	109.5
2027E	530.8	98.1	179.3	132.1	121.3
2028E	588.5	111.1	200.7	144.4	132.3

Note: The market size refers to the sum of GMV generated from all e-commerce platforms.

Source: CSIL, Bureau of Economic Analysis of the U.S., Eurostat, National Bureau of Statistics of China and Frost & Sullivan Analysis.

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China-based sellers make up the world's largest exporter group of furniture and home furnishings. The U.S. and Europe are the largest markets for furniture and home furnishings overseas e-commerce for China-based sellers. The GMV of B2C overseas e-commerce for the furniture and home furnishings market generated by China-based sellers increased from RMB158.2 billion in 2018 to RMB773.8 billion in 2023, with a CAGR of 37.4%. In 2020, the outbreak of COVID-19 shifted consumer behaviors and accelerated the development of online shopping, with the GMV of B2C overseas e-commerce for the furniture and home furnishings market generated by China-based sellers increasing by 78.3% from 2019 to 2020.

With a steady increase of demand for furniture and home furnishings, the GMV of B2C overseas e-commerce for the furniture and home furnishings market generated by China-based sellers is expected to reach RMB1,604.8 billion in 2028, with a CAGR of 15.7% from 2023 to 2028.

The GMV of B2C Overseas E-commerce for Furniture and Home Furnishings Market Generated by China-based Sellers, 2018-2028E
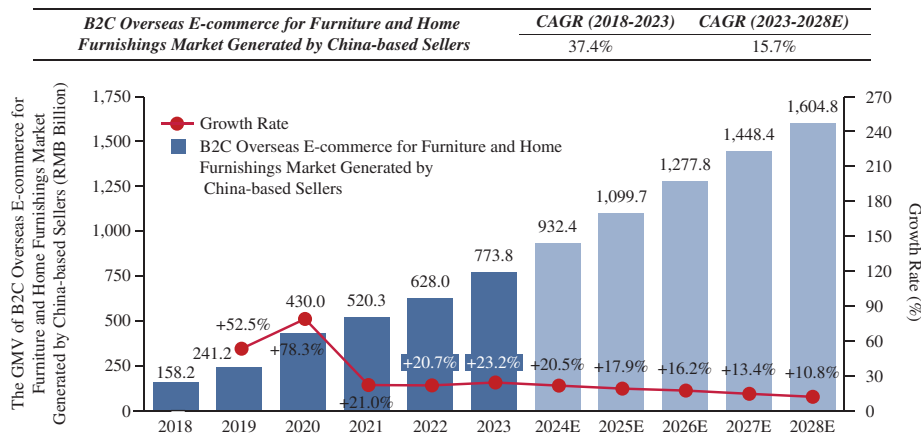
B2C Overseas E-commerce for Furniture and Home Furnishings Market Generated by China-based Sellers	CAGR (2018-2023)	CAGR (2023-2028E)
	37.4%	15.7%

Note: The market size refers to the sum of GMV generated from all e-commerce platforms.

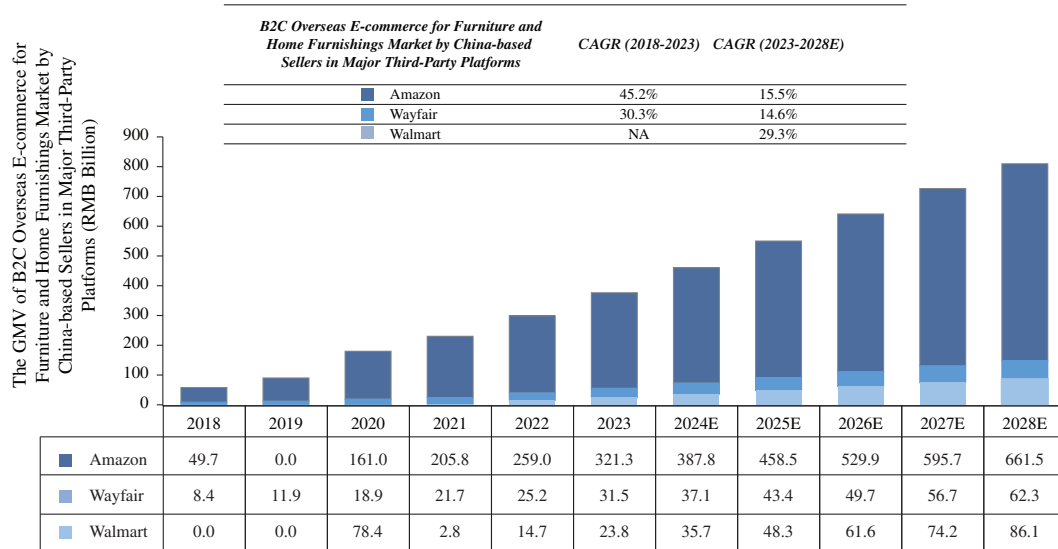*Source: China International Electronic Commerce Center and Frost & Sullivan Analysis.*

