法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 30 APRIL 2012

FCCC ACTIVITIES

FCCC Industrial fact-finding trip to Shandong province (21-24 May 2012)

Many Flemish companies in China are continuing to focus on a small number of large, well-known cities, like Beijing, Guangzhou, Shanghai and Shenzhen. However, numerous member companies are encountering mature, increasingly saturated markets with limited growth opportunities in these locations and finding themselves facing mounting competition, both from foreign rivals and from increasingly sophisticated Chinese companies.

The FCCC's 's strategy is to give our members a better insight into business opportunities in second- and third-tier cities.

The FCCC has a strong network in China thanks to partnerships and investments by our founding members in several cities.

We would like to organize an industrial fact-finding trip to Shandong province with a limited group of companies, to become better acquainted with the area and meet potential partners and senior officials. The mission will start from Beijing and take in the cities of Jinan, Qingdao and Weihai.

Shandong is China's third most populous province and also has the third-highest GDP. It offers attractive opportunities for business in the following sectors: food and agriculture, infrastructure, energy, minerals and chemicals, renewables and the environment, advanced engineering, professional services, retail and consumer goods. In short, all major industries are represented in Shandong, and its broad range of industrial and commercial activity offers great potential prospects for Flemish businesses in many sectors.

During the visit, participants will gain a clearer picture of the trade- and investment-related advantages of Shandong's various cities and development zones. Furthermore they will be given access to senior Chinese officials and meet European entrepreneurs who have already invested in these areas and potential Chinese business associates.

The dates for the visit to Shandong province are **21 to 24 May 2012**.

Please send us any comments you may have and **let us know** whether or not your company would be interested in taking part in this focused industrial fact-finding mission, by sending an e-mail to gwenn.sonck@flanders-china.be. We will send you the programme and a subscription form as soon as we have evaluated the interest in such a visit.

Please do not hesitate to contact us if you require more information.

Business lunch Intellectual Property Rights in China, 22 May 2012, Brugge

he Governor and Vice Governors of the Province of West Flanders are organizing a business lunch “Intellectual Property Rights in China”, on Tuesday, 22 May 2012, from 11.30 h. till 14.30 h. at Provinciaal Hof, Markt 3 in Brugge.

The Province of West Flanders has a cooperation of more than a decennium with the Chinese province of Zhejiang, aiming to strengthen the position of West Flanders in the global economy by actions in the fields of economy, education, and agriculture. Together with the POM West Flanders, VOKA and the Flanders-China Chamber of Commerce, the province is organizing the business lunch “Intellectual Property Rights in China”. The aim is to bring together the economic and academic circles in West Flanders to determine the opportunities for research and internships in China.

Programme:

11.00 h.	Registration of the participants.
11.30 h.	Welcome by Mr. Carl Decaluwé, Governor of the Province of Wets Flanders
11.31	General introduction to intellectual property rights in China by Mr. Raphaël Bailly, De Wolf & Partners
	Intellectual Property Rights in China: a foucsed case study by Mr. Peter Waumans, European Law Matrix
	IPR Helpdesk EU: Introduction to services by Mr. Philippe Healey, IPR Helpdesk EU
	Educational institutions call on enterprises for sustainable cooperation on research and internships in China
14.30 h.	Concluding remarks by Mr.Gunter Pertry, Vice Governor for Education

Participation fee: €50 euro
Registration before 15 May 2012 via the registration form. Confirmation and an invoice will be sent. After receipt of payment, registration is final. More information:
Kristien Vandamme Tel: +32-50-403359 Mobile: +32-497051869
E-mail: kristien.vandamme@west-vlaanderen.be

Visit to Great Wall Motor Co, 5 June 2012, Baoding, Hebei Province

The Province of East Flanders and the Province of Hebei have a longstanding cooperation and are sister provinces. The Province of East Flanders is also an important structural partner of the Flanders-China Chamber of Commerce (FCCC). On June 5, 2012, a delegation led by Vice Governor De Buck will visit Great Wall Motor Company, located in Baoding, Hebei Province.

Great Wall Motor Company Limited is a large multinational company, the first private whole vehicle automaker listed on the Hong Kong Stock Exchange. With more than 30 subsidiaries and 28,000 employees, it is capable of producing 500,000 whole vehicles per year that fall into three categories of HAVAL SUVs, Voleex sedans and Wingle Pickups & MPVs.

The Province of East Flanders is inviting company representatives to take part in this visit in order to give the opportunity to introduce your company to Great Wall Motor Company at the highest level. If you are interested to join this visit, please inform us before 16 April 2012 by sending an e-mail to : gwenn.sonck@flanders-china.be. This visit is organized with the support of the Flanders-China Chamber of Commerce (FCCC).

FCCC NOTICE

Flanders-China Chamber of Commerce change of address

As from March 1, 2012, the Flanders-China Chamber of Commerce temporarily moved its offices to Voldersstraat 5, 9000 Gent. Our new telephone numbers are:
T : +32 9 264 84 86/82
F : +32 9 264 69 93

This change takes place In the framework of the China-platform, which is a cooperation between Ghent University, the Province of East Flanders and the Flanders-China Chamber of Commerce. Both are also structural partners of the FCCC.

OTHER ACTIVITIES

EU-China Urbanization Partnership, 3 May 2012, Concert Noble, Brussels

The Friends of Europe is organizing a high level conference entitled ‘EU-China urbanization partnership’ at the Concert Noble in Brussels on Thursday, 3 May 2012 from 09.00 h. to 14.30 h. Join **Li Keqiang**, Vice Prime Minister of the People’s Republic of China and a few hundred key stakeholders from business, cities, institutions, governments, academia and civil society of Europe and China, as well as the international press to discuss EU-China cooperation on urbanization.

The launch of the EU-China Partnership on Sustainable Urbanization has added a practical and dynamic new element into EU-China relations. Given the array of challenges they face in adapting to the urban century, China and Europe have a strong interest in working together to build better cities. The high-level conference will allow European and Chinese stakeholders to discuss win-win solutions in sustainable city planning and urban infrastructure and mobility.

SPEAKERS:
- **Li Keqiang**, Vice Prime Minister of the People’s Republic of China
- **Günther Oettinger** European Commissioner for Energy
- **Guo Jinlong**, Mayor of Beijing, China
- **Ilmar Reepalu**, Mayor of Malmö, Sweden
- **Zhang Lijun**, Vice Minister of Environmental Protection, China
- **Klaus Wowereit***, Mayor of Berlin, Germany
- **Chen Yuan**, Governor of the National Development Bank, China
- **Qiu Baoxing**, Vice Minister of Housing and Urban Rural Development (MOHURD), China
- **Jan Olbrycht MEP**, Chairman of the European Parliament Urban Intergroup

The high-level conference will be co-moderated by **Xu Xianping**, Vice Minister of the National Development and Reform Commission (NDRC), **Philip Lowe**, European Commission Director General for Energy, **Giles Merritt**, Secretary General of Friends of Europe and **Shada Islam**, Head of Policy of Friends of Europe.

