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BUSINESS

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ONE US\$ EQUALS

SOURCE: REUTERS, 9PM TUESDAY

▼ RMB 6.2025

▼ HKD 7.7526

▼ JPY 122.528

▼ EUR 0.9149

▼ GBP 0.6487

▼ AUD 1.2810

▼ INR 63.93

▼ CAD 1.2360

▼ KRW 1104.64

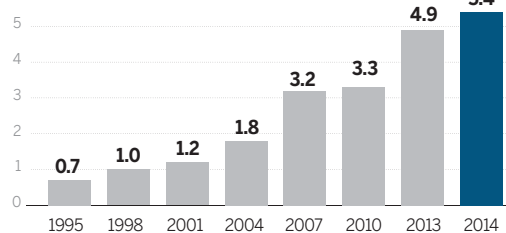
▼ THB 33.67

▲ BRL 3.1005

SURVEY

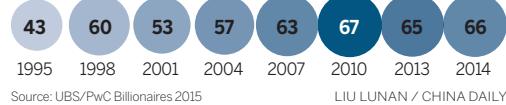
Global billionaire wealth

Unit: \$ trillion



Self-made billionaires

Unit: %



Source: UBS/PwC Billionaires 2015

LIU LUNAN / CHINA DAILY

Wealth stakes rise as China gains a billionaire a week

By JIANG XUEQING
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A new billionaire was created in China almost every week in the first quarter of this year, according to a report jointly released on Tuesday by UBS AG and PricewaterhouseCoopers.

James Chang, managing partner of financial service consulting at PwC China, said the rapid growth of Chinese billionaires was mainly caused by the booming Internet and mobile Internet industries, and the rise of the country's capital markets.

China is encouraging the public to establish their own businesses and be more innovative, which is encouraging and allowing more young people to create wealth, Chang said.

"New self-made billionaires are expected from emerging industries that combine mobile Internet, big data and cloud technologies with traditional sectors, including pharmaceuticals, auto and financial services," he said.

China's billionaires were previously largely concentrated in sectors such as consumer, manufacturing and real estate. But a growing number of them are emerging from financial and high-tech industries, he said.

Karen Chen, president of UBS (China) Ltd, said there has also been a wider growth in Asian billionaires, which is closely related to the region's economic strength, urbanization progress and fast increase in house prices.

Nearly one-fifth of Asia's self-made billionaires, with average wealth of \$3.2 billion, made their money in the consumer sector, while 12.9 percent, with average wealth of \$2.7 billion, gained from the region's real estate boom, the report said.

Chen said many of Asia's billionaires had developed their wealth by doing business with China, although Chinese billionaires still make up a small percentage of billionaires globally.

However, she expects to see continued growth of self-made billionaires in China and rest of Asia, although they will face challenges as the BRICS economies slow.

The report surveyed 1,300 billionaires worldwide with total wealth of \$5.4 trillion. Of those, 917 were self-made, who created fortunes of more than

The majority of billionaires have come to the crucial point of wealth transfer.

Karen Chen, president of UBS (China) Ltd

\$3.6 trillion over the past 19 years.

The United States and Asia have become the world's main centers of wealth creation over the past decade, it said. Forty-seven percent of self-made billionaires are now based in the US, with 36 percent in Asia and 17 percent in Europe.

The report said Asia will overtake the US, however, as the main center of billionaire growth within the next five to 10 years, which will lead to a more culturally diverse and younger population of billionaires, including more females.

In Asia, the average self-made billionaire is 57 years old — almost 10 years younger than their counterparts in other regions.

Nearly two-thirds of billionaires globally are over 60 years old and so nearing the point when they will have to decide how to pass on their wealth to the next generation.

"The majority of billionaires have come to the crucial point of wealth transfer," said Chen of UBS. "Whether their wealth will continue to grow depends on how well they handle that process."

