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

NEWSLETTER | 23 NOVEMBER 2015

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- News from Flanders: Europe's Smart Hub: This is a quarterly newsletter published in Chinese and English. It contains articles on Flanders' business news, education and tourism. It is sent to over 2.000 Chinese and Belgian companies, Chinese national and local authorities, Chinese companies based in Belgium, Chinese press in Belgium. It is also sent to all FCCC member companies and Belgian and regional institutions.
- FCCC website contains publications, newsletters, activities, and a broad range of interviews with Chinese and Flemish companies sharing their experiences.
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The Flanders-China Chamber of Commerce offers several advertising and sponsorship opportunities in order to give your activities more exposure to potential new clients and collaboration.

FCCC ACTIVITIES

China Information Session: Update on the immigration and social security landscape and recent corporate tax developments in Belgium – Wednesday 3 December 2015 – 15h to 17h – Brussels

The Flanders-China Chamber of Commerce is organizing a China information session focused on the current immigration and social security landscape and the recent tax developments in Belgium following the government agreement of October 2014. This event will take place on Thursday 3 December at 15h00 at Flanders Investment & Trade. This information session will be divided into three parts:

Part one: Update on the Immigration and social security landscape and how this will evolve

The Deloitte specialists will bring their views and results of the European comparative immigration study which was executed in 2015 and will elaborate on the Single Permit Directive, the EU Blue Card, the Intra Corporate Transfer Directive and the regionalization of the Belgian immigration rules. Furthermore the social security treatment of seconded and locally hired employees will be discussed whereby the eventual conclusion of a social security Treaty between Belgium and China will be debated.

Speakers:
Mr Matthias Lommers, Director Global Employer Services, Deloitte
Ms Joke Braam, Manager Global Employer Services, Deloitte

Part two: The human factor: taking up this challenge as a person, a family and a professional

Bright Expats will provide advice on administrative and logistic matters when starting to live in Belgium. A new professional assignment can have a huge impact on one’s personal and family life. The same way, one's personal and family balance definitely influence the performance at work. This is more than just work/life balance, this is about the benefit of considering a professional opportunity as a personal and family challenge. When aiming at a successful transition, providing accurate and professional advice on administrative and logistic matters is a must, and showing concern and support for the family situation is a great added value.

Speakers:
Ms Pauline Six, Partner and Founder, Bright Expats
Ms Eléonore Van Rijckevorsel, Partner & Founder, Bright Expats

Part three: Recent tax developments in Belgium

The Belgian government has announced in its government agreement of October 2014 to reform the current Belgian tax system, so to ensure a more transparent tax system, which is fair, efficient, and stimulating entrepreneurship.

To that end and bearing in mind budgetary constraints, the government has developed a detailed package of tax measures creating a tax shift affecting both legal entities and individuals for the coming years in a phased approach. This seminar will provide a broader picture of the current Belgian tax landscape and guide you through the most important announced tax measures.

Speaker:
Mr Coen Ysebaert, Tax Partner at Deloitte

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

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

If you are interested to attend this event, please register via this link before 1 December 2015. Members FCCC : 45 €. Non-Members FCCC 75 €.

ACTIVITIES SUPPORTED BY FCCC

Group business trip: China – Hong Kong – 28 November – 5 December

Flanders Investment and Trade (FIT) is organizing a group business trip to Hong Kong, Guangzhou and the Pearl River Delta (PRD) from November 28 till December 5. The PRD is a fast-growing, strong economic region, offering numerous opportunities for foreign companies. FIT is helping Flemish entrepreneurs to prepare to enter the Chinese market. FIT is also arranging a tailor-made program of appointments with potential business partners. The PRD is now surpassing Tokyo as the most urbanized area in the world. Its expansion is continuing, also in the economic field. The PRD accounts for about 20% of China’s GDP, 40% of China’s trade, and it is the richest region in China with the highest purchasing power. The population of the PRD in mainland China reaches 42 million. When taking Hong Kong into account, the figures are even more impressive.

For more information, contact: Michèle Surinx at michele.surinx@fitagency.be ; tel. 02-5048791 or Kristof Kuvelier at kristof.kuvelier@fitagency.be , tel. 02-5048742.

