BUSINESS

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TECH

Visitors walk past the Qualcomm Inc stand at the Mobile World Congress held in Barcelona. REUTERS

Qualcomm says it's here to stay in China

US chip giant says Guizhou joint venture will be massive growth engine

By **MA SI** and **YANG JUN**
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Derek Aberle, president of Qualcomm Inc, said on Wednesday the mobile chip giant is dedicated to long-term investments in China to expand its server chip business, as the country's Internet Plus initiative is fueling an explosive growth of internet data centers.

Aberle's comments came as the US company unveiled a new investment arm, Qualcomm (China) Holding Co Ltd, in Guiyang, capital of Guizhou province, to better tap into opportunities in areas such as the internet of things.

Earlier this year, Qualcomm formed a 1.85-billion-yuan ($280 million) joint venture with the Guizhou provincial government, as part of its efforts to build up presence in the server chip sector, which is now dominated by Intel Corp.

"The server chip business is very investment-intensive. In the next five years, we have to invest a lot of money before we see our return," Aberle said in an exclusive interview with China Daily on the sidelines of the ongoing China Big Data Industry Summit in Guiyang.

But five years later, the joint venture, Guizhou Huaxintong Semiconductor Technology Co, will be "one of our biggest growth engines (in China)", he added.

"We want to enable the joint venture to build up its own capability and be able to take our technology and develop its own systems on chips for the China market," Aberle said.

Qualcomm is now working hard to seek future growth points as its major revenue source — chips used in smartphones and tablets — is being affected by the slower growth rate of the global smartphone market.

But as China intensifies its efforts to upgrade its traditional industries with information technologies, a large number of internet data centers have mushroomed, triggering a huge demand for server chips.

Derek Aberle, president of Qualcomm Inc

According to research firm International Data Corp, China consumed about 3.7 million units of server chips in 2015, and the figure is expected hit 8.6 million units by 2020.

Roger Sheng, a senior analyst at research firm Gartner Inc, said it remains to be seen how Guizhou Huaxintong can help Qualcomm break into the Chinese server chip market, where the mobile chip heavyweight has limited experience.

Qualcomm is building server chips based on the ARM architecture, a chip design that is widely used in smartphones and tablets.

"It is still unclear whether ARM can offer computing power strong enough to support data centers," Sheng said.

But according to Aberle, the company's scale and power with the mobile chip business can give it an edge in the server chip market.

Qualcomm also sees big potential for the internet of things, which the company said a lot of technologies it has already developed in mobile chips can be applicable to.

"The white goods market, for instance, turns out to be a big opportunity," Aberle said, adding that once home appliances are connected to the internet, they can do more intelligent things, which will demand much more computing power.

The company is working with Chinese companies such as Haier Group and Midea Group Co to make home appliances better compatible with each other across the smart home ecosystem.

Online
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INDUSTRY

Dell has big ideas for cloud computing

By **MA SI** and **YANG JUN**
in Guiyang

Dell Inc is eyeing a bigger presence in China's cloud-computing market by helping its local partner establish a new firm on Wednesday, as the country intensifies efforts to encourage enterprises to embrace digitalization.

The new company, named Guizhou YottaCloud Technologies Co Ltd, was unveiled as Michael Dell, CEO and chairman of Dell, attended the ongoing China Big Data Industry Summit in Guiyang, capital of Guizhou province.

"China will play an increasingly important role in the big data era and the United States-based tech giant will speed up efforts to develop new products for the market," Dell said.

Huang Chenhong, president of Dell Greater China, said Guizhou YottaCloud will be one of the vehicles for the company to sell cloud services to small and medium-sized enterprises and local governments.

"Dell will offer technology support to the new company," Huang said, but he declined to comment on whether Dell has made financial investments into the new company.

Guizhou Wing Cloud High Technology, the owner of Guizhou YottaCloud Technology, has been working with Dell in cloud services since last year.

"We will also establish a cloud industry alliance to promote the development of China's infant cloud market," Huang added.

Dell is the latest foreign tech giant that is seeking for local partnerships to tap into China's IT market as local governments and State-owned enterprises are in favor of homegrown tech companies' products and services amid concern over national security.

> **China will play an increasingly important role in the big data era."**
>
> **Michael Dell,** CEO and chairman of Dell Inc

Kitty Fok, director of International Data Corp China, said the biggest overseas giants have all tied up with local companies, especially State-owned enterprises.

"An SOE identity and cutting-edge technologies are both necessities to win in the Chinese market," said Fok.

China is Dell's second-largest market after the US.

Last year, the company promised to invest $125 billion in China over the next five years to boost innovation, research and development, and other areas.

POLICY

Buffer period given on taxing imported goods sold online

By **MENG JING**
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E-commerce companies have been given a one-year buffer period to rethink their cross-border strategies, after the government released new regulations, which ease controls introduced in April on certain imported goods sold online.

The country's customs authority said it will continue to allow the direct import of cosmetics, baby formula, medical equipment and healthcare-related food in 10 pilot cities, without permission, or the filing of special applications.

Companies have been told they have until May 11, 2017 to bring imported goods into bonded warehouses in the cities — including Shanghai, Hangzhou, Ningbo, Zhengzhou, Guangzhou and Shenzhen — without having to complete customs clearance forms originally required from early April on cross-border e-commerce activities.

