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From 1 June, 2017, the first batch of laws and regulations governing the Internet, including the “Cyber Security Law”, the “Provisions for the Administration of Internet News Information Services” and the “Measures for the Examination of Online Products and Services (Trial Implementation)” became effective. The “Cyber Security Law” is the first comprehensive security regulation in the cyberspace. It specifically required the protection of personal information privacy to be enhanced. The “Provisions for the Administration of Internet News Information Services” stated that a permit for the provision of news information on the Internet must be obtained for parties who provide to the public news information online through channels such as websites, mobile applications, forums, blogs, microblogs, public accounts, instant messengers and live stream broadcast. Provision of news information without a valid or suitable permit is strictly prohibited. The “Measures for the Examination of Online Products and Services (Trial Implementation)” aimed to control the cyber security risks of online products and services and to ensure national security. The Measures stated that the procurement of network products and services that might pose security threats to the nation shall undergo cybersecurity reviews. The “Cyber Security Law”, “Provisions for the Administration of Internet News Information Services” and “Measures for the Examination of Online Products and Services (Trial Implementation)” effective 1 June, 2017

SAIC and other departments issue “Notice of Special Action Plan for the Supervision of Online Market in 2017”

The State Administration for Industry and Commerce (SAIC) and nine other authorities will take joint action in carrying out the “Special Action Plan for the Supervision of Online Market in 2017” (the Plan) in the upcoming six months from May to November 2017. The keys of the Plan include the crack down of right infringements and counterfeits, with a focus on product categories such as food and medicine, cosmetics, medical devices, fashion and accessories, kids and elderly products, home electronics, consumer electronics, auto parts, home décor and materials, agricultural products, and consumer goods or producer goods that have wide-spread usage in the society, affect public safety and impact the health of the general public. The authorities will work together to strengthen law enforcement and closely monitor manufacturers and online e-commerce platforms. Also, the Plan stated that joint efforts will be made to crack down false marketing and advertisements by strict enforcement of related regulations such as the Anti-Unfair Competition Law, Advertising Law and the Interim Measures for the Administration of Internet Advertising. The Plan also vowed to severely prosecute illegalities and violations such as malicious account registration, order brushing, fake credit record, false after-sale comments, divulging and selling users' personal information, as well as the posting and delivering of empty parcel for profit. Strict enforcement will also be carried out against multi-layer marketing activity online. Also, the Plan stated that authorities will jointly monitor the latest developments in new retail business models such as rural e-commerce, cross-border e-commerce, and WeChat business so as to detect and prosecute any illegalities in the market.
MOFCOM: Retail transaction of China’s rural e-commerce market amounts to 894.54 billion yuan in 2016

The department of Electronic Commerce and Informatization of the Ministry of Commerce (MOFCOM) published the “Report of E-commerce in China (2016)”, which said that retail transaction of China’s rural e-commerce market amounted to 894.54 billion yuan in 2016, accounting for 17.3% of the total online retail sales. In terms of goods category, rural online sales of physical goods amounted to 579.24 billion yuan, accounting for 64.8% of the total rural online sales, while online sales of services amounted to 315.3 billion yuan, accounting for 35.2% of the total. Throughout the whole period of 2016, quarter-on-quarter growth in the rural e-commerce sales was higher than that of the e-commerce sales in cities. In terms of geographical area, eastern China accounted for 63.3% of the total rural e-commerce sales in China. With better infrastructure, e-commerce penetration rate in the rural area of eastern China is high and e-commerce sales in the area amounted to 566.08 billion yuan. Total rural e-commerce sales in the mid-western region of China showed rapid growth and have an average quarterly growth of 16.6%, which was 3.2 ppts higher than that in eastern China.

China e-Business Research Center: Transaction value of China’s cross-border import e-commerce amounts to 1.2 trillion yuan in 2016, up by 33.3% yoy

China e-Business Research Center published the “2016 Annual China E-Commerce Market Data Monitoring Report”. The report showed that transaction value of China’s cross-border import e-commerce amounted to 1.2 trillion yuan in 2016, up by 33.3% yoy. The number is projected to reach 1.8543 trillion yuan in 2017. In 2016, Tmall Global, Taobao Global and NetEase’s Koala.com were the top three cross-border e-commerce (CBEC) players, accounting for 24%, 18.7% and 11.7% of the market share respectively, followed by JD Global (9.9%), VIP.com (8.3%), ymatou.com (7.9%), Amazon.cn (7.7%), and xiaohongshu.com (5.3%). Total number of registered CBEC buyers amounted to 71 million in 2016, up by 61.3% yoy. The growth in the number of buyers dropped comparing to that in 2015. In terms of geographical distribution of CBEC buyers, Guangdong, Shanghai and Beijing each have 14.1%, 13.2% and 12.2% of CBEC buyers in China respectively.

