

Home appliance makers sharpen edge with AI

By FAN FEIFEI
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As the ever-increasing power of artificial intelligence spearheads a new wave of technological innovation and industrial revolution, Chinese home appliance manufacturers are accelerating the use of the cutting-edge technology and integrating AI startup DeepSeek's large language models into products and services.

Experts say that AI is not only playing an increasingly pivotal role in boosting productivity and reshaping the competition landscape in the household appliance sector, but is also driving the transformation and upgrading of traditional manufacturing.

This year's Government Work Report stated that under the AI Plus initiative, the nation will work to effectively combine digital technologies with its manufacturing and market strengths, support the extensive application of large-scale AI models, and vigorously develop new-generation intelligent terminals and smart manufacturing equipment.

952.3 billion yuan

expected market size of China's smart home industry this year

Sichuan Changhong Electronics Holding Group Co Ltd has adopted DeepSeek's AI models and applied the AI technology into areas such as manufacturing, operations and products.

"We are pushing forward the integration of AI with data and speeding up the industrial use of AI," said Liu Jiang, chairman of Changhong, adding that the company is leveraging AI to inspect the quality of machines and components to facilitate the automation and intelligent upgrading of equipment and improve the efficiency of production lines.

Changhong has also unveiled plans to establish 66 AI-powered intelligent factories worldwide, and has rolled out AI televisions equipped with LLMs that support multimodal interaction functions including voice, gesture and expressions.

Gree Electric Appliances, a major Chinese home appliance manufacturer in Zhuhai, Guangdong province, has embedded its own proprietary model frameworks into DeepSeek R1 and plans to build an industry-specific AI model based on DeepSeek.

Dong Mingzhu, chairwoman of Gree, said the company will bolster the deeper integration of

image and voice recognition and other AI technologies with home appliance products, and expects the application of AI in air conditioners to contribute to energy conservation.

According to research firm iResearch, the market size of China's smart home industry is expected to rise to 952.3 billion yuan (\$131.65 billion) in 2025, while the overall penetration rate of AI technology in smart home devices is expected to exceed 50 percent between 2022 and the end of 2025.

Zhou Yunjie, chairman of home appliance giant Haier Group, said AI models tailored for the smart home domain represent key infrastructure supporting the transformation of the traditional home appliance sector and could give rise to in-home service robots, creating new growth drivers for the global consumer electronics industry.

The company has promoted the application of AI in a wide range of fields like smart living and industrial internet, while its self-developed vertical models have access to DeepSeek.

Hisense said its Xinghai large model has a deep integration with DeepSeek, and with enhanced deep thinking and reasoning abilities, its smart TVs could better understand user demands and provide them with a more natural interaction experience.

According to market research company CCID Consulting, China's AI industry will make big strides in the next 10 to 15 years, with its market size expected to reach 1.73 trillion yuan by 2035, accounting for 30.6 percent of the world's total.

"The meteoric rise of AI technologies will offer better human-machine interaction capacities, and speed up the digital and intelligent transformation of China's home appliance industry," said Liu Fei, research director of the consumer electronics department at Beijing-based market consultancy All View Cloud.

Zhu Keli, founding director of the China Institute of New Economy, stressed the need for enterprises to improve computing power by establishing high-performance computing centers and elevating algorithm design to boost the utilization efficiency of computing power.

More efforts should be made to step up research and development investment in AI, especially in core technologies in key fields, establish a data security and privacy protection system, and strengthen the training of high-caliber AI talent, said Zhong Zheng, vice-president of Midea Group.

PRIVATE ECONOMY



An employee works on a machine tool assembly line in Chongqing on Feb 22. WANG QUANCHAO / XINHUA

Key programs to boost machine tool makers

Expected rapid growth brought by stimulus to spur domestic demand

By ZHU WENQIAN and ZHONG NAN

The expansion of the scope of large-scale equipment upgrades and consumer goods trade-in programs this year is expected to boost demand for machine tools, thanks to the rapid and effective implementation of the policies, the China Machine Tool and Tool Builders' Association said.

The rapid growth of sectors such as new energy vehicles, aerospace, shipbuilding, electrical appliances and artificial intelligence in China has also created new demand for the machine tool industry, according to the association.

"We are cautiously optimistic about the market demand for metal processing machine tools in China this year, and the overall operation of the machine tool industry is expected to be relatively stable," said Wang Xu, vice-chairman of the association.