PAST EVENTS

Banquet & Seminar 'Business opportunities between China and Province of West Flanders' – November 23, 2015 – Bruges

The Province of West Flanders and the Flanders-China Chamber of Commerce (FCCC) in cooperation with POM West Flanders, Flanders Investment & Trade, the Howest Confucius Institute and the Zhejiang Federation of Industry and Commerce, organized a banquet and seminar on 'Business opportunities between China and West Flanders'. This event took place on 23 November 2015 in Bruges. Following a word of welcome by Mr Carl Decaluwé, Governor of the Province of West Flanders, Mr Zhang Lijun, Representative of the Embassy of China in Belgium, made a presentation about the importance of bilateral cooperation between West Flanders and Zhejiang, after which lunch was served.

In the afternoon a seminar was held on the topic 'Business opportunities between China and West Flanders' moderated by Mr Stefan Blommaert, VRT. Opportunities for doing business with China were introduced by Ms. Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce. Two parallel workshops were held, and six businesspersons presented testimonials. The conclusion of the event was presented by Mr Jean de Bethune, Vice Governor of the Province of West Flanders.

Understanding China – Training Update – 12-13 November 2015 – Brussels

The EU SME Centre in partnership with Eurochambres and the EU-China Business Association (EUCBA) organized a two-day training programme in Brussels that took a closer look at China's macroeconomic trends, new initiatives, financial market, EU-China Comprehensive Agreement on Investment and more.

The training programme covered topics including the slowing down of the Chinese economy and the new normal of 7% GDP growth; China's changing demography, consumer behavior and health care reform; the anti-corruption campaign; and China's overseas investment.

The two-day training took place on 12 and 13 November 2015 at the Thon Hotel EU in Brussels.

Seminar: "An overview of the new legal environment for foreign companies in China" – 23 October 2015 – Brussels

The legal environment for foreign companies in China has been undergoing some important changes in recent years. Most of these evolutions are directly linked to the implementation of China's economic reform plan and of the rule of law, which is being promoted as an essential element thereof.

The Flanders-China Chamber of Commerce (FCCC) organized a seminar in Brussels on October 23 to discuss how these reforms affect daily operations of foreign companies in China.

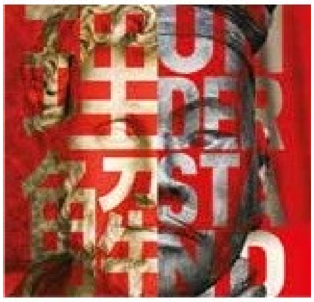
The seminar was presented by Mr Philippe Snel, who has been practicing as a foreign lawyer based in Shanghai for the past 10 years, advising foreign companies about the intricacies of Chinese law. He shared some of his insights with regard to the reform and the practical consequences it has on foreign businesses in China.

His presentation dealt with such issues as: legal compliance and risk management, the growing importance of labor laws, the increased tax scrutiny on foreign companies, the implementation of strict regulatory frameworks for several industries (e.g. food, advertising), the influence of environmental protection laws and the promises of the China (Shanghai) Pilot Free Trade Zone.

E-commerce in China: How to succeed in the Chinese market – 19 October – Brussels

The Flanders-China Chamber of Commerce, the EU SME Centre in Beijing and the EU-China Business Association organized a training course focused on ‘E-Commerce in China: how to succeed in the fast-changing Chinese market?’. This event took place on 19 October 2015 at EUROCHAMBRES in Brussels.

China has become the world’s largest e-commerce market. By 2020, the number of Chinese internet users is expected to reach 80% of the total population, and 70% will shop online. This one day course provided participants with expert insights and hands-on experience in doing online business in China, which they could apply in real-world projects.



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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AUTOMOTIVE

GM to export China-build Buick Envision to U.S.

General Motors is planning to import in the U.S. its midsize sport-utility vehicle (SUV), the Buick Envision, from China – becoming one of the first United States automakers to sell Chinese-made cars in the country. GM would import between 30,000 and 40,000 of the vehicles. The Envision is produced at a plant in Shandong province. Sean McAlinden, Vice President for Strategic Studies and Chief Economist at the Center for Automotive Research in Michigan, thought the model "will probably sell very well" in the U.S. Volvo – part of privately owned Chinese automaker Geely Holding Group – began exporting the Chinese-made S60 Inscription sedan to the U.S. earlier this year.