Customs officials were unavailable to comment on the latest move on Wednesday, but Beijing-based JD.com Inc and another major e-commerce platform, which asked not to be named, both confirmed they had received the reprieve notice.

Lu Zhenwang, an e-commerce expert and chief executive officer of Shanghai-based Wanqing Consultancy, said the April regulation required e-commerce companies to obtain certificates first in order to get their goods through customs, but that had already led to a fall in import volumes.

"Many companies have faced challenges in maintaining stock levels because of the difficulty in completing all the customs-related paperwork," he said.

But the new regulation now gives them effectively a one-year window to rethink their procedures and plan well ahead, said Lu.

China started levying taxes immediately on retail sales on cross-border e-commerce platforms in early April, as well as placing stricter regulations on gaining import permits for goods sold online.

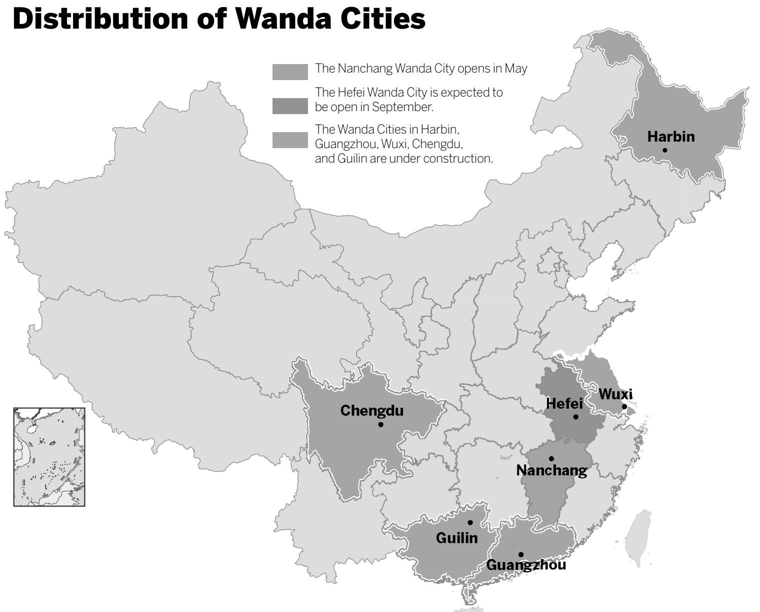
The aim was to create a more level-playing field, said officials, for e-commerce platforms and traditional retailers and importers.

The regulations, however, triggered mixed reactions among buyers and sellers, with many simply expecting prices of imported goods sold online to be driven higher, resulting in a fall in sales.

Gao Hongbin, head of AliResearch, a think tank affiliated with Alibaba Group Holding Ltd, said cross-border e-commerce is not a realistic competitor to traditional importers.

LEISURE

Distribution of Wanda Cities



Source: Wanda Group LIU LUNAN / CHINA DAILY

Wanda to open new complex

By **HU YUANYUAN**
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Wanda Group will open its first outdoor entertainment complex in province of Jiangxi on Saturday.

The launch of its Nanchang Wanda City looks perfectly timed by the company's ambitious founder, billionaire Wang Jianlin, to take at least some of the thunder from its biggest potential rival.

On June 16, the gates are due to be thrown open to what is arguably the country's most-anticipated park ever, Disneyland Shanghai, the US entertainment giant's first venture on the mainland.

According to the Chinese Tourism Academy, total domestic tourism revenue last year soared to 4 trillion yuan ($616 billion), about 230 billion yuan of which was generated by theme parks.

Wang and his property conglomerate have ambitious entertainment plans right across the country, and have spared no effort in telling the Chinese public where they will be able to find the most fun, at the right price.

In recent months, Wanda's top management have also been equally bullish, insisting its venues will beat Disney hands down in terms of visitor numbers and total revenue once it has rolled out what could eventually be as many as 20 Wanda Cities nationwide.

> **Wanda's pricing will be competitive, though its operational experience may lag behind Disneyland."**
>
> **Ben Cavender,** principal of China Market Research Group

Ben Cavender, the principal of China Market Research Group, however, is rather more balanced in his predictions for the market. "I believe both can do well."

"Wanda's pricing will be competitive, though its operational experience may lag behind Disneyland."

A ticket to the first Wanda City outdoor theme park in Jiangxi's capital Nanchang costs 198 yuan during the week and 248 at weekends and holidays, compared with Disney's 370 yuan, and 499 on corresponding days.

Liu Mingsheng, Wanda's spokesman, said its ticket prices have been calculated based on its investment at the site: Nanchang Wanda City cost 20 billion yuan, compared with 34 billion yuan for Disneyland Shanghai.

US theme parks giant Universal Studios Inc also plans to open a flagship site in Beijing, but most of Wanda's complexes are in cheaper second-tier cities, helping the company build more in the future.

After Nanchang, Hefei Wanda City in the capital of Anhui province is expected to open in September, and there are five others already under construction in Harbin in Heilongjiang province, Guangzhou in Guangdong, Wuxi in Jiangsu, Chengdu in Sichuan and Guilin in the Guangxi Zhuang autonomous region.

Lynn Xu, senior vice-president at Nielsen Greater China, is predicting massive growth and potential in years to come for theme parks, particularly in third-tier cities and rural areas, where competition will be far less fierce than in big population centers such as Beijing and Shanghai.