



Howard Schultz (center), chairman, president and chief executive officer of Starbucks Corp, speaks at a news conference after a signing ceremony for a Memorandum of Understanding (MOU) between Starbucks Corp, the Yunnan Academy of Agricultural Science and the People's Government of Pu'er city, in Kunming, Yunnan province, on Friday. Starbucks Corp, the world's biggest coffee chain, will set up a farm and processing facilities in China's southern Yunnan province.

ARIANA LINDQUIST / BLOOMBERG

## Starbucks to grow in Yunnan

US chain hopes to tap potential of province's high-quality coffee beans

By BAO CHANG  
CHINA DAILY

KUNMING — US coffee chain Starbucks Corporation said it will open its first global coffee bean farm in China's Yunnan province, aiming to deepen its presence in the country, after signing a cooperation agreement with Yunnan government on Friday.

"The Chinese market reflected the most significant growth in coffee sales of our company last year and we chose Yunnan as the first place where we grow coffee as we see a big potential for coffee business here," Howard Schultz, chairman, president and chief executive

officer of Starbucks Corporation, told China Daily. Starbucks didn't reveal the size of its investment in Yunnan.

Apart from the base farm, Starbucks will also establish a coffee development center, coffee farmer support center and coffee processing facilities with the local government.

According to Schultz, China is Starbucks' second largest market in the world, following the United States. The Seattle-based company now has more than 800 stores in 31 cities around China.

Schultz said that the number of Starbucks stores in China will soon increase to more than 1,000.

"Yunnan coffee is one of the

highest quality categories in the world and we plan to deliver the Yunnan taste, not just in China, but to all customers in the world including Starbucks fans in Paris, Brazil and Tokyo," Schultz said.

The Yunnan provincial government also plans to invest 3 billion yuan (\$452 million) in expanding coffee bean volume from the current 38,000 tons to 200,000 tons by 2020. Additionally, it will increase coffee acreage from the current 26,700 hectares to 100,000 hectares within the same period.

"The cooperation with Starbucks will accelerate our steps to develop Pu'er into a top-quality coffee growing region in the world," Yang Yalin, vice-mayor of Pu'er, said.

Starbucks' purchase of Arabica coffee in Yunnan has increased approximately 20



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HOWARD SCHULTZ  
CHAIRMAN, PRESIDENT AND CEO,  
STARBUCKS CORPORATION

times since 2007.

The company will introduce Starbucks coffee and planting technology, which have helped

farmers achieve improvements in coffee quality evaluation scores. The cooperation will increase yield for every hectare by 25 percent and reduce costs by more than \$200 per hectare on average.

Yunnan is China's biggest coffee growing area, comprising more than 90 percent of the whole country's annual output.

Other global food giants also see big potential for the coffee business in China's Yunnan province. According to the Coffee Association of Yunnan, Nestle SA plans to invest 3.3 billion yuan on coffee production, part of which will be used to improve its coffee cropping in Yunnan over the next 10 years.

So far Nestle has invested more than 50 million yuan in Yunnan in technical support for coffee cropping.

## Bluestar Adisseo seeks \$1.56 billion in HK IPO

BEIJING — Bluestar Adisseo Nutrition Group, the French animal-nutrition company backed by China National Chemical Corp (ChemChina), is seeking HK\$12.08 billion (\$1.56 billion) in a Hong Kong initial public offering, according to a term sheet sent to investors.

Bluestar Adisseo is offering 2.3 billion shares, or 25 percent of the company, at HK\$3.50 to HK\$5.25.

Pricing the stock at the top end of the range would give the company a market capitalization of about \$6.23 billion. Deutsche Bank AG and Morgan Stanley are managing the sale.

The company will use 40 percent of the IPO proceeds to expand and upgrade its European plants and another 40 percent to develop its feed business, according to the term sheet.

The stock offered includes 50 percent new shares and 50 percent existing equity from China National Bluestar Group Corp, a unit of ChemChina.

China National Bluestar bought the Adisseo Group for \$480 million in 2006.

Bluestar Adisseo plans to set the price for its shares on Nov 24 in Asia and start trading on Nov 30 with the ticker 1095, the terms show.

The move, which will be the second listing by a French company in Hong Kong, underlines the increasing importance of the Chinese and Asian markets, said a company statement.

ChemChina President Ren Jianxin said the com-



**In all of our companies we show respect for different cultures, which I believe is the key to success."**

REN JIANXIN  
PRESIDENT, CHEMCHINA

pany would take advantage of its rich resources in the country to help Bluestar Adisseo to achieve further development.

"In all of our companies we show respect for different cultures, which I believe is the key to success," said Ren.

ChemChina currently has four overseas subsidiaries. Besides the acquisition of Adisseo, it also acquired the organic silicon business of another French company, Rhodia.

Ren informed China Daily that the two deals clearly indicated that the company's business focus is to be a leading company in the new materials and specialty chemical products sector.

