法兰德斯 中国商会 FCCC VCKK

FLANDERS-CHINA CHAMBER OF COMMERCE
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

NEWSLETTER | 3 FEBRUARY 2014

FCCC ACTIVITIES

Meeting with the Ambassador of Belgium in China and Consuls General – 3 February 2014, 18h00 – Brussels

The Flanders-China Chamber of Commerce (FCCC) is organizing a meeting with the

Ambassador and Consuls General of Belgium in China. This event will take place at 18h00 on Monday 3 February 2014 at 18h00 at BNP Paribas Fortis, Koningsstraat 20 in Brussels.

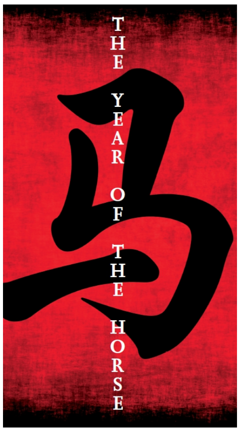
This event is an excellent opportunity to brief the Ambassador and Consuls General of Belgium in China on your companies' activities in China.

Programme:

18h00	Registration
18h30	Speeches by Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce Mr Michel Malherbe, Ambassador of Belgium in China Mrs Cathy Buggenhout, Consul-General of Belgium in Shanghai Mr Christian de Lannoy, Consul General of Belgium in Guangzhou Mr Evert Maréchal, Consul General of Belgium in Hong Kong
19h00	Exchange of views and networking with the Ambassador and Consuls-General
20h00	End of programme

The event is organized with the support the Federal Government of Belgium, Flanders Investment & Trade (FIT), AWEX and Brussels Invest & Export.

FCCC New Year Reception – 13 February 2014, 18:00 h. – Brussels



The Flanders-China Chamber of Commerce will hold its annual New Year Reception on Thursday 13 February 2014 at 18:00 h. at AG Insurance, Nieuwbrug 17, 1000 Brussels.

Addresses will be delivered by:
Mr Bert De Graeve, Chairman Flanders-China Chamber of Commerce;
His Excellency Mr Liao Liqiang, Ambassador of the People's Republic of China in Belgium;
Mr Kris Peeters, Minister-President of the Government of Flanders, Flemish Minister for Economy, Foreign Policy, Agriculture and Rural Policy.

Please register online before February 9 via the following link:
http://www.flanders-china.be/eventdetail.asp?id=320&id_cat=1&cat=up&lang1=

ACTIVITIES

Group business trip to China for beginners – 22 to 29 March 2014 – Beijing, Shanghai, Guangzhou

Flanders Investment & Trade (FIT) and UNIZO are organizing a group business trip to China for beginners from March 22 till 29 to Beijing, Shanghai and Guangzhou. Discover your next export market together with FIT representatives:

- Beijing: Mr Peter Christiaen
- Shanghai: Mrs Sara Deckmyn
- Guangzhou: Mr Dirk Schamphelaere

Exporting to China is less obvious than exporting in Europe or to America. The “China for beginners” route is aimed at exporters who don't have any experience in exporting to China and would like to explore the Chinese market under expert guidance. The route consists of:

- a workshop on 11 February 2014
- a group business trip from March 22 to 29, 2014
- a follow-up session on 13 June 2014

Only 30 places are available. Registration is possible before February 3, 2014.

Contacts: Michèle Surinx (T 02 504 87 91), Tijl Vanpraet (T 02 504 87 62).
www.flandersinvestmentandtrade.be

PAST EVENTS

Briefing: “The Future of Foreign Investors in China” – 22 January 2014 – The Conference Board/FCCC, Brussels

The Conference Board – in partnership with the Flanders-China Chamber of Commerce – organized a briefing on “The Future of Foreign Investors in China” on 22 January 2014 in Brussels. Following the introduction by Mr Egbert Lox, Board Member Flanders-China Chamber of Commerce/Senior Vice President Government Affairs, Umicore; Mr. David Hoffman, Vice President and Managing Director of The Conference Board China Center for Economics and Business, gave an interesting briefing. The briefing took stock of economic trends and policy developments to provide a “reality check” on China’s attractiveness as an end market and competitiveness as a production base. The session illuminated a set of key considerations for setting realistic objectives for growth and profitability in China, near- to medium-term.

