WORLD: CHINA'S ROLE IN CUTTING EMISSIONS P.14 | NATION: TENNIS GREAT RETIRES P.22

BEIJNGREVIEW

VOL.57 NO.41 OCTOBER 9, 2014

🕦 🖈 🔏 🤼 WWW.BJREVIEW.COM

THE NEW FACE OF E-COMMERCE

Following an impressive IPO overseas, Jack Ma's Alibaba embarks on a road of expansion





An Africa-oriented English monthly covering China and Africa published by BEIJING REVIEW, ChinAfrica is the leading publication in China featuring news, views and analysis for an African audience.

CONTENTS VOL.57 NO.41 OCTOBER 9, 2014

EDITOR'S DESK

02 Alibaba Begins a New Era

THIS WEEK **COVER STORY WORLD**

16 Keeping the Peace

China assumes key role in regional security

NATION

22 A Daring Competitor

Grand Slam winner Li Na on retirement

BUSINESS

24 Cutting Out Red Tape

Loosening bureaucracy helps small businesses



Open Sesame

China's e-commerce behemoth launches IPO

NATION

P.20 | Drawing on Creative Enterprise

Domestically made animated films on rise

CULTURE

28 Content in the Subcontinent

Travelogue recounts impressions

FORUM

30 How Many Beggars Are Truly in Need?

ESSAY

32 Why Can't China Adopt the

American Model?

Different paths to governance

Cover Photo: Jack Ma, Chairman of New York-listed Alibaba Group, in New York City on September 19 (CFP)

@2014 Beijing Review, all rights reserved.

WORLD

P.14 | Creating a Climate of Change

Reducing pollutants across China and the world



www.bjreview.com





Follow us on

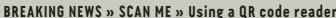












经水质准 **BEIJING REVIEW**

A News Weekly Magazine **Published Since 1958**

President & Editor in Chief: Wang Gangyi Vice President: Qi Wengong
Associate Editors in Chief: Li Jianguo, Huang Wei, Assistant President: Li Zhenzhou Assistant Editor in Chief: Wa Chunfang Executive Editor: Ding Zhitao

Assistant Executive Editors: 7an lifang, Liu Yunyun, Yu Shuiun, Production Director: Yao Bin

Editorial Administrators: Liu Xinlian, Shi Bosen

Commentators: Zhang Zhiping, Lan Xinzhen, Yan Wei

Opinion/Culture Editor: Yan Wei

World Editor: Liu Yunyun Nation Editor: Zan lifang

Business Editor: Yu Shujun

Editorial Consultants: Joseph Halvorson, Kieran Pringle, Eric Daly.

Staff Reporters: Tang Yuankai, Ding Ying, Wang Jun, Li Li, Yin Pumin,

Photo Editor: Wang Xiang Photographer: Wei Yao

Art: Li Shigong

Art Director: Wang Yajuan

Chief Designer: Cui Xiaodong

Proofreading: Ma Xin

Distribution Director: Hu Kegiang Advertising Director: Yang Jincheng

Human Resources: 7hang Yaiie

International Cooperation: Zhang Yajie

Marketing/PR Director: Pan Changqing

North America Bureau

Chief: Huang Wei Deputy Chief: Xu Tao

Tel/Fax: 1-201-792-0334

E-mail: hw@bireview.com

Africa Bureau

Africa Managing Editor: Francisco Little

E-mail: casa201208@hotmail.com

General Editorial Office

Tel: 86-10-6899625

Fax: 86-10-68326628 **English Edition**

Advertising Department

E-mail: circulation@bireview.com.cn

Published every Thursday by

Overseas Distributor: China International Book Trading

Tel: 86-10-68413849, 1-416-497-8096 (Canada)

Fax: 86-10-68412166 E-mail: fp@mail.cibtc.com.cn

General Distributor for Hong Kong, Macao and Taiwan:

17/FI, Paramount Bldg, 12 Ka Yip St, Chai Wan, HK

United States for US\$64.00 per year by Cypress Books, 360 Swift Avenue, Suite 48, South San Francisco, CA 94080

EDITOR'S DESK

Alibaba Begins A New Era

China's leading e-commerce company Alibaba Group was successfully listed on the New York Stock Exchange on September 19. The unconventional and spirited Jack Ma, founder of the group, has since become the center of attention.

