



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

NEWSLETTER | 7

SEPTEMBER 2015

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FCCC ACTIVITIES

Sino-European Entrepreneurs Summit – September 7-9, 2015 – Paris

The Sino-European Entrepreneurs Summit (SEES) is a high-level, efficient, and international exchange platform for entrepreneurs. This platform is mainly to promote commercial ethics, social responsibilities and professional knowledge, where Chinese entrepreneurs can also present their new images. SEES is presented to excellent entrepreneurs in capital cities in Europe as a large annual conference, on which the entrepreneurs may discuss major global topics and establish cooperation. The Summit is coming a driving force in speeding up the process of Chinese enterprises' going global, boosting real economy, building internationally recognized brands, rejuvenating the Chinese nation and other key national strategies.

SEES 2015 is the first international conference in which Mr Wang Yanzhi, President of China New Silk Road Fund, will deliver a speech regarding the “one belt, one road” policy and introduce the investment strategy for the new USD40 billion government fund. SEES 2015 is the first international conference which will see initiators and experts of the aforementioned “one belt, one road” policy provide their insight to the application of the new China-Europe cooperation policy. SEES 2015 is bringing to your doorstep the Chairman of the largest Chinese private real estate developer – Vanke Group, President of the largest milk producer – Yili Group, President of the largest beverage group – Huiyuan Group and key Chinese companies including Beijing Capital Group, Fosun Group, Lenovo, Beijing Construction Engineering Group, Financial Street Holding, and many more.

6th September 2015, Sunday

20:00-22:00 Welcome cocktail, guests arrival, Intercontinental Paris Le Grand

7th September 2015, Monday, Day 1

Location: Maison de la Mutualité, 24 Rue Saint-Victor 75005 Paris

08:00 – 09:00 h. Registration and welcome

09:00 – 09:30 h. Opening speeches by Long Yongtu, Jean-Pierre Raffarin, Wu Jianmin and Gao Yuanyuan

09:30 – 10:30 h. Theme 1: WTO and “One Belt, One Road”

10:30 – 11:00 h. Application of “One Belt One Road” Policy on corporate strategy and international cooperation

11:00 – 11:30 h. Coffee break

11:30 – 12:30 h. Theme 2: Manufacturing – transition and upgrade (including a speech by Mr Bert De Graeve, Chairman of the Flanders-China Chamber of Commerce and Chairman of Bekaert)

12:30 – 14:00 h. Lunch break

14:00 – 14:30 h. Theme 3: Round-table conference of international financial investment experts

- 14:30 – 15:30 h. Subject discussion
- 15:30 – 16:00 h. Coffee break
- 16:00 – 17:30 h. Theme 4: Lasting success of Family business (including a speech by Lord Sassoon, President of the EU-China Business Association)
- 19:00 – 21:00 h. SEES Welcome cocktail

8th September 2015, Tuesday, Day 2

- 08:30 – 9:00 h. Welcome coffee
- 09:00 – 10:15 h. Keynote speeches by Gordon Brown (pending), Liu Mingkang, Moulay Hafid Elalamy and Wang Hao
- 10:15 – 10:30 h. Coffee break
- 10:30 – 12:00 h. Theme 5: CEO Dialogue: Sustainability and Entrepreneurship
- 12:30 – 14:00 h. Lunch break
- 14:00 – 15:30 h. Theme 6: Innovation leads the future development of China and Europe cooperation
- 15:30 – 16:00 h. Coffee break
- 16:00 – 17:00 h. Theme 7: Sino-European culture salon
- 18:00 – 19:00 h. Signature ceremony of Sino-European cooperative projects
- 19:00 – 22:00 h. Gala dinner

Website: www.sees2015.com

Seminar: “Growing a Business in China: Success Stories” – 16 September 2015, 15h30 – Ghent

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar: “Growing a Business in China: Success Stories”. This event will take place at 15h30 on Wednesday 16 September 2015 at the Club of Flanders, Sint-Pietersnieuwstraat 11, 9000 Gent.

The goal of the event is to share, discuss and exchange knowledge and experiences between companies doing business with or investing in China.

The programme will be:

- 15h00 Registration
- 15h30 Introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
- 15h35 Case studies of doing business and investing in China:
 - Mr Hans Deprettere, Sales Export Manager Asia, Orfit Industries
 - Mr Adam Sneep, Chief Executive Officer, Adifo
- 17h00 Exchange of views and networking drink

If you are interested in attending, please register online before 11 September 2015 at <http://flanders-china.be/en/events/upcoming/seminar-growing-a-business-in-china-3-success-stories->

Participation fee for FCCC members: €45, non-members: €75.

Seminar: Belgian Customs and its activities in China – 1 October 2015 – Ghent

The Flanders-China Chamber of Commerce and the Province of East Flanders are organizing a seminar focused on ‘Belgian Customs and its activities in China’. This event will take place at 17h00 on Thursday 1 October 2015 at the Provincial House, Gouvernementstraat 1, 9000 Gent.

Mr Eddy De Cuyper, Counsellor, Customs Attaché, Embassy of Belgium in China, will give a presentation on the Belgian Customs in China: legal aspects, procedures and experiences in relation to the Chinese customs.

The programme is as follows:

- 17h00 Registration
- 17h30 Welcome by Mr Geert Versnick, Vice Governor in charge of European and International cooperation and economic affairs

- 17h40 Introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce
- 17h45 Presentation : 'Belgian customs and its activities in China' by Mr Eddy De Cuyper, Customs Attaché, Embassy of Belgium in China
- 18h45 Question and answer session followed by networking drink

If you are interested in attending, please register online at www.flanders-china.be before 25 September 2015.

