

BUSINESS

Consumer expo to display more new items

Key national event to be held in Haikou highlighted for boosting consumption

By ZHU WENQIAN
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The upcoming China International Consumer Products Expo is expected to see a greater number of international brands debut their new products, fueled by the vitality of China's consumer market, the Ministry of Commerce said.

The expo will be held from April 13 to 18 in Haikou, Hainan province.

The event will be China's first significant international expo this year, as the country continues to promote consumption growth, according to the ministry.

In January and February, total

retail sales of consumer goods in the country reached 8.13 trillion yuan (\$1.12 trillion), up 5.5 percent year-on-year, indicating the resilience of China's consumer market, according to the National Bureau of Statistics.

Since Feb 9, citizens from 59 countries have been allowed to enter Hainan visa-free for up to 30 days for various purposes, and the policy has attracted more global companies to participate in the consumer expo.

This year, the expo's indoor exhibition area is expected to reach 128,000 square meters, and highlight new types of consumption, digital consumption and green consumption displays.

The expo is forecast to attract over 3,000 brands from 59 countries and regions, and 84 domestic and foreign brands will participate in the expo for the first time.

Ireland will serve as guest of honor this year, while the United Kingdom, Mongolia and Malaysia will showcase their products in the form of national exhibition groups for the first time.

"Taking advantage of its geographical and ecological advantages, in addition to the main venue, three new sub-venues have been added for the first time in cities such as Haikou and Qionghai, including sub-venues that focus on sailing and yachting, duty-free shopping, and health consumption," said Sheng Qipeng, vice-minister of commerce, at a news conference in Beijing on Wednesday.

Hainan Free Trade Port is a pioneer in China's opening-up efforts.

In 2023, Hainan's total import and export value reached 230 billion yuan, up 15.3 percent year-on-year, maintaining double-digit growth for three consecutive years. In the past five years, the total amount of foreign investment in Hainan has exceeded that of the previous three decades, according to the local government.

Hainan has made offshore duty-free shopping a golden signboard of the province. Currently, there are some 150,000 types of duty-free products on sale in Hainan, and in the past six years, total sales of duty-free products have exceeded 180 billion yuan, the local government said.

"Next, we will attract a group of major international enterprises to settle in Hainan, and build the

province into a new highland of high-standard opening-up to the outside world," Chen Huaiyu, vice-governor of Hainan, said during the news conference.

Meanwhile, 11 member countries of the Regional Comprehensive Economic Partnership will participate in the expo this year to explore business growth opportunities in China.

The agreement, which took effect in January 2022, has helped boost regional economic growth.

In 2023, the global trade value of goods between Hainan and RCEP members exceeded 80 billion yuan, up 37.9 percent compared to the 2021 levels.

The business exchanges mainly concentrated on areas such as travel, transportation, commerce, and insurance services, the local government said.

US-based fund to up investment, client focus

By ZHOU LANXU
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US-based global investment firm Wellington Management will expand its investment and client coverage in China, a senior executive said, betting on the numerous opportunities in the Chinese market.

"As we navigate through a potential new norm of higher inflation and slower growth globally, we see an expansive canvas of opportunities painted across the Chinese market," said Cary Zhang, managing director and general manager of Wellington Private Fund Management (Shanghai) Ltd, a subsidiary of Wellington Management in China.

China appears to be one of the few economies in the world free from inflation pressure while maintaining a relatively high GDP growth rate, thanks to its unique economic characteristics and independent business cycle, Zhang told China Daily in an exclusive interview.

"With the new norm of higher inflation and lower growth as a backdrop, we expect global allocators will recognize the diversification benefit and value in China."

In the short term, Zhang said China's domestic economic cycle may be nearing its bottom, providing hope for long-term outperformance, while in the longer term, the country has strategically planted seeds for economic success in crucial industries, like green technology, healthcare and information technology.

Wellington Management, therefore, views China as an area of opportunity with an attractive risk-reward profile based on current valuations, he said. "We believe the China market provides great alpha potential for active managers like us."

Alpha potential refers to the ability of an investment to outperform the market or its benchmark due to unique advantages or strategies.

Among the large, deep and diverse opportunity sets offered by the Chinese market, Zhang said Wellington Management is particularly focused on areas such as renewable energy — including the sub-segments of clean technologies, green technologies and electric vehicles — as well as healthcare and the application of artificial intelligence.