Amazon is one of the major third-party platforms of the B2C overseas e-commerce for furniture and home furnishings by China-based sellers. The GMV generated from China-based sellers in B2C overseas e-commerce for furniture and home furnishings on Amazon increased from RMB49.7 billion in 2018 to RMB321.3 billion in 2023, with a CAGR of 45.2%. Accordingly, the GMV generated from China-based sellers on Amazon accounted for approximately 41.5% of B2C overseas e-commerce for the furniture and home furnishings market by China-based sellers in 2023. The GMV from China-based sellers in B2C overseas e-commerce for furniture and home furnishings on Amazon is expected to reach RMB661.5 billion in 2028, with a CAGR of 15.5% from 2023 to 2028.

Moreover, Wayfair is favored by China-based sellers as one of the major e-commerce platforms for furniture and home furnishings. The GMV generated from China-based sellers in B2C overseas e-commerce for furniture and home furnishings products on Wayfair increased from RMB8.4 billion in 2018 to RMB31.5 billion in 2023, with a CAGR of 30.3%. The GMV generated from China-based sellers in B2C overseas e-commerce furniture and home furnishings on Wayfair is expected to reach RMB62.3 billion in 2028, with a CAGR of 14.6% from 2023 to 2028.

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In addition, China-based sellers were granted access to Walmart in March 2021. At Walmart, the GMV generated from China-based sellers in B2C overseas furniture and home furnishings e-commerce reached RMB23.8 billion in 2023.

The GMV of B2C Overseas E-commerce for Furniture and Home Furnishings Market by China-based Sellers in Major Third-Party Platforms, 2018-2028E

B2C Overseas E-commerce for Furniture and Home Furnishings Market by China-based Sellers in Major Third-Party Platforms	CAGR (2018-2023)	CAGR (2023-2028E)
Amazon	45.2%	15.5%
Wayfair	30.3%	14.6%
Walmart	NA	29.3%

	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Amazon	49.7	0.0	161.0	205.8	259.0	321.3	387.8	458.5	529.9	595.7	661.5
Wayfair	8.4	11.9	18.9	21.7	25.2	31.5	37.1	43.4	49.7	56.7	62.3
Walmart	0.0	0.0	78.4	2.8	14.7	23.8	35.7	48.3	61.6	74.2	86.1

Note: The market size refers to the sum of GMV generated from all China-based sellers of the relevant e-commerce platforms.

Source: Frost & Sullivan Analysis (including interviews conducted by Frost & Sullivan with experts from major market players and reviews on the annual reports and documents of other market participants).

Market Drivers

Rise in the Demand for Cost-effective Furniture and Home Furnishings: With the increase of global per capita income, consumers start to explore new designs in furniture and home furnishings, leading to an increased frequency of replacing such items. Consumers in China usually consider furniture and home furnishings as durable goods, while consumers in Europe and the U.S. tend to consider furniture and home furnishings to have characteristics typical of fast-moving consumer goods. Therefore, consumers in Europe and the U.S. tend to replace furniture and home furnishing items more frequently, therefore preferring products with lower prices and higher quality. This trend propels the demand for cost-effective furniture and home furnishings, consequently expanding the global furniture and home furnishings B2C e-commerce market.

Rapid Growth of Sales Through Online Channels for Furniture and Home Furnishings Market: With the rapid development of the digital economy and the change of consumers' consumption habits, online channels have become the main growth driver of the global furniture and home furnishings market. The GMV of the online channel of the global furniture and home furnishings market increased from USD203.0 billion in 2018 to USD437.3 billion in 2023, with a CAGR of 16.6%. Specifically, the online penetration rate[1] of the global

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[1] The calculation basis of the online penetration rate of the global furniture and home furnishings market is the result that the GMV of the global furniture and home furnishings market by online channels divided by the GMV of the global furniture and home furnishings market.

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furniture and home furnishings market reached 25.2% in 2023. It is expected that the online penetration rate of the global furniture and home furnishings market will maintain a stable growth and reach about 36.1% by 2028, with a CAGR of 7.5% from 2023 to 2028. Therefore, benefiting from the rapid development of online sales channels, the global furniture and home furnishings B2C e-commerce market will expand further.

Efficient and Mature Supply Chain Systems: Furniture and home furnishings often exhibit large dimensions, irregular shapes and susceptibility to damage, necessitating a specialized supply chain system to ensure product quality and transportation efficiency. Currently, the global supply chain systems have matured, and are capable of providing customized, efficient and secure solutions tailored to the characteristics of such products. Efficient and mature supply chain systems not only reduce the costs and risks for e-commerce but also enhance the online shopping experience and confidence of overseas consumers. With an efficient and mature supply chain, China-based sellers are continuously expanding their market share in the global furniture and home furnishings B2C e-commerce market. In terms of the GMV, the share of B2C overseas e-commerce for the furniture and home furnishings market by China-based sellers in the global furniture and home furnishings B2C e-commerce market has increased steadily, from 15.5% in 2018 to 33.9% in 2023.