Programme:
Please download the programme or visit the website at www.friendsofeurope.org for regular updates on speakers and the full programme.
- Session I: EU-China cooperation on urbanization
- Session II: Sustainable city planning
- Session III: Urban infrastructure and mobility

Languages: simultaneous interpretation English – Chinese (Mandarin)

Register online: download the registration form for non Friends of Europe members or REGISTER ONLINE. The registration will be confirmed by a separate e-mail.

Partners: The high level conference is organized by the National Development and Reform Commission, Friends of Europe, the Committee of the Regions and the European Economic and Social Committee, with media partner Europe’s World.

Friends of Europe is an independent think tank for EU policy analysis and debate**:** Bibliothèque Solvay, Parc Léopold, 137 rue Belliard, 1040 Brussels Tel: +32-2-7391581 Fax: +32-2-7387597 www.friendsofeurope.org

PAST EVENTS

Hannover Messe 23-27 April: Partner Country China, exciting opportunities for FCCC members

Through its membership of the EU-China Business Association, the Flanders-China Chamber of Commerce offered its members an exclusive opportunity to participate in the Hannover Messe from 23-27 April.

Hannover Messe is a leading global trade fair embracing the whole spectrum of technological and engineering expertise from around the world. China was the Partner Country this year. FCCC members were able to benefit from a range of first-class opportunities as a co-exhibitor on the joint DCW-EUCBA stand ‘Doing Business with China’. They had also high-profile sponsorship and speaking opportunities in a number of China-related events, including ‘Invest in China' and 'EU-China Business & Technology Forum'.

Annual Flanders-China Job Fair, 26 April 2012, Leuven

The Flanders-China Chamber of Commerce (FCCC) and Group T-International University College Leuven organized the Annual Flanders-China Job Fair at Vesalius Campus in Leuven.

Several Belgian companies were able to introduce themselves to more than 100 Chinese students and had successful discussions on the possibilities in future company projects, internships, longer-term learning tracks and/or future job opportunities.

This event was organized with the support of Flanders Investment & Trade.

Via Hong Kong to China: A KBC and Deloitte testimonial, 23 April 2012, Het Pand, Gent

Many Belgian companies pursue business opportunities in China using Hong Kong as their gateway to the Mainland. Financing and tax considerations are probably the two most important drivers that are considered when opting for this setup. Therefore the Flanders-China Chamber organized a seminar with testimonials of professionals on the ground from KBC Bank and Deloitte.

Mr Coen Ysebaert, Partner of Deloitte Belgium and Chinese Services Group Leader, gave us an introduction about Deloitte in Asia and Mr Jason Lee, CEO of KBC China, introduced to KBC in Asia.

During the first part, Mr Koenraad Van de Borne, Head of the European Network Desk of KBC China, gave a clear view on the critical success factors and the banking perspective in Mainland China. Mr Gerd De Vuyst, Director Audit and Enterprise Risk Services of Deloitte China, showed what the current financial and business risks are in China.

After a short break Mr Jo Vander Stuyft, First Vice President European Desk – Corporate Banking of KBC Hong Kong, explained how we can use Hong Kong as our gateway to China. He also gave us an insight on the internationalization of the RMB. Mr Wouter Claes, Managing Director Belgium Tax Services of Deloitte Hong Kong, concluded this interesting seminar with a presentation on the relevance of Hong Kong for Asia bound investments from a tax perspective.

This seminar was organized with the support of Flanders Investment & Trade.

Unlocking the Middle Kingdom: The keys to success in China's developing tax landscape, 3 April 2012, Gent

The Flanders-China Chamber of Commerce organized an interesting meeting on China's tax legislation. Mr Simon Tan, Tax Partner Deloitte and Mr Coen Ysebaert, Tax Partner Deloitte and Chinese Services Group Leader showed how your organization can adapt quickly to the challenges and opportunities offered in this changing tax environment.

Mr Simon Tan, Tax Partner Deloitte also presented a practical insight into managing China tax risks, availability of tax incentives, challenges for cash repatriation, opportunities for managing ETR and many other important aspects of China's tax environment.

This seminar took place at The House of the Province of East Flanders and was organized with the support of Flanders Investment & Trade.

Sino-Belgian Business Survey: Results & panel discussion, 15 March 2012, Living Tomorrow, Vilvoorde

Moore Stephens Verschelden, the Flanders-China Chamber of Commerce (FCCC) and Flanders Investment & Trade organized an interesting meeting about the Sino-Belgian Business Survey. Through the results of 15 simple yet crucial questions we took the temperature of the Belgian business conditions. During this meeting we found out how our Belgian companies perform in China and what the greatest opportunities and threats are that lie ahead of us.

The presentation was followed by a panel discussion with Sino-Belgian business leaders such as Mr Stephan Csoma, Senior Vice President Government Affairs of Umicore and Member of the Board of Directors of the Flanders-China Chamber of Commerce, Mr Herman Van de Velde, CEO of Van de Velde, Mr Dirk Vyncke, Chairman of Vyncke Clean Energy Technology, and Mr Ivan Van de Cloot, Chief Economist Itinera Institute.

The complete results of the Sino-Belgian Business Survey can be downloaded via this link.

This meeting was organized with the support of Flanders Investment & Trade.

PUBLICATIONS

"Voices on China" (more information on the FCCC website)

For more information on the book "Voices on China", please go to the FCCC website at www.flanders-china.be

FINANCE

Chinese bank profits highest in four years

Chinese banks last year posted their highest profits in at least four years, despite a slight rise in bad loans for some in the fourth quarter amid a slowing economy. About 3,800 institutions in China, including policy banks, commercial, city and rural commercial lenders, earned about CNY1.25 trillion last year – up 39% year on year – according to the China Banking Regulatory Commission's annual report. Banks have come under fire recently for racking up fat profits while continuing to pay depositors meagre interest rates that do not even keep up with inflation. Banks' fee income contribution to overall income rose 2 percentage points to 14% last year. Net interest income contribution continued to increase, by 20 basis points, to 66.2%, due to a fall in treasury and other income. Bad loans, which came under scrutiny following a lending spree in the aftermath of the global financial crisis, continued to drop in both volume and ratio even though they rose slightly for some banks in the final quarter last year. Overall, non-performing loans (NPL) in China's banking system fell to CNY1.05 trillion at the end of last year. The non-performing loan ratio fell 0.66 percentage points to 1.77%. Even though the banks' total loan loss reserve, which is money set aside for potential bad loans, reached CNY1.19 trillion and the loan loss coverage ratio rose 60.4 percentage points to 278.1%, some analysts remain skeptical over whether banks are setting aside enough money for loans that may turn sour.

