Blue Book of China’s Commercial Sector

Fung Business Intelligence
National Academy of Economic Strategy of the Chinese Academy of Social Sciences

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Brief Version
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This is a year both of challenges and opportunities for China’s commercial sector. In particular, the China-U.S. trade war has continued to weigh on economic and retail sales growth in China. But at the same time, China remains one of the world’s largest consumer markets, with consumption playing an increasingly important role in driving economic growth. This offers tremendous opportunities for businesses. Moreover, the Chinese government is determined to further transform the economy into one that is consumption-driven, having rolled out policies and major guidelines to encourage domestic consumption. This will provide further impetus for the growth and development of the commercial sector.

In this triennial publication, *Blue Book of China’s Commercial Sector (2019-20)*, now into its seventh edition, the National Academy of Economic Strategy (NAES) of the Chinese Academy of Social Sciences (CASS), in Beijing, partners with Fung Business Intelligence, in Hong Kong, to provide a comprehensive and authoritative account of the latest trends and issues driving and reshaping China’s commercial landscape. Sectors covered include retailing and e-commerce, Internet finance, logistics and catering. Also included is detailed analysis of China’s consumer market and the behavioral patterns of Chinese consumers.

In short, the *Blue Book* provides the ultimate guided tour of the emerging growth engine of China’s economy – the commercial sector. It serves as an essential resource for businesses, analysts, scholars and governments who wish to gain further insight into this fast-evolving sector.
Chapter 1 Consumption and “smart” transformation

Boosting domestic consumption is key as China’s economy shifts toward a consumption-driven growth model. With rising disposable income and wealth, Chinese consumers have more confidence to spend freely. At the same time, they are demanding higher-quality products and services. It is worth noting a trend toward increasing segmentation of China’s consumer market – by city, within city, by generation, among others. Consumption habits and preference thus vary in different cities, communities and consumer segments.

In recent years, the notion of transformation and innovation has spread throughout China’s commercial sector, leading to the emergence of innovative business models and business practices. In particular, the term “smart commerce” is becoming more popular. The essence of smart commerce is data. The goal, therefore, is to turn huge amounts of raw data into insightful, usable information, a process for which digital technologies are indispensable.

In this era of smart commerce, more companies are adopting a customer-first strategy to enhance service standards and customer experience. Many are embracing online-to-offline (O2O) strategies, revamping formats and upgrading their offerings. Meanwhile, participants along the supply chain are working collaboratively to ensure that data can flow through the supply chain seamlessly and to enable more accurate forecasting and decision-making.
Chapter 2 Consumer market and consumer behavior

In the “New Retail” era, a combination of business innovation and new consumer habits is driving consumption upgrade and the transformation of China’s consumer market.

Today’s Chinese consumers are more sophisticated, as well as more prosperous. As they seek to upgrade their individual lifestyles, they look more to consuming services and experiences. These revolve mainly around travel, education, culture, entertainment, sport and healthcare. Increasingly, Chinese consumers are also “going green” and have become more environmentally conscious when shopping. This has led to the phenomenal growth of the “sharing economy” and the recycling industry.

Younger consumers, especially millennials born in the 1990s, and their Generation Z successors born between 1995 and 2009, have become new drivers of growth for consumption in China. Raised in the media-saturated digital era, they have formed shopping habits online that express broader interests and a stronger sense of individuality, which sets them apart from the mainstream. Their preference is for high-quality, personalized products and services, such as those offered by niche brands. They are also more willing to pay a premium for convenience, hence facilitating the growth of the “lazy economy”, led by O2O food delivery platforms. Additionally, many young consumers are more open to the idea of the “sharing economy”, contributing to the rapid growth of second-hand e-commerce platforms.

Chapter 3 Retail sector

This is a year both of challenges and opportunities for China’s retail sector. The China-U.S. trade war has continued to weigh on economic and retail sales growth in China – total retail sales of consumer goods reached 38.1 trillion yuan in 2018, up nominally by 9.0% year-on-year (yoy), registering single-digit growth for the first time since 2004. Against this backdrop, the Chinese government has been rolling out policies and
guidelines supportive of domestic consumption. Coupled with the trend toward upgraded consumption, these offer tremendous opportunities for businesses.

