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

NEWSLETTER | 8 SEPTEMBER 2014

One-line news

Advertisements Hainan Airlines, your direct link from Belgium to China

NOTICE

Trade impediments doing business with China?

To prepare for the Mixed Economic Commission BLEU-China, we would like to ask the members of the Flanders-China Chamber of Commerce whether they experience any trade impediments doing business with China? The Mixed Commission will take place on October 23 in Beijing. If you encounter specific problems concerning market entry, please mail your file before September 18 to gwenn.sonck@flanders-china.be We are at you disposal to provide more information.

Satisfaction survey Flanders-China Chamber of Commerce

The Flanders-China Chamber of Commerce (FCCC) exists now for 10 years. The success of the FCCC is expressed in its results. The FCCC has now more than 300 members and 11 partnerships.

The FCCC has organized numerous activities of which you will find an overview on our website and in our newsletters. The newsletters and members' portraits are also available on-line on our new website.

The satisfaction survey, which you will find here, is offering you the opportunity to give your views and suggestions on the functioning of the FCCC. We would be very grateful if you would complete the survey online. This would take about five minutes of your time. Thank you for your cooperation.

New website and sponsorship opportunities

We have the pleasure to inform you that the Flanders-China Chamber of Commerce has a new website.

On the new website you will find:

- Video interviews with the experiences of Chinese companies in Belgium
- Interviews with Member companies, sharing their experiences on the Chinese market
- Easy access to FCCC publications
- FCCC Weekly and Sectoral Newsletters (Automotive, Metals & Minerals; Environment & Logistics)
- News from Flanders : Europe's Smart Hub
- Career opportunities : members can post job vacancies
- FCCC activities

Sponsorship Opportunities
Our site is already a reference for companies interested in doing business in China. With our new website ready, we will be promoting it in many ways. This means new contacts and more visitors. If you would like to advertise on our website, newsletters and events, please check out our sponsorship opportunities.

FCCC ACTIVITIES

China Roundtable Meeting and Free Clinic: IP and Technology Transfer in China in 2014 – 24 September 2014 – Gent

Intellectual Property and Technology Transfer in China in 2014

Beyond the prejudice and the war stories, lie real business opportunities

The Flanders-China Chamber of Commerce and the Province of East-Flanders have the pleasure to invite you to the China Roundtable Meeting focusing on ‘Intellectual Property and

Technology Transfer in China in 2014'? This event will take place at 15h30 on Wednesday 24 September 2014 at the House of the Province of East Flanders, Seminariestraat 2, 9000 Gent.

Mr Philippe Snel, Lawyer and Chief Representative at the Dewolf & Partners Shanghai Office , will illustrate how recent innovations in PRC trademark law and the copyright law once more confirm that China has definitively turned the corner on the practice of cheap copies and inescapable trademark infringements.

Understand how your Intellectual Property assets can become the essential cornerstone of your business development in China. Learn from others how your company (even if it's small) could be able to take advantage of the ongoing technology drive in China without risking it all.

The programme:

15h30	Registration
16h00	Welcome by Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce Intellectual Property and Technology Transfer in China in 2014 Beyond the prejudice and the war stories, lie real business opportunities By Mr Philippe Snel, Lawyer and Chief Representative at the Dewolf & Partners Shanghai Office Case study and exchange of experiences
17h30	Networking reception

During this conference you will receive the publication "FCCC Members' Portraits in China'. The booklet includes 17 portraits of member companies active in China. The China-based managers of those companies talk about how their firms became active in the country and the difficulties and pitfalls they faced to on their way to success in the largest and most challenging market on earth.

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

Before this session, we also offer the opportunity to have a 'free clinic' on legal advice on your China matters. If you are interested in attending this event and have a free clinic, please register online before 18 September 2014 via this link.

Mission for Growth to Chengdu – 21-23 October 2014

Following the successful Mission for Green Growth to China of Vice-President Antonio Tajani and Commissioner Potočnik on 18-19 July 2013, Director-General of Enterprise and Industry DG Daniel Calleja will lead a technical Mission for Growth to Chengdu from 21 to 23 October 2014.

The purpose of this visit is to confirm the strong political relationship between the EU and China and to strengthen their co-operation in strategic fields.

Director-General Mr. Daniel Calleja Crespo will be accompanied by a delegation of representatives of business associations and entrepreneurs to discuss with Chinese politicians and entrepreneurs how to foster European industrial cooperation. As for their previous missions, this visit will also have the objectives to:

1. promote sustainable and inclusive growth in the EU and China;
2. help European companies and in particular our SMEs to operate internationally by exploiting business opportunities in China;
3. promote EU-China industry in the targeted sectors by participating in matchmaking events with local entrepreneurs.

The following sectors of the business delegation have been identified according to the specific interests of European and Chinese industries:

- Environmental protection
- Renewable Energy
- Bio-pharmacy and bio-technology
- Modern Agriculture (incl. organic agriculture, food quality and security, R&D on agricultural science and technology)

- Aviation
- ICT

The intention at the Mission is to meet with high level political representatives, key industry leaders, and local entrepreneurs.

During this mission, the Flanders-China Chamber of Commerce will be represented by Mrs Gwenn Sonck, Executive Director. If you have a particular proposal in which the FCCC can be of support to you, please send an e-mail with your request to : gwenn.sonck@flanders-china.be.

The Mission will take place in conjunction with the **IX EU-China Business and Technology Cooperation Fair**. This event has been held for eight editions attracting 3255 Chinese companies and 1572 European companies. More than 10.000 bilateral meetings took place with one third of successful matches.

The IX fair is expected to gather 800 to 1000 representatives of SMEs, clusters, business associations, R&D institutions and government bodies.

For registration and practical information, click here : http://ec.europa.eu/enterprise/initiatives/mission-growth/missions-for-growth/daniel-calleja/asia/china/registration-form_en.htm

Flanders Cleantech Mission to China – 25 to 31 October 2014 – Beijing, Shijiazhuang, Tianjin and Shenyang

The Flanders-China Chamber of Commerce (FCCC), the Flanders Cleantech Association (FCA), and the Province of East-Flanders, in cooperation with Flanders Investment & Trade, are organizing the Flanders Cleantech Mission to China from October 25 to 31, 2014. The mission is organized in partnership with the Chinese Association of Environmental Protection Industry and will visit the cities of Beijing, Shijiazhuang, Tianjin and Shenyang. The mission will be led by Mr Geert Versnick, Vice Governor of the Province of East-Flanders in charge of economic affairs and international relations.

