The new 5G powerhouse

Alibaba, CBNC and State Grid have forged an entity that Chinese media have termed ‘the Divine Network’. So what is it?
China Mobile, then known as China Telecom, went public in Hong Kong in October 1997. Braving a market meltdown amid the Asian financial crisis, the state-owned enterprise dipped below its HK$10.8 offering price on its trading debut, but still commanded a market capitalisation of more than HK$120 billion ($15.9 billion).

It was a superb opportunity to buy into what grew to become the world’s biggest telecom carrier. The telco’s mobile subscribers surged to 547 million from 10 million over the next decade, ballooning its share price past HK$150 by October 2007. A year later the Chinese government gave China Mobile one of a trio of 3G licences, raising the possibility that the state heavyweight would make as much profit from the internet sector as it had from 2G telephony. But it turned out to be a peak moment for its shares, which never broke through to the next level. As of this week they were trading at less than HK$50 each.

Instead, the lion’s share of profits from China’s booming internet market would be reaped by private sector firms such as Alibaba, which launched its Tmall e-commerce site in 2008, and Tencent, whose shares would spike from HK$50 that same year to more than HK$2,500 (on a pro-forma basis) within a decade (see WiC367).

China is now embarking on the 5G era, opening up the potential for a huge range of new products and applications. This time around, will private sector firms capture most of the profits again or could more traditional state enterprises stage a comeback?

**Step forward a new champion, the ‘Divine Network’**

The Chinese government has pushed for megamergers among a number of its biggest state-owned enterprises (SOEs) in some of the economy’s key sectors. When these...
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Talking Point

For instance, China Energy Investment Corp, created by the merger of Shenhua and Guodian, was labelled the ‘Divine Power’ (see WIC379) and similar tie-ups have created the ‘Divine Ship’ and the ‘Divine Train’ in the shipping and railway sectors. A combination of SinoChem and ChemChina is on the cards to create something comparable in the chemicals industry.

Another newly formed SOE that is meriting mention in the telecoms sector is *shenwang*, or ‘Divine Network’.

The name began to crop up on social media when China Broadcasting Network Corp (CBNC) was given one of four 5G licences in June last year alongside the telecoms trio of China Mobile, China Unicom and China Telecom. Outsiders wondered how CBNC – effectively a unit of the state’s media regulator – had the know-how to build a 5G operation, as well as the resources to pay for the rollout. Then in May it signed a 10-year deal for a shared 5G network with China Mobile and last month it announced the set-up of another new unit with a formidable-looking name – the Unified National Network (UNN).

Essentially the business arm of CBNC’s 5G business, UNN immediately drew Rmb100 billion ($14.5 billion) in investment from 46 strategic investors including 11 listed firms and various provincial TV network operators. The financial conglomerate Citic Group (which has interests in China’s satellite network) and the Xinjiang Production and Construction Corps (see WIC192) have also invested, alongside State Grid and Alibaba, which operate China’s quasi-monopoly power network and the nation’s largest e-commerce platform respectively. The pair are chipping in about Rmb10 billion each, taking 9.8% stakes in the new firm, but CBNC stays on as the biggest shareholder with 51% of the register.

**What is the plan for CBNC?**

It was set up in 2014 as a ‘central cultural enterprise’ under the media regulator National Radio and Television Administration (NRTA). Its primary objective – reflected in the naming of UNN, its new subsidiary – is to bring together China’s cable TV operators into a single network.

The cable networks were once lucrative businesses dominated by SOEs prior to the smartphone era. In many provinces households were required to pay one-off fees before they could install their TV sets, in a situation that has parallels with Microsoft’s so-called ‘Windows tax’ on computer users. With last-mile access to millions of homes, China’s cable operators could collect monthly fees as well.

That market has subsequently fragmented, with the traditional operators losing share to a new breed of satellite broadcasters, and more recently to the online video streamers, which are internet-based. In response the NRTA has been pushing harder for consolidation across the cable sector, although until recently the best it had achieved was more typically “one unified network per province”, Caixin Weekly says.

In fact, the rise of the internet and newer, smartphone-based applications had already rendered many of the provincial TV operators less relevant in the 4G era. Cable operators still accounted for about 46% of China’s TV audience last year, but that was down dramatically from 64% in 2016, as customers flocked to streaming platforms like Baidu-backed iQiyi, Tencent Video and Alibaba’s Youku.

With 5G set to unleash a new round of frenetic competition, the cable sector’s decline seemed set to deepen, unless more direct action was taken. The commercial rationale is that CBNC – through its subsidiary UNN – will wrest back some of the initiative through a newly bundled offering of 5G wireless, broadband and paid TV, bringing together the best of the content from the provincial operators for its new customers.

There is another policy angle too, recognising that the TV stations are the weakest link in the
central government’s long-standing goal of “converging the three networks”, i.e. television, telecoms and the internet. The government first flaunted this idea as far back as 2001 (perhaps inspired by the merger of AOL and Time Warner). Ten years later the broadcast regulator put forward a fuller proposal to capitalise a newly created national operator at Rmb200 billion, but the idea didn’t get enough traction from senior decisionmakers. Now it is trying again, this time against the backdrop of the country’s 5G rollout.

Part of the rationale is job protection (the provincial cable operators employ at least a million people, according to the state media) but there are other undertones. The government knows that state-controlled broadcasters have lost much of their audience to newer, more customer-focused channels. It wants to reverse some of that trend through the launch of a new national network under UNN, recovering some of the state media’s access to millions of households.

What are the roles for China Mobile and State Grid in the plan?
The four 5G licence holders are expected to invest up to Rmb1.2 trillion in the next five years in taking the new network live. The scale of that funding is daunting – enough to persuade China Unicom and China Telecom to forge an infrastructure sharing deal in September last year. As yet, the carriers aren’t generating the new revenues that they will need to offset their investment either. China Mobile reported last month it had nearly 100 million ‘5G package customers’ by the end of August, while China Telecom said it had just over 57 million 5G subscribers. China Unicom says it won’t disclose its own numbers until its new business is more mature.

Until it found its new shareholders for UNN in August, it wasn’t clear how CBNC was going to compete financially. Trials for deployment of its own 5G services had moved forward rather slowly in a few cities. However, it has been granted 80MHz of the 700MHz frequency bandwidth, which is described in the local media as the “golden band” because it can be deployed across wider areas at relatively cheaper cost.

An agreement between CBNC and China Mobile in May stipulated that the duo will share a network operating on CBNC’s attractive spectrum with the costs to be evenly split. That means that China Mobile will be able to quickly expand its own coverage to more remote regions.

As for State Grid, the power utility had initially wanted to take a controlling stake in UNN, Caixin Weekly suggests. These ambitions were tempered when the grid operator came to a better understanding of the costs of building a 5G business. All the same, it is bringing almost three million transmission towers in its electricity network that could house base stations for 5G. Perhaps more importantly, it could help sell CBNC’s 5G applications to its vast corporate and household customer bases. A tie-up with the grid giant might help CBNC cut down on its power bills too.

