China’s Global Reach:

Green Real Estate Leads Manufacturing Overseas Surge

Knight Frank

This white paper systematically analyses the development status, paths, challenges and new globalisation opportunities for Chinese enterprises going overseas, focusing on the core logic and practical path of enterprises' overseas real estate strategies.

January 15 2026

Your partners in property

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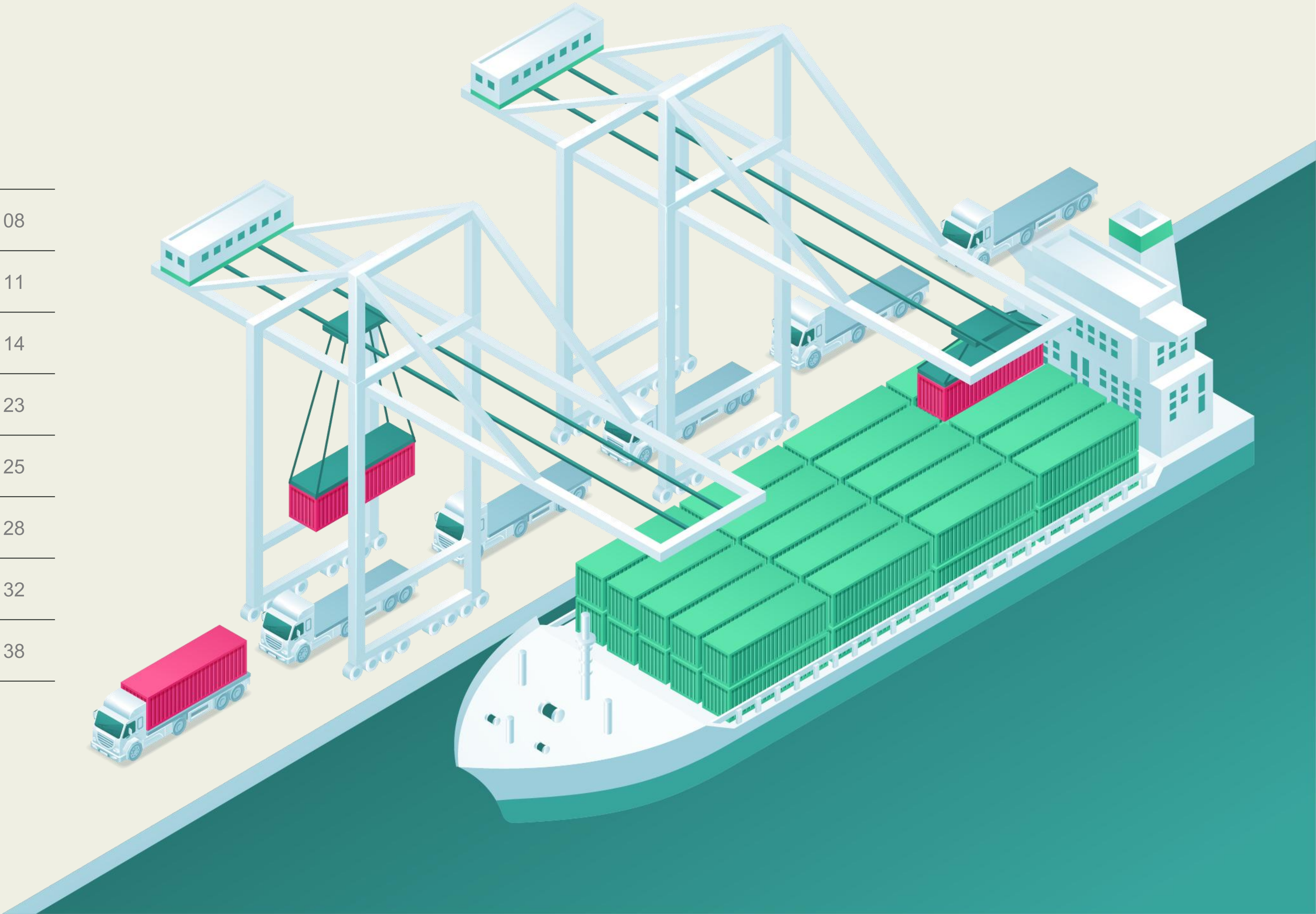


Foreword

In 2025, the global economic landscape has undergone profound adjustment, the Sino-US strategic rivalry will enter a new stage of complexity, and the global industrial and supply chain will accelerate the shift toward regionalisation, nearshoring, and diversification. In this context, going overseas for Chinese enterprises has shifted from an optional "multiple-choice question" to a "compulsory course" that is critical to their viability and long-term development, and has become a core pathway of "China's power sweeping the world". According to the data, as of 2024, the overseas revenue of Chinese listed companies exceeded the RMB10 trillion mark for the first time, accounting for 13.8% of total revenue, while domestic revenue experienced its first negative growth in 10 years.

The overseas expansion of Chinese enterprises is the result of the combined action of internal and external drivers and regional opportunities, and it is also an inevitable choice for green transformation and industrial synergy. In 2024, steel, photovoltaic, real estate and other industries witnessed significant adjustments, with the net profit of the photovoltaic equipment industry falling by 126.34% and the profit of the steel industry falling by 54.6%. At the same time, under the requirements of high-quality economic development, enterprises need to obtain advanced technology and international brands through internationalisation, empower industrial upgrading with green technology, and accelerate the transformation from "Made in China" to "Made Globally" with the early deployment of overseas industrial and logistics real estate providing a solid platform for this transformation. On the external front, the protracted nature of China-US trade frictions is forcing strategic adjustments. Although the two sides entered a tariff "truce" in November 2025, the rivalry has extended to the technological blockade and restructuring of rules, making "nearshoring footprint" and green real estate in Southeast Asia, Mexico and other places a pragmatic choice to avoid barriers. As the core of the regional economy, ASEAN attracted a record-high US$34.36 billion in Chinese investment in 2024, becoming a key destination for green manufacturing and real estate to go overseas in collaboration. Meanwhile, the land-sea connectivity network spanning "Asia–Europe–Africa + Emerging Markets" under the " and Road" Initiative is providing stable policy support for the implementation of green projects and real estate development.

In this process, Chinese enterprises' overseas expansion exhibits diverse characteristics: traditional manufacturing firms rely on overseas industrial real estate to achieve gradual capacity relocation and green transformation, leading enterprises drive the coordinated overseas expansion of industry chains and work with property developers to build industrial clusters in key regions, while small and medium-sized enterprises leverage digital platforms to accurately lay out market segments and supporting properties. At the same time, enterprises focus on overseas green real estate and industrial real estate footprint, focusing on logistics and warehousing, industrial parks and other tracks, in line with the needs of the "Belt and Road" co-founding countries and RCEP member countries. However, opportunities and challenges coexist - enterprises must not only manage external risks such as geopolitical tensions and compliance barriers, but also address internal shortcomings such as green technology implementation, the localisation of real estate operation, and brand building.

Based on this white paper, under the overarching theme of "Green Empowerment with Real Estate Leading the Way, Driving a New Wave of Manufacturing Global Expansion" systematically review the development of Chinese enterprises going overseas, it analyses the logic behind destination country selection and industry distribution patterns, summarizes typical overseas models and supporting strategies such as industrial chain collaboration, green transformation, and real estate support. It introduces the support service system of central and local governments, with a focus on enterprises' overseas layout and practical pathways in green real estate and industrial real estate, and refines practical experience through case studies of overseas projects. At the same time, drawing on the latest changes in the global economic and trade landscape in 2025, the white paper looks ahead to the trends and strategies of enterprises' overseas expansion in 2026, offering a data-backed and practice-oriented reference framework for Chinese enterprises to seize new opportunities in globalisation, enhance international competitiveness, and continue to unleash China's strength in green development.

Analysis of the Current Situation of Chinese Enterprises Going Overseas

Investment flow, stock and global share have steadily increased

Investment Flow Grew Steadily, and Non-Financial Sectors Accounted for a Prominent Proportion
From January to September 2025, China's outbound FDI flows reached US$128.93 billion (equivalent to RMB923.68 billion), a YoY increase of 3.6%. Among them, non-financial FDI was US$110.74 billion, accounting for more than 85%, making a 4% YoY increase and highlighting the leading role of the tangible industries in overseas expansion.

Large Share in the Global Foreign Direct Investment
By the end of 2024, China's outbound FDI stock exceeded US$3.1 trillion, ranking among the top three in the world for eight consecutive years, accounting for 7.2% of the global share. By the end of June 2025, the stock had reached US$3,349.1 billion with domestic investors establishing 52,000 overseas enterprises in 190 countries and regions, of which 70% were profitable or at least breaking even.

The Global Share Continues to Increase with a Leading Position
In 2024, China's outbound FDI accounted for 11.9% of the global share, ranking among the top three in the world for 13 consecutive years. Global FDI is expected to exceed US$2.5 trillion in 2025, and China's share is expected to remain at about 12% at the current growth rate, ranking first among global investment sources.

$3,349.1 billion

As of the end of June 2025, China's outbound FDI stock

Figure 1: China's outbound FDI

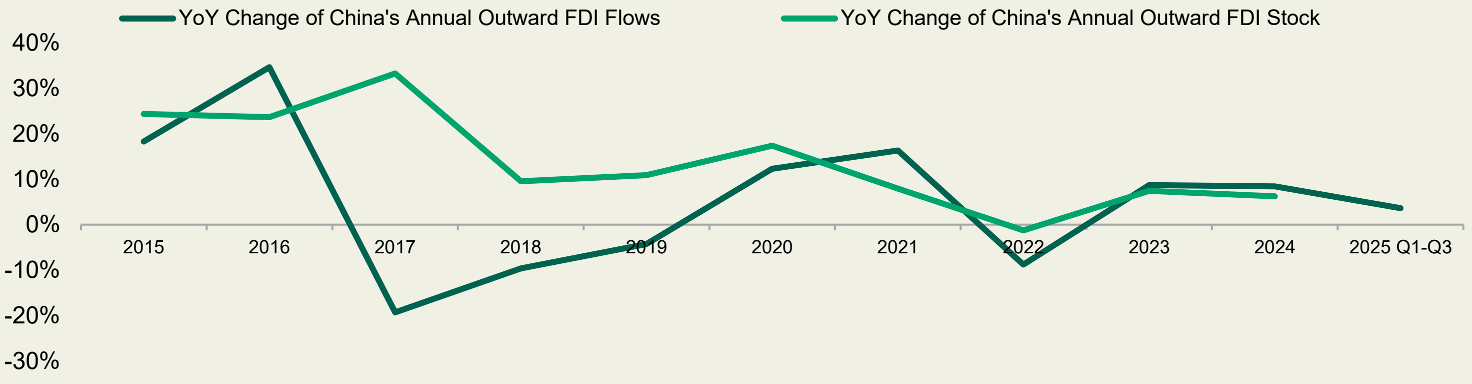
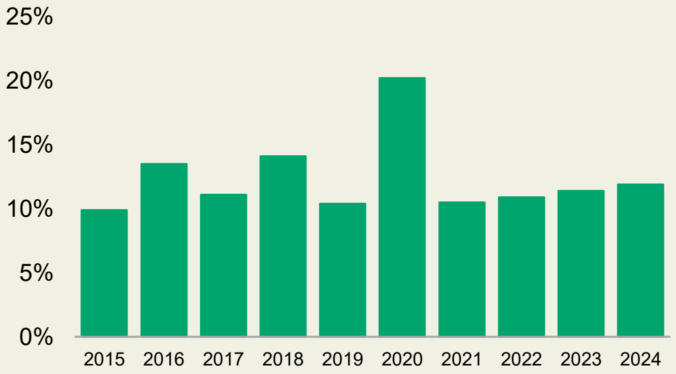
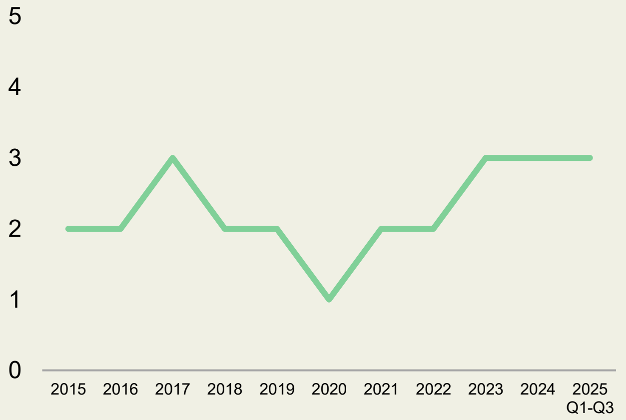


Figure 2: China's annual outbound FDI flows as a global share



Source: 2024 Statistical Bulletin of China's Outbound Foreign Direct Investment / Knight Frank Research

Figure 3: Global ranking of China's outbound FDI flows



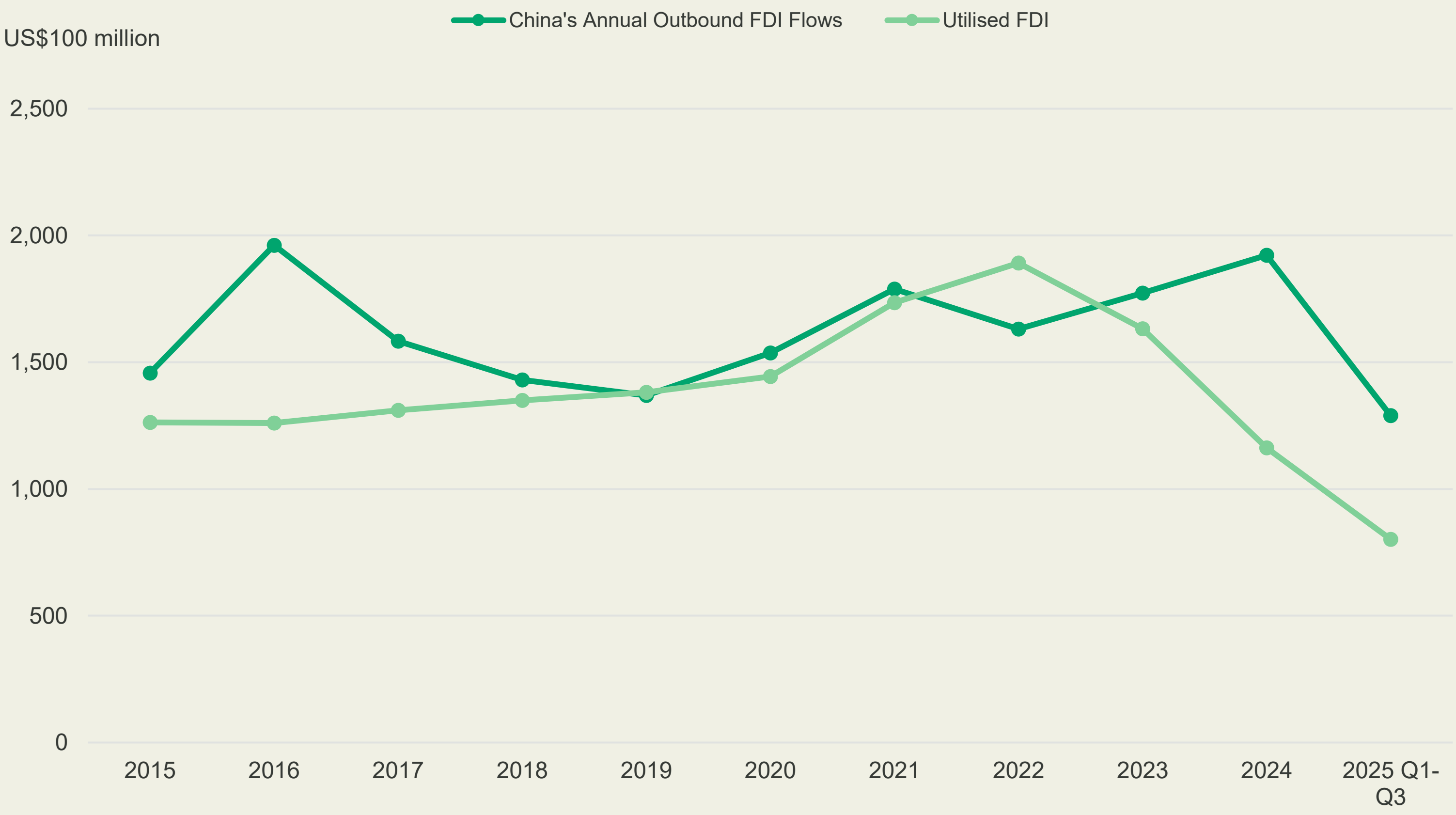
Analysis of the Current Situation of Chinese Enterprises Going Overseas