The aim of the visit is to introduce innovative Flemish cleantech technologies to Chinese institutions, governments, companies and development zones. Rapid industrialization caused many environmental challenges in China. The Chinese government recognizes the problems and aims at tackling the negative environmental impact, but there is still a long way to go. Clean technologies (cleantech) are part of the solution, ranking from clean energy and energy efficiency, to air treatment, waste management, waste water treatment and soil remediation.

This mission will visit various cities in North and North-East China: Beijing, Shijiazhuang (Hebei province), Tianjin and Shenyang (Liaoning Province). In each city, we will organize a seminar introducing the priorities and opportunities from each side as well as a presentation of the participating companies, followed by ample networking and business opportunities. You will also have the possibility to learn about the specific projects in the cleantech sector.
The organizing parties have set up a long-term cooperation and network with the authorities in these cities and regions. The province of East Flanders has been maintaining cooperation with Hebei province since 1991. In Tianjin, FCA 's founding father VITO works together with the Tianjin Academy of Environmental Protection (TAES), and in China, CAEPI, the Chinese Association of Environmental Protection Industry, is FCA's partner for setting up Flemish-Chinese B2B matches. In Shenyang, the FCCC has already a longstanding cooperation with the different authorities.

The programme of the mission can be obtained by sending an e-mail to gwenn.sonck@flanders-china.be

Participation fee to visit these four cities is: €450 for members of the FCCC and €655 for non-members. (These are the costs for the presentation of your company in the brochure English/Chinese, which will also be available on different websites.) Please subscribe before September 10 via this link:
http://www.flanders-china.be/en/events/upcoming/flanders-cleantech-mission-to-china-/subscribe

ACTIVITIES

Juxing CBTC project - 2nd delegation – 10 September 2014 – Louvain-La-Neuve

CBTC – the Chinese-Belgium Technology Center, located in the Science Park of Louvain-La-Neuve – is the first large-scale High-Tech incubation center created by Chinese investors outside China. It is a platform aiming at serving Chinese companies entering the Belgian or European market in order to establish partnerships and to conduct R&D cooperation. It is also a gateway to help Belgian or European companies who have the intention to do business in China. The main investors for this CBTC project are WHIBI (Wuhan International Business Incubator), DongFeng Design Institute and HuaYong Investment. The company running this center is JuXing International Technology Investment. Since 2014, two office centers (3000 sqm) have been established and are ready to welcome all Chinese, Belgian or European companies.

The first delegation (May 2014) was a real success. Indeed three Chinese companies decided to set up a subsidiary in Juxing facilities. They are currently in the registration process. Upon this good news, Juxing will welcome its second group of professional visitors from China (from 10th - 12th September). This group consists of 15 companies, all headed by their CEOs or their General Managers. These companies are active in the fields of green technology, bio-engineering, ICT. Besides business and trading, the group members also have interests in establishing partnership cooperation and R&D center in Belgium, in Europe and in China.

The members of this high profile delegation will be presenting themselves and their company at the Aula Magna in Louvain-la-Neuve on the 10th of September (from 9 AM to 12 PM), followed by a networking lunch. Please feel welcome to come and meet them on this occasion! As seats are limited, advance registration is both free and essential. Please register through this link before the 31st of August.
https://docs.google.com/forms/d/1jdWfsrD1fnQbBgh6101LFIviZwEAgRzkUAOKi6I5wmM/viewform?c=0&w=1&usp=mail_form_link

In the following days after your registration and according to seats availability, you will receive a confirmation email including some useful and practical information regarding the event. In case of any questions, please contact Julie Patterson, Julie.patterson@jxiti.com
This event has been organized with the help of UCL and Louvain-la-Neuve Science Park.

China Europa – 16~18 September 2014 – Shenyang

China Europa, the essential business gathering between Europe and China, is a key event focusing on commercial relations between Europe and China in the field of sustainable urban development, and offers European and Chinese companies and territories a unique opportunity to meet and to develop efficient economic links, in optimal conditions. It guarantees fruitful and constructive encounters with a number of qualified and targeted contractors and suppliers. It is also an opportunity to identify new development opportunities in Europe and in China and to benefit from exchanged expertise and good practice via a programme of conferences and themed workshops. The leading Chinese and European economic authorities consider China Europa to be the leading event in Sino-European business relations and exchange in the field of sustainable urban development. By providing extensive support towards the business convention's organization, these bodies assert their will to reinforce productive cooperation that will contribute towards shaping tomorrow's sustainable towns and cities.

On 16th -18th September 2014, the European Chamber will co-organize the sixth edition of China Europa in Shenyang with the theme: Innovative Solutions for Sustainable Energy and Urban Development.

Since 2006 Europe and China have come together nearly every year to host China-Europa, a comprehensive business convention on urban development that has had the highest support from China's Ministry of Commerce and the European Commission.
Why participate in China Europa 2014: five reasons

- Discover major urban projects in European and Chinese cities on China Europa exhibition area
- Update your knowledge about the last technologies and solutions of the Sustainable Urban Development thanks to a dedicated workshops programme
- Promote your expertise and products to private and public decision makers in ideal

conditions during pre-arranged business meetings
- Benefit from the presence of numerous major stakeholders in energy and urban development, such as territories highly committed towards sustainable development
- Save time and money in your international prospecting efforts

Organizers expect over 300 businesses to participate in this international convention. Furthermore, this event will be graced by the presence of a Vice Minister from MOFCOM, EU Commissioner Günther Oettinger and over 10 Mayors from China.

More information on the event is available at: http://www.china-europa.org/rendez-vous-incontournable-business-europe-chine-china-europa-2014-en.asp

PUBLICATIONS

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

See FCCC Members' Portraits on the FCCC website.

EXPAT CORNER

Silver Magnolia Awards presented in Shanghai

Shanghai presented Magnolia Silver Awards to 50 expatriates from 22 countries in recognition of their contribution to the city's development. Among the recipients were Johan Jansen, Chief Executive of Coca-Cola Industries Management (Shanghai) and Gordon Orr, Chairman of McKinsey & Co Asia. Silver and Gold Magnolia, and Honorary Citizenships are presented annually. Over the past 25 years, more than 959 people have received the awards, which can be useful when applying for permanent residency in the city. The Magnolia Silver Award certificates are signed and conferred by the Director General of the Shanghai Foreign Affairs Office, while the Gold and Honorary Citizenship awards are signed and conferred by the Mayor of Shanghai.

