

Foreign experts optimistic on A shares

Fiscal support efforts to subsidize households, boost consumption

By ZHOU LANXU
zhoulanxu@chinadaily.com.cn

Despite the latest A-share pullback, foreign financial institutions remain upbeat on China's equity markets, citing consumption-led rebalancing, shareholder return reforms and profitability improvements as key medium to long-term growth drivers.

Patrick Zweifel, chief economist at Pictet Asset Management, said that the Swiss asset manager maintains an overweight position in Chinese equities, emphasizing that the positive stance is driven not only by cyclical considerations but, more importantly, by structural policy shifts.

"So it's not only related to the traditional business cycle," Zweifel told

China Daily, as the country's economic growth in 2025 has been robust compared to its potential growth rate, while inflation has stayed low, keeping the macroeconomic backdrop broadly supportive for equities.

"There are policies that have been put in place that make us more optimistic about holding Chinese assets."

Notably, the stepped-up fiscal support efforts to subsidize households and boost consumption, Zweifel said, are moving in the "right direction", though remain limited in scale.

He said consumption spending has recovered close to pre-pandemic levels, suggesting that China's consumption challenge is largely structural rather than cyclical, underscoring the importance of reforms aimed at increasing house-

hold incomes and improving social support mechanisms.

Zweifel also highlighted reforms encouraging listed companies to improve shareholder returns and dividend payouts, saying such measures bear similarities to shareholder-value enhancement programs introduced earlier in Japan and South Korea.

These changes, he said, help address the issue that, for years, Chinese shares delivered relatively modest returns despite solid economic and earnings growth, largely due to limited dividends and fewer buybacks that led to equity return dilutions.

After registering robust gains in January, the A-share market tumbled on Monday, with benchmark indexes falling more than 2 percent, dragged down by sharp losses in precious metals and energy sectors amid a global commodities rout and risk-off sentiment.

Despite the short-term volatility,

Zweifel said Pictet continues to hold gold as a key diversifier amid the intensified geopolitical uncertainties that have weakened trust in the US dollar as a reliable reserve currency, though gold's value is notably expensive relative to normal fundamentals.

"As long as there is no credible alternative, I think that a lot of the diversification (away from the dollar) will actually go to gold," he said.

Goldman Sachs chief China equity strategist Kinger Lau said it is likely that China's stock market will continue a "slow bull" run, with gains in 2026 shifting from valuation expansion to earnings-driven growth.

Driven by advances in artificial intelligence and Chinese companies' overseas expansion — alongside policy support to curb excessive competition — A-share companies' corporate earnings growth is projected to accelerate from about 4 percent in 2025 to around 14 percent in

2026 and 2027, he said.

The US bank estimates that more than 3 trillion yuan (\$431.5 billion) in new domestic capital could enter China's onshore market in 2026, including around 2 trillion yuan from individual investors and 1.6 trillion yuan from institutional funds.

Lau said overseas investors' interest in China has picked up markedly, though some have yet to make large-scale allocations.

He added that global long-only investors are expected to narrow their underweight positions this year, potentially bringing about \$10 billion in net inflows into Chinese equities this year.

In terms of allocation, Goldman Sachs remains bullish on AI-related themes, and upgraded hardware to overweight, favors services within the consumer sector and sees opportunities in materials among cyclical stocks.

Proactive security model key in AI age

By LI JIAYING
lijiyang@chinadaily.com.cn

As artificial intelligence accelerates both digital transformation and cyber threats, enterprises must move from passive, reactive security models to proactive and autonomous defense systems to keep pace with increasingly sophisticated attacks, a senior cybersecurity executive said.

According to the latest forecasts by cybersecurity company Palo Alto Networks, 2026 will mark the "year of the defender", as autonomous AI-driven security becomes essential to counter AI-enabled identity attacks, data poisoning and emerging quantum risks, said Adrian Chan, vice-president of Palo Alto Networks Greater China.

"As enterprises adopt AI, attackers are doing the same," Chan said. "Once hackers discover a vulnerability, they can use generative AI to rapidly create attack tools, generate variants and launch large-scale attacks. In many cases, before companies are able to deploy patches, systems may already be compromised."

The speed of cyberattacks has increased dramatically in recent years, he noted. In 2021, it took an average of nine days to form a full attack chain. By 2023, that time had shortened to about two days. "In 2025, there are cases where attacks were executed within 30 minutes," the senior executive said.

