法兰德斯中国商会 FCCC VCKK

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

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FCCC ACTIVITIES

Seminar: “Which road ahead for China's economy?” – Monday, 19 November 2012, 12h00 – Barco, Kortrijk

The Flanders-China Chamber of Commerce (FCCC) has the pleasure to invite you to a seminar on China’s macro-economic perspectives. This seminar will take place on Monday 19 November at 12h at the offices of Barco, President Kennedypark 35, Kortrijk.

The Economist Intelligence Unit’s (EIU) Alexander van Kemenade will present the EIU’s long-term macroeconomic forecasts for China and discuss these in light of the new leadership’s challenges and reform prospects. He will also touch upon the current downturn in China and recovery prospects.

Mr van Kemenade will also turn to regional growth trends within China. Over the past decade, the changing nature of China’s economy has been underscored by a profound geographical shift in growth dynamics. The centers of economic change are no longer found on the coast in Shanghai or Shenzhen, but further inland as historically-sluggish regions begin to benefit from a recent wave of investment.

The programme is as follows :

12h00	Registration and buffet lunch
12h45	Introduction by Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce
12h55	“Which road ahead for China's economy?” by Mr Alexander van Kemenade, Senior Economist and Deputy Director of the Economist Intelligence Unit’s Access China
13h30	Question and answer session

Mr Alexander van Kemenade’s area of expertise is China’s macroeconomic and political outlook, with a focus on regional dynamics at the sub-national level. He regularly contributes to the Economist Intelligence Unit’s custom research and has co-authored numerous in-house publications. He manages a number of data products, including Access China’s province- and city-level demographic forecasting model, as well as the Economist Intelligence Unit’s Chinese city competitiveness rankings. He is fluent in Mandarin and has lived in China for over 20 years.

Register for this interesting seminar before 13 November 2012 at the following link
http://www.flanders-china.be/events_subscription1.asp?id_event=267&lang1=
The participation fee for members of the FCCC is €65. The fee for non-members is €95.

OTHER ACTIVITIES

China Lecture Café “Concrete for tall structures: the Shanghai case” – 20 November 2012 – Ghent

The next China Lecture Café “Concrete for tall structures: the Shanghai case” by Prof. Dr. Ir. Luc Taerwe and Prof. Dr. Ir. Geert De Schutter will take place on November 20th from 12h to 14h, in Het Pand, room “Rector Blancquaert” (Onderbergen 1, Gent). Sandwich lunch will be provided. Subscribing is free, but mandatory, by email to isabelle.decoen@ugent.be.

The city of Shanghai, China, is expanding at an amazing rate. Major structures are being constructed or have recently been completed, including tunnels, bridges, and record-breaking tall structures such as the ‘World Financial Center’ and ‘Shanghai Tower’. For this expansion, concrete as a building material is of the utmost importance. In addition to high volumes of traditional concrete, new types of specialty concrete are being used, such as high-strength concrete and self-compacting concrete. For many years, the Department of Geotechnical Engineering, School of Engineering, Tongji University, Shanghai, and the Magnel Laboratory for Concrete Research, Faculty of Engineering, Ghent University, Belgium, have been coordinating research efforts concerning concrete structures. Several aspects, of high importance for superstructures such as the tall buildings in downtown Shanghai, have been studied, e.g. creep of high-performance concrete, fire resistance of high-performance and self-compacting concrete, … In this session, a general view on the importance of concrete for tall structures will be presented, including innovative types of concrete. Some practical information will be given, linked to some towers constructed in Shanghai.

The program for the coming months is to be found via http://www.ugent.be/china.

Seminar “IP Protection Tools and Technology in China” – 28 November 2012 – Brussels

The China IP Desk of De Wolf & Partners is organizing a seminar on “IP Protection Tools and Technology Transfer in China” on Wednesday 28 November 2012 from 15:00 h. to 17:30 h. at De Wolf & Partners’ Brussels office, Place du Champ de Mars/Marsveldplein, 2, 1050 Brussels. The seminar will be followed by an informal networking drink.

Programme:

14:45-15:00	Registration
15:00-15:10	Welcome speech and speakers introduction by De Wolf & Partners Brussels Office
15:10-15:40	IP protection tools in China: How to use the Chinese IP system to protect your intellectual assets in China by Raphael Bailly and Valentin de le Court (De Wolf & Partners Brussels and Shanghai Office)
15:40-16:10	An introduction to technology transfer to China: What European SMEs need to know when transferring their technology to China by Simon Cheetham, China IPR SME Helpdesk Expert
16:10-16:20	Coffee and Tea break
16:20-16:50	Foreign Direct Investment and technology transfer to China in the context of a Sino-foreign Joint-venture: How to mitigate the risks of losing your technology to your Chinese partner by Ava Tu and Valentin de le Court (De Wolf & Partners Shanghai Office)
16:50-17:00	Pic-W – Platform for Innovation China-Wallonia (UCL – AWEX) by Silvano D'Agostino (Pic-W)
17:00-17:30	Recent trends in Chinese IP law with a focus on trademark law and technology transfer issues by Pr. Min He (Vice Dean of the IP Institute of the Eastern China University of Political Science and Law – ECUPL)
17:30-17:40	Q&A session with De Wolf & Partners Brussels and Shanghai Office, Pr. Min He of ECUPL and China IPR SME Helpdesk Expert
17:40 -17:50	Concluding remarks: key takeaways by De Wolf & Partners Shanghai Office

Register for this event by sending an email to events@dewolf-law.be or by fax +32-2-5136068 (no subscription fee)

The seminar is organized with the support of the Flanders-China Chamber of Commerce (FCCC), the China IPR SME Helpdesk, AWEX, the Belgian-Chinese Chamber of Commerce (BCECC) and the IP Institute of Eastern China University (Shanghai) and in collaboration with law firms in the Netherlands Ploum Lodder Princen and in France Stehlin & Associés.

PAST EVENTS

Conference: “How and how *not* to do business in China” – 30 October 2012 – Gent

The Flanders-China Chamber of Commerce (FCCC) organized a conference on “How and how *not* to do business in China” on 30 October 2012 at the House of the Province of East Flanders in Ghent. Highly experienced experts and business leaders shared their knowledge and expertise based on their achievements in China.

Speakers included Mrs Kristina Koehler, Director Klako Group Shanghai; Mr Dirk Laeremans, General Manager, Orientas Consulting; and Mr Stefaan Depecker, Commercial Director, Proviron. The event was concluded by a questions and answers session and a networking drink.

Meeting with Ningbo (Yuyao city) delegation – 11 October 2012 – Brussels

To mark the visit of the Vice Mayor of Yuyao City (Ningbo) and his delegation, the Flanders-China Chamber of Commerce (FCCC), Flanders Investment & Trade, and Agoria organized an information meeting on 11 October 2012 at the Sheraton Hotel in Brussels.

