法兰德斯中国商会 FCCC VCKK

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

NEWSLETTER | 13 OCTOBER 2014

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Interested to promote your services/products to potential Chinese or Belgian clients?

We would like to offer you the opportunity to promote your services/ products to potential Chinese and/or Belgian clients. We can promote these in many different ways via advertisement on our website, newsletters and events.

Below you can find the different possibilities:

- FCCC Weekly. This newsletter is published in English and contains economic & trade information on China, a calendar with China-events and career opportunities. It is sent every Monday to 2,700 Belgian business leaders doing business with China and to relevant institutions, embassies, federal and regional authorities as well as the Belgian and Chinese press. It is also sent to Chinese officials and companies based in Belgium.
- News from Flanders: Europe's Smart Hub. This is a quarterly newsletter published in Chinese and English. It contains articles on Flanders' business news, education and tourism. It is sent to over 2,000 Chinese and Belgian companies, Chinese national and local authorities, Chinese companies based in Belgium, Chinese press in Belgium. It is also sent to all FCCC member companies and Belgian and regional institutions.
- The FCCC website, contains publications, newsletters, activities, and a broad range of interviews with Chinese and Flemish companies sharing their experiences.

If you'd like to advertise on our website, newsletters and events, please check out our advertising opportunities and send your interest to gwenn.sonck@flanders-china.be Please be informed that the advertisement opportunities are limited.

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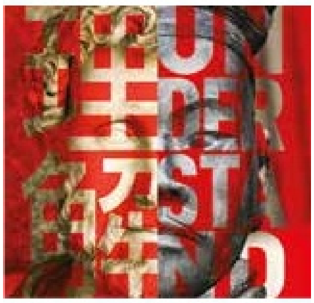
An Executive MBA by IMD & CKGSB

GUESS WHAT?

THE BEST WAY TO LEARN ABOUT DOING BUSINESS WITH THE CHINESE IS TO LEARN FROM THE CHINESE.

All over the world, people are beginning to do business with China. All over China, people have been doing it for centuries. So, who better to help prepare you for China's increasing influence on the global marketplace? While the Chinese economy continues to grow, gaining expert knowledge from the other side of the business fence can give you an unquestionable advantage in leading the way between China and he world.

CKGSB: Cheung Kong Graduate School of Business and IMD business school can help you develop your understanding of China with a fully global perspective. CKGSB is recognized as China's world-class business school with an alumni base that accounts for 13.7% of China's GDP. Our world-class faculty represents many of the best minds from the U.S. and Europe's top business schools. IMD is a top-ranked business school.100% focused on executive education, IMD offers Swiss excellence with a global perspective. Together these two leading business schools have devised the Executive MBA program.



The Executive MBA by IMD & CKGSB is designed in two stages – the foundation stage and the mastery stage. The program will allow you to master Eastern and Western business concepts and practices whilst gaining all-important international connections. The program will also strengthen leadership, strategy and general management skills.

Made up of equal numbers of participants from both Eastern and Western businesses, the program will include 11 weeks of face-to-face learning. The program is scheduled to take place from February 2015 until September 2016 with a unique split of 50/50 program delivery across Eastern and Western locations. Delivered by two world-class business schools, the IMD-CKGSB Executive MBA is the ideal answer for fast-rising executives who want to create value for their organizations by spanning both East and West. You'll go beyond the basics to a true understanding of the forces that will be shaping the world of business in the future.

For admission details or further information visit imd.ckgsb.info

FCCC ACTIVITIES

China Information Session: Current Immigration and social security landscape and recent corporate tax developments in Belgium – Wednesday 15 October 2014 – 15h to 17h – Deloitte, Diegem

The Flanders-China Chamber of Commerce, the Chinese Association of Entrepreneurs in Belgium and Deloitte, are organizing a China information session focused on the current immigration and social security landscape and the recent corporate tax developments in Belgium.

This information will be divided into two parts:

Part one: Current immigration and social security landscape and how this will evolve. Deloitte and Laga specialists will bring their views and results of the European comparative immigration study which was executed in 2014 and will elaborate on the Single Permit Directive, the EU Blue Card, the Intra Corporate Transfer Directive and the regionalization of the Belgian immigration rules. Furthermore, the social security treatment of seconded and locally hired employees will be discussed whereby the eventual conclusion of a social security treaty between Belgium and China will be debated.

Speakers:
Erwin Vandervelde, Deloitte
Filip Van Overmeiren, Laga

Part two: Recent corporate tax developments in Belgium – unknotting of the Gordian knot. The Belgian corporate tax landscape has very much evolved over the past year(s). Inspired by budgetary constraints while aiming to boost the Belgian economy, many new and sometimes complex measures have been implemented and existing ones have been revisited to ensure proper implementation by taxpayers. During this roundtable, an illuminating overview will be given of most relevant changes in tax law, court rulings, circular letters and parliamentary questions affecting your day-to-day business.

Speaker: Coen Ysebaert, Deloitte

Who should attend?
Representatives of Chinese companies in Belgium and representatives of Belgian companies with Chinese employees in Belgium or Belgian employees in China.