“CBNC and State Grid are taking what they need from each other,” the magazine reports. “CBNC desperately needs a strategic partner with cash and infrastructure, while State Grid also wants to expand into the Internet of Things.”

And how about Alibaba?
Alibaba had forged a strategic alliance with CBNC before the announcement on the 5G licences last year. Citic Group signed the same pact, which promised to upgrade China’s cable stations into “a new network for integrated media transmission and digital cultural dissemination”, Xinhua said at the time.

Speaking at the signing cere-
Nie Chenzi, head of the NRTA, said the plan was to reinvigorate the cable TV networks through the introduction of next-generation TV infrastructure, incorporating new technologies such as 4K, 5G, AI, and quantum communications.

Acquiring a sizable stake in UNN looks like a natural extension to the alliance for Alibaba (Citic Group made a small investment too through its digital media unit). The internet firm will get new access to more than 200 million households, Caixin Weekly forecasts, providing another avenue for expanding its reach into new businesses such as ‘smart home’ applications and the IoT.

The introduction of Alibaba as a key shareholder also allows for talk of “mixed ownership reform” at CBNC, diluting the impression that the ‘Divine Network’ is another state-backed monopoly in the making.

Policy support, cash, a national TV network, and content: CBNC seems to be gathering the attributes that it needs to emerge as a game-changer in its own right.

Yet ultimately its fortunes still hinge on an ability to innovate, a skill set that may not come naturally to its controlling shareholder.

The decline of China Mobile as an investor darling – compared to the stellar performance of Tencent since 2008 – is a telling example of how state-favoured giants aren’t the best places to nurture high-growth, fast-changing businesses.

It remains to be seen whether the ‘Divine Network’ will rise above the fray, becoming a genuinely transformational force in China’s 5G landscape and recovering some of the ground it has lost to others in broadcasting. Much will depend on how it manoeuvres against the country’s private sector internet firms in exploiting its state-backed privileges. The challenge is that the tech titans so often seem to be a step ahead of their rivals.

And in this particular case it’s not much different: Alibaba, for one, may have hedged its bets, keeping a foot in the CBNC camp with its shareholding but retaining too the capacity to still grow its own already formidable ecosystem.

Hedging its bets with new 5G play?

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The US government has announced that anyone affiliated with a Communist or ‘totalitarian’ party cannot apply for US residency. Although China’s ruling Communist Party was not mentioned specifically, the ban will apply to all 92 million of its members.

SMIC confirmed in a filing in Hong Kong that some of its American suppliers would be required to apply for individual export licences before shipping tech equipment to the company. That could result in prolonged delivery times, the Shanghai-based foundry warned, adding that it has undertaken “preliminary exchanges” with the US government regarding the export restrictions.

Video platform Bilibili is set to become the latest New York-listed Chinese firm to arrange a secondary listing in Hong Kong. The company could raise up to $1.5 billion in the planned offering, Nikkei Asia has reported. Bilibili went public on the Nasdaq in March 2018 and its market value was about $15.7 billion as of this week.

The English Premier League (EPL) is suing PPLive Sports, a unit of Chinese retailer Suning, for skipping a $210 million broadcast payment for live matches, Caixin Weekly has reported. PPLive walked away from its contract in August amid disruption in the sports world caused by the Covid-19 pandemic. The EPL has since signed a less lucrative deal for the Chinese market with Tencent.

Electric vehicle maker Polestar, owned by Volvo and its Chinese parent Geely, is recalling 2,200 cars due to a software glitch that caused several vehicles to stop abruptly. No accidents have been reported in connection with the problem. Geely and Volvo launched their Polestar venture in 2017. The Polestar 2 – the model in question – is their first full format EV.

Dairy firm Fonterra has agreed to sell its dairies in China to local partners in a bid to reduce its debt. A unit of China Youran Dairy has agreed to purchase the New Zealand brand’s two main hubs for about $338 million. Separately, Fonterra has agreed to sell its 85% interest in a local farm to Beijing Sanyuan.

Donald Trump’s administration is said to be exploring restrictions on the digital payment platforms operated by Chinese internet giants Ant Group and Tencent, Bloomberg has reported. Debate over how to impose the restrictions on the payment systems has deepened among senior officials in recent weeks, the news agency said. The final decision could disrupt Ant’s upcoming IPO in Hong Kong and Shanghai, which is set to become the world’s biggest ever initial public offering. Ant has just obtained approvals to go public on Shanghai’s STAR Market and the Hong Kong bourse is said to be looking into its listing application.

1 Trump to take on Ant next?

The major news items from China this week were...

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The geopolitical scene has changed completely over the past 20 years but Sina Corp’s core business hasn’t. Such was the domestic media’s verdict on the fluctuating fortunes of the company that paved the way for other Chinese internet firms to go public in the US – but which now joins the exodus from American bourses.

At the end of September, Sina’s board accepted a $2.59 billion privatisation offer from its majority shareholder, BVI-registered New Wave (for our first report on the sale, see WiC 504). The following day, a second Chinese tech company, Sogou also announced that its board had approved a $3.5 billion privatisation offer from a group of companies owned by Tencent (Sogou operates China’s second biggest search engine and only debuted in New York in late 2017; see WiC 389).

Sina’s departure from Nasdaq is particularly symbolic, given that it pioneered the variable interest entity (VIE) structure. These ownership arrangements allowed Chinese tech companies to access much-needed foreign capital while staying in line with domestic laws barring such investment in sensitive areas like tech.

Sina listed in April 2000 and was followed in quick succession by two other internet portals, NetEase and Sohu.com. The three were the country’s tech stars long before the BAT troika: Baidu, Alibaba and Tencent. However, the domestic media believes that Sina “lost its advantage during the mobile internet era” and suffered from “a gradually diminished aura”, as Jiemian.com puts it.

Huxiu.com said that “Sina is still essentially reliant on the same revenue stream that it was 20 years ago: advertising”, while TMT Post added that the delisting should help Sina revamp its strategy away from the public eye. That still “doesn’t get round the management’s lack of imagination,” it warned.

Assessments on social media were harsher. One well-liked comment compared Sina to Kodak as a company “eliminated by changing times”. Another proffered that “it’s impossible to keep hold of your first pot of gold if you don’t carry on investing or innovating”.

The company itself begs to differ. One revenue stream that distinguishes Sina in 2020 from Sina 20 years earlier is its income from its Twitter-like service Weibo, which was launched in 2009 and listed separately on Nasdaq in 2014.