13th Guangzhou auto show opens its doors

The 13th Guangzhou auto show, one of the three major auto exhibitions in China, kicked off on November 20 and will run through November 29. One thousand vehicles are being displayed at the show this year, compared with 1,095 in 2014. Also, 36 new car models are making their global debuts at the exhibition this year, down from 56 in 2014. Among the new models, the QX30 compact SUV from Infiniti is making its global debut in both Guangzhou and Los Angeles, which is also hosting an auto show during the same period. Other major car producers such as Volkswagen, Ford, Mercedes-Benz and Audi have also brought new cars to Guangzhou. The locally made GLC SUV by Mercedes-Benz officially hit the market at the Guangzhou auto show; its rival Audi also brought the new Q7 luxury SUV to consumers. This year's event in Guangzhou also features an exhibition of new-energy vehicles (NEV) as the sector is growing more than 200% year-on-year. Data from the China Association of Automobile Manufacturers (CAAM) showed that auto sales in China grew by a meager 1.51% year-on-year in the first 10 months of 2015, compared with a rate of 6.9% in 2014. The Guangzhou auto show also for the first time organized a platform for people to buy and sell second-hand cars, the China Daily reports.

- Zhejiang Geely Holding Group Co said it will target new-energy vehicles to make up 90% of sales by 2020. About two-thirds of Geely's new-energy vehicle sales will come from plug-in hybrids and gasoline-electric hybrids by the end of the decade, with the remaining from battery-electric vehicles, the company said. China has a deadline requiring automakers to lower average fuel consumption across their models from 6.9 liters per 100 kilometers this year to no more than 5 liters per 100 km by 2020. The company started selling its first electric car with a price tag of CNY228,800 before government subsidies of about CNY108,000.
- Volkswagen will not raise its stake in its FAW joint venture from 40% to 50% for two to three years due to financial reasons, Jochem Heizmann, President and CEO of Volkswagen China, said. The postponed stake increase would cost Volkswagen €5 billion. Heizmann said China is generally not affected by the illegal software that Volkswagen used on its diesel cars to cheat emission tests in the U.S. as China only imports a very small number.

FINANCE

Baidu and CITIC Bank to set up online bank

Baidu, China's biggest online search firm, is set to enter the private banking sector by teaming up with China CITIC Bank Corp to set up a bank without any branch network, offering services mostly online. State-owned CITIC Bank is China's seventh-largest commercial bank by assets. Baidu has been trying to obtain a banking license since early 2014. Baidu's rivals Tencent Holdings and Alibaba Group have gained private banking licenses and have started trial operations. The bank will have a controlling stake that has yet to be determined in the new venture, to be called Baixin bank. Baidu last month said it had 643 million active users in September, 26% more than the same month a year earlier. Over 20 Chinese banks have launched operations that resemble direct banking, starting with Bank of Beijing in 2013. Separately, CITIC Bank said its board has approved a plan to set up China Citic Bank Asset Management with a proposed registered capital of CNY2 billion.

WeChat mobile payments to be available in several countries

Tencent Holdings is expanding its WeChat mobile payment system to stores in more than 20 countries. Foreign stores can apply to be part of its WeChat payment system as long as they have a trading license and a website or an application. The move will enable Chinese outbound travelers to pay bills by scanning the quick-response (QR) codes on WeChat, which will partner with banks to automatically convert renminbi payments into local currency. Currently, the payment system supports transactions in nine currencies, including the euro, dollar, pound and yen. Dozens of companies such as RoyalPay Treadwell Partner, an Australian payment platform, are partnering with Tencent to offer the service in more than 20 countries and regions in Southeast Asia, Europe, North America and Australia. WeChat is the most popular messaging app in China with 650 million regular users. Alibaba Group Holding, a major rival of Tencent, is also expanding the international presence of its mobile payment tool Alipay. It is offering similar services at more than 30,000 stores in South Korea, Singapore and Hong Kong.