The Vice Mayor of Yuyao, Mr Lu Jianguo, and representatives of the Yuyao Investment Bureau presented an outline of the investment environment in Yuyao (Zhejiang Province). The Party Secretary was accompanied by leading entrepreneurs from Yuyao, who wished to get acquainted with our business environment and to find potential partners. The composition of the delegation and a description of their activities is available at: info@flanders-china.be. Yuyao city is under the jurisdiction of Ningbo city and is situated in Zhejiang province. It has attracted a vast amount of foreign investment to focus on developing the industries of automobiles and parts, electronics and information, fire fighting equipment, electromechanical equipment and tools, plastics, mould industry and agriculture.

Speakers included Mr Cen Jie, Director of the Yuyao Investment Promotion Bureau; Mrs Claire Tillekaerts, CEO, Flanders Investment & Trade; Mr Lu Jianguo, Vice Mayor of Yuyao; Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce; Mr Marc Van Gastel, Head of Inward Investment, Flanders Investment & Trade; and Mrs Fang Zhen, Vice Director of the Yuyao Investment Promotion Bureau.

The event was concluded with a cocktail reception and B2B meetings.

An investment guide of Yuyao city can be obtained at: info@flanders-china.be.

FCCC Meeting with high-level Weihai delegation (Shandong Province) – 24 September 2012 – Ghent

To mark the visit of the Party Secretary of Weihai and his delegation, the Flanders-China Chamber of Commerce (FCCC) organized an information meeting on 24 September in Ghent.

The Party Secretary of Weihai, Mr Sun Shutao, and representatives of the Weihai Investment Bureau gave an outline of the investment environment in Weihai, Shandong province, where several Flemish companies such as Bekaert, Beaulieu and Weihai Golden Solar Thermal Industrials have a major investment. The Party Secretary was accompanied by leading entrepreneurs from Weihai, who wished to get acquainted with our business environment and to find potential partners. In May 2012, the FCCC organized a successful visit with Flemish companies to this dynamic city.

The Vice Governor of the Province of East-Flanders, Mr Marc De Buck, welcomed the Weihai delegation. Mrs Gwenn Sonck, Executive Director FCCC, introduced the assets of Flanders to the delegation.

Weihai City is situated in Shandong province and has seen an impressive economic growth over the past two decades. The city has been listed as one of the most dynamic cities with the fastest economic development in China. Weihai is a well-known port city in China and is therefore a lucrative industrial base with key industries. It has attracted a vast amount of foreign investment to focus on developing the industries of shipbuilding, automobiles and parts, electronics and information, electromechanical equipments and tools, textiles and garments, food and pharmaceuticals.

The meeting was organized with the support of Flanders Investment and Trade. The investment guide can be obtained at the FCCC. Letters of intent for further cooperation between members of the delegation and member companies have also been signed.

The Weihai investment guide can be obtained by sending an e-mail to the FCCC.

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 banks prefer Luxembourg to London

Chinese banks are shifting the focus of their European business away from London towards Luxembourg as they seek to escape tougher British regulations, the Financial Times reports. They complained about uneven regulation and “rigorously demanding” liquidity rules. One Chinese bank already routed three times more business through Luxembourg than London, and several others planned to manage their European operations from Luxembourg. Chinese banks’ main problem is that Britain’s Financial Services Authority refuses to allow them to set up branches in London. Chinese banks operate in Britain via subsidiaries, which are regulated in the same way as a local bank – with tight standards on transparency, capital cushions and liquidity buffers, while branches are extended arms of overseas banks over which the British watchdog has limited control.

Chinese banks report better than expected profits

Industrial and Commercial Bank of China (ICBC), the world's largest bank by assets, has posted a forecast-beating 14.9% rise in third-quarter earnings. The gains came from higher profit margins on its loans and a reduction in its provisions for bad loans. ICBC was the third of the big four Chinese banks to report better-than-expected profits, joining Bank of China (BOC) and Agricultural Bank of China (ABC). Earnings at ICBC were CNY62.44 billion in the three months to September, up from CNY54.36 billion a year ago. Net interest income rose 15.9% to CNY107.31 billion. Total loans at the end of September were CNY10.9% higher than the CNY8.64 trillion at the end of last year. Bad-loan provisions for the three-month period amounted to CNY5.7 1 billion, a drop of 33.8% from last year. The bank said it had CNY74.75 billion of non-performing loans, a decrease of CNY373 million from the end of June. The non-performing loan ratio was 0.87%, 0.07 percentage points lower than at the end of last year. Bank of Communications' third-quarter earnings growth was also driven by net interest income, which went up 14% from the year-earlier quarter to CNY30.71 billion. The bank's net interest margin remained flat at 2.6% at the end of September as the interest rate cuts by the People's Bank of China (PBOC) hindered growth. The bank's non-performing loan ratio at the end of September was 0.87%, an increase of 0.01 percentage points from the beginning of the year. The bank made a provision of CNY3.33 billion in the third quarter, a decrease of 6% from a year ago. China's first privately-owned lender, Minsheng Banking Corp, said its third-quarter profit rose 30.7% to CNY9.76 billion from a year ago.

China Construction Bank (CCB) posted an annual 12% rise in third quarter net profit of CNY51.9 billion a on wider net interest, but its results trailed two of the big four domestic banks. Its net profit in the first nine months topped CNY158.2 billion. But CCB’s growth in net income in the third quarter was slower than the Agricultural Bank of China’s 16% and Bank of China’s 17%. CCB’s interest income grew 18% in the third quarter annually to CNY91.3 billion, while net fee and commission income fell 2% to CNY20.7 billion. CCB’s bad loans rose CNY2.5 billion in the quarter to CNY72.9 billion. China Merchants Bank’s net profit in the third quarter rose an annual 16.6% to CNY11.4 billion. Net profit reached CNY34.8 billion in the first nine months as net interest income rose 11% annually in the third quarter to CNY22.1 billion. China Citic Bank posted a 22% drop in profit to CNY7.6 billion. Citic Bank is stepping up its provisioning against potential bad loans, which analysts said is likely to weigh on its profit next year. The bank's provision ratio rose by 0.17 percentage point to 1.84% at the end of the third quarter from the second quarter, but the figure is still lower than the bank's peers and the regulatory requirement. Citic bank reported a 14.7% decline in net profit in the third quarter from a year ago to CNY7.85 billion after making a CNY4 billion provision for current and potential bad loans, a significant increase from the CNY231 million it set aside in the second quarter. China’s top five banks, ICBC, China Construction Bank, Agricultural Bank of China, Bank of China and BoCom reported a combined net profit of CNY202 billion in the third quarter with an average annual growth rate of 14%.

The last three of the 16 China-listed lenders reported earnings for the third quarter that were mostly in line with market estimates. Industrial Bank reported a 41% increase in third-quarter net profit from a year ago to CNY9.24 billion while net interest income rose 43% to CNY18.36 billion. Bank of Beijing reported a 28.3% growth in net profit to CNY3.57 billion, and earnings at Shanghai Pudong Development Bank rose 27% to CNY8.93 billion. Net interest income went up by 17.4% to CNY18.37 billion, and net fee and commission income grew by 37.4% to CNY2.23 billion.