PUBLICATIONS

FCCC publishes “FCCC Members' Portraits in China Vol.2”

See FCCC Members' Portraits on the FCCC website.

FINANCE

China Credit Trust and investors reach agreement

China Credit Trust Co and investors reached an agreement on a troubled high-yielding CNY3 billion investment product distributed by the Industrial and Commercial Bank of China (ICBC). A default would have set a landmark precedent shattering a widespread perception of implicit guarantees. Investors would receive their principal when the product matures, but not the interest. Launched in February 2011, the trust product was sold to about 700 private banking customers of ICBC. The money was invested in a coal miner, Zhenfu Energy Group, in Shanxi province, but the owner was detained by police for involvement in illegal fundraising activities. Most of its mining operations were suspended as the company has been facing lawsuits. Though it was a non-principal guarantee product, wealth-management products marketed via banks’ networks are deemed to bear an implicit guarantee. Cooperation between banks and trust companies is common and forms a big part of the shadow banking system in China. China’s total outstanding trust loans amounted to CNY115.5 billion at the end of last year, which accounted for 10.7% of the country’s total credit supply, the Shanghai Daily reports. Three companies have been chosen by the trust company, ICBC and Shanxi's provincial government to take over the rights in the coal mine linked to the trust product. Many analysts had expected the product would be allowed to default to underscore policymakers' determination to sever the implicit guarantee of such products by financial institutions. The trust market represented the biggest default risk in China's shadow banking system, analysts at Bank of America Merrill Lynch said in research report.

Financial division to be set up in NSC

A ministerial-level division dedicated to financial industry security will be set up within the new National Security Commission (NSC) chaired by President Xi Jinping. The NSC will focus on all kinds of emerging and new threats to China's national security. Shi Yinhong, International Relations Professor at Renmin University, said representatives from the financial sector would be included in the NSC. “Everything related to security of the nation will be the job of the committee, and this includes the financial aspect,” Shi said. A Minister-level position of “Financial Security Commissioner” has also been created and will be filled by an official with experience in the financial industry. Some government agencies had been collecting evidence and data in recent years to prove how speculative foreign capital – “hot money” – moved through the underground banking system, rocking the stock market and affecting local investors' confidence in the country's economic development. Another case involved the virtual currency bitcoin, in which the central bank has already banned domestic financial institutions from trading. Beijing is also worried the tapering off of the U.S. Federal Reserve's bond-buying program may add pressure to monitor and control the pace of capital outflows.