"In particular, demand for metal processing machine tools is foreseen to continue its slight growth trend, but the differentiation between enterprises will become more apparent. Abrasive and grinding tool industries will still experience a period of demand contraction and structural adjustment," Wang said.

With the technological progress of China's machine tool industry in recent years, its level of technology and quality stability has significantly improved. While exports have been increasing on a yearly basis, the pace of import

substitution is also accelerating, the association said.

In particular, export growth has played an important supporting role in driving the overall growth of the sector. Last year, the overall export growth rate of the machine tool industry increased by 2.8 percentage points compared to the growth rate of the previous year, data from the association showed.

Specifically, exports of metal cutting, metal forming, wood-working machine tools, as well as cutting tools and measuring instruments grew. Exports of metal forming machine tools and woodworking machine tools recorded double-digit growth, the association said.

"China has deepened global partnerships to mitigate overseas business risks and consolidate trade ties in the past few years. Some of the sectors where Chinese companies are making substantive steps in going overseas include machinery and equipment, parts and components, robotics and automobiles," said Edward Tse, founder and CEO of Gao Feng Advisory Co, a strategy and management consulting firm with roots in China.

As global manufacturing sectors move toward high-end, intelligent and green development, many industry players have actively integrated themselves into the global industrial and supply chains through various forms.

For many domestic private enterprises, while actively

expanding their export business, they are also expanding their overseas footprint by establishing service organizations, and building assembly and production factories.

Suzhou Sanguang Science and Technology Co Ltd, a Suzhou, Jiangsu province-based company, launched its customer experience center in Vietnam in July last year, underlining its intent to leverage the international market.

In October, HSG Laser, a Guangdong-province based company that focuses on the research and development of metal forming equipment, launched its exhibition hall in Busan, South Korea.

Meanwhile, in October, HGLASER, a Wuhan, Hubei province-based firm and a major provider of laser equipment and intelligent manufacturing solutions, launched its subsidiary in Hungary, which helped the company to expand business in Central and Eastern Europe and the entire European market, it said.

Late last year, Zhuzhou Cemented Carbide Cutting Tools Co Ltd, a company based in Zhuzhou, Hunan province that makes tool holders, solid carbide drilling tools and end mills, set up a joint technical service station in Bangkok, Thailand.

The association plans to organize the 19th China International Machine Tool Show in Beijing from April 21 to 26, the largest machine tool industry expo globally, where future technological development trends of the global machine tool industry will be showcased.

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Shandong scores investment windfall

By ZHAO RUIXUE in Jinan
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Shandong province has recorded the start of more than 1,000 construction projects and investments with a combined investment tag of 1 trillion yuan (\$138.2 billion), signaling the benefits of efforts aimed at supporting innovative development by various enterprises and job creation.

Among these initiatives, which kicked off in late February, there are 635 private investment projects, with a total project value of 554 billion yuan.

"These projects boast a robust industrial structure, primarily focusing on emerging sectors like robotics, next-generation information technology, high-end equipment, new energy storage, new materials, and computers, which will play a crucial role in accelerating the development of new quality productive forces in Shandong," said Sun Laibin, deputy director of the Shandong Development and Reform Commission.

Projects underway include an investment by Weifang Hengcai Digital Photo Materials Co Ltd for the production of industrial flaw detection film and tri-acetyl cellulose (TAC) optical film, renowned for its ability to enhance visual quality and provide protection across various industries.

"This project plans to invest 1 billion yuan in the new TAC optical film project, creating job opportunities for over 1,000 people," said Gong Xinxian, chairman of Weifang Hengcai.

"In recent years, the company has enjoyed preferential policies provided by local governments, such as tax exemptions, financial support and land use," said Gong, adding that government assistance in key areas such as recruitment has helped the company overcome its talent sourcing challenges.

Robust policy backing and strategic support have played a crucial role in helping enterprises like Weifang Hengcai pursue growth opportunities and drive innovative development.

The company has developed a new type of digital medical imaging film — medical thermal imaging film — which is not only environmentally friendly and recyclable, but integrates film and self-printing capabilities. This innovation allows patients immediate access to diagnostic results, saving both time and costs, according to Gong.

"The medical thermal imaging film has been widely recognized in the market, with 70 percent of our products exported to countries and regions such as the United States and Southeast Asia," said Gong, adding that current orders are stable, and the income is steadily increasing.

