



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

NEWSLETTER | 17 AUGUST 2015

<u>FCCC activities</u>	<u>10th EU-China Business & Technology Cooperation Fair – 4-6 November 2015 – Qingdao and 9-11 November 2015 – Chengdu</u>
<u>Activities supported by FCCC</u>	<u>Business trip to China by Unizo and Howest – October 2015</u>
<u>Past events</u>	<u>10th EU-China Business Summit – 29 June 2015 – Brussels</u> <u>FCCC and BNP Paribas Fortis: Breakfast debate at Westin Beijing – 24 June 2015</u>
<u>Publications</u>	<u>FCCC publishes “10 Years: Flanders-China Chamber of Commerce 2005 – 2015”</u>
<u>Advertisement opportunities</u>	<u>Advertisement opportunities: FCCC Weekly newsletters and website</u>
<u>Advertisement</u>	<u>An Executive MBA by IMD & CKGSB</u> <u>Hainan Airlines, your direct link from Belgium to China</u>
<u>Automotive</u>	<u>Auto sales hit 17-month low as discounts fail to attract buyers</u> <u>Antitrust rules for auto sector expected soon</u>
<u>Finance</u>	<u>China’s yuan exchange rate steered lower</u> <u>Spectacular increase in new yuan loans</u>
<u>Foreign investment</u>	<u>Foreign direct investment expected to remain stable</u>
<u>Foreign trade</u>	<u>Explosions devastate part of Tianjin’s trade zone</u>
<u>IPR protection</u>	<u>Shanghai courts handle more IPR cases</u>
<u>Macro-economy</u>	<u>Slower growth in several key areas</u>
<u>Mergers & acquisitions</u>	<u>Shunfeng set to pay USD57.8 million for stake in Suniva</u>
<u>Real estate</u>	<u>Biggest apartment complex in Xian stops sales</u>
<u>Advertisement</u>	<u>ChinAccess: Professional interpreting & Translation Services (EN/NL/CN)</u>
<u>Retail</u>	<u>Alibaba buys 20% stake in Suning</u>
<u>Science & technology</u>	<u>Tianhe-1 supercomputer shut down due to explosions in Tianjin</u>
<u>Stock markets</u>	<u>Foreign hedge funds play dubious role in stock market</u>
<u>Travel</u>	<u>Chinese airlines score poorly</u>
<u>One-line news</u>	
<u>Vacancy</u>	<u>General Manager BenCham Shanghai</u>

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 Industry:

- Aquaculture & Fishery
- Shipbuilding, Mechanical Engineering & Precision Instrument
- Port Industry
- Shipping & Logistics
- Offshore Renewable Energy, New Materials & Environment
- Ocean Aviation
- Tourism

Other Industries:

- Bio-pharmacy & Bio-technology
- Modern Agriculture & Foodstuff
- ICT Industry & Services
- Universities, Innovative Clusters & Scientific Research Institutes

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

Main topics:

- Environmental Protection
- New Energy & Energy-saving
- Bio-pharmacy & Bio-technology
- Modern Agriculture & Foodstuff
- Innovation and Entrepreneurship
- General Aviation, Space and Aerospace
- ICT Industry & Services
- Universities, Innovative Clusters & Scientific Research Institutes

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/cnunuzowl>.

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 10th 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 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 Jyrki 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