In China, she said the development of wealth planning instruments, however, is still at an early stage. Restricted by domestic laws and regulations, many Chinese billionaires could only enjoy limited kinds of wealth management instruments, rather than having their assets covered by family trusts and insurances, if their companies are not listed overseas.

She said a growing number of Chinese billionaires will rely on professional institutions to help them build a plan for family wealth transfer.

Their interest in a family office, a private company that manages investments and trusts for a single family, is also likely to increase, she said.

CURRENCY

IMF changes stance on yuan

Multilateral lending agency says currency is 'not undervalued'

By ZHENG YANGPENG
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The Chinese currency, known as the yuan or renminbi, is "no longer undervalued", the International Monetary Fund said on Tuesday in Beijing, after maintaining for a long time that China's currency was "modestly undervalued".

"While undervaluation of the renminbi was a major factor causing the large imbalances in the past, our assessment now is that the substantial real effective appreciation over the past year has brought the exchange rate to a level that is no longer undervalued," the IMF said in a statement

after a visiting team completed consultations with Chinese officials.

The IMF has previously labeled the yuan as "modestly undervalued", despite the currency's gradual appreciation since a landmark 2005 revaluation. The yuan has gained sharply against most non-dollar currencies in recent months. Even against the strong greenback, the yuan rose 0.6 percent in the past 12 months.

Asked to explain the change in evaluation, David Lipton, the first deputy managing director of IMF, stressed that the assessment is based on the present situation and subject to future changes.

"It is a judgment about this moment, and may change in the future," he said. "China's productivity is growing, and probably growing more rapidly than the rest of the world. Every currency has to

0.6 percent

appreciation of the Chinese currency against the US dollar in the past 12 months

adjust to the differentials in productivity."

He said despite the yuan's appreciation, China's external position is still moderately stronger (in a reference to China's large trade surplus) than being consistent with medium-term fundamentals. The fact highlights the need for other policy reforms to reduce excess savings and achieve sustained external balance.

"We believe that China should aim to achieve an effective floating exchange rate within two to three years," the statement said.

The comments came as China is lobbying for the yuan to be included in the

IMF's Special Drawing Rights basket of reserve currencies before the fund makes a decision in October.

IMF said it welcomes and will work closely with the authorities in this regard. The inclusion is not a matter of "if" but "when", Christine Lagarde, managing director of the IMF, has said.

Asked to identify the potential risks for China's economy, Lipton identified the excess in credit and investment, rising nonperforming loans, and lack of corporate governance in the State-owned enterprise sector, which led to irresponsible borrowings, or what economists described as "soft budget restraints".

The IMF urged the government to "break the web of implicit guarantees", which are prevalent throughout the financial system. Though admitting it cannot be done

overnight, the process "must start and will involve greater acceptance of defaults and bankruptcies".

The IMF consistently called for the government to level the playing field between State-owned enterprises and private firms. Progress on SOE reforms has been too slow, the fund said.

China should step up fiscal support for its economy if growth dips below 6.5 percent this year, the fund said. The IMF expects China's economic growth to be 6.8 percent this year, before slowing further to 6.25 percent in 2016.

"If incoming data suggest that growth is likely to exceed 7 percent, the authorities should take advantage of the opportunity to reduce vulnerabilities faster," the IMF said. "If instead growth looks set to dip below 6.5 percent, then fiscal policy should be eased."

TECH

Uber looks to create more jobs in urban markets

By GAO YUAN
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Car-hailing app operator Uber Technologies Inc hopes it will be allowed to expand in Chinese cities, where it believes it can create jobs and ease traffic jams, Chief Executive Officer Travis Kalanick said on Tuesday.

The head of the world's most valuable startup said he is "optimistic" about the company's China operations, despite inspections by the authorities and the prominent presence of local car-hailing apps.

City officials in China "are more in line with (the idea of) urban progress ... and they are more used to large positive changes happening quickly", Kalanick, 38, said in an interview with China Daily. He said that he is still learning how Uber can collaborate with Chinese government departments.