- Ping An Insurance (Group) said its third-quarter net profit rose thanks to growth in its banking operations after it merged with Shenzhen Development Bank in April. Net profit rose 20.7% to CNY2.13 billion for the three months to September from a year earlier, driven by revenues from the newly merged banking unit that advanced more than 22% to CNY19 billion. Net earned premiums rose 19%, short of expectations. Investment income dropped 3% to CNY19.2 billion in the first nine months because of the persistently sluggish domestic stock markets.
- China might, in the last two months of the year, further broaden the permitted fluctuation limits of the yuan from the current 1% to 2.5% after the United States presidential election, and the 18th National Congress of the Communist Party of China, said Lu Zhengwei, Chief Economist at the Industrial Bank. He said interest rates and banks' reserve requirement ratios are unlikely to be adjusted in November given the current economic situation.
- Hong Kong was named the world's top financial center for the second year running by the World Economic Forum (WEF) in its annual Financial Development Report. The top six positions remained unchanged from 2011.
- The U.S. dollar exchange rate against the yuan will move largely in the 6.2 to 6.4 range in the next 12 months, a research note from investment bank UBS said. "We believe that fundamentally, the renminbi is no longer much undervalued," said Wang Tao, Economist with UBS. China's current account surplus is expected to stay below 3% in the coming years.
- China plans to open the public fund custody business to foreign banks by granting them the same rights as domestic banks under custodianship application, the China Securities Regulatory Commission (CSRC) said. There were 18 custodian banks managing 1,100 funds worth CNY2.37 trillion by the end of September. "Allowing foreign players to participate in the market will help us learn from the experience of the developed markets, which will promote market competition and optimize the fund custody system," a CSRC official said.
- China Construction Bank (CCB) is planning to sell up to CNY2.5 billion of offshore yuan-denominated bonds in London through its London unit, CCBL Funding, a statement by Fitch Ratings, which is rating the bonds, said. All funds raised will be used to develop CCB's offshore renminbi business and for other general corporate purposes. The issue, the first by a Chinese lender, is to be launched this month. In April, Europe's biggest lender, HSBC, sold CNY2 billion of dim sum bonds in London, the first such issue in the city.
- New bad loans among Chinese commercial lenders in 2012 will increase 10% from last year, according to a report by China Orient Asset Management Corp. The non-performing loan (NPL) ratio might be as high as 2%, mainly driven by more sour loans in the property sector. Lending to export-oriented companies and local governments through financing vehicles ranked second and third in terms of the contribution to NPLs.
- Issuance of offshore Chinese yuan bonds, known as "Dim Sum" bonds, slowed by 55% year-on-year in the first 10 months of 2012 because the potential appreciation of the yuan is no longer a strong enough argument to convince investors to buy them, according to a report by Fitch Ratings. The issuance of CNY68.8 billion worth of the bonds out of Hong Kong between January to October is well below the CNY153.5 billion in the corresponding period of 2011 and implies that total issuance in 2012 will struggle to reach half of 2011's CNY174.1 billion.

FOREIGN INVESTMENT

China and EU to discuss investment treaty next year

China and the European Union may start talks on an investment treaty next year, Chinese officials said. Both sides are "enthusiastic'' and the only delay is from the EU which has to go through a technical process to mandate an institution to conduct negotiations, an official from the Department of European Affairs at the Ministry of Commerce (MOFCOM) told China Daily. Both sides pledged to become each other's largest trade partner by 2015. China has signed investment agreements with more than 100 countries and regions. Europe has invested USD80 billion in China since Beijing adopted the opening-up policy in 1978, which accounts for just 2% of all EU investment overseas. China's investment in the EU rose from just

USD100 million in 2003 to USD4.3 billion in 2011. EU Trade Spokesman John Clancy said that talks can start once formal procedures are put in place. “Both sides are committed to these negotiations, so they can start fairly quickly,” said Jonathan Holslag, Research Director with the Brussels Institute of Contemporary China Studies (BICCS). But he said negotiations will be tough. “As the EU aims to tie investment protection to market access, this is not going to be an easy ride.” Holslag pointed out that the EU is made up of 27 states and this can cause problems in negotiations. Even under the EU umbrella, Chinese investors have to deal with various kinds of obstacles such as visa applications, work permits, different languages, investment laws and taxation codes in different countries, the China Daily reports.

- China has for the second consecutive year been ranked number one in a list of top 10 investment destinations in the world, according to the BDO 2012 Global Market Opportunity Index, based on 1,050 interviews of chief financial officers (CFO) conducted in 14 countries and regions. The most important reasons to determine whether companies will expand abroad include market size, local infrastructure, ease of entry, and labor costs, the survey said.
- The United States still welcomes Chinese investment that creates jobs in the country, U.S. Ambassador to China Gary Locke said. Ralls Corp sued U.S. President Barack Obama last month for blocking a wind farm project in Oregon, while a U.S. Congressional Committee called Huawei and ZTE potential national security threats that should be barred from U.S. contracts and acquisitions. However, Locke said these cases are “exceptions to the rule”. New York-based research firm Rhodium Group estimated that Chinese investment in the U.S. has reached USD6.3 billion this year. Today more than 700,000 U.S. jobs depend on exports to China, Locke added.
- A subsidiary of China Railway Construction Corp (CRCC) is talking to a U.S. company on building a retirement community in Nevada, a project worth USD700 million to USD800 million. In September, Nevada Governor Brian Sandoval visited China to boost economic ties as part of the first Nevada trade delegation to China since the 1980s.
- China became the third-largest investor in the UK in 2011, up from seventh the year before, according to the latest figures from UK Trade & Investment (UKTI). Last year, China’s investment in the UK surpassed USD1.1 billion, an increase of more than 55% year-on-year.

FOREIGN TRADE

Fewer deals and visitors at Canton Fair

The biggest trade fair in China ended with disappointing results on November 4, the South China Morning Post reports. There was a significant drop in the number of foreign buyers and deals done, painting a grim picture for exports in the coming year. The deals at the three-week Canton Fair, a barometer of the health of exports, came to USD32.7 billion, the lowest since 2010, and down 9.3% from the previous session in April, official statistics show. The number of foreign buyers was down 10.26%. China-Japan agreements fell 36.6%, due mainly to the territorial dispute between the two countries over the Diaoyu islands. Only about 5,000 buyers from Japan attended the fair this autumn, a 19.2% decline from the one in April, and 29.6% fewer compared with the session a year ago. The Fair’s official Spokesman also blamed stagnant global demand and rising labor costs in China for the grim results. Deals signed with the European Union and the United States fell 10.5% and 9.4% respectively. 86.6% of the overseas orders were on short-term contracts, adding to the uncertain trade prospects for next year. While orders for food and medicine increased substantially, demand for leather products and wooden toys dropped by about 40%, statistics showed. The second part of the current session, which specialized in toys and gifts, crafts, garden tools and supplies, and local specialties, recorded 7.67% fewer transactions than the same session a year ago. There were 147,732 overseas buyers, 11.4% less than the last session. Transactions from the U.S. fell by 10.91% and those from Japan by 68.16%. The third and last part specialized in clothing.