Future Opportunities and Challenges

Competitive Prices and High-quality Products with Innovative and Unique Design: With the emergence of a new generation of consumers, the global furniture and home furnishings market demand has undergone a transformation. Consumers now have multifaceted expectations concerning the quality, design and pricing of furniture and home products. In terms of quality and pricing, consumers increasingly seek to acquire high-quality products at lower prices. Additionally, consumers tend to favor innovative and unique design styles. Therefore, offering high-quality and cost-effective furniture and home furnishings with an innovative and unique design strikes a balance in meeting consumers' diverse demand and is poised to become a major development trend in the future.

Digitalization and Automation: Recently, digitalization and automation have created strong growth potential for the global furniture and home furnishings B2C e-commerce market. Furniture and home furnishings B2C e-commerce sellers use various types of digital applications such as WMS, TMS and MCOMS (multi-channel ordering management system) to simplify the supply chain and improve delivery efficiency. Meanwhile, as the furniture and home furnishings industry and its supply chain gradually adopt automated equipment, the cost of furniture and home furnishings and the cost of logistics reduces, which will boost the growth of the global furniture and home furnishings B2C e-commerce market.

Environmental friendliness: In recent years, there has been a heightening focus on environmental protection in Europe and the U.S. Meanwhile, consumers' awareness of environmental protection and sustainable development increases; therefore, environmentally friendly goods will become an important trend of the furniture and home furnishings B2C e-commerce market. Consumers are increasingly focusing on the environmental credentials of products, including the materials used, the manufacturing processes, and the sustainability of packaging. In the future, eco-friendliness and environmental sustainability are becoming the major trends in the growth of the furniture and home furnishings B2C e-commerce market.

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High Logistics and Warehousing Costs: Furniture and home furnishings, typically characterized by their considerable size, substantial weight, and susceptibility to damage, incur relatively high costs and risks in global e-commerce logistics and warehousing. These factors can influence consumer purchasing decisions and overall satisfaction. Furniture and home furnishings B2C e-commerce sellers need to optimize logistics approaches and models, reduce the cost of logistics and warehousing and improve efficiency and safety.

Competitive Landscape of Global Furniture and Home Furnishings B2C E-commerce Market

The global furniture and home furnishings B2C e-commerce market is rather fragmented, with more than 200,000 market participants. In terms of the GMV of the global furniture and home furnishings B2C e-commerce market in 2023, the top five furniture and home furnishings B2C e-commerce sellers accounted for approximately 5.1%. In terms of the GMV of the global furniture and home furnishings B2C e-commerce market in 2023, our Group ranked fifth among all global furniture and home furnishings B2C e-commerce market participants, with a market share of approximately 0.2%.

Top Five Furniture and Home furnishings B2C E-commerce Sellers by GMV (Global), 2023

Ranking	Company	Market Share (%)
1	Company A	3.9%
2	Company B	0.4%
3	Company C	0.3%
4	Company D	0.3%
5	**Our Group**	**0.2%**
Top 5		5.1%

Notes:

(1) Company A, founded in 1943, is a world-leading furniture and home furnishings retailer that designs and sells ready-to-assemble furniture and home furnishings. It is primarily known for its modernist furniture designs, its simple approach to interior design, and its immersive shopping concept.

(2) Company B, founded in 1972 and headquartered in Japan, is a listed and leading furniture and home furnishings manufacturer and distributor. It mainly engages in the planning and sale of furniture and interior merchandise (home furnishings), interior decorative coordinating for newly built homes and sale of products developed and imported from overseas.

(3) Company C, founded in 2007, is a professional furniture and home furnishings enterprise in the PRC that integrates product development, manufacturing, sales and after-sales into one body. The company focuses its business operation in the PRC.

(4) Company D, founded in 2010, is a leading furniture and home furnishings enterprise in the PRC that integrates design, manufacturing and sales. The company focuses its business operation in the PRC.

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

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Competitive Landscape of B2C Overseas E-commerce for the Furniture and Home Furnishings Market by China-based Sellers

B2C overseas e-commerce for the furniture and home furnishings market by China-based sellers is rather fragmented, with more than 150,000 market participants. In terms of the GMV in 2023, the top five participants accounted for approximately 2.9% in the market. Our Group ranked first among all market participants in the market, with a market share of approximately 0.7%.

Top Five China-based Sellers in the Market by GMV, 2023

Ranking	Company	Market Share (%)
1	**Our Group**	**0.7%**
2	Company E	0.6%
3	Company F	0.6%
4	Company G	0.6%
5	Company H	0.4%
Top 5		2.9%

Notes:

(1) Company E, founded in 2010, is a listed PRC company and leading B2C overseas furniture and home furnishings e-commerce seller in China and has entered more than 60 countries and regions. It specializes in the categories of furniture, home furnishings and pet supplies.

