

# HTC, Unionpay target mobile wallets

By SHEN JINGTING  
CHINA DAILY

SHANGHAI—China UnionPay Co Ltd announced on Tuesday the launch of the first smartphone with built-in mobile payment capability, jumping ahead of domestic rivals in the world's most populous mobile phone country.

China UnionPay, the country's sole bank card processor, said the world's first mobile phone that supports UnionPay's mobile payment standard will be produced by Taiwan-based HTC Corp, and the product will arrive on the market as early as September.

The handset utilizes near field communication technology, which allows users to complete payments through banks' point-of-sale (POS) machines.

The smartphone supports various functions, such as credit card payment, booking movie tickets and paying mobile phone subscription fees.

HTC declined to reveal the specific number of its bank partners in the Chinese mainland or the price of the handset.

"Mobile phone users no longer have to bring their bank cards in the future, because their smartphones can provide the same function," Chai Hongfeng, executive vice-president of China UnionPay, said at a news briefing in Shanghai.

Chai added that the launch of HTC's mobile payment handset could spearhead China's mobile payment era, as mobile phone use is now a part of daily life.

He said mobile payment could quickly gain popularity, provided that it offers increased convenience and security.

He also disclosed that China UnionPay is deploying initial strategic arrangements in about a dozen Chinese mainland cities, in cooperation with local banks to push forward mobile payment businesses.

Xu Jinyao, general manager of China UnionPay's mobile pay-



An HTC Corp smartphone with near field communication technology being used with a point-of-sale (POS) machine. There are currently 400,000 POS machines in China capable of mobile payment and that number is expected to increase to 700,000 by the end of this year.

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ment department, recently said there were already 400,000 POS machines in China and these are likely to increase to 700,000 by the end of this year.

"HTC has been developing the mobile payment handset for more than a year. We cooperated with China UnionPay for merely six months before we introduced the device," Dennis Chen, head of the Asia and China Enterprise department of HTC Corp, told China Daily.

"We support China UnionPay's mobile payment standard because it is an industry standard and is open

for any mobile devices. It means customers will have more choices," Chen said.

Chen added it is very likely that China UnionPay may promote its mobile payment services beyond China. At present, the Chinese bank-card processor provides services in more than 120 countries.

The market scale of China's mobile payment industry reached 20.3 billion yuan (\$3.16 billion) in 2010, according to China E-commerce Research Center.

The organization estimated China's mobile payment market would experience an annual growth rate of

40 percent, an amount equal to 150 billion yuan, by 2013.

The rosy prospect has attracted various companies to join the bandwagon by profiting from China's 900 million mobile phone users. Chinese telecom carriers have showed the most interest.

"The mobile payment industry has experienced a best-ever period in development, as more people use smartphones and wireless networks have faster speed. But so many players are in the hunt now. It means that not every one can be a winner," said Zhang Meng, an analyst with Beijing-based research firm Analy-

sis International.

China Mobile Ltd, the world's biggest telecom carrier by subscribers, bought a 20 percent stake of Shanghai Pudong Development Bank last year to strengthen its mobile payment services.

China United Telecommunications Corp Ltd (China Unicom) established a mobile payment arm on April 18 with registered capital of 250 million yuan, the carrier said on its micro blog.

The new subsidiary will "actively apply for a mobile payment license and provide professional payment services", China Unicom said.

## Smaller cities key for Adidas

By LI WOKE  
CHINA DAILY

SHANGHAI — Adidas Group China, a unit of Adidas AG, plans to expand aggressively into lower-tier cities as it seeks to compete with Chinese rivals.

"We plan to open more than 2,500 additional stores in the next few years in lower-tier cities, expanding city coverage to more than 1,400 cities," said Colin Currie, managing director of Adidas Group China.

Currie commented following the company's release of its first-half report, which showed that sales in China grew 38 percent to 552 million euros (\$783 million), "a new record for this region", the company said.

Currie attributed the rise to a focus on cultivating sales channels, revitalizing the brand, focusing on productivity at the retail level, forming a new leadership team in China and introducing inventory management measures.

"Our strong performance in the first half marks the start of a new era for Adidas in China," said Currie. "We are seeing improvements in our businesses across the board, and it sets us up well for the future as we press ahead with our Route 2015 strategy."

The plan calls for five years of double-digit annual sales growth in China. The Adidas Group is a global sporting goods leader, offering a broad range of products around the core brands: adidas, Reebok, TaylorMade, Rockport and Reebok-CCM Hockey.

"This is an important market for the group and one where we've had great results in the past," Currie said. "We are confident that in the future with our strategy, in the lower-tier cities and also in the higher-tier cities, consumers will be looking for premier international quality sports brands."

# Home grown vines produce top-quality wines

By ZHAO RUIXUE  
AND JU CHUANJIANG

The world's wine producers have been looking for a bigger share of the Chinese market because of its immense potential among an increasingly aware population, in recent years.