Inspectors recently visited the company's offices in Guangzhou and Chengdu to look into possible regulatory violations.

Uber and other local ride-sharing service providers arrange the hire of privately owned vehicles to passengers. But that practice violates rules against private passenger vehicles making for-profit trips.

Didi Kuaidi, the largest car-hailing app operator in China, has also drawn the attention of local regulators for similar practice.

Taxi drivers have criticized the ride-sharing services, saying that they grab cabs' customers while avoiding tax.

Kalanick said that Uber can show the government its business is good for cities because it will boost employment, reduce traffic and ease the environmental impact of driving.

Uber is holding discussions with the government of Guiyang, the capital of Guizhou province, where the average household income lags behind most provincial capitals.

The company did not dis-



Visitors at the international big data conference, which opened in Guiyang, Guizhou province, on Tuesday. Uber is in talks with the Guiyang government for taxi-hailing services. DENG GANG / FOR CHINA DAILY

close details of the proposed partnership, but Kalanick said that creating jobs will be one factor that attracts officials. Uber entered the Chinese mainland more than a year ago, and it is operating in nine cities including Beijing, Shanghai, Shenzhen and Wuhan, the capital of Hubei province.

Many Uber rivals are also seeking official cooperation with local governments to give their operations legitimacy.

Didi Kuaidi recently won the first official recognition in Shanghai as local regulators included its app in a government-sponsored taxi-booking platform.

Of business in China, Kalanick said it was "so far, so good" despite the inspections.

He said that the mobile booking service will expand to more cities. "What China considers a small city, to the rest of the world it's a large city," he said, adding that Uber is now functioning in second-tier cities and will



What China considers a small city, to the rest of the world it's a large city.

Travis Kalanick, CEO of Uber Technologies Inc

eventually reach third-tier and smaller ones.

Uber is a remote No 2 in China's chauffeur service sector by bookings, according to

Analysys International. Didi Kuaidi, which serves far more cities, held nearly 80 percent of the market in the first quarter of the year, while Uber had just 10.9 percent.

Wang Jun, an analyst at Analysys, said as a result of the merger of Didi and Kuaidi, the battle of car-booking apps offered by Alibaba Group Holding Ltd and Tencent Holdings Ltd will get fiercer.

The 3-year-old car-hailing market is set for further reshuffles as Yidao Yongche and other smaller, regional providers also aim for a share.

Last week, cash-rich Didi Kuaidi said it would give away 1 billion yuan (\$160 million) worth of rides to commuters to promote its for-profit ride sharing and carpooling service.

Uber, which has a partnership with Internet giant Baidu Inc, has not announced a promotion campaign on a similar scale.

Ma Si in Guiyang contributed to this story.



Lei Jun, CEO and founder of Xiaomi Corp

Finding 'right model' vital for big data success

Though Chinese enterprises are stepping up their efforts to unlock the full potential of big data, a treasured asset, they are still struggling to come up with the right business models.

"The most difficult part for developing big data businesses in China is how to monetize it," said Lei Jun, CEO and founder of Chinese handset maker Xiaomi Corp.

"Currently, we are facing huge financial burden, given the heavy investments needed to ensure its sustainable development," Lei said at the opening ceremony of an international big data summit in Guiyang, capital of Guizhou province.

Xiaomi is providing cloud services for 97 million users, with over 1,000 petabyte photos and videos stored in its cloud-storage services.

"It takes a wealth of money to preserve such data," Lei said, adding the cost of saving one petabyte of information exceeds 3 million yuan (\$484,000).

In Lei's eyes, financing will be the first sector to reap profits from big data.

"Financing needs a lot of people and technology to execute the various transactions and hence can benefit from the use of big data," Lei said.

As part of its efforts to tap the big data boom, Xiaomi launched a money market fund earlier this month to transfer data resources into concrete commercial values.

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