Amid the new wave of overseas investment, foreign investment has grown steadily, with emerging sectors expanding at a rapid pace

2015-2017: Slowdown After Explosive Growth, Due To Regulatory Tightening
From 2015 to 2016, China's outbound investment grew explosively, especially the investment and M&A of private enterprises were extremely hot. In 2016, outbound direct investment flows reached an all-time high of US$196.15 billion. In 2017, the state strengthened supervision of overseas investment, clarifying three types of overseas investment activities that are encouraged, restricted and prohibited, and restrained overseas investment in real estate, hotels, cinemas, entertainment industry, sports clubs and other sectors. As a result, outbound direct investment began to decline in 2017.

From 2023: Steady Growth in Outbound Investment amid a New Wave of Overseas Expansion
A new "wave of overseas expansion" emerged. The amount of foreign direct investment, the number of overseas enterprises and its employees all recorded significant and steady growth. Moreover, the "amount of outbound FDI" far exceeds the amount of FDI utilised domestically.

Figure 4: Comparison of China's outbound investment and the amount of utilised FDI



Source: 2024 Statistical Bulletin of China's Outbound Foreign Direct Investment / Knight Frank Research

Analysis of the Current Situation of Chinese Enterprises Going Overseas

Amid the new wave of overseas expansion, outbound investment has grown steadily, with emerging sectors expanding at a rapid pace

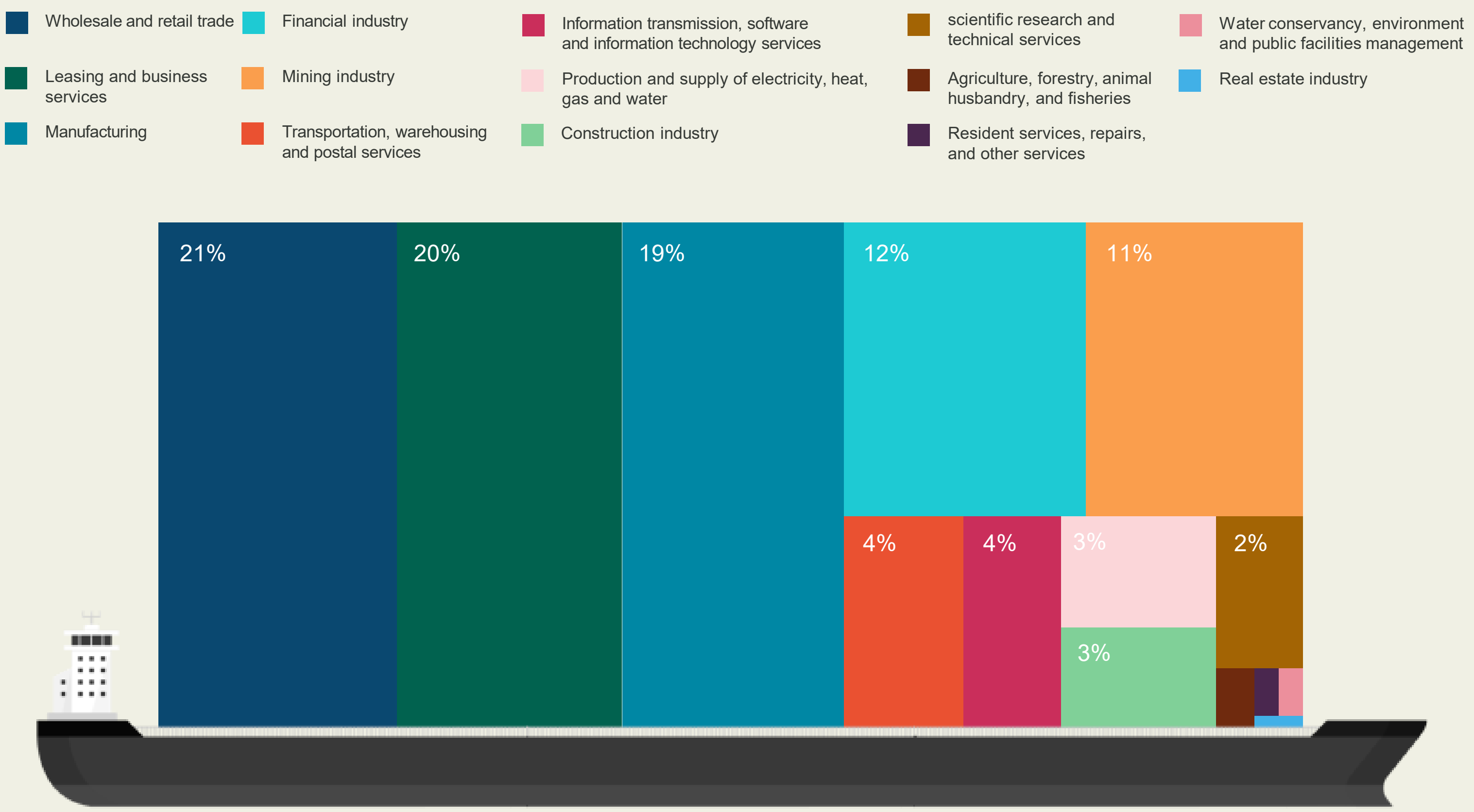
Traditional Areas with Competitive Advantages Account for More Than 80%, Supporting the Broader Investment Market

In 2024, five traditional sectors - wholesale and retail, leasing and business services, manufacturing, finance and mining – together accounted for 83.8% of China's outbound direct investment. Among them, manufacturing investment was US$37.54 billion, with a YoY increase of 37.3%; Leasing and business services accounted for 32%, wholesale and retail accounted for 19%, and traditional fields continued to play a pillar role, ensuring that the investment scale ranked among the top three in the world.

Emerging Sectors Growing Rapidly and High-Tech Deployment Accelerating

Emerging industries became investment highlights, with investment in information transmission/software and information technology services surging by 205.5% YoY to US$6.97 billion, and investment in green and low-carbon sectors such as electricity and heat increasing by 23.4%. The high growth rate reflects the extension of Chinese enterprises toward the high end of the global value chain helps the optimisation of the foreign investment structure to a higher quality.

Figure 5: Composition of China's outbound FDI flow industry in 2024



Source: 2024 Statistical Bulletin of China's Outbound Foreign Direct Investment / Knight Frank Research

Analysis of the Current Situation of Chinese Enterprises Going Overseas

Outbound Investment and M&A continues to recover, both remains historically low in scale

Overall Transaction Size
In the first three quarters of 2025, China's outbound FDI M&A value amounted to US$29.8 billion, a YoY increase of 70%. Among them, the number of large transactions exceeding US$500 million rose to 16.

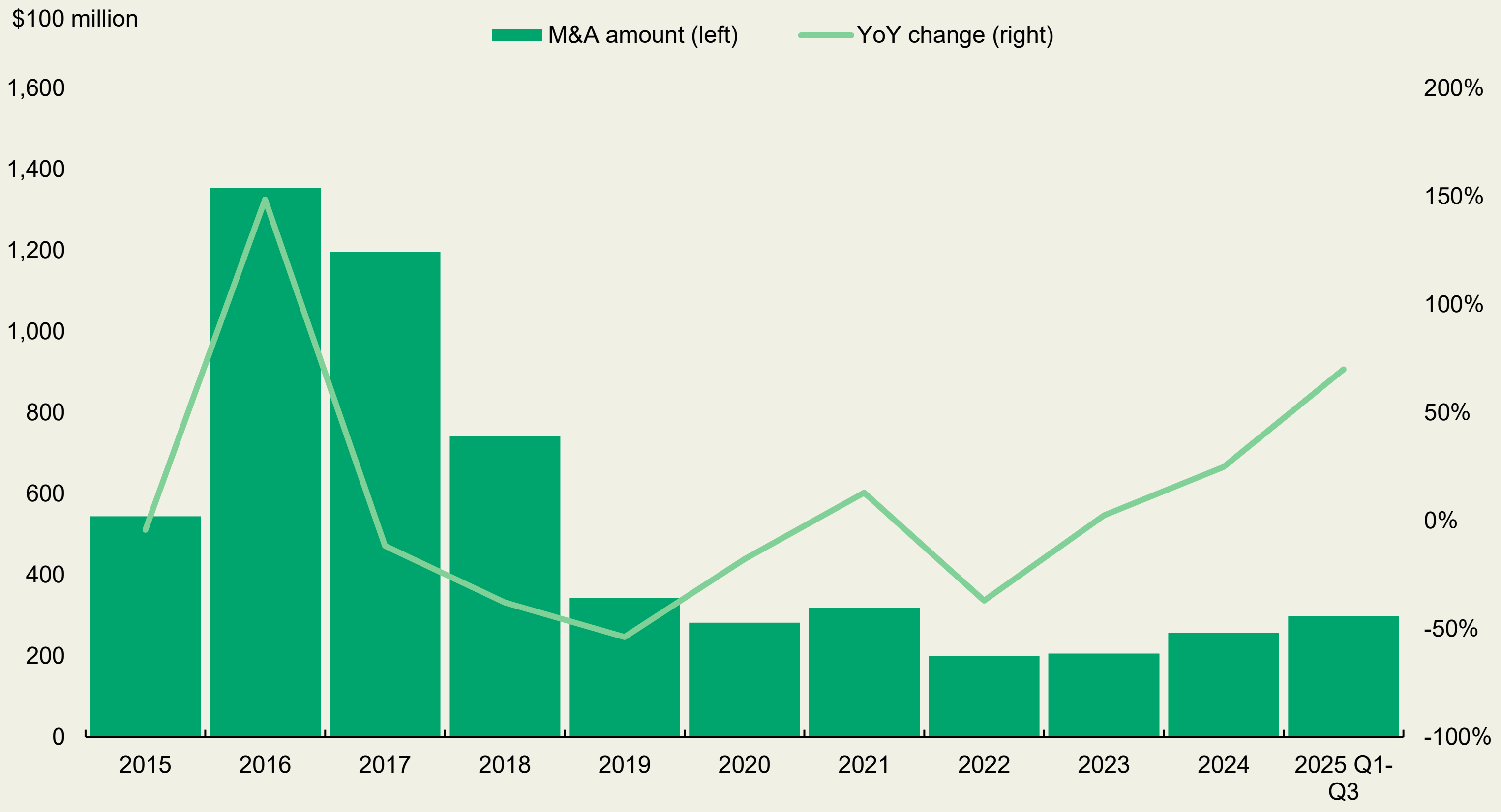
Industry Distribution Characteristics
TMT (technology, media and communications) and consumer goods have become the most sought-after sectors, with Asia as the primary destination, accounting for more than 40% of M&A amounts, up 151% YoY.

Regional Market Differentiation
Asia remains the top destination, with a YoY increase of 151% in transaction value, accounting for more than 40% of total deals. Within Asia, Southeast Asia has become a core region driven by the demand for strategic production capacity allocation, with countries such as Indonesia and Thailand seeing particularly active in M&A. Europe and Southeast Asia together account for 73% of total M&A value; in Europe, deals are largely driven by technology acquisition, focusing on high-end industries such as auto parts and semiconductors, and third-quarter M&A volumes have reversed the decline seen tin the first half of the year.