The share price of Alibaba increased 38.07 percent to reach \$231 billion, presenting the largest initial public offering in history on the New York Stock Exchange and making it the world's second largest Internet firm, following Google.

Ma, who formerly worked as a college English teacher, was introduced to the Internet for the first time by a friend in Seattle in 1995. With mere 20,000 yuan (\$3,260) in initial capital, he set up his first Internet company in April 1995, which specialized in making website homepages for Chinese businesses. In March 1999, with the help of friends, he founded Alibaba, a business-to-business online platform, with an investment of 500,000 yuan (\$81,500). Over the past 15 years, Ma has managed to make this business an immense success amid both praise and

Ma's success is largely attributable to his deep insight and China's rapid economic growth. He has recognized the power of the Internet and seized the opportunities associated with China's rising economy. Alibaba.com has been consistently promoting China's export-oriented companies abroad, allowing them to obtain more sizable orders from overseas. The website has twice been chosen as one of the world's best business-tobusiness websites by Forbes, an influential American business magazine. The online shopping website Taobao.com and the third-party online payment solution Alipay, launched by Alibaba in 2003 and 2004, respectively, have transformed China's retail business and payment systems while boosting the domestic logistics industry.

Ma's rags-to-riches story is encouraging to millions of young Chinese people intent on starting their own business or in the beginning stages of growing their ventures. Ma has said on multiple occasions that if he could succeed in his business, 80 percent of young entrepreneurs can, too. He has always pursued idealism, personal responsibility, and positivity. To the tens of thousands of Alibaba employees, whose average age is 26, he has promoted the belief that they work at the company not just to make money, but also to benefit

Now that Alibaba has entered the international arena, to the shock and awe of Wall Street. Ma understands that the road ahead will be even bumpier. Alibaba's listing will bring new challenges and new opportunities for further growth and innovation, in China and around the world.

WRITETOUS



Send an e-mail: contact@bjreview.com.cn

Please provide your name and address along with your submissions. Submissions may be edited.

CHINA.....RMB6.00 U.S.A.....USD1.70 AUSTRALIA.....AUD3.00 UK......GBP1.20 CANADA......CAD2.60 SWITZERLAND.....CHF2.60 JAPAN.....JPY188 EUROPE.....EURO1.90 TURKEY.....YTL5.00 HK.....HKD9.30 NEPAL.....RS40

北京周报 英文版 2014年 第41期 ISSN 1000-9140 广告许可证 0171号北京市期刊登记证第733号 邮发代号2-922 · 国内统一刊号: CN11-1576/G2 国内零售价: 人民币6.00元

2 **BEIJING REVIEW** OCTOBER 9, 2014 http://www.bjreview.com



A ROSY TRADITION

Visitors stroll near a giant flower bouquet installed in Beijing's Tiananmen Square to mark the 65th anniversary of the founding of the People's Republic of China on October 1, 1949.

The ornamental floral structure, measuring 15 meters high, was a popular tourist attraction during the weeklong National Day holiday from October 1-7. Flower arrangements have been a traditional part of China's National Day celebrations for 28 years.

http://www.bjreview.com 0CTOBER 9, 2014 **BEIJING REVIEW** 3

THIS WEEK



Desert Pastoral

Herdsmen lead their livestock to new pastures as part of the winter migration taking place in Bayinbulak Prairie, Xinjiang Uygur Autonomous Region, on September 22. As the weather cools down, more than 200 herdsmen's families have started to transfer their livestock to help them live through the winter.

Drug-Quality Fears

China's drug watchdog has found 12 percent of traditional Chinese medicine (TCM) materials and tablets in a random sample check to be substandard, saying the quality situation is "not optimistic."

Irregularities including artificial coloring, weight-increasing practices and contamination by counterfeit or substandard ingredients were found in 93 out of 772 batches of TCM materials and tablets, according to a statement released by the China Food and Drug Administration on September 23.

Sold by weight and mostly processed from plants and animals parts, TCM ingredients are often bulked up through deceptive practices such as soaking them in salt water to increase their weight and mixing them with similar but cheaper and less effective materials.

The statement noted that the products checked were randomly collected from TCM manufacturers, sellers and users across the country, adding that groups related to questionable

products will be duly penalized by local drug administrations.

Dangerous Loopholes

The Ministry of Public Security (MPS) has added 163 public places, including hotels, markets and schools, to a blacklist for high fire risk.