This event is organized with the support of Flanders Investment & Trade. If you are interested to attend this event, please register online before 3 October 2014.
Members FCCC: €45. Non-Members FCCC €75.

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

ACTIVITIES

China's innovation policies and economic reforms in the manufacturing and financial sector – 16 October 2014 – EY Diegem

EY and the Vrije Universiteit Brussels, in cooperation with the Flanders-China Chamber of Commerce (FCCC), are organizing a unique breakfast seminar where highly placed Chinese policy makers and advisers will discuss the current outlook, mediating factors and prospects of the Chinese economy. These experts have been closely involved in China's economic decision making and advised its leadership on various reforms.

The breakfast session will take place in the EY Diegem offices (De Kleetlaan 2, 1831 Diegem – parking facilities available) on 16 October 2014, starting at 8:20 am.

07:45	Registration
08:20	Introduction
08:25	China's innovation policies and economic reforms in the manufacturing sector Mr. Wang Haifeng, National Development and Reform Commission, and Mr. Wang Jinzhao, Development and Research Commission of the State Council Moderated by Mr. Jonathan Holslag, Professor of International Politics at the Vrije Universiteit Brussels
09:10	China's financial sector Mr. Fang Jin, Development and Research Commission of the State Council, and Mr. Zha Xiaogang, Shanghai Institutes for International Studies Moderated by Mr. Jan Grauls, EY
09:55	Closing remarks
10:00	End of seminar

Contact Marianne Bodart (marianne.bodart@be.ey.com) should you have any questions on this event. Click here to register.

CFO Focus – The real message behind your Chinese reports: a hands-on approach – 22 October 2014 – Drongen

Moore Stephens, with the support of the Flanders-China Chamber of Commerce (FCCC) is organizing a workshop focusing on the peculiarities of financial reports coming from China. This event is tailored to CFO's, controllers, senior accountants and investors who work with the Chinese market.

This session promises to be hands-on and interactive. Andries Verschelden, Partner, and Scott Krivokopich, Director from our Shanghai office, will show you how to interpret various reporting items, assess their impact, and mitigate their risk.

The workshop will be in case study format, with time to answer your specific questions.

Date: Wednesday October the 22nd

Venue: Moore Stephens, S.M.A.K. Lounge, Deinsesteenweg 114, 9031 Drongen

Program
17h00: Welcome
17h30: Workshop session
19h00: Networking reception

Register now

PAST EVENTS

China SME Session: 'Negotiating with the Chinese' – 8 October 2014 – Gent

The Flanders-China Chamber of Commerce (FCCC) organized a seminar focusing on 'Negotiating with the Chinese: Three 'Make or Break' differences'. This event took place on 8 October 2014 in Gent.

To a Westerner, the word 'negotiation' retains its Latin meaning of 'coming to an agreement'. To a Chinese person,'negotiation' is represented by the two characters of 'discussion' and 'judgement'. During this session you will learn why the approach to 'negotiation' has been historically so very different and what you need to know to negotiate more effectively with your Chinese counterparts.

Following an introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, Mr Neil Selby, Director of Education Cheung Kong Graduate School of Business (CHGSB) Europe: former International Director of Oxford University, and Mr Oliver Shiell, Chief Representative of CKGSB Europe, Board Member of China Britain Business Council, former Director of Oxford University, talked about 'Negotiating with the Chinese: Three 'Make or Break' differences'.

The event was concluded by an exchange of views and a networking reception. The next sessions will deal with: Managing Risk in China and 10 ways to better understand your Chinese partners. These events are organized with the support of Flanders Investment & Trade.

Seminar: Corporate compliance in China: why is your management in China not sleeping so well anymore at night? – 24 September 2014 – Gent

The Flanders-China Chamber of Commerce and the Province of East-Flanders have organized the interesting seminar: Corporate compliance in China: why is your management in China not sleeping so well anymore at night? on 24 September 2014 in Gent.

Philippe Snel, lawyer and chief representative of De Wolf & Partners Shanghai Office, who has been advising foreign companies in China for over 10 years, shared his insights on the current concerns of foreign investors in China, in particular with regard to corporate legal compliance.

Corporate compliance has indeed become the main topic of concern for foreign businesses in China in recent months. More and more companies (including a few Belgian companies) are confronted with compliance issues and some are finding out “the hard way” what the consequences of compliance breaches can be. At the same time, it still remains quite challenging to maintain and monitor corporate compliance programs in China.

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

PUBLICATIONS

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

See FCCC Members' Portraits on the FCCC website.

FINANCE

Spending with bank cards up 25% during holiday

Bank cardholders spent CNY51.6 billion through China UnionPay’s payment network during the seven-day National Day holiday, up 25% from the same period a year ago, as travel-related expenditure increased. The volume of interbank transactions also jumped 27% from a year ago to CNY420 million. Shopping contributed the most – CNY80 billion – during the holiday, China UnionPay said. Railway and airline tickets as well as other transport-related spending jumped 56% from a year ago. The spending at scenic spots and hotels rose 39% and 10% respectively. Total spending at restaurants gained 7% while the average amount of each transaction fell 8%. Overall, spending on dining and hotels rose by 52.2% year-on-year during the break from October 1 to 7, while expenses for entertainment and leisure activities increased by 56.6%. Spending on shopping rose by 30%.

