

## INSIDE

- Central SOEs improve competitiveness > p22-23
- High-tech toilets a hit with consumers > p23

## Profits at State firms post faster increase

State-owned enterprises saw their profit growth quicken in the first 10 months of this year amid an improving economy and deepening reform, official data showed on Nov 21.

Combined SOE profits rose 24.6 percent year-on-year to 2.39 trillion yuan (\$361 billion) from January to October, the Ministry of Finance said on its website.

The growth was slightly lower than the 24.9 percent increase seen in the first three quarters but higher than the 21.7 percent expansion in the first eight months.

SOEs directly under the central government posted a 17.8 percent increase in profit to 1.55 trillion yuan, while local SOEs' profit rose by 39.4 percent to 837.5 billion yuan during the January-October period.

"The profit growth of SOEs is mainly because of the supply-side structural reforms, improving international and national economy and weak performance several years ago," said Ji Xiaonan, a former chairperson of the board of supervisors for Key Large-Sized State-Owned Enterprises.

## Shandong Gold seeks overseas expansion

Shandong Gold Group, one of China's leading gold producers, is seeking to expand its overseas business as it aims to become one of the top 10 gold miners in the world.

The company based in East China's Shandong province is targeting assets in countries that have stable social conditions, good gold reserves and open markets, according to a company executive.

"Our main focus will be countries and regions involved in the Belt and Road Initiative," said Li Guohong, general manager of the company, referring to the China-led plan to revive the ancient Silk Road routes.

"By 2020, we will be able to produce more than 55 metric tons of gold each year, with annual revenue exceeding 100 billion yuan (\$15.1 billion)," Li said at a forum for top 100 listed Chinese companies held on Nov 18 in Beijing.

## China Duty Free aims for top three spot

China Duty Free Group, a unit of the mainland's largest tourism conglomerate China National Travel Service Group Corp, is looking to become one of the world's top three duty-free operators, possibly as soon as next year.

"On a conservative estimate, we will sit among the world's top three duty-free operators in terms of annual sales within the coming



Young readers peruse books on the second day of the 2017 China Shanghai International Children's Book Fair, held in the Shanghai World Expo Exhibition & Convention Center from Nov 17-19. PHOTOS PROVIDED TO CHINA DAILY

three years," said Li Gang, vice-general manager of China National Travel Service Group Corp. "If all goes well, it is entirely possible to achieve the goal by next year."

Such a vision comes as China Duty Free Group edged out luxury conglomerate LVMH's DFS Group and South Korea's Lotte Group to win the bid to operate all liquor and tobacco duty-free stores at Hong Kong International Airport.

## Alibaba buys stake in top supermarket chain

Alibaba Group is expanding into offline retail by acquiring a more than one-third stake in China's largest supermarket chain operator.

The e-commerce giant announced on Nov 20 it would purchase 36.16 percent of Sun Art Retail Group, which has the biggest slice of China's supermarket business with a market share of around 15 percent, according to consultancy Euromonitor International. It operates around 450 supermarkets across China.

The HK\$22.4 billion (\$2.9 billion) deal would make Alibaba the second-largest stakeholder in a business that generated 100 billion yuan (\$15.1 billion) of revenue in 2016.

Ruentex Group, which sold the stake to Alibaba, will retain a 4.67 percent share, while French retailer Auchan Retail owns a dominant 36.18 percent.

The move came amid an investment spree Alibaba started in 2014, including buying department store chain Intime Retail Group in

January and investing in Shanghai-based supermarket brand Lianhua in May.

## Middle class reviving interest in dishwashers

Chinese middle-class affluence is helping revive the local market for dishwashers, a product that never really took off in the country in the past.

The segment is expected to double its growth this year, in line with the ongoing consumption upgrade in the country, according to a report from GfK China, a consumer and market research firm.

Dishwasher sales on JD.com, an online marketplace, grew 239 percent from January to September, according to the China Household Electrical Appliances Association.

Countrywide sales reached 2.42 billion yuan (\$365 million) from January to August, up 135 percent year-on-year. Full-year sales are expected to rise by nearly 97 percent year-on-year to 5.2 billion yuan, GfK said.

Dishwashers were initially launched in the China market in the early 1990s, but they failed to become popular.

## McDonald's to open new outlets every day

US fast-food giant McDonald's plans to open more than one restaurant every day in China over the next five years to attain its goal of having 4,500 restaurants in the country by 2022, according to a top official.

The restaurant chain, which has about 2,500 outlets in the country, will become more agile and flexible to fulfill the growth potential that exists in smaller cities on the mainland, said Phyllis Cheung, CEO of McDonald's China.

Cheung's comments came on Nov 21 at the McBanquet, an annual event that showcases the company's innovation in products and services and the steps taken to ensure food safety.

## Fosun invests funds in co-robot maker

Aubo (Beijing) Robotics Technology, a Chinese maker of collaborative robots, or co-robots, raised 60 million yuan (\$9 million) in Series A funding from Fosun Group on Nov 7.

The conglomerate is bullish on China's co-robot market and expects Aubo to win 30 percent share of the local market, which is forecast to reach 1.3 billion yuan by 2020.

Unlike traditional industrial robots, a co-robot can interact with human coworkers in a shared workspace without imperiling the latter. In contrast, industrial robots are mostly operated autonomously or with limited human guidance.

Factors including China's aging population and Chinese enterprises' more flexible requirements are helping the rise of co-robots, an industry report said.

Fosun's investment will facilitate Aubo's research and development efforts, and help expand co-robot production.

## Quotable

"As these people are catching up to become more sophisticated like the ladies in Beijing and Shanghai, they are going to be more preference-driven, instead of price-driven, when it comes to lingerie shopping."

**OLIVER SPIESSHOFER,**

partner at lingerie giant Triumph International, saying consumers who are used to shopping for budget underwear will become the key growth driver for the company's luxury offerings.

"We welcome the Chinese government's statements with regard to further opening-up, strengthening of market forces as well as promoting foreign investment."

**LOTHAR HERRMANN,**

chairman of the German Chamber of Commerce — North China. A survey published by the German Chamber of Commerce in China on Nov 17 showed that German companies doing business in China are more optimistic than last year on their economic prospects in the country.

"Every time I go to China, I am surprised by the dynamics hidden behind the stunning economic statistics."



**JEAN-SEBASTIEN JACQUES,**

CEO of global mining group Rio Tinto, on his impression of China's economic performance.