Participation fee for FCCC members: €45, non-members: €75.

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

Qingdao Day at Expo Milano – 17 September 2015 – Milan

On the occasion of Expo Milano 2015, the Qingdao Municipal Government will host the Qingdao Day in the China Pavilion of the Expo on 17th September, 2015. Senior leaders of the China Council for the Promotion of International Trade (CCPIT), Shandong Province and the Qingdao Municipal government will be present at the event. Qingdao, as the host city of the Olympic Sailing Regatta in 2008, plays an important role in the national “One Belt and One Road” strategy in terms of geographic location and business cooperation with overseas partners. The Qingdao Day themed as “Sailing City Setting off on New Silk Road”, will be featured with exhibitions and themed shows so that a whole picture of Qingdao will be given to all guests. The Qingdao Day events will start at 10:00 AM on 17th September, including the economic and trade promotion seminar, signing ceremony of China Pavilion’s Relocation and business luncheon.

Contact person: Mrs. Gwenn Sonck, gwenn.sonck@flanders-china.be

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>.

The EU SME Pavilion at World of Food Beijing 2015 – November 18-20, 2015 – China National Convention Center, Beijing, China

China’s demand for imported food and beverage products has been growing rapidly throughout the past few years, presenting unique opportunities for European SMEs in particular. To help more SMEs get to know the market, the EU SME Centre will set up an EU SME Pavilion at this year’s World of Food Beijing, the largest international food & beverage trade fair in Northern China. SMEs can enjoy a preferential rate for the booth and benefit from exclusive premium services. The package will include:

- A booth with a preferential rate (282 €/sqm) within the EU SME Pavilion to give your brand maximum visibility, decoration included.
- Pre-Fair Services: A series of webinar trainings to get you ready for your visit to China and meeting with Chinese companies.

On-Site Services:

- Business-to-business tour connecting you with the largest Chinese grocers, retailers, distributors and e-commerce platforms
- A series of seminars covering intellectual property protection in China and essential legal topics
- After Fair Services: Follow-up support from the EU SME Centre experts

If you are interested in joining the Pavilion and learning more about the package, click the button to register your interest: [Register interest](#)

About World of Food Beijing 2015: World of Food Beijing is an annual food & beverage trade fair powered by Anuga. Occupying a total area of 35,000 sq m, comprising 25,000 sq m of showcase area with more than 600 exhibitors, and 10,000 sq m of conference and activity zone, this event is poised to showcase a wide array of foodstuff such as fine foods and imported foods, dairy products, bread and bakery, meat and seafood products, frozen foods, sweets and snack foods, coffee and tea. More than 45% of the exhibitors will hail from abroad and over 24,000 trade visitors are to be expected. To learn more about the event, [click here>](#)

ACTIVITIES FROM EUCBA MEMBERS

China Auto Parts and After-sales Service (The Netherlands) Exhibition 2015 – 14, 15, 16 September 2015

JiaheShengde Investment Holdings B.V. has issued an invitation to the grand opening of GIA Trade and Exhibition Centre on 14th September 2015 at 10:00 at De Werf 11, 2544 EH The Hague.

Apart from being the opening of GIA Trade and Exhibition Centre, 14th September 2015 is also the opening for China Auto-parts and After-sales Exhibition. The Exhibition will last for three days, from 14th September 2015 to 16th September 2015.

There will be many car parts and truck parts manufacturers / suppliers from China to participate as exhibitors. Thus, it would be a great opportunity to meet up with these Chinese companies and look for possibility to do business.

It is therefore with great pleasure that we invite you to a special dinner to celebrate our opening with all exhibitors on 14th September 2015 from 7:00pm to 9:00pm at Shanghai Garden Restaurant (Kleveringweg 11, 2616 LZ Delft).

During the exhibition, we also arrange seminars on how to deal with a different business culture when doing business with Chinese and how the aftermarket develops in China, vice versa. If you would like to know more about the programme, please visit our website: www.jiaheshengde.com.

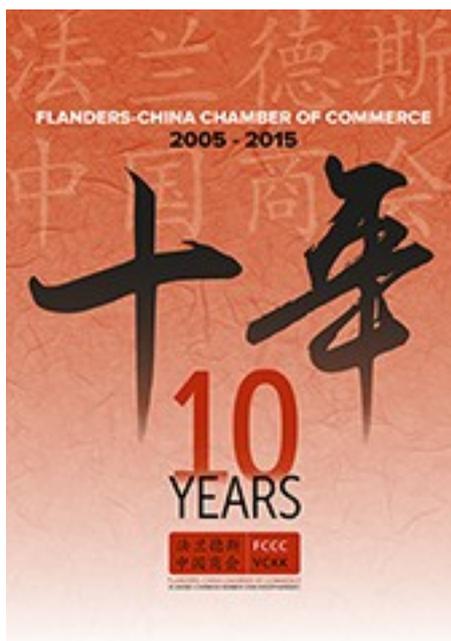
If you are interested in attending any particular sessions of our programme, please kindly inform us of the number of attendees of your organization along with their titles and contact details by sending us an email to event@jiaheshengde.com. With the confirmation of your attendance, the electronic admission ticket will be sent to you later.

If you have any questions regarding the registration, please do not hesitate to contact us via event@jiaheshengde.com.

The Exhibition is supported by the EU-China Business Association (EUCBA).