- Better budget management leading to a more transparent and efficient fiscal system are the objectives of an action plan announced by the Chinese government. The decision is the first step toward a new round of fiscal reform by 2020. The plan outlines seven key tasks on the budget and clarifies the division of roles between the government and the market. One of the key tasks will be to ensure all income and spending is included in the budget management system.

FOREIGN INVESTMENT

Services sector to attract more investment

China's service sector will attract more foreign direct investment (FDI) than other industries over the next decade, according to the 2014 Report on Foreign Investment in China. The annual report by the University of International Business and Economics (UIBE) in Beijing said investment on the Chinese mainland by Taiwan dropped by 27% year-on-year in 2013. This indicates that global market demand is changing, and companies in Taiwan are adjusting their industrial development structures. Japanese investment in China fell by 4% year-on-year as Japan increasingly sought to direct its resources outside China to fuel growth. FDI in China reached USD117.59 billion in 2013, with service-sector investment rising by 14.15% year-on-year to USD61.45 billion. FDI in the manufacturing sector dropped by 6.78% to USD45.56 billion, according to the Ministry of Commerce (MOFCOM). Service industry areas such as finance, education, healthcare, architectural design, accounting, auditing, commercial logistics and e-commerce will become pillar industries in attracting FDI over the next 10 years. The report said investment by foreign companies will switch from eastern areas of China to central regions in the next five to 10 years.

- The central government has again reduced the list of project areas requiring governmental approval for foreign investments. For 23 investment items still requiring approval, such as a general airports and power grids within a province, authority is delegated from the central government to local governments. After the latest amendment, investment items needing approval from the central government will be 40% less than last year.
- If China wants to attract more foreign investment, it must make its antitrust investigations more transparent and abide more closely to the rule of law, says Germany's Ambassador to China, Michael Clauss. He made the comment as Premier Li Keqiang

started his latest European tour amid rising concern that China's investigations into monopolies mainly target foreign companies. The European Union Chamber of Commerce in China (EUCCC) has also complained that foreign firms appear to be unfairly treated.

FOREIGN TRADE

Foreign trade rises faster than expected

China's foreign trade grew faster than expected in September, which may bolster market confidence for an economic rebound in the country. Exports jumped 15.3% last month from a year earlier, accelerating from a rise of 9.4% in August, while imports gained 7%, reversing a 2.4% fall in the preceding month. That resulted in a trade surplus of USD30.9 billion last month, after hitting a record USD49.8 billion in August. The trade growth beat market expectations, which centered on a rise of 12% for exports and a 2% decline for imports. "The pressures on exports are expected to ease slightly towards the end of the year," Customs Bureau Spokesman Zheng Yuesheng said in a statement. "The better-than-expected import growth may be a sign that domestic demand has recovered after hitting a bottom, while relatively fast growth in the processing trade may indicate that exports would be able to maintain relatively sound growth in the next few months," Beijing-based HSBC Economist Ma Xiaoping said.

- The European Union has threatened to renew tariffs as high as 30% on aluminum foil from China and Brazil for another five years while letting lapse a similar levy against Armenia. The duties will stay in place during the probe, which can last as long as 15 months. The inquiry into whether to renew the levies stems from a June 30 request by a group of companies including Alcomet, Symetal, Eurofoil Luxembourg and Hydro Aluminum Rolled Products on behalf of producers that account for more than one-quarter of the EU's output of the type of aluminum foil covered by the duties.
- China and the United States can work together to reach a free trade agreement (FTA) in order to remove roadblocks to their economic ties, former U.S. Secretary of Commerce Carlos Gutierrez said. "I think one day China and the U.S. will have a free trade agreement," he said in an interview during a recent visit to Beijing. The 60-year-old Chairman of U.S. consultancy firm Albright Stonebridge Group said bilateral and regional FTAs are becoming more prevalent after the World Trade Organization's failed attempt to build a global free trade consortium.
- The Trans Pacific Partnership (TPP) trade pact sought by the United States, Japan and other Asia-Pacific nations would be "incomplete" in the long term without China, Vice Finance Minister Zhu Guangyao said. Beijing is currently not at the table with the 12 nations negotiating the deal. "We want to see the Chinese economy more integrated with the global system," Zhu said. The TPP would establish a free-trade bloc covering about 800 million people and almost 40% of the global economy.