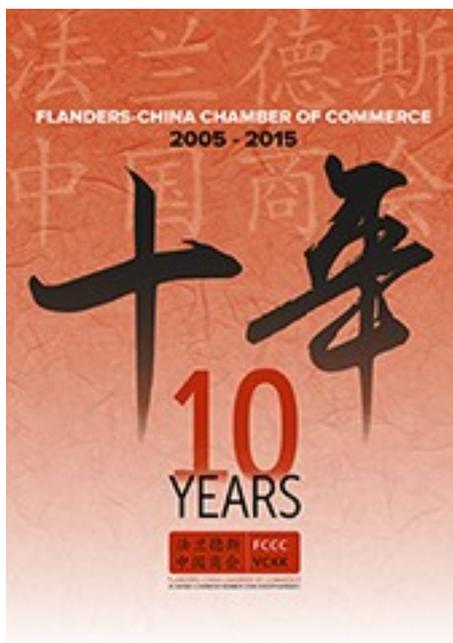
The Flanders-China Chamber of Commerce (FCCC) and BNP Paribas Fortis organized a breakfast debate on June 24, 2015 in the Westin Beijing Hotel during the Royal State Visit. The theme of the breakfast debate was “How strong is China’s economic and financial engine? Business environment outlook for foreign 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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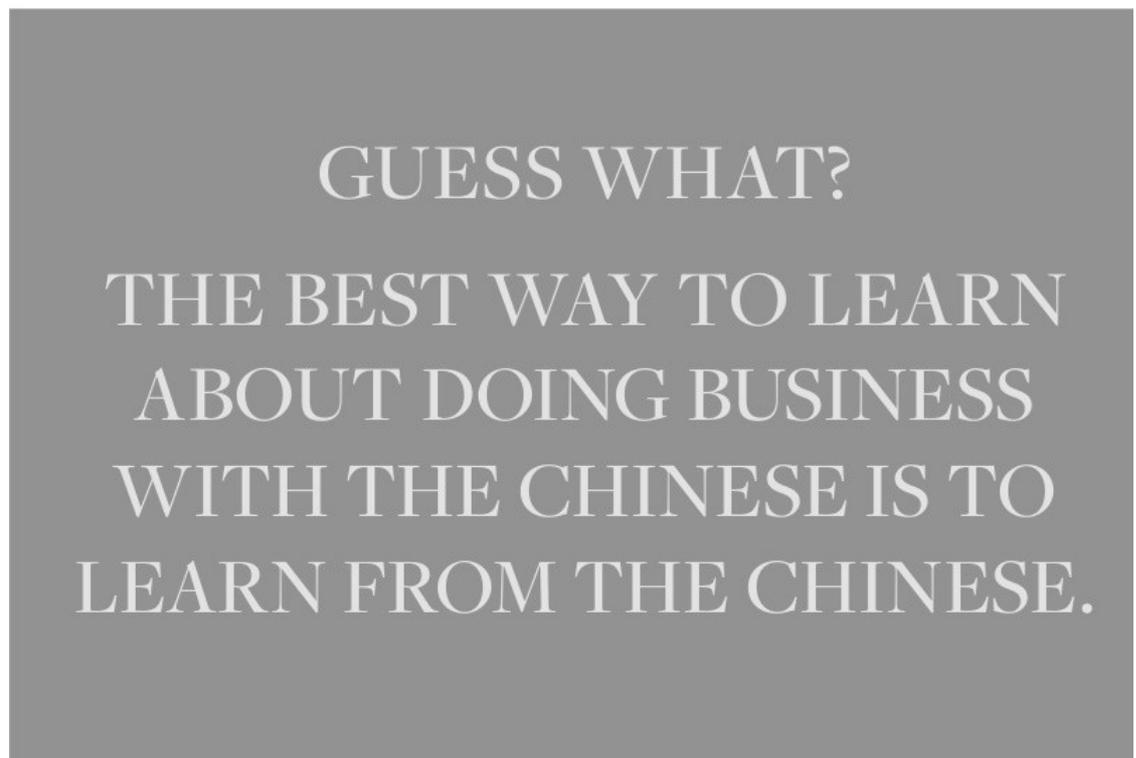
Advertisement opportunities: FCCC Weekly newsletters and website

In the link below you can find further information and a proposal for sponsorship as well as advertisement opportunities on our website and newsletters.

[Link advertisement opportunities](#)

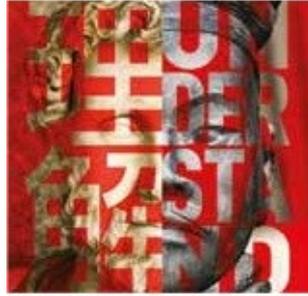
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via Beijing to your destination in Hong Kong.

AUTOMOTIVE

Auto sales hit 17-month low as discounts fail to attract buyers

Chinese consumers bought the fewest passenger vehicles in 17 months in July, extending a slump in the world's largest auto market as deeper discounts failed to revive demand. Retail deliveries declined 2.5% to 1.3 million units, the lowest level since February 2014, according to the China Passenger Car Association (CPCA). Sedan sales tumbled 14%, while sport utility vehicle (SUVs) deliveries climbed 39%. Automakers are cutting production in China and warning of a looming price war as a slowing economy and government curbs on registrations weigh on demand. Dealerships are offering incentives at an unprecedented scale to move cars off their parking lots, according to the China Automobile Dealers Association (CADA). "It is stunning to see how much profit margins dealers are sacrificing in order to sell cars," said Deputy Secretary General Luo Lei. Discounts of at least 30% are being offered in major cities on hundreds of models, the China Daily reports.