"This shows that traditional, passive defense methods are no

longer sufficient in the AI era," Chan said, warning that attackers are increasingly leveraging AI to scale up threats across a hybrid workforce, where autonomous agents already outnumber humans by an estimated ratio of 82 to 1.

"This requires a fundamental shift — from being a reactive blocker to becoming a proactive enabler that manages AI-driven risks while supporting enterprise innovation," Chan said.

The company also forecast that by 2026, about 40 percent of enterprises will deploy AI agents in their operations. However, only 6 percent currently factor security into the design of those agents.

"One way out is to 'secure AI by design,'" Chan said. "Security must be built in at the very beginning of AI system design, rather than added later."

Based on a survey of 1,000 large enterprises worldwide, Palo Alto Networks found that companies use an average of 85 security tools from 29 different vendors. Such fragmented systems often operate in isolation, creating blind spots and increasing vulnerability.

"In the AI era, this fragmented and reactive approach is simply too slow," Chan said. "With so many disconnected tools, every step could be a potential vulnerability. Once a flaw is found, attackers can immediately exploit it using generative AI."

In this regard, a platform-based security approach that integrates network, cloud and endpoint protection into a unified system may be a rather efficient way to address the challenge, Chan said.

"Through platformization and AI-driven analytics, enterprises can gain real-time visibility into attack paths, detect threats as they occur and deploy coordinated defense strategies across environments," he added.

Investor appetite broadly resilient, survey shows

By LI JING
lijing2009@chinadaily.com.cn

Investor sentiment toward China's capital markets remained broadly resilient toward the end of 2025, characterized by a clear divergence between rising optimism among retail investors and a shift toward prudence among financial professionals, according to a survey by the Cheung Kong Graduate School of Business.

The latest investor sentiment survey released on Wednesday found that 62.3 percent of respondents expected China's A-share market to rise, largely unchanged from the previous quarter. However, beneath the headline figure, views diverged, reflecting different assessments of valuation, risk and market sustainability.

Retail investors became more upbeat, with 64.2 percent expecting gains, while confidence among financial-sector respondents adjusted to 59.8 percent, highlighting a more cautious stance among professional investors.

"The overall mood is stable, but the drivers of confidence are evolving," said Liu Jing, professor of accounting and finance at CKGSB, who led the survey. "Retail investors tend to respond more to market momentum, while professionals are more keenly focused on valuation metrics and the sustainability of returns."

The quarterly survey, conducted in December involving around 1,300 investors and 800 financial professionals, broadly mirrors market performance over the past year. After solid gains in the first three quarters of 2025, China's stock markets entered a period of consolidation.

CKGSB's analysis suggests that this caution is closely linked to valuation dynamics. The report estimates that overall A-share market valuation rose more than 20 percent in 2025, while corporate earnings growth remained broadly flat, indicating that the rally was driven largely by valuation expansion rather than

a broad-based improvement in fundamentals.

"After a valuation-led rally, it is natural for professional investors to reassess return expectations," Liu noted. "This reflects healthy prudence, rather than a loss of confidence."

Beyond equities, the survey also highlighted rising interest in gold amid intensifying global uncertainty. CKGSB noted that gold prices surged in 2025, underscoring the appeal of safe-haven assets amid geopolitical tensions and policy uncertainty.

"When uncertainty rises, demand for gold can increase quickly, while supply remains relatively stable," Liu said. "That imbalance can amplify price movements."

Liu described the current gold rally as part of a longer-term structural cycle, shaped by a more complex and less predictable global environment.

The survey also highlighted that sentiment toward the property market remained uniformly cautious across respondent groups. Fewer than 40 percent of respondents expected housing prices to rise, a decline of 9.7 percentage points from September. Willingness to invest in real estate stayed weak, despite a modest improvement from the previous quarter.

Liu cautioned that the rising global uncertainty in 2026, ranging from shifting US trade policies to financial risks emerging in Japan, could further test investor confidence, underscoring the growing role of domestic demand in anchoring investor expectations.

The Central Economic Work Conference in December has identified expanding domestic demand as the top priority of China's economic policy in 2026, with a focus on promoting a better match between supply and demand.