HEALTH

Domestic company's dengue fever test approved

A test for the virus that causes dengue fever has been approved for use and is expected to help meet the high demand in the fight against the mosquito-borne disease in parts of China. Using a blood sample, the nucleic acid reagent can test whether a person is infected by the virus. It is made by DAAN Gene Co and is the first domestically developed product to be approved. The product went through emergency approval procedures at the China Food and Drug Administration and will help medical institutions with early screening and diagnosis. Wang Guoqiang, Vice Minister of the National Health and Family Planning Commission, toured Guangdong province to learn more about the dengue fever epidemic. DAAN Gene Co expects to see big demand for the product, as there are many dengue fever cases in Guangdong alone. Guangdong had recorded more than 24,000 dengue fever cases this year, compared with 2,894 cases last year. The provincial capital, Guangzhou, has seen about 85% of the cases, including five of the six deaths in the province.

- Online health is shaping up to be a hot new industry in China. As of October, 15 hospitals across China have joined the "Future Hospital" plan, a mobile medical treatment strategy expected to help hospitals improve operating efficiency and optimize the deployment of medical resources. The scheme has allowed medical institutions to access Alipay's account system, mobile platform, payment and financial solutions, cloud computing and big data platforms. More than 10,000 patients seek the virtual services every day, including registration and medical payment.

- China's General Administration of Quality Supervision, Inspection and Quarantine (GAQSIQ) has banned the import to the mainland of all edible oil products from Taiwan's Cheng I Food. A supplier of Cheng I, a subsidiary of Ting Hsin International Group, was found to have labeled oil intended for animal feed as edible lard while importing it from Vietnam, and Cheng I was accused of using it during the production process. The mainland has not imported lard oil products from Taiwan since 2013.

MACRO-ECONOMY

National Development and Reform Commission hit by anti-corruption probe

The central government's ongoing crackdown on corruption has hit the National Development and Reform Commission (NDRC) the hardest, with 19 officials placed under investigation on suspicion of bribery from May 2013 to September 2014. The corruption cases offer a glimpse into the power that NDRC officials wield. As the nation's top economic planner, the department sets broad economic policies, approves major investments, mergers and acquisitions, and has the authority to influence commodity prices.

- The World Bank has cut its 2014-2016 growth forecasts for developing East Asia, noting that China was likely to slow due to policies aimed at putting the economy on a more sustainable footing. The World Bank cut its growth target forecast for China to 7.4% in 2014 and 7.2% in 2015.
- Service activity at private firms in China weakened in September. The HSBC China Services Business Activity Index, fell to 53.5 in September from a 17-month high of 54.1 in August.
- China's fixed-asset investment (FAI) growth in the private sector has dropped from 24.8% in 2012 to 20.1% in the first half of this year, which analysts said was a major reason for the entire economic growth declining from 7.8% to 7.4% in the same period. To stimulate investment, the government has issued a series of policies such as introducing the negative list management system, and replacing the approval system with the recording system.
- The Chinese Academy of Social Sciences (CASS) has projected that China's economic growth would slow to 7.3% this year, below the government's annual target of 7.5%. The slowdown is blamed on a deceleration in the property sector while government efforts to boost infrastructure construction would fail to offset the sagging real estate investment. Li Yang, Vice Chairman of CASS, said China's economy is now characterized by a slower but healthier and sustained growth.

MERGERS & ACQUISITIONS

Club Méditérranée agrees to take-over bid by Fosun

Club Med's board has given a unanimous recommendation that its shareholders accept the improved takeover offer from Chinese conglomerate Fosun International. Fosun's Gaillon Invest II vehicle offered €22 a share for Club Med last month, outbidding a €21 offer from Italian tycoon Andrea Bonomi and valuing the French resort operator at €839 million. Club Med's board said in a statement that its members had all agreed to tender their shares to the latest Fosun offer, welcoming its support of the group's existing strategy of moving upmarket, seeking a bigger share of mature markets such as France while developing its business in fast-growing economies, including markets in Asia. The board also called for a swift conclusion to the takeover saga that started in May last year, saying it was complicating the running of the business. Gaillon Invest II still includes Fosun's original French private equity partner Ardian, which is now taking a back-seat role after selling its Club Med stake to Fosun. The conglomerate and its Portuguese holiday insurance arm Fidelidade have also recruited a new partner in Chinese travel agency U-Tour. Club Med Chairman and Chief Executive Henri Giscard d'Estaing is still with the Gaillon partnership and will remain Club Med Chairman.

- China's state-owned Bright Food has agreed to buy a majority stake in Italian olive oil producer Salov from its private owners, the Fontana family. The firm already controls British cereal firm Weetabix. Salov produces olive oil under the Sagra and Filippo Berio brands and sells in more than 60 countries and regions. Bright will boost Salov's production and sales after the acquisition to help it grow outside its home market.
- Chinese conglomerate Fosun has raised its offer for Portuguese hospital operator Espirito Santo Saude (ESS), topping the price offered by U.S. firm United Health. Fosun increased its offer to €5.01 a share from €4.82. The hospital business of the family has attracted a bidding war since its main holding companies requested creditor protection in July under a mountain of debt.