FINANCE

New digital finance companies pose challenges

Digital finance, the most vibrant segment of China's financial services industry in the past year, has experienced an influx of new competitors including internet companies, emerging digital finance operators – including peer-to-peer lending, crowd funding and vertical search providers – telecom carriers and infrastructure vendors. They all pose a challenge to the longstanding dominance of conventional financial institutions such as banks, insurers and securities firms, the Boston Consulting Group (BCG) said in a report. BCG interviewed 40 executives at established domestic financial institutions, and it found that during the past 12 months, those executives' attitudes toward digital finance have shifted from doubt and even contempt to apprehension and anxiety. “It is very stressful to compete with internet companies. Guided by the venture capital idea, they allow for a trial-and-error process, with experimentation and failure. But commercial banks have a structured innovation system that values risk and input-output measurements,” said one banker cited in the report. The report noted that although traditional banks have launched many initiatives in digital finance, such as e-commerce websites and P2P platforms, the toughest job is changing their own attitudes. “To excel in digital finance requires a very different type of corporate DNA. We see in internet companies that engineers drive app development, testing, rapid prototyping, customer rating and improvement. Traditional banks have to foster a culture of innovation, to encourage active ideas from all parts of the organization, as opposed to top-down work,” said Tjun Tang, BCG Senior Partner and a co-author of the report.

- The asset quality of major state-owned banks weakened further during the first half of 2014 under pressure of a slowing economy and restructuring. The five largest Chinese lenders had CNY423.49 billion in non-performing loans (NPLs) as of June 30, up CNY49.18 billion from December 31. Their average NPL ratio went up 5 basis points to 1.08%. Commercial banks reported a total of bad loans of CNY694.4 billion on June 30 with an average NPL ratio of 1.08%, the China Banking Regulatory Commission (CBRC) said.

- China Construction Bank (CCB) announced that it would implement the so-called 5321 plan, denoting a 50% cut to executive pay, a 30% cut for department heads and 20% for section heads. General staff salaries would be reduced by 10%. In late August, media reported that the central government passed a measure on reducing compensation for employees of state-owned firms. The measure called for a 30% reduction in the pay of a top executive or capping it at CNY600,000 per annum.
- Reforms in the Shanghai pilot free trade zone (FTZ) may allow securities companies, trust firms and insurance companies to offer free trade accounts. They are now available only in yuan but foreign currency business is likely to be launched in six months. Introduced in May, free trade accounts allow holders to transfer money across borders without being subject to strict capital controls that apply outside the zone. Ten Chinese banks have been allowed to open free trade accounts. By the end of July, 1,972 free trade accounts had been opened.
- Central Huijin Investment plans to gradually reduce its stakes in Chinese banks as it plans to diversify and seeks out higher-return investments in Europe. “The trend must be reducing government holdings in the state-owned banks to allow more social capital,” said Li Jiange, Huijin's Vice Chairman, at a conference in Frankfurt. Huijin is expected to sell the stakes in blocks to strategic investors rather than through smaller sales on the open market.
- China Merchants Bank will issue CNY9.16 billion in asset-backed securities on September 15, according to a filing from the lender at Chinabond. The deal will be underwritten by China Merchant Securities, Citic Securities and China International Capital Corp. There has been more securitization issued in China this year than in the previous eight years combined, according to data from Thomson Reuters.

FOREIGN INVESTMENT

AmCham says foreign companies unfairly targeted

Foreign companies feel unfairly targeted by China's opaque laws on issues including antitrust enforcement, says a report by the American Chamber of Commerce (AmCham) in China. It warns that investment from abroad may continue to shrink as a result. In a sign of the concern, 27% of respondents to the AmCham survey said they would not expand in China, up from 16% in last year's survey. Only 23% said their revenues from China rose substantially, down from 30% in 2013.

- Taiwan-owned Catcher Technology, an electronic firm that supplies parts to Apple, is being accused of repeated labor violations by China Labor Watch and Green America, two U.S.-based NGOs who investigated it twice in the past two years – exposing continued problems in Apple’s supply chain ahead of its much-anticipated iPhone 6 launch. They found out that a factory in Suqian, Jiangsu province, workers had to do 100 hours of overtime a month – three times the legal limit of 36 hours – and that minors as young as 16 were forced to work the same hours as adults.

FOREIGN TRADE

Uncertainty over anti-monopoly investigations

While China's anti-monopoly investigations have been welcomed by European academics, business leaders have called for fairness and openness to reduce uncertainty. Duncan Freeman, Senior Researcher at the Brussels Institute of Contemporary China Studies (BICCS), said China's efforts to fight against monopolies were in line with its endeavors in market-oriented reform. “The actions can be seen as an effort to limit the power of monopolists in the Chinese economy, to expand the role of the market by increasing competition and to gain a reform dividend to counterbalance slower economic growth, and rely less on the traditional methods used to stimulate the economy,” he said. Anna Stahl, Research Fellow at the EU-China Research Center of the College of Europe said in the past, several multinationals took advantage of loopholes in China's anti-monopoly laws, which was against the interests of both Chinese and foreign consumers. Anti-trust investigations in the automobile and telecommunications sectors spread to other industries, including a number of cement and medical companies. Most major global automakers were targeted in China's anti-trust investigations, and several announced price cuts for vehicles or spare parts in the past two months. “As China is currently witnessing an economic slowdown, it is important for the Chinese government to show to its citizens that it makes efforts in terms of consumer protection,” Stahl said. Stahl and Freeman both said that the campaign was related to China's tighter control over management and focus on anti-corruption measures in state-owned enterprises, the China Daily reports.