70%

The YoY growth rate of China's outbound FDI M&A value in the first three quarters of 2025

Figure 6: China's outbound FDI M&A activity from 2015 to 2025



Source: 2024 Statistical Bulletin of China's Outbound Foreign Direct Investment / Public Website Information / Knight Frank Research

Analysis of the Current Situation of Chinese Enterprises Going Overseas

Regional synergies are significant, and investment related to Belt and Road and RCEP countries shows outstanding performance

An Important Role of the "Belt and Road"

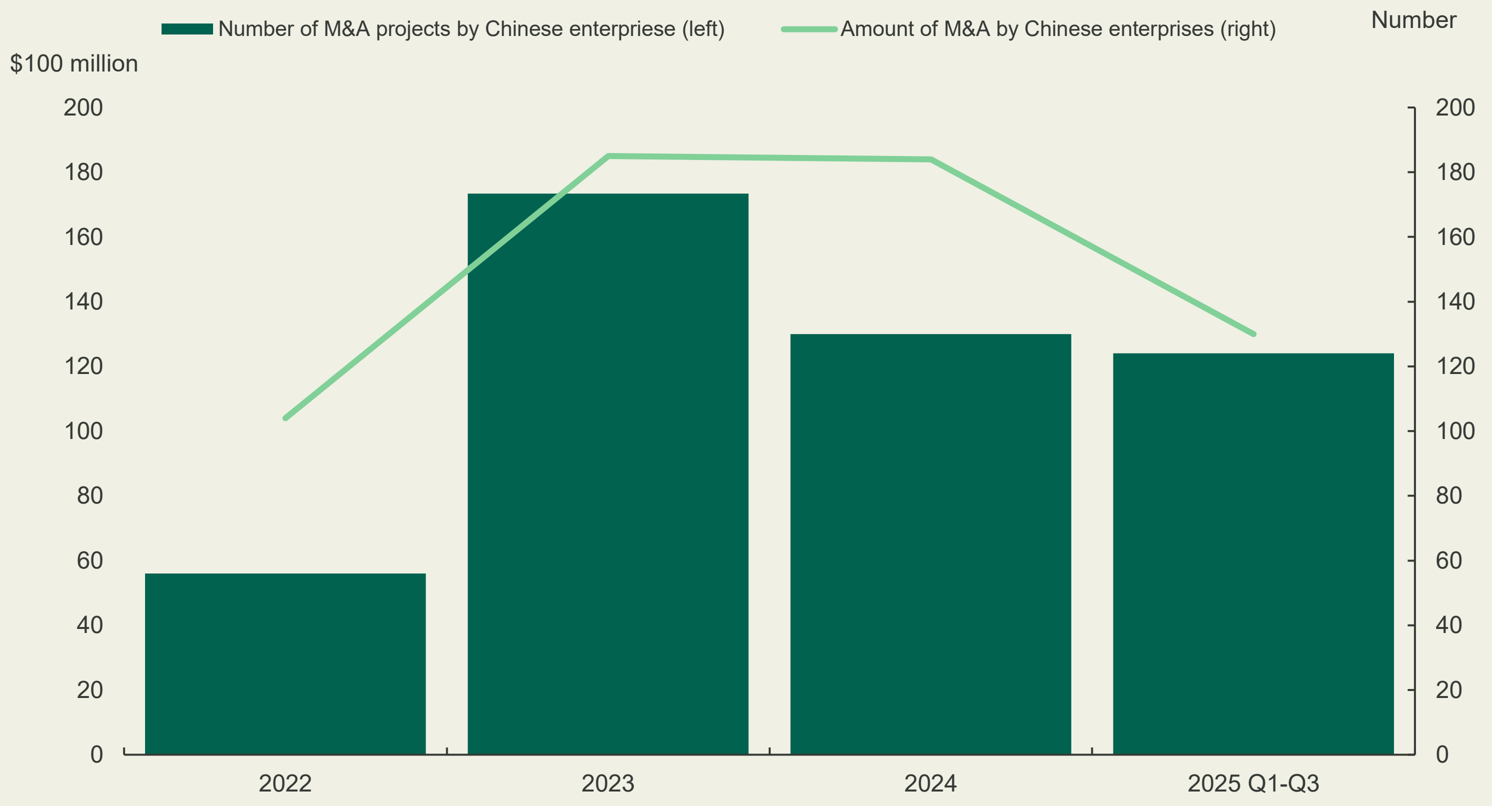
In the first three quarters of 2025, Chinese enterprises' M&A activity in "Belt and Road' partner countries displayed a high-quality development pattern of "stable volumes and rising values". The amount of M&A reached US$12.4 billion, a YoY increase of 84%, accounting for 42% of the total overseas M&A of Chinese enterprises in the same period. During the same period, the non-financial direct investment of Chinese enterprises in co-building countries so reached US$30 billion, a YoY increase of 23.7%, accounting for 27% of the total non-financial FDI. The M&A field is highly concentrated, with advanced manufacturing and transportation, mining and metals, and TMT industries accounting for more than 70% of the total amount.

Rising Trend in Chinese Enterprises' Investment and M&A across RCEP Countries

In recent years, Chinese enterprises' investment and M&A in RCEP countries have shown a trend of scale expansion and structural optimisation. As the core initiator and key component of RCEP, the 10 ASEAN countries received US$34.36 billion in investment from China in 2024, a record high increase of 36.8%, accounting for 22.4% of China's investment in Asia.

> "In the first three quarters of 2025, Chinese enterprises' M&A activity in Belt and Road partner countries displayed a high-quality development pattern of "stable volumes and rising values."

Figure 7: Statistics on China's M&A in the Belt and Road countries



Source: 2024 China Outbound Direct Investment Statistics Bulletin / Public website information / Compiled by Knight Frank Research

Distribution Characteristics of Destination Countries and Regions

Figure 8: Year-on-year change in China’s outbound direct investment flows (2024)

North America ▼ 22.6%

The United States and Canada, with their well-developed business ecosystems and strong consumer markets, attract high-tech companies in sectors such as new energy vehicles, artificial intelligence and biopharmaceuticals. These firms focus on technological research and development collaboration and global brand building, but must also navigate challenges including trade barriers and intellectual property compliance.

Europe ▲ 25.3%

Germany, France, the United Kingdom and other EU core countries focus on sectors such as new energy, high-end advanced manufacturing and the digital economy. Chinese companies are integrating into local supply chains through technical cooperation (as compliance operations refers to a separate department that enforce compliance instead of the idea of business activities that comply with rules), but must adapt to stringent regulatory requirements, including environmental standards and data security rules.

Asia ▲ 8.5%

Accounting for 57% of the total, the region has become the "primary growth pole" for Chinese enterprises going overseas. Countries such as Vietnam, Indonesia, and Thailand have attracted particular attention with the shift in manufacturing relocation and growth of consumer markets. This leads to concentrated deployment in sectors such as e-commerce, gaming and new energy.

Latin America ▲ 15.4%

Leveraging on higher proportion of young population and rich natural resources, this region has become a "potential growth area" of Chinese enterprises going overseas. Brazil, Mexico, Argentina and other countries have become a key destination for e-commerce, new energy, construction machinery and other industries due to rising demand for infrastructure upgrade and expanding consumer markets. As Chinese enterprises reduce costs through localised production, they must manage risks such as exchange-rate volatility and policy changes.

Africa ▼ 14.9%

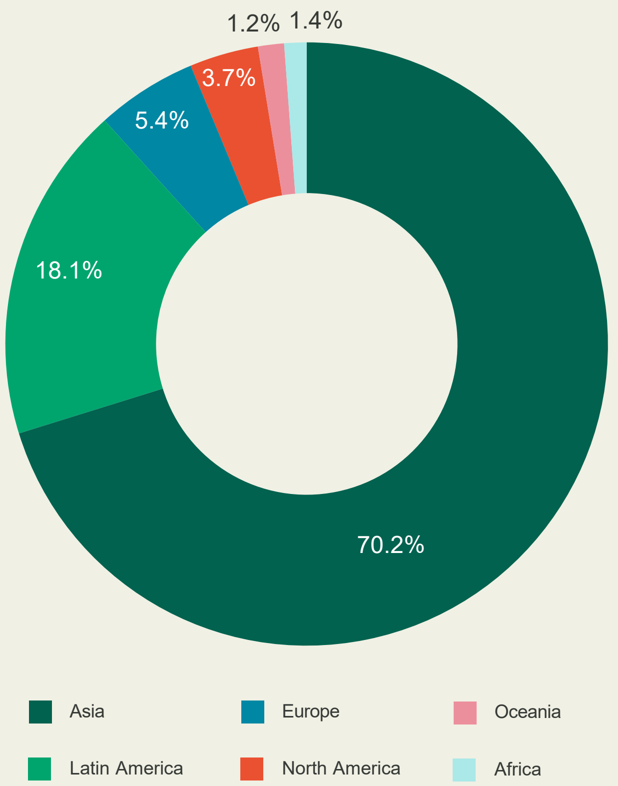
This region attracts Chinese enterprises with its young population profile and abundant natural resources. Relevant companies scaled up significantly in mobile communications and infrastructure, but still face challenges including weak public infrastructure and political instability.

Oceania ▲ 113.7%

Australia and New Zealand have forged notable cooperation highlights with Chinese enterprises in mineral resources, agricultural technology, cultural tourism, and wellness sectors. E-commerce and green energy industries are accelerating their market penetration, though challenges persist from limited market scale and geopolitical influences.

Source: 2024 China Outbound Direct Investment Statistics Bulletin / Public website information / Compiled by Knight Frank Research

Figure 9: Composition of China’s outbound FDI Stock areas at the end of 2024



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Key Countries with Significant Declines in Investment Flows

These countries have mostly benefited from regional trade agreements, industrial chain synergies and policy advantages, driving significant investment growth rates

Country	Region	Investment Flow Increase	Core Reasons and Investment Characteristics
Indonesia	Asia (Southeast Asia)	Steady growth	It is not only an important destination for overseas M&A of Chinese enterprises in 2024, but also a key investor in the joint construction of the "Belt and Road". Investment is concentrated in energy, infrastructure and manufacturing to meet the needs of local industrial chain upgrades, while deepening production capacity cooperation with the help of its resource advantages.
Vietnam	Asia (Southeast Asia)	With the overall increase in ASEAN	In 2024, China's investment in ASEAN surged by 36.8%, with Vietnam – as a core ASEAN economy – benefiting from deeper regional industrial chain integration. Chinese firms have advanced significantly in smartphone, home appliance, and electronic component manufacturing in Vietnam, leveraging local low-cost advantages to serve global markets.
Thailand	Asia (Southeast Asia)	With the overall increase in ASEAN	Included in ASEAN's 36.8% investment growth market, Chinese enterprises are targeting the automotive sector, infrastructure construction, and retail. Chinese auto brands in particular are establishing production bases here to deepen integration across the regional automotive industry chain.
Korea	Asia (Northeast Asia)	Steady growth	In the first quarter of 2025, the amount of overseas M&A transactions of Chinese enterprises increased significantly, and investment is likely to be concentrated in complementary sectors such as electronics and auto parts, deepening the coordination of China-South Korea manufacturing industries.
UAE	Asia (Middle East)	Steady growth	As the Middle East's largest economy, from 2024 to 2025, Chinese enterprises have focused on logistics hubs, new energy (photovoltaic/hydrogen energy) and digital economy, relying on their regional business advantages to expand the Middle East and North Africa market.
Saudi Arabia	Asia (Middle East)	Steady growth	As the largest economy in the Middle East, Chinese investment is concentrated in petrochemical, new energy (green hydrogen) and infrastructure projects. These align closely with Saudi Arabia's "Vision 2030" industrial upgrading needs and has become the core driving force for regional investment growth.
Peru	South America	Steady growth	Peru ranks as one of the top destinations for Chinese enterprises' overseas M&A in 2024, with nearly 60% of such funds directed toward "Belt and Road" partner countries. Leveraging its mineral and other resource advantages, Peru has emerged as a prime choice for Chinese investment in resource development.
Brazil	South America	Steady growth	Brazil stands as a primary destination for Chinese investment in Latin America, with M&A transaction values increasing significantly in Q1 2025. Investment is concentrated in agriculture, energy and mineral resource development, while clean energy projects such as solar and wind energy emerge as new growth highlights.
Sweden	Europe	Steady growth	It ranks among countries seeing a sharp rise in Chinese overseas M&A transaction values in Q1 2025. Investments are presumed to target high-end manufacturing and information technology, leveraging local technological strengths for collaborative ventures.
Hungary	Europe	Steady growth	It has become China's largest investment destination in Europe for three consecutive years, attracting 3.1 billion euros of Chinese investment in 2024, accounting for 31% of China's direct investment in the EU and the UK. BYD, CATL and other companies have laid out electric vehicle and battery projects here, which has become the core driving force for investment growth.

Source: Public website information / Compiled by Knight Frank Research

Key Countries with Significant Declines in Investment Flows

These countries have largely reduced the inflow of Chinese capital due to policy restrictions and deteriorating investment conditions

Country	Region	Investment Flow increase	Core Reasons and Investment Characteristics
India	Asia (South Asia)	Extremely sharp decline investment fell to just $3 million in 2024 from $1.27 billion in 2019	From 2020, India introduced strict investment policies requiring government approval for investments from China and other neighbouring countries, with 2025 adding extra scrutiny for indirect investments. Opaque policies and cumbersome approvals have deterred Chinese capital, limiting its share of total investment in India to just 0.42% in 2024.
United States	North America	The number and amount of Chinese investment in the United States fell to their lowest level in a decade. Direct investment in the United States in 2024 will be US$663 million, a decrease of 4.1%.	Affected by the obvious tightening of the geopolitical situation, the scale of China's direct investment in the United States has shown a significant contraction trend. Chinese companies are more cautious in their investment activities in the United States, and are gradually developing towards the direction of structural optimisation.
Germany	Europe	The share of Chinese enterprises' investment in Europe fell sharply	It was once a core investment country for Chinese companies in Europe, but in 2024, its share of Chinese investment in Europe with France and the United Kingdom dropped from a peak of 52% to 20%. High costs, strict regulations and the shift of Chinese investment to Central and Eastern Europe have led to a significant decline in its share of investment.
United Kingdom	Europe (Western Europe)	The share of Chinese enterprises' investment in Europe fell sharply	Affected by high costs and tightening regulations, the investment attractiveness of Chinese enterprises has gradually shifted to Central and Eastern Europe, making its weight in Chinese investment in Europe continue to decrease.
France	Europe (Western Europe)	The share of Chinese enterprises' investment in Europe fell sharply	Like Germany and the United Kingdom, due to the shift of Chinese enterprises' investment strategies to low-cost regions in Central and Eastern Europe, their core position in Chinese enterprises' investment in Europe has weakened, and the proportion of investment has dropped significantly.

“These countries have largely reduced the inflow of Chinese capital due to **policy restrictions and deteriorating investment conditions**.”

