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

NEWSLETTER | 27 JULY 2015

FCCC ACTIVITIES

10th EU-China Business & Technology Cooperation Fair – 4-6 November 2015 – Qingdao and 9-11 November 2015 – Chengdu

The EU-China Business & Technology Cooperation Fair has been held for nine consecutive editions attracting 4,400 Chinese companies and 12,400 European companies in total. The Fair provides a dominant cooperation platform in China for investment, trade and technology between the EU and China. 22,291 bilateral meetings between companies took place at the matchmaking event. Around 1/3 of the participants already informed about their successful match. The Fair is organized by the EU Project Innovation Centre and supported by the European Commission, the EU-China Business Association and several other EU institutions.

The 10th EU-China Business & Technology Cooperation Fair will be held from 4-6 November 2015 in **Qingdao**.

Qingdao, the most important transport hub and trading port in the North coastal region of China, is located at the intersection of land and maritime Silk Roads. With its well-established industries and rich resources, Qingdao is playing a leading role in developing the blue economy. As one of the first Chinese cities to open to the world, Qingdao is willing to work with other ocean-driven EU countries to forge partnerships in developing ocean economies, exploiting the resources, and promoting maritime research and innovation. Topics at the Fair will be:

- Maritime machinery and equipment
- Maritime bio-pharmacy & bio-technology
- Ocean aviation
- Renewable energy, new materials, clean-tech
- Environmental protection
- ICT

A cooperation forum will be held, as well as seminars on:

- Maritime research and industry cooperation
- High-end machinery industry cooperation
- New energy and environmental protection

B2B and cluster-to-cluster matchmaking session will also be organized.

More information is available at www.eu-china.org.cn The website for Qingdao's matchmaking is: https://www.b2match.eu/tenth-eu-china-cooperation-fair-qingdao

The **Chengdu** event of the of 10th EU-China Business & Technology Cooperation Fair will be held from 9-11 November 2015 in Chengdu.

The Chengdu Event will focus on:

- Frontier technological achievements and trends
- Short, sharp 30-minute meetings to foster effective networking
- Share information with Event experts, scholars and business players
- Get your problems solved – Matching enterprises offering or seeking solutions
- See an exhibition of successful examples of B2B match-making meetings

More information on the Chengdu Event is available at: https://www.b2match.eu/tenth-eu-china-cooperation-fair-chengdu

The Fair is organized with the support of the EU-China Business Association (EUCBA) and the Flanders-China Chamber of Commerce (FCCC).

ACTIVITIES SUPPORTED BY FCCC

Business trip to China by Unizo and Howest – October 2015

Unizo and Howest are organizing a business trip to China in October 2015. More information is available on the website http://groups.alkreizen.be/cnunizowvl.

PAST EVENTS

10th EU-China Business Summit – 29 June 2015 – Brussels

The EU-China Business Association invited 500 business leaders and officials to join the 10 th EU-China Business Summit on 29 June 2015 at Palais d'Egmont in Brussels. The EU-China Business Summit is a joint initiative by BusinessEurope, the China Council Council of the Promotion of International Trade (CCPIT), in cooperation with the European Union Chamber of Commerce in China (EUCCC) and the EU-China Business Association (EUCBA). The business summit is recognised as the highest-level platform for exchanges between EU and Chinese business and political leaders and brought together a number of high-level business leaders from large Chinese and European companies, including several CEOs. President Jean-Claude Juncker and Premier Li Keqiang made keynote addresses during the opening session.

Under the overall theme of "Building a Stronger Partnership" interesting discussions were held on topical issues like investment cooperation, the digital economy and green and sustainable growth. Commission Vice President Jykri Katainen introduced the panel on investment cooperation.

The thematic session 1: "New opportunities for EU-China investment cooperation" was moderated by Mr Stephen Phillips, Chairman of the EU-China Business Association (EUCBA). The second thematic session focused on "Green economy and sustainable growth" and the third one on "Industrial transformation in a digital world".

FCCC Chairman Bert De Graeve, Chairman of Bekaert, participated in the CEO dialogue with European and Chinese CEO's and Mrs Malmstrom, European Commissioner for Trade.
The EU-China Business Association is the EU-wide federation of business organisations in the EU promoting business relations with China. The Flanders-China Chamber of Commerce holds the secretariat-general of the association.

For more information on the 10th EU-China Business Summit you are invited to explore the dedicated website: www.eu-china-business-summit.eu

The EU-China Business Summit was organized with the support of the Flanders-China Chamber of Commerce (FCCC).

FCCC and BNP Paribas Fortis: Breakfast debate at Westin Beijing – 24 June 2015

The Flanders-China Chamber of Commerce (FCCC) and BNP Paribas Fortis organized a breakfast debate on June 24, 2015 in the Westin Beijing Hotel during the Royal State Visit. The theme of the breakfast debate was "How strong is China's economic and financial engine? Business environment outlook for foreign strategic investors". Minister-President Geert Bourgeois of the Government of Flanders attended the debate and delivered the conclusions.