Echoing Zhang's confidence in Chinese financial assets, Meng Lei, China equity strategist at UBS Securities, said recently that he expects an 8 percent growth in earnings per share performance for the CSI 300 Index this year.

The CSI 300 Index closed about 1.2 percent lower at 3,502.79 points on Wednesday, but has risen over 2 percent since the beginning of the year.

Foreign capital registered a net inflow of 65.89 billion yuan (\$9.12 billion) into A shares this year as of Wednesday via northbound trading of the stock connect programs between the Chinese mainland and Hong Kong exchanges, outnumbering 43.7 billion yuan for the whole year of 2023, according to market tracker Wind Info.

Looking ahead, Zhang said foreign asset management institutions like Wellington Management will see more opportunities and possibilities, as the pace of reform and opening-up of China's capital market continues to accelerate.

"China is an important market, with long-term potential for the firm — and is an integral part of our Asia strategy," he said.

Wellington Management opened up its first office in the Chinese mainland in 2008 and set up a wholly foreign-owned enterprise, Wellington Private Fund Management (Shanghai) Ltd, in Shanghai in 2019.

In 2022, the Shanghai-based company secured registration as a private fund manager of the Qualified Domestic Limited Partner (QDLP) program and has since launched two onshore private funds.

QDLP refers to an investment program that allows foreign fund managers to set up entities in China to raise money from mainland investors toward privately offered funds that invest overseas within an approved quota.

"We look forward to continuing to participate in the new journey of the two-way opening of China's financial market," Zhang said.

Upside seen to Alibaba's scrapped Cainiao IPO

By FAN FEIFEI
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Alibaba Group Holding Ltd's latest move to scrap a planned initial public offering for its unit Cainiao Smart Logistics Network will help strengthen synergy between its logistics services and e-commerce businesses and expand its presence in overseas markets by increasing investment in global logistics networks, industry experts said.

The tech heavyweight said late Tuesday that Cainiao had withdrawn its IPO plans and listing application on the Hong Kong stock exchange. Alibaba, which holds a 64 percent stake in Cainiao, said it intends to invest up to \$3.75 billion into acquiring the remaining interest from minority investors and employees with vested equity.

"Given the strategic importance of Cainiao to Alibaba and the significant long-term opportunities we see in building out a global logistics network, we believe this is an appropriate time to double down on Alibaba's investment in Cainiao," Joe Tsai, chairman of Alibaba, said in a statement.

Alibaba said it plans to align part of Cainiao's business to better realize strategic synergies with its online marketplaces Taobao and Tmall as well as Alibaba International Digital Commerce Group, so as to support Cainiao in executing a long-term strategic expansion of its global logistics network.

The offer, which values Cainiao at \$10.3 billion, underscored Alibaba's commitment to investing in and strengthening its e-commerce



An employee arranges packages at a Cainiao storage facility in Yiwu, Zhejiang province, in July. HUANG ZONGZHI / XINHUA

operations to regain market share and drive growth, it added. Founded in 2013, Cainiao delivers tailored logistics services to Alibaba's domestic and international e-commerce businesses.

Alibaba initially announced in May 2023 a comprehensive asset restructuring plan that included a Cainiao IPO. At the time, the company believed a separate listing would better reflect the intrinsic value of its subsidiary businesses. Cainiao officially filed its application for an IPO on the Hong Kong bourse in September.

"However, given the market conditions, Cainiao's IPO at this juncture would unlikely garner a valuation that reflects its strategic value to Alibaba's business nor achieve the original purpose of

unlocking value for its shareholders," the company said.

The scrapped IPO comes as Alibaba has set its focus on growing its core e-commerce and cloud computing businesses. Alibaba's e-commerce business has come under pressure from rivals such as PDD Holdings, which often offers products at lower prices.

Jiang Han, a senior analyst at market consultancy Pangoal, said the move will be conducive to further integrating Cainiao's logistics services with Alibaba's e-commerce business, enhancing delivery efficiency and improving user experience, so as to strengthen Alibaba's competitiveness in the whole e-commerce ecosystem.

The withdrawal of Cainiao's listing plan and increased investment

in the logistics sector will not only speed up the expansion of Cainiao's global logistics network and enhance its influence on the global stage, but also help Alibaba gain an upper hand in the fiercely competitive e-commerce and logistics industries, Jiang said.