O2O integration will continue to revolutionize retail in China. Large numbers of traditional retailers are now embracing digital transformation and deploying O2O strategies to bring about a seamless integration of all channels – physical, online, mobile and social. They are also adopting smart technologies in their stores, such as “scan-and-go” payment, self-checkout counters and electronic price tags. Meanwhile, more retailers are diversifying product and service offerings and engaging in cross-sector collaboration. Some larger players are expanding their direct sales businesses or launching private labels in a bid to enhance product uniqueness, while boosting profit margins.

In the coming year, China’s retail sector is likely to continue feeling the adverse effects of economic uncertainty. Retail sales growth is expected to cool down further to around 8% yoy in 2019. Meanwhile, the psychological effects of the trade war are likely to drive down demand for many commodities and services. To stay relevant in this challenging environment, retail businesses need to keep innovating and broaden further their business scope and income streams.

Chapter 4 E-commerce

China’s e-commerce market is the world’s largest, with a total transaction value of 31.63 trillion yuan in 2018, up 8.5% yoy. The share of online retail increased 23.9% yoy, to 9.01 trillion yuan in 2018. Its growth is much faster than for total retail sales of consumer goods. E-commerce is crucial to China’s transition toward a consumption-driven economy. Today, almost every consumer activity has gone digital in some way, as brands and retailers strive to serve consumers seamlessly across multiple channels. This is also powering the rise of social commerce, which is set to reshape and revolutionize the way people shop, as well as how brands and retailers market and sell products. At the same time, changes in consumer preferences, alongside advances in technology, are driving
innovation. Major e-commerce platforms such as Alibaba and JD.com are using advanced
technologies to transform the retail scene through, for example, smart stores, digitalized
stores and robotic restaurants.

Despite extraordinary growth in the past decade, challenges remain for China’s e-
commerce sector. These include issues over unfair competition favoring e-commerce
operators with dominant market positions, IP infringement, fake advertising and false
transactional information and user comments. In addition, problems associated with
data privacy and data security are major ongoing concerns. China’s new *E-commerce Law*,
which took effect in January 2019, is expected to help address such issues. The law aims
to create a fair, competitive market and protect the legal rights and interests of all parties
including consumers and merchants. A more regulated environment will enable the
healthy growth of China’s e-commerce market.

**Chapter 5 Department store sector**

After some years of lackluster sales and falling profitability, China’s department store
sector has started to show signs of bottoming out. Since 2017, many department store
operators have seen their sales and profits rebound as they transform and upgrade their
businesses through O2O integration and digital transformation. They have also adopted
advanced technologies to improve operational efficiency. They also use big data analytics
and algorithms to better predict and understand customer needs, review and fine-tune
product portfolios, and to provide personalized products and services.

Some department store operators are expanding their direct sales business by increasing
the scale of their direct product procurement, launching self-operated buyer/multi-
brand stores and by actively developing private labels. Through such initiatives, they
hope to enhance the uniqueness of their products and services and to provide a better
shopping experience.
In response to the changing lifestyle habits of consumers, particularly those of millennials and Generation Z, and their desire for experiential shopping, many department store operators are introducing content-driven features. These include art and culture exhibitions and technology-driven animations, comics and games (ACG), along with dining and entertainment. By introducing various experiential elements, department store operators hope to create fresh and improved experiences to attract and retain customers.

Chapter 6 Shopping mall sector

In recent years, China’s “bricks-and-mortar” retail has seen something of a rebound. The shopping mall sector has enjoyed particularly fast growth, with a steady pace of store openings. With competition from online shopping, and with changes in consumer behavior, mall operators are taking bold steps to reinvent themselves. To overhaul their physical assets, some shopping malls are upgrading their appearance and facilities, reconfiguring unit layouts, and refining their tenant mix. They are also adding innovative concept stores and introducing themed zones to deliver a more differentiated in-mall experience.

At the same time, some innovative mall operators are innovating with new development concepts that create shopping mall-plus-shopping precincts, or “streetscapes”. Examples include Beijing’s Sanlitun Taikoo Li, Chengdu’s Taikoo Li, and MixC World and UpperHills, in Shenzhen. These combine indoor and outdoor elements – a shopping center plus a pedestrian area with shops and restaurants – within a landscaped environment. The idea is to offer a unique ambiance for shopping while giving consumers a special experience.