- Negotiators from China, Japan and South Korea called for the conclusion of a comprehensive trilateral free trade agreement (FTA) by the end of 2015. The fifth round of talks was held last week in Beijing. The pact will forge a common market of 1.5 billion people with a combined GDP of USD15 trillion.
- Shanghai’s pilot free trade zone (FTZ) will unveil more than 36 reform measures that can be applied across the country on the one-year anniversary of its set-up, Dai Haibo, Deputy Director of the China (Shanghai) Pilot Free Trade Zone Administration, said. The package will be unveiled around September 29, the zone’s first anniversary.
- Nanjing customs officials have arrested eight suspects accused of taking advantage of a tax-free scheme near China’s borders to smuggle CNY510 million worth of goods. Residents living within 20 kilometers of China’s borders are allowed to purchase up to CNY8,000 worth of goods a day – free of taxes and tariffs – in government-designated marketplaces, according to trade pacts with neighboring countries including Vietnam, Laos and Myanmar. The eight suspects allegedly collected 1,000 IDs and used them for a series of transactions at the tax-free marketplaces, saving them millions of yuan.
- The American Chamber of Commerce in South China delegation is expected to seal investment deals worth USD2.5 billion at the 18th China International Fair for Investment and Trade in Xiamen, Harley Seyedin, President of the Chamber, said. Among the nearly 400 participants led by Seyedin this year are almost 200 CEOs from the United States.
- Taipei and Beijing will this week resume talks on a goods free trade agreement (FTA) after negotiations were delayed due to vocal opposition in Taiwan. The three-day talks would reopen on September 10 after being delayed for about five months. The mainland’s top negotiator with Taiwan Chen Deming said the “ball is in Taiwan’s court”.

HEALTH

No ebola detected among 20 suspected cases

The Chinese Center for Disease Control and Prevention (CDC) has tested 20 suspected cases of Ebola by the end of last month, but none of them tested positive for the virus. Li Dexin, Researcher at the Center's Institute for Viral Disease Control and Prevention, said China is now capable of ebola virus screening and testing. Testing can be done only at an advanced lab at the CDC with a high bio-safety level. China is building an even more advanced lab in Wuhan, Hubei province, which will be needed for research into the ebola virus. The 20 suspected ebola cases involved people returning from four ebola-hit countries in West Africa. After they exhibited symptoms, such as fever, they were hospitalized for medical observation. “There were all cleared and free from ebola,” Li said.

- DXY, which claims to be the largest online academic portal for Chinese physicians and life science professionals with more than four million registered members, announced Tencent has invested USD70 million for a minority equity stake in the company. DXY will cooperate with Tencent, including integration with the popular instant messaging platform WeChat and microblogging site Mobile QQ.
- Authorities in Zhejiang province are trying to trace about 90 million medicine capsules produced by an unlicensed manufacturer, which they say could be hazardous to people’s health. Tests on the capsules found them to contain almost 65 times the permitted amount of chromium, a toxic heavy metal that can damage the kidneys and liver, and even cause cancer. The capsules were made from industrial-grade gelatin, which is a by-product of the leather making process.
- Taiwan's gutter oil scandal continues to grow, with a further 195 food manufacturers identified as having used recycled oil, on top of 235 companies identified earlier. Taiwan's Food and Drug Administration would not rule out the possibility Hong Kong

and the mainland were affected. The authorities in Taiwan have ordered checks to be carried out at all food manufacturers on the island after nearly 1,000 businesses were found to have been sold old and tainted cooking oil or products made with it.

IPR PROTECTION

Copyright deals sealed at Beijing International Book Fair

A record of more than 2,100 publishers from 78 countries and regions attended this year's Beijing International Book Fair (BIBF). The five-day fair also witnessed 4,346 copyright deals, a year-on-year increase of almost 20%. The number of export copyright deals jumped by 24%. The annual fair, now in its 21st year, showcased 300,000 items and attracted 200,000 visitors, outnumbering those at the London Book Fair.

- The Standing Committee of the National People's Congress (NPC) decided to set up specialized intellectual property courts in Beijing, Shanghai and Guangzhou. Civil and administrative cases involving highly technical disputes over patents, new plant varieties, integrated circuit designs and tech know-how will be heard at the new courts. Their jurisdiction will not be limited to each city.

MACRO-ECONOMY

State-appointed executives face huge cuts in pay and perks

Future professional managers of state-owned enterprises (SOEs) would very likely be paid more than their government-appointed bosses, according to Qiu Xiaoping, Vice Minister of Human Resources and Social Security. More than 200 top executives from 72 leading SOEs would be affected by the reform of their pay and perks. The pay gap between state enterprise executives and their junior colleagues would not exceed that of recent years – roughly 13 times the average salary of ordinary staff. Qiu also confirmed that in future, state corporate management would comprise both government-appointed representatives as well as managers picked by company directors based on operational needs. The reform will start with pay cuts of up to 50% for government-appointed executives, followed by the recruitment of professional managers at market-rate salary packages. The pay reform will affect state firms' Chairmen, Party Secretaries, Chief Executives and Supervisory Board Chairmen, as well as the executives' Deputies. Perks and privileges would be cut as well, according to Xu Fushun, Vice Chairman of the State-Owned Assets Supervision and Administration Commission (SASAC).

- China’s manufacturing sector grew at a slower pace in August for the first time since February. The official Purchasing Managers’ Index (PMI) registered 51.1 in August, down from July’s 51.7, the China Federation of Logistics and Purchasing (CFLP) and the National Bureau of Statistics (NBS) said. The figure for August pointed toward the first moderation after faster growth for five consecutive months, although it was still the second highest this year so far. Zhou Hao, an economist at Australia & New Zealand Banking Group, said the deceleration was faster than expected and broad-based. Production declined 1 point, while new export orders dipped 1.1 points and 0.8 points respectively.
- Microsoft Corp has been granted a 20-day deadline by a Chinese regulator to explain why it held back on its “not fully disclosed information” regarding Windows and Office suite sales. The State Administration for Industry and Commerce (SAIC) has questioned Microsoft Vice President David Chen after visiting the company’s offices. Microsoft has been suspected of violating China’s anti-monopoly law in relation to problems with compatibility, bundling and document authentication.
- Profit growth of China’s listed companies dropped from a year earlier in the first half of this year. A total of 2,558 firms listed on the Shanghai and Shenzhen stock exchanges earned a combined net profit of CNY1.27 trillion, up 9.47% year-on-year. The combined revenue of listed companies totaled CNY13.7 trillion, up 5.83% from the same period of last year. Around 14.27% of listed firms posted losses in the first six months, up from 13.45% a year earlier.
- China has edged up one spot to 28th in the World Economic Forum's global

competitiveness ranking. China continues to lead the BRICS economies by a wide margin well ahead of Russia (53rd), South Africa (56th), Brazil (57th) and India (71st), according to the The Global Competitiveness Report 2014-15, which ranked 144 economies. China is becoming more innovative, ranking 32nd worldwide, but it is not yet an innovation powerhouse, the report said.