iResearch: Transaction value of China’s mobile e-commerce market amounts to over 3 trillion yuan in 2016, up by 58.3% yoy

iResearch published the “2017 Annual Report of China’s Internet Economy”. According to the report, transaction value of China’s e-commerce market amounted to 4.7 trillion yuan in 2016, up by 24.7% yoy, which was a slower growth rate compared to the previous year. In the period, transaction value of the B2C market amounted to 2.6 trillion yuan, which accounted for 55.3% of the total e-commerce transaction value in China, up by 3.2 ppts from that in the previous year. In terms of growth rate, the B2C market grew 32.4% yoy in 2016, while the C2C market grew 16.4% yoy in the period. Total transaction value of China’s mobile e-commerce market amounted to over 3 trillion yuan in 2016, up by 58.3% yoy. As diversified shopping scenarios emerged in the mobile e-commerce market, new ways to shop such as social e-commerce, live streaming, VR, and O2O, etc., coupled with the use of big data will drive the growth of mobile shopping.
Alibaba acquires 18% of stake in Lianhua Supermarket to become second largest shareholder

Alibaba will acquire 18% of stake in Lianhua Supermarket from Shanghai Yiguo E-Commerce Co. Ltd. to become Lianhua’s second largest shareholder. Alibaba said that Lianhua Supermarket, who has 3,618 physical stores across China, can aptly be the front-runner in its transformation towards the New Retail era that can satisfy the diversified consumer needs in various buying scenarios around-the-clock. Empowered by big data, the future smart physical stores will provide enhanced shopping experience and improve operation efficiency, as well as integrate various retail elements from products, payment, logistics and membership, etc. through omni-channel strategy. Lianhua Supermarket is an affiliate of the state-owned retail conglomerate Shanghai Bailian Group. Lianhua operates three major retail formats, namely large-scale supermarket, regular supermarket and convenience stores. It owns a number of supermarket and convenience store chains such as Century Mart, Hualian Supermarket, Lianhua Supermarket and Quik Convenience Store. Earlier in February, Alibaba and Bailian Group announced a strategic partnership to leverage Big Data and Internet technology to cooperate in six areas, including retail format transformation, new retail technology, supply chain management, CRM system, payment tools and logistics.

Japan online retailer Belluna opens China website

Japanese online retailer Belluna launched its Chinese official website in May. Orders made on the website will be directly mailed to buyers in China. Currently, the website sells maternity and baby products and cosmetics of Japanese brands such as Best Thanks and Ozio. Belluna is an integrated shopping platform in Japan. Listed on the Japan Stock Exchange, Belluna is one of the three largest mail-order companies in the country. Goods sold on its platform mainly cover categories such as maternity and baby products, fashion, cosmetics, healthcare supplements, and red wine etc.

China UnionPay launches QR code payment function

China UnionPay’s QuickPass introduced QR code payment solution through which bank debit card holders can make payment by scanning QR codes with their mobile app. The first batch of around 40 commercial banks supporting the launch include national commercial banks such as Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications and China Merchants Bank. Close to 60 other commercial banks were reportedly working on the testing of the solution for imminent launch. It is expected that most other major banks will be able to launch the payment solution within this year. Also, UnionPay International is also

SKU of various types of daily necessities from Wal-mart China are available on JD.com, covering several major product categories including food, FMCG, general merchandise, toys and apparel etc. The goods selected also include Wal-mart’s private label products, imported goods, as well as 1,000 SKU featured goods on sale recently.

Wal-mart China launches flagship store on JD.com for further collaboration between the two companies

Wal-mart China opened an official flagship store on JD.com. Consumers can now purchase daily necessities from Wal-mart China on JD.com and enjoy the “90-day unconditional goods return” pledge as in all physical stores of Wal-mart China. 1,700

SKU of various types of daily necessities from Wal-mart China are available on JD.com, covering several major product categories including food, FMCG, general merchandise, toys and apparel etc. The goods selected also include Wal-mart’s private label products, imported goods, as well as 1,000 SKU featured goods on sale recently.
actively developing QR code payment business in frequently-visited countries and regions for Chinese debit card holders, such as Hong Kong, Singapore, Thailand, Indonesia, South Korea and Australia.\(^9\)

**JD.com partners with Shaanxi Broadcast & TV Network to sell on TV shopping channel**

JD.com and Shaanxi Broadcast & TV Network partnered to sell JD.com’s private label products on the Broadcaster’s TV shopping channel. Delivery will be handled by JD Logistics and the collaboration targeted local consumers in Shaanxi province. Shaanxi Broadcast & TV Network’s TV shopping channel is the first TV shopping channel that is wholly-owned by the state. It also has a cross-border e-commerce platform (Leoogo.com), which sells mainly cosmetics, food and spirit, maternity and babies products, toys, home electronics, general merchandise and collectibles, home textiles, etc. Leoogo.com also has its own WeChat store and app store.\(^10\)