CDB sixth most profitable Chinese bank

China Development Bank (CDB), the financing arm for big infrastructure projects, posted a 22.9% rise in net profit last year to CNY45.6 billion. The bank's net profit figure makes CDB the sixth most profitable bank in China, behind the five biggest banks deemed "systemically important" by regulators, with earnings boosted by an increase in its financing margin. CDB said its non-performing loan ratio dropped to 0.4% at the end of 2011 from 0.68% from a year ago. CDB, which has a sovereign status in the onshore bond market, had a net interest rate gap of 204 basis points in 2011, up from 185 basis points in 2010, as it raised low-cost funds from the interbank system and lent heavily to government-backed projects such as roads and railways. CDB is the second-largest bond issuer in China's interbank market, next only to the treasury, accounting for 20.8% of total bonds issued last year. CDB, with CNY6.25 trillion in assets, is regarded as a policy bank that subordinates profitability to serving government interests, despite plans to make it a commercial bank. The bank is owned by the Ministry of Finance with 50.18%, Central Huijin Investment at 47.63%, and the national pension fund with 2.19%.

Private lending center set up in Wenzhou

A center that will monitor and act as a clearinghouse for private lending opened in Wenzhou, Zhejiang province, under a 12-point pilot plan to reform the city's financial industry. The center is intended to bring Wenzhou's huge, unquantified "shadow banking" system under control. It has CNY6 million in registered capital and 22 investors. The center will disseminate private lending related information, register private loans, provide credit ratings, and rent office space to private lenders. The center aims to make private lending traceable and prevent a build-up of risks, said Zhou Dewen, Chairman of the Wenzhou Small and Medium-sized Enterprises Development Association. There is no authoritative figure for the scale of private lending in Wenzhou because everything's done underground, Zhou said. Last year some entrepreneurs fled after being unable or unwilling to repay debt bearing usurious rates of up to 90%. Many entrepreneurs in Wenzhou turned to private lending last year when state-owned banks cut loans to small and medium-sized enterprises amid credit-tightening measures by the central bank. The founding of the center was one of the 12 measures promised in a central government decision earlier this year to make Wenzhou a "pilot zone" for a series of financial reforms. The reforms also include allowing residents of the coastal city to invest privately overseas and set up loan companies. Wenzhou will also set up a finance supervision bureau and crack down on irregularities in the financial industry. The plan calls for Wenzhou to have at least 30 rural financial institutions and 100 microcredit companies with CNY40 billion in net assets by the end of 2013, the China Daily reports.

BOC's profit growth decelerates

Bank of China's profit growth decelerated to 10% in the first quarter to CNY36.8 billion. The bank advanced CNY247 billion of new loans in the first quarter, 17% less than a year earlier. Profit growth declined from 10.8% in the previous quarter and 28% a year earlier. Net interest income rose 13.2% to CNY60.6 billion during the quarter, while the loan margin stayed unchanged at 2.11%. Net fee and commission income, from businesses such as trade finance and custodial services, gained 13.8% to CNY21.2 billion. Bank of China's non-performing loans, or those overdue for at least three months, rose by CNY665 million to CNY63.9 billion at the end of March, and amounted to 0.97% of total loans. The bank's capital-adequacy ratio (CAR) narrowed in the quarter to 12.8% as of March 31, from 12.97% at the beginning of the year. The core-capital-adequacy ratio stood at 9.97%. BOC was the only lender from China to be included on a provisional list of 29 systemically important financial institutions published in November by the Financial Stability Board, a body set up by the G20 group of nations.

- China Minsheng Banking Corp said its first-quarter profit rose 47.7% year on year to CNY9.17 billion. The impressive growth was driven by interest income, which rose 56.1% in the period to reach CNY35.86 billion, while fee income from the wealth management business rose 78.13% to CNY5.44 billion.
- Beijing may first relax controls on borrowing costs and widen the "range" for deposit rates as part of changes to financial industry rules, said People's Bank of China Governor Zhou Xiaochuan. The government is waiting for a consensus to emerge among officials and for a suitable time to act, as adjustments have been complicated by inflation and capital inflows, he told Caijing Magazine in a recent interview.
- China Investment Corp, the Chinese sovereign wealth fund, has received a further USD50 billion in capital from the government. CIC has more than USD400 billion under management, according to its 2010 annual report, which is the most recent. In 2010, CIC earned 11.7% on the money invested abroad. The fund is looking to invest more in China, in spite of the fact that it was established explicitly to invest money abroad.
- Banks are charging almost 2 percentage points less for yuan-denominated loans in Hong Kong than in China. Standard Chartered's one-year interbank offered rate for yuan stood at 3.2%, 193 basis points less than the 5.13% for the one-year Shanghai interbank offered rate and less than half of the central bank's best lending rate. "This will be the year when dim sum loans really start to pick up," Wilson Wan at BOCI Asia said. The lack of a reference rate has been one of the biggest inhibitors to growth of the loan market, according to the Asia-Pacific Loan Market Association (APLMA).
- Insurers must move quickly to take advantage of the challenges and opportunities of the aging Chinese population, according to a report by The Boston Consulting Group and Swiss Re entitled "From Silver to Gold: How Insurers Can Capitalize on Aging in China". As early as 2015, China's working age population — those who are 15 to 59 years old — will begin to decline. The segment of people 60 years of age and above will grow rapidly from about 165 million in 2010 to as high as nearly 440 million by 2050, accounting for roughly 34% of the population.
- The State Administration of Foreign Exchange (SAFE) reported that capital inflows fell by 56% year on year to USD49.9 billion in the first quarter, leading to a smaller increase in foreign reserves. This in turn could ease the pressure on the yuan to

strengthen further.

- The China Banking Regulatory Commission (CBRC) reported there were CNY1.05 trillion of non-performing loans (NPLs) in the banking system at the end of last year, a figure which some analysts say is probably understated. China recovered only 21% of some CNY1.4 trillion of bad loans it sold after removing them from its top four banks in 1999, compared to the 60% recovery by the United States during its savings and loans crisis in the 1990s.
- Industrial and Commercial Bank of China (ICBC) has posted its slowest profit growth in three years. Net profit rose 14% to CNY61.3 billion year on year. The bank said loans to strategic emerging industries would double compared to last year and those to advanced manufacturing would increase to 25% of total loans. The bank's fee income rose 10.4% year on year to CNY28.6 billion, which was lower than analysts had expected.
- Shanghai-based Bank of Communications (BoCom) reported a 19.6% increase in net profit for the first quarter of this year, earning CNY15.88 billion. But the net interest margin decreased 2 basis points from a quarter earlier to 2.6%. For the first three months, BoCom's interest income rose 19.5% to CNY28.37 billion as the net interest margin grew 9 basis points year on year. Its fee-based income jumped 21.9% to CNY6 billion.

FOREIGN TRADE

Foreign trade growth expected to slow down

China has lowered its foreign trade goal. It expects foreign trade to increase by 10% a year and be worth USD4.8 trillion by 2015. The plan did not set specific goals for exports and imports. During the 11th Five Year Plan (2006-10), foreign trade went up by 15.9% a year on average. China's trade with developing countries, meanwhile, is expected to go from 53% of its total trade to 58% by 2015. To increase exports, the government will consider reforming its tax rebate system. The plan also encouraged domestic enterprises to move into the upstream of the supply chain. Enterprises are encouraged to take on more clout in the international pricing of energy, resources and commodities.