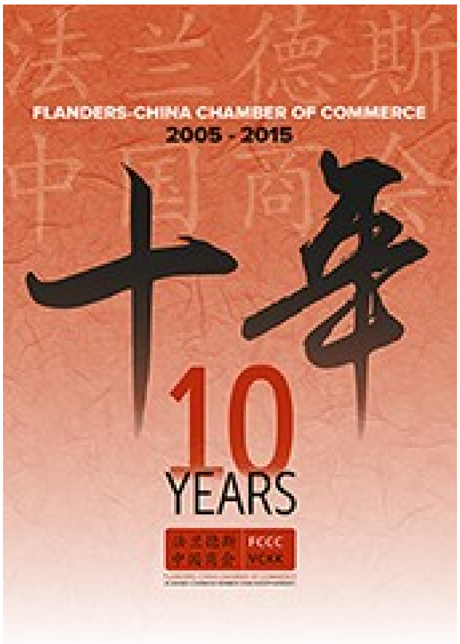
Following a word of welcome by Mr Max Jadot, CEO of BNP Paribas Fortis, Mr Eric Raynaud, CEO of BNP Paribas Asia Pacific, introduced BNP Paribas in China. Next, Ms Gwenn Sonck, Executive Director of the Flanders-China Chamber of Commerce (FCCC) introduced the Chamber. Mr Jurgen F. Conrad, Chief Economist ADB China talked about "Growth and structural reforms in the PRC". "Renminbi internationalisation: the next step" was introduced by Mr Chi Lo, Senior Economist of BNP Paribas Investment Partners Greater China.

A Q&A session preceded the conclusions of the breakfast debate presented by Mr Geert Bourgeois, Minister-President of the Government of Flanders, and Minister for Foreign Policy and Immovable Heritage.

More than 100 participants attended the breakfast debate.

PUBLICATIONS

FCCC publishes "10 Years: Flanders-China Chamber of Commerce 2005 – 2015"



On the occasion of its 10th anniversary, the Flanders-China Chamber of Commerce has issued the publication "10 Years: Flanders-China Chamber of Commerce 2005 – 2015". The publication bundles interviews with H.E. Qu Xing, Ambassador of the People's Republic of China to Belgium; H.E. Michel Malherbe, Ambassador of Belgium to the People's Republic of China; Mrs. Claire Tillekaerts, CEO of Flanders Investment & Trade; Mr. Stefaan Vanhooren, President Agfa Graphics; Mr. Matthew Taylor, CEO, Bekaert; Mr. Stephan Csoma, Executive Vice President and two other Executives, Umicore; Christian Dumoulin, CEO, Vitalo; Filip Goris, General Manager Asia, Recticel; Mr. Hudson Liu, CEO, Huawei; Mr. Li Shufu, Chairman, Zhejiang Geely Group; Mrs. Chai Hui, General Manager Brussels Branch, ICBC; Mr. Robert Zhao, Chief Representative of the Weihai EU Office in Ghent; Mr. David Liu, Deputy Managing Director, APM Terminals; and Mr. Ma Jian, Chairman, Tianjin Liho Group.

Mr. Geert Bourgeois, Minister-President of the Government of Flanders, wrote the foreword to the publication. Chairman of the FCCC, Mr. Bert De Graeve, provided the introduction and Mrs. Gwenn Sonck, Executive Director of the FCCC, provided some more details about the FCCC.

The publication is available to Members of the FCCC free of charge.

[Here is the link to the brochure online.]

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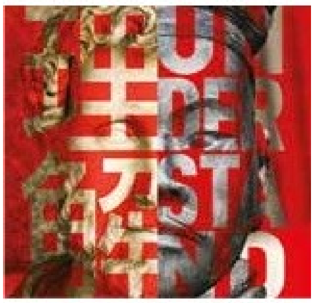

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Made up of equal numbers of participants from both Eastern and Western businesses, the program will include 11 weeks of face-to-face learning. The program is scheduled to take place from February 2015 until September 2016 with a unique split of 50/50 program delivery across

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AUTOMOTIVE

Toyota delays plan to start manufacturing Lexus cars in China

Toyota Motor Corp is likely to delay building its premium Lexus brand in China for at least a few years, as growth in China's auto market slows and a weak yen makes it cheaper to keep making cars in Japan. Toyota wants to focus on strengthening the Lexus brand in China and increasing sales in the country to well above 100,000 vehicles a year before investing what could be hundreds of millions of dollars if it was to build a new assembly line, two company executives told Reuters. The Japanese firm is also reluctant to share control of the Lexus business with a domestic joint venture partner – a requirement for foreign carmakers building and selling vehicles in China. Toyota wants to make Lexus a "more well-recognized name" in China before committing to production in the country. China's auto market has been slowing down significantly to a growth rate of just 1.4% in the first half of this year. Rivals such as Nissan's Infiniti, Jaguar Land Rover and General Motors' Cadillac however have decided to go ahead with plans to begin production in China.