Despite its rapid development, the shopping mall sector does face underlying challenges. Over the past decade, the government introduced tightening measures to cool the overheated residential property market. As a result, many property developers turned their attention to developing commercial properties. The subsequent building boom led to an oversupply of shopping malls, with high vacancy rates, particularly in tier 3 and 4
cities. On top of this, shopping malls had to cope with the changing needs and expectations of customers. To stay relevant, some malls not only upgraded and transformed their operations, appearance and facilities, but also invested more in technologies such as big data and machine learning to capture useful data at all customer touch points and channels.

**Chapter 7 Hypermarket and supermarket sector**

After an extended period of sluggish sales growth, China’s hypermarket and supermarket sector rebounded in 2018 with solid improvements in sales. The sector recorded the second-highest sales growth in 2018, at 6.8% yoy, 2.2 ppts higher than the average growth of all retail formats, and second only to the convenience store sector.

Many hypermarket and supermarket operators are transforming their businesses by launching new business models and retail concepts. They are also embracing retail technologies to cater to new consumer needs. Enhancing delivery efficiency remains a major priority. One notable strategy is for hypermarkets and supermarkets to connect with local O2O service platforms, such as JD Daojia, Meituan Waimai and Ele.me, to provide instant delivery. Some are also building store-front warehouses located near retail stores to support speedy last-mile delivery and extend customer reach.

To sustain growth in an extremely competitive environment, some hypermarket and supermarket chains are expanding their business scope by tapping into social commerce opportunities and launching group buying businesses, while others are adopting a multi-format approach to make shopping more exciting – such as by opening small-format stores, community supermarkets and membership stores.

Despite this promising outlook, challenges remain for the sector, such as securing adequate investment capital, developing a sustainable business model and maintaining profitability while investing in change.
Chapter 8 Convenience store sector

Small format shops, especially convenience and community stores, have gained in popularity in recent years in response to consumer demand for more readily accessed, more personalized shopping experiences. The sector is now the fastest-growing retail format in China, with sales growth of 11.5% yoy in 2018, 6.9 ppts higher than average growth for all retail formats.

Many convenience store operators have started to transform their businesses through digital and O2O initiatives, such as introducing proprietary apps and WeChat Mini Programs; providing pick-up services in-store and by partnering with O2O delivery platforms. They have also started digitalizing their supply chains. The more innovative operators are trialing technology-driven business models such as unmanned or cashierless stores, smart shelves and smart vending machines. In the meantime, increasing numbers of convenience store operators are striving to expand their product and service offerings, while some are launching private labels with a view to providing product choices better suited to their customers’ needs. As convenience store operators step up efforts to innovate and adapt to the changing needs of the market, we expect the sector to keep up its growth momentum, though not without challenges. High labor costs, including turnover and training costs, as well as lack of funding, present significant hurdles, especially for homegrown convenience store operators. Moreover, some maintain that insufficient government support for the sector’s development in some cities has made expansion difficult.

Chapter 9 Cross-border e-commerce (import)

Cross-border e-commerce (CBEC) (import) has expanded rapidly in recent years. Chinese shoppers are easily the largest community buying products online from overseas. CBEC platforms, such as NetEase Kaola, Tmall Global and JD.hk, are popular channels through which Chinese consumers buy authentic foreign products. Conversely, for many overseas brands and retailers, the CBEC channel is a good starting point to test the China market.
The government has been very supportive toward the development of CBEC. The setting up of comprehensive e-commerce pilot zones and the release of new policies for CBEC business – including new tax rules and transaction limits for CBEC business, new oversight measures, new operating procedures and positive lists of permitted imported goods – are set to improve the supervision of retail imports and better regulate the CBEC market. The newly promulgated E-commerce Law of the PRC also provides guidelines on CBEC development. The new law specifies that China shall promote CBEC development, establish and improve the administrative systems of customs, taxation, entry-exit inspection and quarantine, and payment settlement, and support CBEC platform operators in providing warehousing, logistics, customs clearance and inspection declaration services.

Recently, leading CBEC operators have responded to increasing competition by expanding their service offerings. For example, Tmall Global, JD.hk, VIP International and NetEase Kaola are ramping up efforts to build warehouses overseas to facilitate cross-border shipping. Others are launching dedicated offline stores where customers can purchase and pick up bonded imported products directly. Meanwhile, leading edge CBEC platforms are using blockchain technology to track and trace the movement of goods and for greater transparency.