China is stepping up efforts to boost domestic demand by placing greater emphasis on raising people's incomes, expanding consumption capacity and fostering stronger internal economic circulation.



A view of a Pop Mart store in London. LI YING / XINHUA

London to be Pop Mart's Europe HQ

By WANG ZHUOQIONG
wangzhuoqiong@chinadaily.com.cn

Pop Mart, a Beijing-based collectible toy company, recently announced plans to establish its European headquarters in London, marking a significant step in its international expansion strategy.

The plan was announced on Friday at the UK-China Business Forum, where company founder and CEO Wang Ning met with United Kingdom Prime Minister Keir Starmer as a forum participant.

The toymaker, which rides a wave of global success fueled by blind boxes, features Labubu and other designer collectibles. It is set to open seven new stores in the UK, including a flagship location on Oxford Street in London, alongside new stores in Birmingham and Cardiff.

In addition to the UK, Pop Mart intends to expand its footprint across Europe, eyeing 20 new stores.

Wang emphasized the strategic importance of London as a global hub for creative industries.

"London is at the heart of the global creative ecosystem, and we are thrilled to launch Pop Mart's European operations there and deepen our global presence," he said during his discussion with the

“When a brand builds a true iconic IP, it stands the test of time and resonates with generations. We may face ups and downs, but I am confident Pop Mart will continue to grow and evolve.”

Wang Ning, company founder and CEO

visiting prime minister.

As part of its European operations, Pop Mart plans to leverage the city's international appeal to attract top-tier artists for collaborations, pushing forward its global IP strategy.

The company is also looking to bridge Chinese and international cultural trends, integrating creative resources from both markets to enhance its portfolio.

In the first half of 2025, Pop Mart's revenue soared to 13.88 billion yuan (\$1.99 billion), a year-on-year increase of 204.4 percent. In the Chinese market, the company

saw a 135.2 percent increase in sales, amounting to 8.28 billion yuan. Meanwhile, its international business showed notable gains: Asia-Pacific revenue climbed by 257.8 percent to 2.85 billion yuan, and the Americas recorded a 1,142 percent increase, with 2.26 billion yuan in revenue.

The company's European and other regional operations saw a 729.2 percent rise, contributing 477.7 million yuan to overall top line growth.

The company's global retail presence has expanded rapidly, and it currently operates 571 stores across 18 countries, including 2,597 robot-shops — automated kiosks selling its collectible figures.

In the period, Pop Mart added 40 new stores globally, including five in Europe and 19 in the Americas.

Wang said Pop Mart remains in the early stages of its development compared to legacy IP companies like Disney, but sees this actually as an advantage.

"We are still in the early days compared to companies like Disney," he said in a recent interview with Xinhua News Agency. "When a brand builds a true iconic IP, it stands the test of time and resonates with generations. We may face ups and downs, but I am confident Pop Mart will continue to grow and evolve."

Briefly

Shipbuilding sector maintains global lead

China's shipbuilding sector maintained the world's largest market share measured by three major indicators for the 16th consecutive year in 2025, said the Ministry of Industry and Information Technology. The country's shipbuilding output reached 53.69 million deadweight tons in 2025, up 11.4 percent year-on-year, accounting for 56.1 percent of the global total.

New orders reached 107.82 million DWT last year, representing a 69 percent global market share.

Services boosted for safe rail journeys

Chinese railway operators have implemented multiple measures to ensure safe, convenient and comfortable experiences for rail passengers. Jiexiu East Station administered by Jiexiu Traffic Section in Shanxi province has solidified its "soft services"

with refined moves to target the needs of female and elderly passengers, offer first-aid kits and make journeys more seamless. It also organized technical staff to conduct full checks on all key equipment, including ticket vending, security checks, fire protection and surveillance systems, to eliminate potential hazards and safeguard the 40-day Spring Festival travel rush, which started on Monday.

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Sharp eye



A staff member of Datong West Power Supply Section in Shanxi province operates a drone to check the overhead contact line on the Jining-Datong-Yuanping High-speed Railway, which links Shanxi and the Inner Mongolia autonomous region. This is part of the section's efforts to ensure the power supply safety of high-speed trains. Chinese railway operator China Railway has promised to improve scientific and technological empowerment to strengthen the backbone role of railways in the nation's transport system.

CHENG XIANGBO / FOR CHINA DAILY