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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[Link advertisement opportunities](#)

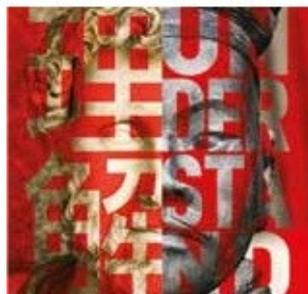
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WITH THE CHINESE IS TO
LEARN FROM THE CHINESE.

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 the 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

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MEMBERS' NEWS

Cheung Kong Graduate School of Business: Monetary easing not a magic pill for economic malaise

Monetary easing is not a magic cure for China's economic malaise, as it does little to solve the chronic disease of overcapacity, according to a report by the Cheung Kong Graduate School of Business. The quarterly industrial economy survey by Finance Professor Gan Jie showed that after stabilizing in the first quarter, China's industrial economy did not improve in the second quarter. The Business Sentiment Index, a key indicator in the survey, declined to 47 from the first quarter's mark of 50, indicating a slight contraction. Fixed investments remained sluggish, with only 9% of the firms surveyed making investments. According to the study, about 55% of the respondents cited "lack of orders" as the key factor behind constrained manufacturing. Higher labor and raw material costs were the second and third factors, at 14% and 10%, respectively. Only 3% of the respondents considered "financing" as a bottleneck. The report, based on responses from 2,000 companies with annual sales of more than CNY5 million, found that most of the lenders had a generally accommodative attitude toward lending,

with only 5% thinking otherwise. Overcapacity deteriorated dramatically in the second quarter. As many as 53% of the respondents indicated that supply exceeded demand, the highest record since the survey started in the second quarter of 2014. Firms reporting an over 10% overcapacity surged drastically from 6% in the first quarter to 32% in the second, while firms reporting an over 20% overcapacity surged from 2% to 17%, the China Daily reports.

AUTOMOTIVE

BAIC to become major Daimler shareholder

Hong Kong-listed BAIC Motor is expecting to make history in China's auto sector, as it is in the process of becoming the country's first automaker to form a crossholding alliance with an international auto group. China's fifth-largest passenger automaker by volume is finalizing negotiations to become a shareholder of Germany's Daimler by the end of 2015, said BAIC Chairman Xu Heyi. Daimler is currently BAIC Motors' third-largest shareholder, holding a 10% stake. The shares BAIC plans to buy "will not be a small amount", said Xu on August 24, at an event to mark the 10th anniversary of the establishment of Beijing Benz Automotive Co (BBAC), a joint venture between BAIC Motor, Daimler AG and Daimler Greater China. The share purchase plan is part of a series of agreements Daimler and BAIC signed in 2013 to strengthen their cooperation. Also among the agreements is a plan for BAIC to increase its shares in Beijing Benz Automotive Co from 50% to 51%, and for Daimler to increase its stake in Beijing Mercedes-Benz Sales Services Co from 50% to 51%. Zhang Yu, managing director of Automotive Foresight (Shanghai), said that becoming a shareholder of Daimler is a "strategic investment" for BAIC, and the company will benefit from it by getting cheaper technology transfers and faster introduction of new products from Daimler, the China Daily reports.

Peter Schabert on August 1 replaced Frank Deiss as the new President and CEO of Beijing Benz Automotive Co (BBAC). Schabert said the new locally-produced GLC and C-Class SUV will hit the assembly line by the end of 2015. Apart from new models, the company plans to raise its annual output from 150,000 vehicles last year to 200,000 this year, an annual increase of more than 33%. Maintaining high quality production is the main challenge, Schabert said.

- Electric car maker Tesla is pushing the White House to intervene on behalf of United States automakers during an official visit by Chinese President Xi Jinping this month. China prohibits foreign car brands from assembling vehicles in the country without a local partner. Chinese automakers do not face similar restrictions in the U.S. There are also much higher import duties in China compared to the United States, putting American car companies at a significant disadvantage.
- BYD Co said it has inked a deal to supply 10,000 vehicles, including new-energy cars and gasoline-powered vehicles, to Sudan. It will first ship power systems and key components to Sudan and then assemble cars there at a later date. BYD's revenue rose 21% to CNY30.4 billion during the first six months of the year. Gross profit rose 21.4% to CNY4.6 billion and car sales jumped 14% to 210,000 units.

FINANCE

AIIB to offer loans with fewer strings attached

The Asian Infrastructure Investment Bank (AIIB) will offer loans with fewer strings attached than the World Bank, sources said, as Beijing seeks to change the unwritten rules of global development finance. The AIIB will require projects to be legally transparent and protect social and environmental interests, but will not ask borrowers to privatize or deregulate businesses for loans. By not insisting on free market economic policies recommended by the World Bank, the AIIB is likely to avoid criticism leveled against its rivals, who some people have claimed impose unreasonable demands on borrowers. "Privatization will not become a conditionality for loans," said a source familiar with internal AIIB discussions. "Deregulation is also not likely to be a condition," he said. "The AIIB will follow the local conditions of each country. It will not force others to do this and do that from the outside." A reduced focus on the free market could give the AIIB greater freedom to run projects, the South China Morning Post reports.