Source: Public website information / Compiled by Knight Frank Research

Geographical Distribution of Overseas Industries

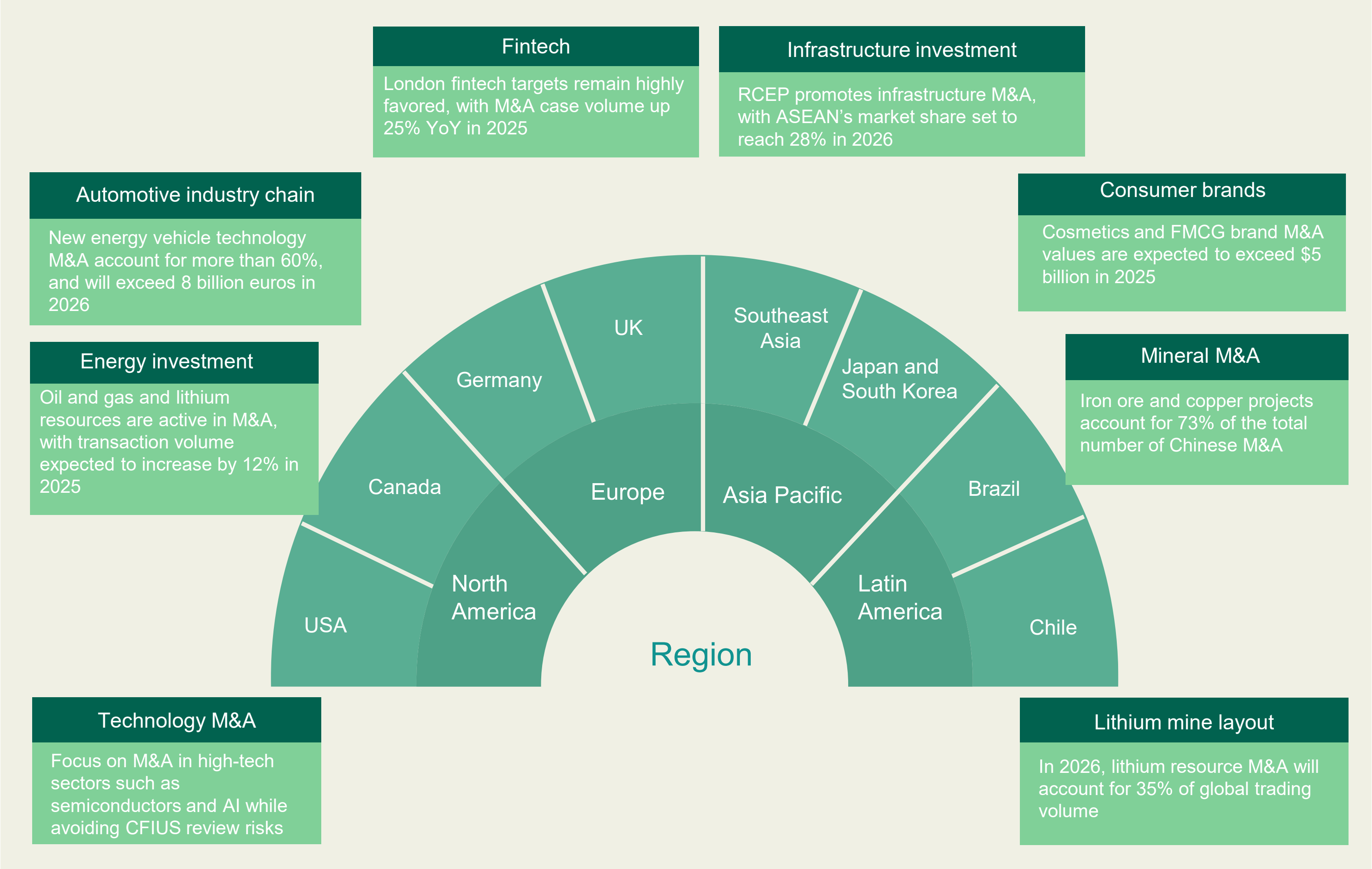
In 2025, Chinese firms pursued a dual-track strategy focusing equally on developed countries and emerging markets

Asia-Pacific: Deep Cultivation of Infrastructure and Consumer Brands
Driven by RCEP, infrastructure M&A in Southeast Asia are heating up, and the ASEAN market share will reach 28% in 2026; In the field of consumer brands in Japan and South Korea, the M&A of cosmetics and FMCG brands are expected to exceed US$5 billion in 2025, and Chinese companies will quickly acquire brands and channels through M&A to expand the Asia-Pacific consumer market.

Latin America: Assurance Of Resource Supply Through Acquisitions In Lithium And Other Metal Mining Assets
Brazil's iron ore and copper projects account for 73% of the total number of Chinese M&A, consolidating resource security; Chile's lithium mines will account for 35% of the world's M&A in 2026, helping Chinese enterprises in securing the upstream new energy industry chain and boosting their global influence in new energy resources.

Europe: Fintech and Automotive Industry Chain Breakthroughs
The number of fintech M&A in the UK has increased by 23% YoY in 2025, with Chinese firms leveraging London's financial hub to build out fintech ecosystems; Germany's new energy vehicle technology M&A accounted for more than 60%, and will exceed 8 billion euros in 2026, helping Chinese enterprises upgrade their automotive industry chain technology and improve their global competitiveness.

North America: Dual-Track Investments in Tech & Energy
The United States focuses on M&A in high-tech sectors such as semiconductors and AI, and is still actively expanding despite CFIUS review risks; The transaction volume of M&A of Canadian oil and gas and lithium resources is expected to increase by 12% in 2025, enabling Chinese firms to secure resource supplies while positioning upstream in the new energy industry chain.



Source: Public website information / Compiled by Knight Frank Research

Overseas Industry

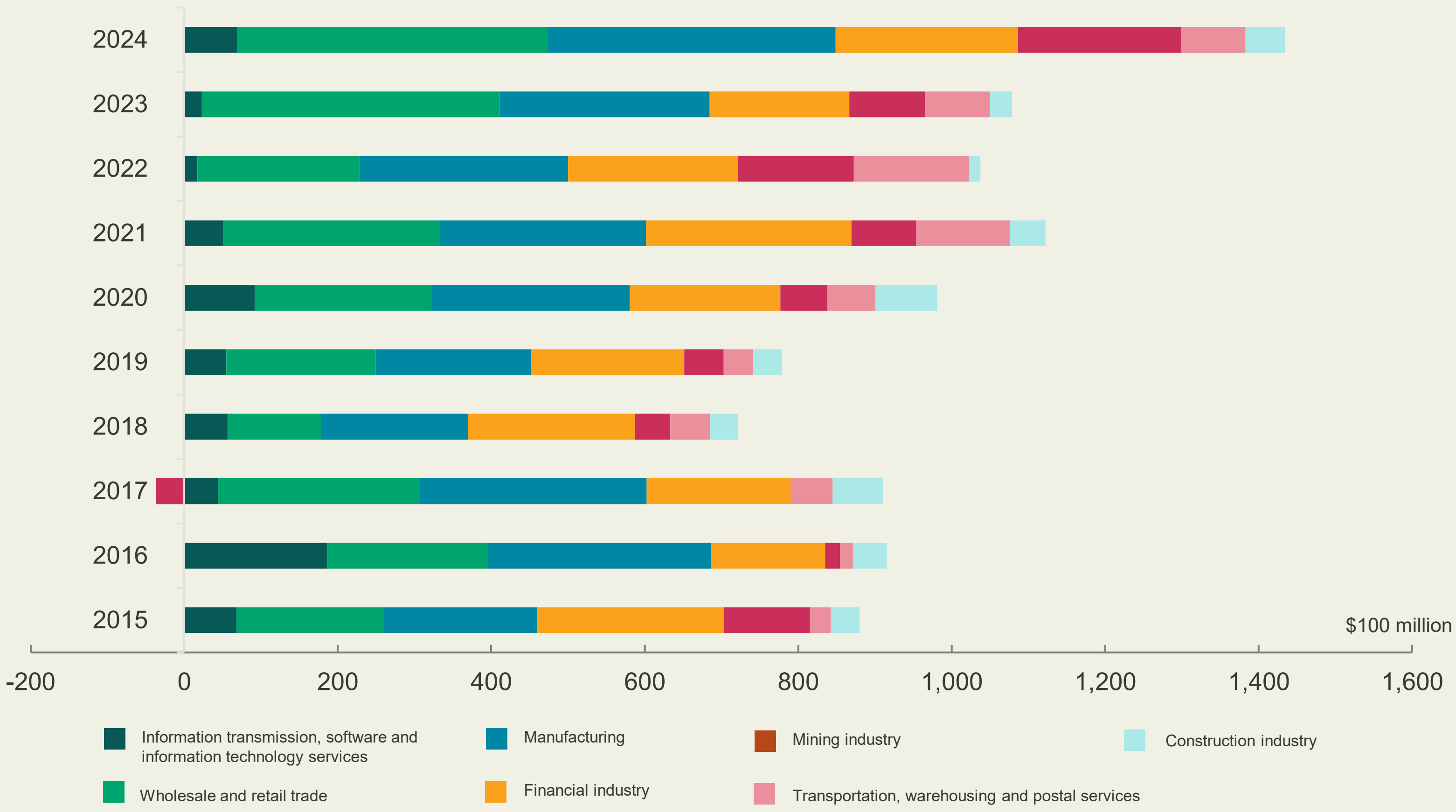
The proportion of traditional sectors has declined, and emerging and consumer sectors have risen

Traditional Industries' Share Declines
The proportion of finance, mining, and construction industries going overseas has decreased significantly. 53% of the investment in the financial industry is in the banking industry, and at the end of 2024, state-owned commercial banks had 103 branches, 70 subsidiaries in 51 countries (regions), and 52,000 employees; The mining industry accounted for a high proportion in the early days, and the proportion of the construction industry also declined slowly.

Manufacturing, Wholesale and Retail Growth Was Significant
The manufacturing industry has fluctuated upward since 2018, and the number of manufacturing enterprises going overseas to Southeast Asia has increased in recent years; The proportion of wholesale and retail industry has increased since 2019, and in 2023, due to the prosperity of cross-border e-commerce, the two have been at the forefront of the overseas industry.

Information and Transportation Sectors Diverge
The stock of information transmission, software and information technology services industry increased to 12.7% in 2024, and the investment has fluctuated greatly in the past decade; The proportion of investment in transportation, warehousing and postal services has been relatively stable in the past decade, covering infrastructure, public services and cross-border e-commerce logistics and warehousing.

Figure 10: Distribution of China's outbound FDI stock by major industries



Source: 2024 China Outbound Direct Investment Statistics Bulletin / Public website information / Compiled by Knight Frank Research

Overseas Industry
Real estate and supporting sectors

Investment Characteristics

Although the proportion of related investment in 2024 has fallen from the peak, the demand for industrial collaborative real estate has increased significantly. The strategy focuses on establishing a presence in core cities of "Belt and Road" and RCEP member states, with particular emphasis on three key segments: logistics and warehousing, industrial parks, and commercial complexes.

Core Logic

First, the supporting industrial chain goes overseas to provide industrial plants, warehousing and logistics facilities for overseas production bases of manufacturing and new energy enterprises, such as supporting real estate projects in Southeast Asia New Energy Industrial Park; second leverage consumer market expansion by developing commercial complexes and retail properties in densely populated, fast-growing cities to meet the demands of local consumption upgrading; Third, cater to cross-border business needs by developing high-end office buildings and serviced apartments in major financial centers to support the operations of corporate regional headquarters.

Regional Distribution

Southeast Asia (Ho Chi Minh City, Vietnam, Jakarta, Indonesia) is dominated by industrial real estate, to support manufacturing relocation needs; Europe (Düsseldorf, Germany, Paris, France) focuses on high-end commercial and office properties, serving technology collaboration and brand operation functions; Latin America (Sao Paulo, Brazil, Mexico City) focuses on logistics, warehousing, and commercial facilities to accommodate regional market expansion.

Source: Public website information / Compiled by Knight Frank Research

The Core Overseas Patterns of Various Industries

	High-Tech Companies	Energy Minerals	Automotive Industry
The Core Pattern	**Full-Chain Production Capacity Layout** Build a multi-regional manufacturing network, set up factories in Southeast Asia, Mexico and other places to reduce transportation costs and trade barriers, staying close to target markets. **Technology and R&D Synergy** Leverage the coordination among global R&D centres to advance vertical integration across the "components–modules–end products" value chain, while enhancing core technological capabilities through cross-border M&A. **Intellectual Property Export** In the sectors of medical technology and semiconductors, high value-added intellectual achievements can be achieved overseas through technology licensing and patent cooperation to increase profit margins.	**Cross-Border M&A and Resources Expansion** Frequently obtain overseas mineral and energy mining rights through cross-border M&A, and quickly control core resource reserves. **Industrial Chain Clusters Go Overseas** Leading enterprises take the lead in investing in the construction of whole industry chain projects in resource-rich areas, attracting upstream and downstream supporting enterprises to follow suit and form industrial synergies. **Focus on Green Energy Footprint** New energy companies such as photovoltaic and lithium batteries have invested and built factories in the Middle East, Southeast Asia and other places to adapt to the local green energy transformation needs and bind long-term cooperation orders.	**Localised Production Radiation** Invest in new energy vehicle bases in Latin America, Southeast Asia and other markets to serve surrounding regional markets while reducing tariffs and logistics costs. **Industrial Chain Synergy Goes Overseas** Leading vehicle manufacturers drive upstream and downstream parts enterprises to expand overseas together, jointly building overseas supply chain systems and enhancing full-chain competitiveness. **The Product Is Adapted to Regional Needs** Optimise models for different markets — for instance, emphasizing high-end new energy models in Europe and affordable and practical commuter models in Southeast Asia.
Typical Case	1 An international leading manufacturing enterprise has built a four-pole manufacturing network of "China+Southeast Asia+North America+ Europe", acquiring Germany's Leoni to strengthen its supply chain while extending into automotive and communications sectors. 2 A domestic leading medical device company adapts to localised medical needs through overseas R&D and promotes the global export of medical equipment and technology.	1 A leading domestic mining enterprise has carried out multiple acquisitions of overseas mineral resources, rapidly expanding its global resource footprint. 2 A leading domestic power battery manufacturer has invested nearly 6 billion US dollars in a battery industry chain project in Indonesia, driving supporting enterprises to expand overseas as a whole.	1 A leading domestic new energy vehicle (NEV) enterprise rolled out the first vehicle from its Brazil plant, consolidating its market position in South America. 2 A major domestic automotive enterprise put its Rayong plant in Thailand into operation, which serves as its first overseas NEV complete vehicle manufacturing base to radiate the ASEAN market.

Source: Public website information / Compiled by Knight Frank Research

The Core Overseas Patterns of Various Industries

	Fintech	Infrastructure	Consumer Brands
The Core Pattern	**Compliant Licence Layout** Obtain a local financial licence through application or cooperation to deliver compliant financial services. **Ecological Service Extension** Expand from a single payment tool to comprehensive services such as digital credit, insurance, and wealth management to build a local financial ecosystem. **Cooperative Scene Penetration** Cooperate with local telecom operators and merchant alliances to promote mobile payment and other services, and quickly integrate into local consumption scenarios.	**Integration of Investment, Construction and Transportation** Move beyond simple project contracting by deeply participating in project investment, construction, and sustained operations to enhance long-term returns and influence. **Focus on Emerging Market Needs** Expand the strategic footprint across Belt and Road Initiative (BRI) and ASEAN countries, focus on infrastructure gap sectors such as transportation and energy, and align with local development plans. **Localised Resource Integration** Hire substantial numbers of local employees, integrate into local supply chains, and drive development of related industries such as building materials and labor services.	**Localization Adaptation and Innovation** Optimise products for the consumption habits of target markets, such as Transsion mobile phones in the African market to adapt to the needs of localized photography and battery life. **Branding is Deeply Cultivated and Operated** Transition from OEM manufacturing to independent brands expanding overseas, enhancing brand influence through premium channel partnerships and localized marketing. **Culture-Empowered Overseas Expansion** Combine Chinese culture with products through trendy IP, specialty dining, and other formats to link product exports with cultural output.
Typical Case	1. A leading domestic fintech enterprise has covered merchants in 66 countries and regions with its cross-border payment solutions, building a global cross-border payment ecosystem network. 2. A top domestic internet finance enterprise has obtained non-bank financial licences in multiple Southeast Asian countries, gradually growing into a core internet financial service platform in local markets.	1. A leading domestic construction enterprise has participated in high-speed railway and port projects across Southeast Asia, achieving full-cycle engagement from construction to operation. 2. A flagship domestic construction machinery enterprise has deepened its footprint in Africa, with local business revenue surging by 44.02% in 2024.	1. A leading domestic home appliance enterprise is boosting its overseas independent brands to capture a larger share of the global high-end home appliance market. 2. A domestic trendy toy enterprise is expanding overseas with its distinctive IPs, spreading Chinese trendy culture worldwide. 3. A domestic smartphone enterprise has adapted to regional demands through localized innovation, establishing an absolute edge in Africa's smartphone market.