- Foreign brands are producing less cars in China. The average level of capacity utilization has fallen to 94.3% in the first half of this year, according to Sanford C Bernstein Analysts led by Robin Zhu. “We are confident 2015 will be remembered as a turning point in industry capacity utilization,” Zhu wrote in a report. “We still expect China to sell a lot more cars in the coming years, but returns in the market may never be the same again.”
- Audi is replacing its top China Executive from September 1 amid slowing growth in its largest market. Dietmar Voggenreiter, who headed the China business since 2007, will be replaced by Joachim Wedler, the company's head of product planning. Sales at Audi fell for the first time in more than two years in May and again in June, as the Chinese auto market weakened. Under Voggenreiter's leadership, Audi's annual sales have jumped sevenfold, accounting for 2.5 million of the 3 million Audis ever sold in China.

EXPAT CORNER

First new work permit for foreign students issued in Shanghai FTZ

Shanghai has approved the first work permit for a foreign student who has just graduated, initiating the city's new policy aimed at attracting and retaining global talent. The policy eliminates the requirement of at least two years of work experience for foreign students who graduate from Shanghai universities with a master's degree or above and seek a job in the Shanghai Pilot Free Trade Zone (FTZ) or the Zhangjiang National Innovation Demonstration Zone.

- Canada’s new wealth-based immigration scheme has received just six applications worldwide, in stark contrast to the thousands of mostly Chinese millionaires who flocked to the program’s defunct predecessor. The new Immigrant Investor Venture Capital (IIVC) scheme was touted as a replacement for the Immigrant Investor Program (IIP), long the world’s most popular wealth-determined immigration vehicle.

FINANCE

New Development Bank opens in Shanghai

The long-planned New Development Bank (NDB) opened in Shanghai on July 21. The bank, launched jointly by Brazil, Russia, India, China and South Africa (BRICS), will provide financial support for infrastructure construction, mainly in emerging markets. Decisions will now be made regarding its organizational structure, operating rules, recruitment methods and procedures for the selection of investment projects. Chinese Finance Minister Lou Jiwei said at the opening ceremony: “The NDB is complementary to the existing multilateral development organizations, and it will build close relationships with them and the private sector.” The NDB was proposed by the BRICS's five Finance Ministers in 2012 at the G20 Summit. In July 2014, at the sixth BRICS Summit in Fortaleza, Brazil, the countries officially announced the setting up of the BRICS bank, to be headquartered in Shanghai. An African regional center will be established in Johannesburg, South Africa. The NDB, with its global purview and five members, differs from the Asian Infrastructure Investment Bank (AIIB), where the 57 prospective founding countries will focus on providing financial support for infrastructure construction projects in Asia. The NDB will have an initial authorized capital of USD100 billion, and its initial subscribed capital of USD50 billion will be shared equally among the five founding members. K.V. Kamath, who headed ICICI Bank, India's leading private bank, for more than a decade, was previously named as the first President of the NDB, the China Daily reports.

Fosun Group bidding to take over BHF Kleinwort Benson

The Chinese group Fosun is bidding to take over Brussels-listed BHF Kleinwort Benson, previously known as RHJ International. Earlier this month, Fosun took over the German private bank Hauck & Aufhäuser (H&A). In 2012 it had already acquired BHF Bank. Fosun already had a 20% stake in BHF Kleinwort Benson, which it increased in the past months to tot 26,2% by partly buying out Tim Collins, the U.S. founder of the former RHJ International.

Meanwhile the buyout of Delta Lloyd Bank Belgium by the Chinese insurance company Anbang Insurance Group has been concluded. The Chinese insurance company paid €206 million to acquire the Belgian subsidiary of Delta Lloyd Group.

- The HSBC China Monetary Conditions Indicator (MCI), which measures the easiness of monetary conditions, rose to -5.4 in June from -5.9 in May and -6.2 in April. The May reading was the first monthly pickup since February, and HSBC considered that monetary conditions were "slowly improving." The increase of M2 to 11.8% in May from 10.8% in April, was among the major contributors to the easier environment.
- China Construction Bank (CCB) has been ordered to tighten money-laundering controls at its New York branch to resolve "deficiencies relating to the branch's risk management and compliance" with the Bank Secrecy Act, U.S. regulators said. The order calls for better oversight of account holders and the creation of a new internal audit program.
- China recorded an intensified net capital outflow in the first six months. Chinese banks bought foreign exchange worth CNY5.31 trillion in the first half and sold the equivalent of CNY5.96 trillion, resulting in a net sale of CNY647.4 billion, the State Administration of Foreign Exchange (SAFE) said. This compares with a CNY383.8 billion deficit in the second half of last year. Experts say too much capital outflow in the long term could reduce liquidity in the domestic market, push down the value of the yuan and even slow down real economic growth.
- The Postal Savings Bank of China (PSBC) is accelerating the process of introducing strategic investors, Vice President Xu Xueming said. Wholly-owned by China Post Group Corp, the bank is preparing for an initial public offering (IPO) in 2016, aiming to raise up to USD25 billion. UBS, Temasek Holdings and BNP Paribas were among six preliminary bidders to buy up to a 10% stake in PSBC for at least USD3 billion.
- Bank of Communications (BoCom), China's fifth-largest lender by assets, announced it will issue offshore preference shares to raise CNY15 billion to boost its capital adequacy ratio. The offshore issuance will increase the bank's tier-1 capital adequacy ratio (CAR) by 0.34 percentage points to 11.64%.
- The Chinese government has decided to allow the renminbi to trade in a wider range against the U.S. dollar to help boost exports and improve use of the currency globally. The timing and scope for the potential adjustment were not announced. The real effective exchange rate of the renminbi appreciated by 6.4% on a year-on-year basis in 2014 and rose by 4.2% in the first quarter of this year.