- The European Union imposed five-year tariffs on aluminum radiators from China to help Italian and Polish producers compete with cheaper imports. The duties, as high as 61.4%, punish Chinese exporters such as Zhejiang Guangying Machinery. The levies follow provisional measures introduced in May.

IPR PROTECTION

Dispute over Moutai name goes to court

China's famed liquor maker Kweichow Moutai Co is suing a less-known competitor, Ronghe, that claims it also has the right to use the Moutai name. Ronghe Chairman Qiu Fuguang said Maotai is the name of a place, so it "should be in the public domain and not owned exclusively by a single company". "According to the Trademark Law, all distillers in the town can use the name," he said. There are at least 500 distilleries based in Maotai. Kweichow Moutai also claimed that Ronghe's packaging used a similar design to its own, which "might cause visual confusion". But Ronghe countered that the two designs are "obviously different and will not mislead customers" because the name Ronghe is on both its cartons and bottles, and its own trademark is printed on the bottle cap. Ronghe also claimed to be a forerunner of today's Moutai.

- A liquor brand with the name of Chinese writer Mo Yan – winner of the Nobel Literature Prize this year – has been sold for CNY10 million, according to an engineer in Beijing who registered it for CNY1,000 six years ago. "Mo Yan Zui" can be translated in English as "Don't say you are drunk" or "drunken Mo Yan."

MACRO-ECONOMY

Government revenue growth slows, limiting stimulus options

Government revenue rose 10.9% in the January-September period from a year earlier to CNY9.06 trillion, compared with a 29.5% gain in the same period last year, the Ministry of Finance said, while spending in the period rose 21.1%, higher than the targeted 14.1% rise for the full year, leaving a surplus of about half last year's level. This limits the government's ability to pump funds into the economy. Spending in the fourth quarter won't be higher than a year earlier, said Ding Shuang, Senior China Economist with Citigroup in Hong Kong. "Policy effects from previous months will ensure a modest recovery, but the rebound is restrained." The Finance Ministry had allocated 97% of the year's budgeted funds for infrastructure spending by the end of last month, Xinhua reported. In railways, for example, spending plans this year were boosted by about 25% to CNY516 billion.13 railway infrastructure projects were added to construction investment plans. The annual budget endorsed in March by the National People's Congress (NPC) set a target deficit of CNY800 billion and any change would require the legislature's approval. "The money left for spending in the coming months is very limited," said Song Guoqing, Professor at Peking University. "That will put a question mark on whether the present economic recovery will be sustained. The government can revise the budget if it really wants to. So far, there is no sign that the budget will be altered this year." Still, the worst may be over. Factory production, retail sales and fixed-asset investment showed bigger-than-forecast gains in September, while industrial companies' profits rose for the first time in six months. This year's allocation and spending of funds will not necessarily constrain the ability of a government with USD3.3 trillion in foreign exchange reserves to stimulate the economy. China had outstanding treasury debt of CNY7.2 trillion at the end of last year, about 15% of GDP. Loans totaling about CNY8.5 trillion this year, along with expanded bond issuance and borrowing through trust companies, would help the economy grow 8.3% next year, said Joy Yang, Chief Greater China Economist at Mirae Asset Securities (HK).

HSBC's PMI shows up trend

The final reading for the HSBC Purchasing Managers' Index (PMI) rose to 49.5 in October – just shy of the 50-point line that divides accelerating from slowing growth – from 47.9 in September. The reading was the highest since February, and deviated more than usual from the October flash, or preliminary, reading of 49.1. "October's final PMI rose to an eight-month high, implying that China's industrial activity continues to bottom out following a modest pick-up last month," wrote HSBC Economist Hongbin Qu in a statement accompanying the survey. "This is mainly driven by the increase of new orders, thanks to the filtering-through of the earlier easing measures, while exports outlook remains challenging." The new orders sub-index rose to 51.2 – its first time above 50 since October of last year. Earlier the October PMI reading from the National Bureau of Statistics (NBS) showed the index rose to 50.2, from 49.8 in September, confirming a trend towards recovering growth. "The continued rebounding of sub-indexes including new orders, export orders and quantity of purchases, indicates companies' de-stocking process has basically ended," said Zhang Liqun, Researcher with the

Development Research Center of the State Council. “We expect China’s economic growth will end its decline and rebound slightly in the future.” The two surveys seem to indicate that the economy stabilized in September and began perking up in October. “The return of the PMI above 50 suggests economic momentum has indeed picked up. It indicates the effect of policy easing may have been stronger than the consensus expected,” Zhang Zhiwei of Nomura wrote. “We believe macro data will continue to surprise on the upside in coming months, as the government continues to ease policy through the period of leadership transition.” China is widely expected to see an improved fourth quarter after economic growth slowed to an annual 7.4% in the third quarter – putting it on track to beat the government target of full-year growth of 7.5% or above.

- The number of officials investigated for corruption and dereliction of duty has risen by 12.7% this year, according to the Supreme People’s Procuratorate. Of these, 75.9% were accused of corruption and taking bribes. The worst-hit sectors included engineering, construction, rail and transportation, finance and real estate, said Song Hansong, Director of the Supreme People’s Procuratorate’s Corruption Prevention Department. Prosecutors also found an increase in corrupt officials fleeing abroad.
- 66% of listed Chinese companies that have reported third-quarter results reported a year-on-year increase in accounts receivable as a proportion of sales, according to S&P Capital. The hardest hit companies are those linked to the construction and infrastructure sectors, including machinery makers, steel mills, coal, and cement companies, the Financial Times reports.
- 24 provinces, autonomous regions and municipalities across China have delivered economic growth above the national average in the first three quarters. Tianjin led the nation with 13.9% year-on-year GDP growth, while Guangdong posted 7.9% growth. Domestic consumption contributed 55% of GDP growth in the first three quarters, the first time it contributed to growth more than investment.
- More than 20% of the factories in already hard-hit Dongguan will be forced out of business by the yuan's appreciation, which made their products less competitive than their international rivals, according to Johnny Yeung, Vice President of the Chinese Manufacturers' Association of Hong Kong. When the yuan was stable, the manufacturers could survive the debt crisis in Europe, but with the currency climbing, the borrowing costs in yuan terms for manufacturers on the mainland rise sharply, he added. “[Mainland] factories … can no longer rely on cheap pricing to win orders, instead they will have to upgrade their product mix to stay afloat,” Yeung said.
- The Non-manufacturing Purchasing Managers Index (PMI) rose to 55.5 last month from 53.7 in September, the National Bureau of Statistics (NBS) and the China Federation of Logistics and Purchasing (CFLP) said. Soon-to-be-released economic data will also show China’s inflation continued to ease in October.
- Light industry grew steadily in the first three quarters of 2012, with the output of major enterprises rising 17.6% annually to CNY12.93 trillion. In September, output in light industry rose 17% from a year earlier to CNY1.64 trillion, up 1.8 percentage points from August, according to the China National Light Industry Council. Investment in light industry slowed during the first eight months, because of shrinking export orders caused by sluggish external demand.
- The country's urbanization would demand a “rapidly increasing” number of infrastructure projects in the coming years, said Li Tie, Director of the China Center for Urban Development under the National Development and Reform Commission (NDRC). About 690 million people, or 51% of the population, live in urban areas. That ratio is expected to rise to more than 60% by 2020 by conservative estimates, which means cities should be able to accommodate an additional 100 million-plus people by then – 14 times Hong Kong's present population.
- China spent CNY1.13 trillion on public procurement last year, taking up 11% of fiscal expenditure. This made China the world’s largest public sourcing market as the government injected more funds into education, public transport and energy, Cheng Yuanzhong, Deputy Director of the China Federation of Logistics and Purchasing, said at the launch of the China Public Procurement website in Wuhan, Hubei Province.