- Chinese oil majors China Petrochemical Corp and China National Petroleum Corp (CNPC) remain the country's two largest companies by revenue, according to an annual ranking based on a survey by the China Enterprise Confederation and the China Enterprise Directors Association. Revenue at China Petrochemical, the parent of Hong Kong-listed Sinopec, rose 4% to CNY2.95 trillion last year while CNPC, the parent of PetroChina, posted an increase of 3% for the period. State Grid Corp clinched the third place in the list of 500 largest companies in the country.
- China's service activity rebounded in August. The official non-manufacturing Purchasing Managers' Index (PMI) compiled by the China Federation of Logistics and Purchasing (CFLP), rose 0.2 points from a month earlier to 54.4 in August, while the HSBC China Services Business Activity Index, which weighs toward private service companies, rose to 54.1 last month, a 17-month high and up from July's 50, according to HSBC Holdings and research firm Markit. Services, which account for 46% of China's gross domestic product (GDP) and roughly half of all jobs, have been a brighter spot in the economy this year compared with manufacturing.
- China will open up the million-dollar market of organizing commercial and mass sporting events, a move that will scrap the two-decades-old rule requiring government approval for such events and encourage more private investors in the industry. Currently, all sporting events are subject to the approval of China's General Administration of Sport and its local bureaus. These sports watchdogs charge fees based on an event's importance and ability to attract advertisers.
- Premier Li Keqiang asked his cabinet members to work out a bundle of important engineering projects that could be "driving forces" of economic growth and restructuring when drafting the 13th Five Year Plan (2016-20). Premier Li described the 13th five-year period as the "final dash" to a comprehensive well-off society. Major stimulus measures are not expected to be included in the plan and improving people's livelihood, not GDP growth, would be the major concern.
- Guangdong has unveiled an urbanization blueprint to expand the size of "city clusters" in the Pearl River Delta (PRD) to boost development in the inner regions of the province. The plan also aims to free large towns from the restrictions of their township-level governance as many have already developed into medium-sized cities. Although Guangdong is one of China's most successful provinces, much of its prosperity remains centered around the delta, resulting in a two-tracked economy of wealthy coastal cities and economically deprived townships and rural centers.
- There has been a surge in company registrations, after the government slashed red tape, Zhou Shiping, Director of the Department of Enterprise Registration of the State Administration for Industry and Commerce (SAIC) revealed. Since the registration reforms were introduced on March 1, more than 1.76 million corporations registered, 68% more than in the same period last year.

MERGERS & ACQUISITIONS

Sharp rise in M&As in technology sector

This year has witnessed a sharp rise in M&A activities in China's technology sector. Data from Dealogic show that acquisitions led by Chinese technology firms reached USD25.6 billion by August 26, compared with USD9.3 billion during the same period last year, and USD17.66 billion for 2013. Year-to-date deal volume reached a record high of 275 deals, compared with 218 for 2013. While overall Chinese acquisitions have reached a record USD162.5 billion so far this year, up 27% year-on-year, the technology sector saw 175.72% growth in value, making it the third most active sector in M&A activities after resources and finance. The deal value of outbound technology M&A surged 175.77% year-to-date. The main reasons behind the increase are rising demand for new technology and people of know-how in China, said Kelly Gregory, Partner at Clifford Chance Shanghai. "Competition is intense across all segments in the technology market, particularly among the online players. They are under a lot of pressure to have the latest technologies," she said.

Warburg Pincus to invest in Huarong Asset management

Warburg Pincus will invest close to USD700 million in China Huarong Asset Management Co in the biggest investment in the nation's financial industry by a foreign buyout firm. Warburg Pincus bought the largest portion of a 21% stake that China's biggest bad-loan manager sold to a group of investors for CNY14.5 billion. Rising loan delinquencies in China are adding to opportunities for the country's asset management companies, set up in 1999 to buy bad debt from state lenders. Warburg Pincus, whose President is former U.S. Treasury Secretary Tim Geithner, finished raising USD11.2 billion last year for its most recent private-equity fund. “Huarong is attracting interest because it is one of the largest AMCs in China,” Ming Tan, Hong Kong-based Analyst at Jefferies, said. Huarong earlier this month sold a stake to eight investors including Goldman Sachs Group. Overseas private-equity firms have been involved in USD10.9 billion of acquisitions in China so far in 2014, more than eight times the amount for the year-ago period, the China Daily reports.

- U.S. private equity firm KKR & Co has sold its remaining stake in China Modern Dairy Holdings, raising around USD80 million. China Modern Dairy announced interim after tax profit for the six months ended on June 30 of CNY545 million, a rise of more than three times from the previous year. KKR had a stake in Modern Dairy since 2007.

PETROCHEMICALS

Tianhe Chemicals disputes allegations of fraud

Tianhe Chemicals Group has strongly denied allegations of fraud – inflating sales and profits – by Anonymous Analytics, a U.S. group of anonymous analysts, and threatened to sue it for damages. “The report contains errors, misleading statements and malicious accusations against the company and its directors,” Tianhe said in a statement. Anonymous Analytics called for the company to be delisted from the Hong Kong stock exchange and its executives prosecuted. State Administration for Industry and Commerce (SAIC) filings of Tianhe's subsidiaries show that in 2012, its revenue was 85% less than it reported and its net profit was almost 100% less, Anonymous Analytics alleged. Tianhe listed in Hong Kong in June, raising HKD3.5 billion. The joint sponsors were Morgan Stanley, UBS, and Bank of America Merrill Lynch. Morgan Stanley declined to comment. In 2012, Morgan Stanley Private Equity Asia invested USD300 million in Tianhe, the company's initial public offering (IPO) prospectus said. The investment was the largest by the Morgan Stanley private equity fund, said a hedge fund manager who declined to be named. During Tianhe's pre-IPO roadshow in May, its executives told the hedge fund manager that Morgan Stanley had spent millions of U.S. dollars doing due diligence on Tianhe before it listed, the hedge fund manager told the South China Morning Post. UBS confirmed that Joyce Wei, the daughter of Tianhe Chairman Wei Qi, still works at the Swiss bank after leaving JP Morgan in late 2013. In January, JP Morgan withdrew its involvement in the IPO, on concerns about the U.S. bank's previous employment of Joyce Wei.