Sina owns 46% of the micro-blogging company, or 58% when preference shares are taken into account (Alibaba has a 30% stake). Weibo has been “resilient in maintaining its user base and unique marketing proposition,” says Huatai Securities, although it acknowledges that Weibo faces a multitude of threats from other platforms like WeChat, Toutiao, Douyin and Kuaishou.

Weibo accounts for 80% of Sina’s revenues and in the second quarter, its net revenues fell 3% to $387 million. However, analysts point out that sales were actually up 9% on a constant currency basis, helped by ad spending from consumer goods firms and car companies. The big drop-off came from SMEs, which have been badly hit by the pandemic (ad revenue from this segment was down 21% year-on-year).

Sina is also diversifying into new ventures like Oasis, which is positioned as a Chinese Instagram; Moments, a video and picture-sharing platform, launched last September.

Weibo’s share price has reacted positively to its parent’s privatisation, rising about 40% since the beginning of June. Sina itself had previously traded at a holding company discount to its Weibo unit, although that had narrowed before the take-private offer.

Sina may now choose to join NetEase in seeking a listing in Hong Kong or a mainland Chinese bourse.

Today, companies like Sina have found themselves in the crosshairs of the Sino-US tech war. But Sina isn’t a stranger to share price volatility. Back in 2001, the internet portal’s shares sunk from an IPO price of $17 to just $0.95 after the dotcom bubble burst and when NetEase was accused of accounting fraud.

The bounceback was spectacular – within two years Sina’s shares had topped $40.

Indeed, Sina chairm an and CEO Charles Chao – who is leading the privatisation effort – is a veteran of the sector. No doubt he’ll be hoping that his company can pull off the same kind of turnaround once again.
Brokering a deal

Ex-Citic team acquires Sinolink Securities

According to The Classic of Mountains and Seas, or Shanhaijing, a text on ancient creatures and sacred geography that has circulated in China for thousands of years, a bashe is a giant snake capable of swallowing an elephant. Eating the mythic beast was a wonderful tonic that prevented heart disease and digestive trouble.

China’s domestic media believes that a more conventional snake and elephant analogy is an apt one for the acquisition of Chengdu-based Sinolink Securities by its much smaller rival, Wuxi-based Guolian Securities. The two announced the deal on September 20 as the first merger of two A-share listed brokerages.

Both entities’ share prices had gone limit-up on the trading day before the announcement, suggesting that the market’s famous ‘crocodiles’ (the local term for insider traders) were out in force too. In fact, the drums have been beating since mid-June as investors bet on faster consolidation and better performance from the brokerage sector. Individual brokers have seen their share prices rise by 20-25% in the past three-and-a-half months.

Citic Securities, for example, is up 27%. Citic, China’s largest broker, is also rumoured to be close to taking over its nearest rival, CSC Financial, although both have denied that a deal is in the works.

Dreams of becoming more of a rival to Citic seems to have spurred Guolian’s takeover of Sinolink. Its growth strategy is being spearheaded by Citic’s former chief technology officer Ge Xiaobo, who became Guolian president in 2019. He took a group of Citic executives with him when he made the move, including Wang Jinling, now Guolian’s chief operating officer, and Wang Jie, its company secretary.

Guolian floated in Shanghai in July (it had originally listed in Hong Kong back in 2015). Thanks to the merger, it will jump up the rankings of China’s 47 listed brokers to 18th in terms of assets.

Analysts have generally liked the deal, saying that Guolian will benefit from Sinolink’s online broking and investment banking business. In the first half of 2020, it reported a 51.4% increase in revenues to Rmb4.3 billion ($633.1 million), with proprietary trading accounting for the majority of sales, followed closely by underwriting and brokerage.

In turn, Guolian has a coveted mutual fund advisory licence after it joined the government’s pilot programme in March with six other domestic brokers.

Guolian’s ultimate controller is the State Council’s Sasac branch in Wuxi, a city in Jiangsu. Sinolink’s ownership hails more from the private sector – Yongjin Group, a financial service group based in Shanghai but with roots in Hunan province.

This kind of M&A looks set to be repeated as the owners of small and medium-sized brokers are forced to adhere to a new regulatory regime unveiled by the People’s Bank of China (PBoC) last month.

Under the new rules, financial holding companies must meet new minimum capital thresholds of Rmb5 billion. The regulations, which will become effective on November 1, with a one-year grace period, are designed to stop companies from diversifying into financial services without adequate capital. But they also seem set to prompt an industry shakeout, with other rumoured mergers including a tie-up between First Capital and Beijing Capital, which are both owned by the Beijing municipal government.

Consolidation among China’s 100+ brokerages will get further impetus if speculation that banks could soon be granted securities licences turns out to be accurate.

Earlier this summer Caixin reported that two banks would be selected to take part in a pilot programme to create brokerages of their own that can compete on a global scale against international rivals.

In the meantime the brokerage industry is going through a healthier period after five difficult years following the stock market’s 2015 crash.

CICC – one of the more established local investment banks – believes that the onset of another round of capital market reforms marks “a new cycle of regulatory relaxation and business innovation”. That is spilling over into the brokerage sector: expect a lot more activity in primary and secondary issuance, with the leading firms grabbing more market share from smaller contenders, CICC says.
Bars with booze

A growing market for liquor-laced ice cream

A ‘blackout’ is defined in the Oxford English Dictionary as “a temporary loss of consciousness”. It might seem like a strange choice of name for a brand of ice cream bar. But in this particular case it seems rather more appropriate: a variety made with baijiu, a favourite Chinese liquor, with a tendency to stupify its heavier drinkers.

The ice cream brand Blackout was launched to local fanfare in the summer of 2019 in a partnership between Chicecream and baijiu maker Luzhou Laojiao. And it has been trending again on social media thanks to a series of special offers, triggered in part by growing competition in China’s alcohol-infused ice cream market.

The pale yellow ice cream boasts 52% baijiu content, meaning that it is off-limits to under-18s. In other words of warning its advertising alerts customers that they should not be driving after consuming a single bar, because of its intoxicating impact.

For Luzhou Laojiao, the baijiu maker, the ice cream bar has proven a good way of getting some media attention and so it rebooted its collaboration with Chicecream last month with a promotion announced on its Sina Weibo account. “Ice, sugar, a little Luzhou Laojiao, and we’ve created the Luzhou Laojiao X Chicecream’s baijiu Blackout ice cream...” it crowed.

From Sichuan, Luzhou Laojiao lays claim to an ancient brewing technique that was perfected during the Ming Dynasty.

Today the company generates Rmb15.8 billion ($2.32 billion) in sales, including side businesses that manage hotels, make glass and invests in real estate.

Chicecream is a much newer company backed by venture capital money. Founded in 2018, it has 1.6 million fans on its Tmall store and it has sold 17 million ice cream bars so far this year.

The Chinese ice cream market is the world’s biggest with 1.23 million tonnes of the stuff made in 2018. Spending on the frozen product reached Rmb139 billion last year.

