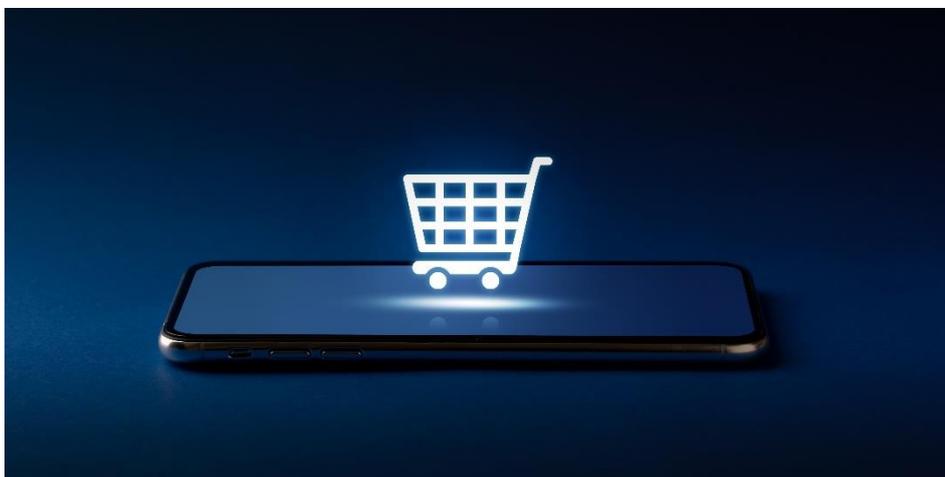


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I. Sector Review

General Retail

Home Retail's sales revenue reaches 46.48 billion yuan in 2021

Home Retail's (国美零售) total GMV rose by 30.4% yoy to 146.87 billion yuan in 2021, while sales revenue was up 5.36% yoy to 46.48 billion yuan. Loss attributable to owners of the parent company was 4.40 billion yuan, down by 37.06% yoy. Home expects its FUN (真快乐) app to achieve significant and steady development in 2022. There will be more than 5,000 selected stores and more than 100,000 selected SKUs on the app.¹

Internet & E-commerce

Dewu App now has a video account function

The Dewu (得物) App community has recently launched a video account function. In order to be eligible for a video account, creators must be higher than level 1, with five original videos that are over 15 seconds long. Some video accounts have already published content within various categories such as trendy shoes, mix and match, hip-hop dancing, sports, shopping, etc.²

WeChat now supports digital yuan payments in pilot areas

Various cities including Beijing, Zhangjiakou, Tianjin, Chongqing, Guangzhou, Fuzhou, Xiamen, Hangzhou, Ningbo, Wenzhou, Jinhua, Shaoxing, and Huzhou have recently been included in the digital yuan pilot programme. WeChat said that users can open digital yuan wallets by registering through Tencent-backed WeBank (微众银行), so they can make payments and transfer money directly within WeChat using e-CNY. The digital yuan has already been available through WeChat Pay and Alipay since January in certain pilot areas when the People's Bank of China publicly launched the e-CNY app.³

Meituan expands private traffic operations

Meituan Takeaway (美团外卖) is building up its private traffic operations through its WeChat private traffic, merchant-centred 'store membership group', and the user-centred 'Fanxiaoquan' (饭小圈), a new social feature which is still in the testing stages. The 'Meituan Takeaway Rewards Group' offers three main benefits: cost-effective food prepared by a dedicated team, regular promotions, and early access to Meituan activities. The store membership group mainly focuses on store-exclusive deals and low-priced meals, while Fanxiaoquan is a takeaway sharing social platform based on the user's WeChat connections.⁴

Douyin to establish a self-operated e-commerce division for alcoholic beverages

ByteDance's (字节跳动) subsidiary Douyin (抖音) is setting up a self-operated alcoholic beverage e-commerce division, which is now recruiting procurement and sales employees. It will leverage the Douyin platform to promote alcoholic drinks through livestreaming and short video content, mainly focusing on non-Moutai baijiu. The alcoholic beverage e-commerce business will operate under ByteDance's newly established Beijing Chao Niang Mu Yin Trading Co., Ltd (北京朝酿暮饮贸易有限公司). According to a spokesperson for Douyin E-commerce, the platform will test some new operations in order to further expand its product offerings.⁵