Chapter 10 Retail and e-commerce logistics

In the digital era, developing smart logistics is a priority for logistics operators, e-commerce players and retailers. Some are already investing in the building of smart logistics networks and the adoption of advanced technologies such as artificial intelligence (AI), the Internet of Things (IoT), cloud computing, big data analytics, machine learning, automation and robotics. This enables them to digitalize and streamline operations, while providing faster delivery for customers.

Among technology solutions being explored for last-mile delivery are self-pickup stations/towers and smart lockers, crowdsourcing of delivery people and the use of
drones, autonomous vehicles and delivery robots. Some retailers are setting up store-front fulfillment centers located near their stores or in-store fulfillment centers, which are spaces designated to act as warehouses.

Going forward, China’s ever-evolving retail and e-commerce market will continue to provide huge development opportunities for its logistics sector, with growth driven, in particular, by rural e-commerce and the strong demand for cross-border e-commerce imports. It is anticipated that there will be more acquisitions and strategic partnerships among logistics companies and retailers and that more investment funds will flow into smart logistics. To sustain business growth, sector participants need to step up efforts to tackle issues such as data leakage concerns and wasteful packaging. They also need to invest more in training and in nurturing logistics personnel.

Chapter 11 Catering sector

China’s catering industry picked up in 2016 and 2017, registering double-digit growth after experiencing a downturn in the previous five years. In 2018, amid softening domestic consumption and slowing economic growth, the catering industry delivered moderate nominal growth of 9.5% yoy, with total retail sales amounting to 4.3 trillion yuan. Nevertheless, the catering market still registered faster growth than the consumer goods market in 2018, outpacing the consumer goods market in terms of nominal yoy sales growth for four consecutive years since 2015.

Reflecting the sheer size of China’s population, the mass dining segment has registered robust growth in recent years, accounting for over 85% of total sales revenue in the catering industry. Dominating the market in terms of market share, scale and growth rate, mass dining will continue to lead the transformation and upgrading of China’s catering industry.

To capture a larger slice of the market, some catering enterprises are accelerating their push toward digital transformation. Greater adoption of breakthrough technologies
among catering players has led to high-quality improvements in in-store operation, consumer experience, marketing and supply chain management. Meanwhile, driven by the government’s “Internet Plus” initiative, some Internet firms and catering enterprises are actively trialing various types of O2O business models. Online food ordering and delivery platforms, in particular, are proliferating and becoming indispensable to everyday living. The rapid development of online food delivery services coupled with the amplification effect of social media has given rise to Internet KOLs (key opinion leaders) catering brands. It is expected that the proliferation of online food service platforms will continue to pave the way for digital transformation and modernization in China’s catering industry.

Chapter 12 Commodity exchange markets

Commodity exchange markets play a significant role in China in distributing the products of vast numbers of small- and medium-sized manufacturers and getting these into the hands of consumers. However, after many years of fast growth, there is less room for this sector’s expansion in terms of adding new commodity exchange markets or building the related hardware infrastructure and facilities. Digital transformation is now the way for commodity exchange markets to keep pace with the changing market conditions. Many have made significant progress in adopting technologies that enhance their operations, such as launching intelligent navigation and recommendation systems for product sourcing; using data analytics to predict consumer behavior and carrying out precision marketing.

At the same time, O2O integration is a key focus for many large-scale commodity exchange markets. To complement offline operations, some have set up their own e-commerce platforms, while others chose to partner with leading third-party e-commerce platforms such as Alibaba and JD.com to roll out their online businesses. Commodity exchange markets can thus leverage the digital capabilities of e-commerce leaders to provide a better experience for consumers. Additionally, commodity exchange markets
are intensifying efforts to improve functions and higher-value services by, for example, focusing more on brand creation and curation. A recent initiative is to transform themselves into logistics parks equipped with a wide range of functions such as warehousing, distribution, and trade exhibitions. These can facilitate the provision of commercial services and other value-added services, greatly enhancing the value of commodity exchange markets.