- China’s local governments have published separate audit reports detailing their combined public debt of USD3 trillion for the first time to increase transparency and quell investor concerns. The audits show China’s wealthiest eastern provinces are the most indebted, though repayment burdens are more onerous in poorer areas such as Guizhou, where the ratio of debt to GDP is the highest, at 79%. Most governments were shown repaying the vast majority of their debt on time, though a handful, such as Inner Mongolia, have fallen behind, with the portion of loans due but unpaid running as high as 28%. The governments of Jiangsu, Guangdong and Sichuan are the three most indebted.
- DBS conducted the first trade financing transaction in the Shanghai free trade zone (FTZ). It issued a cross-border letter of credit to Jeans International Trading Co from Zhejiang province. HSBC said its new sub-branch in the zone has officially opened for business. U.S.-based Citi said earlier that its outlet in the zone has provided a yuan cross-border pooling solution for pharmaceutical firm Roche.
- China Citic Bank's shareholders have agreed for the bank to more than double bad-loan write-offs for last year to CNY5.2 billion. The bank is particularly exposed to the country's steel industry. Citic said its net profit for 2013 would not be affected by the steeper write-offs as it will also cut its tax liability. Yet the move highlights the bank's above average non-performing loan ratio, which stood at 0.9% at the end of September last year. Its loan-loss coverage ratio stood at 2.09% at the end of September, well below the system-wide average of 2.78%.
- China's yuan is expected to continue to appreciate in 2014, but at a slower pace, economists forecast. Deutsche Bank forecasts the yuan will appreciate against the U.S. dollar by roughly 2% to 3% in 2014, and that renminbi cross-border trade settlement will increase by roughly 50% to CNY6 trillion, or approximately 20% of China's global trade volume. The bank forecasts that after almost doubling in 2013, the renminbi FX daily trading volume will rise to USD4-4.5 billion in spot and USD7-7.5 billion in forwards in 2014. The total offshore deposit base is expected to reach CNY2.25 trillion by the end of 2014.
- A Hong Kong Monetary Authority (HKMA) suggestion that banks keep more capital on hand than required by global standards is being opposed by local lenders, which argue it will restrict the type of business they can engage in and put them at a disadvantage with global rivals. HKMA wants banks to set aside as much as 3.5% of their capital as a countercyclical buffer, compared with a maximum of 2.5% required by the Basel committee on banking supervision.
- The growing number of dogs and cats kept as pets in Hong Kong and on the mainland will lead to an increase in demand for pet insurance, according to a study by reinsurer Munich Re. Pet owners complain that too few insurers offer cover for their pets. The pet population in China has increased to 30 million, making it the world’s third-largest pet market after overtaking Japan, with 22 million, in 2012, the Munich Re study showed.

FOREIGN INVESTMENT

InvestHK assisted 337 firms last year

InvestHK announced that the number of overseas and mainland companies it assisted in setting up or expanding in Hong Kong last year reached a record 337 firms, nearly 7% up year-on-year as it said it was optimistic about 2014 and would focus on attracting more investment from mainland China, France and Asean nations. Asset management – especially fund management houses – was singled out as one of the most popular sectors for foreign companies to invest in, alongside biomedical firms and financial technology companies. The 337 foreign direct investment projects came from 41 economies, with mainland China leading the way. Mainland investments stood at 71 projects while the U.S. was second at 48. Japan narrowly beat Britain for the first time in eight years, to rank third with 37. British firms contributed 36 projects. High costs are investors' main hurdle as Hong Kong has relatively expensive real estate. Hong Kong is still number three in the world for foreign investment. Only the United States and mainland China received more investment in 2012.

Chinese investment in the UK soars

Chinese investment in the UK over the past two years reached USD13 billion, exceeding the total of the previous three decades, and China-UK bilateral trade reached a record high in 2013, exceeding USD70 billion, said Zhou Xiaoming, Minister Counselor of the Chinese Embassy in the UK. Last year, more than 20 Chinese companies set up branches in the UK, also a record high. Among the Chinese companies that have announced plans to invest in the UK are Dalian Wanda Group. It plans to invest up to GBP3 billion in regeneration projects in Britain. Last year, Dalian Wanda decided to invest GBP700 million to build a five-star hotel by the Thames river and to buy a 92% share of Sunseeker Yachts for GBP320 million. Network equipment supplier Huawei has said it will invest GBP1.3 billion in expanding its UK operations. Beijing Construction Engineering Group will be part of a group investing GBP800 million in Manchester Airport to develop its surrounding businesses. China will also help build UK infrastructure, including the HS2 high-speed rail project and new nuclear power plants, Minister Counselor Zhou said.