In October 2008 ChemChina completed its stake transfer deal with the Blackstone Group, which saw the US private equity company pay \$600 million for a 20 percent share in its subsidiary BlueStar.

Commenting on the deal, Ren said it would help BlueStar improve its technology and management levels.

CHINA DAILY -  
BLOOMBERG NEWS



HU XUEBAI / FOR CHINA DAILY

A Zhaoyi Jade outlet in Dawanglu, Beijing. The company plans to set up stores in New York, Paris, Hong Kong and Tokyo.

## Jade jewelry maker eyes global market

By ZENG QINGKAI  
CHINA DAILY

BEIJING — Zhaoyi Jade is looking to tap into the international market in a bid to prove that Chinese luxury brands can find favor with overseas consumers.

The jewelry maker announced a plan on Friday to set up stores in New York, Paris, Hong Kong and Tokyo sequentially in the coming five years. Wang Yunhe, founder and president of Zhaoyi Jade, said she is confident in the appeal of Chinese culture, as well as the continuous economic growth of China, and accordingly, she believes her company, set up in 2003 and dedicated to jade products, will have a rosy future.

"In Chinese culture, jade symbolizes nobility, perfection, constancy, and immortality," said Wang, adding that more and more foreign customers realized the special characteristics and value of jade products.

Along with our strategy of looking to create "luxury with Chinese characteristics" rather than ape predominantly western trends, jade is finding ever greater favor, according to Wang.

Jade is regarded by many as an eternal symbol of China's civilization. Many top entertainment stars, both Chinese and foreign, are fond of wearing jade jewelry in preference to diamonds and gold.

To cater for the growing demand for individually

made jade products, Zhaoyi announced it would offer a customized haute couture service to customers from now on.

According to investment bank Goldman Sachs China's consumption of luxury goods will rise from 12 percent to 29 percent by 2015 — making it second only to Japan — in a global luxury market worth an estimated \$80 billion a year.

So far, Zhaoyi has four franchised stores across the country, two stores in Beijing and the other two in Shanghai and Hangzhou.

Zhaoyi Jade is said to be the first Asian company to occupy space at Shanghai's exclusive Bund 18, sitting alongside brands such as Zegna and Cartier.

## Games developer plans to double workforce in China

By EDMOND LOCOCO  
BLOOMBERG NEWS

BEIJING — Shanghai-based Spicy Horse Games, a content developer for Electronic Arts Inc, aims to double its workforce as it looks to tap the online games market in China, the world's largest by users.

**TECH** The company, whose *Alice: Madness Returns* is nearing completion for release by Electronic Arts next year, plans to double its number of employees to around 160 in the next 18 months, founder James McGee, 37, said in an interview on Friday.

Spicy Horse aims to tap demand in the domestic games market, which is projected to double to \$10 billion by 2014. However, the company will need a local publisher to help it meet Chinese laws that bar foreign-owned companies from directly operating online games, McGee said.

"The whole reason I came to China was that I could see six years ago that the Western game-development and publishing model was starting to break down and malfunction," the former Electronic Arts game designer, who founded Spicy Horse in 2006, said.

The developer has hired Wedbush Securities Inc. to explore financing options for its expansion in China, McGee added.

**\$10 billion**

Estimated value of China's videogame market in 2014

**280 million**

Online players in China

**Designed in China**

*Alice: Madness Returns* will be the first console game entirely designed and developed in China for export and is a sequel to *American McGee's Alice* that was released by Electronic Arts for personal computers in 2000 and sold more than 1.5 million copies.

Spicy Horse has received about \$11 million in advances for developing the *Alice* games and *American McGee's Grimm*.

*Alice: Madness Returns* was produced for about half the \$30 million that such a title might have cost to produce in the United States, where the original title was developed, McGee said.

Facebook Inc game developers Kabam and Zynga Game Network Inc said last month they will increasingly turn to Chinese software designers to make games. Currently Kabam has 35



TONY AVELAR / BLOOMBERG

A worker at the headquarters of games company Electronic Arts Inc in Redwood City, California.

employees at a studio in Beijing, Zynga acquired XPD Media with its 40-strong Beijing workforce.

However, both companies have said they won't try to operate their games in the highly regulated local market for the time being.

**Multiplayer games**

China is home to Tencent Holdings Ltd, the world's biggest online games company by market value. The most popular title it operates, *Crossfire*, is licensed from South Korea's Neowiz Games Corp.

NetEase.com Inc, China's second largest online games

company, is the local operator of Activision Blizzard Inc's popular *World of Warcraft*.

McGee is convinced there is room for others. Spicy Horse has recently begun developing its first online multiplayer game targeting the China market, he said, without disclosing any details of the new game.

According to research company BDA China Ltd, the value of China's videogame market is set to double to \$10 billion by 2014.

About 280 million Internet users play games online. They will generate revenue of \$5 billion this year, the Beijing-based firm said last month.