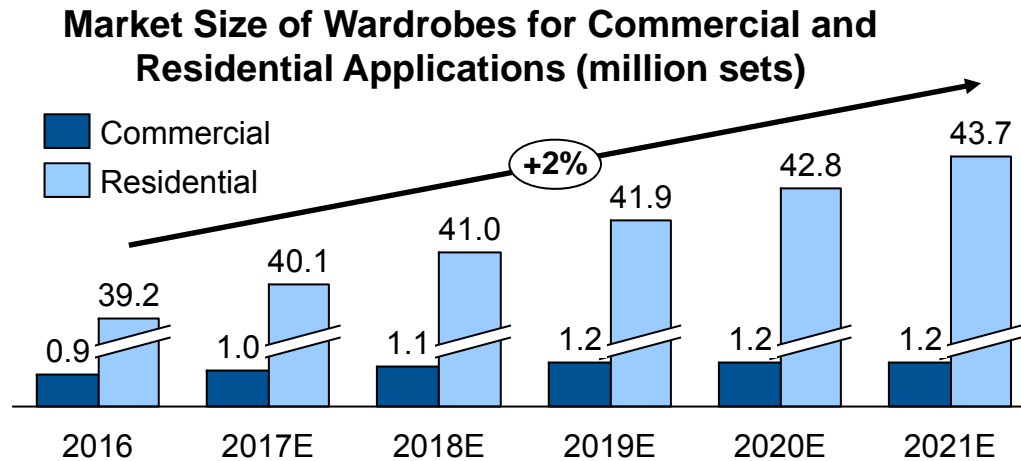

Briefing on China's Wardrobes & Cabinets Industry



PIM LTD

Industrial Market Research
& Management Advisory

The market size of wardrobes and cabinets in China is estimated to be 63 million sets in 2018, with the projected CAGR of 2%

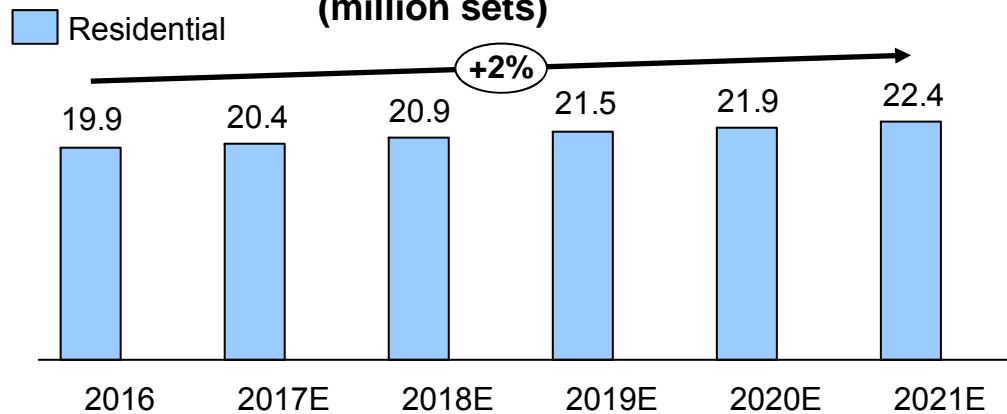


• Major assumptions:

1. Wardrobe market:

- Wardrobes are mainly used in residential apartments, hotels and offices
- Average number of wardrobes for residential apartments is 2 sets/apartment
- Average number of wardrobes for hotels is 1 set/guest room
- Average number of wardrobes for offices is 1 set/100 sqm

Market Size of Cabinets for Residential Applications (million sets)



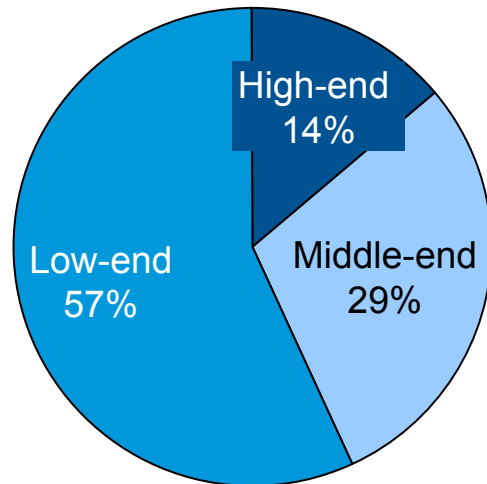
2. Cabinet market:

- Cabinets are mainly used in residential apartments
- Average number of cabinets for residential apartments is 1 set/apartment

Source: National data, PIM research and analysis, Aug.2017

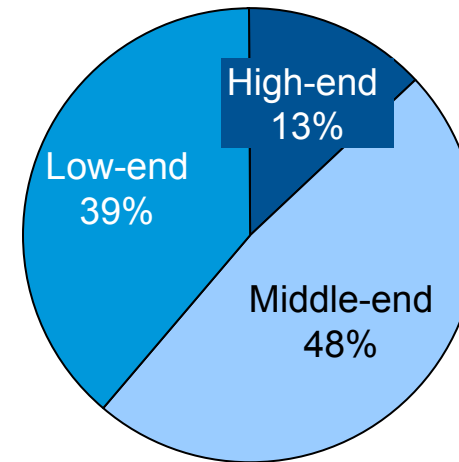
Middle to high-end wardrobes and cabinets account respectively for 43% and 61% shares

Wardrobes High-end, Middle-end, Low-end
%



High-end wardrobes: Market price $\geq 2,143$ USD/set
Middle-end wardrobes: Market price 1,429~2,143 USD/set
Low-end wardrobes: Market price $< 1,429$ USD/set

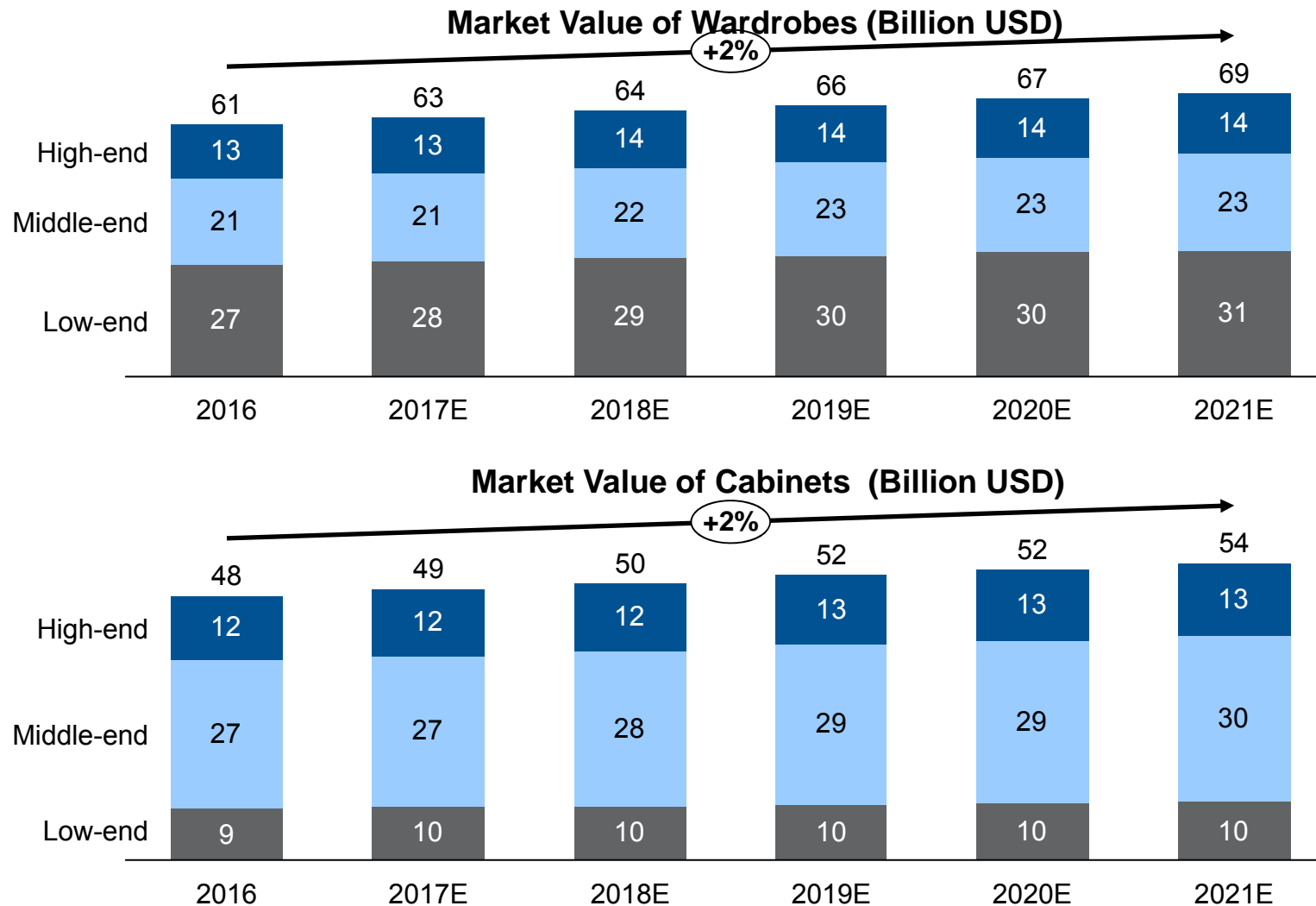
Cabinets High-end, Middle-end, Low-end
%