Source: Public website information / Compiled by Knight Frank Research

The Core Overseas Patterns of Various Industries

	Commercial Real Estate	Logistics Real Estate	Industrial Real Estate
The Core Pattern	**Asset-Light Operation** Participate in overseas commercial projects through brand output and management partnerships, exporting commercial operations expertise and digital management systems to mitigate asset-heavy investment risks.	**Hub Network Footprint** Relying on cross-border logistics hubs (such as ports and airports) to build a modern logistics park, meeting the collaborative needs of cross-border e-commerce and supply chain.	**Supporting Development of the Industrial Chain** Leading manufacturing enterprises take the lead in cooperating with real estate developers to build standard factories, warehousing and logistics centres in overseas industrial parks to achieve an integrated development of "production + support".
Typical Case	1 An overseas real estate affiliate established by a leading domestic property developer has entered into a partnership with local developers in Indonesia to be responsible for the investment promotion and operation management of a complex in Jakarta.	1 A leading domestic logistics service provider has deployed warehouse-supporting real estate in key port cities across Southeast Asia, building an integrated network that combines logistics hubs and warehousing real estate.	1 A leading domestic photovoltaic (PV) technology enterprise has built supporting production plants and logistics warehouses in Thailand's Rayong Industrial Park, driving the clustered settlement of upstream and downstream enterprises in the industrial chain.

Source: Public website information / Compiled by Knight Frank Research

Key Overseas Strategy — Industry-Wide

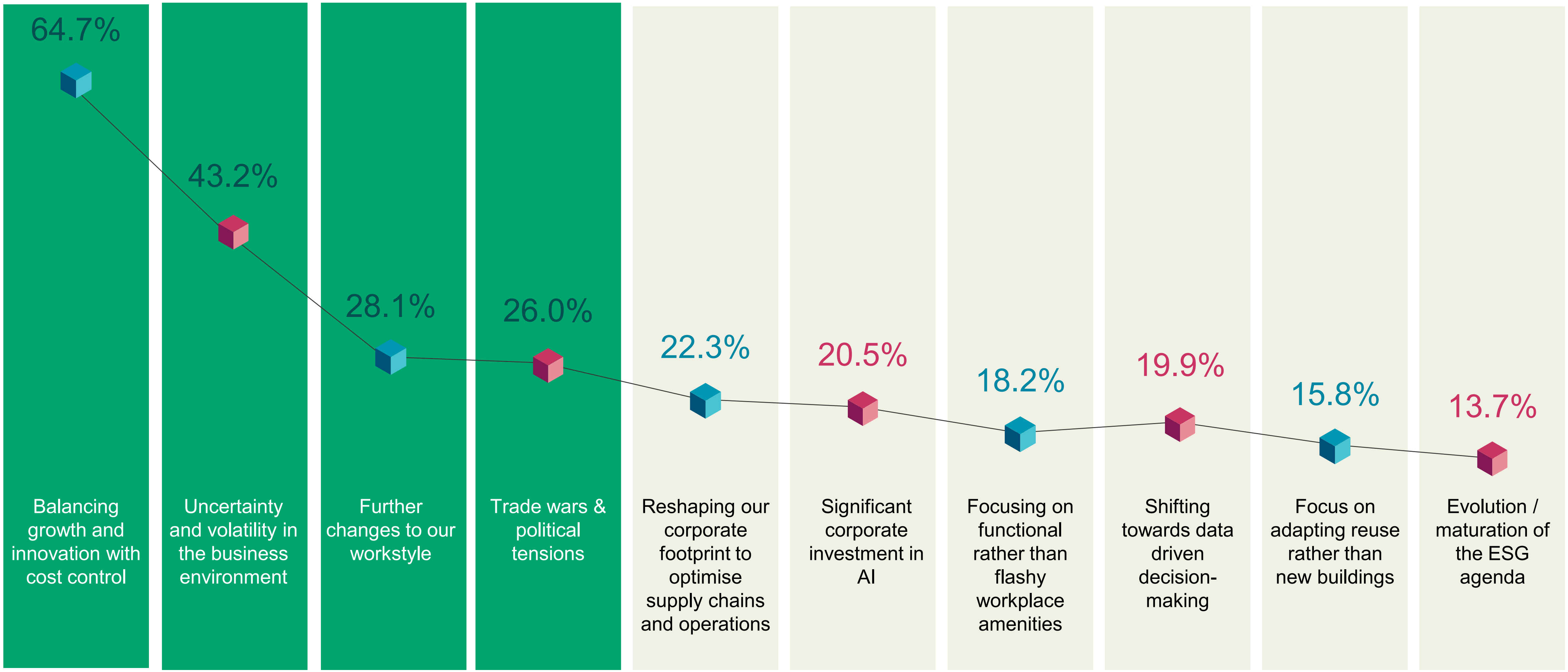
	Compliance First Strategy	Ecological Co-Construction Strategy	Supply Chain Resilience Strategy
Strategy	The compliance-first strategy requires Chinese enterprises to establish a multi-dimensional compliance system covering data security (such as EU GDPR), foreign investment review (such as US CFIUS), and trade barriers in the process of "going global". Enterprises should conduct in-depth research on the laws and regulations of the target country at the beginning of the project, proactively identify potential policy risks and compliance obstacles, and formulate response plans in advance. By setting up a dedicated compliance management team, enterprises continuously track changes in international policies, adjust business strategies in a timely manner, and reduce legal and financial risks caused by compliance mistakes. In addition, enterprises should strengthen communication and cooperation with local governments, industry associations and professional institutions to obtain authoritative compliance guidance to ensure stable operations in a complex and volatile international environment. Compliance is not only the bottom line of risk prevention and control, but also the cornerstone of the international and sustainable development of enterprises.	The ecological co-construction strategy emphasizes that Chinese enterprises should unite with global partners, host country enterprises, local communities and users to build a mutually beneficial and win-win industrial ecosystem in the process of overseas development. Through resource sharing and risk co-management, enterprises can improve localisation recognition and market adaptability. For example, enterprises can establish strategic alliances with local leading enterprises, scientific research institutions, and government departments to promote in-depth collaboration in technology, talents, markets and other aspects. Simultaneously, engage in community development and corporate social responsibility to strengthen local brand reputation and influence. Ecological co-construction not only helps enterprises quickly integrate into the target market, but also improves their ability to resist risks and achieve long-term stable development.	The supply chain resilience strategy requires enterprises to adopt a "nearshore+offshore" supply chain footprint, decentralize production and logistics nodes, and reduce risks in a single market or region. By setting up production bases and logistics centres in different countries and regions, companies can respond more flexibly to global supply chain fluctuations and ensure a stable supply of core raw materials (such as lithium for electric vehicles). In addition, enterprises should also strengthen collaboration with upstream and downstream partners to promote the digital transformation of the supply chain and achieve efficient integration of information flow, logistics and capital flow. The construction of a multi-regional supply chain network will help enterprises improve their global resource allocation capabilities and market response speed, and enhance their international competitiveness.
Core Action	Establish a full-dimensional compliance system	Build a four-in-one mutually beneficial ecosystem	Multi-regional supply chain network construction

Key Overseas Strategy — Industry-Wide

	Brand Upgrade Strategy	Digital Empowerment Strategy	Global Talent and Organisational Adaptation Strategy
Strategy	The brand upgrade strategy emphasises that enterprises should transform from "cost-effective labels" to "technology-driven brands with cultural resonance". Enterprises should establish a professional and reliable brand image through continuous technological innovation and high-quality product output. At the same time, it combines localized marketing and ESG (environmental, social and governance) practices to enhance the brand's global premium capabilities. Enterprises can also use overseas exhibitions (such as CIIE) and cross-cultural communication To forge emotional connections with target consumers, achieving a dual improvement on both value output and brand image. Brand upgrades not only help enterprises stand out in the international market, but also drive high value-added growth of products and services.	Digital empowerment strategies require enterprises to make full use of cutting-edge technologies such as industrial Internet and artificial intelligence to optimise overseas operational efficiency. By building a cross-border digital management platform to achieve global collaboration in R&D, production, sales, service and other links, enterprises can improve operational transparency and decision-making efficiency. Digitalization can also help enterprises better grasp market dynamics, quickly respond to customer needs, and reduce operating costs. Enterprises should actively promote digital transformation, cultivate talents, create a data-driven management system, and provide solid technical support for international development.	The global talent and organisational adaptation strategy emphasises that enterprises should form a mixed team of "expatriate core staff+local elite", dynamically adjust the overseas organisational structure, and achieve regional empowerment and cross-cultural flexible management. Enterprises should enhance the team's international vision and collaboration ability through cross-cultural training and job rotations. At the same time, establish a diversified incentive mechanism to attract and retain local high-end talents and enhance the competitiveness of enterprises in the target market. Flexible organisational models and efficient talent allocation are the keys for enterprises to respond to different market operation needs and consolidate the foundation of international execution.
Core Action	Value output and brand image reshaping	Full-chain digital management is implemented	Talent allocation and organisational model adaptation

Key Overseas Strategy — Corporate Real Estate

Factors influencing real estate strategy



Source: Knight Frank Research
N=292. Results as a percentage of total survey responses

Key Overseas Strategy — Corporate Real Estate

Core considerations for site selection

1. **Economic Development Potential**

Assess the economic growth trends, industrial planning and future development plans of the region to ensure that the location of the office building aligns with the direction of economic development and attracts potential tenants.

2. **Industrial Clustering Effect**

Considering the regional leading industries and industrial chain support, choosing areas with high industrial concentration and comprehensive supporting facilities is conducive to reducing operating costs and enhancing competitiveness.

3. **Market Supply and Demand**

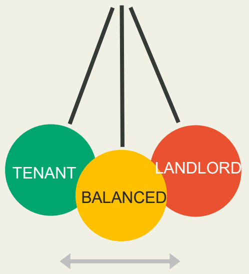
Analyze current and future market supply and demand to evaluate the growth potential of office market demand and avoiding oversupply and rising vacancy rates due to overdevelopment.

4. **Policy Support**

Pay attention to local government support policies for specific industries or regions, such as tax incentives, financial support, etc., and make full use of policy benefits when selecting sites.

Figure 11: Market Considerations - Asia Pacific Office Market Overview (Q3 2025).

Q3 2025 MARKET PENDULUM



12-Month Rental Outlook

Decreasing	
• Beijing	• Shanghai
• Guangzhou	• Shenzhen
• Hong Kong SAR	• Ho Chi Minh City
Unchanged	
• Delhi-NCR	• Mumbai
• Kuala Lumpur	• Singapore
• Auckland	• Melbourne
• Bangkok	• Phnom Penh
• Seoul	• Taipei
Increasing	
• Brisbane	• Manila
• Perth	• Tokyo
• Sydney	• Bangalore
• Jakarta	

Source: Knight Frank Research

Key Overseas Strategy — Corporate Real Estate

Rental costs and lease terms

1 Rental Analysis

Comprehensively consider the market rent and the affordability of potential tenants, reasonably estimate the rent level of office buildings can ensure the balance between market competitiveness and income.

2 Negotiation of Lease Terms

Flexible lease terms, such as rent payment methods, deposit settings, lease terms, etc., to meet the needs of different tenants and enhance market attractiveness.

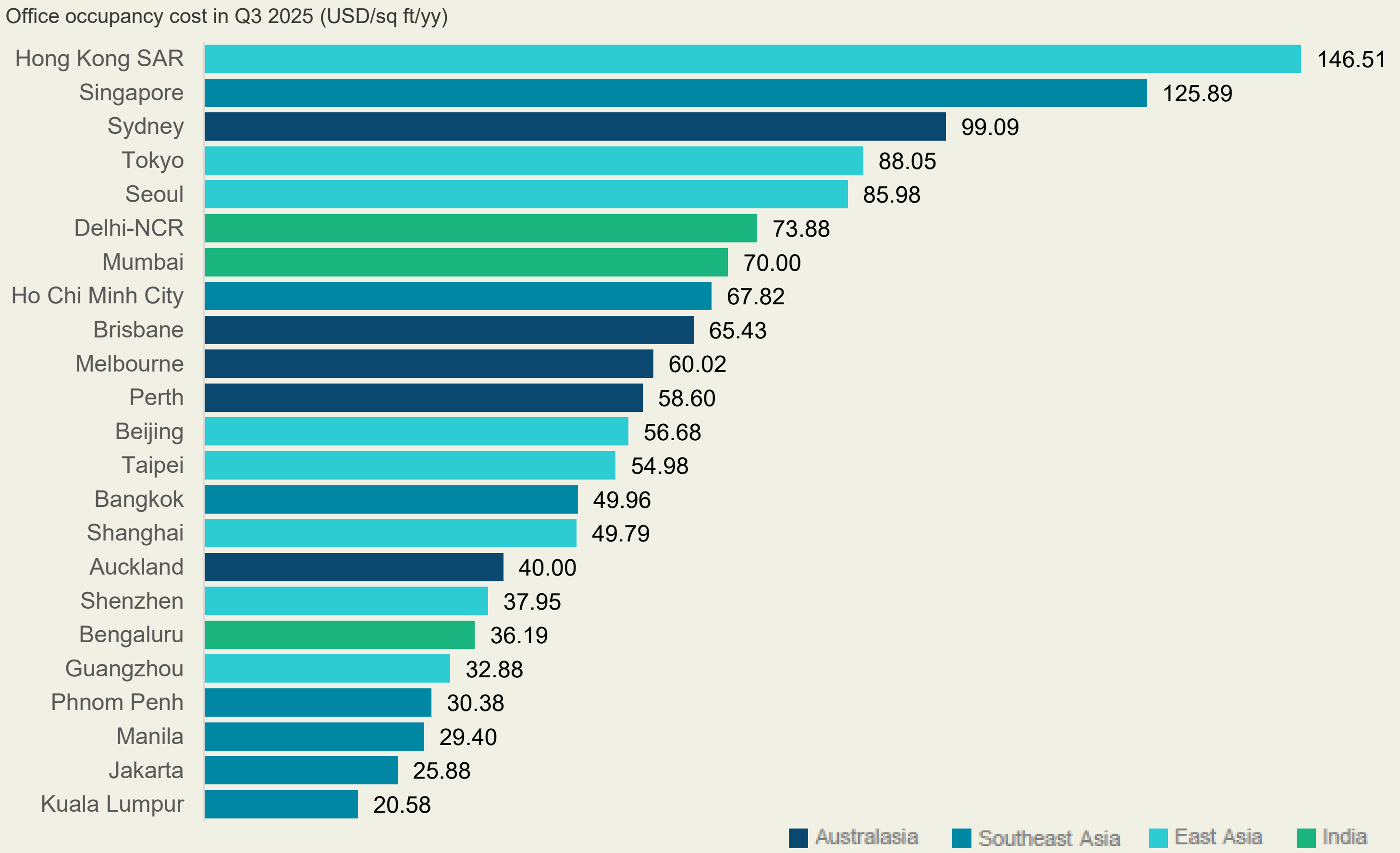
3 Maintenance Cost

Evaluate and control the cost of daily maintenance and future renovation and upgrading of office buildings to ensure that the building value increases simultaneously with tenant needs, and achieve asset preservation and appreciation.