China to build 10 TCM trading centers

China will build 10 traditional Chinese medicine trading centers worldwide by 2015 to promote TCM abroad. Key tasks include fostering TCM talents, supporting scientific innovations and developing a statistics system for the TCM trade. Currently, China exports its TCM services, such as TCM training and medical treatments, to 160 countries and regions worldwide. The total trading volume of TCM services is nearly CNY2.5 billion, said Wang Guoqiang, Director of the State Administration of Traditional Chinese Medicine. China has 36,000 institutes involved in TCM medical services, research and training, 803,000 certified TCM teachers and 15,000 people involved in new technology research and development of TCM.

Almost no growth in business at Canton Fair

Growth in transactions at the Canton Fair has slowed. They totaled USD8.5 billion in the first phase of the fair, up just 1.1% over the previous session. The fair's first phase, which ran from April 15 to 19, focused on consumer electronics, home appliances, lighting, motorbikes, cars and car parts, machinery, hardware, construction materials, sanitary products and chemicals. "We are facing declining exports due to weak demand from buyers from traditional markets," said Liu Jianjun, Spokesman for the Canton Fair. At the ongoing second phase of the fair, the number of buyers from Europe and the United States has declined a lot, according to Liu. The EU remained China's largest trading partner in the first quarter, though bilateral trade growth was just 2.6% year-on-year at USD126.87 billion. China's trade with the U.S. increased 9.3% to USD106.77 billion. China's exports rose 7.6% in the first quarter to USD430 billion.

- The time is ripe for establishing a Free Trade Area among China, Japan and South Korea, officials and experts said, but talks have not started yet, said Zheng Xinli, Vice Chairman of the China Center for International Economic Exchanges. In March, Minister of Commerce Chen Deming said the negotiations may start as early as May, when officials from the three countries are to meet in Beijing.

MACRO-ECONOMY

China's economic growth expected to slow down

China's economic growth will slow to anywhere between 7.5% and 8.5% this year, a marked slowdown from the 10.3% average in the past decade, according to Moody's Investors Service. The credit rating agency said the government's Aa3 foreign and local currency bond ratings remained the same as did its “positive” rating outlook even though the euro-zone recession was dragging on. The rating – the same as Belgium, Chile, Japan and Saudi Arabia – is based on favorable medium-term economic growth prospects and the central government's ample fiscal headroom to manage contingent risks in the banking system, it said. Moody's forecast on China's gross domestic product (GDP) growth this year compares with the 8.1% to 8.6% range predicted by seven brokerages polled by the South China Morning Post. GDP in the first quarter tapered off to 8.1% year on year from an 8.9% rise in the fourth quarter of last year. Moody's said the central government's decision to launch a new wave of financial reforms was necessary to sustain economic growth for the rest of the decade. Recent reform initiatives included a pilot scheme to legalize private financing firms to lend money in Wenzhou; widening the U.S. dollar-yuan trading band; and tripling the quotas available for institutional investors looking to sink cash into the securities market. Credit ratings agency Fitch said U.S. manufacturers recorded slower growth in China in the first quarter.

- China’s manufacturing sector could contract for a sixth consecutive month in April, but at a slower pace because of easing steps by the government, HSBC Holdings said. The HSBC Flash Purchasing Managers Index increased to 49.1 in April from 48.3 in March, showing a rebound in real economic activity. New export orders rose to 49.8, the highest in three months, compared with 47.7 in March.
- China's foreign reserve holdings dropped by USD4.69 billion from February to March, according to the People’s Bank of China (PBOC). In the first three months, the holdings increased to USD3.3 trillion from USD3.18 trillion at the end of December. “The fall in reserves in March was probably due to losses in euro-denominated assets because the euro weakened against the U.S. dollar,” said Li Jie, Director of the Foreign Reserves Research Center at the Central University of Finance and Economics.
- Industrial output grew by 11.6% year-on-year in the first quarter of 2012, the slowest growth since July 2009, according to figures released by the National Bureau of Statistics (NBS). The Ministry of Industry and Information Technology (MIIT) said in December it would set an industrial output growth target of about 11% for this year, the same goal as for 2011 when production actually expanded 13.9%.
- China's industrial companies' profits climbed 4.5% year on year last month to CNY438.9 billion on stronger demand. For the first three months, profits were down 1.3% at CNY1.04 trillion.

MERGERS & ACQUISITIONS

Majority stake in hot pot chain for sale

Private equity firm Actis, a spin-out of the British government's investment agency Commonwealth Development Corporation, is selling its majority stake in Xiabu Xiabu Catering Management, a hot pot restaurant chain. It bought the stake for USD50 million in 2008 and is trying to sell it for more than USD150 million. The sale is considered a rare opportunity for foreign investors to obtain control of a household-name restaurant brand in China. Actis has hired investment banks to advise it on the sale, which is considered still in the early stages, as no formal bids have come in. One of Xiabu Xiabu's main competitors in China is Little Sheep, which was listed in Hong Kong and taken over this year by U.S. fast-food restaurant Yum! Brands, the owner of Pizza Hut and KFC. Little Sheep's early investors included two private equity funds – British investor 3i Group and China-focused Prax Capital. They both made more than three times their original investment in Little Sheep when they cashed out. Xiabu Xiabu was founded by a Taiwanese businessman in Beijing in 1998 and has expanded aggressively in the past few years. Xiabu Xiabu currently runs more than 240 restaurants around the country and aims to expand its restaurant network to the rest of the world. A typical meal at Xiabu Xiabu costs about CNY30 per person, which is similar to McDonald's.

PETROCHEMICALS

Asset injection no solution for unprofitable refining

Sinopec Group may inject only as much as half of its global oil and gas reserves into Sinopec Corp as it holds on to assets in volatile countries such as Syria, far from enough to cut the unit's exposure to unprofitable refining at home. Fu Chengyu, who became Chairman of both companies a year ago, said last month that China's largest refiner was seeking to buy more overseas upstream assets from its parent to boost oil and gas production and counter mounting losses from selling petrol and diesel at state-controlled prices. Sinopec Group has spent at least USD32 billion buying global assets in the past three years, including the USD7.24 billion purchase of Swiss explorer Addax Petroleum in 2009 to gain access to fields in West Africa and Iraq's autonomous Kurdistan region. It was China's biggest overseas acquisition. At least half of the group's overseas assets are in countries such as Syria, Argentina and Russia, where the reserves are either of poorer quality, too small or in areas fraught with high political risk, analysts say. “They will inject the ones that are not contentious. So they are not going to inject Syria, Iran and all of that,” said an energy banker with an international bank in Hong Kong. Sinopec made its first, and so far only, acquisition of overseas upstream assets in 2010 when it bought deepwater oilfields in Angola from its parent for USD2.46 billion. The parent's assets in North America, Brazil and Australia, and some of the assets held by Addax, may be targeted first, said Scott Darling, Director of Barclays Capital's Asia oil and gas research. The assets may boost Sinopec's oil and gas production by 40% to about 1.5 million barrels per day (BPD). Sinopec Group holds around 2.2 billion BOE of overseas proven reserves. Sinopec reported net profit growth of 2% last year, lagging behind the 29% gain posted by Chinese offshore oil producer CNOOC, which does not refine crude oil. Sinopec had a refining loss of USD5.9 billion in 2011 as increases in state-regulated fuel prices failed to keep pace with gains in world crude prices. Refining and sale of oil products accounted for 59% of Sinopec's operating revenue last year. Sinopec's 2011 oil and gas output was only a third of PetroChina's 1.29 billion BOE, while its refining capacity of 4.4 million BPD is about 60% bigger than PetroChina's 2.7 million BPD, the South China Morning Post reports.