Antitrust rules for auto sector expected soon

China's anti-monopoly regulator – the National Development and Reform Commission (NDRC) – has started the drafting of antitrust guidelines for the automobile industry. A first draft is expected for public consultation by the end of the year with a final version to be published "in due course". Interested parties will be invited to give feedback to ensure complete openness and transparency. The guidelines will cover antitrust issues related to auto and parts supply, vehicle distribution and after-sales services, as well as those arising from new business formats such as offline-to-online and parallel imports. Around 50 representatives from domestic and international automakers, suppliers, dealers and lawyers participated in a policy meeting hosted by the NDRC.

- A former General Motors Co Sales and Marketing Executive has joined Ford Motor Co's China unit. Joseph Liu was instrumental in making GM's Buick and other brands leading players in China. He is generally regarded as one of the most experienced and insightful executives in the world's largest car market.
- The slump in China's car market worsened in July as sales contracted by 6.6% to 1.3 million cars, minivans and other passenger vehicles, said the China Association of Automobile Manufacturers (CAAM). Sales growth that peaked at 45% in 2009 has declined steadily as the world's second-largest economy cooled and cities imposed ownership limits to curb smog and congestion. The fall in recent months has been far sharper than expected, leading General Motors Co, Volkswagen and Chinese SUV brand Great Wall Motors to cut prices.
- The explosions at the TEDA area of Tianjin will have a serious impact on car imports as the port is a major import point for cars. Moreover, more than 9,000 cars were destroyed in the blasts. The total loss to car companies is estimated at CNY2 billion. Renault and Volkswagen suffered the most.

FINANCE

China's yuan exchange rate steered lower

China's central bank devaluated the yuan against the U.S. dollar by 1.86% on August 11, the largest single-day drop since exchange rate reforms began in January 1994, and again by 1.6% the following day. The People's Bank of China (PBOC) cut the reference rate against the U.S. dollar to CNY6.2298 per dollar on August 11, down from CNY6.1162 a day earlier, the lowest level in more than two years. In a move seen as a step toward liberalizing the yuan, the PBOC said that it will base the yuan-U.S. dollar exchange rate more on the previous day's closing rate at the interbank foreign exchange market. Ma Jun, Chief Economist at the PBOC's Research Bureau, told China Daily that the central parity adjustment "does not mean a depreciating trend for the yuan". Zhu Haibin, Chief China Economist with JP Morgan Chase, said the policy is conducive to the yuan's inclusion in the International Monetary Fund's

Special Drawing Rights (SDRs), as the central parity rate should be responsive to changes in market conditions. Ma Jun allayed concerns about a steady depreciation of the yuan, cooling speculation of a currency war with other countries. Last week's unexpected devaluation shows policymakers are now placing a greater emphasis on supporting exports, having previously been propping up the yuan to deter capital outflows, protect foreign-currency borrowers and encourage greater global usage.

"The move marks a significant step in the reform of the exchange rate system and paves the way for the yuan to join the currency basket of IMF's Special Drawing Rights," Liang Hong, Chief Economist at China International Capital Corp (CICC) said. The previous trading day's closing price, movements of the world's major currencies, and demand and supply of the yuan will now be taken into account in setting the trading midpoint. On August 14, the People's Bank of China (PBOC) raised the value of the yuan against the U.S. dollar, the first increase after a three-day depreciation.

Recent changes to how China manages its currency could bring the country "quite close to a float" in its exchange rate, Markus Rodlauer, the International Monetary Fund's Mission Chief for China said. The new system in theory could allow the currency value to move as much as 10% a week and be close to a rate that markets might set on their own, he added. The People's Bank of China (PBOC) will also open up the onshore currency market to select foreign institutions.