**German discount supermarket chain Lidl launches Chinese web store on Tmall Global**

German discount supermarket chain Lidl launched its China web store on Tmall Global. The web store offers several Lidl’s private labels, such as Combino, Bellarom and Sondey. The retailer said the current focus of the store is on grain and dry food and the company will expand its product range in the future. Orders will be shipped directly from Germany and imported to China through a subsidiary in Hong Kong.\(^12\)

**Yonghui Superstore’s premium retail brand BRAVO YH opens new branch in the InJoy Mall in Tongxiang**

Yonghui Superstore’s premium retail brand BRAVO YH opened its Tongxiang InJoy Mall branch. Located in Tongxiang, a county-level city in Jiaxing, Zhejiang province, the store has a total floor space of around 6,000 sqm. According to media report, the store features fresh produce sourced by Yonghui Superstores, as well as a large amount of high-end imported goods and fashion products, showcasing Yonghui’s strong global sourcing capability.\(^13\)
Singapore’s largest shopping mall Vivo City opens a branch in Shanghai

Singapore’s largest shopping mall Vivo City opened a branch in Shanghai’s Xinzhuang Commercial Area in Minhang District. Having a construction floor space of 120,000 sqm, the Shanghai Vivo Mall is positioned to be a large-scale interactive experiential shopping mall. It has five floors and can accommodate over 280 stores. The mall aims to provide a diversified shopping experience to consumers by offering a range of experiential elements such as leisure and entertainment, fashion and accessories, catering, children and kids, as well as lifestyle. The entire 5th floor features interactive components such as an open-air garden Sky Park that has a playground and farm patch that has incorporated natural elements, as well as membership centre VivoClub\(^\text{14}\).

La Chapelle Fashion seeks approval for its 1.64 billion yuan IPO in SSE

Shanghai La Chapelle Fashion published listing prospectus and seek listing in the Shanghai Stock Exchange (SSE). The company planned to raise around 1.64 billion yuan through the issuance of no more than 54.77 million shares. According to the prospectus, La Chapelle Fashion planned to use the money raised on two projects. 1.556 billion yuan will be used in expanding its retail network, while 84 million yuan will be invested on IT infrastructure to support its New Retail operation. In the coming three years, La Chapelle Fashion will open 3,000 new retail stores, which will increase its total store number to over 10,000. Also, the company will direct resources to the creation of IT infrastructure to support New Retail operation. The company has been listed in Hong Kong since 2014 and currently has a market capitalization of around HK$2 billion. As of 31 December, 2016, La Chapelle Fashion has 8,907 physical retail stores in China\(^\text{15}\).

O.C.T. Mami seeks public listing

Maternity wear and products brand O.C.T. Mami stated in its published prospectus that it is planning to raise 219 million yuan through the issuance of no more than 15 million shares. Subject to approval by the authority, it will be listed on the Shanghai Stock Exchange. In June 2016, O.C.T. Mami published its first IPO prospectus. The company said that it will use the money raised in four major areas, namely building up sales network, constructing design and testing centre, investing on IT system infrastructure, as well as supporting daily operation. O.C.T. Mami is an omni-channel retailer of maternity products. Its major product categories include maternity wear, maternity cosmetics, babies’ product and services, etc. Third-party e-commerce platform is one of the key sales channels of O.C.T. Mami. In 2016, the brand recorded 170 million yuan of sales on third-party e-commerce platforms, which accounted for 50.13% of its total sales. Currently, the company has 224 directly operated stores, 140 franchisees and 287 franchised stores in 29 provinces and regions across China\(^\text{16}\).
Gome Electrical Appliances reports 17.392 billion yuan of sales in 1Q17, GMV increases by 102.07%

Gome Electrical Appliances Holding Limited announced unaudited financial results for the three months ended 31 March, 2017. In 1Q17, sales of the company amounted to around 17.392 billion yuan, up by 14.41% yoy. Net profits attributable to owners of the parent company amounted to around 137 million yuan, up by 2.24% yoy. Total GMV for both online and offline businesses of the company grew up by 31.03%, with GMV of online e-commerce business grew by 102.07%. Sales revenue from B2C sector of online e-commerce business grew by 41.70%.

Tiffany’s retail stores in mainland China show a strong performance in 1Q17

American jewellery retailer Tiffany & Co. announced financial results for 1Q17. Sales in the period amounted to US$ 900 million, down by 1% yoy. Sales in the Asia Pacific region (ex-Japan) amounted to US$ 257 million, up by 8% yoy, while same-store-sales dropped by 3% yoy. Strong performance of new stores in mainland China was the main reason for the growth in the total sales of the region.
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