According to the fire control department of the MPS, the fire risks were detected in the course of a nationwide fire safety campaign launched in May. It said 69 of the total sites inspected, or some 42 percent, were markets, while 23 sites were hospitals and schools.

During the campaign, fire safety inspectors identified problems such as blockage of fire access lanes, malfunctioning fire alarms and water sprinkler systems, and use of flammable materials in construction.

Pop-Up Reform

Chinese Government plans to clean up the visual content of Internet popup windows that contain pomographic and illegal content, the Cyberspace

TRAMPLING TYPHOON

Greenhouses lie in ruins after a heavy rainstorm caused by the landing of Typhoon Fung-Wong in Gaotang, Xiangshan County, Zhejiang Province, on September 22



Administration of China (CAC) said on September 24.

The announcement came after a recent meeting between CAC, the Ministry of Industry and Information Technology, and the State Administration for Industry & Commerce in Beijing.

Slated to start in the near future, authorities will push operators to edit and supervise the contents of pop-up windows on their websites, a statement issued following the meeting said.

A stricter protocol will also be imposed for operators installing popups. They are banned from using the method to advertise without the consent of users and users should be able to close these windows with a single click.

Reduced Pollution

Emissions of four major pollutants in China have dropped year on year during the first half of 2014, China's environmental watchdog said on September 24.

The chemical oxygen demand index, a measure of water pollution, decreased by 2.26 percent, while the volume of sulfur dioxide emissions, a main indicator for measuring air pollution, totaled 10.37 million tons, a year-on-year drop of 1.87 percent, the Ministry of Environmental Protection said in a statement.

Ammonia nitrogen emissions totaled 1.23 million tons in the first six months of this year, a decrease of 2.67 percent, and nitrogen oxide emissions were cut by 5.82 percent from the levels of the same period last year, the statement said.

Express Delivery Market

China will further open the domestic express delivery market to foreign enterprises in order to aid development of a modern tertiary sector, authorities said on September 24.

The State Council, China's cabinet, decided at a meeting chaired by Premier Li Keqiang to fully open the country's domestic package delivery business to qualified foreign companies.

The country will streamline license approval procedures and encourage mergers and acquisitions for businesses, even those launched with foreign capi-

4 **BEIJING REVIEW** OCTOBER 9, 2014

tal, within the scope of the necessary review system.

China's international delivery business has become fairly open to overseas capital, while domestic markets in major cities have gradually become available to foreign players.

The authorities believe that allowing in foreign competitors, a move promised when China entered the WTO, will push homegrown delivery businesses to up their game.

'Silver Hair' Industry

The 2014 domestic market for providing essential services and products for China's aging population is estimated to be worth 4 trillion yuan (\$650 billion), or 8 percent of GDP, but it will climb to 33 percent of GDP by 2050, according to the China Report on the Development of the Silver Hair Industry released on September 23. The report mainly studies seniors' needs in four distinct areas: financing, appliances, services and real estate.

China will become the largest market for businesses serving senior citizens by 2050, when its aging population will account for about one fourth of the global total. Total consumption for this market is expected to reach 106 trillion yuan (\$17 trillion) within the same time period.

Manufacture Rebounds

A surprise strengthening in China's manufacturing sector following slumps in major economic indicators has once again pointed to the great potential latent in the Chinese economy.

"The silver hair industry has entered a rapid boom phase, making it one of the most promising emerging industries in China."

Wu Yushao, Deputy Director of the China National Committee on Aging





A Pinch, for Taste

A fisherman holds up harvested Chinese mitten crabs on the Yangcheng Lake in Kunshan, Jiangsu Province, on September 23. This year's harvest season for Chinese mitten crabs in Yangcheng Lake, a major production area, began that day. Also known as the big sluice crab, they have been long favored by gourmands in China and are top sellers in both online and traditional marketplaces.

The HSBC Flash China Manufacturing Purchase Managers' Index (PMI) rose to 50.5 in September from August's final reading of 50.2, beating the market expectation of an even 50, which would have been right on the line between expansion and contraction.

Sub-indices of total new orders and new export orders rose to the highest levels encountered since March 2010 and the quantity of purchases made by Chinese enterprises also increased at a faster pace, the British bank said on September 23.