Spectacular increase in new yuan loans

The spectacular hike in new yuan loans to both the real economy and non-bank financing institutions such as brokerages, took the market by surprise, coming in at CNY1.48 trillion for July, a 14.4% rise over a year earlier. Total social financing, which does not include lending to non-banking financing institutions, came in at CNY718.8 billion, a plunge from CNY1.83 trillion in June and much weaker than market expectations of around CNY1 trillion. The discrepancy between the two figures was mainly caused by central government efforts to halt a stock market rout, analysts said, that sparked a surge in lending to financial institutions. The difference of some CNY891 billion was the likely price paid for calming the equity market, analysts said. "This suggests that the banking sector may have extended around CNY1 trillion in loans to the China Securities Finance Co, for the rescue in July," said Nomura Securities in a research note.

- International gold prices are seeing a downtrend after the sharp drop in 2013. Further price erosion will affect the profit of many Chinese gold companies. Profits of the country's 10 listed major gold miners such as Zijin Mining Group Co and Shandong Gold Group Co dropped by 12.9% to CNY6.8 billion in 2014. In the first half of the year, China produced 228.7 tons of gold, an 8.4% year-on-year growth.
- Chinese banks saw their bad-loan ratio increase to 1.5% at the end of June, 0.11 percentage points higher than it was at the end of March, with the value of outstanding non-performing loans (NPLs) rising CNY109.4 billion to CNY1.1 trillion, the China Banking Regulatory Commission (CBRC) said. The average capital adequacy ratio (CAR) fell 0.18 percentage points to 12.95%, but the CBRC said the level was still "relatively high."
- The People's Bank of China (PBOC) is planning to issue a new CNY100 banknote with improved anti-counterfeiting features in November, the first upgrade of the bill since 2005. The face value of seized counterfeit money in China rose from CNY329 million in 2012 to CNY532 million last year.
- Outstanding non-performing loans increased by CNY249.3 billion in the first half of this year, said the China Banking Regulatory Commission (CBRC), practically on a par with the growth of CNY250.5 billion in outstanding NPLs recorded during the whole of 2014. By June 30, outstanding NPLs reached CNY1.09 trillion, while the NPL ratio rose to 1.5%, up 11 bps from the end of March, according to the CBRC.
- Foreign banks in Shanghai reported minimal asset growth in the first half of the year, while the contribution interest margins made to their profits continued to fall. The lenders' total assets rose just 1.7% to CNY1.3 trillion, compared with a 21.7% annual expansion recorded in June last year. The assets of Chinese banks in Shanghai rose

12% year-on-year in the first quarter to CNY11.4 trillion.

- Ping'an Bank has reported an overall improvement in its performance in the first half of this year, but also admitted it is facing greater pressure from bad loans. The Shenzhen-based subsidiary of Ping An Insurance Co recorded a net profit of CNY11.59 billion in the first six months, a 15.02% increase on the same period last year. By June 30 non-performing loans (NPLs) had swelled to CNY15.729 billion from CNY10.501 billion at the end of last year, a nearly 50% surge. Its NPL ratio rose 0.3 basis points from 1.02% to 1.32% over the same period.
- China increased its gold reserves to 53.93 million troy ounces by the end of July from 53.32 million ounces a month earlier. China revealed a 57% jump in holdings since 2009, overtaking Russia to become the country with the fifth-largest reserves of the metal.

FOREIGN INVESTMENT

Foreign direct investment expected to remain stable

Foreign direct investment (FDI) into China is expected to remain stable in the longer term after the nation devalued its currency to put economic growth on a firmer footing. China's FDI rose by 5.2% in July to CNY50.55 billion from the same period a year ago, a 0.7% growth from the previous month, the Ministry of Commerce (MOFCOM) said. FDI into China grew 7.9% year-on-year to CNY471.1 billion between January and July this year. Huang Feng, Deputy Director General of the Department of Foreign Investment Administration, said investment from major countries and regions including the United States, the European Union and the Hong Kong Special Administrative Region showed a steady growth during the first seven months. FDI into the manufacturing sector has been waning in the first seven months, whereas it has been rising in the services sector. Most of the FDI from Europe and other developed nations is already flowing into the services sector.