PETROCHEMICALS

China-Russia gas deal still to be signed

Russia's Gazprom said an intergovernmental agreement with Beijing to seal a USD400 billion deal to supply gas to China through an eastern route had yet to be signed, although this could happen "in the nearest future". Gazprom and the China National Petroleum Corp (CNPC) signed the deal to supply gas through a pipeline in May after a decade of painstaking talks. Russian President Vladimir Putin lauded the agreement as the biggest contract in the "history of the gas sector of the former USSR". The deal now needs the signature of both governments to come into force. Some analysts and insiders have already expressed their doubts over the validity of the deal, saying that a final agreement on price had not been reached. Russia has announced gas deals with China several times, only for them to prove elusive. In 1997, for example, a USD7 billion deal was clinched to supply 25 billion cubic meters of gas a year to China but the project never materialized, the South China Morning Post reports.

- China National Petroleum Corporation's anti-corruption chief Wang Lixin has been detained by corruption investigators, the latest senior official to be questioned at the country's biggest energy producer. It made him the 10th high-level official at the Beijing-based firm known to have been detained since August last year as part of the corruption investigation at the company.

REAL ESTATE

Agile Property denies links to Zhou Yongkang

Agile Property Holdings, the Chinese developer that halted its stock trading recently, said an online report linking it to former Chinese security chief Zhou Yongkang was groundless and untrue. Allegations that Agile assisted in money laundering and Zhou had a close relationship with Chan Cheuk Yin, one of its Directors, are fabricated, the statement said. Shares in the developer, which is based in Guangdong, dropped 40% this year to HKD4.77 before they were suspended on October 3. It is very likely that Agile will not be able to call some of its 2017 bonds early next year due to its liquidity situation, according to Citigroup. The developer said earlier that it plans to raise HKD2.75 billion to refinance debt and use as working capital.

Analysts confident real estate market will improve

China's housing market apparently failed to make a comeback in the "golden sales week" following the central bank's latest credit easing policy, but brokerages and analysts are optimistic that a significant upswing will take place later this year. From October 1 to 6, a traditionally busy season for the property market, the number of contracts recorded online in Beijing was 510 units, down 38.3% from the same period last year, according to Beijing's housing authority. In Guangzhou, recorded contracted sales totaled 401 units, 43.9% fewer than a year earlier, while sales in second-tier cities such as Hangzhou in Zhejiang province and Suzhou in Jiangsu province posted even greater slumps. Brokerages and research institutes however said the online records do not reflect real-time transactions. Instead, they are a reflection of housing sales one or two weeks earlier. Contracts recorded from October 1 to 6 only mirror the market at the end of September, before the credit-easing policy was adopted. Most analysts expect that thanks to a looser definition of "first-time homebuyers", more "trade-up" demand will be unleashed, pushing up sales numbers. "The lower costs and increased availability of mortgages will encourage more prospective buyers to buy homes for their own use, rather than as an investment, and partially alleviate the downside pressure on property sales," according to Moody's Investors Service, the South China Morning Post reports. "The number of secondhand home inquirers, by phone or by store visit, increased nearly 30% during the 'Golden Week'. Visits to SouFun.com also got a boost. It was directly due to rising interest in home-buying," Du Bingguo, Research Director of the China Index Academy, owned by SouFun Holding, said.

- Real estate tycoon Ren Zhiqiang, who over the past few years, has gained a reputation for being one of the firmest believers in the strength of the market, said it was looking more and more unlikely that the real estate market would be able to pull itself out of its current malaise. The Chairman of Huayuan Property Co's forecasts in the past few years have proved to be accurate. "When the economy trends down, the real estate sector slackens too," Ren said.
- Purchases of new homes totaled 765,900 square meters in Shanghai last month, up 17.1% from August and an annual drop of 45.9%. About 1.31 million square meters of new homes were released locally last month, a jump of above 30% from August, according to Uwin Real Estate. Only March's transactions of above 864,000 square meters of new houses sold across the city were better than the volume last month. The average cost of new homes rose 5.2% month-on-month to CNY27,669 per sq m. Last year, a monthly average of 1.06 million sq m of new homes were sold in Shanghai. China's property market, suffering from an oversupply, is unlikely to rebound immediately despite the central bank's recent mortgage easing, Standard & Poor's Ratings Services said.
- The People's Bank of China (PBOC) has authorized the headquarters of commercial banks to approve loans for property developments based on their own decisions, but the loan-to-deposit ratio requirement still applies. Previously banks could only extend a maximum of 10% of total lending to developers.

RETAIL

AMP Capital to partner with Chinese shopping centers

AMP Capital Investors, with more than AUD17.4 billion in property assets, is seeking to partner with Chinese shopping center owners to take advantage of an expanding middle class and transition to a consumer-led economy. The tie-ups could range from initially providing advisory services to Chinese mall developers to ultimately investing in real estate, said Simon Vinson, head of Asian property at AMP Capital. It is also open to acquiring or partnering with companies with interests in Chinese retail assets, he said. "The China retail sector is a very attractive long-term investment play for global institutional clients. We see opportunities to acquire non-performing assets in good locations, good catchment areas, with good access to public transport facilities and limited effective competition," Vinson said. China accounted for 73% of commercial property investments in Asia in the first half of 2014, according to Cushman & Wakefield. Retail sales in China will rise at least 12% in each of the next three years, according to Bloomberg News. AMP Capital has been seeking to establish a foothold in the Chinese property market for the past two to three years.