Qu Hongbin, HSBC's chief China economist, said economic activity in the vast manufacturing sector showed signs of stabilization although the picture is still mixed.

The gain in the flash PMI, an estimate based on approximately 85 percent of PMI survey responses collected each month, deals a blow to speculation that the Chinese economy may face a sudden loss of momentum and fall short of the 7.5-percent overall GDP growth targeted for 2014.

Climbing Back Up

A worker makes hiking shoes in a factory in Jinjiang, Fujian Province, on June 26. Jinjiang, known as China's "capital of sports shoes," has taken up a 60-percent market share of the country's sportswear manufacturing industry. Due to a sluggish market and product homogeneity, the sportswear industry in Jinjiang experienced a bleak winter in the second half of 2012. In order to get over the hump, the enterprises concerned started to adjust their sales methods and output capacity. Some leading enterprises have already been experiencing an upturn in their fortunes compared with two years ago.



http://www.bjreview.com OCTOBER 9, 2014 BEIJING REVIEW 5

THIS WEEK WORLD





FRANCE

Models present creations by Christophe Lemaire during the 2015 Spring/Summer Ready-to-Wear Collection Fashion Show in Paris on September 24



MYANMAR

Disney characters Mickey Mouse and Minnie Mouse pose for photographs in front of the City Hall of Yangon during their debut in Myanmar on September 25







THE UNITED STATES

Andre Snoeck, operations manager for Solar Team Eindhoven, prepares in San Francisco on September 22 to drive off in solar-powered family car Stella, which is capable of traveling 800 km on a single charge

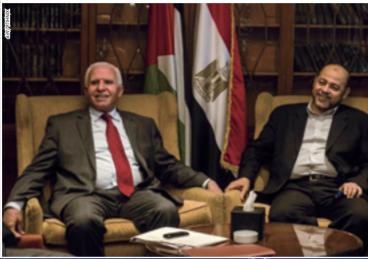
6 BEIJING REVIEW OCTOBER 9, 2014 http://www.bjreview.com





EGYPT

Chief Palestinian negotiator Azzam al-Ahmad (left) of the Fatah movement and Hamas's exiled deputy leader Mussa Abu Marzuk meet at a hotel in Cairo on September 24, before the rival factions reached an agreement for the return of their unity government in Gaza









JAPAN

An employee holds a silicone-based Yubi Nobiiru, literally meaning "stretching finger," at a Japanese gadget-maker Thanko's store in Tokyo on September 25. The thumb extender can help users reach all corners of large smartphone displays with a single hand



GERMANY

An elevated view shows the traditional Bavarian Oktoberfest beer festival at the Theresienwiese fair grounds in Munich on September 24

http://www.bjreview.com OCTOBER 9, 2014 BEIJING REVIEW 7

孤儿保障大行动

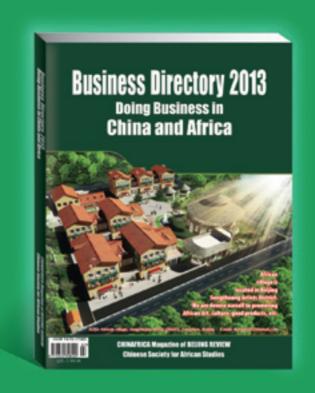
Safeguarding Orphans' Health Program





每50元善款即可为一名孤儿提供一年期、保障额度为100,000元 全面覆盖12种少年儿童常发重大疾病的公益保险

Every USD 8 donated will provide USD 15,000 of protection towards an orphan for one year against 12 types of critical illnesses.



Jointly published by: CHINAFRICA Magazine of BEIJING REVIEW Chinese Society for African Studies

This Business Directory:

- Includes studies of China-Africa cooperation by profession institutions and experts, as well as industrial reports and China Africa policy and measures for promoting bilateral trade and investment;
- Is China's only reference book for trade and investment between China and Africa:
- Is the best promotional platform for African governments and companies to learn more about Chinese enterprises; and
- Is the business guide absolutely vital for Chinese and African businesspeople in their economic and trade cooperation.

Subscribe NOW, to benefit from business opportunities.

