

Logistics

Strong policy momentum to curb price war; a similar price hike story like 2022

We believe the Chinese government's aspiration to promote "anti-involution", followed by the meeting held by the State Post Bureau with express delivery operators as well as the comments by NDRC last week to propose a revision of the price law, will serve as a positive catalyst for the express delivery sector over the coming 3-6 months. We see chances for a moderate parcel ASP hike going forward, though not as strong as the uptrend in 2022 after the government's intervention.

- **Government actions to curb price war.** On 29 Jul, the State Post Bureau held a meeting with major express delivery operators to address the "involution" competition in the industry. The discussion also included how to tackle issues such as illegal charges for parcel pick-up in rural areas, as well as to maintain the stability of the overall express delivery network. Separately, NDRC mentioned during the press conference on 1 Aug that the authority will revise the price law to tackle price cut and dumping issues (no specific industry is mentioned).
- **What happened in 2021-22?** Back in mid-2021, the government stepped in with an aim to halt the two-year long cut-throat price war in the express delivery industry. At that time, seven authorities released an opinion aiming at protecting the interest of couriers. In Sep 2021, Zhejiang Provincial People's Congress approved the regulation regarding the express delivery industry development, which stated that express delivery operators are not allowed to offer service below cost level without justifiable reasons (*for details, please refer to our note "Strong policy measures to reshape the competitive landscape; upgrade to Outperform" published in 2021 ([link](#))*). Following all the measures in 2021, key operators' parcel ASPs rebounded 8-20% YoY in 2022.
- **A potential sector rally in the foreseeable future.** We expect a moderate parcel hike this time (not as strong as that in 2022), as the profitability (in terms of gross margin) at present is higher than that in 2021. Still, we believe a moderate hike is enough to reverse the market expectation (i.e. a continuous downtrend), which could trigger a sector rally. Trading at 14x 2025E P/E (vs historical average of 22x), **ZTO Express (2057 HK / ZTO US, BUY)** is an attractive play, in our view.

OUTPERFORM
(Maintain)

China Logistics Sector

Wayne FUNG, CFA

(852) 3900 0826

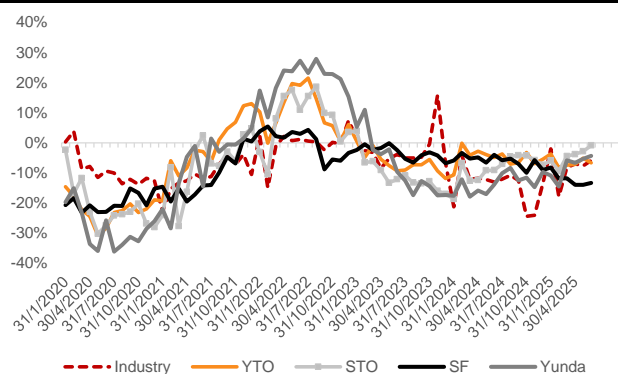
waynefung@cmbi.com.hk

Related reports:

J&T Express – Impressive parcel volume growth in SEA – 9 Jul 2025 ([link](#))

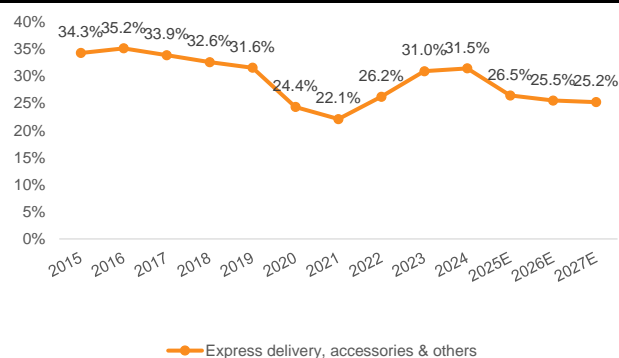
ZTO - 1Q25 earnings below expectation; further pricing pressure on parcel ahead – 21 May 2025 ([link](#))

Figure 1: Express delivery parcel ASP change (YoY)