High-end cabinets: Market price $\geq 4,286$ USD/set
Middle-end cabinets: Market price 1,429~4,286 USD/set
Low-end cabinets: Market price $< 1,429$ USD/set

Source: China CHUGUI.com, China YIGUI.com, PIM research and analysis, Aug. 2017

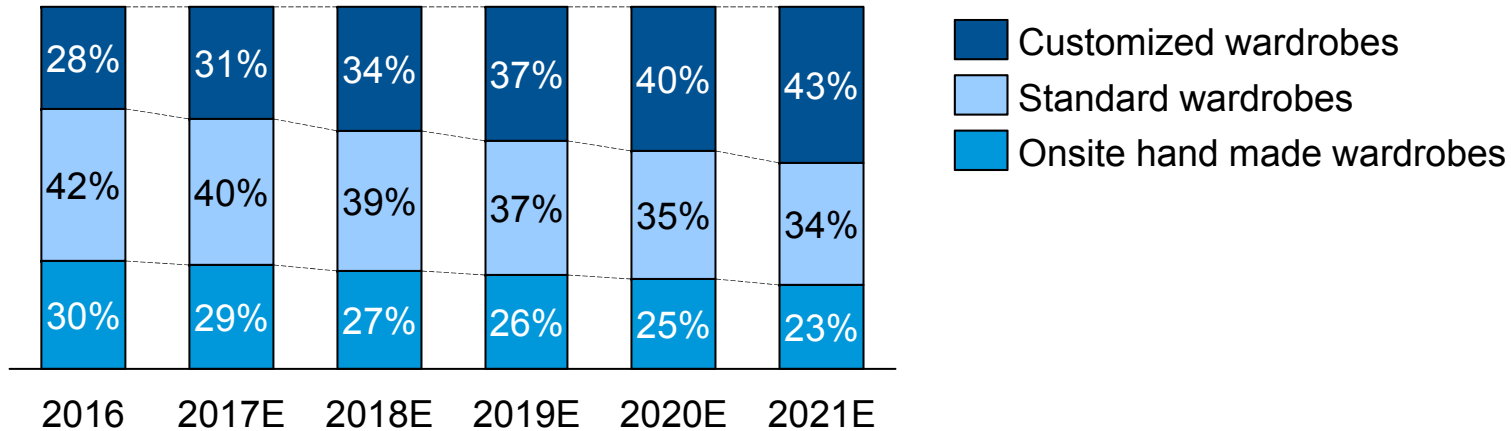
The market value of China's wardrobes and cabinets is estimated to be 114 billion USD in 2018, with a GAGR of 2%