There have been several other collaborations between alcohol and dairy companies and Chicecream has worked with international spirits firm Martell this summer to develop a cognac-infused treat called Degree. Jiang Xiaobai and Mengniu Dairy have also released a baijiu chocolate ice cream called Change.

The trend for alcohol-infused brands is not confined to China. In April Haagen-Daaz released two new ice cream flavours: Whiskey Hazlenut Latte; and Rosé and Cream. America’s Jeni’s Splendid Ice Cream also offers spirited treats such as Hot Toddy Sorbet and Middle West Whiskey. Tipsy Scoop, another American brand, adds alcohol to all of its products. Flavours include the intriguingly named Maple Bacon Bourbon and Cake Batter Vodka Martini.

Other more traditional Chinese desserts have been through the boozing-up process too. In anticipation of last week’s Mid-Autumn Festival, mooncakes spiced up with alcohol were also on sale. Not surprisingly Luzhou Laojiao got in on the act here as well, this time working with Sichuan Aidale Food to design a mooncake called the Alcoholic Fragrant Five-Nut Imperial Cake (or rather more prosaically, a cake sprinkled with nuts infused with baijiu).

A contributor on Jiemian, a news portal, tried to explain some of the popularity of these new hybrid products. “Food that includes lower levels of alcohol offers the thrill of what drinking can provide while still being low-risk, which appeals to younger consumers who are more attentive to their health. Moreover, this kind of product is promoted through ‘hunger marketing’, cross-brand collaborations, and social media sharing. Altogether the strategy attracts young customers and increases product sales and exposure.”

Sure enough, the Blackout bar has received some intoxicating feedback. “Normally I don’t drink baijiu because I think it tastes really bad, but this ice cream has the light sweetness of pineapple and milk added with the baijiu. I never guessed the combination would be so delicious,” applauded one reviewer in a video posted on her personal weibo account.
Morning glory
How a breakfast bun retailer became a breakout hit

From a single breakfast outlet in Shanghai to a 2,799-store franchise across China, Babi Mantou makes more than Rmb1 billion ($147.2 million) in sales a year selling buns. They range from the savoury pork-and-vegetable classic to sweeter options like sesame and red bean.

The brand’s parent firm Babi Food will make its debut on the A-share market (likely) next week.

When 19 year-old Liu Huiping arrived in 1997 in Nanning, a city in southern China near the Vietnam border, he rented a storefront for Rmb5,000 and began baking buns (mantou) with an apprentice.

In 2001, he made the move to the busy Henan Road in Shanghai and opened a popular breakfast outlet called Master Liu’s Buns. Within two years he had become a renminbi millionaire and the ambitious Liu made the momentous decision to emulate KFC’s example by expanding his store into a franchise.

In 2004, he filed for the trademark Babi Mantou and opened up 20 more stores – 10 of which were managed by friends and family to pilot the franchising concept.

Babi Mantou really took off in 2005 when it launched a broadband franchising programme. Keeping down the expenses of starting a new store, Babi Mantou drew interest from entrepreneurs around the country. Over 50 venues were opened by September of that year and 500 stores were up-and-running five years later. By 2017, the brand had nearly 3,000 outlets across major cities like Beijing and Shanghai, as well as dotted across more prosperous provinces like Jiangsu, Zhejiang and Guangdong. Only 16 are wholly-operated by the brand’s owners, according to Yicai Global.

The company has two main streams of revenue: selling a regular stock of filled buns to franchise stores (where they are steamed up for diners on site) and charging the franchisees an operating fee for use of the brand and its support network.

In the three years from 2016 to 2018 Babi Mantou earned more than Rmb2.5 billion in income, growing sales steadily each year.

The company’s prospectus says it plans to raise Rmb950 million in its IPO, with some of the funds going into an upgrade of its production facilities.

Investment will also be allocated to its R&D unit, which seeks to expand its menu’s offering; as well as funding a wider push into online sales channels.

Song Xiang, the chairman of Harvest Capital, a private equity fund, gave his assessment to Huxiu, a news platform, on how Babi Mantou has been able to grow so quickly. His analysis seems pretty straightforward. “Shanghai has 25 million people. Beijing has almost 20 million. Just think about how many people need to have breakfast…” There are 50 million people eating out for meals, or just breakfast, and every person pays 4, 5 or 10 yuan, which isn’t very expensive for breakfast. That means everyday they make Rmb20 to Rmb40 million in sales. A business that thrives has a product that appeals to the masses,” he explained.

The couple controlling Babi Mantou now boast a combined net worth of at least Rmb1 billion. Liu owns 54% of the bun firm he started, while his wife Ding Shimei owns another 10%. Through other companies the couple indirectly own another 17% of the shares, giving them substantial majority control.

Huxiu also spoke to Yu, a Shanghai resident and regular customer of Babi Mantou, about why she kept going back for breakfast there.

Again, the analysis wasn’t especially sophisticated but it highlights how the brand delivers the basics of its menu and its business model in a consistent way.

“Apart from the various pre-steamed mantou and filled buns (baozi), there is electric-steamed corn, packaged black rice cakes and rice balls,” Yu explained. “And their steamed items will still be available for sale in the afternoon, so customers won’t leave empty-handed. A lot of Shanghai stores will sell out in the morning and close for the day, but Babi Mantou can last until the afternoon.”

Although best known for its breakfast menu, Babi Mantou also has a strategy for pulling in evening traffic.

“In Shanghai old people have a habit of buying buns late at night and heating them up for the next day, so they don’t have to go out and buy them again. So every night Babi Mantou will steam another batch of buns for them as well. This method is quite clever,” says Yu.
This summer people in the UK and North America started to receive small packets of seeds in the post.

Two things were odd about these deliveries: one, the parcels were unsolicited; and two, the packages had been sent from China.

Conspiracy theories soon abounded, including that the Chinese were attempting to introduce destructive species and destabilise agricultural production in the West.

The deliveries were arriving at a time when many countries were failing to contain Covid-19 so it was easy to think the worst – particularly as the virus is widely believed to have originated in the Chinese city of Wuhan (where it was first detected).

In the end, the most plausible explanation for the unexpected packets were that they were part of ‘brushing’ scams, in which online vendors generate fake sales by sending unsolicited items.

Once the goods have been ‘sold’ the vendor generates a fake sales record of their products in a bid to boost genuine sales in future.

Quite how the seed sellers got the addresses of the online shoppers from Canada, the UK and the US is unclear. But the seeds they sent turned out to be unthreateningly healthy: source material for mint, hollyhocks, cucumbers, tomatoes, radishes, corn and lettuce.

In fact, the Chinese don’t have much of a reputation as seed producers. A recent feature in Outlook – a magazine run by Xinhua – lamented the country’s reliance on imported seeds to grow the crops that its people enjoy most. It said that domestic vegetable producers “rely heavily” on imported seeds and that some crops are grown “almost entirely” from foreign stock.