PetroChina profit up 5.8% in Q1, but loss on oil refining

PetroChina posted a 5.8% year-on-year rise in first quarter net profit to CNY39.15 billion, as sharply higher profit from oil-and-gas production was mostly offset by widened losses in oil-refining and gas-import operations. Revenues increased 17.9% to CNY525.65 billion. Operating profit from oil-and-gas production surged 31.6% to CNY60.38 billion on the back of a 3.6% increase in oil output to 227 million barrels, and a 14.8% jump in the average crude-oil selling price, to USD105.48 per barrel. Natural-gas output grew 11.2% to 710.9 billion cubic feet, while the average selling price climbed 9.9% to USD4.87 per thousand cubic feet. The group's operating loss on oil refining and chemical production widened to CNY10.82 billion, from CNY3.69 billion in the year-earlier period. Fuel and chemical distribution's operating profit tumbled 21% to CNY6.06 billion, reflecting the weak global economy, and the operating profit for gas-distribution and pipeline operations dived 71% to CNY2 billion. “We expect refining margins to remain weak in [this year's first-half], despite the increases in product prices announced in the first-quarter,” said Sanford Bernstein Analysts Neil Beveridge and Lou Ying in a research report. They also expected that PetroChina's benefits from gas price increases in Guangdong and Guangxi this year would be offset by higher gas imports from Turkmenistan in Central Asia, which is a loss-making business because Beijing also kept domestic-gas prices below international levels. PetroChina Vice Chairman Zhou Jiping has said the group planned to raise gas imports to 28.2 billion cubic meters of gas this year, from 17.3 billion last year, the South China Morning Post reports.

- Offshore oil and gas producer CNOOC and its United States-based partner ConocoPhillips agreed to pay CNY1.68 billion to compensate for the ecological damage caused by oil spills in the Bohai Bay and to enhance environmental protection in the area. ConocoPhillips will pay CNY1.2 billion, while CNOOC will pay CNY480 million. The spills contaminated at least 5,500 square kilometers of water and affected many fish farmers in Shandong, Hebei and Liaoning provinces.
- Sinopec's first-quarter profit was hit by a sharply higher refining loss and much weaker

profit from chemicals. Net profit tumbled 35% year-on-year to CNY13.41 billion, despite revenues rising 14% to CNY671.37 billion. Operating profit from oil-and-gas production jumped 48.8% to CNY19.55 billion, thanks to a 4.5% rise in crude-oil output and an 11.8% rise in gas output. This was more than offset by an operating loss on oil refining of CNY9.17 billion, which compared to a loss of CNY0.58 billion in the year-earlier period.

REAL ESTATE

Property investment in Chongqing expected to slow down

Developers and investors are expected to slow their property investments in Chongqing because of the city's recent political storm, property consultancy Knight Frank said. “Investors will adopt a wait-and-see approach in the coming six to 12 months because of a change in state leaders,” said Thomas Lam, Director of Greater China Research at Knight Frank. “We don't see a property crash in Chongqing in the long run because it's still a very hot investment spot in China,” Lam said, adding that the province's property market is still positive and healthy. But Lam said political risks would affect the property market. Since Chongqing had previously launched incentives for investors, a change in the province's leadership could cast doubt on policy directions. Lam said the average price of a home in Chongqing dropped about 5% in the first quarter this year. Knight Frank expects a further 10% to 15% price correction for the mass residential market by the end of this year, with luxury residential flats in Chongqing likely to have a 10% price adjustment for the same period. Chongqing and Shanghai are the only two Chinese cities to have introduced the nation's first property tax for second-home buyers, a move to curb soaring property prices.

- China Vanke posted a 16% increase in first quarter profit to CNY1.4 billion, while revenue rose 30% to CNY10.3 billion. Vanke focussed on the mass market of first-home buyers rather than speculators to minimize the impact of government cooling measures. Vanke, with CNY39 billion of cash as of the end of March 31, will remain cautious about land acquisitions. Vanke's contracted sales fell 12.5% to CNY31 billion in the first three months from a year earlier.
- Garth Peterson, a former Morgan Stanley Executive, has pleaded guilty to conspiracy for his role in the transfer of a multimillion U.S. dollar interest in a Shanghai building to himself and the former Chairman of Yongye Enterprise, according to the United States Justice Department. Peterson led Morgan Stanley's effort to build a Chinese real estate portfolio. In federal court in Brooklyn, New York, Peterson pleaded guilty to conspiring to evade accounting controls. Peterson, who is scheduled to be sentenced on July 17, faces as long as five years in prison and a maximum fine of USD250,000.
- Most of the top 30 listed Chinese developers are posting record negative cash flows and debt ratios. 22 recorded a negative cash flow in the last quarter of 2011. The debt ratio of 13 developers has crossed 70%, while the unsold inventory turnover rate has shot up to an average of 1,667 days. A higher rate indicates the difficulty in selling property. In the 2008 property downturn, just seven of the 30 developers had reported positive cash flows.

RETAIL

Luxury retailer Coach ramping up sales in China

United States luxury retailer Coach aims to ramp up sales in China. Lew Frankfort, Chairman and Chief Executive, said the New York-based firm was on track to secure at least USD300 million in sales across the mainland, Hong Kong, Taiwan and Macao in its fiscal year to June. Sales surged 60% in the quarter to March from the same period last year. “We added five new locations [last quarter], all on the mainland,” Frankfort said. Coach now has 12 stores in Hong Kong, 3 in Macao and 70 on the mainland. Ten more stores are slated to open in the quarter to June.

- Fashion retailer Vancl was forced to pull a line of T-shirts featuring quotes by Premier Wen Jiabao from the shelves because they violated rules on depicting government leaders. Authorities planned to take action against Vancl, which is known for its edgy designs.