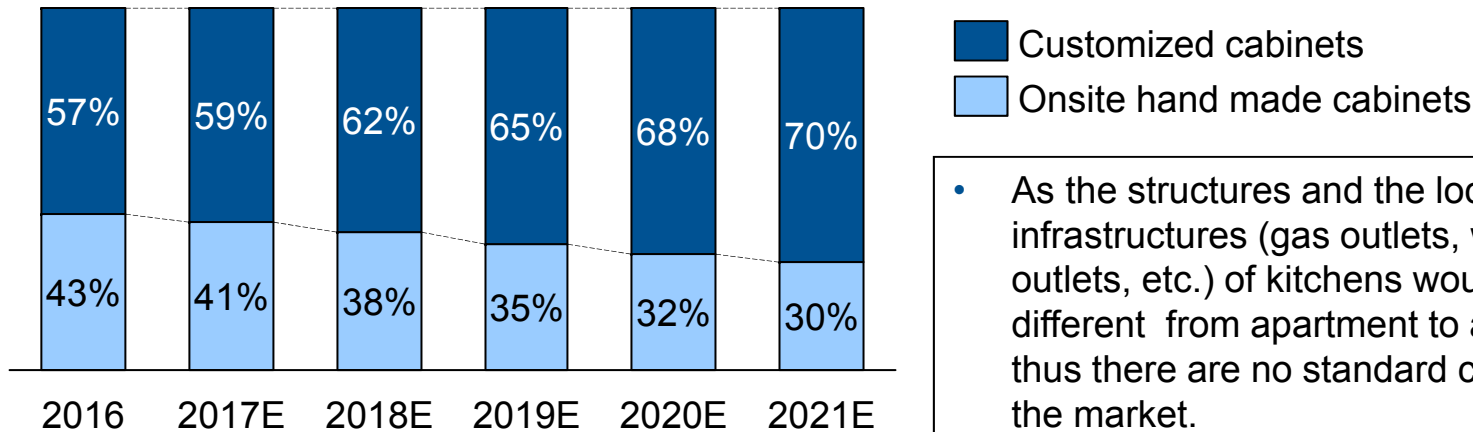
Source: PIM research and analysis, Sep. 2017

Customization of wardrobes and cabinets would be the main market strain in next 5 years, and the customization ratios of wardrobes and cabinets are projected to 43% and 70% respectively in 2021

Customization vs. Standard Wardrobes, %



Customization vs. Onsite Handmade Cabinets, %



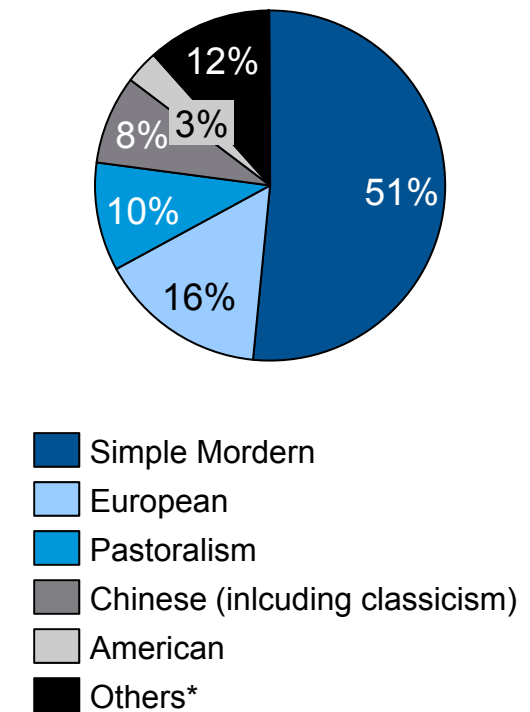
- As the structures and the locations of infrastructures (gas outlets, water outlets, etc.) of kitchens would be quite different from apartment to apartment, thus there are no standard cabinets in the market.