- Retail sales in Hong Kong fell by up to 40% during the National Day holidays – the first drop since the city opened its doors to individual mainland travelers in 2003. Flat growth in tourism and the Occupy Central protests in key shopping areas are to blame, according to the Hong Kong Retail Management Association. Mainland visitors account for about 40% of Hong Kong's retail sales.
- Yum Brands has cut its profit outlook for the year, citing the latest food scare in China that pummeled sales at its KFC chain. China is a critical division for Yum, which gets 35% of its operating profit from the country.
- Convenience Retail Asia (CR Asia), the retail arm of Li & Fung, announced it will team up with Sinopec to operate petrol stations and convenience stores in China. The company already operates Circle K stores in Hong Kong. It is expected to operate 10 petrol stations and Easy Joy convenience stores for Sinopec Marketing under a pilot program in Guangzhou. If successful, the two sides will then consider expanding the program to other districts in Guangdong under a new agreement.
- Sales during the month-long Shanghai Shopping Festival reached a new high. The 6,200 outlets of the city's 480 retailers that were tracked by the Shanghai Commission

of Commerce generated sales of CNY30 billion during the festival, a jump of 10.1% from a year earlier. The rise compared with Shanghai's retail sales growth of 8.4% in the first eight months.

SCIENCE & TECHNOLOGY

New record set for hybrid rice production

Yuan Longping, "the father of hybrid rice", has set a new world record for hybrid rice production by developing a variety that yields an average of more than 15 tons per hectare. The Ministry of Agriculture announced the news after experts measured the yields of Yuan's latest batch in Xupu county, Hunan province. Yuan's new world record stood at an average of 15.4 tons per hectare for a field of 1,500 hectares – a 4% increase from the previous record of 14.8 tons, set by him in September last year. Yuan began work on super hybrid rice in 1996. His output per hectare exceeded 10 tons in 2000, and hit 12 tons in 2004. Super hybrid rice, which originated in Japan, is superior to other varieties in terms of yield, quality and resistance to disease. By 2013, Yuan and his team had developed 126 varieties of super hybrid rice, grown in 46.7 million hectares of rice fields. Super hybrid rice last year accounted for 29.1% of all the rice production in China. Yuan's next goal is to reach 16 tons per hectare.

- Authorities have arrested three university professors, including a leading scientist in transgenic research, and a PhD student, on suspicion of embezzling state research funds. Four other professors were also among seven from five universities who were accused of swindling research funds of more than CNY25 million. The funds are managed by the Ministry of Science and Technology.
- Those who hold high academic positions usually do not retire, as the positions offer power and perks. Therefore the decision of 88-year-old Zhang Kaiyuan to retire from his position as a Senior History Professor at Huazhong Normal University in Wuhan has attracted widespread attention. Top academics enjoy competitive packages, on a par with that of a Vice Minister, that include cars, houses, preferential medical treatment and a generous living allowance. Most members of China's two academies are older than 70.

STOCK MARKETS

Unified securities account platform launched

Investors in China can now trade securities through a single account at different brokerages and stock exchanges as the unified account platform – a mechanism designed to integrate different trading systems in the securities markets – was officially initiated. Under the platform, Chinese investors can switch among different brokerages without opening new accounts and closing their existing ones. They can also use the platform to operate multiple sub-accounts for different types of securities and investment purposes, according to the China Securities Depository and Clearing Corp, a state-owned clearing service company. China's A-share market has rebounded by 18% in the past four months. Analysts said the account platform will substantially reduce the costs of opening an account and is likely to attract fresh capital to the stock markets. Previously, individual investors in China had to pay separate account fees if they wanted to trade on the Shanghai and Shenzhen stock exchanges. Under the new rule, individual investors are only required to pay a one-time fee of CNY40 in order to trade in the markets, the China Daily reports. China is also considering allowing individuals to directly invest in overseas markets. Currently, only institutions can invest abroad under the Qualified Domestic Institutional Investors (QDII) scheme. More than 100 institutions are qualified at present, with a combined quota of USD76.8 billion.

Shenzhen to link its stock exchange with Hong Kong's

Shenzhen will be allowed to link its stock exchange with Hong Kong's stock market following the pilot program planned for Shanghai, the Shanghai-Hong Kong Stock Connect, the China Securities Regulatory Commission (CSRC) said. The Shenzhen bourse, home to the ChiNext board – China's Nasdaq-style market for high-tech firms and startups – is likely to be more attractive to overseas investors as China's growth companies have outperformed large-cap blue chips listed on the Shanghai exchange, analysts said. The planned stock connect scheme between Shanghai and Hong Kong is expected to be launched as soon as this month. For the first time overseas investors in the scheme will have direct access to 568 stocks listed in Shanghai. Meanwhile, Chinese investors will be able to trade 266 Hong Kong-listed shares through the scheme. The CSRC also said it will allow financial reforms tested in Shanghai's pilot free trade zone (FTZ) to be implemented in the Qianhai Economic Zone in Shenzhen, Guangdong province, the Shanghai Daily reports.