MERGERS & ACQUISITIONS

Sinopec considering acquiring Maurel & Prom

China Petrochemical Corp (Sinopec Group) is considering an acquisition of French oil explorer Etablissements Maurel & Prom. A deal could value Maurel at more than USD2 billion. Buying the company would allow Sinopec Group to boost oil output in African countries including Gabon. At €1.3 billion, Maurel's market value is less than a 50th of that of Sinopec Group's Hong Kong-listed unit. Maurel has been in Gabon since 2004, and also has assets or operations in Congo, Tanzania and Mozambique.

- The central government is reviewing a plan to push forward mergers and acquisitions in eight industries it views as key, including cars, rare earths and aluminum. The steel, cement, machinery manufacturing, pharmaceuticals, and electronic information industries may also be restructured.
- Canada has extended its review of offshore oil and gas producer CNOOC's USD15.1 billion takeover of Nexen for a second time, moving the deadline to December 10. The Canadian government began its review of the Chinese bid for the oil and gas producer under the country's foreign-takeover law after it was announced on July 23. Canada's new Ambassador to China, Guy Saint-Jacques, denied that politics is playing a major role in his country's handling of the proposal.

PETROCHEMICALS

PetroChina's profit declines more than expected

PetroChina posted a sharper-than-expected 33% year-on-year decline in profit to CNY24.93 billion as three out of four of its operating segments were hit by a slower economy. For the first nine months, net profit dropped 15.9% year-on-year to CNY86.96 billion. Nearly all of its profit was derived from upstream oil and gas production in the third quarter, where operating profit slid 13.3% year-on-year to CNY49.5 billion. This is despite a 4.2% rise in oil and gas output to 329 million barrels of oil equivalent (BOE), owing to a lower average oil selling price and higher costs. Natural gas distribution showed a third-quarter operating loss of CNY750 million, compared with a profit of CNY2.5 billion in the year-earlier quarter. This was due to rising imports from Central Asia, and continued losses due to higher import prices compared with state-controlled wholesale prices. Oil refining and petrochemical production saw net loss in the third quarter halved to CNY8.5 billion from a loss of CNY17.4 billion in the year-earlier period. Unlike rival China Petroleum & Chemical (Sinopec), PetroChina does not separately disclose its oil refining and chemical production performance. It is not clear whether PetroChina had better chemical profitability as many of its customers experienced lower demand from Europe. Sinopec reported a third-quarter petrochemical operating profit of CNY1 billion, down from CNY7.3 billion in the year-earlier quarter, while oil refining saw a CNY3 billion operating profit, sharply better than a loss of CNY10.9 billion in last year's third quarter.

- China Petroleum & Chemical Corp posted surprisingly better third quarter net profit after two increases in state-controlled retail fuel prices and improved petrochemical sales. Sinopec's third-quarter net income fell only 9.4% to CNY18.3 billion. Sinopec, forced to sell fuel below cost under the pricing system, posted its lowest half-yearly profit since 2008 in the six months ended June 30. "The fourth quarter should provide Sinopec a chance to see the refining sector return to profit, especially if the government continues to push for a more flexible retail fuel pricing mechanism," Shi Yan, Energy Analyst at UOB-Kay Hian said. Crude output rose 2.3% in the first nine months to 245 million barrels and natural gas output gained 15% to 12.4 billion cubic meters.
- TransCanada Corp and Phoenix Energy Holdings, a unit of PetroChina, agreed to develop a CAD3 billion oil pipeline to ship crude from oil-sands projects in northern Alberta. The partners will each own 50% of the proposed Grand Rapids Pipeline, which will ship oil 500 kilometers from the Fort McMurray oil-sands production area to Edmonton. The stake would be the largest taken by a Chinese firm in a Canadian pipeline. The plan includes a 900,000 barrel-a-day crude pipeline, and a 330,000 barrel-a-day pipeline for diluent, fluids mixed with tar-like bitumen. The project is expected to be in service by 2017.

- Canada's Sunshine Oilsands, 29% owned by Chinese state-backed firms, plans to raise between CAD300 million and CAD350 million by seeking more bank loans to fund the development of its second oil sands production project in northern Alberta. West Ells, which started construction in June, is expected to start production in the middle of next year with an initial output capacity of 10,000 barrels a day, expandable to 100,000 barrels. Including nearby Thickwood and Legend Lake, the three projects are targeted to reach a daily output capacity of 200,000 barrels by 2017.
- Apparent oil demand in China will increase by 340,000 barrels a day in 2013 as refiners increase output amid a “modest” economic recovery, according to Barclays. Consumption may also climb as refiners rebuild commercial fuel stockpiles after an effort to cut back inventories.
- Sinopec International (Hong Kong) Co, a wholly-owned subsidiary of Sinopec, has agreed to acquire a 25% stake in the Sibur rubber plant in the Russian city of Krasnoyarsk in a deal expected to be worth no more than USD100 million, according to Dmitry Konov, Sibur’s CEO. The two companies are in talks to set up a joint venture to produce nitrile as well as poly-isoprene rubber in Shanghai. Sinopec’s annual nitrile rubbers capacity will be increased from the current 42,5000 tons to 56,000 tons.

REAL ESTATE

Property developers urged to downsize inventory

The 91 Chinese listed property developers that released results for the third quarter are under pressure to decrease the size of their inventories, which have reached CNY915.55 billion, up 24.08% year-on-year, according to financial data and service provider Zhejiang Hithink Flush Information Network Co. The figures also suggested that relatively strong sales in July and August helped property developers reduce their inventories earlier this year. Yet, even though 46 of the 91 property companies saw their sales also increase in the third quarter, the industry continued to have an excess of inventory. China Vanke saw its inventory value increase to CNY246.7 billion at the end of the third quarter, up 28% year-on-year. The developer undertook 23 new land projects of about 3.76 million sq m of gross floor area in the third quarter. In the first three quarters of 2012, Vanke generated CNY5.08 billion in net profits, up 41.74% year-on-year, and China Merchant Property Development Co saw its net profit increase by 16% from a year earlier to CNY2.42 billion. Minsheng Securities Analyst Xiao Xiao noted that more projects will start construction in the coming months, causing inventory stocks to increase again.