FOREIGN TRADE

Discrepancy in Chinese and Hong Kong trade figures

A discrepancy between Hong Kong and mainland figures for bilateral trade widened to the largest in eight months. Hong Kong's imports from mainland China fell 1.9% last month from a year earlier to HKD176 billion, the city's statistics department said, compared with USD38.5 billion in exports to Hong Kong reported earlier this month by China customs, up 2.3%. Some Chinese exports are fake and reflect hot money inflows, according to Zhang Zhiwei, Chief China Economist at Nomura in Hong Kong. The discrepancy would abate as yuan appreciation slowed this month and the next, said Zhang. The mainland's exports to Hong Kong last month exceeded the city's reported imports from the mainland by about 70%, the biggest difference since April. Shen Jianguang, Chief Asia Economist at Mizuho Securities Asia in Hong Kong, said the gap between the mainland's reported increase in exports to Hong Kong and the city's reported decline in imports was not big enough to raise any red flags when compared to the difference early last year, because the mainland recorded exports when goods left, while Hong Kong waited until 14 days after items arrived in port to record them as imports. The issue of fake exports had “almost disappeared”, he said. Another possible explanation for the discrepancy was “round tripping” of goods that were exported from the mainland to Hong Kong and then back to the mainland, Australia & New Zealand Banking said in a report.

- Hong Kong's exports grew more slowly than expected last year, at just 3.6%, while imports were up 3.8%, leaving a trade deficit of HKD501 billion. The growth, which lagged economists' forecasts of a rise of 4% to 5%, underscored a weak economic recovery in the United States and disappointing demand in Europe in the wake of the 2008 global financial crisis. Hong Kong exports were flat at HKD310.9 billion last month after a year-on-year jump of 5.8% in November. The Trade Development Council (TDC) forecast a 5.5% increase in exports this year.
- The next U.S. Ambassador to China, Max Baucus, told the U.S. Senate that he would work to build a more equitable economic relationship with China if he was confirmed. Calling the U.S. relationship with China “one of the most important bilateral relationships in the world”, Baucus said he would also encourage China to act responsibly as it emerges as a global power.

HEALTH

H7N9 family cluster reported in Zhejiang

A family cluster of H7N9 bird flu cases has been reported in Zhejiang where both parents and their daughter contracted the disease, bringing China’s total number of the confirmed cases in January to 110. An official with the Chinese Center for Disease Control and Prevention said that the parents, who live in Xiaoshan, had worked as vegetable dealers in a wet market before falling sick, and that the daughter had also briefly helped at the market. Among the total 110 confirmed cases, 20 people have died.

- There are some nine million dementia sufferers in China, but only about 300 qualified doctors to treat them. There were an estimated 5.7 million patients with Alzheimer's, the most common form of dementia, in China in 2010, 53% higher than a decade earlier and twice as many as earlier estimated by the international health community, according to a study by the Lancet.

MACRO-ECONOMY

Singapore's Temasek to be 'model' for SOE reform

China will learn from Singapore's Temasek Holdings, using the government investment corporation as a model for the reform of asset management, according to sources at the State-owned Assets Supervision and Administration Commission (SASAC). Starting this year, SASAC will establish three types of state-owned asset management entities: industrial investment corporations, investment holding companies and asset operating companies. Many state-owned enterprises (SOEs) are interested in becoming industrial investment companies. SASAC is drawing up the conditions as to industrial sectors, management and scale to select qualified SOEs. The new investment companies may be formed through the transformation of one SOE or the reorganization of several SOEs. China Resources (Holdings) Co, State Development and Investment Corp and China Poly Group Corp are the three likeliest enterprises to become investment holding companies under the pilot reform. There are no plans yet to set up state-owned asset operating companies soon. The investment and operating models are similar to those of Temasek, which manages a net portfolio of USD173 billion, mainly in Asia. “There are many models of sovereign wealth fund management in the world. Singapore's Temasek has proven to be a more reliable and efficient one than the others, and it fits China's needs better,” said Chen Fengying, Economic Researcher at the China Institute of Contemporary International Relations in Beijing.