4 Market Volatility Response

Develop strategies to respond to rent fluctuations and changes in the leasing market to ensure stable and sustainable office operations and provide tenants with a long-term reliable office environment.

Figure 12: Market Considerations - Asia-Pacific Office Market



Source: Knight Frank Research

Key Overseas Strategy - Corporate Real Estate

ESG is a critical consideration in corporate real estate strategies for overseas expansion

STEP **01**

Set ESG Goals

Assess key ESG goals and priorities that are critical to stakeholders, provide guidance for relocation and renovation decision-making.

STEP **02**

Research the Market

Evaluate buildings for ESG compliance, focusing on features that match own environmental and social goals.

STEP **03**

Discuss ESG with Landlords

Working with the landlord, identify and monitor ESG metrics to track and improve building performance, reduce risk, and ensure compliance.

STEP **04**

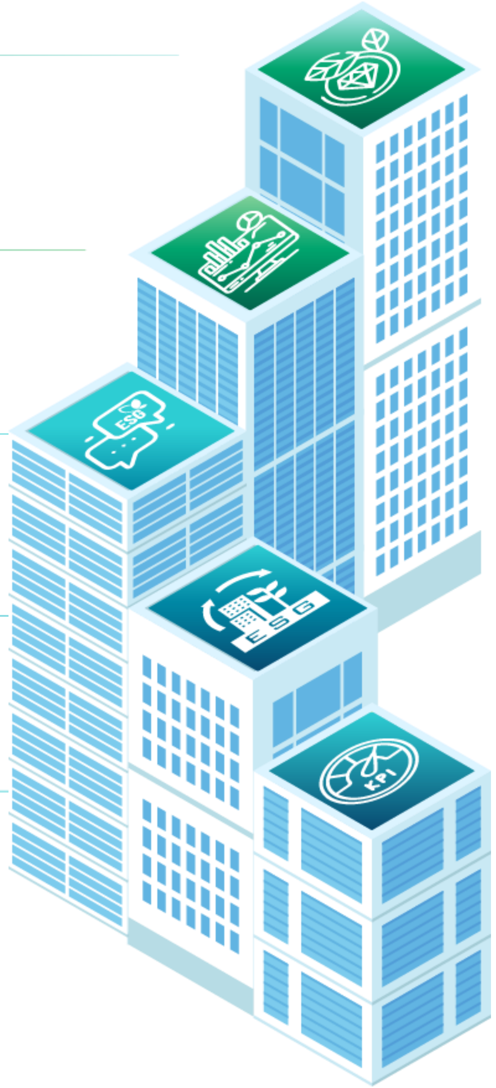
Design Sustainable Workspaces

Use eco-friendly materials, energy-efficient systems, water-saving solutions, and natural light to create healthier, productive office environments.

STEP **05**

Track Performance

Monitor ESG metrics, such as energy use, emissions, or green certifications, to ensure accountability and support ESG reporting. Regular audits identify opportunities for cost savings and areas for improvement.



Source: Knight Frank Research

Government Support and Service System

State level policies, public services and digital empowerment

Core Policy Support

1. **Special Action Initiatives**
The Ministry of Industry and Information Technology's "SME Going-Global Service Initiative" encourages enterprises to go abroad through group expansion and partnership models, reducing the costs of going overseas alone.

2. **Fiscal, Tax, and Financial Convenience**
Simplify cross-border financing processes and innovate asset-light financing products; Pilot free trade zones and "Belt and Road" cooperation zones provide targeted tax exemptions.

3. **Breaking Market-Entry Barriers**
Strengthened research on overseas standards and provision of international testing and certification services help enterprises meet regulatory requirements in target markets.

4. **Real Estate Policy Benefits**
Some countries have introduced tax incentives for industrial real estate, such as Vietnam granting 5-10 years of corporate income tax exemption for industrial park real estate projects; China's "Belt and Road" production capacity cooperation park provides cross-border financing facilities and green channels for approval of supporting real estate projects.

Key Public Services

1. **Information and Compliance Assurance**
Establish a country-specific policy/market database to provide cross-border compliance guidance on data security and carbon footprint.

2. **Market and Talent Support**
Organize international exhibitions and cross-border matchmaking; Build an international talent training and overseas employment recruitment platform.

3. **Protection of Risk Rights and Interests**
Working with professional institutions to provide intellectual property rights protection and cross-border litigation agency; Establish a foreign-related emergency risk channel.

4. **Real Estate Overseas Services**
Local governments (such as Shanghai and Shenzhen) have built overseas real estate investment service platforms to provide services such as national real estate policy inquiries, compliance consultations (such as land use rights, building standards), and project matching. Jointly issue real estate investment guidelines in key markets with professional institutions to reduce the risk of corporate decision-making.

Digital Platform Empowerment

1. **"One-stop" Online Hub**
Integrates resources such as policy search, service matchmaking, and case libraries, enabling fully digitalized processing of going-global services.

2. **Collaborative Going-Global Platforms**
Build industry-chain collaboration platforms that enable leading enterprises to lead and support partner companies in jointly developing overseas industrial clusters.

Government Support and Service System

Shanghai + Beijing local characteristics overseas support policy

Shanghai

Cross-border financial innovation + full-chain overseas services

Cross-border Financial Facilitation
Launched 18 special measures, including RMB cross-border trade financing rediscount support, exemption from one-by-one review of high-quality enterprise documents, optimisation of the capital pool process in the pilot free trade zone, and non-resident M&A loans (up to 80% of the transaction price, term of 10 years).

Process Optimisation and Guidance
Simplifying ODI filing and joint review of key projects; Compile market guides for 74 countries (regions) + 3 exclusive guides for key industries, and release a list of 100+ legal/financial and taxation professional service institutions.

Risk and ESG Support
Announce 350+ overseas safety warnings throughout the year and carry out overseas risk training; Introduced the country's first three-year action plan for foreign-related ESG (2024-2026).

Beijing

High-tech industry empowerment + digital overseas support

High-Tech Industry Expansion
Promote the opening up of the entire biomedical industry chain and support the promotion of autonomous driving/robot scenario technology; Support the establishment of international open source organisations and promote technology abroad.

Financing & IPO Services
Implement the QFLP pilot scheme and encourage offshore funds to set up industrial investment funds; Support enterprises to go public for overseas financing, and provide financial support for "specialised, special and new" special board financing enterprises.

Digital Economy Support
Cross-border data "one-stop" processing, supporting participation in international big data exchange business; Build an innovation service base for the digital economy to go overseas and provide compliance/talent services.

International Cooperation is Built
Build a Sino-German/China-Japan International Cooperation Industrial Park and make good use of the China-Europe (Asia) train; The HICOOL Global Entrepreneur Summit was held to facilitate the landing of participating enterprises.

Case Study 1 — Cameroon Project in Africa

Background

Global Strategy Driven

Our Client, a leading domestic tech enterprise, adheres to the core strategy of "global footprint", and Africa, as a key growth pole in emerging markets, has become a key region for its overseas expansion. As an economic hub between China and Africa, Cameroon has more than 20 million mobile users and an Internet penetration rate of about 40%, and the urgent need for communication infrastructure upgrades and digital transformation provides our client with a broad market space.

Market Demand Fits

Cameroon's telecommunications market has long faced pain points such as uneven network coverage, limited speed, and outdated infrastructure, and public sectors such as the National Social Security Agency (CNPS) have problems such as fragmented data management, low business operating efficiency, and frequent network interruptions, and urgently need advanced technologies and solutions to promote transformation. At the same time, the Cameroonian government is promoting the construction of a digital nation, which provides opportunities for our client's 5G, network infrastructure, industry cloud and other services to be implemented.

Strategic Planning

1. **Core Positioning**
With the core proposition of "in Africa, for Africa", it has upgraded from a simple communication equipment supplier to a "digital ecological enabler", which is deeply bound to the development needs of Cameroon's country.

2. **Business Layout**
Infrastructure layer: deploy 5G networks and transoceanic submarine cables to build a national communication backbone network; Industry application layer: provide customised digital solutions for public services, finance and other sectors; Ecological construction layer: Cultivate a digital ecosystem through technical training and local cooperation.

3. **Implementation Path**
Promote the implementation of the service in stages: first deploy the 5G network in the capital Yaoundé and the economic centre Douala, and then expand it to the whole country; Simultaneously undertake key projects such as submarine cables and social security digitalisation, forming a two-wheel drive pattern of "infrastructure+application".

Avoid potential risks with innovative trading structures

A leading domestic tech enterprise

Africa - Cameroon

Implementation Process and Challenges

Implementation Process

In 2021, a 5G deployment agreement was signed to start pilot network construction, and the South Atlantic Submarine Cable (SAIL) project was simultaneously promoted to realise the intercontinental connection between Cameroon and Brazil in South America.

Conducted comprehensive research on CNPS digital needs and customise network upgrade and data management solutions.

Collaborated with local operators to promote large-scale deployment of 5G networks, and carry out technical training and ecological cooperation.

Completed the delivery and acceptance of social security systems, submarine cable projects and other projects in stages, and continue to provide operation and maintenance support.

Core Challenge

Tight timeline: Our client needs to complete the transaction structure design and related negotiations for customised office projects within two months.

Immature legal environment: there are ambiguous areas in local laws and regulations related to land rights, which increases the uncertainty of land acquisition;

Designation of subcontractors: In order to ensure the progress and quality standards of project delivery, our client has designated domestic pre-assembled builders as subcontractors, further increasing the complexity of the transaction structure.

Cost control needs: While ensuring the rapid progress and on-time delivery of the project, the rent level needs to be controlled within a reasonable range.

Coping Strategies and Measures

- With Knight Frank Africa's local network, it quickly gathers key market data such as local rents, construction costs, tax structures, and more.
- Through multiple special meetings, we have an in-depth understanding of the demands and constraints of landlords, our client, and subcontractors.
- Combined with the Knight Frank team's extensive experience in the BTS project, identify potential risks in terms of contract, delivery, compliance, and propose countermeasures.
- Based on clarifying the local tax structure, our client will build three financial models that are in line with market practices to assist our client in decision-making and analysis.

Results

Based on a comprehensive understanding of the project background and the interests of all parties, Knight Frank has designed a transaction structure for our client that can balance the demands of all parties and control project risks from a neutral perspective, relying on its professional BTS project experience, and effectively promoting the smooth implementation of the project.

Case Study 2 —Office Location Selection in Europe and North Africa

Background

Global Strategy Driven

Driven by the global expansion strategy, our client, a leading domestic consumer electronics enterprise has accelerated its expansion into overseas markets, focusing on business landing in key regions such as Europe and Africa. In order to support local market operations and team expansion, it is necessary to lay out adapted office space in core cities to meet daily operational needs and lay a infrastructural foundation for business expansion, so office location projects in Croatia, Casablanca and other places have been launched.

Strategic Planning

1. **Core Objectives**
   Site selection focuses on core areas: Priority is given to core areas such as the centre of Zagreb, Croatia, and the main financial district of Casablanca, Morocco, to ensure office convenience and brand image.

   Clarification of space requirements: The number of workstations or area criteria is determined based on the size of the team, with 25 serviced office spaces in Zagreb and 400-500 sqm of traditional office space in Casablanca.

   Balance timeliness and cost: While meeting the demand for early occupancy, control rental costs and achieve the best cost performance.

2. **Cooperation Model**
   Not limited to a single agent, by cooperating with global suppliers, we can broaden the site selection channels and improve the flexibility and competitiveness of project selection.

Overseas Services Croatia and Casablanca :
Achieve lease replacement in niche markets

A leading domestic consumer electronics enterprise

Europe – Croatia
North Africa - Casablanca

Implementation Process and Challenges

Implementation Process	After clarifying the space standards and regional requirements, our client worked with cooperative agents to carry out project screening and negotiations, participated in the whole process of programme evaluation and decision-making, and finally determined the cooperation project and completed the signing.
Core Challenge	Zagreb, Croatia: limited market size and scarcity of alternative office solutions; our client cannot start renting immediately, and the landlord of the preferred plan does not accept long-term reservation; The rest of the alternatives have shortcomings in floor plate and lighting. Casablanca, Morocco: Competition for preferred projects is intense, with two clients negotiating simultaneously.

Coping Strategies and Measures

- Precise communication and coordination: For the Zagreb project in Croatia, actively build a communication bridge between our client and the landlord, focus on negotiating the extension of the reservation period, and solve the core contradiction of "not being able to start renting immediately"; At the same time, we have continued to tap market resources and expand the alternative library.
- Rapid response to demand: In the Casablanca project, a recommended project proposal was delivered to our client the very next day after receiving their requirements. so as to respond quickly to seize the competitive opportunity and highlight the advantages of service efficiency.
- Strengthen landlord engagement: In view of the competitive situation of Casablanca's preferred projects, take the initiative to communicate with owners in depth to gain more decision-making time for our client and reduce the signing risk caused by competition.

Results

Croatia project: Two months prior to the expiration of our client's current lease, the relocation site was successfully identified and negotiated, securing a favorable grace period to ensure seamless office transition. This initiative met operational continuity requirements while achieving annual rental savings of RMB28,800 for our client, delivering dual optimisation in both cost efficiency and timeline management.

Casablanca project: Leveraging rapid response capabilities and efficient negotiation expertise, the team stood out amid intense competition, successfully assisting our client in securing the signing of its preferred office project, successfully landed in Casablanca's core financial district, and provided stable office support for local business development.

The value of cooperation is highlighted: Through collaboration with agents such as Knight Frank, our client has efficiently solved the challenges of overseas office site selection, verified the feasibility of its global cooperation model, and accumulated valuable experience for the subsequent overseas expansion of more regions.