FOREIGN TRADE

Explosions devastate part of Tianjin's trade zone

At least 112 people died and more than 722 were injured – 58 still in critical condition – when an explosion occurred at a warehouse for dangerous materials in the Binhai New Area of Tianjin. 95 people, including 85 firefighters, remain missing. The warehouse was owned by Ruihai Logistics, which handles 1 million tons of cargo annually, including explosives. More than 100 ships were waiting outside Tianjin port at the end of last week to load or discharge cargo in the wake of the deadly blasts. All the shipping lines have stopped accepting bookings for shipments of dangerous goods. About 17,000 households, 1,700 companies and 675 stores have been affected by the blast. Chemical experts have located amounts of potentially deadly sodium cyanide scattered across the blast site, which they believe came from a stockpile of 700 tons of the toxic chemical stored in the warehouse at the epicenter of the blasts. The sodium cyanide was produced by Hebei Chengxin and destined to be exported. A driver who transports chemicals for Ruihai said he usually drove 40 tons of sodium cyanide at a time, and that four or five trucks' worth would be delivered each month. People within 3 kilometers of ground zero were ordered to evacuate. Exports that recently passed through the site included sodium bisulfide, magnesium, sodium, potassium nitrate, ammonium nitrate, and sodium cyanide, among others. Premier Li Keqiang pledged a thorough investigation into last week's fatal blasts in Tianjin and promised that those responsible would be punished. He inspected the area of the blast on August 16. Residents whose flats were damaged in the blasts requested the government to buy their flats so they can move elsewhere, and pay compensation for medical fees and lost wages.

- China's exports will hopefully return to positive territory this year as the latest monthly slump was partly caused by a base effect, Zhang Ji, Assistant to the Minister of Commerce said. China's exports in the first seven months fell 0.9% year-on-year, with exports in July slumping 8.9%, compared with a 2.1% increase in June. Zhang attributed July's plunge to "exceptionally high" growth in the same period of last year, saying the decline would have been within a normal range if the base effect was excluded. In July 2014, exports surged 14.5% year-on-year.

IPR PROTECTION

Shanghai courts handle more IPR cases

Last year, Shanghai courts received a total of 7,688 IP-related cases, an increase of 15.06% from 2013, and decided 7,619, a 20.34% rise. They received 4,507 such cases in the first half of this year, up 26.1% year-on-year, and concluded 3,976, up 17%. The involved fields have gradually expanded from the machinery and chemical industries to micro-electronics, information technology, biotechnology and other high-tech areas.

- Sixteen online music providers removed more than 2.2 million pieces of unlicensed music by July 31, a deadline the National Copyright Administration set for the providers to remove unauthorized music.
- ZTE's General Counsel, Guo Xiaoming has been ordered by a U.S. District Judge to appear in New York for a deposition in a breach of contract lawsuit with Vringo, but ZTE refuses to let him travel to the U.S. as a criminal investigation into allegations that ZTE sold U.S. computer products to Iran in violation of sanctions could lead to his arrest.

MACRO-ECONOMY

Slower growth in several key areas

There were more signs of weakness in China's economy in July. According to the National Bureau of Statistics (NBS), China's industrial production in the month rose 6% year-on-year, down from 6.8% in June and its slowest in four months. Retail sales increased 10.5% to CNY2.43 trillion in July, slowing from 10.6% in June, while fixed-asset investment (FAI) in the first seven months rose 11.2% to CNY28.8 trillion, weakening from 11.4% in the first six months. "The data indicated quite sluggish economic activity and little improvement in growth momentum," said Liu Ligang, Economist at Australia & New Zealand Banking Group. "If the conditions do not change in the coming months, China's economic growth could fall below 6.5% in the third quarter," he said. The country's gross domestic product (GDP) grew 7% in the first half, in line with the government's full-year target of "about 7%." The General Administration of Customs said exports fell 8.9% in July, while imports dropped 8.6%. The official Purchasing Managers' Index (PMI), a gauge of operating conditions in mostly state-owned manufacturing companies, fell to 50 last month, from 50.2 in June, while the Caixin PMI, a gauge of activity in the private and export sectors, fell to a two-year low of 47.8. China's fiscal revenue continued to grow at a double-digit rate in July on higher income from property companies and a surge in stamp duty from stock market trades, the Ministry of Finance said. Revenue climbed 12.5% year-on-year to CNY1.4 trillion in the month, slowing from 13.9% in June, but faster than the 5% gain in May. Business tax and corporate income tax paid by property firms in July rose 12.7% and 13.7%, respectively, the Shanghai Daily reports.