(2) Company F, founded in 1998, is a well-known B2C overseas furniture and home furnishings e-commerce seller in the Yangtze River Delta in China. Its products cover more than 20 categories such as furniture and home furnishings, mother and baby toys, home appliances, sports equipment, outdoor products, pet supplies, luggage and other products.

(3) Company G, founded in 2003, is a leading B2C overseas furniture and home furnishings e-commerce seller in China that integrates product development, online retailing, overseas warehousing and marketing under one roof. Its products cover furniture and home furnishings, outdoor sports equipment, garden supplies, pet supplies and other categories.

(4) Company H, founded in 2013, is a leading B2C overseas furniture and home furnishings e-commerce seller in China that mainly sells furniture and home furnishings, outdoor sports equipment, baby and children's toys, pet supplies and other categories.

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

Entry Barriers

Online Operational Capability: Online operational capability directly affects the core indicators such as brand image, customer satisfaction, market share and profitability of e-commerce sellers, and is the key factor in furniture and home furnishings B2C e-commerce sellers standing out against the fierce competition. Online operational capability involves the comprehensive ability to carry out product promotion, sales, service, management and other activities online, including market analysis, product positioning, channel selection, marketing strategy, logistics and distribution, after-sales services, data analysis, risk control and other aspects. For new entrants, their online operational capability cannot easily compete with the leading enterprises that have already established brand effect and customer loyalty.

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Supply Chain Management Capability: Given that a significant portion of furniture and home furnishings consists of large items, many of these products have high safety requirements for packaging and transportation within the supply chain. Therefore, furniture and home furnishings B2C e-commerce sellers require a higher quality assurance level for their supply chain services. To ensure a sufficiently robust service guarantee throughout the furniture and home furnishings sales process, sellers need to invest substantial capital, time, and effort in constructing a convenient, traceable supply chain service system. Consequently, new entrants face challenges in establishing a comprehensive supply chain service system within a short time frame.

Product Development Capability: The product development capability is the core competitive advantage for furniture and home furnishings B2C e-commerce sellers. As consumer demand becomes increasingly personalized and differentiated, original design and independent product development have become crucial driving forces for the development of furniture and home furnishings brands. Faced with an increasingly competitive market environment, product customization and differentiation are inevitable choices for furniture and home furnishings B2C e-commerce sellers. New entrants face challenges in acquiring leading product development capabilities within a short time frame.

GLOBAL TECHNOLOGY CONSUMER GOODS B2C E-COMMERCE MARKET

Overview

Technology consumer products refer to electronic products used by consumers in life, work and entertainment. Technology consumer products are categorized into three main market segments: consumer electronics, home appliances and electric tools. Consumer electronics are electronic devices such as mobile phone chargers, charger cables, wireless earphones and speakers. Home appliances mainly include microwave ovens, juicers, rice cookers and others. Electric tools mainly include electric screwdrivers, electric sanders, circular saws and others.

Market Size

The GMV of China-based sellers in B2C overseas e-commerce for the technology consumer goods market grew from RMB404.7 billion in 2018 to RMB986.2 billion in 2023, with a CAGR of 19.5%. Due to the outbreak of COVID-19, online shopping boosted B2C overseas e-commerce for the technology consumer goods market by China-based sellers, which increased by 32.9% in 2020.

By improving product performance, adding new features and optimizing user experience, the upgrade of technology consumer goods has driven the expansion of B2C overseas e-commerce for the technology consumer goods market by China-based sellers. With the rapid upgrade of technology consumer goods, the GMV of China-based sellers in B2C overseas e-commerce for the technology consumer goods market is expected to reach RMB1,797.8 billion in 2028, with a CAGR of 12.8% from 2023 to 2028. Among them, consumer electronics are expected to have the largest market share during 2023 to 2028, while electric tools are expected to be the fastest-growing products, with a CAGR of 13.3% from 2023 to 2028.

Amazon, eBay and Walmart are among the main third-party platforms for China-based sellers for technology consumer goods. The GMV generated from China-based sellers in B2C overseas e-commerce for technology consumer goods on Amazon grew from RMB174.3 billion in 2018 to RMB373.1 billion in 2023, with a CAGR of 16.4%. Accordingly, the GMV generated from China-based sellers on Amazon accounted for approximately 37.8% of the B2C overseas e-commerce market for the technology consumer goods market in 2023. However, due

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to the impact of the Amazon Incident, the growth rate of the GMV generated from China-based sellers in B2C overseas e-commerce has slowed down. The GMV generated from China-based sellers in B2C overseas e-commerce for technology consumer goods on Amazon is expected to reach RMB626.5 billion in 2028, with a CAGR of 10.9%.