Bell peppers, potatoes, broccoli, tomatoes, onions and white radishes were singled out for mention as being grown from seeds almost entirely imported.

“Seeds are the cornerstone of modern agriculture and the foundation of national food security. To keep control of our ‘rice bowl’, China must develop a clearer understanding of the seed industry and its strategic significance,” the magazine urged.

The question is of greater significance if relations worsen with the US – one of the main suppliers of seeds to the Chinese. Food security strategists have noted that China’s other major seed suppliers are Japan and South Korea, both of which could choose to squeeze supply in the event of deteriorating ties with the Chinese.

So why is it that China, a country with an agricultural history stretching back for thousands of years, is dependent on others?

One key reason is that farms have traditionally been small ones, lacking know-how and capital. As a result industrial-scale farming is only just starting to take hold. More investment has been coming into the sector in the last 10 years as the government gives more focus to the social and economic challenges of rural China. However, seed development is a slow process, often implemented over decades. The practice demands access to a large pool of genetically diverse plants which can be studied, tweaked and interbred over time. China has lost a lot of its genetic diversity, because of intensive, monocultural farming practices. Further, the commercial budgets for the development of new strains of seed that deliver more productive and more resilient crops have been limited in China. The American seed giant Monsanto spends more on R&D every year than China’s top 50 seed developers combined, Outlook reckons.

The magazine went on to say that the seed firms need more support from academia to move the sector forward. One expert quoted by Sina News estimated that China is 30 years behind other countries in seed development and that more scientists need to be recruited for the catch-up effort. “Foreign companies have been systematically collecting seed resources for over a century, while we have been rather messy in our approach,” the report said.

ChemChina’s $43 billion acquisition of Syngenta in 2016 was part of the drive to close the gap in seed technology. That said, the Swiss-headquartered giant is still awaiting a policy change from the Chinese government that allows it to more broadly sell more of its genetically-modified product range in China. So far Beijing has only approved the sale of GMO-based seeds for papaya and cotton.
Dairy hasn’t been a prominent part of China’s culinary history but tastes are changing as society gets wealthier. That included some of the new offerings at last week’s Mid-Autumn Festival. Traditional mooncake fillings with lotus and red bean paste were still on show. But some of the newer recipes were offering milk tea or yoghurt flavours too.

WC has written in the past about China’s increasing dairy consumption. Covid-19 seems to be accelerating that trend and even the nation’s traditional breakfasts could be set for a shake-up if one of the country’s most famous doctors gets his way. Zhang Wenhong, a respected infectious disease expert, has been telling parents to give their children milk and eggs rather than congee first thing in the morning (see WC495).

The China Dairy Industry Association reports that 40% of the population have increased their dairy intake this year, mostly for health reasons. Some 96% of the people it surveyed believe that milk boosts the immune system because it contains lactoferrin, an anti-viral protein.

Tastes are also transitioning from UHT to pasteurised milk – and showing signs of becoming more environmentally conscious in the process. According to China Skinny research, Yili’s organic Satine brand is now Tmall’s third biggest seller. Adopt-a-Cow is fourth in the rankings: a remarkable rise for an independent company only set up at the end of 2016. Its approach is an unusual one: customers get the naming rights for one of its 60,000 Holstein cows and even the chance to visit it at the dairy.

China’s domestic supply of milk can’t satisfy demand. Dairies produced 32.7 million tonnes in 2019, up 0.9% year-on-year (and comprising 3.4% of the world’s total), according to the UN’s Food and Agricultural Organisation. Imports rose 6.4% to 15.7 million tonnes (a fifth of the global total).

Demand should carry on growing, as the country’s per capita consumption of dairy is still less than a third of the global average. One of the potential beneficiaries is Australia but its exports of fresh milk dropped 20% in July after political tensions between the two countries. A month later the Australian government blocked the A$600 million ($437 million) sale of its second biggest milk processor, Lion Dairy, to Mengniu Dairy.

National players like Yili, Mengniu and Bright continue to pioneer the consolidation trend in China. But there are regional players with ambitions to join the leading group. One such is Chengdu-based New Hope Dairy. It has been on a buying spree this year, paying Rmb1 billion and Rmb1.7 billion for controlling stakes in Ningxia Huanmei Dairy and Ningxia Harmony Dairy, according to S&P Global Market Intelligence. It’s also a leading contender to take control of Huishan Dairy, once China’s largest producers.

Huishan was one of the biggest scalps for short-sellers in 2016, when Muddy Waters alleged financial fraud. This triggered a liquidity crunch; an 85% share price plunge in a single day; and the subsequent disappearance of Huishan’s financial controller.

The company started bankruptcy proceedings a year later in December 2017. A struggle then began to restructure its debt, with creditors squabbling over what was left in the kitty. A December 2018 draft reorganisation plan revealed a total of 2,702 claimants, demanding Rmb72 billion ($10.56 billion).

A number of would-be suitors, including Yili, then pulled out of an intended acquisition after failing to reach a deal with the creditors. The Shanghai-listed group proposed a Rmb1.5 billion cash injection in return for a 67% stake, which was rejected earlier this year.

Shenzhen-listed New Hope and Guangdong-based Yuexiu Dairy are now proposing fairly similar plans for a rescue of Huishan. New Hope is offering Rmb1.5 billion in return for a stake of two-thirds, with Yuexiu tabling an Rmb2 billion offer for something similar. They are proposing that creditors owed more than Rmb500,000 will get back up to a fifth of their money over a three-year period. But many still need to be convinced that the deal is a good one. Huishan’s 180,000-herd is still looking for pastures new, it seems.
Homeward bound

Golden Week gives China’s domestic tourism sector a chance to shine

Hong Kong’s media has closely tracked the number of tourists arriving from mainland China over the National Day holidays. Visitor flows are seen as a barometer for conditions in the city’s retail sector, as well as an indicator on the health of the broader economy.

So what to make of this year’s figures, with hardly any arrivals because of quarantine controls amid the Covid-19 pandemic?

Data from Hong Kong’s immigration department revealed that just 433 people crossed into Hong Kong from mainland China during the first three days of the eight-day holiday (which started on October 1), compared with more than 600,000 last year and 1.5 million in 2018.

Almost all of those previous visitors will have opted for domestic trips during the latest ‘Golden Week’ holiday, which was expected to play host to a surge in homegrown tourism.

Because many sites and attractions are still operating at half capacity on social distancing requirements, the Ministry of Culture and Tourism had predicted local trips would top 550 million over the period, or about 70% of last year’s figure.

Local tourists made 205 million trips in the first two days of the vacation, ministry officials reported. However, soon afterwards there were reports that tourist revenues were down 31% to Rmb312 billion ($45.9 billion) over the first four days of the break compared to the same period last year, while average spending per tourist had fallen 12%.