- Employers in China were willing to pay more to attract staff in the second quarter as companies got back on the recruitment track, an employment survey has found. Some 41% of new recruits were offered pay increases of between 5% and 10% compared with their previous positions, up from 40% in the first quarter, according to a study by Beijing-based international recruitment and human resources consultancy RMG Selection.
- Lenovo Group plans to lay off 3,200 employees under a sweeping restructuring plan, after posting a 51% decline in net profit for its first fiscal quarter ended June 30. Lenovo said a realignment of its businesses would help return it to profitable, sustainable growth and achieve its long-term goals.

MERGERS & ACQUISITIONS

Shunfeng set to pay USD57.8 million for stake in Suniva

Shunfeng International Clean Energy, the Hong Kong-based solar company controlled by billionaire Zheng Jianming, agreed to acquire a majority share of United States-based solar manufacturer Suniva for USD57.8 million. Shunfeng intends to integrate Suniva's high-

efficiency products into its own and expand into the U.S. market, the Changzhou, Jiangsu province-based company said. The company, which will own 64% of Suniva, has been expanding production capacity as it seeks to become the world's biggest renewable energy provider, including the portfolio of companies owned by its parent, Asia Pacific Resources Development Investment. After the acquisition, both sides have agreed to expand Suniva's capacity to 1 gigawatt (gW). The company was also considering an acquisition in North America to expand the solar production capacity of its Wuxi Suntech Power Co unit. Suniva has a factory to produce solar cells and modules at its headquarters in Norcross, Georgia, and opened a new factory in Saginaw Township, Michigan, the China Daily reports.

- China's leading animation company, Guangdong Alpha Animation and Culture, which owns the copyrights for the Pleasant Goat and Big Big Wolf animated TV series in China, said it is finalizing details on a CNY904 million deal to acquire u17.com. Over 20,000 cartoonists update more than 40,000 comics to keep u17.com the leader in online cartoons. It has 5 million registered users.

REAL ESTATE

Biggest apartment complex in Xian stops sales

The biggest urban apartment complex project in Xian, Chang'an Ji, with a projected cost of CNY11 billion, has stopped selling homes after a two-year construction delay. Shaanxi Jiacheng Real Estate Development Co, which owns the project, had sold more than 1,000 apartments in the past three years for about CNY500 million while promising houses to be ready for occupancy by the end of this year. However, the project has nothing to show for it except three unfinished 10-story buildings in an area that was expected to have 33 buildings.

- "China property firm Beijing Capital Land will continue bolstering its leading position in Beijing and Tianjin while expanding investment in its commercial business and overseas projects, despite its net profit falling 24% to CNY503 million in the first half mainly due to a decline in profitability in Beijing, its interim results said. Five core cities on the mainland and Sydney contributed around 85% to the company's contracted property sales, which climbed 78.9% to CNY12.12 billion in the years' first half."
- The National Development and Reform Commission (NDRC) said that the property market was likely to continue to improve in the second half of this year. While home sales and prices have improved in bigger Chinese cities in recent months following government support measures, conditions remain weak in smaller cities and a huge overhang of unsold houses is discouraging new investment and construction.
- Chinese developer Oceanwide Holdings Group Co has agreed to acquire a pair of sites in New York's Manhattan for USD390 million from the Howard Hughes Corp. Located near the South Street Seaport, the sites have been approved for redevelopment into an 800,000 square-foot, mixed-use tower combining commercial and residential spaces.
- In the first seven months, new home sales in China rose 16.8% year-on-year to CNY3.48 trillion, accelerating from 12.9% growth in the first half and 5.1% in the year through May. Sales by area in the period increased 6.9% from the first seven months of last year to 530 million square meters. Extremely robust buying momentum was registered in several major cities, including Shenzhen, Ningbo and Hangzhou, where property sales by value surged by more than 70%.
- A 9,890-square-foot luxury house at 22 Barker Road on The Peak in Hong Kong – which previously housed the residence of the Belgian Consul – is believed to have been sold for HKD1.5 billion to Alibaba Founder Jack Ma. The seller is Francis Yuen, former Deputy Chairman of PCCW. Yuen bought the 70-year-old house for HKD163.5 million in 2000.
- China Vanke, the country's largest property developer, said its profit growth slowed in the first six months of 2015. Net profit rose just 0.8% year-on-year to CNY4.85 billion. The growth was sharply down from a 5.5% increase in the corresponding period of last year, and the 22% gain it reported for the first six months of 2013. Vanke's revenue for the first six months increased 22.7% year-on-year to CNY50.3 billion.