In addition, access for China-based sellers to Walmart was granted in March 2021. For Walmart, the GMV generated from China-based sellers in B2C overseas e-commerce for technology consumer goods reached RMB25.9 billion in 2023.

Competitive Landscape of Global Technology Consumer Goods B2C E-commerce Market

In 2023, the total GMV of the global technology consumer goods B2C e-commerce market was approximately USD809.3 billion. The global technology consumer goods B2C e-commerce market is rather fragmented, with more than 500,000 market participants. In terms of GMV of the global technology consumer goods B2C e-commerce market in 2023, our group accounted for approximately 0.02% of the total GMV of the global technology consumer goods B2C e-commerce market.

AMAZON INCIDENT

As a measure of a product's popularity, Amazon uses a variety of criteria, including ratings and reviews. High ratings and reviews typically increase product exposure and attract consumers' attention. Additionally, Amazon operates its official program, Amazon Vine, where selected customers receive products at no cost for trial and share their views. However, this program has limitations such as long project cycle and restriction to new products. Specifically, the Amazon Vine program, while intended to provide a platform for quality reviews, can result in delays and be a time-consuming process.

Sellers must first ensure their products qualify for the program and then submit the application. Accepted products first undergo Amazon's internal review and are subsequently sent to chosen customers for use and review. Upon submission for review, products undergo an initial promotion phase where Amazon engages a small pool of selected customers. The duration of this phase is contingent upon the product's price; items priced over USD20 typically have a 20-day initial promotion phase before being reviewed by a larger, public pool of reviewers, whereas the initial promotion phase for products priced below USD10 is no more than five days. Nevertheless, during the public promotion phase, since the reviewers must pay the taxes of a product to use and review such product, products with a higher price frequently encounter less interest from purchasers. This results in a scarcity of reviews, which impedes the expedient promotion of new products. The review period, coupled with Amazon's thorough assessment of the feedback, prolongs the timeline of receiving quality reviews. Additionally, the mandatory shipment of products to Amazon's FBA warehouse to avoid seller-reviewer direct contact further extends the delay, often by a minimum of one month.

Due to the high demand for such services and the aforementioned limitations of the Amazon Vine program, it was not uncommon for online sellers on Amazon to also promote ratings and reviews via unofficial approaches. Unofficially Promoted Ratings or Reviews primarily include (i) inviting influencers or engaging intermediaries to invite influencers to review the products, who usually receive the product free of charge, and (ii) placing coupons in product packages as incentives to encourage ratings and reviews, such as for a warranty extension.

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In 2021, the use of Unofficially Promoted Ratings or Reviews had drawn wide media attention, during which period the Federal Trade Commission also pressured Amazon to intervene into the matter of Unofficially Promoted Ratings or Reviews to ensure transparency in its rating and review mechanism for consumers. Since May 2021, Amazon has taken actions against online sellers that have engaged in such activities. In particular, Amazon has restricted sales activities of online sellers which it suspected of having engaged in Unofficially Promoted Ratings or Reviews by removing listings of relevant products to consumers, suspending operating accounts of relevant online sellers and freezing relevant online sellers' funds under its Seller Central account (the "**Amazon Incident**").

As a result, since November 2021, the use of Unofficially Promoted Ratings or Reviews has substantially diminished. After the Amazon Incident, sellers actively expanded and enhanced sales on other platforms and diversified their product portfolios, which helped them to reduce their platform risk and recover rapidly from the impact.

CHINA'S B2C EXPORT E-COMMERCE LOGISTICS SOLUTIONS MARKET

Overview

B2C export e-commerce logistics solutions refer to the logistics provided during the entire process of B2C export e-commerce. There are two models adopted by B2C export e-commerce logistics solutions providers, namely (i) the direct shipping model and (ii) the pre-sale stocking model. The shipping method normally varies by the size of the goods. Small-sized goods enjoy more flexibility in the selection of the shipping method. It is more common to adopt the pre-sale stocking model for medium-to-large goods, which are usually in abnormal sizes and shapes and are more fragile, requiring special care throughout the whole business processes, such as storage, delivery and after-sales services. This model is preferred because it offers lower costs compared to the direct shipping model, where shipping large quantities can significantly reduce the cost per item. Additionally, it reduces delivery times to the end-consumer as inventories are typically located closer to the target market, greatly shortening the time for goods to reach end-consumer, compared to direct shipping from the point of origin. Furthermore, it benefits brand reputation as sellers can provide prompt returns and exchange services, improving customers' shopping experience. E-commerce sellers focusing on medium-to-large goods tend to choose solutions providers with more industry expertise to handle medium-to-large goods and ensure the efficiency of the warehousing and outbound process. In addition, given the difficulty of shipping medium-to-large goods, B2C export e-commerce logistics solutions providers are expected to cover the entire chain of services, including international freight forwarding services, warehousing and distribution, last-mile delivery, installation, after-sales services and reverse-bound shipping services. Consequently, B2C export e-commerce logistics solutions providers address prevalent challenges such as high transportation costs and long delivery times that are typically encountered by e-commerce sellers of medium-to-large goods. The pre-sale stocking model has greatly improved the service quality of medium-to-large goods e-commerce sellers and has gradually emerged as the preferred option among such e-commerce sellers.