PetroChina and Sinopec to spend more in second half

Oil producers are preparing to ramp up multi-billion dollar capital spending plans that were put on hold amid a corruption inquiry that implicated at least 11 former senior executives at PetroChina and its parent company China National Petroleum Corp (CNPC). “The crackdown bodes well for mid- to long-term development of the economy as it would undermine state monopolies and improve investment efficiency,” said Zhu Jianfang, Economist with CITIC Securities in Beijing. PetroChina's first-half spending fell 16% year-on-year to CNY91 billion. The company attributed the drop to its efforts to “optimize its investment structure and reasonably adjust the pace of construction of projects”, but reiterated its target is to spend CNY297 billion this year, down 7% from 2013. Sinopec said it will cut expenditure by 4% to CNY162 billion this year, and reported a 25% drop in capex in the first half. It vowed to step up investment in major producing projects in the second half. Half of the about 20 major listed Chinese oilfield service suppliers posted sharply lower profits, or even losses, for the first half of the year. Anton Oilfield, Petro-king, Shandong Molong and Kingdream all took a first-half pounding, reporting 80% to 85% drops in interim earnings. Sichuan Renzhi and Tong Oil posted losses, with Renzhi blaming Sinopec's recycling of drilling fluids, one of its core products. Some companies predict an imminent recovery as PetroChina and Sinopec invest more in upstream projects, the South China Morning Post reports.

- China has sent a new oil rig to explore the East China Sea, an area that includes waters disputed by Japan. Cosco Shipyard, which built the rig, did not disclose the exact location of the Kaixuan-1, or Triumph-1, drilling platform. It is not known if it is in an area close to disputed waters.
- Fitch Ratings has revised its rating outlook on Anton Oilfield Services Group to negative from stable, citing lower profit margins, customers' spending cuts and slower payments. Anton reported a worse-than-expected 83% plunge in net profit to CNY27.4 million for the first half, citing higher finance costs and “clients' changed operating plans”. The company’s hydraulic fracking capacity increased by 85% in the 12 months to June to help clients extract oil and gas in underground formations through injecting pressurized water and chemicals. Anton's Chairman Luo Lin relocated from its Beijing headquarters to Hong Kong to beef up overseas business development.

REAL ESTATE

Price fall continues but at slower pace

The average price of new homes in 100 cities dipped 0.59% in August from July to CNY10,771 per square meter last month, continuing the downward trend for a fourth consecutive month although at a slower pace, according to the China Index Academy. “The relaxation of home purchase restrictions in some second and third-tier cities will somewhat help boost short-term sales while September and October, traditionally high season for property purchase in China, might also lead to a seasonal rebound in transactions,” the Academy said. Across the country, prices fell in 74 of the 100 cities, down from 76 in July. Of these, 31 cities suffered drops above 1%, a decrease of eight from a month earlier. In the 10 largest cities, the average price of a new home shed 0.53% to CNY19,226 per sq m in August, compared with a 0.97% drop in July and a 0.45% retreat in June. Hangzhou led with a 1.81% monthly decline, followed by Chongqing and Wuhan with a drop of 1.66% and 1.58%, respectively. In Shanghai, new home prices fell 0.33% from July to CNY26,290, as sales fell for the second straight month amid weak sentiment. Sales fell 6.7% from July to 654,000 sq m, the lowest volume in three months, Shanghai Deovolente Realty Co said. Among the 46 Chinese cities with property purchase restrictions, 37 have lifted or canceled the restrictions. Analysts said that the August data reflected that the government's loosening policy has not had any noticeable effect on property prices. On a year-on-year basis, new home prices in China continued to rise in August by 3.15%, but the pace slowed, by 1.57 percentage points, for the eighth consecutive month.

- Guangzhou-based Evergrande Group launched three subsidiary companies in Arshaan, the Inner Mongolia autonomous region, to be engaged in the agricultural sector in the fields of grain and oil, dairy and animal husbandry. “By diversifying our businesses, we are aiming to become one of the world's top 500 companies in 2015,” said Liu Yongzhuo, Vice President of Evergrande Group. Evergrande will invest more than CNY100 billion in the agricultural sector in the next few years.
- The Shanghai land market plunged in August amid sluggish sentiment among real estate developers. Only six land parcels totaling 234,000 square meters – three of them for residential development – were sold, a drop of 68% from July. The transaction value also fell 60.2% month-on-month to CNY4.87 billion.
- China Vanke posted slower growth in sales value in the first eight months amid a cooling housing market. Sales rose 14.6% from a year ago to CNY129.4 billion, slower than the 20.6% growth in the first half of the year. The company sold 10.98 million square meters in the first eight months, up 13.5% year-on-year. Vanke’s net profit rose 5.55% year-on-year to CNY4.81 billion in the first six months of this year.
- Fantasia Holdings said it realized CNY1.04 billion in property sales last month, up 119% from July as more Chinese cities have relaxed restrictions on home purchases since May. The average selling price was CNY6,854 per square meter, about 8% higher than in July. For the first eight months, the company said it had generated CNY3.31 billion from the sale of 509,803 sq m of property at an average price of CNY6,510 per sq m.
- Yuexiu Property became the second Hong Kong-listed Chinese developer in a week to tap the equity market in an attempt to diversify its fundraising. It aims to raise HKD3.84 billion via a rights issue, following Country Garden’s announcement of a

HKD3.18 billion rights issue.

RETAIL

Mooncake sales drop amid anti-graft campaign

Sales of mooncakes in Guangdong province have plummeted after the country's top anti-graft body banned the use of public funds to purchase the delicacy for the Mid-Autumn Festival, which this year falls on September 8. Sales in Wuchuan, a major production center for the cakes, are running at 50% of last year's levels. Wuchuan, dubbed the country's Mooncake Capital by the All-China Federation of Industry and Commerce (ACFIC) in 2012, sold mooncakes worth more than CNY1.5 billion during last year's festival season. Mooncake production has become a pillar of the city's economy, with more than 200 companies in the sector employing over 20,000 people, said Zheng Rikang, Director of the Wuchuan Association of Mooncakes. “But mooncakes have become unsalable this year after the central government ban on purchasing them with public funds,” Zheng said. Many companies have cut production by more than 50%, and some factories have closed temporarily due to poor sales. Liang Weixing, Chairman of producer Fuhai Mooncake, said there had been a large fall in sales even though he was offering discounts of more than 70%, the China Daily reports.

- Wal-Mart Stores is building its first community shopping center in China, The Mall Zhuhai, in Zhuhai, Guangdong province. The projected cost is CNY600 million and the area will total 100,000 square meters. It is expected to open for business in 2016. The move is a sign that the U.S.-based retailer has started to “take ownership of design and creation of the ecosystem of its stores” by selecting and building its own commercial property site, said Jason Yu, General Manager of Kantar World-panel.
- Yum Brands estimated same-store sales in China fell about 13% in the third quarter and continue to decline, hurt by a food safety scare in late July when former supplier Shanghai Husi was reported to have used expired meat. Yum, which gets more than half of its sales from China, said it would provide an updated full-year earnings forecast when it reported results for the third quarter to August.