Chinese hope to buy a home before marriage

Nearly two-thirds of Chinese people prefer to buy homes before they get married, while the average price they are willing to pay for an apartment is 13.4 times their annual family income, a survey jointly conducted by website house.ifeng.com, Horizon Research Consultancy Group and World Union Property showed. Thousands of young people living in Beijing, Shanghai, Shenzhen and Guangzhou were interviewed for the survey. Out of those who got married without owning an apartment, 29.4% said they would like to buy a home in the next two years. Since March, the property market’s recovery has been mainly driven by self-use buyers. The average price of new homes has increased nearly 30% so far this year in Beijing. Two types of homes are selling well this year: two-bedroom apartments with relatively affordable price tags, and high-end residential apartments and villas, said Carlby Xie, head of research at real estate consultancy Colliers International (Beijing). However, the soaring property prices have killed the dreams of many potential buyers. About 84% of those polled said that property prices were higher than they could afford. Most of those polled said that they are willing to accept an apartment with a total price of about CNY800,000, but the average price of homes in the four cities stood at about CNY20,000 per sq m, indicating that they can only afford a relatively small apartment, the China Daily reports.

Chinese investment in French property market rising

The China Investment Corporation (CIC) is looking for investment opportunities in the high-end property market in Paris. “We are in talks with CIC, which has expressed an interest in investing in the prime property market in Paris,” said Alexandra Li, head of Asia Business Development at real estate company Jones Lang LaSalle (JLL). From zero presence in 2011, China has grown into the second-biggest foreign investor in the property market in the French capital. The value of Chinese investment in Paris accounted for nearly 15% of the total foreign property investment made in the first three quarters of this year, after Qatar's 30%, according to a new report by JLL France. Earlier this year, a large state-owned institutional investor from China bought a property portfolio owned by French real estate investment trust Eurosic for €508 million. The transaction has been the largest deal in the Paris property market so far this year. The portfolio purchased by the Chinese investor includes two office buildings in the center of Paris. One is located in the heart of the city's central business district and is fully leased to a major law firm. The other property is located near the Gare de Lyon railway station, the China Daily reports.

- Stephen Schwarzman, Chairman of Blackstone, said during a brief visit to Hong Kong that his firm would not quit China's property market despite growing concerns about the outlook of the real estate sector.
- The credit quality of property developers is improving, signaled by rebounding sales and the ability of companies to tap international capital markets to raise funds, according to U.S. ratings agency Moody's Investors Service. It said capital raising in the offshore bond market by Chinese developers reached USD1.15 billion this month, up 35% from last month. It added that the total amount of bonds issued by Chinese developers reached USD2.32 billion in the July-October period, up from USD2 billion in the first half of this year. The country's home prices were expected to experience mild year-on-year declines in the near and medium term due to increasing supply and continued government controls, Moody's said.
- A new record price for the sale of residential property in Shanghai was set when an apartment in the Lujiazui financial district sold for CNY216,000 per square meter. More than 1,300 properties priced at CNY50,000 or more per sq m have been sold this year.
- New prime office supply set for Hong Kong over the next nine years will not be enough to meet half the forecast demand for space, a study by CBRE, the world's biggest commercial property agent, found. The city's developers are planning to add about eight million square feet of office space by 2020, but firms will need 17 million sq ft of new space in the period, the report by CBRE, with Daiwa Capital Markets, said.
- Kerry Properties says it has generated a strong response for its new project in Tangshan, Hebei province, where buyers snapped up 300 out of the first batch of more than 500 flats at the Tangshan Complex that the developer put on sale recently. The project comprises 300,000 square meters of gross floor area.
- The General Administration of Quality Supervision, Inspection and Quarantine (GAQSIC) has warned that the use of aging elevators posed increased risks of accidents. China is the world's largest manufacturer and user of elevators. More than 2 million were in use by the end of 2011, and the figure continues to rise by 20% annually. There were 20 fatalities from January to September in 28 serious elevator accidents. About 80% of elevator accidents in Beijing were due to poor maintenance, said Miao Busheng, Chairman of the Beijing Elevator Commerce Committee.
- Property sales in China's 54 major cities dropped 6.4% month-on-month in October, the third consecutive drop, data from real estate consultancy firm Centaline Group showed. Around 212,713 apartments were sold in October, compared with 227,000 in September. Second-tier cities, such as Suzhou, Hangzhou and Qingdao, saw the biggest drop.
- China's construction equipment manufacturing industry will continue to see declining sales in the third quarter, and its performance next year is expected to be lackluster as well, industry insiders said. Domestic sales of excavators, one of the industry's main products, saw a year-on-year decline of 36.2% in the first eight months of the year, according to data from the China Construction Machinery Association. Sany Heavy Industry Co, China's biggest maker of excavators and construction equipment, posted a net profit of CNY714 million in the third quarter, down 58.76% compared with the same period last year. Its net profit in the first nine months fell to CNY5.87 billion, down 23.43% year-on-year.
- Nearly two-thirds of mainland buyers will avoid Hong Kong homes – at least in the next six months – now that the government has launched its latest cooling measures, a poll shows. Of 229 mainland buyers property agency Midland China surveyed after the new levies were announced, 62% would not consider buying a home in the city within half a year. A further 3% said they would no longer consider buying a flat in

Hong Kong at all. However, the remaining 35% would consider entering the market, depending on price movements, the poll found.

- Rail construction firm China Railway Construction Corp (CRCC) plans to spend CNY69.6 billion on building projects from this year to 2014 that will turn it into one of China's second-tier developers. In comparison, China Overseas Land and Investment, one of China's biggest property firms, will spend CNY20 billion on land acquisitions this year alone. Assuming CRCC breaks even on its property investment, it will have annual average property sales of CNY23.2 billion over three years. At present, CRCC is not among the top 20 Chinese developers. Last year, the firm's property revenue amounted to CNY16.95 billion, a mere 3.7% of its total turnover.
- Prices of new homes climbed for the fifth consecutive month in China in October, rising 0.17% from September, according to a survey by SouFun. A survey by the China Index Academy, which tracks home prices in 100 mainland cities, found that the average selling price of new flats last month was CNY8,768 per square meter. Wenzhou in Zhejiang province recorded the strongest month-on-month rise in new home prices, rising 3.74% in October, while Dezhou in Shandong posted the steepest decline of 3.83%.

RETAIL

Bakery chains seek expansion in China

Foreign bakery chains are accelerating their expansion in China. Singapore bakery chain BreadTalk said it has plans to increase the number of mainland outlets from 300 to 550 in the next couple of years, and expects its China revenue to grow at least 30% a year. More and more Chinese prefer to eat sandwiches for lunch. BreadTalk is also blending its products with local tastes and flavors, and emphasizing the concept of freshly baked products being “healthy, and environmentally friendly”. Euromonitor International in 2010 estimated the retail value of baked goods like bread, pastries and cakes in China at CNY7.8 billion, up from CNY3.7 billion in 2000. Revenue could now grow to CNY11.1 billion by 2015. Per-capita consumption of bakery products in China was 4.1 kilograms in 2009, nearly double the 2.1 kg of a decade earlier, compared with the 36.4 kg per capita in Britain and 25.4 kg in the United States. The company is in 46 Chinese cities, with plans to go into three to five more every year. Japan’s Yamazaki and Paris Baguette from South Korea are also expanding fast. 85 C, a café and bakery specializing in coffee, cakes and bread from Taiwan, is also gaining great popularity, selling its goods 24-hours a day, but many local bakeries have been losing market share, the China Daily reports.