Value Chain Analysis

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

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In contrast with the direct shipping model, under the pre-sale stocking model B2C export e-commerce logistics solutions providers ship the goods from sellers to the overseas warehouses in advance as pre-sale stocks 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.

The "first-mile" international freight services refer to the transport services of goods from vendors to ports of entry of imports. The services of "first-mile" international freight generally include domestic collection services, domestic warehousing, customs clearance services and cross-border transport services. Under the pre-sale stocking model, export e-commerce logistics solutions providers integrate the whole supply chain by outsourcing the whole process to service providers who have ability to provide "first-mile" international freight services.

The "last-mile" fulfillment services involve delivery from overseas warehouses to end-consumers. For "last-mile" fulfillment services, the export e-commerce logistics solutions providers under the pre-sale stocking model offer warehousing services and other value-adding services, including operational services, assisting with demand forecasting and inventory management along with distribution services and after-sales services, and integrate the fulfillment logistics to deliver goods to end-consumers.

In general, the customers for B2C export e-commerce logistics solutions providers are e-commerce sellers and manufacturers, while the end-customers are the customers for e-commerce sellers and manufacturers.

**Process of B2C Export E-commerce Logistics Solutions Adopting the
Pre-sale Stocking Model**
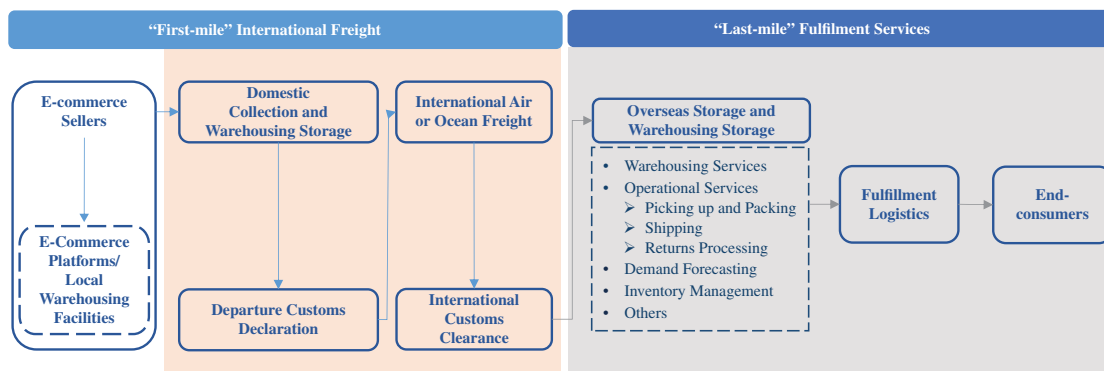
Source: Frost & Sullivan Analysis (including interviews conducted by Frost & Sullivan with experts from major market players and reviews on the annual reports and documents of other market participants regarding their positions in the B2C export e-commerce logistics solutions market and their principal businesses).
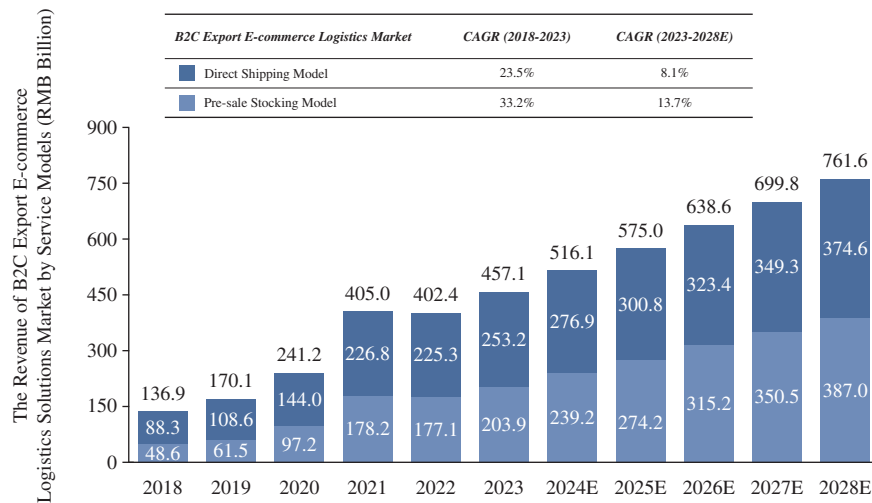
Market Size

In recent years, B2C export e-commerce logistics solutions adopting the pre-sale stocking model are becoming more popular, as such model can provide individual consumers with faster and more predictable delivery times which can enhance their shopping experience.

