

China approves Wal-Mart control of online supermarket

BEIJING, CHINA: China said Tuesday it has approved a plan by Wal-Mart Stores Inc. to gain control of a local online supermarket, but imposed conditions on the deal over concerns it could hinder competition.



The approval comes after the US-based global retail giant announced in February that it reached a deal to increase its investment in the holding company of Chinese e-commerce website Yihaodian to about 51%.

China's Ministry of Commerce said in a statement Tuesday it had approved an increase in Wal-Mart's stake in the holding company to 51.3% from the previous 17.7%.

Citing concerns over possible exclusion or restriction of competition on China's value-added telecommunications service market, the ministry imposed several conditions, state-run Xinhua news agency said.

For example, the acquired business cannot use its online platform to provide Internet services for other parties in the deal, Xinhua said, and will be limited to online retailing.

Xinhua said that Yihaodian also offers value-added services. Wal-Mart officials in China could not be reached for comment.

Xinhua said that Yihaodian was established in Shanghai in 2008 and that it sells products including food, cosmetics and consumer electronics.

Yihaodian had more than 18 million registered users as of May 2011 and its sales exceeded 800m yuan (US\$126m) in 2010, Xinhua said, citing company information.

Source: *AFP* via I-Net Bridge