- A survey that compared the cost of living in Shanghai with other global metropolises has found that while overall expenses may be cheaper they take a higher percentage of average annual income. “Shanghai may not be the most expensive city in the world, but the actual living costs in the city jump to the top spot when people’s average income is taken into account,” wrote Sharmistha Mohapatra in Oriental Outlook, a Chinese magazine under Xinhua news agency, which published the survey. She added that rents have risen by 50% in the past few years and the prices of food, transportation and other daily necessities increased while most expats have the same housing allowance.

SCIENCE & TECHNOLOGY

China to boost development of its own jet engine

China is evaluating a CNY100 billion plan to boost development of its own jet engine to break its dependence on Western and Russian engines. State-owned Aviation Industry Corporation of China (AVIC) has already set aside about CNY10 billion of its own funds for jet engine development over three years. Some Chinese aviation industry specialists forecast that Beijing will eventually spend up to CNY300 billion on jet engine development over 20 years. Orders for engines for new passenger aircraft delivered in China could be worth more than USD100 billion over the next 20 years.

- New regulations are likely to ban international agencies from providing education exchange services in China, the Ministry of Education said, adding that some unqualified agencies provide advisory services to people wishing to study abroad, and some help clients forge materials required for applications or cheat clients out of money.

- A 2007 winner of the Nobel Prize for Medicine, Dr Martin Evans, signed an agreement with the Zhongyuan Union Stem Cell Bio-engineering Corp to conduct research involving stem cells. Under the agreement, the company will jointly invest USD8 million with UK-based Cell Therapy to create a new Tianjin-based company that will specialize in anti-aging research.

STOCK MARKETS

China considering to cut tax on dividends

China is considering cutting taxes on stock dividends for long-term investors to boost the depressed capital market. The policy will impose different tax rates on dividends distributed by listed companies to individual investors in accordance with investors' shareholding period, less than one month, one month to a year, and more than one year. "It will guide investors to make long-term investment in blue chip stocks which are currently undervalued," said Dong Dengxin, Financial and Securities Researcher at the Wuhan University of Science and Technology. The Shanghai composite index has slumped more than 15% since May, while heavy speculation has led to unusually-high valuations for small-cap stocks. Shang Jian, General Manager of Shenzhen-based UBS SDIC, a fund management company, said that the proportion of the A shares' total market value in the country's gross domestic product (GDP) has dropped under 50%, meaning that they are significantly undervalued.

Number of listings down

Only 153 companies were newly listed on the A-share market during the first 10 months of the year, down 37% from 243 over the same period a year earlier. Total proceeds raised fell 59% to CNY103.4 billion during the 10 months from CNY249.5 billion last year. The third-quarter performance of the A-share market was the weakest one since 2009. Only one listing in Shanghai has raised more than CNY5 billion this year, in comparison with four deals during the first 10 months last year, according to Deloitte. Although 91 companies so far have obtained listing approvals, Deloitte expects "only a small fraction of them will proceed with their listings plans" due to the dismal market sentiment. It forecast a total of 170 companies would proceed with listings in Shanghai by the end of the year, down 40% from the 281 in 2011. Total proceeds are estimated to reach CNY120 million to CNY140 billion this year, down 50% to 57% over 2011's CNY282.4 billion. Hong Kong, which has led the global IPO market for the past three years, only raised a total of HKD48.9 billion in the first 10 months, down 78% from last year. The city was ranked in sixth place globally in terms of funds raised, trailing the two largest stock exchanges in the U.S., Japan, Shenzhen, Malaysia, and one spot ahead of Shanghai, according to Deloitte. Hong Kong posted the worst 10-month performance since 2004 this year. Listing applications received by the city's stock exchange slumped 51% year-on-year. Deloitte expects a total of 65 companies to be listed in Hong Kong by the end of 2012 and to raise about HKD70 billion to HKD90 billion, significant decreases of 28% and 67% to 74%, respectively, over last year, the China Daily reports.

- The depressed valuations at which some Chinese companies are trading on stock markets in the United States may prompt their controlling shareholders to take the companies private, according to Brian Gu, head of corporate finance for China at Wall Street investment bank JPMorgan. He is advising Focus Media to delist and was previously involved in the delisting of Shanda Interactive. Gu believed some companies that might now want to go private could return for a bigger and more important listing after they restructured to become more valuable enterprises.
- Hontex, a Fujian-based fabric maker accused of issuing misleading and fraudulent information in its Hong Kong initial public offering prospectus, said 98.73% of its investors had accepted its offer to buy back their shares. Hong Kong's Securities and Futures Commission (SFC) fined the firm HKD42 million, and Hontex agreed to the buyback. Trading in Hontex shares remains suspended.
- Net profit at Haitong Securities, China's second-largest broker, slid more than 10% in the third quarter from the same period last year to CNY2.44 billion, although revenue dropped just 1% to CNY6.89 billion.

- Shanghai Fosun Pharmaceutical (Group) Co fell below its offering price on its debut on the Hong Kong stock exchange due to weak market sentiment. Shares closed down 8.3% at HKD10.82 after raising HKD3.96 billion.
- VST Chairman Li Jialin became the first Chairman of a listed company to be convicted of a market manipulation offense in Hong Kong since the Securities and Futures Ordinance came into effect in 2003. He was sentenced to six months in jail and a fine of HKD240,000. VST is a mainland-based distributor of information-technology products. Li resigned as Chairman and Chow Ying-chi, who has been with the company for 16 years, had been appointed acting Chief Executive. Non-executive Director Tay Eng Hoe has been appointed Chairman.
- A widely expected USD3 billion share offering by state-owned People's Insurance Co (Group) of China (PICC) might help revive IPOs in Hong Kong this month, according to Deloitte Touche Tohmatsu. Although Hong Kong was succeeding in attracting more listings from overseas firms, it might not retain its crown as the world's largest listings market for the fourth year running. If it materializes, the PICC float would be the biggest share offering in China this year. Haitong Securities raised HKD14.4 billion in May, the largest listing in Hong Kong so far this year.
- China Exchanges Services, a HKD300 million project equally owned by Hong Kong Exchanges and Clearing, and the Shanghai and Shenzhen stock exchanges, has been launched in Hong Kong to develop index or equity derivative products as well as compile new indices that will allow investment banks to issue index fund products. Chinese leaders do not want to see the three markets in competition, but want them to work together to compete with overseas exchanges or newly developed trading platforms, such as dark-pool operators, who specialize in large institutional transactions.