- An investigation found that some preserved fruit was processed in filthy factories and contained excessive additives. Preserved peaches were found packed in bags that had been used to hold animal feed, and hawthorn berries were soaked in a pool of water that contained garbage. A China Central Television (CCTV) report detailed illegal processes at 16 preserved-fruit companies, mostly from Hangzhou in Zhejiang province and some from Linyi, Shandong province.
- Shanxi provincial authorities have ordered Coca-Cola (Shanxi) to suspend production after confirming media reports that about 120,000 boxes of soft drinks produced at the Shanxi factory were tainted with chlorine. The move comes after Coca-Cola said less than two weeks ago that the allegations were false.

SCIENCE & TECHNOLOGY

HK scientists to assist in recovery of lunar rock samples

A team of Hong Kong scientists will join China's first lunar project by developing a device to recover samples of lunar rocks. Polytechnic University signed a contract with the China Academy of Space Technology on the research and development of a “surface sampling and packing system” for the third and final phase of the Chang'e lunar exploration program. The device will be used to collect samples of lunar rock in a mission expected to be completed in 2017. Professor Yung Kai-leung, Associate Dean of the Department of Industrial and Systems Engineering, will lead the research. Yung has helped produce sophisticated tools for previous space missions, including the development of a Mars rock corer for the European Space Agency's 2003 Mars Express Mission; forceps for Russia's Mir Space Station; and a soil preparation system for Phobos-Grunt, Russia's ill-fated expedition last year to one of the moons of Mars. Beijing divided the Chang'e project into three phases – orbiting, landing and returning – over two decades starting from 2003. The first phase has been completed and the second is expected to start next year.

China to extend more scholarships to foreign students

The Chinese Government Scholarship Program, established by the Ministry of Education, will increase full and partial scholarships to international students and scholars studying in China. “In the school year from 2012 to 2013, the scholarship investment will at least be CNY1.5 billion, said Zhang Xiuqin, Director of the Ministry’s Department of International Cooperation and Exchange. The average scholarship will increase to CNY60,000, up from CNY50,000 and more students will receive scholarships. Applicants can find information on the website of the China Scholarship Council (http://en.csc.edu.cn/), and apply for the scholarship at the Chinese embassy or consulates in their home countries. Those with full scholarships are exempt from tuition, accommodation fees and material cost, and receive living allowances, free medical services and settlement subsidies. According to the Ministry, 25,687 international students were studying in China under the Chinese Government Scholarship Program in 2011, an increase of 14.7% over 2010. The number of self-financed international students increased 10% to 266,924 in 2011. In 2010, the Ministry published a 10-year plan, setting the goal of attracting more than 500,000 overseas students to China by 2020, with 150,000 receiving higher education, the China Daily reports.

STOCK MARKETS

Insider trader Du Jun before Hong Kong's Court of Appeal

Former Morgan Stanley Managing Director and convicted insider trader Du Jun argued in Hong Kong's Court of Appeal that he had only traded shares based on his own research and had not used confidential information obtained from e-mails. Du, the biggest insider trader yet convicted in Hong Kong, is trying to overturn his insider dealing conviction in the District Court in September 2009, as well as a seven-year prison sentence and a HKD23.3 million fine. Insider trading has been a criminal offense in Hong Kong since 2003. In late 2006 and early 2007, Du was involved in helping his client, Citic Resources, to issue bonds to buy a Kazakhstan oilfield and to carry out oil hedging. As a result, Du received e-mailed updates about the deals from early 2007. Between February and April 2007, he bought Citic Resources shares nine times for a total of HKD87.1 million using his savings and HKD50 million in borrowed cash. When the deals were announced in May 2007, Citic Resources' share price rose sharply and Du made a HKD33 million profit. A month later, Morgan Stanley learned of his trading activity, sacked him and reported the case to the watchdog, the Securities and Futures

Commission (SFC). Du went to live in Beijing for a year and was arrested when he returned to the city to collect personal effects from his former office. He borrowed a huge amount to buy Citic Resources shares in 2007, which could be strong evidence that he conducted insider deals, the Court of Appeal heard. His lawyer, John Griffiths, said Du was not trading Citic Resources shares based on the information in the e-mails he received but “based on his own research as the market sentiment at that time was positive”. But Senior Counsel Charlotte Draycott, for the prosecution, argued Du had committed insider dealing as evidence showed his first purchase of Citic Resources shares was made very close to the time he received the e-mails about the deal. In addition, she said, Du spent HKD87.1 million on the shares, which included all his savings plus a loan of HKD50 million. His annual salary and bonus in 2006 amounted to HKD19 million. “The large sum shows he was very confident about the investment,” she said, adding that this confidence stemmed from the confidential information contained in the e-mails.

CSRC Chairman vows to clean up the market

The China Securities Regulatory Commission (CSRC) plans to delist underperforming companies and weed out irregularities. “Millions of investors suffer heavy losses every year and had to quit the market or halt share trading,” CSRC Chairman Guo Shuqing told a meeting with retail investors in Guangzhou recently. “This is not what the regulator wants to see and we must honestly let the public know our stance.” The strongly worded statement by Guo was seen as a message from Beijing that it will shore up liquidity following two years of sharp falls in the stock market. Since he was appointed to head the regulatory body in October last year, Guo has been actively seeking to revive the stock market, but his efforts have yet to pay off. In February, Guo, who was Chairman of China Construction Bank before taking up the top regulatory job, urged retail investors to buy blue-chip stocks and predicted an 8% annualized return on equity investment. Guo is tasked with maintaining market stability following heavy losses by retail investors, most of whom spent years of savings to invest in stocks. The People's Daily said in a commentary the stock market would become a dustbin if the regulator failed to throw out the bad companies. On the Shanghai exchange, daily turnover in the past 30 days averaged CNY80 billion, nearly one-third of the amount in 2007 as millions of investors lost their confidence in the market.

People.cn shares close 73.6% higher

A double suspension and a stock price that surged up to 78% greeted the debut of People.cn, the online news portal of the Chinese Communist Party's mouthpiece, on its first day of share trading in Shanghai. The company raised CNY1.38 billion from an initial public offer (IPO) of 69.1 million shares – or 20% of the available shares. It was almost three times the amount initially sought. At CNY20, the shares had a price-earnings ratio of 46.1, which rose to 73.5 times on their debut. “Many investors do not really know the operations of People.cn. They are simply lured by the big brand name of People's Daily,” said Li Daxiao, Director at Shenzhen-based Yingda Securities. Li said investors should hold off from buying People.cn – which is now valued at CNY9.7 billion – till the price “cools down”. “This is the first company that has been floated among the array of state-owned websites in waiting,” said Hong Bo, a Beijing-based IT commentator. “The government will make sure it is a success.” Guotai Junan Securities said in a research note that the rational price for People.cn was CNY19.80 to CNY23.10. Everbright Securities set the price at CNY19.50 to CNY22.80. People.cn's main shareholders include China's three telecommunications operators and Sinopec. The stake of People's Daily and its subsidiaries in the listed firm has dropped to 58% from 80% before the offering. People.com.cn, the main website operated by People.cn, ranked 43rd among all websites in China measured by traffic, compared with Sina’s fourth place and Sohu’s ninth place, according to traffic tracker Alexa.com.