- A report by PricewaterhouseCoopers (PwC) showed that about 52% of the total deal volume conducted by equity funds and venture capital firms in China's telecom, media and technology (TMT) sector went to Beijing in the second half of 2014. Shanghai came next with 18%, followed by Shenzhen at 10%. "Beijing has established itself as the heartland of China's TMT industry, claiming 61% of the national aggregate investment," PwC's report highlighted, adding that the TMT sector in China received USD15.9 billion last year, which was more than double the 2013 figure.
- China Construction Bank (CCB), one of the country's biggest state banks, said net profit for the first half of the year was flat, hit by rising bad loans. Net profit rose just under 1% year-on-year to CNY131.90 billion. The bank's bad loans rose to CNY144.40 billion by the end of June, implying a non-performing loan (NPL) ratio of 1.42%, up by almost a fifth from the 1.19% at the end of last year.
- China Everbright Bank, the banking unit of state-owned China Everbright Group, posted a slower 2.5% profit growth in the first half of the year to CNY16.2 billion by June, up from CNY15.8 billion a year ago, but slower than a 6.2% growth in 2014. Net interest income increased 15.3% to CNY32.1 billion, while net non-interest income soared nearly 57% to CNY13.6 billion from a year earlier. Non-performing loans (NPLs) stood at CNY20.1 billion by June.
- The People's Bank of China (PBOC) is moving to curb currency speculation by making it more expensive to bet on yuan weakness in the forward market. The central bank will impose a reserve requirement on financial institutions trading in foreign-exchange forward contracts for clients. The changes, which take effect from October 15, will mandate a deposit of 20% of sales to be held at zero interest and frozen for a year.
- The average non-performing loan (NPL) ratio of the banking sector is expected to reach 1.6% to 1.8% for the year, compared with 1.5% at the end of June. As of June 30, Agricultural Bank of China (ABC) posted the highest NPL ratio of 1.83% among the four largest state-owned banks, up 29 basis points from the end of last year. The NPL ratios of the other three banks increased by more than 20 basis points to around 1.4%.
- China is to set up a CNY60 billion fund to support small and medium-sized enterprises (SMEs). The national SME development fund aims to alleviate financing difficulties for SMEs and intensify efforts to promote entrepreneurship and innovation and create new growth momentum, according to a statement by the Chinese government. The central government will provide CNY15 billion for the fund, while the rest will be raised by private firms, state-owned enterprises (SOEs), financial institutions, local governments and others.
- Vnesheconombank (VEB), the Russian state development bank locked out of Western capital markets by U.S. and European Union sanctions, is in talks to sell yuan bonds in China. China set new rules in July making it easier for big international investors to access its USD5.7 trillion interbank bond market. Before sanctions closed some international markets, Russian banks issued so-called dim sum notes, which are sold outside China, in a bid to tap fresh sources of cash.
- The yuan's recent depreciation has moved it closer towards its real market value, according to Takehiko Nakao, President of the Asian Development Bank (ADB) – dismissing fears that China may export deflation to its Asian neighbors by flooding goods made cheaper by a weak currency.
- U.S. Treasury Secretary Jacob Lew says the United States will hold China responsible for the political and economic impact of its currency policies after last month's yuan devaluation. "They have to understand, and I make this point to them quite clearly, that there's an economic and a political reality to things like exchange rates," Lew said in a CNBC television interview.
- China's financial markets are expected to remain stable and the renminbi is not on course for a long-term devaluation, while fiscal spending will grow faster than expected this year, Finance Minister Lou Jiwei told the G20. Central government spending will rise 10% this year, above the 7% growth budgeted at the start of the year.

FOREIGN INVESTMENT

China backs Putin's idea of developing Russia's Far East

Chinese Vice Premier Wang Yang said that Russia's push to revamp its run-down Far East region coincided with Beijing's strategy, backing President Vladimir Putin's drive for new sources of growth. At the Eastern Economic Forum in Vladivostok on September 4, Putin promised favorable business conditions and state support to Asian and domestic investors willing to come to Russia's most remote area. "The Far East development strategy coincides with China's strategy of north-east rebirth," Wang said. Putin's campaign to attract Asian funds to Russia comes at a time when relations with the West have hit their lowest since the Cold War, but also when China's economic growth is slowing. China and Russia will upgrade business and economic cooperation in border areas under the mechanism of the China-Russia Prime Minister Regular Meeting Committee to boost trade and investment activities as their economies post slower growth. Alexander Tsybulskiy, Russia's Deputy Minister of Economic Development, said Russia is planning to establish 14 economic development zones and diversify the functions of Zarubino Port in its Far East region.

FOREIGN TRADE

U.S. preparing sanctions against China

The Obama administration is developing a package of unprecedented economic sanctions against Chinese companies and individuals who have benefited from their government's cyber theft of valuable U.S. trade secrets. The U.S. government has not yet decided whether to issue these sanctions, but a final call is expected soon. Any action would also come at a particularly sensitive moment as Chinese President Xi Jinping is due in the U.S. on a state visit this month.

- Swiss watch makers are facing turbulent times in China – one of their top markets – as shrinking luxury sales in China are compounded by the recent depreciation of the yuan. Swiss watch exports to China contracted nearly 40% in July. When the value of the yuan dropped after August 11, the shares of Swiss luxury watch makers also dropped.

HEALTH

China approves world's first 3D-printed hip joint

China has approved the world's first 3D-printed hip joint for general use. The move could benefit hundreds of thousands of patients every year, according to medical experts. The artificial hip joint was created using 3D printing technology developed by Peking University and a Chinese private medical company. The number of joint replacement surgeries in China has been increasing more than 30% every year, with about 300,000 patients requiring hip implants in 2014.