Official PMI falls to six-month low

The official Purchasing Managers' Index (PMI) released by the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing (CFLP) fell to 50.5 in January – a six-month low – as output and orders slowed amid government efforts to rein in excessive credit. “The economy has lost some momentum,” said Wang Tao, Chief China Economist at UBS in Hong Kong. Credit growth slowed in the second half and “that impact is being felt”, she said. The gauge of output in January fell to a four-month low of 53 from 53.9, while the new-orders index declined to a six-month low of 50.9 from 52.0, according to government data. The survey suggested the number of manufacturing jobs is shrinking at a faster pace, with the gauge of employment declining to 48.2, the lowest since last February. “Growth may continue to slow in the next couple of quarters due to generally tighter credit conditions, amid government efforts to contain local government debt and regulate shadow banking,” said Ding Shuang, Senior China Economist at Citigroup in Hong Kong. The decline in January's PMI was mainly due to the approach of the Lunar New Year holiday, Zhao Qinghe of the NBS said. Bank of America analysts urged reading the January and February PMI figures “with a grain of salt” because of production slowdowns related to workers returning home for the week-long festival. Citigroup's Ding said the decline in January's official PMI was “partially seasonal” because of the holiday, whose timing shifts every year. Last year, the PMI fell to 50.4 in January and 50.1 in February, when the Spring Festival was celebrated. The HSBC/Markit China manufacturing PMI for January dipped to 49.5 from 50.5 in December, the first deterioration of operating conditions in the manufacturing sector since July. Qu Hongbin, Chief China Economist with HSBC, described the dynamic as “a soft start to China’s manufacturing sector in 2014, partly due to weaker new export orders and slower domestic business activities during January.”

- Half of China’s 28 provinces and municipalities which have released their economic goals for this year cut the growth target for investment from a year earlier while just three raised it: Guangdong, Yunnan and Tianjin. Others, including Jilin, Guizhou and Gansu provinces cut the target by as much as 5 percentage points.
- In the run-up to the Year of the Horse, Premier Li Keqiang during a tour of Shaanxi province, visited a distribution center of SF Express and a production complex of BYD, both private companies, highlighting Beijing's support for the role of private capital in China's next stage of reform and development. He pledged to provide a fair platform for private companies to compete with state-owned enterprises (SOEs).

- The total profit of large industrial companies increased at the slowest pace in nine months in December, rising 6% to CNY942.53 billion, compared with 9.7% growth in November, the National Bureau of Statistics (NBS) said. For the full year, industrial profits reached CNY6.28 trillion, up 12.2%. The 2012 growth rate was only 5.27%. Large companies are defined as those with annual revenues of more than CNY20 million. Last year, profits rose for 35 industries out of 41. Industrial output grew 9.7% year-on-year in December, held down by weaker infrastructure investment, which in turn was attributed to the slower pace of credit growth.

MERGERS & ACQUISITIONS

M&A deals reach record high in 2013

The value of deals announced in the Chinese mergers and acquisition market reached a record high in 2013. The restructuring of state-owned enterprises (SOEs) and initial public offering (IPO) resumption will help its development in 2014, reports said. A report by Thomson Reuters said that Chinese M&A deals in 2013 totaled USD261.9 billion, with energy and power being the most popular sectors. By value, these sectors comprised 17.8% of all deals. The report said that last year, the investment amount of cross-border M&As was USD96.4 billion, the highest total in the past five years. The investment amount of outbound M&A deals came to USD61.9 billion, increasing 8.8% year-on-year, which also was the highest total since 2009. The United States was the preferred destination for Chinese outbound M&A deals, totaling USD12.2 billion in 2013, an increase of 96.6% year-on-year. The value of outbound M&A deals in the mining sector totaled USD2.4 billion, with Australia, South Africa and Canada being the primary destinations, according to a report co-released by China Economic Weekly and the China Mining Association at the China Economic Forum. The investment amount of inbound M&A deals totaled USD34.5 billion in 2013, a decrease of 8.1% year-on-year. With a market share of 24.7%, the real estate sector was the most popular.

- Two Hong Kong asset management firms – China Shenghai Investment Management and Citic Securities International Investment Management (HK) – have agreed to pay USD10.9 million to settle charges by the U.S. Securities and Exchange Commission (SEC) of insider trading before a bid by CNOOC for Canadian oil firm Nexen. CNOOC announced in 2012 that it agreed to acquire Nexen for USD15.1 billion in what became China's biggest foreign takeover bid. Shares of Nexen climbed almost 52% on that day.