SCIENCE & TECHNOLOGY

Overhaul of college entrance exam announced

The Chinese Ministry of Education announced an overhaul of the exam and enrollment system in high schools and colleges by 2020. Parts of the college entrance exam, or gaokao, would be taken throughout the year, rather than on graduation. Pilot programs will be carried out in Shanghai and Zhejiang high schools this semester and expanded nationwide three years later. Students will no longer be divided into humanities and sciences majors and the number of subjects in the gaokao will increase from four to six. Yu Lizhong, Dean of NYU Shanghai said the goal was not to achieve a high score, but to improve learning ability, expand horizons and exercise thinking skills. The circular also asks universities and colleges to make specific enrollment requirements based on students’ gaokao scores and academic tests for different majors so that schools can select the most suitable candidates, compared to enrolling students based on a total score.

- Internet search engine Baidu unveiled a prototype of a pair of smart chopsticks that the company said could detect gutter oil and warn users if food was unsafe to eat. Gutter oil is illegally reprocessed cooking oil that can contain cancer-causing compounds. Baidu's billionaire founder Robin Li introduced the chopsticks and the company's answer to Google Glass at Baidu's annual developers' conference in Beijing. The battery-powered chopsticks are fitted with sensors that could assess the acidity, temperature and saltiness of oil.
- Tsinghua University and the University of California, Berkeley, signed an agreement to establish a joint institute in Shenzhen to promote research collaboration and graduate student education. The two universities aim to integrate their research programs to address social needs and global challenges through the partnership, said UC Berkeley's Chancellor Nicholas B. Dirks at the signing ceremony. The Tsinghua-UC Berkeley Shenzhen Institute, to be located on Tsinghua's Shenzhen campus, will be launched by the end of the year.

STOCK MARKETS

China Galaxy Securities closer to CNY8 billion IPO

China Galaxy Securities, one of the country's largest brokerages, edged closer to an A-share initial public offering (IPO) that will likely raise nearly CNY8 billion on the Shanghai Stock Exchange to spearhead a new round of fundraising by Chinese brokerages. According to the preliminary prospectus published by the Beijing-based firm, it would float a combined 1.69 billion A shares. "The publication of the preliminary IPO prospectus means the company would soon go through the review procedure by the regulator," said Haitong Securities Analyst Zhang Qi. "After all, the securities regulator gave the top priority to securities firms' fundraising demands since they are under its direct oversight." It is believed that Galaxy would launch the IPO before March next year and a successful fundraising by the brokerage could pave the way for A-share listings by a clutch of domestic rivals including Shanghai-based Guotai Junan Securities. It would probably become the largest flotation on the A-share market this year if it were to receive the go-ahead from the China Securities Regulatory Commission (CSRC) before the end of the year. The Galaxy share sale will be underwritten by Citic Securities and China Securities. Through listings, the companies could secure much-needed funds to replenish expansion into alternative investment sectors such as private equity and venture capital. Commission Chairman Xiao Gang said only 100 IPOs would come on the Shanghai and Shenzhen markets in the second half of this year. Beijing temporarily halted IPOs between October 2012 and December 2013 to bolster investor confidence, the South China Morning Post reports.

- Wu Lijun has replaced Chen Dongzheng as Board Chairman and Party Secretary of the Shenzhen Stock Exchange. Prior to the appointment, 50-year-old Wu was Assistant Chairman of the China Securities Regulatory Commission (CSRC). Chen Dongzheng has retired.
- Haitong International Securities has raised USD600 million in a five-year bond deal that marks its second fundraising in six months. The fixed-income product, paying an annual coupon rate of 3.99%, was well received by Hong Kong and Singapore investors, with strong demand driving an order book worth USD4.5 billion from more than 250 institutional investors at the end of marketing.
- Shanghai shares saw the biggest weekly gain in 19 months – up 4.93% – on investor optimism over liquidity. Shipyards rose after analysts said the central government will support 51 shipbuilders that comply with industry standards. China CSSC Holdings, the listed unit of state-owned shipbuilder China State Shipbuilding Corp, surged by the daily limit of 10%.
- Alibaba Group Holding seeks to raise more than USD21 billion in an IPO that will value the Chinese e-commerce giant at up to USD163 billion and rank as the largest-ever technology debut in the United States. A world-wide roadshow has kicked off in New York. If all goes well, Alibaba might ring the opening bell on the New York Stock Exchange (NYSE) in as little as two weeks. Alibaba's sales exceed those of Amazon and eBay combined. The company handles about 80% of all online retail sales in China, generating a gross merchandise volume of USD296 billion in the 12 months ended June 30.

TRAVEL

Shanghai becomes China's busiest air hub

Shanghai has beaten Beijing as the busiest Chinese air hub for the first time in the first half but for both cities, Hong Kong is fast becoming one of the most important sources of revenue. Hong Kong, Macao and Taiwan flights at Shanghai's two airports, Pudong and Hongqiao, increased 15.7% as the number of passengers on those routes grew 16.8% in the first half, making them the most promising growth driver, followed by Japan and South Korea, the Shanghai Airport Authority says. Beijing handled 9.9 million passengers on international routes in the first half, 5.4% more than last year while domestic passenger volume grew only 0.9%. International traffic is contributing a greater share of revenue at airports as airports are witnessing a structural change in passenger traffic mix towards more long-haul and international flights. "Airports charge airlines based on the destination, size and weight of aircraft, making international flights more lucrative. International travelers also spend more in airport shops, bringing in non-aeronautical revenue," an industry analyst based in Hong Kong said. Non-aeronautical revenue accounted for more than 40% of Beijing Capital's revenue in the first half. Pudong and Hongqiao airports in Shanghai had moved a total of 43.2 million passengers and 315,200 flights in the first half of the year while Beijing's corresponding numbers were 41.6 million passengers and 283,960 flights. Shu Yong, Secretary of the Board at Beijing Capital Airport, said the company expected growth to slow in the second half. Beijing Capital Airport recorded no profit improvement in the first half while Shanghai International Airport Co, the operator of the Pudong Airport, posted a net profit of CNY1 billion, up 15.17%. Beijing Capital Airport, however, remains the nation's single largest airport with total revenue of CNY3.7 billion in the first half, compared to Shanghai Pudong's CNY2.75 billion, the South China Morning Post reports.