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Between 2019 and 2021, during the outbreak of COVID-19, not only did end-consumers increasingly embrace online shopping, but numerous e-commerce vendors also recognized the benefits of the pre-sale stocking model. Correspondingly, the revenue of B2C export e-commerce logistics solutions adopting the pre-sale stocking model witnessed a marked increase from 2019 to 2021. However, in 2022, with the COVID-19 pandemic receding, offline shopping has gradually resumed and the revenue generated from the B2C export e-commerce logistics solutions adopting the pre-sale stocking model has slightly decreased. Furthermore, in 2023, given the development of e-commerce, the revenue of B2C export e-commerce logistics solutions adopting the pre-sale stocking model reached RMB203.9 billion, and is expected to reach RMB387.0 billion in 2028, with a CAGR of 13.7% from 2023 to 2028.

The Revenue of B2C Export E-commerce Logistics Solutions Market by Service Models (The PRC), 2018-2028E

B2C Export E-commerce Logistics Market	CAGR (2018-2023)	CAGR (2023-2028E)
Direct Shipping Model	23.5%	8.1%
Pre-sale Stocking Model	33.2%	13.7%

The Revenue of B2C E-commerce Logistics Solutions Market by Service Models (RMB Billion)

Year	Total	Direct Shipping Model	Pre-sale Stocking Model
2018	136.9	88.3	48.6
2019	170.1	108.6	61.5
2020	241.2	144.0	97.2
2021	405.0	226.8	178.2
2022	402.4	225.3	177.1
2023	457.1	253.2	203.9
2024E	516.1	276.9	239.2
2025E	575.0	300.8	274.2
2026E	638.6	323.4	315.2
2027E	699.8	349.3	350.5
2028E	761.6	374.6	387.0

Source: Drewry, ICAO Air Transport Report, Freightos Baltic Index, Shanghai Containerized Freight Index and Frost & Sullivan Analysis.

Future Opportunities and Challenges

Integrated Logistics Solutions Platform: The B2C export e-commerce logistics solutions market is complex and involves multiple parties, including end-to-end export e-commerce logistics solutions providers, international freight forwarding service providers, air or ocean carriers and last-mile fulfillment services providers. As a result, it is especially important for B2C export e-commerce logistics solutions providers to obtain and integrate the dispersed resources of the entire value chain to form an end-to-end, one-stop B2C export e-commerce logistics platform in the future. The integrated platform can facilitate real-time data integration and sharing, thus reducing the time for each process, ensuring better supply chain timeliness, further gaining customer recognition, and ultimately achieving the goal of increasing revenue.

Automation and Digitalization: In recent years, automation and digitalization have created strong growth potential for the B2C export e-commerce logistics solutions market. Warehousing and logistics automation systems improve the operational efficiency through warehouse management, transport management and data analysis. In addition, B2C export e-commerce logistics solutions providers leverage various types of digital applications such as

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SaaS and IoT to simplify transaction processes, improve logistics efficiency and increase consumer stickiness. With the support of automation and digitalization tools, solutions providers in the market gradually reduce their operating costs, which could in turn increase their profit.

Increasing Demand for Customized Services: Due to the rapid development of the B2C export e-commerce logistics solutions market, the demand for export logistics solutions will become more customized. Overseas e-commerce China-based sellers not only require basic services but also make requests for customized services; for example, medium-to-large goods logistics have the pain points of high costs and long delivery times, so B2C e-commerce sellers expect logistics solutions providers to provide them with warehousing and logistics capabilities tailored for medium-to-large goods and provide cost-effective solutions for them. Therefore, with the diversifying types and size of goods, their demand for B2C export e-commerce logistics solutions will become customized in the future.

Competitive Landscape of China's B2C Export E-commerce Logistics Solutions Market

The B2C export e-commerce logistics solutions market in the PRC is rather fragmented, with more than 4,000 market participants, some of which adopt the direct shipping model and some of which adopt the pre-sale stocking model. In terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, the top five B2C export e-commerce logistics solutions providers in the PRC accounted for approximately 7.2%.

In 2023, the revenue of Shenzhen Westernpost reached approximately RMB2.4 billion (before inter-group elimination), which adopts a pre-sale stocking model. In terms of the revenue generated from B2C export e-commerce logistics solutions adopting the pre-sale stocking model in 2023, Shenzhen Westernpost ranked fourth among all B2C export e-commerce logistics solutions providers in the PRC, with a market share of approximately 1.2%. In addition, Shenzhen Westernpost ranked first among all B2C export e-commerce logistics solutions providers focusing on medium-to-large goods.