IPR PROTECTION

Number of design patent evaluations increases

Requests for design patent evaluations have increased rapidly to 10,000 over the past six years, according to the State Intellectual Property Office (SIPO). The design patent evaluation report was first included in the third amendment to China's patent law, which took effect on October 1, 2009. As the examinations for utility patents and design patents are not as strict as for invention patents, patent owners or other interested parties can request a patent evaluation report based on a search for related patents that carry analysis and evaluation of whether they comply with patent law and meet the conditions for authorization. The report is an official quality evaluation and can be used as a certificate document or evidence. According to SIPO, requests for patent evaluation reports rose rapidly since 2010 when it began to receive such requests. In 2010, only 33 requests were received but in 2014, the number grew to 4,052. This year, 3,311 report requests were received by August 15, a 53% increase from the same period in 2014, the China Daily reports.

- The Shanghai Intellectual Property Court recruited the first group of 18 IP professionals for its expert panel to give consultative advice on cases and on the court's development. The experts include former officials from the Supreme People's Court (SPC), the State Intellectual Property Office (SIPO), the State Administration for Industry and Commerce (SAIC) and the National Copyright Administration (NCA), as well as scholars from a number of leading universities and research institutes.
- Companies and individuals in Jiangsu province applied for 175,870 patents through the first six months of this year, leading all provinces and regions in China, and showing a 8.3% increase from the same period a year earlier. They included 58,416 applications for invention patents, also ranking first nationwide.

MACRO-ECONOMY

Activity in China's factories shrinks at fastest pace in three years

Activity in China's factory sector shrank at the fastest rate in at least three years in August as domestic and export orders tumbled, increasing investors' fears that the world's second-largest economy may be lurching toward a hard landing. Even more worrying, China's services sector, which has been one of the lone bright spots in the economy, also showed signs of cooling, a similar business survey said. Hurt by soft demand, overcapacity and falling investment, the economy has also been buffeted by plunging shares and yuan devaluation, which could strain relations with China's major trading partners. "Capital market turmoil has made Chinese businesses and consumers turn more cautious," Bill Adams, Senior Economist at PNC Financial Services in the U.S., said in reference to a 40% plunge in Chinese shares since mid-June. Adams said China's economy could grow around 6.5% in the second-half of the year, easing to 6.2% in 2016. Some analysts believe growth levels are already well below that, putting Beijing's official target of 7% at risk, the South China Morning Post reports. China's official manufacturing Purchasing Managers' Index (PMI) fell to 49.7 in August from 50.0 in July, the National Bureau of Statistics (NBS) said. New orders fell to 49.7 in August from July's 49.9, while new export orders contracted for an 11th straight month.

China's GDP growth to remain at 7% for 4 to 5 years

China's economic situation is still within expectations, and GDP growth is predicted to remain at about 7% in the next four to five years, Finance Minister Lou Jiwei told the two-day G20 Finance Ministers and Central Bank Governors Meeting in Ankara, Turkey. Lou identified the slower growth status as the "new normal", which will be a "painful" period for the country as it shifts to a consumption-driven growth pattern from one driven by investment and exports. The reforms are planned to be completed by 2020. People's Bank of China (PBOC) Governor Zhou Xiaochuan said China's stock market correction was almost complete. Market turmoil in China has affected global equity markets since late August. "After the adjustment, investment with borrowed money has been reduced, and it has not had any notable impact on the real economy," Zhou said. By the end of last week, China's stock prices had fallen by nearly 40% from the June peak, wiping out most of this year's gains. Most policymakers at the meeting welcomed China's explanation of how it plans to minimize the disruption from its economic transition, the China Daily reports.

- China will use more policy weapons to achieve its growth targets for the year, said Premier Li Keqiang at a closed-door meeting with a small group of key officials. The government will do "whatever can be done" to boost "positive factors for growth", Li said. At the macro-economic level, more effective and industry-specific policies will be adopted to offset the downward pressure troubling the country's transitional economy, Li told the officials.
- Goldman Sachs slashed its 2016 forecast for China down to 6.4% from 6.7% while sticking to its 6.8% prediction for this year. The reduction follows "very weak" growth in the Chinese economy in early 2015, wrote Andrew Tilton, Economist for Asia for the investment bank. China's gross domestic product (GDP) expanded 7% from a year earlier in the first half, in line with the official full-year target of around 7%.
- The number of China's single men could exceed the entire 24-million population of Australia in five years' time. There are likely to be 118.9 boys born for every 100 girls

by 2020, Yao Meixiong, Deputy Director of Census with the Fujian Provincial Bureau of Statistics, said. That would result in an extra 9.5 million men aged from 20 to 29, 12.6 million boys under 9-years-old and millions more in the ages in between.

- Only one in every five of China's second-generation rich is keen to take over their family business, a study by researchers from Peking University's Guanghua School of Management shows, highlighting the challenges of succession in the country's private sector. The study was based on interviews with more than 500 family-owned Chinese firms.
- A slowdown in the Chinese economy won't negatively impact UN efforts to reach an accord to slow global warming by December, United Nations' climate chief Christiana Figueres said, adding that investments in renewable energies were rising despite some worries that a fall in oil prices to about USD50 a barrel could hinder a shift to cleaner sources of power. Almost 200 nations meeting in Bonn last week, are working on an 83-page text offering widely differing options to reach a global deal in Paris at a summit from November 30 to December 11.
- The Chinese government has released a plan to deliver telecom, radio, television and internet services over a single broadband connection. The "three-network convergence" project is aimed at integrating data transmission infrastructure and facilitating information sharing.

MERGERS & ACQUISITIONS

China strongly encourages M&As of listed firms

China will strongly encourage mergers and acquisitions involving listed firms to help push reform of state companies and inject vitality into the economy, said a joint statement released by four government agencies. Market speculation about possible mergers between state firms has focused on energy, shipping and telecommunications. But Sinopec has denied reports the government was planning to merge it with China National Petroleum Corp. (CNPC). Bloomberg news reported last month that Beijing may merge two of its largest shipping companies, and there was recent speculation that telecom firms China Unicom and China Telecom would merge as the government swapped the two companies' Chairmen. China will simplify mergers and acquisition approval, expand ways for companies to fund deals, and push banks to finance cross-border mergers, the joint statement said.