Innovation, consumption key to growth

By WANG KEJU and OUYANG SHIJIA

China is doubling down on technological innovation, particularly in areas like artificial intelligence and humanoid robots, to prop up economic vibrancy this year, hedge against escalating tariff threats from Washington, and counter sluggish domestic demand, senior economists said.

On top of the current consumption boosting-initiatives, policymakers could invest even more in consumer-centric stimulus measures and strengthen the social safety net, thus fostering a more enabling ecosystem where growing demand for high-tech products and services translates into stronger impetus for the country's innovation capabilities, they added.

"While the fiscal package — including the pro-consumption measures announced in the Government Work Report earlier this month — came as expected, what surprised us are the tech-focused initiatives," said Robin Xing, chief China economist at Morgan Stanley, in an exclusive interview with China Daily.

The world's second-largest econo-

my has vowed to "establish a mechanism to increase funding for industries of the future" and "support the application of large-scale AI models and development of next-generation intelligent terminals and smart manufacturing terminals", as laid out in the report.

China has put in place a multi-channel funding support plan, including a re-lending program, a State venture capital guidance fund and the upcoming "sci-tech board" in its bond market, for frontier sectors like AI, quantum computing and self-driving cars, Xing said.

These initiatives collectively would bring the total investment to nearly 1.5 trillion yuan (\$207.3 billion), Xing said, adding that, "For the tech sector, the 'animal spirit' is back."

In late February, Chinese tech heavyweight Alibaba Group announced that it would invest more than 380 billion yuan in building cloud and AI hardware infrastructure in the next three years.

"The scale of the annual investment by Alibaba is equivalent to nearly 0.1 percent of China's GDP," said Yu Xiangrong, chief economist at Citigroup China.

The Alibaba investment plan and

the increased expenditure by other tech firms, combined with the ripple effects across upstream and downstream enterprises, could lead to an additional 500 billion yuan in AI-driven spending. This, in turn, is expected to contribute about 0.4 percentage point to China's GDP growth, Yu said.

That said, for the property and consumer sectors — where business sentiment still remains modest — a stronger consumer-centric stimulus and deeper social security reforms are also advisable to underpin a more broad-based recovery, economists said.

"We believe that the higher-tier city real estate market will be able to stabilize and halt its downward trajectory in the latter half of 2025," said Yu. "This would gradually diminish, and even reverse, the real estate sector's drag on the overall economy. Once the real estate market finds its footing, the adverse wealth effect that has prevailed over the past few years can be mitigated, which will be instrumental in restoring consumer confidence."

In addition, the augmented fiscal deficit has been expanded by around 2 trillion yuan, about one-fourth of

which will be consumption-related, including an expanded consumer trade-in program, wage hikes for civil servants and modest increases in social welfare spending, Xing said.

"China is trying something new — a more proactive fiscal policy with a greater focus on consumption — in order to reflate the economy. But it is not enough," Xing added.

Going forward, policymakers could deliver deeper social security reforms, such as easier access to public housing and healthcare for migrant workers, which will reduce people's precautionary saving habits and unleash huge consumption potential, Xing said.

"It's probably the central government's turn to try to fill the gap by either channeling dividends from State-owned capital to the social security system, or gradually shifting China's policy focus from supporting infrastructure to spending more on social welfare."

This will give people enough incentives to purchase high-tech products and services, and firms can sell their products at a better price. This in turn will be a more sustainable way of encouraging and promoting innovation in the country, Xing added.

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A Haier humanoid robot is displayed during the Appliance & Electronics World Expo in Shanghai in March 2024.

CHEN YUYU / FOR CHINA DAILY

Briefly

Major e-commerce fair opens in Fujian

The 5th China Cross-Border E-Commerce Trade Fair opened in Fuzhou, Southeast China's Fujian province on Tuesday, attracting over 1,800 supply chain and service enterprises from around the globe. This year's event coincides with the 2025 China Cross-Border E-Commerce Conference, which focuses on the upgrade of the cross-border e-commerce industry and seeks pathways for Chinese companies to expand internationally.

Meitu sees surging revenue, profit

Chinese selfie-enhancing technology giant Meitu reported a 23.9 percent year-on-year surge in revenue for 2024, reaching 3.34 billion yuan (\$466 million). The company has achieved rapid net profit growth each year since 2019. It recorded an adjusted net profit attributable to shareholders of the parent company of 586 million yuan, up 59.2 percent year-on-year, according to the company.

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