Top Five B2C Export E-commerce Logistics Solutions Providers by Revenue Generated from the Pre-sale Stocking Model (The PRC), 2023

Ranking	Company	Market Share (%)
1	Company I	2.0%
2	Company J	1.6%
3	Company K	1.5%
4	**Shenzhen Westernpost**	**1.2%**
5	Company L	0.9%
Top 5		7.2%

Notes:

(1) Company I, founded in 2015, is one of the leading export e-commerce logistics solutions providers in China, specializing in overseas storage and warehousing, "first-mile" international freight and last-mile delivery services. Its geographical coverage is mainly in the U.S., Europe and Australia.

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(2)   Company J, founded in 2004, is a leading export e-commerce logistics solutions provider in China, focusing on overseas warehousing, FBA and special line logistics. Its geographical coverage is mainly in the U.S., Europe and Asia.

(3)   Company K, founded in 2012, is one of the leading export e-commerce logistics providers in China, providing overseas warehousing and special line logistics. Its geographical coverage is mainly in the U.S., UK, Australia and Germany.

(4)   Company L, founded in 2020, is a well-known export e-commerce logistics solutions provider in China, focusing on "first-mile" international freight and overseas warehousing. Its geographical coverage is mainly in the U.S., Canada and Germany.

(5)   All B2C export e-commerce logistics solutions providers in the list are third-party B2C export e-commerce logistics solutions providers.

(6)   The revenue of all B2C export e-commerce logistics solutions providers in the list includes inter-group transactions.

Source: Interviews Conducted by Frost & Sullivan with Experts from Leading Market Players, Frost & Sullivan Analysis.

COST ANALYSIS

In the furniture and home furnishings B2C e-commerce market, raw materials and labor are essential for the cost management of the production process. Specifically, the main raw materials for furniture is raw wood. In the past five years, the price of raw wood in China decreased from RMB3,302.6 per cubic meter in 2018 to RMB3,255.2 per cubic meter in 2023, with a CAGR of negative 0.3%, and is expected to slightly decrease to RMB3,136.5 per cubic meter, representing a CAGR of negative 0.7% from 2023 to 2028. The global price of raw wood decreased from USD240.6 per cubic meter in 2018 to USD214.0 per cubic meter in 2023, representing a CAGR of negative 2.3%, and is expected to decrease to USD205.1 per cubic meter, representing a CAGR of negative 0.8% from 2023 to 2028. Decreasing raw material costs have led to lower costs for sellers in the overseas e-commerce business. However, the average wage of a worker in the manufacturing industry in the PRC increased from RMB4,106.3 per month in 2018 to RMB5,927.6 per month in 2023, with a CAGR of 7.6%. In addition, the average wage of a worker in the manufacturing industry in the PRC is expected to reach RMB7,469.1 per month in 2028, with a CAGR of 4.7% from 2023 to 2028, which will result in increasing procurement costs for furniture and home furnishings B2C e-commerce sellers.

In the B2C export e-commerce logistics solutions market, the freight rate of first-mile and the last-mile delivery fee are the main costs. The freight rate of seaborne transportation increased from USD1,357.8 per FEU in 2018 to USD2,489.1 per FEU in 2023, with a CAGR of 12.9%. The PRC freight rate of seaborne transportation is expected to reach USD3,171.3 per FEU in 2028, with a CAGR of 5.0% from 2023 to 2028. Moreover, a continuous increase in the average last-mile delivery fee globally has been witnessed in recent years, which results in a growing cost for B2C export e-commerce logistics solutions providers. For example, from 2018 to 2023, the average last-mile delivery fee in the U.S. increased from USD6.8 per parcel in 2018 to USD8.5 per parcel in 2023, with a CAGR of 4.6%. The average last-mile delivery fee in the U.S. is expected to reach USD10.9 per parcel in 2028, with a CAGR of 5.1% from 2023 to 2028.

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SOURCE AND RELIABILITY OF INFORMATION

In connection with the [**REDACTED**], we engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and prepare an industry report on, the markets we operate in with a commission fee of RMB800,000. Founded in 1961 in New York, Frost & Sullivan provides market research on a variety of industries, among other services. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report with its consent.

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan used the following key methodologies to collect multiple sources, validate the data and information collected and cross-check each respondent's information and views against those of others: (i) secondary research, which involved reviewing published official statistical sources, including company reports, independent research reports and data based on Frost & Sullivan's in-house research database; and (ii) primary research, which involved in-depth interviews with industry experts and competitors, and in-house analysis using appropriate models and indicators to arrive at an estimate.

Frost & Sullivan adopted the following primary assumptions while making projections for preparing the Frost & Sullivan Report: (i) the global social, economic and political environment is likely to remain stable in the forecast period; (ii) the global economy as well as China's economy are likely to maintain steady growth in the next decade; and (iii) related industry key drivers are likely to drive the market in the forecast period.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that, after taking reasonable care, there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict, or have an impact on such information.