To be sold at RMB380.00 or \$59.99

Available at: bjreview.taobao.com

Contact: Marketing Department of CHINAFRICA Magazine Fax: +8610-68328738

Tel: +8610-68996301

E-mail: dongqixin23@gmail.com



SESAME

Alibaba cracks the U.S. market with a massive IPO By Corrie Dosh

libaba Group Holding Ltd., the Chinese e-commerce behemoth that rivals Amazon and eBay, just became the biggest tech company that most Americans have never heard of. U.S. investors snapped up shares of Alibaba's debut on the New York Stock Exchange (NYSE) on September 19, pushing the company to a valuation of more than \$231 billion—bigger than Facebook or Amazon and eBay combined.

Alibaba raised \$21.8 billion through the sale, the largest listing in U.S. history. More than 100 million shares traded within 20 minutes and over 271.6 million shares exchanged hands by

10 **BEIJING REVIEW** OCTOBER 9, 2014 http://www.bjreview.com



FOR WHOM THE BELL TOLLS: Alibaba Group Holding Ltd. founder Jack Ma holds up the gavel after ringing a ceremonial bell at the NYSE to celebrate the company's initial public offering under the ticker "BABA" in New York City on September 19

Internet users—about double the total U.S. population—favors Alibaba. And the market still has room to grow. The company has already invested in six U.S. startups, and is building an American online marketplace called 11 Main. Wall Street is eager to snap up shares of the company, seeing it as their best chance to buy into China's growth. Online shopping in China is expected to grow at an annual rate of 27 percent, according to iResearch Consulting Group.

The United States has much to learn from the meteoric success of Alibaba and its founder Jack Ma. The company has learned from its U.S. counterparts and avoided some of their pitfalls. Unlike eBay, sellers on Alibaba's Taobao site do not pay a fee. Instead, revenue is generated through advertising and extra services, helping Taobao attract 58 million small and medium-sized retailers in addition to millions of amateur sellers. The company offers payment on delivery, a key factor to winning Chinese consumers' trust.

Alibaba doesn't just link buyer and seller as eBay does, or sell to consumers like Amazon, or orchestrate payment fulfillment like PayPal—it does all of the above.

"People keep asking me what's the difference between Amazon, eBay and Alibaba. I would say Amazon and eBay are e-commerce companies and Alibaba is not an e-commerce company," Ma said as he kicked off a global roadshow to raise capital. "Alibaba helps others to do e-commerce. We do not sell things. We call ourselves a company designing a platform, a company that is running an ecosystem."

Alibaba has also diversified. While most of its profits come from its e-commerce business, most of its growth over the past few years has been from buying up existing companies. Ma recently bought a soccer team, a bank and a money management firm in China. Market experts expect the buy-

ing spree to continue worldwide.

"Alibaba will definitely look for growth, not necessary in the West, but in the economies whose Internet economies are just beginning to accelerate." said Brad Stone of *BusinessWeek*.

World's greatest bazaar

Alibaba's meteoric rise has much to do with its visionary founder, Jack Ma. It is Ma who has taken the company from connecting businesses to each other to a scattering of ventures that let companies sell directly to the public (Tmall) and enable members of the public to sell to each other (Taobao). Due to the sheer size and growth of the Chinese market, the two ventures processed more transactions in 2013 than Amazon and eBay combined.

Ma started Alibaba in 1999 from his apartment in Hangzhou, east China's Zhejiang Province, and now employs some 24,000 workers. He has become the richest man in China, with his shares valued at \$19 billion after the IPO.

"We have a dream," Ma said as he rang the opening bell to officially launch the flotation on the NYSE. "We hope in the next 15 years the world changes because of us. We hope in 15 years people say this is a company like Microsoft, IBM, Walmart. They changed, shaped the world. We want to be bigger than Walmart."

Ma is an unusual CEO for a tech company. He reportedly failed the national college entrance exam twice before getting in due to low scores in mathematics. The son of professional storytelling and ballad-singing performers, he still does not know how to code. Reporters used to call him "Crazy Jack" for his animated way of speaking and bold goals.

Ma eventually became an English teacher, earning \$12 a month at a local university. Crazy Jack then had his first entrepreneurial idea, launching a translation company. The idea took him to the United States, where he discovered

the end of the trading day. The offering price was hiked 10 times.

"This puts the United States on notice that global tech is about more than Silicon Valley," Rapid Ratings Chief Executive James Gellert told *The Guardian*. "Every tech company in the United States that is in Alibaba's general business is paying close attention. This company is going to be a formidable competitor with a tremendous amount of cash."