FOREIGN INVESTMENT

FDI up 8.3% in first half

China's foreign direct investment (FDI) reached a new high in the first six months of the year, the Ministry of Commerce (MOFCOM) said. Foreign companies invested CNY420.5 billion in the country during the January-June period, up 8.3% from a year earlier, with 11,914 new foreign-invested firms set up. The growth was led by funds in services, which expanded 23.6% year-on-year to USD43.4 billion in the first six months, 63.5% of the total. Capital for the financial sector increased nearly five times and that for scientific research more than doubled. Investment in manufacturing contracted 8.4% to USD20.8 billion, or 30.5% of the total. But funds flowing into telecom equipment manufacturing and chemical manufacturing rose 231% and 71.9% respectively during the period. The European Union directed USD4.08 billion into China in the first six months, up 13.7% year-on-year. But the United States cut its investment by 37.6% to USD1.09 billion, partly due to a high comparative base. In June alone, China's FDI rose 0.7% to USD14.5 billion, the Shanghai Daily reports.

- China's outbound direct investment (ODI) rose 29.2% to CNY343.2 billion in the first half, with funds flowing into 4,018 overseas companies in 147 countries and regions. Investment in the ASEAN countries nearly doubled during the period, while more than USD7.05 billion was directed to the 48 countries involved in the "Belt and Road" initiative.

FOREIGN TRADE

Number of trade remedy measures increasing

Trade remedy measures against high-tech and high value-added product exports from China rose significantly in the first six months of the year, despite an overall slowdown in the number and value of trade friction cases. About 37 trade remedy cases were filed against Chinese companies between January and June, including 32 anti-dumping cases. Fourteen countries and regions, mostly G20 members, initiated investigations against Chinese products, down 30% year-on-year, the Ministry of Commerce (MOFCOM) said. The United States launched six trade remedy probes against Chinese products in the past six months. Countries from Latin America filed 14 cases during the period, up 27% from the same period a year ago. “We noticed that China's high-end products such as photovoltaic products, tires, wind turbines and smartphones had encountered more trade investigations over the past three years,” Shen Danyang, Spokesman for MOFCOM said. “China has been deploying more resources and manpower to enhance its negotiating abilities after several such cases occurred in recent years.”

China opens anti-dumping probe into Japan-made electrical steel

China said it has opened an anti-dumping investigation into imports of electrical steel from Japan, South Korea and the European Union. The Commerce Ministry (MOFCOM) said the probe is aimed at determining if the imports of grain-oriented flat-rolled electrical steel have damaged the Chinese steel industry. The steel is used in products such as motors and transformers. The start of the Chinese investigation follows the European Union’s decision in May to impose provisional anti-dumping duties on imports of the steel from China, Japan, Russia, South Korea and the United States. The European Union’s provisional decision was made following a complaint lodged in June last year by the European Steel Association. Under the decision, Chinese companies, including Baoshan Iron & Steel and Wuhan Iron & Steel, have been slapped with anti-dumping duties of 28.7%.

- China filed 169 anti-trust cases to tackle unfair competition at home and in overseas markets during the first six months of the year, up 46% on a year-on-year basis, the Ministry of Commerce (MOFCOM) said. About 153 cases have been approved by the Ministry after the review. Manufacturing industries, including shipbuilding, auto parts, mechanical and electric equipment businesses, accounted for 53% of the cases.
- More than 51,000 enterprises have benefited from the unified customs clearance reform in Chinese provinces along the Silk Road Economic Belt, customs authorities said. Some 1.2 million declarations have been handled by customs in the nine provinces along the Belt since the customs reform was introduced on May 1. The more efficient service can cut companies’ customs costs by 20% to 30%.
- The World Trade Organization’s 1997 Information Technology Agreement has been expanded to abolish duties on 201 technology products from advanced computer chips to GPS devices. The updated agreement covers products that generate USD1 trillion in annual global revenue, but only 49 of the 161 WTO member economies signed up to the expanded deal. Talks on revising the technology agreement began in 2012. Negotiators must still complete details and a timetable for eliminating the tariffs.

IPR PROTECTION

IPR mediation center set up in Yiwu

An intellectual property rights mediation center was founded on July 13 in Yiwu, China’s major commodities trading center in Zhejiang province. Co-sponsored by the local court and a number of government administrations and industry associations, the center offers free mediation services to involved parties in IP disputes in Yiwu. The mediation results have the same legal effect as court rulings. The mechanism will not only save costs, but also increase efficiency, compared with filing a lawsuit. Officials at the center explained that when the court receives a lawsuit, it sends an indictment to the defendant, who has 30 days to prepare a reply to the charge, and IP lawsuits usually last about 70 days before a verdict is released. In contrast, if the center receives a complaint, it starts mediation within a week and the process lasts no more than a month. If no conciliation is reached within 30 days, the center will transfer the case to the court. The center received 10 cases during a trial operation that started in early July, eight of which ended in successful mediation, the China Daily reports. The court of Yiwu received 1,022 IP-related civil lawsuits in 2014, more than 20 times the number in 2008.