- Zijin Mining Group Co, China's most profitable gold producer, says it is using the slump in metals prices to accelerate overseas acquisitions. The company will pursue its "going abroad" strategy with new urgency given relatively low valuations in the mining sector, Chairman Chen Jinghe said. Gold consumption in China this year is forecast at 900 metric tons to 1,000 tons by the World Gold Council (WGC). Domestic production is around half that level.

REAL ESTATE

Housing costs continue to rise

The average cost of new homes in China rose for the fourth consecutive month in August, the China Index Academy said. The mean selling price of new homes in 100 cities rose 0.95% to CNY10,787 per square meter last month, up from a 0.54% gain in July and a climb of 0.56% in June, the Academy said. Nationwide, prices increased in 51 cities, five more cities compared to July. Prices fell in the remaining 49 cities. In the 10 largest cities, new houses sold for an average CNY19,962 per sq m, a monthly gain of 1.95%. Shanghai led gainers with a rise of 3.77% for new homes, mainly due to a structural shift. The area of new homes sold, excluding government-funded affordable housing, fell 7.4% month-on-month to 1.246 million sq m in August, but remained above the 1.2 million sq m figure for the fifth straight month, the Shanghai Homelink Real Estate Agency Co said in a report. "Despite the decline, it is the highest August volume registered in six years, which indicated really strong sentiment among home buyers," said Lu Qilin, Director of Research at Shanghai Homelink. "We expect that to extend through September and October as the central government has been unveiling positive measures since late last year to boost buyers' sentiment," the Shanghai Daily reports.

Developers face shrinking profit margins

China's largest listed housing developers are still grappling with shrinking margins despite increased sales in the first half. The average profit margin of 60 homebuilders examined by Centaline Property Agency slipped to 8.4%, a far cry from the 12% of just two years ago. Margins of over half of the developers declined below 10%. China Vanke Co, the country's largest residential property builder in terms of sales value, registered its lowest margin on record of 9.6%. Of the major firms included in the findings, Greenland Group reported the lowest margin level of 4.6%. In profit terms, Hong Kong-listed China Overseas Land & Investment topped the list with HKD16.3 billion, followed by Evergrande's CNY13.29 billion. Rhine Home was the worst performer, losing CNY25.9 million in the period. Property analysts blamed the high revenue-low profitability levels mainly on surging land prices, which add to developers' costs. During the second quarter, the average land transaction prices in 14 cities jumped 42% from a year earlier, according to Tan Huajie, Vanke's Board Secretary. Analysts said that if home prices do not increase, developers buying expensive land will inevitably make a loss. Many have to sell homes at greater discounts, as their inventories pile up. It may drive many smaller developers out of business, with only larger firms having the financial strength to survive, the China Daily reports.

- Evergrande Real Estate Group's core profit rose 56.5% to CNY10.16 billion in the first half of this year due to a significant increase in property delivery and higher selling prices. China's fourth-largest developer by sales saw its revenue increase 22.7% to CNY77.74 billion, of which 97% – CNY75.37 billion – came from property.
- The People's Bank of China (PBOC) has slashed the minimum downpayment requirement rate for second home buyers, who borrow from their local housing provident funds, to a minimum 20% from the previous 30%. It is the latest effort to support China's housing market. Shanghai, Beijing, Guangzhou and Shenzhen have been told to decide their own downpayment level for their citizens.
- HNA Group, the owner of Hainan Airlines, has acquired 30 South Colonnade, a landmark office building in Canary Wharf, one of London's major financial districts for an undisclosed amount. The 10-story building, spread over 28,390 square meters, is the European headquarters of global newswire Thomson Reuters. It is HNA's first move in London.
- Link Real Estate Investment Trust, Asia's largest REIT by market capitalization, spent two years looking at more than 100 potential assets in the Chinese mainland before settling on two recent landmark deals. In July, the listed property management firm spent CNY6.6 billion on Corporate Avenue 1&2, a landmark office and retail estate in Shanghai, after spending CNY2.5 billion in April buying EM Mall, in Beijing. The two combined still represent less than 10% of Link's total CNY100 billion in assets, which are mostly in Hong Kong.
- Asian outbound investment into global real estate reached USD19 billion in the first half, with China's mainland maintaining its position as the largest source of Asian capital, according to CBRE. In the first half, investments by Chinese mainland buyers into global real estate totaled USD6.6 billion. London remained the biggest global target for Asian investors, who channeled some USD3.8 billion into the UK capital during the first six months, followed by New York and Sydney.

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RETAIL

Food delivery start-up ele.me completes financing round

Chinese food delivery start-up Ele.me has been valued at a staggering USD3 billion following a USD630 million financing round. Citic Private Equity Funds Management and Beijing Hualian Group Investment led the Series F funding. The deal also includes further investment from existing shareholders Tencent, JD.com and Sequoia Capital. Founded in 2009 by students from Shanghai Jiaotong University, Ele.me – “are you hungry?” in Chinese – is one of China's largest food ordering platforms with around 40 million users. Its turnover last year was CNY7 billion. Online-to-offline (O2O) food services are a hot market in China with a number of different companies competing to deliver everything from roast duck to pizza. A recent report by Beijing-based consultancy Analysys International estimated that customers spent upwards of CNY12 billion on food delivery platforms in the first half of 2015. In January, Ele.me raised USD350 million in Series E funding lead by Tencent. Daily transactions on the app top CNY60 million with 98% of orders made on smartphones, the South China Morning Post reports.