IPOs by Chinese companies on the rise

Chinese companies raised more funds through initial public offerings (IPOs) in the third quarter of this year as the global economy recovered and the A-share market reopened to new listings. A total of 54 Chinese firms went public on domestic and overseas markets between July and September, up from only 10 Chinese IPOs during the same period of last year, market research consultant Zero2IPO Group said in a report. The new IPOs raised USD29.8 billion in the third quarter, up from USD1.93 billion raised during the same period a year ago, the report said. Funds raised by the new Chinese listings accounted for 54.3% of the total proceeds by IPOs in global markets. Of the Chinese listings, the 29 on domestic bourses raised USD2.4 billion, or 8% of the aggregated funds raised by Chinese firms, while 25 companies listed overseas. Venture capital and private equity funds backed 27 IPOs with USD27.3 billion. The average book return hit 11.58 times due to the lucrative listing of Alibaba Group. The Zero2IPO research covered IPOs on the Shanghai and Shenzhen bourses as well as new listings on 13 overseas stock exchanges.

- The Chinese think tank Development Research Center plans to study the economic impact of the Occupy Central movement in Hong Kong, with a key focus on whether pro-democracy protests have fundamentally shifted investor views about Hong Kong and the mainland. It would also seek to understand how money managers thought it might affect the keenly awaited CNY550 billion Shanghai-Hong Kong Stock Connect scheme that will directly link share trading in the two cities. That scheme had been expected to start by the end of the month but sources in financial markets say they are being told to expect delays of several weeks.

TRAVEL

Anbang Insurance buys New York's Waldorf Astoria hotel

A Chinese insurance company Anbang Insurance Group has bought Hilton's landmark New York luxury hotel the Waldorf Astoria for USD1.95 billion. The company had agreed "to restore the property to its historic grandeur" and would allow Hilton to manage the property for the next 100 years, Hilton Worldwide Holdings said. The Waldorf Astoria New York, the grand Art Deco hotel on Park Avenue that occupies a full city block in midtown Manhattan, has been in business for more than a century. Anbang is based in Beijing and has more than 30,000 employees. It manages about CNY700 billion worth of assets. The New York hotel is the flagship of Hilton's luxury brand Waldorf Astoria Hotels & Resorts, launched in 2006, which now spans 27 destinations, including Beijing, Shanghai, Amsterdam and Dubai. The sale of the Waldorf Astoria comes a year after a Chinese investment firm bought another New York landmark property, One Chase Manhattan Plaza. Fosun International, controlled by billionaire Guo Guangchang, paid USD725 million for the property, which was formerly the headquarters of Chase Manhattan Bank.

Tourism services strained during week-long holiday

More Chinese tourists traveled abroad during the National Day holiday week. UnionPay reported they spent the most in South Korea, Germany, the United Arab Emirates, New Zealand and Spain. Japan also greatly expanded its duty-free product range and simplified tax-return procedures to lure more Chinese tourists. In China, more than 31.6 million tourists visited the 124 top tourist spots monitored by the China National Tourism Administration (CNTA), 11% more than the same time last year. More than 8.8 million tourists visited Shanghai during the week-long National Day holiday – a year-on-year increase of 15.8%. Tourism revenue over the holiday break rose 10.5% to CNY8.26 billion.

The National Tourism Administration (NTA) said the number of overseas trips had risen during the weeklong National Day holiday because more countries were offering visa-free or visa-on-arrival policies to Chinese citizens. South Korea, Thailand and Japan were the most popular destinations. Preliminary data showed that almost 970,000 mainland residents had visited Hong Kong, a 5.4% increase from last year, while Macao had attracted 752,400 visitors from the mainland, up 16.5%. Visits to Taiwan surged more than 50% to 26,700. China Southern Airlines said that the number of passengers heading for overseas destinations surged 20% during the holiday, compared to a 4% rise in domestic flights. South Korea topped the outbound destinations for travelers from China during the holiday, attracting around 160,000, up by more than 40,000 from last year. Their spending in South Korea during the break rose by 111% year-on-year, followed by travelers to Germany (102%), the United Arab Emirates (88%), New Zealand and Spain (87%) and Australia (83%). Spending by Chinese visitors in Canada rose by 80% year-on-year, while Turkey saw a 72% increase and the U.S. a 64% rise.

- Spacevision, a start-up in Beijing, plans to offer near-space tourism for ordinary people in a high altitude balloon. Passengers would ascend to 40,000 meters in a pressurized capsule, where they would enjoy not just the spectacular view of the earth's curvature set against a backdrop of deep, dark space, but a few moments of reduced gravity. The project was still in its design phase while the launch date and ticket prices were yet to be determined. A similar service provided by US company World View Enterprises charges USD75,000 per passenger.
- Britain and Ireland signed a memorandum of understanding on visa cooperation to allow Chinese and Indian visitors to travel to the two island nations on a single visa.
- A fleet of 50 London taxis hit the streets of Shanghai, though passengers must pay more than for standard cabs. Shanghai’s China-made Geely TX4 taxis have a flag-down fare of CNY19, CNY5 more than usual. The fare per kilometer is also more expensive.