TRAVEL

Air China's profit drops in third quarter

Air China’s net profit in the third quarter dropped 16.5% to CNY3.17 billion as revenue rose to CNY28.7 billion from CNY28.1 billion a year ago. Net profit for the first nine months of this year nearly halved to CNY4.24 billion from CNY7.86 billion. Revenue rose 4% to CNY76.3 billion. The airline is set to take delivery of 56 new aircraft which will cost the company CNY26 billion next year. China Eastern Airlines posted a 20.4% fall in net profit for the third quarter from a year ago to CNY2.63 billion. Net profit in the first nine months of this year fell 37% to CNY3.63 billion. Revenue rose 2.8% to CNY25.13 billion in the quarter and 3.6% to CNY65.53 billion in the nine months.

- Shanghai will have more than 10 Angry Birds amusement parks in the next two years, the first of which opened at Tongji University. The amusement sites will mainly be built within local parks to include activities inspired by the mobile phone game, combining both physical and digital worlds, Peter Vesterbacka, Chief Marketing Officer for Rovio Entertainment told Shanghai Daily. Entry to some of the parks will be free of charge. Rovio already opened an Angry Birds brand store in Shanghai in July and plans to open 24 more across China by the end of the year.
- Chinese authorities have announced a ban on temples selling shares to investors after leaders of several popular temples planned to pursue stock market listings as commercial entities. Companies that manage temple sites may be able to bypass the prohibition on listing shares by excluding the temples themselves from their lists of assets. A Buddhist site at Emei Mountain in Sichuan already has been on the Shenzhen stock exchange since 1997.
- China Southern Airlines saw third-quarter net profit drop 29% to CNY2.22 billion on rising operating costs and currency fluctuations. Sales rose 9% to CNY29.8 billion. Operating costs, which include fuel expenses, rose 10% to CNY22.7 billion. Chinese airlines, which have substantial borrowings in dollars, benefit from a stronger yuan. China Southern flew 23.8 million passengers in the third quarter, 8% more from a year earlier. The airline last month started flying the Airbus A380 on the Guangzhou-Los Angeles route.
- Travelers can bring only one pet dog or cat to China, according to a new inspection and quarantine regulation that will be enforced from November 1. Other species of

pets will be barred from entering, authorities said. Also prohibited from entering China are soil and genetically modified organisms, fresh vegetables and fruits.

- Beijing banned vehicles carrying toxic or dangerous chemicals from entering the capital from November 1 to 18, the period up to and including the Chinese Communist Party's 18th National Congress, which will start on November 8. Food safety and cleanliness inspections in hotels and restaurants will be stepped up.
- Invengo Information Technology President Xu Yusho was taken into custody by Shenzhen authorities on bribery charges related to the railway sector. Xu, 47, ranked in the top 500 of the Hurun Rich List in 2009, with CNY2.2 billion in assets. Invengo is one of two providers of radio frequency identification tags and readers for the Railways Ministry. The company derived more than half of its revenue from railway contracts in 2010.
- As a result of the government's recent increased spending on railways to stimulate the economy, the net profit of China Railway Construction Corporation (CRCC) surged 41% to CNY1.9 billion in the third quarter, while the net profit of China Railway Group soared 67.6% to CNY1.9 billion. CRCC's new contracts jumped 88.3% to CNY181.8 billion in the third quarter.
- Shanghai Pudong International Airport and Hongqiao International Airport ranked as the top two airports on the Chinese mainland based on customer satisfaction, an airport survey organized by carnoc.com revealed, based on the responses of 9,000 people. Xiamen's Gaoqi airport in Fujian province ranked third. Nanning's Wuxu airport in Guangxi and Changchun Longjia airport finished at the bottom of the survey of 28 airports. Despite the overall praise of Shanghai's airports, passengers said improvements need to be made in terms of security checks and the arrangement of shops and restaurants.
- Germany and France officially opened the first joint visa application center in Beijing to ease the application process and attract more Chinese to Europe. Chinese who want to apply for a visa to Schengen countries can hand in applications to the center instead of going to the German or French embassies and obtain visas within two weeks on average. Rainer Gehnen, General Manager of the German-Chinese Business Association in Cologne, said the European Union should eventually have an office in charge of visa approval for all member countries.
- Marriott International announced that it expects to open on average one hotel per month in China for the next five years. The hotelier is entering emerging primary and secondary cities across China.
- China's sovereign wealth fund China Investment Corporation (CIC) has acquired a 5.7% stake in Heathrow Airport Holdings, which will now be more than 40% owned by the Chinese, Qatari and Singaporean governments. Spain's Ferrovial has a 34% stake. Heathrow Airport Holdings is in charge of the airports of Heathrow, Glasgow, Aberdeen and Southampton. The fund also added shares from other investors worth GBP192.6 million, bringing its total holdings of the hub to 10%.
- Commercial Aircraft Corp of China (COMAC) is expected to assemble 50 ARJ-21 regional jets annually by 2014 and 150 C919 jumbo jets by 2020. Four ARJ-21 jets are being tested in Shanghai, COMAC said. The C919 is due to make its first flight in 2014 and enter service in 2016. COMAC has a total of 330 orders for the jumbo jet.
- Beijing residents spend more time commuting to work than residents of 49 other major cities. A Chinese Academy of Sciences (CAS) study showed that it takes people in the capital 52 minutes on average to get to work. Guangzhou and Shanghai have the second- and third-longest commutes at 48 and 47 minutes respectively.
- China Southern Airlines missed a target date for introducing Airbus A380s on its Beijing to Paris route. Air China has a lock on Beijing routes, according to Li Yanhua, Professor at Tianjin-based Civil Aviation University of China. China Eastern Airlines similarly controls Shanghai, while China Southern's base is Guangzhou.

ONE-LINE NEWS

- Renowned writer Han Suyin has died at her home in Lausanne, Switzerland, on November 2 at the age of 95, Han's family announced. Born in Henan province, Han was the daughter of a Chinese railway engineer and his Belgian wife. She studied medicine at Yenching University and in Brussels in the 1930s and later in London. Han published some 40 books on modern China, including her most popular autobiographic book, “A Many-Splendored Thing”.

- Net profit at Sany Heavy Industry Co, China’s largest heavy machinery maker, tumbled 59% in the third quarter to CNY714 million as an economic slowdown cut demand for excavators and cranes. Sany’s exports surged 50% in the first nine months of the year but domestic sales were flat. Sany’s receivables rose 83% to CNY20.7 billion as of September 30 from a year earlier.
- The 7th Plenum of the Chinese Communist Party Central Committee announced the appointments of Fan Changlong, Commander of the Jinan Military Area Command, and former Air Force Commander Xu Qiliang as Vice Chairmen of the party’s Central Military Commission. The plenum also confirmed the expulsion of former Chongqing Party Secretary Bo Xilai and former Railway Minister Liu Zhijun from the party, paving the way for their trials. An amendment to the party constitution will be presented to the upcoming 18th Party Congress.

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