The ministry said on Sunday that 425 million Chinese had travelled between Thursday and Sunday, a drop from 542 million in the same period last year.

Where were they heading? Many tourists seem to have been keen to honour the citizens of Wuhan for their sacrifices during the city’s extended lockdown (the capital of Hubei province, Wuhan was ringfenced for more than 76 days before the coronavirus epidemic was brought under control).

The city’s iconic Yellow Crane Tower has been one of the most sought-after destinations over the last week, with visitor numbers hitting the daily ceiling of 25,000 and ticket allocations fully filled for the remainder of the holiday.

“The number of daily tourists has doubled since we exempted the entrance fee,” an employee at the tower told the Global Times last week, offering another reason for the influx.

Other favourite attractions like the Badaling section of the Great Wall outside Beijing reached the 75% threshold of normal capacity imposed by the authorities, although that was still a daily load of 48,750 visitors.

The cinema sector has also rebounded over the holiday as more than 50 million people turned up at theatres in the first three days, bringing in a box office haul of Rmb3.1 billion.

Both figures were better than last year’s, despite social distancing controls in most venues.

Tourism flows from the National Day holidays will be scrutinised more closely this year as part of the government’s new “internal circulation” strategy for the economy (see WiC508), which puts greater emphasis on domestic consumption, China Securities Journal believes.

The tourism sector has run up net deficits for years, the newspaper adds, with outbound trips exceeding incoming arrivals. That’s because people with the financial means to travel have often preferred to go abroad rather than undertake domestic tours in China.

This year the same choice hasn’t been available, of course. “The Golden Week holidays during the pandemic have offered a golden opportunity for the Chinese tourism industry to showcase its attractions to Chinese consumers,” China Securities Journal remarked. “They should seize the chance and offer better service and infrastructure, and prepare for the challenge once border controls and social distancing measures are lifted.”

Photo: Reuters
Taiwanese starlet in row over song

Taiwan’s cultural critic and democracy advocate Lung Ying-tai has long argued that an authoritarian regime cannot produce great songs. In 2016 when Lung gave a speech in Hong Kong about music, she asked the audience to name the song that inspired them the most.

Alan Leong, a prominent democrat, cited Frank Sinatra’s song that inspired them the most. Hence he had joined in. The video, of course, went viral in China as netizens poked fun at the awkward moment for Lung, who served as Taiwan’s cultural minister from 2012 to 2014.

My Motherland was the theme song to the 1956 film Battle on Shangganling Mountain, which depicted a bloody struggle during the Korean War. Last week, My Motherland dominated the headlines again when singer Ouyang Nana from Taiwan performed it during the National Day Gala hosted in Beijing by state-run broadcaster CCTV.

During the programme, Ouyang, 20, joined in the rendition of the tune with a large group of celebrities from mainland China, Hong Kong and Macau. The selection of the performers looked random at first glance but Taiwanese media believe they were handpicked by Beijing to present a ‘united front’.

“Beijing might have wanted Taiwanese artists to perform at the event to promote its ‘one country, two systems’ formula, which China intends to apply to Taiwan at some point,” the Taipei Times mused.

Ouyang was trained as cellist before embarking on a singing and acting career. She was not the only celebrity from the island at the event. Singer-actress Angela Chan, too, made an appearance, joining a performance to honour frontline medical workers fighting the Covid-19 pandemic.

However, Ouyang now faces the prospect of being fined as much as NT$500,000 ($17,000) back in Taiwan. That’s because prior to her CCTV showing, the Mainland Affairs Council (MAC), Taiwan’s top agency handling cross-strait affairs, had warned that Taiwanese who take part in events that “promote the Chinese Communist Party’s political agenda and harm the national identity of the Republic of China” risk violating the law.

“In light of the increasingly severe cross-strait situation, Taiwanese should take the interests of Taiwan as a whole as their precondition for doing things,” the MAC stated, referring to the escalating tension in the Taiwan Strait (see WiC512).

Born in Taipei with ancestral roots in Jiangxi province, her father Ouyang Long is an actor-turned-legislator. “As an overseas student [she studied at the Berklee School of Music in Boston], I was often asked ‘where do you come from?’” Ouyang Nana once wrote on weibo. “I come from China is my answer. My grandparents always say people should remember their roots wherever they go. I am proud to be Chinese. I will forever remember my hometown is Jiangxi Ji’an.”

Some say Ouyang’s political stance has an ulterior motive. “Ouyang Nana wants better opportunities [for her entertainment career] and to make more money. That’s why she’s so supportive of China,” one mainland netizen wrote.

Nevertheless, the episode has definitely boosted the awareness of Ouyang in the mainland and, ironically, that of My Motherland in Taiwan too. “Some in Taiwan attacked Ouyang but all they have done is to make her and the song more famous,” Jiemian.com noted, adding that she made a very short appearance during the televised show and few would have noticed her performance had Taipei not reacted.

Meanwhile, pro-independence newspapers in Taiwan now argue for a harder crackdown on celebrities that endorse China’s unification plan. “Rather than leaving it to artists to decide whether they will engage in pro-unification activities in China, why not remove the choice altogether and restrict travel to China by ordinary citizens? The best way to protect Taiwanese interests would be to prevent engagements with China,” an editorial in the Taipei Times proposed.
Over the course of her career, actress Fan Bingbing’s face has adorned countless advertisements. One estimate puts the number of her endorsement deal at over 120.

However, the starlet’s commercial appearances have been few and far between since a tax evasion scandal which landed her a record Rmb883 million ($130 million) fine in 2018. So, the internet was abuzz when the actress made a high-profile appearance recently at a Beijing auto exhibition that featured photos of her standing beside a Hongqi, or ‘Red Flag’ in English – an iconic national car brand, synonymous with Chinese industrial power during the Mao Zedong era.

On Fan’s personal weibo, she published a series of pictures that shows her posing next to a white Hongqi E-HS9, an electric SUV. Separately, her official fan account posted a video showing the starlet test-driving the car on a track.

“Oh, this is good. This is really good,” she gushed, offering her stamp of approval repeatedly.

In 1958, the first Hongqi sedan (which came with a spittoon) was produced by state-owned carmaker FAW in response to Mao’s wishes. Since its debut as the paramount leader’s parade car at his Tiananmen Square event a year later, the Hongqi limousines have long been the vehicle of choice for Chinese leaders on important state occasions.

However, when confronted by reporters as to whether the brand had hired Fan to be its spokesperson, Hongqi claimed to have no idea that she was going to show up to the event. The actress was also noticeably absent from all of Hongqi’s marketing materials for the EV. Instead, the carmaker used images of its current brand ambassador – the actor Jin Dong. On its social media page, it also chose to feature other attendees without mentioning Fan.