PETROCHEMICALS

COSL expects deep-water revenue boost

China Oilfield Services (COSL), China's dominant provider of offshore drilling services, expects more work and a greater contribution from more capital-intensive deep-water jobs will lift revenues this year. But the company warned that the subdued outlook for oil prices will constrain the upside for drilling rates. Chief Executive Li Yong said this year's drilling rates at its largest customer, sister firm CNOOC, were flat, while those for some higher-end overseas jobs would see slight increases. Investor and Public Relations Manager Helen Wu said COSL expected deep-water operations to account for 20% to 25% of this year's total revenues, up from 17% last year, after adding four deep-water rigs that attract higher drilling rates but also higher depreciation expenses since 2012. CNOOC, which accounted for about 60% of COSL's revenue last year, said on January 20 that it planned to lift its spending on exploration and the development of new wells by 16% to 33% this year, after a 24% rise last year excluding spending by newly acquired Nexen in Canada. Twenty-eight analysts polled by Thomson Reuters estimated that COSL would post a 33% rise in net profit to CNY6.1 billion when it reports its results in March. But Sanford C. Bernstein Senior Analyst Neil Beveridge projected profit growth of only 3% this year and 11% next year, saying rising costs and pressure on drilling rates would crimp profit margins.

- Sinopec said it is cooperating with Hong Kong authorities in an anti-graft probe and would not tolerate any illegal or corrupt conduct. It added that operations were not affected and it considered the inquiries to relate to the “individual conduct” of unspecified staff, according to a company statement. The inquiry relates to kick-backs over petrol stations in Kowloon. Sinopec runs 42 filling stations in Hong Kong.

- China has taken a more proactive role in trying to end the fighting in South Sudan, one of its main oil suppliers, suggesting Beijing is strengthening political engagement with African nations, observers say. China imported about 14 million barrels of crude oil from South Sudan in the first 10 months of last year, about 80% of the country's total exports, and has more than 100 registered enterprises in the African nation.

RETAIL

Gold sales boom in Hong Kong ahead of Lunar New Year

Hong Kong jewelry stores saw robust gold sales in January, stoked by demand for gold horses before the Year of the Horse. Gold horses were getting a better welcome than the reception given to gold reptiles last year in the Year of the Snake, jewelers said. “Horses are regarded as the symbol of energy and health to the Chinese,” said Lau Hak-bun, Chief Operations Director at Chow Sang Sang. “People like to wear accessories or have golden ornaments of horses.” The jewelry store chain said it saw a 15% to 20% increase in sales volume for January compared with last year. Wong Wai-sheung, Chairman of Luk Fook, said he also expected single-digit growth rates for gold sales in the month. Tak Sang Jewelry and Goldsmith said its gold sales rose 5% in the period. Investors and consumers are looking to take advantage of falling gold prices, down 23.3% from a year ago, in anticipation of the U.S. Federal Reserve's tapering of quantitative easing in financial markets. Hang Seng Investment Services anticipated gold prices would rise steadily to USD1,300 to USD1,400 an ounce by the end of the year. In the prime shopping areas such as Hong Kong’s Causeway Bay, more than 60% of the gold purchases were from mainland visitors.

SCIENCE & TECHNOLOGY

Ice breaker Snow Dragon continues its mission

After a 12-day voyage from a dock at Victoria Land, a few kilometers from the site of its rescue operations for a stranded Russian research ship, Chinese ice breaker Xue Long (Snow Dragon) finally arrived near the Antarctic Great Wall Station to begin offloading supplies as part of its mission. The Ukraine-made 15,000-ton ice breaker, purchased by China in 1994, made headlines for helping in the rescue of Akademik Shokalskiy, which became trapped in ice in the Southern Ocean, off Antarctica’s southern coast. Next, the Snow Dragon will arrive in the Argentinian port of Ushuaia for supplies on February 4, where a new 20-member team will join the expedition.