**Chapter 13 Internet finance sector**

China’s Internet finance sector has boomed in recent years. However, the sector’s fast growth has outpaced regulatory frameworks, leading to improper practices and weak oversight. Large numbers of peer-to-peer (P2P) online lending platforms shut down in 2018 as many investors, having lost confidence in the sector, pulled back on funding. To address irregularities and stabilize the market, the central government and related authorities have tightened compliance. They have also committed to establishing industry standards as well as a mechanism to oversee and regulate the Internet finance sector over the long term. At the same time, some industry associations such as the National Internet Finance Association of China have set up monitoring systems of their own, including a credit rating system, a risk assessment and monitoring system and industry standardization operation guidelines, with the aim of creating a healthy, stable environment for the sector. With the concerted efforts of the government and industry associations to better regulate the market and optimize the operational environment, the Internet finance industry is expected to achieve orderly and sustainable growth in the coming years. That said, the sector’s development still faces issues, including the lack of a centralized monitoring mechanism, an underdeveloped credit system and Internet security issues.

On the other hand, the integration of finance and state-of-the-art technologies is gaining momentum. An increasing number of traditional financial institutions in China are actively incorporating technologies such as AI, blockchain, cloud computing, the IoT, big
data analytics and biometrics into their businesses to create new fintech services. Moreover, some industry players are striving to expand their business beyond China by acquiring or forming strategic partnerships with foreign counterparts.

**Chapter 14 Mergers and acquisitions in retail**

In recent years, China’s mergers and acquisitions (M&A) market has entered a more rational, mature phase, in line with the country’s move toward high-quality economic growth. M&A activity has continued in China’s retail sector. Small-to medium-sized M&As have accounted for the majority in deal volumes, while larger-sized and mega M&A deals have been a major driver of transaction turnover. Transaction volumes reached an all-time high in 2017 and the largest-ever retail M&A deal was announced in 2018.

Retail M&A activities aim to achieve multiple strategic business objectives. Between 2016 and 2018, most M&A activities were for horizontal integration and diversification to achieve larger scale, followed by asset restructuring, vertical integration and strategic partnership. In addition, the four most common forms of M&A transactions in China’s retail sector were M&A by mutual agreement, capital raising, issuance of new shares and secondary offering.

M&A activities have become more frequent between traditional retailers and e-commerce companies, with retail giants embracing “New Retail” and displaying a stronger M&A appetite. It is expected that ongoing integration between online and offline businesses will continue to fuel the growth of mega M&A deals. Along with supportive government policies to boost domestic consumption, improved transparency in local legal and regulatory systems is also set to speed up the M&A process and to encourage more cross-border M&A activities in the coming year.
Implications for businesses

*Consumption upgrade creates new demand and opportunities*

Strong domestic consumption driven by rising income and consumer purchasing power has become a major driver of China’s economic growth. The spending focus of Chinese consumers is shifting from price to quality of products and services, and from product consumption to service consumption. Despite the government’s various efforts to boost imports, new consumer demands have yet to be fully met. There is still a mismatch between upgraded consumption demand and the supply of quality products and services. This presents a major opportunity for enterprises that are able to introduce products of higher quality and better value for money, while expanding the range of service offerings to Chinese consumers.

*Empowered customers are in charge*

Today, empowered customers, not companies, are driving business decisions. Young consumers, especially millennials born in the 1990s and even younger Generation Z consumers, are collectively becoming a new engine of consumption growth in China. They have huge consumption potential, and seek a lifestyle where shopping is an individualized, immediate and convenient experience. Successful retailers are those able to appreciate and meet the needs of these empowered Chinese customers and to engage deeply with them.

*Embracing O2O strategies is crucial*

For years, bricks-and-mortar retailers and pure-play e-commerce brands have been converging from single-channel to omni-channel operations with an aim to provide seamless experiences to customers across multiple touch points – in store, on the web
and on mobile devices. A comprehensive O2O strategy – mobile-powered and social media-centric – is essential in China today. Forming partnerships with leading China Internet or e-commerce platforms that already have vast, all-encompassing business ecosystems is an effective way to fast track the implementation of O2O strategies. The services and products of these platforms are already embedded in people’s daily lives, from online shopping and payment to social networking to digital marketing and product delivery.