Source: Wind, PIM research and analysis, Aug. 2017

Simple, modern style, and European style furniture are very popular in the market

Styles	Main Characteristics	Main Materials Used for Doors
Simple modern style	<ul style="list-style-type: none"> • Simple deign • Flat shape 	<ul style="list-style-type: none"> • Double veneer panels • Lacquered panels
European style	<ul style="list-style-type: none"> • Concave-convex shape • Carving • Main color: white、 coffee、 magna, etc. 	<ul style="list-style-type: none"> • Solid wood panels • Molded panels • Lacquered panels
Pastoralism	<ul style="list-style-type: none"> • Light color: off-white、 white、 burlywood • Carving 	<ul style="list-style-type: none"> • Solid Wood • Molded panel • Wood-based panels
Chinese style (including classicism)	<ul style="list-style-type: none"> • Concave-convex shape • Carving • Main color: brown or deep brown, etc. 	<ul style="list-style-type: none"> • Solid wood panels • Double veneer panels • PET plate (mainly used for cabinet)
American style	<ul style="list-style-type: none"> • Concave-convex shape • Carving 	<ul style="list-style-type: none"> • Solid wood panels • Molded panels
Others	<ul style="list-style-type: none"> • Mixed 	<ul style="list-style-type: none"> • Diversified

Market Share by Styles, %



Notes: * Other styles including mixed style, fashion style, etc.