- Zxipr.com, China's first intellectual property service trading website, has started operation. The system provides information about IP agencies such as success rate, price and comments, so clients can choose one directly or call for a bid. The platform enables clients to track the entire process to reduce risks.
- The seventh China Trademark Festival will be held in Haikou, Hainan province, from October 16 through 19, according to the State Administration for Industry and Commerce (SAIC). This year's event, which is jointly organized by the China Trademark Association and the Haikou city government, will include activities such as a Belt and Road Initiative brand protection forum and a trademark financial service innovation forum, in addition to a themed meeting and exhibition.

MACRO-ECONOMY

Six more Chinese companies enter Fortune 500 list

The number of Chinese companies on the Fortune 500 list rose for the 12th year in a row to 106, with six more entering for the first time, including Shaanxi Coal & Chemical Industry Group Co, China Everbright Group Co and HNA Group. The United States still has the largest number, 128, unchanged from last year, but the list's compilers estimate that China will overtake the U.S. by 2020. China Petrochemical Corp (Sinopec Group), with a total sales revenue of USD446.81 billion in 2014, is No 2 behind Walmart. In the sub-list of the most profitable companies, 13 out of the Top 50 were from China. Industrial & Commercial Bank of China (ICBC) topped the list with total profits of USD44.76 billion last year, beating Apple and Exxon Mobil Corp. Grain trader COFCO Corp saw its position rise the most in the Fortune 500, jumping from 401 to 272. China Merchants Bank (CMB) enjoyed the second-best growth rate, with its position rising to 235 from 350. The majority of the 106 Chinese companies were state-owned, with 47 directly under the control of the State Assets Supervision and Administration Commission (SASAC). 13 Chinese companies were listed in the “the top 50 companies which suffered the greatest losses” led by Aluminum Corp of China, which lost USD1.76 billion last year, the China Daily reports.

Flash PMI: growth in industrial deflation, sharp decline in commodity prices

A key economic survey has predicted China's July manufacturing activity to contract the most in 15 months, driven by rising industrial deflation and dropping commodity prices. The study, conducted jointly by Caixin Media Co and Markit, suggests the foundations of the current economic recovery are still fragile and it is urging the government to implement more policies to support an economic rebound. The preliminary reading of the flash Caixin/Markit Purchasing Managers Index (PMI) fell to 48.2 in July, the lowest since May 2014, down from 49.4 in June. The July figures are the first to be released since the index was renamed after Beijing-based Caixin replaced HSBC Holdings as its sponsor. The sub-index which indicates manufacturing output deteriorated to 47.3 in July, a 16-month low, down from 49.7 in June, while new orders fell to 48.1 from 50.3 in June, the lowest level in 15 months.

- Rich individuals from China claimed nine of the spots on a list of Asia’s 10 wealthiest individuals born between the years 1981 and 1997 issued by Wealth-X, a wealth intelligence consultancy firm. Three of the nine featured on the list are women from China, who have a combined wealth of approximately USD10 billion, about 44% of the top 10’s total wealth. The three wealthiest millennials in Asia are Yang Huiyan, Vice Chairperson of real estate developer Country Garden Holdings; Adrian Cheng, Executive Vice Chairman of New World Development; and Zong Fuli, President of her father’s company Hangzhou Wahaha Group.
- China’s state-owned enterprises (SOEs) posted a slower 0.1% drop in combined profit of CNY1.23 trillion in the first half of 2015, the Ministry of Finance said. The decline eased from a 21.4% slump in the January-February period, the biggest drop so far this

year. The 0.1% drop trailed an 8.9% growth during the first half of 2014. Coal and steel industries turned losses into gains in June. But the SOEs still suffered a 5.8% drop in total business revenues from a year earlier to CNY21.77 trillion by June.

- A shortage of talent continues to be the primary concern for Chinese companies, with technicians, sales representatives and sales managers being the most in demand, according to a new industry survey conducted by ManpowerGroup. It indicated that about 24% of employers in China suffered from an acute talent crunch. About 53% of employers said they faced difficulties in filling some positions this year compared with 2014.
- Business confidence in China has slumped to its lowest level in more than six years, an indication of the influence of the recent stock market rout on the economy despite better-than-expected economic growth. The MNI China Business Sentiment index of current business conditions sank to 48.8 this month from 53.3 in June, MNI Indicators, which is owned by Deutsche Boerse, said. It was the lowest reading since January 2009.
- China’s industrial overcapacity problems remain severe and the only way to solve them is by shifting production facilities abroad where demand still has the potential to grow, Huang Libin, an official with the Ministry of Industry and Information Technology (MIIT), told a briefing. He said China’s efforts to boost economic cooperation along the old “Silk Road” route, known as the “One Road One Belt” plan, would provide opportunities for domestic industries to shift production abroad.
- The number of new company registrations jumped 19.4% from a year ago to 2.1 million in the first six months. By the end of June, there were around 74.2 million businesses in China, up 7% from the end of 2014. The number of new firms registered in the service sector accounted for 80.3% of the increase, or 1.6 million during the first six months, 22.6% more than in the same period last year.
- China gave private refineries the green light to import crude oil, opening up a heavily monopolized sector. To qualify non-state companies must have an annual refining capacity of more than 2 million tons and meet efficiency and environmental standards. They should also have storage capacity for at least 300,000 tons of crude, with terminals that can handle more than 50,000 tons. Crude imports are dominated by state-run Sinopec, CNPC and CNOOC.