Chen Hudong, a special researcher at the Internet Economy Institute, a domestic consultancy, said Alibaba is paying more attention to the coordinated development of different business segments, while Cainiao is an integral part of Alibaba's core business and an important infrastructure entity for the development of e-commerce.

The cancellation of the planned Hong Kong IPO for Cainiao also suggests that the market environ-

ment facing Alibaba is undergoing significant changes, and it is reasonable for the company to make some changes to its strategy, Chen said.

Alibaba announced plans last March to split its business into six main units, with each separate unit having the flexibility to raise outside capital and seek its own IPOs — the most significant organizational change to the company in its 24-year history.

The company said in November it will not proceed with the full spinoff of its cloud unit due to uncertainties caused by the recent expansion of US export controls on advanced computing chips. It has also "put on hold" plans to list Freshippo, its grocery and fresh goods retail chain.

High-standard technical skills urged among industrial workers

By ZHUANG QIANG and PANG BO

As the world's largest manufacturing country with the most complete industrial chains, China now employs some 402 million workers in various sectors, with some 60 percent in the industrial sector.

Among the 200 million plus industrial workers, the All-China Federation of Trade Unions (ACFTU) said 77.6 percent are concentrated in manufacturing and construction spheres, with their education levels and technical skills improving significantly.

In the county-level city of Laizhou in East China's Shandong province, Shan Shaoyong is a shining example of a successful industrial worker after being recognized by the ACFTU as a national example, earning a May 1st Labor Medal and becoming a model worker as well as a master craftsman in the province.

"In addition to these honors, I have made 16 scientific and technological achievements, acquired nine patents and trained seven newcomers, so I feel extremely satisfied," Shan said.

The ACFTU has called for more industrial workers to upgrade themselves, and actively participate in labor and skill competitions with themes such as "being a good master, making contributions in the new era," "making contributions to the 14th Five-Year Plan (2021-25) and forging ahead in a new journey".

Laizhou has established a "golden seed" talent training mechanism, guiding frontline workers to master work skills, practice unique procedures and do unique jobs — attributes which have led to nearly 200 patents of various types.

The workers' innovative achievements, such as creating and utilizing metal cluster formaldehyde-removing materials, have filled some technical gaps in the country, said Gao Kerong, director of the Trade Union Work Department at the Laizhou Federation of Trade Unions.

Earlier this month, the LFTU held a training course in the city on modernizing healthcare management concerning traditional Chinese medicine, striving to boost employment and encouraging entrepreneurship.

"This professional skills training came at a good time for me as it not only helped upgrade my skills and enrich my knowledge of health management, but also let me have a clearer direction for my next work plan," said attendee Wang Xiaojuan.

Shan noted that as an industrial worker, he is very willing to participate in skills training and skills competitions organized by the city's trade unions, which explore new pathways to success amid the deep integration of industrial development and worker training.

Gao said the city's trade unions have helped cultivate 2,875 skilled workers and launched 199 themed professional competitions with the participation of over 70,000 employees, providing nearly 12 million yuan (\$1.67 million) as cash awards for competition winners.

On March 18, an unmanned aerial vehicle (UAV) skills training course launched by Gao's federation and administered by the local branch of State Grid Corp was launched in the city.

Yuan Weimin, vice-chairman of the Laizhou Power Supply Co trade union under State Grid Shandong



State Grid employees check railway power supply equipment in Yantai, Shandong province. TANG KE / FOR CHINA DAILY

Electric Power Co, said, "We began this program with an aim to bolster the cultivation of more talent with better skills, and support high-quality development of State Grid, which is the world's largest utility shouldering a dual task of safeguarding the nation's energy security and providing an economic lifeline."

Yuan said: "Previously, by focusing on our central tasks and key work areas, we organized multilevel vocational skills training and job skills upgrading training for our State Grid employees, expanding available channels for them to grow

into valuable talent, and building a team of high-quality industrial workers to provide solid talent support for our enterprise."

Gao added: "In the future, we will continue to expand the training mechanism for workers' skills upgrading, and optimize the structure of industrial workers, constantly stimulating newer and greater innovations by offering more incentives to enhance their creativity through various kinds of activities and competitions."

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