STOCK MARKETS

Shaanxi Coal up on trading debut

Shaanxi Coal Industry Co rose nearly 14% in the trading debut of China’s largest initial public offering (IPO) since the IPO market resumed last month. Its shares jumped 44% to CNY5.76, from its IPO price of CNY4, in early morning trading before being suspended under the Shanghai Stock Exchange’s circuit breaker rule that allows shares to rise or fall 44% on the debut day. As trading resumed with five minutes to go before the end of trading hours, Shaanxi Coal gave up some of its gains, closing 13.75% higher from its IPO level. The gain in its share price was in line with the rally of other recent new listings, many of which had leapt the maximum allowable 44% on their trading debut, analysts said. But the plunge after trading resumed also meant investors were cautious at a time China’s coal industry is facing weakening demand amid deteriorating air quality. Shaanxi Coal, China’s third-largest listed coal miner, raised CNY4 billion in the Shanghai share offering, the biggest in China since regulators lifted a 14-month freeze on IPOs late last year.

Online retailer JD.com preparing U.S. IPO

China’s second-largest online retailer JD.com aims to raise USD1.5 billion in an initial public offering (IPO) in the U.S., according to a filing to the U.S. Securities and Exchange Commission (SEC), making it the largest IPO of a Chinese internet company in the U.S. so far. JD.com, founded by Chairman Richard Liu only ten years ago, had 35.8 million customer accounts by the end of the third quarter of last year, three times the number it had just two years ago. In the same period, it achieved a net revenue of CNY49.6 billion. After two years of losses, the company said it registered a profit of CNY60 million in the first three-quarters of last year. The company said it would use the funds raised to “acquire land use rights, build new warehouses and establish more delivery stations”. It currently operates 82 warehouses and 1,453 delivery stations across China. JD.com has received USD1.7 billion in private equity funding over the last two years, Asian Venture Capital Journal reported. The most prominent investor is the Saudi billionaire Prince Alwaleed bin Talal, who invested USD400 million in February last year. His Kingdom Holding concern owns about 5% of the company prior to the listing. Founder Liu held about 46.2% of the shares, according to the filing. Chinese companies raised USD907 million by listing in the U.S. last year, more than five times the 2012 total, the South China Morning Post reports.

- China is accelerating approval for foreign investors to tap the domestic securities market. In January, China allocated USD1.7 billion in fresh quotas to Qualified Foreign Institutional Investors (QFII), a surge from USD450 million in December, according to the State Administration of Foreign Exchange (SAFE). The total approved quota under the QFII program amounted to USD51.4 billion. The total number of QFIIs has reached 235.
- Shuanghui International, China’s biggest pork producer which acquired Smithfield Foods for USD4.7 billion last year, has added another 10 underwriting banks – including JPMorgan and Credit Suisse – to the syndicate for its ongoing USD5 billion Hong Kong initial public offering (IPO). It will be listed under the name of WH Group. Bankers in Hong Kong are putting much emphasis on the Shuanghui offering which could be one of the largest deals this year.
- Almost 100 Hong Kong-listed companies have warned of either losing money or recording significant declines in profitability for last year, filings to Hong Kong Exchanges and Clearing since November last year show, about 13% fewer profit warnings than in the same period last year, when 115 companies issued such alerts. Firms are constrained by weak overseas demand that is recovering only slowly and by China's flat economic growth.
- The Shanghai Stock Exchange (SSE) should further open up by taking such steps as inviting foreign companies to list yuan-denominated bonds on the bourse, Chairman Gui Minjie told a work conference. Another focus of the SSE's work this year will be to expand the blue-chip market, which is too small in scale and financing ability, according to Gui.
- The U.S. Securities and Exchange Commission (SEC) dropped its action against accountancy firm Deloitte Touche Tohmatsu to acquire the records of Longtop Financial Technologies, which it was investigating for possible fraud. Deloitte’s China arm refused to hand over the records, saying it was forbidden under China’s broad state secrets laws to disclose information about its clients. The SEC said it had recently received “a substantial volume of documents called for by its subpoena,” including Deloitte China audit work papers and other documents related to Longtop.