- Shares of China Everbright International recovered after Bo Xiyong, who is also known as Li Xueming and is Bo Xilai older brother, stepped down as Vice Chairman and Director of the company. The rebound erased most of the stock's losses this month following reports of Li's connection to Bo. Bo Xiyong owns 10 million shares in the company worth about HKD33 million.
- The trading debut of shares in Haitong Securities, the biggest initial public offering (IPO) in the Asia Pacific this year, ended on a disappointing note as they closed at their listing price. It was the most actively traded stock on the main board of the Hong Kong stock exchange, with turnover of HKD1.72 billion, advancing sharply to

HKD10.70 in the first hour but declining over the next hour to a low of HKD10.40 and closing at HKD10.60. Brokers said investors remained skeptical about investing in new shares because of market uncertainty. Haitong raised HKD13 billion.

TRAVEL

Airlines launch joint programs with railways

After two years of competing with high-speed rail lines, Chinese airlines are trying to find a mutually beneficial solution for both sides. Hainan Airlines launched a joint operating program with Yuehai Railway Co, which runs the high-speed rail between Haikou and Sanya in Hainan province. Passengers can buy high-speed rail tickets from Haikou to Sanya when booking tickets on any Hainan Airlines flight to Haikou. The airline will eventually sell tickets to other stops on the high-speed rail route. Hainan Airlines is not the only carrier with such a program. China Eastern Airlines will start to sell high-speed rail tickets at the end of this month. Tickets in either direction will be offered between Shanghai and four other cities – Suzhou, Wuxi, Changzhou and Ningbo – and will expand gradually to the main cities of Anhui, Jiangsu and Zhejiang provinces and Shanghai, which are under the jurisdiction of the Shanghai Railway Bureau. Joint tickets will cost less than the total air and rail fares if sold separately. China's three major airlines cited high-speed rail service as a factor affecting revenue in their financial reports. Yuan Huifang, Deputy General Manager of Marketing and Sales at Hainan Airlines, said joint ticketing can help both sides get more passengers.

- China Southern Airlines saw its net profit dive 74% year on year to CNY319 million in the first quarter. Operating profit plunged 80% to CNY324 million as fuel costs surged and net exchange gains dropped because of slower yuan appreciation.
- Air China said it would issue CNY1.05 billion worth of new A shares to its controlling shareholder China National Aviation Holding Company, raising money to reduce bank borrowing and for working capital. The holding of the controlling shareholder will be increased to 40.85%, from 39.98%, on completion of the deal.
- Fuzhou is planning to invest CNY9 billion to build China's largest manufacturing base of general aviation aircraft. Construction will start on May 18. The project is part of a CNY22 billion joint effort between the local government and state-owned Avic International Holding to build an aviation center and general aviation zone.
- Residents in six cities were given official permission to visit Taiwan individually under a cross-strait agreement, adding to the previously approved cities of Beijing, Shanghai and Xiamen. The move to give approval to Tianjin, Nanjing, Chongqing, Hangzhou, Guangzhou and Chengdu is expected to stimulate tourism and boost cross-strait relations. About 74,000 people from the mainland have applied so far to travel individually in Taiwan.
- Macao casino operator Galaxy Entertainment said it plans to invest HKD16 billion in the second phase of its integrated resort Galaxy Macao. The project on the Cotai Strip, which already houses a cluster of well-known resort brands, including the Venetian, City of Dreams and Galaxy, will comprise two new luxury hotels, including the world's largest JW Marriott with 1,300 rooms, and Ritz-Carlton's first all-suite hotel. Galaxy's next phase of development would boost retail space to more than 100,000 square meters, with some 200 luxury stores. Gaming capacity would grow by about 500 tables and 1,000 slots.

VIP VISITS

South Sudan's President visits China

South Sudan President Salva Kiir finished a six-day trip to China during which he sought China's help to improve ties with neighboring Sudan and Chinese funds for an alternative oil pipeline. Fighting between South Sudan and Sudan intensified recently in the oil-rich Heglig region of southern Sudan. South Sudan, which gained independence on July 9, occupied Heglig on April 10, but Sudanese President Omar al-Bashir said Sudan's army had forced Southern soldiers out of the town. China has investments in the oil industries of both Sudan and South Sudan. China bought about 12.99 million barrels of oil from Sudan and South Sudan last year, 5% of its crude oil imports. In January, South Sudan suspended oil production after accusing Sudan of stealing oil, causing China to lose 260,000 barrels a day of imports, the New York-based Eurasia Group reported in February. South Sudan is seeking Chinese funds to build an alternative oil pipeline which would make it less dependent on Sudan to export oil. The President of South Sudan and his Chinese counterpart Hu Jintao witnessed the signing of six agreements covering humanitarian aid, solar energy and financial cooperation. following their talks. Salva attended the opening ceremony of the South Sudanese embassy in Beijing and will met Vice Premier Li Keqiang.

Premier Wen visits Germany, Sweden and Poland

The global financial crisis is not over and technical innovation and investment would be key to sustaining what remains a “tortuous” recovery, Premier Wen Jiabao has said during his visit to Germany. Wen also said China would press on with reforms aimed at creating better legal protection for foreign investors – a major concern for the growing number of German firms active in the country. More investment in the real economy and technical innovation will be the most powerful drivers of global recovery, he said. Thomas Schrader, Managing Director of Air Handling Technology said that China was now a bigger market for German mechanical engineering products than the United States. Wen Jiabao said China aims to increase trade with Germany, its biggest European business partner, to USD280 billion by 2015, up from USD190 billion last year. China had a trade surplus of €14.5 billion with Germany last year. Wen also said the two countries should work to combat protectionism and improve their mutual market access.

China and Sweden signed a series of trade deals during Premier Wen Jiabao's visit, including agreements with China-owned Swedish brand Volvo Cars. Five bilateral trade deals were signed between the two countries, and six agreements with companies, including Ericsson, SKF and Sandvik. “We have signed agreements in the environmental technology, railway and road safety sectors,” Swedish Prime Minister Fredrik Reinfeldt said. Volvo Cars announced a memorandum of understanding with the China Development Bank to finance research and development programs in the area of efficient energy technology, as well as production facilities in China. Premier Wen visited Volvo Cars' main plant in Gothenburg before traveling to Stockholm. Wen was accompanied by 10 ministers during his three-day visit, as well as business leaders including Geely Chairman Li Shufu. Wen attended the Stockholm+40 Conference, which was held to commemorate the 1972 United Nations Conference on Human Environment, the first global convention attended by the People’s Republic of China after it resumed its legal seat in the UN in 1971, and which initiated the global discussion on sustainability.