Global hotel chains to focus on lower-tier cities

International hotel brands are expected to increasingly target lower tier Chinese cities despite increasing challenges in the sector, according to the latest report by Knight Frank. It said that negative factors did not dampen investors' expansion plans in the country. Sofitel, for example, will open eight more hotels in China by 2017, with four more in the planning stage. Meanwhile, Banyan Tree will open hotels and resorts in Yangshuo and Huangshan this year. Macao remained the most active last year, adding over 1,700 five-star hotel rooms to its stock, followed by Beijing and Guangzhou. In the first half of this year, Beijing became the most active city, adding over 1,300 new rooms.

Chinese are biggest tourist spenders, Ipsos finds

A Chinese tourist spends about CNY20,000 on each trip abroad, most of it on shopping. Japanese and South Korean cities, including Sapporo and Seoul, are the most visited of 50 top cities, according to a survey by market research company Ipsos. "China has become the biggest consumer in outbound tourism, and it has the biggest inbound tourism market," Shao Qiwei, Director of the National Tourism Administration, told the Beijing Fragrant Hills Tourism Summit. Chinese spent more than USD128 billion while taking more than 98 million cross-border trips last year, according to the China Tourism Academy (CTA). Nearly 60% of tourists' budget went to shopping, the survey found. The number of trips was 18% higher than the previous year, while spending was up 26%. Shao said Chinese tourists were expected to take more than 500 million overseas trips in the coming five years. Chinese have become key shapers of the global luxury goods market, with top-end shops in cities like Paris and New York hiring Putonghua-speaking staff.

- The Haitang Bay Duty Free Shopping Center in Sanya, Hainan province, was officially opened. It is the world's largest with a gross floor area of 120,000 square meters and 72,000 sq m for commercial use.
- China Railway Corp posted a loss of CNY5.3 billion for the first half of this year while its debt increased to CNY3.4 trillion. Revenue fell 2.4% year-on-year to CNY478.5 billion. Freight revenue declined 1.8% from a year ago to CNY126.3 billion. By the end of June, China Railway's total liabilities had increased to CNY3.4 trillion from CNY3.2 trillion at the end of the first quarter, while its long-term debt rose to CNY2.8 trillion from CNY2.6 trillion.
- Airport managers in Beijing have pledged to help Chinese airlines improve their on-time performance, which has become a major concern for travelers. Zhao Ying, General Manager of Beijing Capital International Airport's operations center said improving punctuality requires cooperation between the airport, carriers and civil aviation departments, so a better mechanism for sharing information should be a priority. The airport plans to move some domestic flights to airports in neighboring cities such as Tianjin and Shijiazhuang to release more slots for international services. Beijing airport handles up to 88 flights during peak hours.
- Cathay Pacific and Dragonair will allow passengers to use smartphones, e-readers and tablets throughout flights under revised rules. Devices will still, however, have to be kept in airplane mode, so they do not transmit signals. The new rules apply only to handheld gadgets; laptops, must be turned off for take-off and landing. Voice calls, sending text messages, using Bluetooth and data roaming remain prohibited.
- China is expected to release CNY300 billion worth of railway construction contracts in the remaining months of this year as the government steps up support for railway

investments. China Railway Group is expected to obtain a major portion of the new railway contracts. The company's new contracts for railway construction amounted to CNY91.77 billion in the first half, a year-on-year decline of 12.9%.

- More than half of China's outbound tourists are from the post-80s generation, and traveling the world as a family has become more popular in recent years, according to a report by the World Tourism Cities Federation (WTCF). In 2013, 98.19 million Chinese tourists traveled abroad, an 18% increase year-on-year. Outbound tourists spent a total of USD128.7 billion last year, an increase of 26.8% from 2012.
- Boeing expects China to need more than 6,020 aircraft in the next 20 years, an 8% rise over last year’s two-decade estimate. The aircraft maker’s new estimate of 6,020 planes, valued at USD870 billion, is up from the 5,580 it estimated last year and represents a near tripling of China’s current fleet. Boeing expects China to overtake the United States as the world’s single-biggest aircraft market in the period through 2032.
- The number of foreign tourists to China is falling and creating a tourist-spending deficit, the China National Tourism Administration (CNTA) said. Beijing, received 2.36 million overseas visitors in the first seven months of 2014, a decrease of 5.9% year-on-year. Chinese tourists spent USD47 billion more overseas than the amount spent by foreign visitors in China in the first six months of this year. The first World Tourism Cities Federation Expo was held in Beijing, attended by 240 travel agencies.
- State-owned train makers CSR Corp and China CNR Corp said they had not submitted plans for a merger and nor had they received instructions to merge from the authorities. They suspended trading in their shares after a Caixin report suggested the authorities might merge them. The merger would be a good thing as some of their products are overlapping, said Barclays Analyst Song Yang. The merger would avoid price cutting to win foreign bids but would also establish a domestic monopoly.

VIP VISITS

China and Canada try to improve relations

Senior officials from Canada and China met quietly in Ottawa to discuss relations that have deteriorated so badly that they could threaten Prime Minister Stephen Harper’s planned visit to China in November. In late July, Canada accused Chinese hackers of being responsible for an attack on a government computer and in early August, China detained a Canadian couple, Kevin Garratt and Julia Dawn-Garratt, on suspicion of spying. The Chinese delegation was led by Assistant Foreign Minister Zheng Zeguang.

ONE-LINE NEWS

- Wang Qishan, Secretary of the CPC Central Commission for Discipline Inspection (CCDI), said the fight against corruption would last for another five years. The campaign began in November 2012, when Xi Jinping became General Secretary of the Chinese Communist Party (CCP).
- Shanghai police have detained eight people from financial news website 21cbh.com and two public relations firms, Roya Investment Services and Nukirin, for allegedly threatening to print critical news reports about companies that were planning stock market listings or business restructuring if they did not pay to suppress them. Dozens of companies are involved in the case.
- Zhang Yaqin, the man who helped build Microsoft's biggest technology research operation outside of the United States, is leaving to join Chinese online search firm Baidu. Zhang would be named President for new business and become an integral part of the company's senior management. He would report directly to Robin Li, the co-founder, Chairman and Chief Executive of Baidu. A protege of Microsoft co-founder Bill Gates, Zhang currently serves as a corporate Vice President and Chairman of Microsoft Asia-Pacific Research and Development Group, which has its headquarters in Beijing.

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