VIP VISITS

Business deals signed during Premier Li's visit to Germany

Chinese Premier Li Keqiang said on a visit to Germany that he was confident his country’s economy would continue to grow at a “medium to high tempo,” forecasting growth of about 7.5% this year despite turbulence in the world economy. Li told a joint news conference in Berlin with German Chancellor Angela Merkel that the Chinese economy still possessed “vast growth potential.” Before their news conference, a series of business deals worth more than USD18 billion were signed, including an agreement for Airbus to sell 70 A320 single-aisle jets to China Aviation Supplies Holding Company, and a 25-year extension of Volkswagen’s joint venture with China’s FAW. Deutsche Telekom announced a joint venture with China Mobile to build a digital network for cars on China's roads. The Chinese and German governments called for a rapid conclusion to talks between the European Union and China on an investment pact. Merkel urged Li to ensure free access to Chinese markets for foreign firms, while Li urged Germany to increase high-tech exports to China, support the inauguration of feasibility studies on a China-EU free trade zone (FTZ), and help ease the EU’s high-tech export restrictions on China. Li was joined on his trip to Germany by an entourage of 130 business leaders.

Following his visit to Germany, Premier Li arrived in Russia. The two sides signed about 50 agreements and reached a new consensus in the areas of energy, high-speed rail and finance. Trade between China and Russia reached USD89.2 billion last year and is planned to increase to USD100 billion by 2015 and USD200 billion by 2020.

- Taiwan will send former Vice President Vincent Siew to take part in the informal leaders’ summit at the Asia-Pacific Economic Cooperation (APEC) forum in Beijing next month, ending hopes of a historic meeting between Taiwanese President Ma Ying-jeou and his mainland counterpart Xi Jinping.

ONE-LINE NEWS

- Beijing’s water supply will be increased by nearly 50% when the latest section of the vast South-North Water Diversion Project enters operation. The middle route of the water transfer project will bring 1.05 billion cubic meters of water annually to the parched capital from Danjiangkou reservoir in Hubei province – boosting per capita water resources by 50 cu m, or nearly half. After 11 years, construction of the 80 km long channels in the Beijing section has been completed and they are now ready to transport water. A trial run of the full middle route is expected to start next month.

- Guo Yipin, 52, former Vice Mayor of Luoyang, Henan province, who had gone missing, has been detained by police and will be transferred to prosecutors amid allegations that he was involved in corruption and abuse of power. He was captured in a rented house in Changsha. Yu Guoqiang, a real estate developer who allegedly fled with Guo, surrendered to police and revealed the whereabouts of the Vice Mayor.
- A total of 162,629 “phantom” staff members on government payrolls have been removed since a national campaign targeting corruption and bureaucracy was launched last year. Hebei province saw the largest number, with 55,793 people found to be getting paid even though they never worked. No such individuals have been uncovered in Shanghai and Tibet.
- Australian retirement property management company Independent Management Group (IMG) wants to be the prime mover and flag bearer of the retirement home sector, an industry it believes has huge potential in China, where the number of people over 70 is expected to triple to more than 349 million in 2050 from 111 million in 2010.
- The Chinese government has published a sweeping blueprint for developing China's logistics infrastructure and capacity over the next six years. The 2014-2020 logistics industry development plan identifies issues facing the industry. China's total logistics costs accounted for 18% of gross domestic product (GDP) last year, more than double the level in developed economies and more than in developing peers such as Brazil and India. Beijing wants to see logistics costs lowered to 16% of GDP by 2020.
- Wang Zhongnan, former Chairman of state-owned Bright Food Group Co, has been charged with bribery and embezzlement. According to prosecutors, Wang Zongnan abused his power to seek benefits for others when he was General Manager at the Shanghai Friendship (Group) Co and Chairman of the Lianhua Supermarket Holdings Co. Prosecutors said Wang took bribes of CNY2.69 million and conspired with others to embezzle CNY190 million.
- The Chinese government has launched an updated English-language website with the assistance of China Daily at http://english.gov.cn/. Yang Fuqing, Deputy Director of CCTV News , said “it opens another window to the outside world for the Chinese government, establishes a new media platform for foreigners to understand China, and will further improve overall international communication for China.”
- Heavy smog that had blanketed Beijing for four days dispersed on October 11 thanks to strong wind, just in time for a highly anticipated soccer game between Brazil and Argentina. Visibility had earlier been reduced to as little as 200 meters.
- Wan Qingliang, 60, former Guangzhou Communist Party Secretary, has been expelled from the Party and dismissed from all his posts. Investigations found that he was involved in extortion and accepting huge bribes. Ironically, Wan was known for his “determination to fight corruption”, as he used to always ask his officials in meetings to be clean and honest.

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