TRAVEL

Chinese tourists cancel trips to Thailand

Chinese visitors canceled trips to Thailand during the Lunar New Year holiday due to the anti-government protests that have shut down parts of Bangkok. China warned its citizens to avoid protest sites and rethink non-essential travel. Thai Prime Minister Yingluck Shinawatra imposed a state of emergency in Bangkok on January 22 as attacks on protesters escalated and demonstrators blockaded Bangkok's busiest intersections. Bangkok attracted almost 4.2 million visitors from the mainland, Hong Kong and Taiwan last year, a 46% jump from the year before. About 300,000 Chinese tourists traditionally visit the country during the Lunar New Year holiday. Singapore Airlines will cancel 43 flights between Singapore and Bangkok between January 14 and February 27, and Thai Airways International plans to scrap 25 flights between Hong Kong and the Thai capital. Tourist arrivals will decline by 7.3% to 6.5 million in the first quarter compared with a year earlier, the Thai Tourism Council said.

- High-speed train passengers will soon be able to enjoy Wi-Fi service during their trips. Wi-Fi access will first be available on trains running on the route linking Chengdu and Chongqing, said Duan Shiping, Executive of one of the developers, Beijing Feitian Technology Co. Whether the service will be free of charge wasn’t disclosed.

- Premier Li Keqiang encouraged aviation researchers to upgrade their design and manufacturing capabilities to become globally competitive. He made the remarks during an inspection tour of the First Aircraft Institute under the Aviation Industry Corp of China in Xian. The Premier highlighted the role of innovation in the upgrade of high-end equipment, and he said China's aviation development must "follow its own way".
- The cost of returning home for Spring Festival is a deterrent, according to a recent survey. 80% of respondents to an online survey by Yangcheng Evening News and Ycwb.com said the costs involved in making the trek home were more than their monthly salaries. About 30% opted not to return home and 25% said the reason came down to cost.
- As Antarctica becomes a "hot" destination for Chinese tourists, calls are mounting for Beijing to draw up regulations governing tours to the sensitive region. When a group of more than 100 Chinese tourists visited the Antarctic Great Wall Station on King George Island close to Chile over the Lunar New Year holiday, the research installation was barely able to cope while scientists went about their business, Xinhua reported.

VIP VISITS

China and EU to boost trust

China and the European Union pledged to strengthen political trust and enhance cooperation, after State Councilor Yang Jiechi and EU Foreign Policy Representative Catherine Ashton held a two-hour High-level Strategic Dialogue meeting in Brussels. "This year, Europe will be in China's diplomatic spotlight," said Feng Zhongping, Vice President of the China Institute of Contemporary International Relations. The EU has emerged as a major investment destination for Chinese companies, as it can offer experience as China deepens reforms and quickens urbanization, he said.

ONE-LINE NEWS

- A court in Kenya imposed a record sentence on a Chinese ivory smuggler, the first person to be convicted under tough new laws designed to stem a surge in poaching. Tang Yong Jian, 40, was ordered to pay USD230,000 or go to jail for seven years. He was arrested carrying an ivory tusk weighing 3.4 kilograms in a suitcase while in transit from Mozambique to China via Nairobi.
- The national rate of invention patent ownership per 10,000 people had reached 4.02 by the end of last year, according to a recent meeting of intellectual property officials nationwide. Patent pledges totaled CNY25.4 billion in 2013, up 80% year-on-year. Some 530 companies used patent insurance to protect their 1,855 patents, with a combined value of CNY6.4 million.
- Franshion Properties (China), the real estate arm of Sinochem Group, agreed to pay CNY10.1 billion for a 96,429-square-meter plot in Shanghai's Zhabei district, or a gross floor area price of CNY47,609 per sq m. "It's the second-most expensive plot ever sold in Shanghai by per square meter price and also the most costly residential land sold in three years in both Shanghai and the country," said Zhan Zhenhua, Analyst with China Index Academy.

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