Case Study 3 — Global Expansion of a Leading Domestic Logistics Service Provider

Background

Intensified Competition in the Domestic Market

As the largest integrated logistics service provider in China and Asia, the Company ranked fourth in the world in terms of revenue in 2023, business covering 202 countries and regions, operating 99 aircraft and more than 186,000 vehicles. The motivation for going overseas stems from the intensified competition in the domestic express delivery market and the global increasing needs of enterprises: on the one hand, the growth rate of the domestic logistics market has slowed down, and the competition of leading enterprises is fierce; On the other hand, the "tide of going overseas" of Chinese enterprises has given rise to cross-border logistics demand, and the supply chain service potential of high-value industries is huge. As of the first half of 2025, more than 60% of Fortune China 500 companies use the Company's international services, and the penetration rate of leading customer cooperation continues to increase, laying the foundation for its international expansion. At the same time, the Freight Hub located in a domestic region, as the only cargo aviation hub in Asia, is building a "hub-and-spoke air network + multimodal transport + smart logistics" system, which has become the core resource support for the Company to go overseas.

Strategic Planning

1. The Company has adopted a three-pronged overseas expansion strategy of M&A integration, localised collaboration, and hub network construction. In terms of market entry models, it quickly secures local resources through M&A: it acquired a European logistics enterprise in 2018 and a Southeast Asian logistics enterprise in 2020, achieving synergy of local resources and networks via investment and M&A initiatives. Meanwhile, it has jointly developed localised demonstration projects with a European logistics enterprise, building an end-to-end supply chain integrating logistics, e-commerce, and comprehensive services to realise resource complementarity. In terms of asset layout, it has established global transit network nodes in the Guangdong-Hong Kong-Macao Greater Bay Area and the Beijing-Tianjin-Hebei region. Leveraging its core hubs, it launched 3 international freight routes in the first half of 2025, covering over 15 international destinations. It also operates more than 2.5 million sqm of overseas warehouses, forming a differentiated advantage of "hub and warehouse-distribution linkage

Global Overseas Expansion:
Unlocking high-value markets via "M&A+Collaboration+Hub" model

A leading domestic integrated logistics service provider

Global

Implementation Process and Challenges

The Company faces three core challenges when going overseas:

1. Cultural and management synergy problems in M&A integration, such as the need to coordinate the differences in decision-making processes and service standards between the two parties after the acquisition of the European logistics enterprise ;
2. The operational complexity of cross-border logistics, the transportation of fresh products such as tropical fruits has strict requirements for cold chain timeliness, the traditional mode has a high loss rate and an unstable delivery cycle;
3. Faced with financial pressures and market fluctuations, the core air hub invested and constructed by the enterprise has incurred a total investment of RMB2.61 billion. Its international business revenue dropped by 40.78% YoY to RMB34.899 billion in 2023. Meanwhile, against the backdrop of a global interest rate hike cycle, cross-border financing costs have surged. The enterprise's total liabilities reached RMB121 billion in 2024, with an asset-liability ratio of 53%. In addition, it also has to cope with regulatory policy differences across various countries and competitive pressures from international logistics giants.

Coping Strategies and Measures

In response to the challenge, the Company promotes solutions in multiple dimensions:

- In terms of management integration, it has implemented a model of the "core team retention+technology empowerment". After acquisition, it maintained the independent operation of the acquired logistics enterprise, while exporting its intelligent sorting systems and digital management expertise.
- In terms of operational optimisation, it focuses on the core model of "overseas hubs + multimodal transport + digital & intelligent temperature control". Leveraging projects such as fresh produce rail-road intermodal transport in designated regions and cold chain services at European ports, it has built an end-to-end, fully traceable global cold chain network, achieving over 20% improvement in timeliness and a product loss rate of ≤ 3%;
- In terms of financial risk control, it will raise HK$5.662 billion through H-share listing in 2024, and 45% of the proceeds will be used to strengthen international logistics capabilities, while, compared with syndicated loans and offshore bond issuance, the company prioritises Hong Kong equity financing to lower overall funding costs
- In the market competition, focus on supply chain services in high-value industries and form differentiated competitiveness in electronics, medicine and other sectors.

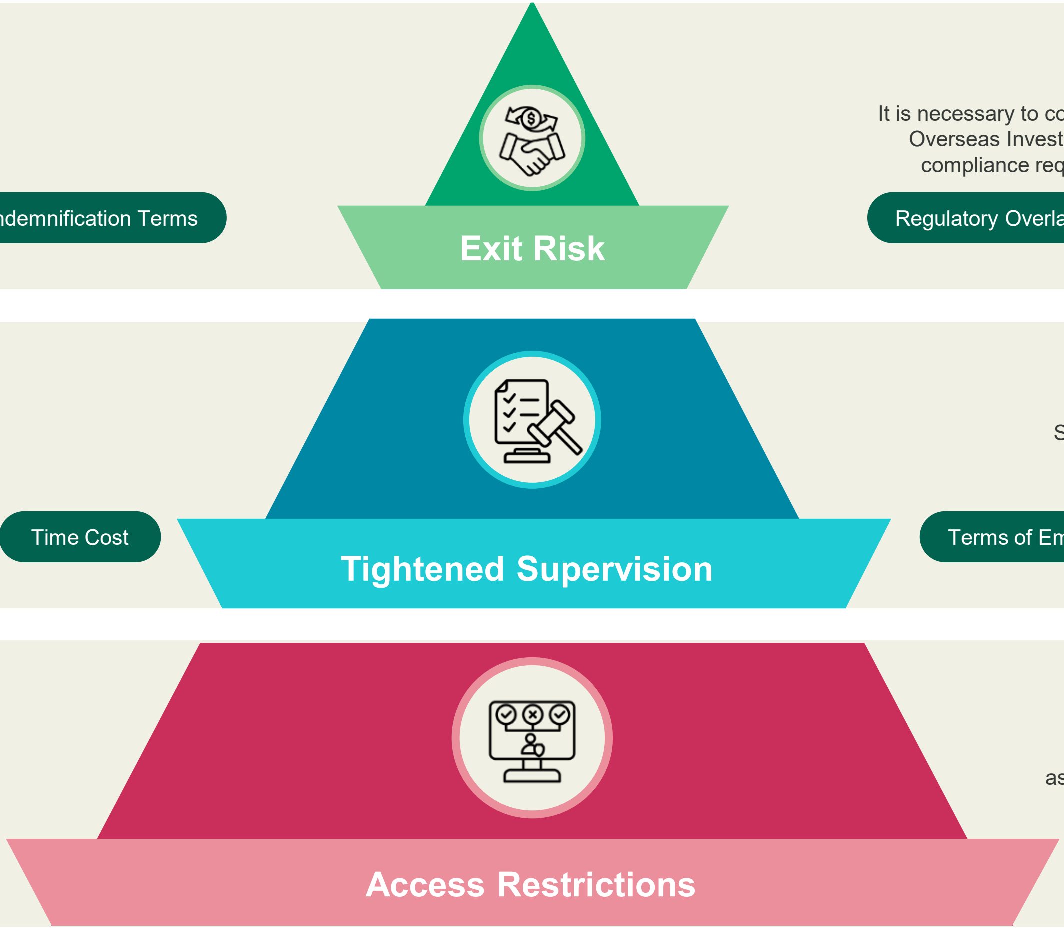
Results

In the first half of 2025, The Company's supply chain and international business revenue reached RMB34.23 billion, a YoY increase of 9.7%, and the proportion of high-value business revenue was further optimised. Its practice of going overseas has brought three enlightenments:

- The dual path of "M&A+cooperation" can quickly break through market barriers, M&A can obtain resources and cooperate to deepen localised operations.
- Hub network and technology empowerment constitute the core competitiveness. The integrated footprint of core air hubs and overseas warehouses has significantly enhanced the capabilities in logistics timeliness improvement and cost control;
- It is necessary to balance scale expansion with financial stability, and alleviate financial pressure through diversified financing channels. For similar enterprises, focusing on market segments and strengthening industrial chain coordination is an effective strategy to cope with international competition.

Source: Public website information / Compiled by Knight Frank Research, image from news reports

Challenge 1 — Target Country Policy and Regulatory Restrictions



Forced Divestment

The host country may retroactively veto completed transactions on national security grounds, and there will be 37 M&A terminated worldwide in 2024

Retrospective Review | Assets are Frozen | Indemnification Terms

Conflict of Laws

It is necessary to comply with both China's "Measures for the Administration of Overseas Investment" and the regulations of the host country, and the dual compliance requirements increase the complexity of enterprise operations

Regulatory Overlap | Conflict of Provisions | Compliance Risks

Review Cycle

European and American countries have extended the review cycle of M&A in key areas to 6-12 months, and some cases require multiple rounds of supplementary materials

Process Extension | The Material is Repeated | Time Cost

Localisation Requirements

Some countries mandate the retention of local employment, technology transfer or the establishment of joint ventures, leading to limited actual control

Terms of Employment | Technology Transfer | JV Binding

Review Mechanism

Developed countries have strengthened their foreign investment security review systems, focusing on M&A in key technologies, infrastructure, and sensitive data

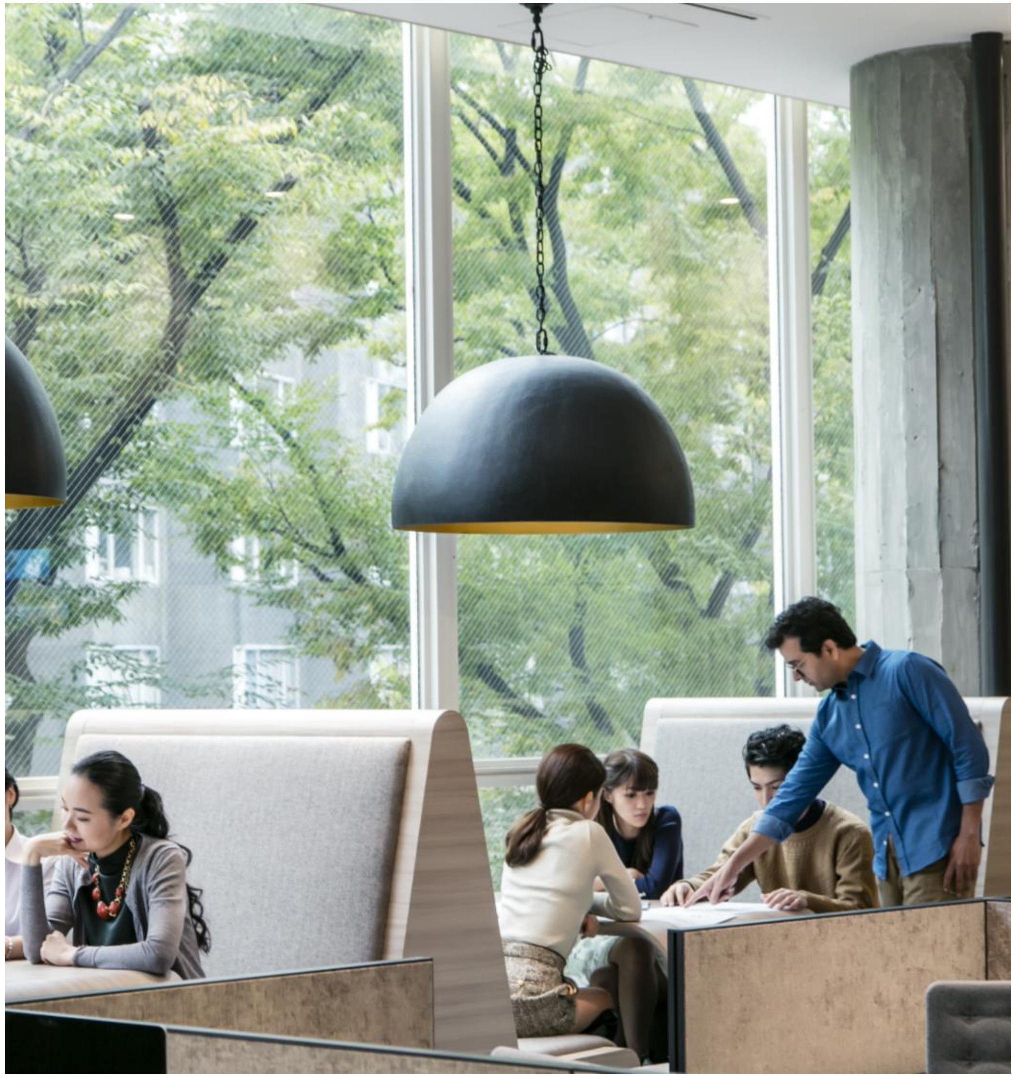
Equity Cap | Industry Prohibition on Entry

Compliance Costs

Need to deal with cross-border regulatory procedures such as antitrust filings and CFIUS reviews, and legal consultation fees may account for 3%-5% of the transaction volume

Declaration of Fees | Team of Lawyers

Challenge 2 — Cultural Integration and Business Management Issues



01 Conflict of Management Concepts

Chinese enterprises focus on hierarchical decision-making, ensuring the unity of decision-making and execution efficiency with centralized control, but it is easy to lag behind market response and inhibit early-stage innovation; European and American companies prefer flat management, which enhances market sensitivity and creativity through decentralisation and employee participation, but may increase the difficulty of collaboration due to decentralized decision-making. The collision of ideas after M&A can easily lead to problems such as confusion in decision-making and communication barriers. It is necessary to carry out systematic cross-cultural training to help both parties understand each other's management logic, and at the same time implement executive rotation, promote the deep integration of management teams, build a new system on the basis of retaining their respective advantages, and achieve a balance between decision-making efficiency and innovation vitality.

02 Employee Retention Problem

After the M&A, the core team of the target enterprise is prone to a lack of sense of belonging due to cultural shock (differences in values, working methods, and management styles), and then loses it. Core talents are the carriers of technology, customer resources and management experience, and their departure will lead to project stagnation, customer loss, increase recruitment and training costs, and delay the integration process. It is necessary to formulate a targeted retention plan: design equity incentives to bind the long-term interests of employees and the enterprise, build a clear career development channel, provide job rotation and training opportunities to meet growth demands, and strengthen cultural promotion and humanistic care, create an inclusive atmosphere, and help employees quickly integrate into the new organisation.

03 Brand Value Maintenance

The recognition and customer loyalty accumulated by the acquired brand in the market are important values, and excessive integration (changing logos, adjusting positioning, and compressing operating space) can easily lead to confusion in consumer cognition and damage brand value. For example, some luxury brands have lost their high-end tonality due to excessive commercialisation after M&A, and their market share has declined. Brand integration needs to adhere to the principle of "doing something and not doing something", retain an independent operation team, respect brand history and culture, and maintain the original market positioning. At the same time, it collaborates with the supply chain, shares R&D results, and integrates marketing channels to achieve complementary brand advantages, which not only maintains the original value, but also enhances the competitiveness of the overall brand matrix.