Source: State Post Bureau, Company data, CMBIGM

Figure 2: ZTO gross margin trend



Source: Company data, CMBIGM estimates

Figure 3: Peers comparison

Ticker	Company	Rating	Price	Market cap	PE (x)		PB (x)		EV/EBITDA (x)		PS (x)	
			(local currency)		(US\$ m)	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E
China express delivery												
ZTO US Equity	ZTO EXPRESS -ADR	BUY	20.23	16,274	14.0	12.9	1.8	1.7	6.8	6.2	2.3	2.1
2057 HK Equity	ZTO EXPRESS	BUY	163.20	16,274	14.0	12.9	1.8	1.7	6.8	6.2	2.3	2.1
1519 HK Equity	J&T GLOBAL EXPRESS	BUY	10.58	11,991	36.0	20.1	3.8	3.3	11.7	9.6	1.0	0.9
002352 CH Equity	S F HOLDING CO-A	-	46.17	32,297	19.4	16.8	2.3	2.1	7.5	6.9	0.7	0.7
600233 CH Equity	YTO EXPRESS -A	-	15.73	7,479	13.3	11.9	1.6	1.4	7.0	6.4	0.7	0.6
002468 CH Equity	STO EXPRESS CO-A	-	16.20	3,448	19.6	16.5	2.2	2.0	8.4	7.4	0.5	0.4
002120 CH Equity	YUNDA HOLDING -A	-	8.07	3,253	12.3	11.1	1.1	1.0	4.9	4.6	0.4	0.4
	Average				18.4	14.6	2.1	1.9	7.6	6.8	1.1	1.0
China logistics (others)												
636 HK Equity	KERRY LOGISTICS	-	8.29	1,909	11.7	11.6	0.8	0.8	5.2	5.2	0.3	0.3
2618 HK Equity	JD LOGISTICS	-	13.74	11,637	10.7	9.4	1.4	1.3	4.0	3.7	0.4	0.4
9956 HK Equity	ANE CAYMAN INC	-	8.15	1,221	9.3	7.9	2.3	1.8	3.8	3.5	0.7	0.6
603056 CH Equity	DEPPON LOGISTIC-A	-	16.20	2,297	18.0	15.6	1.8	1.6	5.2	4.9	0.4	0.3
600787 CH Equity	CMST DEVELOPM-A	-	5.93	1,793	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
603128 CH Equity	CTS INTERNATIO-A	-	6.32	1,150	16.6	15.0	1.4	1.3	11.9	10.8	0.5	0.4
603565 CH Equity	SHANGHAI ZHONG-A	-	9.86	2,879	10.4	10.2	1.8	1.8	5.4	5.4	1.7	1.6
002930 CH Equity	GUANGDONG GREAT RIVER	-	11.21	713	28.5	20.8	1.9	1.8	10.8	10.4	3.4	3.0
600057 CH Equity	XIAMEN XIANGYU-A	-	7.12	2,778	11.3	9.4	0.9	0.8	19.4	17.7	0.1	0.0
	Average				14.6	12.5	1.5	1.4	8.2	7.7	0.9	0.8
Overseas (Integrated logistics)												
FDX US Equity	FEDEX CORP	-	217.10	51,214	11.7	10.3	1.8	1.6	7.9	7.3	0.6	0.6
UPS US Equity	UNITED PARCEL-B	-	84.50	71,554	12.7	11.4	4.6	4.6	8.1	7.6	0.8	0.8
DHL GR Equity	DHL GROUP	-	38.26	53,198	12.6	11.4	1.8	1.7	6.0	5.7	0.5	0.5
9064 JP Equity	YAMATO HOLDINGS	-	2,212.5	5,411	27.1	19.5	1.2	1.2	8.6	7.5	0.4	0.4
9143 JP Equity	SG HOLDINGS	-	1,681.0	7,303	17.0	15.7	1.9	1.8	8.5	8.0	0.7	0.6
6178 JP Equity	JAPAN POST	-	1,422.0	28,681	10.8	10.0	0.4	0.4	n/a	n/a	0.4	0.4
KEX TB Equity	KERRY EXPRESS TH	-	1.5	158	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Average				15.3	13.1	2.0	1.9	7.8	7.2	0.6	0.5

Source: Bloomberg, Company data, CMBIGM estimates

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM. Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.