Apparel

JD Technology and Cosmo Lady establish a digital partnership

JD Technology (京东科技) has recently established a digital partnership with underwear brand Cosmo Lady (都市丽人). The two parties will set up a joint innovation laboratory, focusing on the digitalization in user and membership management, channel and business operations, supply chain, products and production, and infrastructure. The two parties have existing cooperation in various technical fields such as smart marketing, AI outbound calling, zero-trust security, and security operations and maintenance. JD Technology will provide JD Cloud-based digital services to help Cosmo Lady create a full-chain digital business model from production to sales as part of the company's digital transformation strategy.⁶

Luxury

BVLGARI is now available on Tmall Luxury Pavilion

On 6 April, Italian jewellery and watch brand BVLGARI officially opened its Tmall flagship store, which offer over 600 products, including jewellery, watches, accessories and bags. The BVLGARI store in Tmall Luxury Pavilion (天猫奢品) operates with a new flagship store model, where brands can customize their store designs to fit their image. BVLGARI is the first brand to explore this new store format on Tmall.⁷

Food & Beverage

Hema Neighbourhood exits Beijing, Xi'an, Chengdu and Wuhan

Hema Neighbourhood (盒马邻里) recently announced on its app's home page that some service points will be suspended from 3 April. This includes all service points in Beijing, Xi'an, Chengdu, and Wuhan, as well as the self-pickup points in Hangzhou, Shanghai, and Nanjing. This is Hema Neighbourhood's second large-scale withdrawal after its rapid expansion efforts in mid-2021. On 26 November last year, Hema Neighbourhood withdrew from the three cities of Guangzhou, Shenzhen and Suzhou, reducing its coverage from 10 to seven cities – now it is down to just three.⁸

Miscellaneous

JD.com partners with Xiamen ITG Group

The signing ceremony for the strategic partnership between Xiamen ITG Group Corp., Ltd (厦门国贸控股集团有限公司) and Jingdong Century Trading Co., Ltd (京东世纪贸易有限公司) was recently held in Xiamen. The two parties will leverage Xiamen ITG Group's substantial resources in multiple industrial chains and supply chains and JD.com's technical capabilities in data technology, artificial intelligence, Internet of Things, blockchain, etc., to cooperate across various areas, including industrial digitalization, investment, digital villages, health and healthcare, etc.⁹

II. Market Overview

CBNData's report sheds light on women's high-quality lifestyle consumption trends

CBNData recently released the *Women's High-Quality Lifestyle Consumption Trends Report 2022*. The report identified six new consumption trends based on women's shopping habits, ideals and preferences: health, skincare, self-care, exercise, childcare, and investment, showing the pattern of the consumption attitudes and high-quality lifestyles of modern-day women. The report also compiled the '2022 Women's Quality Lifestyle Products List' based on product sales, popularity, and reputation.¹⁰

CBNData: University students use image search of e-commerce apps to find popular products

Taobao (淘宝) and CBNData recently jointly released the *Report on Consumption Attitudes of Contemporary University Students*. University students' average monthly disposable living expenses are 2,256 yuan, of which 47% is used for daily living costs (such as groceries), while the remaining half is spent on improving their quality of life or personal pursuit. On average, students shop online up to ten times a month, while 34.5% shop online 4-5 times a week. 44% of university students said that they are more likely to buy products recommended and shared by others. In addition, 70.2% of college students who have received a product recommendation will take a screenshot or photo and then use the image search function of e-commerce apps to find the same product.¹¹

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Fung Business Intelligence

Fung Business Intelligence collects, analyses and interprets global market data on sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to monitor, research and report on these global issues with a particular focus on business trends and developments in China. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consulting services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including sourcing, logistics, distribution and retail. The Fung Group comprises over 26,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

Listed entities of the Group include Global Brands Group Holding Limited (SEHK: 00787) and Convenience Retail Asia Limited (SEHK: 00831). Privately-held entities include Li & Fung Limited, LH Pegasus, Branded Lifestyle Holdings Limited, Fung Kids (Holdings) Limited, Toys "R" Us (Asia) and Suhyang Networks.

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