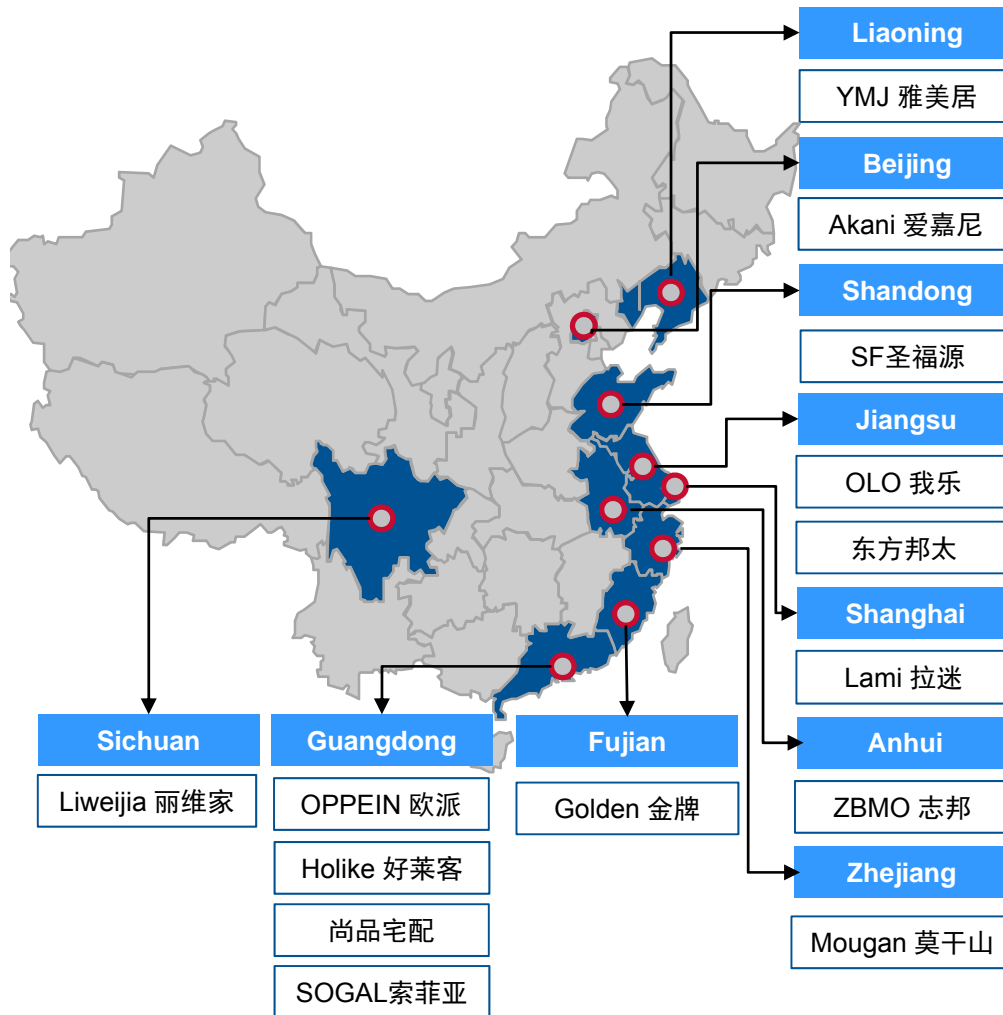
Source: 1.www.chinachugui.com

2. 2016 China wardrobe industry white paper

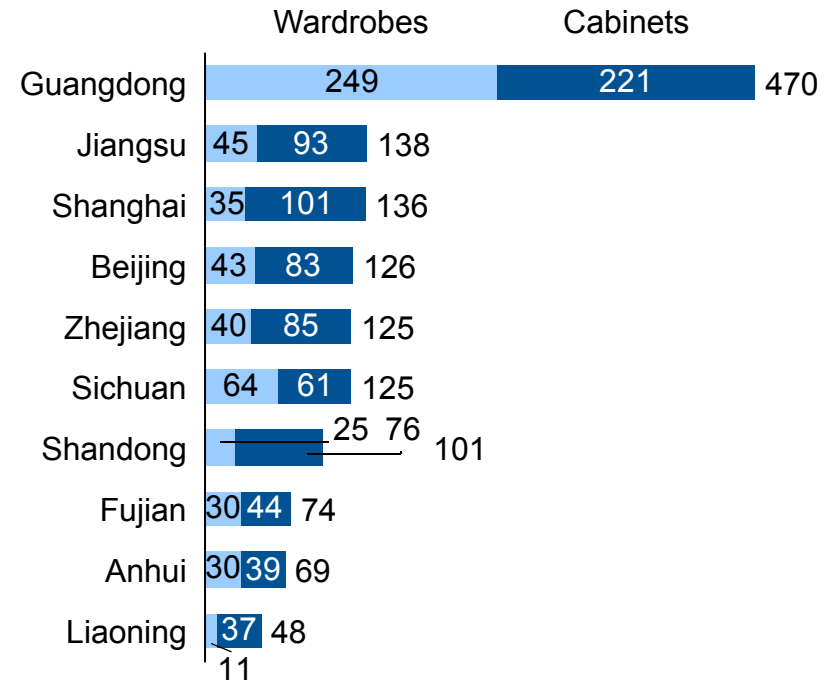
3. 2016 China cabinet industry white paper

4.PIM research and analysis, Aug. 2017

China's furniture companies are mainly located in Guangdong, Jiangsu and Shanghai



Top 10 Locations of Furniture Companies (2016)



- There are 249 wardrobes companies in Guangdong, accounting for 35% of the total in 2016
- There are 221 cabinets companies in Guangdong, accounting for 21% of the total in 2016

Source: China Chugui White Book, China Yigui White Book, 2016

China's furniture market is quite fragmented, with cabinets CR3*≈7%, and wardrobes CR3≈12%

	Production Capacity in 2016 (units)		Sales Volume (units)		Number of retail stores by the end of 2016	
	Cabinets	Wardrobes	Cabinets	Wardrobes	Cabinets	Wardrobes
SOGAL (索菲亚)	63,000 (SCHMIDT)	~ 29 million sqm.	46,000	~ 29 million sqm.	600+	1,900+
Holike (好莱克)	0	~480,000	0	~480,000	0	~1,300
OPPEIN (欧派)	500,000	730,000	457,000	658,000	2088	1394
ZIBOM (志邦)	200,000	30,000	200,000	25,000	1,112	153
Goldenhome (金牌橱柜)	135,000	0	128,000	0	764	0
PIANO (皮阿诺)	65,000	25,000	~76,000	~28,000	658	296
BIGTIME (东方邦太)	100,000	30,000	n.a.	n.a.	~600	
Homekoo (尚品宅配)	1420,000 (Including all the furniture)		1,280,000 (Including all the furniture)		n.a	

Notes: * CR3: Market Concentration Rate of the Top 3 Suppliers

** The actual sales volume of wardrobes is about 29 million sqm. And it is estimated to be 2200,000 units

Source: 1. Brand owners/ annual report or prospectus. 2. PIM interviews and analysis, Sep. 2017

Thank you!



Address: Building 1 Suite 1361, Jin Jiang Complex, 59
Mao Ming Nan Lu, Shanghai 200020 China

Office Phone: 86 21 5466 7100
Fax line: 86 21 5466 7110