MERGERS & ACQUISITIONS

Walmart buys out e-commerce firm Yihaodian

Walmart Stores took full control of Chinese e-commerce firm Yihaodian.com (YHD) by purchasing the balance 49% stake that it did not already own to further accelerate its online presence in the country. The company bought the stake from YHD Founders Yu Gang and Liu Junling, as well as from Ping An Insurance Group. Industry experts said the acquisition will give the U.S. retail group a clear edge over other brick-and-mortar retailers in China's fast-growing consumer market. “YHD's rich big data assets will help build more shopper insights for Walmart and enable it to have a successful online-and-offline strategy. Despite the fact that YHD is relatively small compared to the likes of Tmall and JD.com, it is still a key player in the online shopping for fast moving consumer goods. YHD is strong in the eastern parts and more popular with urban white collar females,” Jason Yu, General Manager of Kantar Worldpanel China said. Founded in 2008, YHD operates logistics centers in Shanghai, Wuhan, Chengdu, Beijing and Guangzhou.

- Danone plans to sell its Dumex infant formula brand to Yashili International Holdings, a unit of China Mengniu Dairy Co, amid a downturn in demand for locally made baby food. Danone plans to use the proceeds from the sale to buy more shares in Mengniu. The deal would also turn Mengniu into one of China's largest baby milk powder sellers, in a market that Euromonitor International forecast will be worth CNY122.1 billion in 2015. Danone expects to boost its 9.9% stake in Mengniu by about 2 percentage points.

REAL ESTATE

Outbound real estate investment growing at 72% over past four years

Outbound real estate investment from China topped USD10 billion last year and is set to cap five years of rapid growth by hitting USD14 billion this year, according to international property consultant CBRE. In its latest research report – The Expanding Role of Chinese Capital in Global Real Estate Markets – CBRE said outbound investment had experienced a compound annual growth rate (CAGR) of about 72% over the past four years, with investors looking to diversify a rapidly growing pool of domestic wealth, while lifestyle and business goals also played a significant role in driving offshore investment. CBRE China research head Frank Chen said the past two years had seen “explosive growth” in purchases of offshore real estate by Chinese investors, including individuals, corporations and institutions. Britain, the United States and Australia were the top three overseas markets for commercial real estate investment by Chinese last year. JLL, another property consultant, said Chinese investors were looking at global gateway cities such as London, New York, Sydney and San Francisco. JLL estimates that China invested USD17 billion in commercial real estate overseas last year, compared to USD14 billion in 2013, and predicts a total of USD20 billion this year, the South China Morning Post reports.

- Hong Kong’s Link Real Estate Investment Trust has bought two commercial buildings in Shanghai from Shui On Land for CNY6.6 billion, four months after it bought a Beijing shopping center for CNY2.5 billion. The two properties bought from Shui On are Corporate Avenue One and Two – next to Shanghai’s Xintiandi prime retail and entertainment area – which include grade A office and retail space.
- Sunac China Holdings announced the planned acquisition of a company which owns seven property projects in Chengdu for CNY3.2 billion. Prior to the acquisition, the seven properties were 80% indirectly owned by Hong Kong-listed CC Land Holdings and 20% by Sichuan Guojia Real Estate. The seven property projects in Chengdu have a total salable area of about 24.1 million square meters.

ADVERTISEMENT

RETAIL

China’s Gome Electrical Appliances to buy retail unit

China’s Gome Electrical Appliances Holding plans to acquire a retail unit from controlling shareholder Wang Guangyu for HKD11.27 billion. China’s second-largest home-appliance retailer said the acquisition target is engaged in the retail sale of electrical appliances and consumer electronic products under the trademark “GOME Electrical Appliances” and related operations mainly in cities in which the company already operates. As of 31 March 2015, Artway Development, Wang’s retail unit, had 578 stores located in 181 cities in China. The transaction will be settled by HKD2.2 billion in cash, an issue of 6.2 billion new shares. Following the deal, Wang and his partners will see their interest in Gome Electrical increase from the current 32.4% to 50.2%.