**Data and technology are king**

In an age when digital disruption is inevitable, enterprises in China know that big data and digital technology are becoming fundamental to their success. By collecting and analyzing huge amounts of consumer data, companies can generate real-time insights, understand customer preferences with greater precision and tailor their product and service offerings accordingly. Similarly, digital technology applications enable companies to streamline operations, improve efficiencies and enhance shopping experiences. Enterprises need to establish a modern technology environment to support their application of big data and digital technology.

**Continuous innovation is key to sustainable growth**

Innovation is another key focus as retail enterprises in China set out to transform themselves. Many leading corporations are adopting format innovation and store optimization strategies in search of breakthroughs that will boost customer satisfaction. The outcome is an outpouring of new business models and retail concepts in China. To keep up, retail enterprises need constantly to reinvent themselves with the help of digital technology.
**Bricks-and-mortar stores remain the most important touch point**

Despite the extraordinary growth of online retailing, bricks-and-mortar stores remain the most important touch point for consumers. Face-to-face interactions between sales associates and consumers in stores are pivotal, as these allow for relationship building, enable salespeople to better identify customer needs and provide personalized experiences. To remain competitive, brands and retailers need to keep reinventing their bricks-and-mortar stores by offering interactive, immersive experiences and instant gratification with a personal touch. Creating a “phygital” experience that merges physical and digital points of engagement with customers is even more important.

**Go for digitalized supply chains**

As Chinese consumers upgrade their approach, an ever-growing appetite for greater product choice and fast delivery is testing the limits of traditional supply chains. Retail enterprises urgently need to develop digitalized supply chains that are nimble and flexible enough to support O2O requirements in areas such as product sourcing and development, warehousing and inventory management, and last-mile delivery.
About the Organizations

**Chinese Academy of Social Sciences**

Under the State Council, the Chinese Academy of Social Sciences (CASS) is the highest academic research organization in the fields of social sciences and economics in China. It was established in 1977.

The CASS comprises 31 research institutes and 45 research centers, and covers research areas of more than 300 disciplines, including Economics, Law, Social and Political Studies, International Studies, Philosophy, Literature, and History. There are more than 4,200 research members in the academy. The CASS is the research forefront on China’s economic and social developments, providing important policy suggestions to the Central Committee of the Communist Party of China and the State Council.

**National Academy of Economic Strategy**

National Academy of Economic Strategy (NAES) (formerly known as Institute of Finance and Trade Economics) was founded in 1978. The NAES is the research arm of the CASS on strategies of economic reform. It serves as a think tank on finance and economics development and reform in China. Its research fields include fiscal economy, trade economy, service economy as well as comprehensive economy which cover above ten economical disciplines in total.
The Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. The Fung Group comprises 42,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world’s foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

Listed entities of the Group include Li & Fung Limited (SEHK: 00494), Global Brands Group Holding Limited (SEHK: 00787) and Convenience Retail Asia Limited (SEHK: 00831). Privately-held entities include LH Pegasus, Branded Lifestyle Holdings Limited, Fung Kids (Holdings) Limited, Toys "R" Us (Asia) and Suhyang Networks.

Fung Business Intelligence

Fung Business Intelligence collects, analyses and interprets global market data on sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consulting services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.
We wish to acknowledge the members of the project team that undertook the research in the Chinese mainland and Hong Kong. Prof. Jing Linbo and his project team from CASS performed substantial research in China and contributed greatly to the formulation, ideas, and drafting of the Chinese version of the Blue Book. Leveraging the business experience of the Fung Group in China, Ms. Teresa Lam and her team from Fung Business Intelligence also contributed chapters related to China’s retail and distribution sector, logistics sector and cross-border e-commerce, and worked on all the English manuscripts in this Blue Book. We would also like to thank all the executives, consultants, and scholars for their invaluable advice. We believe, by amalgamating the best intellectual talent in China, the Blue Book will shed new light on China’s commercial sector.

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Prof. Jing Linbo from CASS is the Managing Editor of the Chinese version of the Blue Book; Mr. Chang Ka Mun from Fung Business Intelligence is the consultant of the Chinese version of the Blue Book; Ms. Teresa Lam from Fung Business Intelligence and Dr. Wang Xuefeng from the CASS are the Chief Editors of the Chinese version of the Blue Book; Ms. Christy Li from Fung Business Intelligence and Dr. Zhao Jingqiao from the CASS are the Associate Editors of the Chinese version of the Blue Book.