Tencent Entertainment cited a weibo post by a company insider which claimed Fan's surprise appearance was a publicity stunt orchestrated by the actress and her own PR team (reportedly her video crew had filmed her test driving the car). "The truth is, like a lot of potential buyers, Fan Bingbing applied to attend the event and to test drive the car. She was not invited by the company nor was there any collaboration between the two parties. In the future, I hope that Miss Fan will stop using other people to generate traffic and discussion surrounding herself,” the post said.

But why did Fan choose to show up to a Hongqi event?

Were Fan to be seen as the face of such an iconic brand, of course, it sends a clear signal that the starlet is back in favour with the Chinese government.

“Being a brand that has a long history with the Party, Hongqi has an irreplaceable and unique place in the hearts of Chinese people. Ever since being embroiled in the tax scandal, Fan Bingbing has struggled to fight off the negative publicity,” opined Tencent Entertainment. “For Fan, participating in a high-profile media activity is a shortcut to bring attention to herself.”

Onlookers were not too impressed by the publicity stunt: “If Fan were to endorse Hongqi it would be an insult to the Party. For Chinese people, Hongqi is not just a car,
maker but has a nostalgic and almost sacred place in our collective memory. For FAW, Hongqi is the banner of China’s automobile industry, inspiring us to move forward. How can someone like Fan Bingbing and her lot represent that national spirit?” one netizen thundered.

Others reckoned that the incident only highlighted Fan’s headlong fall from grace. “Is it true that Fan Bingbing really showed up uninvited? To steal media attention? Maybe to pave the way for a comeback?” one blogger speculated. “But what’s certain is that in the past, it was other people trying to steal Fan’s spotlight, I never heard that she had to steal others.”

The extra media buzz generated by Fan’s antics is not something that Hongqi particularly needs. While Hongqi has lagged behind German carmakers in the luxury car segment, it has seen a recent revival amid a patriotic push to promote homegrown brands.

In fact, the brand’s biggest ambassador has been a certain Xi Jinping, news portal HK01 observes, who has brought his own Hongqi limousine with him on most of his diplomatic trips since 2018 (Chinese leaders generally had previously used vehicles provided by the host countries). The Chinese president also visited FAW’s research headquarters in July, calling for the country’s carmakers to develop core technologies that boost national automotive brands.

In the first half of this year, despite the impact of the pandemic, the sales of Hongqis exceeded 70,000 vehicles, a year-on-year increase of 111%. The company’s goal is to sell 200,000 cars by the end of this year.

Sales of its sedan and electric car have helped the brand attract new customers. Hongqi’s newly released H9, a luxury sedan with a conventional combustion engine, is being marketed as one of the few domestic models that could rival those from the German BBA trinity (Benz, BMW and Audi). The electric SUV that Fan posed next to is priced between Rmb550,000 and Rmb750,000, and has a range of more than 510 kilometres per charge. The car, the company claims, also accelerates from zero to 100km/h in less than five seconds.

If only the same speed could apply to Fan’s career turnaround...

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**Not a fit test?**

*Athletes irked by new hurdle*

There cannot be a bigger fish out of water in China right now than Wang Jian Jiahe: quite literally. The 18-year-old swimming prodigy recently won the preliminary rounds of the 1,500-metre freestyle in the National Swimming Championships, breaking the Asian record in the process.

But that wasn’t enough to secure her a place in the final. Instead of focusing on breaking the world record, Wang was forced to sit it out because she can’t run fast enough. Yes, you read that correctly. Selection wasn’t determined by how well the swimmers had done in the preceding heats, but how they’d performed in a new government-sanctioned fitness test.

The General Administration of Sport (GAS) introduced a one-size-fits all fitness test in February. A People’s Daily editorial explained that it was necessary because “physical fitness is a significant shortcoming especially among Chinese athletes who aren’t competing at world-class levels”.

But the test wasn’t designed to align with the training requirements of individual sports. Instead, everyone has to take part in long races and sprints, in addition to proving their strength in vertical jumps and push-ups. To secure a place in a national championship final, those with best times from the heats only qualify if they rank in the top eight in the fitness test as well.

The government also has a very wide definition of what classifies as a sport. This means that even chess and eSports players have to take part as well.

The test has, unsurprisingly, up-ended the sports community and drawn wall-to-wall derision on social media.

Swimmers are being made to run even though this causes stiff ankles and heavy bones in a sport which benefits from flexible joints and lighter bones. Only five out of eight potential pole-vaulters took part in their national final because the other three hadn’t scored highly enough in the test. Prospective competitors in the national table tennis championships were even fined for turning up late for training, despite the fitness test being the cause of the delay.

“If it goes on like this, there’ll be no point looking forward to the Tokyo Olympics,” one social media commentator said. “All that hard work the athletes have put in, over so many years. It’s being reduced to nothing.”

“Staff at the GAS should be forced to take their own test,” another commented. “The bottom 20% should be sacked.” So far, the government remains unmoved. The People’s Daily says sports bosses remains committed to reform, but understands that this needs to ‘resonate with the nation.’ Reverting to a well-worn Chinese phrase, it says the process has entered a phase where it’s necessary “to chew hard bones” (which is to say, face difficult choices, or endure hardships).

What the current strategy reflects are some of the hallmarks of the mass exercise routines that many
school children and factory workers still perform in unison every morning. These date back to 1951 and the era of Chairman Mao — a leader who equated physical education with ideological discipline. Mao hoped that military-style public exercise would strengthen the country’s moral and physical backbone, helping it to overcome its “century of humiliation”. There are still echoes of this in the country’s attitude towards competing at the Olympics, which the new fitness test is a precursor to.

Ma Liang, professor of Public Administration at Renmin University, believes the government has got it all wrong. In a lengthy article, he described the new policy as akin to “drinking poison to quench thirst,” or “draining the pond to see the fish.” He suggests the country take ancient history as its guide. “We should draw inspiration from the proverb about the Eight Immortals crossing the sea,” he concluded. “Each accomplishes it by displaying his or her special powers.” The moral is clear. It doesn’t matter what training an athlete undertakes as long as it’s legal, is suitable for the sport and it helps them to win.

Who is she?
Born in Tieling, a coal-mining city in Liaoning province, comedian Li Xueqin, 25, did not have a happy childhood. Her parents divorced when she was young and Li was raised mainly by her mother. She worked hard so she would make her mother proud. She later went on to study at Peking University, one of the top academic institutions in the country, where she majored in journalism and communications.

College life was not smooth sailing. Her boyfriend dumped her and Li fell into a depression. She applied to study abroad and was accepted on New York University’s graduate programme. While she was there, Li felt homesick. Struggling with depression once again, Li returned home the following year.

In 2018, Li, with no real career prospects, started dabbling in comedy. She posted several short videos on Douyin in which she pretended to introduce famous landmarks to her idols, which included pop icon Kris Wu and basketball star Guo Ailun. Her videos proved popular, which motivated Li to create more comedy content on short video platforms. Her life changed when her idol Wu, amused by her videos, posted one of himself responding to her in the Dongbei dialect (from northeast China), which Li uses frequently in her routines.