China is now well established as a major power in the Internet-driven future. While many Americans may be unfamiliar with the brand, a good portion of China's 642 million

http://www.bjreview.com 0CTOBER 9, 2014 BEIJING REVIEW 11

THE ALIBABA UMBRELLA

Businesses

E-commerce

- Alibaba.com (business-to-business)
- Taobao.com (customer-to-customer)
- Tmall.com (business-to-customer)
- Ju.taobao.com (group buying)
- Alimama.com (an online advertise trade platform)
- Aliexpress.com (a global retail marketplace)
- 11 Main (a U.S. online marketplace established by Vendio and Auctiva, two of Alibaba's U.S. branch companies)

Finance

- Small business lending (It was sold to Alibaba Small and Micro Financial Services Group in August)
- **Small and Micro Financial Services Group** (It is an affiliated company to Alibaba, including the small business lending arm, ZhongAn Online P&C Insurance, Tian Hong Asset Management, Zhaocaibao, and possibly Internet banking business in the future)
 - **Alipay** (third-party online payment service, separated from the Alibaba Group in 2011)
 - Yu'ebao (an online wealth management product launched by Alibaba and Tian Hong Asset Management, with Alibaba holding 51 percent of its shares)

Logistics

China Smart Logistics, also known as Zhejiang Cainiao Supply Chain Management Co. Ltd.

Data management

Aliyun.com (cloud computing)

Telecom

HiChina (a subsidiary of Alibaba providing Internet application service, which received a mobile virtual network operator license in January 2014)

Acquisitions and Investments, 2013-14

In China

- 'China's Twitter' Weibo.com (Alibaba paid \$586 million for 18 percent of its shares in April 2013)
- Taxi-booking app Kuaidi Dache (Alibaba invested several hundred million dollars in Kuaidi Dache in 2013)
- Yunfeng Capital, a private equity firm co-founded by Ma (Alibaba invested \$100 million in 2013)
- Integrated information and content service provider **CITIC 21CN** (Alibaba and Yunfeng Capital invested \$171 million for 54.3 percent of its shares in January 2014)
- Financial software and network services provider **Hundsun Technologies** (Zhejiang Finance Credit Network Technology, which is owned by Ma, bought 20.62 percent of its shares in April 2014)
- 'China's YouTube' Youku Tudou (Alibaba and Yunfeng Capital purchased 18.5 percent of its shares in April 2014)
- **Wasu Media** (Ma and another two partners paid about \$1 billion for 20 percent of its shares in April 2014)
- Digital map content and navigation solutions provider AutoNavi (Alibaba, which had owned 28 percent of AutoNavi, bought the rest of the company in May 2014)
- Guangzhou Evergrande Football Club (Alibaba paid \$192 million for 50 percent of its shares in June 2014)
- ChinaVision Media, renamed Ali Pictures (Alibaba bought 59.32 percent of its shares in June 2014)
- Mobile browser UCweb (Alibaba bought a 100-percent stake in June 2014)

Outside China

- In the past year, Alibaba has invested in a number of technology startups in Silicon Valley, including online retailers like Fanatics, TangoMe and Shoprunner and mobile app search engines like Quixey and 1stdibs.
- U.S. ride-sharing app Lyft (It raised \$250 million from a
- Singapore's national postal service provider Singapore Post (Alibaba bought a 10.35-percent stake in
- U.S. mobile game studio Kabam (Alibaba invested \$120 million in July 2014)

Under negotiation:

U.S. photo messaging app Snapchat

New York City-based real-time online advertising provider AppNexus

Brazil's state-owned postal services company Brazil Post

(Compiled by Beijing Review)

the opportunities available on the Internet. because our execution is perfect, but because China Pages, his first e-venture, was a bust for 15 years we have persevered in our mission and he lost control of the company in a joint venture with China Telecom. Then, a few years later, he launched Alibaba.com. Within a few months the company had raised \$25 million in venture capital, and an empire was born.

After the company filed for its IPO, Ma wrote an open letter to Alibaba employees. In

it, Ma told the team that there is "unparalleled ruthlessness and pressure" ahead, but that the company can overcome it by sticking to its original mission and culture.

"We know well we haven't survived because our strategies are farsighted and brilliant, or of 'making it easier to do business across the world,' because we have insisted on a 'customer first' value system, because we have persisted in believing in the future, and because we have insisted that normal people can do extraordinary things," Ma wrote.