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RETAIL

Alibaba buys 20% stake in Suning

Alibaba Group Holding will spend CNY28.3 billion for a 20% stake in Suning Commerce Group Co, in a deal that allies the e-commerce firm with the leading electronics retailer. Alibaba will be Suning's second-largest shareholder. As a further sign of the two firms integrating their online and store-based shopping businesses, Suning said it would invest CNY14 billion to acquire a 1.1% stake in Alibaba. In a joint statement released by the two companies, they said the alliance will allow them to combine Alibaba's online strength with Suning's offline resources. The deal is expected to shrink the market share for smaller players and bring about consolidation in the highly competitive e-commerce market. Jack Ma, Chairman of Alibaba, said that internet companies will not survive in the long run without cooperating with brick-and-mortar partners. Zhang Jindong, Chairman of Suning, said the online and offline integration is offering more options to consumers who care more about convenience and how their demands get met. Under the partnership, shoppers can not only select items online at Alibaba's platforms but also try out products at Suning's 1,600 outlets across China before placing orders, the China Daily reports.

- The combined revenue from sales of software and IT services in China surged 17.1 % in the first five months of the year to CNY1.59 trillion the National Development and Reform Commission (NDRC) said. The growth rate surpassed the 10.4% recorded for overall retail sales in the same period. Online sales rose by 39% in the first half of the year.

SCIENCE & TECHNOLOGY

Tianhe-1 supercomputer shut down due to explosions in Tianjin

China has shut down one of its fastest supercomputers used in the nation's space program after it was damaged during the explosions in Tianjin on August 12. Massive explosions at a warehouse for dangerous materials in the city killed 85 people, including firemen. Shockwaves generated by the blasts shattered glass windows and also caused the ceiling to collapse in parts of the National Supercomputing Center, which is home to the Tianhe-1 supercomputer.

- Using USD300 worth of equipment, Chinese security researchers say they can take control of drones or smart cars by sending fake GPS readings, steering them to any destination they choose. Such “GPS spoofing” has been used before but the latest method drastically lowers the cost involved and potentially puts the technology in the hands of any criminal.
- A new Chinese study, led by Xia Zhiye of the Chinese Academy of Sciences' Institute of Atmospheric Physics in Beijing, claims to be able to predict heavy rain accurately 10 to 30 days in advance. The Chinese team said each local weather system should be examined individually. The historical data collected by a village weather station is far more useful for predicting that area's future weather than information from all across the globe, they said.

STOCK MARKETS

Foreign hedge funds play dubious role in stock market

Foreign hedge funds have found legal ways to bet on Chinese stocks and derivatives without going through formal investment channels which prevent them using strategies such as short-selling. “With current market volatility and weak retail investor sentiment, these hedge fund strategies would naturally lead them to sell the market, which is against the government’s intention of propping up the market,” said Oliver Barron, China Market Analyst at investment bank NSBO in Beijing. There are no public figures on the number of foreign hedge funds operating in China, but industry insiders say there are hundreds. China’s markets watchdog has frozen almost 40 trading accounts for trading irregularities since markets started to tumble, but it has not alleged any illegality. Citadel Securities, a unit of the U.S. group that also owns hedge fund Citadel LLC, said it was linked to one of these accounts, the only time a foreign firm has confirmed that it has been caught up in the crackdown. The China Securities Regulatory Commission (CSRC) did not respond to requests for comment. It has not named any holders of the accounts suspended so far, although the stock exchanges have released a few names of domestic account holders only. Foreign hedge funds are concerned that the crackdown could lead to a rewriting of investment rules that would make it much harder for them to operate. Chinese state media blame foreign speculators for the recent sell-off, exhorting local investors to patriotically buy up shares.

- Chinese anti-virus firm Qihoo 360 has become the latest tech firm to launch its own stock market index and wealth management website, even as the government tightens controls on internet finance.
- China Securities Finance Corp, the state-owned margin lender which played a crucial role in halting the recent slide in Chinese stock markets, is to end its direct intervention in the market and allow market forces to play a bigger role in determining share prices. It would continue to take whatever steps were necessary to maintain stability and avoid systemic risk, after the recent sell-off which wiped out USD4 trillion in market value between June and July.