Why is she in the news?
The comedian recently appeared in the third season of Rock and Roast, a talent competition for stand-up comedy that airs weekly on Tencent Video. In each episode, contestants perform their own stand-up routines. Afterwards, they are ranked by the celebrity judges and a live audience. The comedians with the most votes from the whole season go into a final round where a champion is declared.

With no stand-up experience, Li lost to another male comedian in the first round. Li Dan, one of the most famous Chinese stand-up comics and a judge on the show, used his one ‘save’ and brought her back. Since then, she has been virtually unstoppable. Last week, the comic became one of the two women to make it to the finals (she landed in fifth place).

After appearing on the show, which has been viewed over 1.2 billion times, her fan base has grown tremendously. Luo Yonghao, the smartphone entrepreneur-turned-livestreamer (see WIC490) and also a guest on the show, even went so far as to say that Li Dan’s biggest contribution this season was giving Li a second chance.

Joking about herself
Part of Li’s appeal is her regional Dongbei accent and dialect, both of which are often considered funny by Chinese from other parts of the country. However, fans also like her ability to make fun of herself and her appearance. One of her riffs on the competition went: “It is difficult for me to find someone. I always thought it was because I am not pretty enough. I asked a male friend of mine. He said, no, once we reach a certain age, looks don’t matter. I thought, that’s good news, now it’s going to be my turn? So, I asked him, do you want to date me? He replied, well, I don’t mean it like that…”

She also made fun of her alma mater’s admissions policy: “People ask me all the time, did you really go to Beida [Peking University]? I say yes. They go, but how do people like you get into Beida? I say, if I was any more normal; if I looked any prettier, I wouldn’t get in.”

“Li Xueqin’s popularity is by no means an accident. It is the accumulation of knowledge and her own life experience. Perhaps when a person is unlucky enough, her life almost becomes a joke. But how many people have the courage to embrace their own vulnerability and turn it into comedy?” observed Tencent Entertainment.
The pianist

*Ron Howard to make biopic about Lang Lang*

When Chinese pianist Lang Lang was nine, he moved with his father to Beijing so that he could prepare to sit the entry exam for the Central Conservatory of Music.

For a year and a half they rented a tiny room with no heating, where the Shenyang-born Lang took instruction from teachers attached to the prestigious school.

In his memoir *A Journey of a Thousand Miles: My Story*, Lang recalls how his father forced him to practice late into the night with blankets draped over him for warmth.

His mother, who supported them financially, stayed behind in Liaoning province. As her husband’s hopes of their son grew, she was even banned from visiting so that Lang could concentrate on practicing.

All of this is widely known about Lang, now 38, and is why he is such a source of fascination for many Chinese. But the news that Hollywood director Ron Howard – whose past films include *Apollo 13* and *Beautiful Mind* – has been hired to direct a film about the pianist’s life has reignited a debate over the ethics of so-called ‘tiger parenting’ – in which parents push their children to achieve elevated goals.

Although the tiger parenting style is still common in China, there has been a subtle shift away from it in recent years as parents realise the damage it can wreak if it is pursued too rigorously.

Chinese educational authorities have also encouraged parents to ease up on their kids – banning the most onerous extra-curricular academic competitions and setting limits on the amounts of homework that children should be asked to complete.

Many younger parents now look at how Lang’s father, Lang Guoren, hothoused his son’s training on the piano as a cruel form of upbringing.

Among older generations – especially those whose education was prevented or interrupted by the Cultural Revolution – there is more understanding of why a father might push his son to achieve greatness, especially in a field that had been denied to the parent.

Lang’s father was a gifted *erhu* player but his education was disrupted by the Cultural Revolution. Later he tried to resume his education, ranking first in the entrance exams for the Shenyang Music Institute. But it emerged that Lang senior had lied about his age during his application and he was barred from taking up his place.

The younger Lang recalls in his memoir that his father went to extreme lengths to get him to practice, even urging him to commit suicide after his first tutor had dropped him. Supposedly he tossed a bottle of pills at the young musician, telling him “die now, rather than live in shame”.

At that moment – with his father urging him to jump off the balcony – Lang said he considered quitting the piano altogether. But the pair reconciled.

“The new film should be called ‘Seeking Freedom from Musical Tyranny,’” one Weibo user commented.

“How are they going to portray his father’s cruelty?” asked another.

On Zhihu, China’s leading question and answer platform, others pointed out that the intensity of Lang Lang’s upbringing was an exceptional case and that most children of tiger parents don’t go on to achieve the heights that their parents want for them.

“There is only one Lang Lang, but there are many Lang Guoren-type parents,” warned one contributor.

“Lang Lang’s success isn’t just down to his father: the child also had to have talent, dedication and work hard,” wrote another.

At this point even the Beijing News stepped into the debate with a commentary bemoaning how “some parents are too stubborn with their children’s education, based on their own failures”.

“There are so many children getting ‘tiger dad’ and ‘tiger mom’ educations now, but a large number of them will not succeed. Some of the children who achieve their parents’ goals may regard the excessive hardship as valuable when looking back at their childhoods. But those who fail won’t view it this way, and may even see it as a torture and destruction to themselves,” it warned. ■
Bonanza on the Bund: Shanghai’s famous waterfront packed with tourists during the National Day holidays

Seoul searching
“The hurdles are just too high”

Bae Young-ho, a researcher at the Korea Federation of SMEs in Seoul, said that in a survey his organisation conducted around 70% of Korean firms manufacturing in China had no intention of reshoring production home. Bae blamed Korea’s rigid labour market and environmental regulations.

In Numbers

23%
The proportion of China’s total households that owned pets in 2019, versus 69% in the US, 45% in the UK, and 27% in Japan, Frost & Sullivan estimates. Last year the Chinese pet market was valued at Rmb205 billion ($30 billion), up from 2014’s Rmb71 billion. It is expected to grow annually at 17% to Rmb450 billion by 2024.

3.13 million
The number of transactions, worth Rmb1.1 billion ($162 million), settled with China’s new sovereign digital currency under a pilot programme since August. The emerging store of value has so far facilitated over 6,700 employment, ranging from bill payments and transport fares to government services, according to Fan Yifei, deputy governor of the country’s central bank.

50 minutes and 48 seconds
The time it took to sell 300,000 Musang King durians in an online sale in China, reported the South China Morning Post. Weighing about 60 tonnes in total, the durians were worth $14.7 million.

$5 trillion
Investment required to help China reach the goal of carbon neutrality by 2060, said Wood Mackenzie. Carbon capture and storage technology will be a focus given China’s need to keep coal mining activities and jobs in key provinces for social stability, suggested the UK consultancy.

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