SCIENCE & TECHNOLOGY

Two satellites for Beidou navigation system launched

With the launch of two navigation satellites, China took another step toward building it's own positioning system with global coverage, the Beidou Navigation Satellite System. Named after the Chinese term for the Big Dipper constellation, the Beidou project was launched in 1994, some 20 years after the inception of GPS. The first Beidou satellite was launched in 2000. By 2012, a regional network had taken shape, and the Beidou system was providing positioning, navigation, timing and short-messaging services (SMS) in China and several other Asian countries. Beidou is now one of the four dominant navigation systems worldwide, along with GPS, Russia's Glonass and the European Union's Galileo. The plan is to set up a constellation of 35 navigation satellites and expand their coverage to the whole world by 2020. The July 25 launch of the two satellites – the 18th and 19th of the Beidou project and the third this year – is part of this plan. 98% of the components for the satellites launched on July 25 were made domestically, including the rubidium atomic clocks that send synchronized signals so that receivers can triangulate their position on earth, the China Daily reports.

- A research team in China led by Professor Fang Zhong with the Chinese Academy of Sciences’ Institute of Physics in Beijing confirmed the existence of Weyl fermions after years of research, a particle that had eluded scientists for decades. With just one “pole” and no mass at all, the Weyl fermions could have a dramatic effect on smartphones in particular, solving the problem of having to charge a device's battery.
- Chinese technicians have begun assembling the world’s largest radio telescope with a dish the size of 30 football fields in the mountains of Guizhou province. The telescope’s reflector is 500 meters in diameter and made up of 4,450 panels. The surrounding area has “radio silence” as there are no towns and cities within a 5-kilometer radius.
- Figures from the Ministry of Education show that China had 459,800 students going abroad for education last year. More than half of them headed to the United States. According to the 2014 Open Doors Report on International Education Exchange, nearly 280,000 students from the Chinese mainland went to study in the U.S., of which 110,000 were about to enter college.
- Chinese scientists have developed a credit card-sized chip that could be powered by radio waves, according to the Chinese Academy of Sciences (CAS). Improvement of the technology could eventually lead to battery-free electronic devices such as a smartphone that could stay powered on forever. The chip harnessed energy from ambient radio waves with frequencies similar to the 2G mobile network. The Chinese chip now cost CNY10 to make, and mass production could further cut the price.

STOCK MARKETS

Support measures fail to revive stock market turnover

The Chinese government’s propping up of the stock markets has failed to revive trading turnover, which is down more than a third on the mainland and in Hong Kong, hurting stockbrokers' income and share prices. The Shanghai Composite Index climbed above 4,000 points last week for the first time in three weeks, with many crediting rescue measures introduced by Beijing since July 4 for stabilizing the market. But the average daily turnover in Hong Kong has dropped below HKD100 billion since July 16 and stood at about HKD80 billion last week, down 70% from its April 9 peak of HKD293.91 billion at the start of a rally that took the Hong Kong and mainland markets to seven-year highs. Last week's average turnover was also 36% lower than the HKD125.34 billion average for the first half of the year. Chinese markets have shared a similar fate, with turnover in Shanghai last week averaging about CNY650 billion, 50% down on its June 8 peak of CNY1.312 trillion and down 32% from the June average of CNY952.3 billion. Turnover in Shenzhen dropped to just CNY247 billion on July 10 when up to 60% of the companies listed there suspended trading of their shares. About 20% remained suspended last week, with daily turnover rising to about CNY600 billion, still just half the May 28 peak of CNY1.205 trillion. Hong Kong Securities Association Chairman Jeffrey Chan said investors understood that the improvement in share prices was due to the rescue measures implemented by Beijing and lacked fundamental support, the South China Morning Post reports.

- The halt of new IPOs following the stock market crash has led to a considerable loss of income for brokerages. With 38 companies' share sales blocked, as much as USD386 million in fees has evaporated for now, based on averages for deals in the first six months. The securities firms also face costs from government-led efforts to prop up the market. Twenty-one big firms have pledged a combined CNY120 billion for a stock-purchasing fund and promised not to sell their proprietary trading positions until the Shanghai Composite Index rises to 4,500.
- Ratings agency Moody’s warned that margin financing poses market and credit risks to securities firms and may cause further losses in China’s equity markets. “The rapid growth in margin financing, which peaked at 4.3% of the A-share tradable market cap on 18 June 2015, has in the current market downturn exposed securities firms to substantial market and credit risks, even as the business generated interest income and boosted profitability,” said David Yin, Assistant Vice President and Analyst of Moody’s.

TRAVEL

Private investment sought for 100 tourism projects in Xinjiang

Private investors are being invited to help build 100 tourism projects with an estimated investment of about CNY25 billion in the Xinjiang Uyghur autonomous region in the next five years. The China National Tourism Administration (CNTA) and Xinjiang tourism authorities have released a list of about 100 proposed tourism projects that private investors are being invited to fund, build and operate. The list includes the Silk Road tourism hub, cross-border tourism and a medical tourism service. Wu Wenxue, Deputy Director of CNTA, said the market, instead of the government, should be the driving force for the tourism industry in Xinjiang. “Now is a great time for the private sector to invest in Xinjiang,” Wu said. “Xinjiang has abundant tourism resources but an immature tourism industry. The region has great potential,” he added.