TRAVEL

Chinese airlines score poorly

Chinese carriers were among the least punctual airlines in the world last month, and analysts attributed the poor performances to rapidly growing air traffic and bad weather. A report from Civil Aviation Data Analysis, a Chinese organization that tracks on-time performances of 103 major global carriers, said that in July, China's three major carriers were rated 86th or worse. Of the three, Guangzhou-based China Southern Airlines Co was the best at 86th with an on-time rating of 70.45%. Beijing-based Air China was 93rd with 66.41% and Shanghai-based China Eastern Airlines was 94th, with only 64.46% of its flights on schedule. Asia's top three airlines for punctuality are Thailand's Nok Air, Japan Airlines and All Nippon Airways. Hong Kong-based Cathay Pacific was 74th. Beijing-based Okay Airways had the highest punctuality rate among all Chinese-mainland carriers, at 80th. More than 80% of flights in the Chinese mainland were punctual before 2009, but the percentage has fallen every year since 2010, hitting a record low in 2014, according to the Civil Aviation Administration of China (CAAC).

- A new section of high-speed railway in Jilin province has started test runs. The line will bring passenger rail for the first time to about 220,000 people in Hunchun, the only city at the juncture of China, Russia and North Korea. The 361-km passenger rail linking the cities of Jilin and Hunchun will start operation ahead of October 1.
- Airline passengers are advised to arrive earlier at airports in Shanghai and some other cities due to stricter security checks, including those in Tianjin, Qingdao, Xian and Nanjing. Almost all passengers will be asked to open hand luggage for inspection and must take out battery chargers and electronic devices from bags during security checks.
- Huo Ke, 54, Deputy Director of the National Tourism Administration (NTA) has been ousted from the Communist Party of China and removed from his post. Huo was suspected of taking and offering bribes, and leaking Party and State secrets.
- The 3.4% decline of the yuan could mean about half of mainland airlines' first-half earnings might be cancelled out, according to Bocom Analyst Geoffrey Cheng, but overall full-year earnings are still expected to be much better than in 2014.

ONE-LINE NEWS

- Gu Junshan, 58, former Deputy Logistics Director of the People's Liberation Army, has been given a suspended death sentence with a two-year reprieve by a military court for corruption. He was also was stripped of his political rights for life as well as his military rank of Lieutenant General. All his personal property was confiscated.
- Wang Zongnan, former General Manager of Shanghai Friendship Group and Chairman of Shanghai Lianhua Supermarket Holdings Co was sentenced to a 18 year jail term. The Shanghai No 2 Intermediate People's Court found that he embezzled CNY195 million and took bribes of CNY2.69 million between 2001 and 2006. He had also been President of Bailian Group and Chairman of Bright Food Group Co, one of China's largest food producers.
- Three Chinese consortia are bidding to build a hydroelectric dam in Romania worth an estimated €1 billion. China Gezhouba Group, China Huadian Engineering and Huaneng Lancang River Hydropower have formed a consortium to build the dam on the Somes River. They are the only bidders in a project for which Bucharest has sought investors for several years.
- Air pollution is killing about 4,000 people in China a day, accounting for one in six premature deaths, according to a study by the University of California, Berkeley. Scientists calculated that about 1.6 million people in China die every year from heart and lung problems and strokes because of polluted air, mainly from small particles.

VACANCY

General Manager BenCham Shanghai

The Benelux Chamber of Commerce, Shanghai Chapter (BENCHAM Shanghai) is looking for a new General Manager in Shanghai.

Very talented business professional (M/F) in building relations with people, companies, diplomatic corps, government agencies in the business community relating to Benelux and China; with excellent leadership and management skills; very well motivated and well connected; Candidate should be available at short notice in Shanghai.

Mission: To manage, promote and further develop the activities of the Chamber, whose main objective is to serve the interests of its members. Achieving this includes the organization of content-driven seminars, matchmaking opportunities, information and experience sharing and strengthening the Benelux business club community in Shanghai. These activities are accomplished in close collaboration with the Consulates General of the three countries, the Benelux business community (at large) in China and abroad, and towards local institutions and Chambers of Commerce.

Respond by sending your CV, photo, expected salary and personal assessment questions (100 to 200 words to each question) to Mr. Piter de Jong, Piter.De.Jong@Asia.ING.com and Mr. Tom Schutyser, Tom@bencham.org.

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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- SMEs: €195
- Large enterprises: €485

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