HK rethinks rules

Alibaba's choice of the NYSE for its debut is interesting in that the company did not choose Hong Kong for its fundraising efforts. Hong Kong is traditionally the first stop for mainland

companies when they want to issue an IPO overseas. But Alibaba decided against Hong Kong when regulators there refused to make an exception for the company's partnership system. The company's structure includes a small group of company insiders who nominate the majority of the board of directors without owning a controlling stake, reports the Associated Press.

Alibaba executives credit the unusual partnership system as necessary to preserve its innovative culture, but Hong Kong's listing committee said it would go against the exchange's "one share, one vote" principle. Dual-share partnership structures are more common in the United States, especially among tech companies.

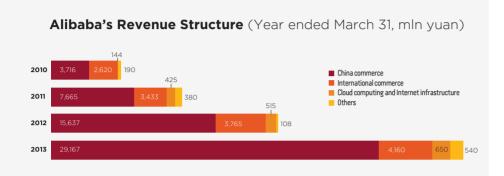
The opportunity to list the biggest IPO of all time has prompted some Hong Kong regulators to rethink its rules on shareholding structures.

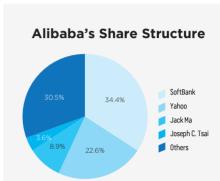
"The day for that debate has finally come," wrote Charles Li, CEO of stock exchange operator Hong Kong Exchanges and Clearing Ltd., on his blog. The exchange recently issued a "concept paper" to solicit public opinion on "weighted voting rights."

"Let's all be frank, it would have been nice if this could have been released earlier," he added.

David Graham, Hong Kong Exchange's Chief Regulatory Officer and head of listing, said the decision was not based on the loss of the Alibaba listing, but the timing certainly

12 **BEIJING REVIEW** OCTOBER 9, 2014 http://www.bjreview.com





(Source: Alibaba's registration statement filed with the U.S. Securities and Exchanges Commission)

seems more than coincidence. Should Hong Kong change its rules to attract blockbuster IPOs? Or, do the current rules make it fairer for all shareholders?

Whatever the solution, it is clear that Hong Kong will have to do something or risk missing out on the wave of Chinese tech companies hitting the market. The Hong Kong exchange has focused on commodities and derivatives, reports the Wall Street Journal, while nine of the 10 biggest IPOs by Chinese Internet companies

since 2009 have gone to the United States.

The ethical consumer

The listing of Alibaba has heralded the new era of global commerce. China has firmly taken its place with a global brand, and an army of middle-class consumers to shift buying power to the East. The door that Alibaba is opening swings both ways. The company will raise billions in funding from the West, and global

manufacturers will increasingly target Alibaba's growing customer base. Already, companies like Apple and Starbucks are seen adjusting their products to target Chinese customers. The age of the Chinese consumer is at hand.

The implications of China's dominance in the global economy are many. As the world's biggest customer, what responsibilities does China have in terms of ethical trade, labor conditions, environmental impact and the use of natural resources? Chinese consumers have the power to change the world. It's not enough just to consume—China has to lead.

Google was founded under a tongue-incheek slogan: "Don't be evil." Alibaba would do well to follow a similar creed. As the company matures, it must now follow the guidelines of corporate social responsibility. As the labor market for the world, China already knows the dangers of unchecked profit maximization. Now is Alibaba's chance to establish a new precedent.

The era of the informed, ethical consumer has arrived. In a recent survey by Penn Schoen Berland, 82 percent of consumers in China indicated that they would be willing to spend more on green products and services. If Alibaba truly wants to be a market leader, it will anticipate these ethical needs of its customer base and influence the market in a positive direction.

RUSHIHOUR: Employees have their hands full in Alibaba's Hangzhou-based headquarters on November 111, 2013, the day Alibaba reported a transaction value as high as 85 billion youan (\$56 billion). Dubbed Singles Day, November 11 has become the country's biggestonline shopping day, similar to Cyber Monday

The author is a contributing writer to *Beijing Review*, living in New York City

yushujun@bjreview.com

http://www.bjreview.com 0CTOBER 9, 2014 **BEIJING REVIEW** 13



NE·TIGER

草地大厦D座3层01-04单元

青岛:阳光百货二层 电话:+86 532 86677199