- China’s Ministry of Transport announced that it would further cut the number of tollways and enable more private enterprises to invest in roads. By the end of last year, China had 162,600 km of highways with tolls, including 106,700 km of toll expressways. Toll highways comprised 3.6% of China's 4.46 million km road network last year. It is planned to reduce the percentage of toll roads to 3%.
- A Chinese-led consortium hopes to buy one of Spain's “ghost airports” for a knockdown price of €10,000 and turn it into an European freight hub for Chinese companies. Ciudad Real's Central Airport, south of the capital Madrid, became a symbol of Spain's spending frenzy during a construction boom that ended with the financial crisis of 2008. Costing between €450 million and €1.1 billion to build, the airport opened for international flights in 2010. Three years later, the airport operator CR Aeropuertos went bankrupt after it failed to attract enough flights and passengers.
- Airbus’ China plant is expected to deliver its first A330 wide-body passenger jet in 2018. The company earlier this month signed an agreement to establish an A330

"cabin completion center" in Tianjin, where it already has a final assembly plant for smaller A320 jets. The plant will be capable of fitting out two A330 planes a month.

- Hong Kong's MTR Corp is to spend HKD6 billion on its largest-ever order of trains from a mainland manufacturer. The purchase of 93 eight-car subway trains will replace all of the first-generation, British-made trains – now 30 years old – currently operating on the Kwun Tong, Tsuen Wan, Island and Tseung Kwan O lines. Under the new contract, the trains will be delivered by CSR Qingdao Sifang between 2018 and 2023.
- Ctrip, China's biggest online travel agency, has purchased train-ticket-booking app Suanya for CNY100 million. Nasdaq-listed Ctrip, which is based in Shanghai, has already been offering train ticket bookings, but these have hitherto focused mainly on leisure travel. Booking a train ticket in China can be fraught with problems due to the limited availability of seats on certain routes, times and festive periods, a clunky, government-run official booking site, and finicky logging-in details.
- This summer's's top 10 destinations among Chinese travelers according to Ctrip.com, are: Thailand; Japan; Hong Kong; the U.S.; Taiwan; Singapore; Indonesia; Italy; South Korea and the Philippines. South Korea was the most popular destination last year, but fell to ninth place due to the MERS virus outbreak.
- CRRC Corp, the merged new entity of China's two largest train makers, announced recent contracts worth CNY12.2 billion, alongside another CNY4.84 billion deal to supply metro trains to Hong Kong. It has 90% of the domestic market for the production of railway locomotives, bullet trains, passenger trains and metro vehicles.
- Guangzhou's iconic 34-story White Swan Hotel has reopened for business on July 15 after a three-year long renovation. White Swan drew 20,000 visitors on its reopening day, Less than a third of the hotel's 520 rooms are currently ready, but the hotel will return to full operation by September. The hotel opened in 1983.

ONE-LINE NEWS

- The Diaoyutai State Guesthouse, where foreign heads of state and government are staying when visiting Beijing, has sued the Chinese subsidiary of Philips over alleged false advertising of air purifiers. Philips (China) Investment Co claimed its air purifiers had been specifically designed for the hotel.
- The Central Commission for Discipline Inspection (CCDI) said that 19,000 officials were punished for violating frugality rules in the first half of this year, bringing the total number of those punished since late 2012 to more than 120,000. Violating the rules on usage of government vehicles ranks top among the violations, including lavish banquets and overseas sightseeing trips on public funds.
- Shanxi Haixin Iron and Steel Group, one of China's biggest private steel makers bribed more than 120 government officials, one of the steel firm's creditors said. The company is undergoing bankruptcy and reorganization proceedings. The company was owned by tycoon Li Zhaohui, and those who took the bribes between 2009 and 2011 allegedly included officials from Wenxi county, Yuncheng, as well as Shanxi province.
- Shanghai has overtaken Dubai and taken the sixth spot on the 2015 Xinhua-Baltic Exchange International Shipping Centers Development Index. The rating covers 46 major ports around the world. Singapore is No 1 on the list.
- President Xi Jinping called for more economic cooperation between China and New Zealand as he met with Jerry Mateparae, the country's Governor General in Beijing. Both countries should expand cooperation in traditional areas, including agriculture and animal husbandry, and explore cooperation in sectors such as food safety, biological medicine, new energy and infrastructure, Xi said.

ANNOUNCEMENTS

8th China (Weihai) Fishing Gear Manufacturing Center Expo (CGC EXPO Weihai 2015) – October 16-18, 2015 – Weihai, China

The 8th China (Weihai) Fishing Gear Manufacturing Center Expo (CGC EXPO Weihai 2015), will be held on October 16-18 in Weihai, China.

CGC 2015 Preview:

- 1047 companies applied for the booths, already beyond the venue holding capacity
- Free admission exclusively for pre-registered buyers
- Much cheaper hotel (5-star hotel, USD70/80 per night), taxi, and seafood within the city

Review of CGC 2014:

- 77,769 visitors, including international, domestic and public visitors
- 535 international buyers from 49 different countries and regions
- 703 exhibitors, including 11 international exhibitors

For more information:
E-mail: lijiang@chinafish.cn Web: www.cgcexpo.com www.chinafishshow.org

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Membership rates for the second half of 2015:

- SMEs: €195

- Large enterprises: €485

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