- Retail sales in Hong Kong declined for a fifth straight month in July, as a further slowdown in the tourism sector and stock market turmoil took their toll on consumption. The value of total retail sales in July decreased 2.8% year-on-year to HKD37.6 billion, following a 0.4% year-on-year drop in June. Sales of clothes suffered a bigger decline of 13%, after a 3.4% fall in June. But the value of sales of jewelry, watches and valuable gifts recorded a smaller decrease of 5%. Mainland visitors to the city decreased 9.8% year-on-year to 3.85 million in July.
- China's property conglomerate Dalian Wanda inked a “close cooperation” agreement with Suning Commerce Group, which will allow the electronics retailer to open stores in Wanda's shopping centers nationwide. Forty Suning stores will be opened at Wanda Plaza, the developer's flagship commercial property, in 2015, with plans for more in the future. Suning owns more than 1,600 outlets across China and has one of the country's largest online retailing platforms.

STOCK MARKETS

Capital market crackdown nets 4 CITIC officials

The authorities have detained four executives from China's largest brokerage, CITIC Securities Co, a staff member of the China Securities Regulatory Commission (CSRC), and a journalist from business magazine Caijing, in the latest moves to crack down on stock market violations. The CITIC executives, who have confessed to their violations, were named as Xu Gang, Liu Wei, Fang Qingli and Chen Rongjie. They have been placed under “criminal compulsory measures” for suspected insider trading, reported Xinhua. Liu Shufan, the official with CSRC, has also been held over suspicious insider dealings, taking bribes and forging official seals. Liu too has confessed to taking advantage of his position to secure approvals from the securities authorities for trading in a public company, helping the growth of CITIC's shares, as well as accepting bribes worth several million yuan. Xinhua said Liu admitted to using insider information from CITIC and another company, and obtaining millions of yuan in illegal gains. Xinhua also said 197 people had been punished and 165 online accounts closed

for spreading rumors online related to the stock market and the fatal blasts in Tianjin.

Chairwoman of Man Group assisting investigation into market volatility

Authorities took Li Yifei, Chairwoman of Man Group's China unit, into custody to assist with a police probe into market volatility. This does not mean she is facing charges or has done anything wrong. She has led Man Group in China since November 2011. Man Group is the world's largest publicly traded hedge fund and managed USD78.8 billion as of June 30. Authorities have imposed limits on wagering against stocks, known as short selling, amid a rout in equity markets. The campaign against market manipulation has snared senior executives at China's largest brokerage as well as a journalist at business magazine Caijing. Four days after Li Yifei disappeared from the public scene, an insider at the hedge fund said there was no probe against Man Investments' operations. The South China Morning Post reported that Li Yifei has returned home after meeting authorities, and then went on holiday to Sichuan.

- Stock markets in China play a minor role in the economy. In the United States and Europe, institutional investors are the major players, but in Shanghai, 80% of stock market players are small individual investors with many looking to double their money as quickly as possible instead of investing in the long-term. This has helped fuel the boom and bust cycle.
- China's market regulator has fined three companies, including Alibaba-linked Hundsun, a combined CNY453 million for conducting "illegal securities business," which has been blamed for volatility on the plunging markets. The moves come as authorities attempt to shore up share prices after the Shanghai index plunged 30% in three weeks from mid-June.

TRAVEL

Delta Air Lines and China Eastern deepen cooperation

Delta Air Lines and China Eastern Airlines will deepen their cooperation, giving Delta a stronger foothold in China, while the Chinese carrier penetrates further into the United States. "You'll be able to fly from any city that China Eastern serves in China to any city Delta serves in the U.S.," Delta's Chief Executive Officer Richard Anderson said in Shanghai. "In essence we'll run a single airline, even though there are two airlines involved." The companies will cooperate in areas including code sharing, revenue management, scheduling, sales, and frequent-flyer programs. China Eastern Vice President Tang Bing said the mutually beneficial agreement offers the Chinese carrier a chance to grow its global business, while learning from a world-class airline. Delta currently serves Beijing, Shanghai and Hong Kong with daily non-stop flights from the U.S. Delta has an Asian hub in Tokyo, but recently failed in an attempt to buy a stake in bankrupt Japanese carrier Skymark Airlines. Delta wants to create another Asian hub in Shanghai. China Eastern and its Shanghai Airlines unit operate code-share flights with Delta on 30 domestic routes in the U.S., 43 in China and seven across the Pacific, the China Daily reports.

- Authorities in Shenzhen have declared car-hailing apps' services that connect drivers of private cars with customers to be illegal in the city. Licensed taxi drivers in the area have complained that the apps have fundamentally changed the market and reduced their daily income to CNY123 on average.
- Air China launched its first in-flight live television broadcast, streaming Beijing's military parade on September 3. Passengers could watch the broadcast on inflight displays and on their own tablets and smartphones connected to the plane's entertainment system.
- Irish aircraft leasing firm Avolon Holdings said it agreed to be acquired for about USD2.5 billion by Bohai Leasing Co, a unit of HNA Group. Bohai Leasing initially offered to buy 20% of Avolon for USD26 per share in July, but later decided to purchase the entire company after learning of a rival bid for Avolon. The company owned or managed 152 aircraft at the end of June and had over 100 more on order.