Wen also paid a two-day visit to Poland. He said China would aim to double its trade with Central and Eastern European countries to USD100 billion by 2015. Beijing will offer USD10 billion in loans to support partner projects in infrastructure, high-tech and the green economy for countries in the region, Wen said at the second annual China-Central and Eastern European Countries Economic Forum. The summit was attended by heads of government from 14 of the 16 nations in the region — including Croatia, Lithuania, Macedonia and Estonia — at the invitation of Poland. Only about 150 Chinese companies have invested in Poland so far with contracted capital of about USD300 million. The heads of government of China and Poland, strategic partners since last year, will meet every two years from now on, Polish Prime Minister Tusk said. Wen was the first Chinese Premier to visit Poland in 25 years. Industrial and Commercial Bank of China (ICBC) said it had won approval to open a branch in Poland – the first such move by a Chinese lender.

- Vice Premier Li Keqiang has met Russian Prime Minister Vladimir Putin in Moscow, and will also travel to Hungary, Belgium and the European Union's headquarters in Brussels. China-Russia trade surged by 42.7% in 2011, from a year earlier, to USD79.25 billion. China’s imports from Russia last year grew by 55.6% and exports to Russia were up by 31.4%. By the end of 2011, Russia’s accumulative investment in China was USD818 million, while China’s investment in Russia reached USD2.91 billion.

ONE-LINE NEWS

- Beijing is the most popular Chinese city for foreigners to live and work, followed by Shanghai, Tianjin, Shenzhen and Wuhan, according to poll of more than 180,000 foreigners. Factors weighed included the working environment, local government management and living conditions. Rounding out the top 10 were Guangzhou, Suzhou, Chongqing, Xiamen and Hangzhou.

- Huaneng Power International returned to the black in the first quarter, thanks to a 6.7% rise in the average price of power in December last year. The firm posted a four-fold year-on-year jump in net profit to CNY919.36 million in the first quarter, a turnaround from a CNY230 million loss in the fourth quarter. After falling about 10% from a high of CNY850 a ton in November last year to CNY770 in February, the benchmark spot market power-station coal price in Qinhuangdao – the country's largest coal port – has rebounded 2%. Coal typically accounts for 70% of a power plant's operating cost.
- A new visa category has been proposed in a draft law to streamline the hiring procedures for international talent. A system centralizing information about foreigners in the country is also likely to be introduced in a move to tackle illegal employment. Beijing, second only to Shanghai in terms of the number of foreigners with a residency permit, was home to nearly 120,000 foreigners by the end of 2011. The Ministry of Public Security would also issue more "green cards". By the end of 2011, 4,752 foreigners had a green card.
- A draft legal amendment to the Civil Procedure Law stipulates that plaintiffs of class-action lawsuits should be limited to "government agencies as provided by law and social organizations", severely restricting the number of possible plaintiffs in class-action lawsuits. Luo Dongchuan, Deputy Director of the Supreme People's Court's Research Department, said fewer than 20 suits concerning public interests had been filed and heard in the country in the past decade.
- The United States is willing to open up its markets to China and give it more access to U.S. technologies if Beijing makes progress on key issues, U.S. Treasury Secretary Timothy Geithner said. "We are willing to continue to make progress on these issues, but our ability to do so will depend in part on how much progress we see from China on issues that are important to us," Geithner said ahead of government meetings in Beijing this week.

ANNOUNCEMENTS

Baker & McKenzie webinars

As the U.S. and European economies continue to struggle, China remains the muscle behind the global economic recovery. To tap its boundless opportunities, MNCs must improve their inbound market strategies, refine their business operations and manage legal risk. Baker & McKenzie's award winning China and North American teams explain how in these 75 minute webinars designed to help you run your China operations more cost-effectively.

Thursday, May 3, 2012: The Do's and Don'ts of Acquiring Shares in China-Listed Companies
Acquiring shares in China-listed companies offers a fresh new alternative to traditional investments in joint ventures or wholly owned subsidiaries in China. Quickly cemented as a key business strategy for MNCs, the number of China-listed transactions has more than doubled in the last year. Join Bing Ho, Marco Marazzi and Eddie Yuen (all from Shanghai), as well as Craig Roeder (Chicago) for the latest insights and best practices for taking over China-listed companies.

What you will learn:

- Important PRC legislation impacting takeovers
- Practical tips for acquiring shares in China-listed companies
- How to properly structure a mandatory general offer
- How to structure sufficient grounds for waiver
- Handling minority investments in China-listed companies
- How China-listed acquisitions differ from U.S. public company acquisitions

Thursday, June 7, 2012: Moving Core IP to China: How to Protect Key Business Assets
The much-lower cost of product development in China is an attractive option for many MNCs. But this attraction often loses its shine when stacked against the possible risk to a company's "crown jewels". Join Bing Ho and Clement Ngai (Shanghai) and Samuel Kramer (Chicago) for lessons on how to conduct your China-based R&D activities to minimize your exposure to IP loss or erosion, while taking advantage of the lower cost and speed to market that offshoring R&D to China provides.

What you will learn:

- Spotting key issues when contract manufacturing in China
- How to draft protective licensing, development and outsourcing agreements
- Negotiating IP ownership in joint development agreements
- Practical tips concerning confidentiality clauses
- Navigating PRC Government incentives to conduct R&D in China

The complimentary 75-minute webinars will begin at: 18:00 h. Central Europe. For More Information: Wendy Fink at wendy.fink@bakermckenzie.com

ADVERTISEMENTS

Tap into the China opportunity at the Canton Fair

FOUNDING MEMBERS

STRUCTURAL PARTNERS

Your banner at the FCCC website or newsletter
Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: info@flanders-china.be

Organisation and founding members FCCC
President: Mr. Bert De Graeve, C.E.O., NV BEKAERT SA
Vice-President: Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA
Secretary and Treasurer: Mr. Dirk Mampaey, Senior General Manager Corporate Services, NV KBC Bank SA
Executive Director: Ms. Gwenn Sonck
Members of the Board of Directors and Founding Members:
Mr. Bert De Graeve, C.E.O., NV BEKAERT SA

Mr. Jozef De Mey, Chairman of the Board, NV AGEAS SA
Mr. Olivier Van Horenbeeck, Corporate Affairs Director, NV AB INBEV SA
Mr. JP Tanghe, Senior Vice President, NV BARCO SA
Mr. Kris Verheye, Vice President Corporate Division, NV BELGACOM SA
Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA
Mr. Luc Maton, General Manager Asia Region, NV AHLERS SA
Mr. Marc Stordiau, Member of the Board of Directors, NV DEME SA
Mr. Stephan Csoma, Senior Vice-President Government Affairs, NV UMICORE SA
Mr. Dirk Mampaey, Senior General Manager Corporate Services, NV KBC Bank SA

Membership rates for 2012:

- Large enterprises: €875
- SMEs: €350

Contact:

Flanders-China Chamber of Commerce
Voldersstraat 5, B-9000 Gent
Tel.: +32 9 264 84 86/82 – Fax: +32 9 264 69 93
E-mail: info@flanders-china.be
Website: www.flanders-china.be

Share your story:

To send your input for publication in a future newsletter mail to: info@flanders-china.be

This newsletter is realized with the support of Flanders Investment & Trade.

The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com or mobile phone +86-13901323431. Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.