04 System Information Compatibility

The incompatibility of the post-merger system directly affects operational efficiency, especially financial integration is prone to delays in consolidated statements, inaccurate data, and interference with decision-making. It can also cause disjointed business processes, increasing costs and risks. It is necessary to first comprehensively evaluate the IT system and clarify the advantages and disadvantages. Then reconstruct the system or develop interfaces according to the integration strategy of investing special funds: the core system can be upgraded or introduced into a new integrated ERP, and the non-core system relies on the interface to achieve data synchronization. At the same time, unified data management standards are established, processes are standardised, system coordination is ensured, and reliable support for operational decision-making.

Challenge 3 — Exchange Rates and Financial Risks

01 Exposure to Foreign Exchange Fluctuations
The payment cycle for M&A transactions typically lasts from several months to a year, during which exchange rates can fluctuate wildly due to multiple factors such as geopolitics, economic data, and monetary policy. If the settlement currency exchange rate appreciates significantly, it will directly increase the actual payment costs of Chinese enterprises and erode the expected benefits of M&A. If the exchange rate depreciates, although it may seem beneficial in the short term, it may raise regulatory concerns in the target country or doubts about the ability of counterparties to pay. In order to control this risk, enterprises can cooperate with financial institutions in advance to lock in the future delivery exchange rate by signing forward foreign exchange contracts, or buy currency options to retain the income of exchange rate fluctuations while controlling downside risks, and flexibly choose a combination of hedging tools based on transaction amount and risk appetite.

02 Financing Costs Are under Pressure
At present, the local liquidity of the cross-border financing market is tightening, and the interest rate of mainstream currency loans is still at a medium to high level, which has significantly increased the pressure on the capital cost of corporate M&A. The comprehensive cost of different financing channels varies greatly: although the approval process of syndicated loans is relatively mature, the interest rate is significantly affected by market fluctuations; Domestic guarantee and foreign loans rely on the guarantee of the domestic parent company, which can lower the threshold for overseas financing, but it needs to meet the regulatory requirements of cross-border guarantees. Overseas bond issuance can obtain long-term stable funds, but if the target country's credit environment is poor, the bond issuance interest rate may be higher. Enterprises need to comprehensively calculate the interest rate level, handling fees, foreign exchange locking costs, etc. of each channel, choose the optimal plan based on the financing period and solvency, and diversify the cost risk through multi-channel portfolio financing if necessary.

03 Risk of Cash Flow Mismatch
If, following a M&A, the primary revenue currency of the target asset differs from the currency used to repay the acquisition debt, this will create a cash flow mismatch risk. When the income currency depreciates or the debt currency appreciates, enterprises need to exchange more income currency for debt currency, leading to a sharp increase in debt repayment pressure and even a liquidity crisis. In this regard, the income of the underlying asset can be used to repay debts of the same currency in priority through natural hedging; or build a cross-border capital pool for centralized management.

Manage fund positions in different currencies by netting inflows and outflows across currencies to reduce the frequency of foreign exchange conversions. At the same time, regularly monitor currency exchange rate trends and cash flow conditions, promptly adjusting fund allocation strategies to ensure alignment between cash flows and debt repayment obligations.

04 Impact of Sovereign Credit Rating
The downgrade in the sovereign credit rating of the target country is often accompanied by economic recession, debt crisis or political instability, which may lead to capital controls and sharp depreciation of foreign exchange rates, which seriously threatens the safety of M&A funds and subsequent operations. For example, some emerging market countries have introduced foreign exchange control policies during economic crises to restrict cross-border capital outflows, resulting in companies unable to repatriate profits or repay overseas debts normally. Therefore, it is necessary to include a political risk termination clause in advance in the M&A transaction agreement to clarify the transaction adjustment or exit mechanism when the target country has specific capital controls or sovereign credit ratings falling below the threshold, and at the same time purchase corresponding political risk insurance to reduce the losses caused by extreme risks.

Challenge 4 — Challenges Faced by Corporate Real Estate

Domestic and Foreign Real Estate Demand and Resources “Mismatch"

Enterprises want to locate sites close to key supply chain nodes such as ports and free trade zones, but overseas resources are either remote or out of budget, and there are few suitable options.

Office building location idea "unacclimatised": Domestic enterprises are accustomed to looking for office buildings near industrial clusters and convenient transportation overseas markets prioritise the concentration of business districts and proximity to talent residential areas.

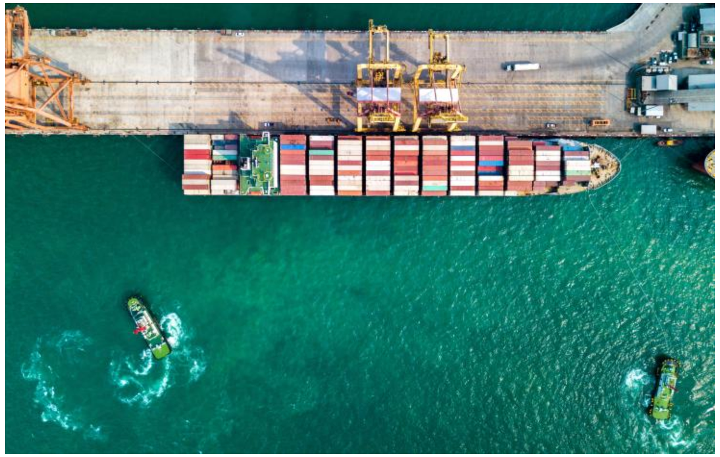
Leasing models vary greatly: domestic rental venues can often be rented for short periods and adjusted flexibly, while overseas markets require long-term leases, making it difficult to maintain asset-light operations.

Geopolitical Policy Changes Bring “Uncertainty"

Affected by geopolitical factors such as Sino-US trade frictions, restrictions on foreign enterprises buying and renting land in some overseas regions have been adjusted from time to time, compliance requirements have become uncertain, and enterprises need to respond frequently to policy changes.

Tariff fluctuations directly affect cost expectations: The previously optimistic warehouses around the trade centre are difficult to plan stably due to changes in leasing demand due to tariff adjustments.

There is a "hidden threshold" for office buildings: for example, some countries in Southeast Asia require foreign enterprises to cooperate with local companies when leasing office buildings, which adds hurdle to site selection negotiations and subsequent operations



Supply Chain and Real Estate Development are "Difficult to Coordinate"

In order to adapt to the adjustment of the supply chain, the company moved its production sites to the United States, Mexico, Canada, Southeast Asia and other regions, but the local infrastructure (such as hydropower, transportation) could not keep up, affecting the efficiency of production and operation.

Insufficient supply of flexible spaces: The supply chain needs to adjust warehousing and production space according to orders, but there are few flexible venues in overseas markets that can be expanded or reduced at any time, making it difficult to meet the flexible needs of enterprises.

"Disconnected" between office buildings and supply chain sites: Overseas office buildings are mostly concentrated in the core business district of the city centre, while supply chain sites such as production and warehousing are in the suburbs, resulting in increased communication and coordination time and transportation costs between departments.

Outlook 1 — New Global Economic and Trade Pattern

As the global economic and trade landscape continues to evolve, companies need to pay attention to the opportunities and challenges posed by emerging drivers and regional agreements

The Overall Development Trend of Global Economy and Trade

Characteristics of Economic Recovery
The global economy has entered a cycle of "weak recovery and high differentiation", and the growth rate is expected to decline further to 3.1% in 2026

Trade Growth Trend
The growth rate of merchandise trade is slowing down, and the growth rate of global merchandise trade is expected to fall to 0.5% in 2026, and the growth of trade in services continues to slow but long-term potential remains

Core Growth Engine
Trade in artificial intelligence-related commodities has become a new driving force, with a YoY increase of more than 20% in the first half of 2025, driving the growth of trade in semiconductor manufacturing equipment and other related industrial chains

Key Regional Trade Agreement Developments and Impacts

RCEP | Towards high-level free trade arrangements

Implementation results: The proportion of intermediate goods trade in the region has increased to 68.3%, and tariff reductions and customs clearance facilitation have continued to release dividends.

2026 trend: Promote the expansion process and rule optimisation, focusing on opening up and upgrading in areas such as trade in services and digital economy.

AfCFTA | The unified market is accelerating its formation

Tax reduction process: 90% of product tariffs will be eliminated in stages, and 2026 will be in the critical period of the first phase of tax reduction.

Market opportunities: A unified market with a population of 1.3 billion, strong demand for electromechanical, light industry and other products, and regional value-added rules lower the entry threshold.

China-LAC Bilateral FTA | Cooperation has been deeply expanded

Existing footprint: Bilateral agreements with Chile, Peru and other countries to achieve zero tariff coverage of key products.

Development direction: Continue to promote negotiations with regional organisations and deepen cooperation in tariff reduction and market access.

Other important agreements | CPTPP

The influence of the rules has expanded, providing a reference for the upgrading of regional trade rules.

The Core Direction of the Changing Economic and Trade Pattern

Green Trade and Low-carbon Transformation
Green trade has become a new track for global economic and trade competition, and developed countries occupy the high end of the green value chain with their technological advantages and rule dominance

Digital Trade is on the Rise
The proportion of trade in digital services continues to increase, and cross-border data flow and digital intellectual property protection have become the focus of rules

Nearshoring/Friend-Shoring" Reshapes the Global Value Chain
In 2024, the number of regional trade agreements will exceed 600, an increase of 5 times compared with 2000, and the proportion of value-added trade in the region will increase to more than 65%. The layout of enterprises is inclined to geographically friendly and stable areas

Outlook 2 — Forecast of Potential Investment Hotspots

1 Southeast Asia
Core Hub

Vietnam has become the first choice for manufacturing transfer, while Indonesia occupies a strategic location for new energy metals, and the competition for resources is fierce.

2 Middle East
Wealth Triangle

Saudi Arabia's hydrogen energy investment has spawned equipment demand, and the UAE's digital assets and clean energy are two-wheel drive.

3 Africa
Emerging Growth Poles

Côte d'Ivoire's economic diversification attracts capital, and Kenya's digital infrastructure sector has grown explosively.

4 Latin America
Resource Powerhouse

The integration of industrial chains in Latin American resource towns, the active M&A of European technology highlands, and the clustering of innovation ecosystems in North America.

5 Europe
Technological Highland

Germany's Industry 4.0 transformation has given rise to the demand for intelligent manufacturing M&A, and innovation in the field of biomedicine in France is active.

6 North America
Innovation Ecosystem

Investment in the field of artificial intelligence in the United States continues to heat up, and Canada ranks second in the world in terms of the number of clean energy technology patents.

Outlook 3 — M&A Opportunities in Emerging Industries

Biomedicine and Genetic Technology

After the outbreak of the COVID-19 pandemic, M&A of overseas innovative pharmaceutical companies or R&D platforms can quickly enter the international market.

Electric Vehicles and Autonomous Driving

Acquiring subsidiaries or technical teams of traditional European and American automakers can help address capability gaps and expand overseas sales channels.

Digital Finance and Blockchain

The supervision of the financial technology industry is gradually becoming clearer, and the M&A of overseas payment platforms or digital banks can help Chinese enterprises build a global financial service network.

Artificial Intelligence and Big Data

The valuation of global AI technology companies is rationalised, and M&A of Chinese enterprises can accelerate technology upgrading and commercial application.

New Energy and Energy Storage Technology

Under the goal of carbon neutrality, the M&A of photovoltaic, wind power and battery energy storage technologies can integrate the industrial chain and improve technical barriers.

Semiconductors & Advanced Manufacturing

In the context of global chip shortages, the acquisition of overseas semiconductor design companies or fabs can enhance the parts of Chinese companies in key influence of the supply chain.

Outlook 4 — New Opportunities for Real Estate to Go Overseas

Hot Track

New energy industry supporting real estate (such as lithium battery factories, photovoltaic industrial parks), cross-border e-commerce logistics real estate, and smart city supporting properties have become investment hotspots, with an expected growth rate of more than 15% in 2026.

High-Potential Market

Smart city real estate in the Middle East (Saudi Future City, Abu Dhabi, United Arab Emirates), commercial and industrial supporting real estate in Africa (Nairobi, Kenya, Lagos, Nigeria), and logistics and warehousing real estate in Latin America (Monterrey, Mexico, Bogota, Colombia) will become key destinations.

Model Upgrade

From "asset-heavy development" to "integration of investment, construction and transportation", we will combine ESG concepts to create green real estate projects (such as LEED-certified industrial plants and low-carbon commercial complexes) to enhance the long-term competitiveness of projects.

Full-Cycle Coverage of Corporate Real Estate Needs for Overseas Enterprises

Global Footprint
Real Estate First

Whether your journey is directed towards industrial/logistics properties, office space, or other property needs, Knight Frank will always be your beacon on your journey to the sea. We are well versed in the storms and undercurrents of different markets, and we hope to clarify the course of each real estate journey for you with local wisdom and global vision.

From local deep cultivation to regional linkage, from global resource integration to strategic implementation, we provide full-cycle, integrated real estate solutions - to help you dock steadily, so that every space becomes a solid base to support global business.

Panoramic Empowerment: A Full-Cycle Strategic Support System for Enterprises Going Overseas

Strategic Planning

- Overseas strategic planning and think tank support
- Overseas market insights and risk assessments
- Overseas business inspection and resource docking
- Cross-border compliance architecture design

Implementation & Deployment

- Overseas base site selection and policy negotiation
- Overseas entity landing services
- Inspection, testing and certification
- Local supply chain layout

Operation Management

- Overseas brand promotion and digital marketing
- Overseas industry ecosystem integration
- Overseas sustainability services
- Overseas capital operation support

Full process support

- Cross-Border Financial and Tax Support
- Cross-Border Talent Support
- Legal Compliance Safeguards
- Cross-Border Financial Support
- Cross-Border Risk Management
- Cross-Border Data Support

With domestic capacity optimisation and global value-chain restructuring accelerating,
overseas expansion has become imperative.
Proactive planning is the key to

capturing early opportunities and securing long-term success.

Our mission at Knight Frank is to connect people and property, perfectly.

Knight Frank's Occupier Strategy and Solutions and Industrial Services team provide clients with comprehensive consulting and transaction services to help local and multinational tenants obtain the information and professional advice they need. Through service integration, we identify the key elements of business success.

Whether you are looking for or currently occupy industrial space, office space or retail space, Knight Frank has experienced teams that are dedicated to advising you, the occupier. Our bespoke commercial agency leasing team ensures we have the optimum expertise for each project. Our relationship with occupiers also ensures we speak to the decision makers who determine occupational strategy.

We are locally expert, and yet globally connected. Our multi-market clients are managed centrally from our hubs across Asia-Pacific, from Singapore, Australia, Hong Kong and India, where we devise strategies to empower clients to attain their desired goals.

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