- A subsidiary of the China Railway Rolling Stock Corp (CRRC) has broken ground on a USD95 million manufacturing facility in Springfield, Massachusetts in the United States. It is the first Chinese investment in the high-end railway transportation equipment industry in the U.S. CRRC has been awarded a contract from the Massachusetts Bay Transportation Authority to design and manufacture 284 new Orange and Red lines' subway cars for Boston's transit system.
- China has simplified procedures – effective October 1 – for international travelers who drive cars through the country, making it more practical. Approval by public security bureaus is no longer required, but trips must be arranged through licensed tourism agencies and tour guides must follow the entire trip. No individual trips are allowed. The regulation only applies to tourists, not foreigners who reside in China.
- Declining oil prices have helped China's three largest airlines to earn combined net first-half profits of CNY10.98 billion – already higher than their total profits last year. China Southern Airlines delivered CNY3.48 billion in net profit during the six months, a 429.14% year-on-year rise. Air China reported CNY3.94 billion in first-half profit, a 730.05% rise, while China Eastern Airlines' CNY3.56 billion profit represented a 236% increase. Officials at all three airlines said lower fuel costs were the main reason for the surge in numbers.

VIP VISITS

Foreign leaders attend September 3 parade

30 heads of state and government leaders attended the September 3 parade in Beijing to commemorate the 70th anniversary of the end of the Second World War. The foreign leaders included Russian President Vladimir Putin, South Korean President Park Geun-hye, Venezuelan President Nicolas Maduro and United Nations Secretary General Ban Ki-moon. Former Taiwanese Vice President Lien Chan also attended. South Korean President Park Geun-hye was accompanied by a large 156-strong business delegation, which pushed for the early implementation of the free trade agreement (FTA) which was signed on June 1. South Korea's exports, which account for about half of its economy, sank 14.7% from a year earlier in August, the biggest drop in six years, partially due to weak demand from China, South Korea's top trade partner.

The parade included some 12,000 soldiers, 50 generals, 500 pieces of military hardware and nearly 200 aircraft. Current Chinese President Xi Jinping presided over the parade ceremony, flanked by his two predecessors, Jiang Zemin, 89, and Hu Jintao, 72. Three former Premiers – Li Peng, Zhu Rongji and Wen Jiabao – also turned out for the event. In a speech at the parade, Xi said the numbers of the PLA's forces would be cut by 300,000 by 2017. About half of the numbers would be officers.

China and Russia signed nearly 30 cooperation documents including a series of energy deals during Russian President Vladimir Putin's stay in Beijing. Among the deals, Russia's Novatek signed a framework agreement worth an estimated USD1.4 billion for China's Silk Road Fund to obtain a 9.9% stake in its Yamal liquefied natural gas (LNG) project. Russia's top gas producer Gazprom signed a memorandum of understanding with CNPC to supply gas to China from Russia's Far East, Alexey Miller, Deputy Chairman of Gazprom's Board, said. Russian oil firm Rosneft signed a framework agreement to buy a 30% stake in ChemChina and also signed an agreement offering Sinopec joint development of the Russkoye and Yurubcheno Tokhomskoye oil fields in Russia. Sinopec also signed a strategic investment treaty to buy shares in Russia's petrochemical group Sibur.

- The China Development Bank (CDB) has agreed to provide a loan to a light rail transportation company in Astana, the capital of Kazakhstan. The signing of the agreement was witnessed by President Xi Jinping and visiting Kazakhstan President Nursultan Nazarbayev, who was among the 30 foreign leaders visiting China to attend the military parade on September 3.

ONE-LINE NEWS

- The Standing Committee of the National People's Congress (NPC) said people

convicted of serious corruption charges and who were handed death sentences suspended for two years will have those converted to life in prison after the two-year period, but will not be eligible to have their sentences commuted to shorter periods.

- Mobile phone users in Shanghai who do not register their name and number face having services cut under new regulations introduced on September 1. Foreigners should take their SIM card and passport to register at a branch of their service provider. Shanghai is among the first batch of cities where the rules are being rolled out. In Shanghai, some 33 million mobile numbers were in use at the end of June.
- A chemical factory exploded in Shandong province on August 31, killing one person. The blast was the second chemical plant explosion in the province in just over a week and comes almost three weeks after two massive deadly blasts at a warehouse storing dangerous materials in the city of Tianjin revealed lax enforcement of safety regulations. Six executives at Shandong Binyuan Chemical Co have been detained and the cause of explosion is being investigated.
- Pan Yue, 55, a Vice Minister for Environmental Protection who once led a fierce campaign to challenge polluters backed by local governments, was put in charge of assessments, returning to a position he held 10 years ago. The Ministry is pushing for a revision of the assessment law to strengthen its legal status and efficacy. All industrial projects must undergo the reviews before they can be approved.
- The number of Apple Watch users in mainland China crossed the 1 million mark last month to represent more than 20% of total units sold worldwide, according to the latest market estimates.
- China's Huawei Technologies unveiled a new smartphone, taking aim at the high end of the market, which is dominated by Apple and Samsung Electronics. The Mate S, launched on the sidelines of Europe's biggest consumer electronics show, IFA in Berlin, has a 5.5-inch display, a 13-megapixel rear camera and fingerprint security. Huawei became the world's third-biggest smartphone company by sales last month.
- Polluting emissions in China declined in the first six months, according to the Ministry of Environmental Protection. Emissions of chemical oxygen demand (COD), ammoniacal nitrogen, sulfur dioxide and nitrogenoxide decreased by 2.9%, 3.18%, 4.63% and 8.8% respectively. China also increased its daily sewage treatment capacity by 3.5 million tons to 175 million tons.

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