Meanwhile, here at home, the Changyu Pioneer Wine Co Ltd, faced with an ever expanding array of overseas wines, has been working on convincing people that its wines can rival the world's best, from anywhere.

### Quality counts

Changyu is one of China's top producers and parallels European wine producers in its grape planting, processing technology, and scale, said Sun Jian, the deputy general manager.

The company now has 16,666 hectares planted in grapes in the Xinjiang Uygur and Ningxia Hui autonomous regions, in Shandong,

Shaanxi, and Liaoning provinces, and in areas around Beijing. These account for a quarter of China's grape-planting regions.

"The grapes from our six bases each have a different flavor, so they're used for different types of wine," Li Jiming, Changyu's chief engineer, said, by way of explaining why they cover such a large area.

Changyu has strict standards for planting with only 10 to 15 clusters of grapes kept on each vine to ensure each cluster of grape getting enough nutrition. And in the Chateau Changyu AFIP Global, only 266 vines are raised per mu, and the grapes from each vine are only used to produce one bottle of premium wine.

In addition to ensuring grape quality, Changyu has spent a great deal on state-of-the-art equipment to produce a global winner.

It has an electronic tag for each bottle of its top wine so that customers can get more information on the

**"I believe that Changyu is capable of rivaling any other wine since we have sound terroir conditions, first-class grapes, and competitive sales network"**

ZHOU HONGJIANG  
GENERAL MANAGER OF CHANGYU

wine, for example production, storage, and sales.

Changyu also has several chateaux, one of which, Chateau Changyu-Castel, was China's first to be built to international standard, in 2002, in Yantai, Shandong province, home of Changyu.

The company also opened an

ice-wine chateau in Liaoning province, in the northeast, and Chateau Changyu AFIP Global, in Miyun county just outside Beijing, in 2006.

Another three chateaux are under construction in Shaanxi province and the Xinjiang and Ningxia autonomous regions, and scheduled for completion by the end of the year, all of them top grape-producing areas.

The company has also cooperated with four prominent chateaux to increase sales of its top wines overseas.

And its efforts have won some recognition. Yves Benard, the president of the International Organization of Vine and Wine (OIV), praised Changyu by saying that the Changyu Jiebaina is a strong brand with a long history. What's more important is that all of the judges approve of the wine's quality.

### Changyu's growth

When Zhang Bishi, an overseas Chinese from Malaysia, founded

Changyu in 1892, there was no way he could have dreamed that, 119 years later, Changyu would be known around the world.

But, in 1915, Changyu wines had already won four gold medals and quality certificates at the Panama-Pacific International Exposition, in San Francisco, California. This was the first time for a Chinese product to win an international exhibition award.

Now, thanks to Changyu, the coastal city of Yantai is the only Asian city to have been granted the "International Grape and Wine City" status by the OIV.

Thanks to their quality, Changyu wines are frequently served at state banquets and international summits, such as the opening ceremony of the Shanghai World Expo, last year, the welcoming banquet of the BRICS China summit, in Hainan, this past April, and the G20 seminar on an international monetary system, in Nanjing this March.

### Market potential

China is now the world's seventh largest producer and consumer of wine by volume and is likely to become the sixth largest consumer by 2014, according to Vinexpo research published in March.

In 2009, wine consumption in China stood at nearly 1.16 billion bottles, up 104 percent from 2005.

China Vine and Wine Association statistics show that Chinese vineyards produced nearly 1.09 million kiloliters of wine in 2010, a year-on-year increase of 12.38 percent. These resulted in 29.47 billion yuan in sales, a year-on-year increase of 29.15 percent.

China's wine market is still expanding, as the standard of living continues to improve.

One 2011 forecast shows wine consumption in China undergoing a large increase over the next five years, with yearly per capita consumption at one liter, in 2012.

winespecial

### NUMBERS

**20**  
percent

market share held by Changyu for several years.

**1.09**  
million kiloliters

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**29.47**  
billion yuan

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However, that is still in the future. Consumption in China is still much lower than the 6 liters that is now the world average, but that indicates the huge potential.

The Chinese wine market has attracted producers from Europe and the Americas, and this has made the market here a bit complicated, if not chaotic.

Statistics from the French wine association Conseil Interprofessionnel Du Vin de Bordeaux (CIVB) show China as the largest importer of Bordeaux wines, with a trade volume that was worth 90 million euros (\$128.4 million) last year.

Still although Chinese wine producers face stiff challenges from overseas brands, the domestics account for 85 percent of the market here.

And, one major force among those domestic wines is Changyu, with a market share above 20 percent, for several years running.

Zhou Hongjiang, general manager of Changyu, concludes with this, "I believe that Changyu is capable of rivaling any other wine since we have sound terroir conditions, first-class grapes, and competitive sales network."



Changyu's modern and busy wine bottling line at Yantai.

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