- Experts are betting that the yuan will be included in the International Monetary Fund's Special Drawing Rights (SDRs) soon. Reserve managers all over the world said in a poll that they predicted about 10% of global foreign exchange reserves will be held in yuan by 2025, up from the current 0.3%, according to a research note from HSBC. If the drawing rights are granted by the IMF board at the end of November, the yuan will be the fifth currency in the basket, following the U.S. dollar, the euro, the Japanese yen and the British pound. The IMF Board will decide on November 30.
- The China Insurance Regulatory Commission (CIRC) and Russia’s central bank signed a memorandum of understanding (MOU) in Turkey on the sidelines of the G20 Summit to expand cooperation in tourism insurance, major project construction financing and risk control, and reinsurance, a statement said.
- Japan has expressed concern to China about the pace of capital outflows from the country and has suggested Beijing moves very slowly in reforming its currency system to avoid repeating Japan’s past mistakes. The stocks slump of more than 40% in a matter of a few months and the devaluation of the yuan acted as a reminder of how quickly Beijing could lose control of its markets if it moved too quickly to open up to market forces, Japanese officials said. China is Japan’s biggest trading partner and its markets have become susceptible to big swings caused by Chinese policy decisions.
- The International Monetary Fund (IMF) should create a digital version of its global reserve currency that could be more widely used across the world's financial markets and payment systems, Yao Yudong, Director of the People's Bank of China's Research Institute of Finance and Banking, said. Additionally, the role of the special drawing rights (SDR) should be expanded, Yao said. His proposals include establishing a settlement system between SDR and other currencies, and promoting the use of SDR in global trade, financial transactions, commodities pricing and bookkeeping.
- As China changes over to a new, harder to copy version of its CNY100 banknote, older versions of the currency will slowly disappear from circulation. The old notes will be burned in a special facility in Yancheng, Jiangsu province, generating electricity. The banknotes are suited for biomass power generation thanks to their relatively high heat value and low moisture content. A single ton generates 1,000 kilowatt hours of electricity.
- Police in Jinhua, Zhejiang province, have busted an underground banking case involving transactions up to CNY410 billion. It is the largest of its kind and also the first involving the conversion of Chinese yuan into foreign currencies via non-resident accounts, the Ministry of Public Security said. A total of 100 suspects from eight gangs have been detained.
- Bank of Qingdao Co, backed by Italy's Intesa Sanpaolo, is seeking as much as USD666 million in a Hong Kong initial public offering (IPO). The shares will begin

trading on December 3. Six cornerstone investors have agreed to buy shares accounting for more than 60% of the offering.

FOREIGN INVESTMENT

China's ODI up 16.3% in first 10 months

China's overseas non-financial investment during the first 10 months of 2015 surged 16.3% year-on-year to CNY589.2 billion, involving 5,553 companies in 152 countries and regions. ODI projects covered a wide range of fields including transport, residential construction, electric power engineering, telecommunication and petrochemical industries. In the first 10 months, ODI in 49 nations along the Belt and Road totaled USD13.17 billion, up 36.7% year-on-year. Top investment spots were Singapore, Kazakhstan, Laos, Indonesia and Russia. Meanwhile, new foreign-contracted projects in 60 countries along the route rose to USD64.55 billion, up 21.6% from last year, accounting for 43.3% of China's overseas projects. China became a net capital exporter for the first time last year, when ODI surpassed foreign direct investment. ODI grew 14.1% in 2014, eclipsing the 1.7% growth of FDI.

- In the first 10 months of this year, 2,628 foreign-funded companies were set up in Shanghai's Free Trade Zone (FTZ), 22% of all newly-established foreign-funded companies in Shanghai. "The proportion was up from 5% two years ago when the zone was set up, indicating improving foreign confidence about the zone's investment environment," Zhu Min, Deputy Director of the FTZ Administration, said. Outbound investments by domestic firms via the FTZ totaled CNY16.8 billion, accounting for 41% of the city's total. Between January and October, 36 financial institutions opened 36,220 free trade accounts for clients.
- Australia has blocked "foreign entities" from buying a cattle farming business that reputedly owns the world's largest private land holding, as it was located within a weapons testing area. S. Kidman and Co owns 11 cattle farms covering 101,411 square kilometers across South Australia, Western Australia, the Northern Territory and Queensland – a combined area bigger than South Korea. Chinese investment companies Genius Link Group and Shanghai Pengxin were reportedly in a bidding war to acquire it for up to AUD350 million.

FOREIGN TRADE

China, Russia and Mongolia to build trade corridor

China, Russia and Mongolia recently announced the construction of a trilateral economic corridor, which will have three north-to-south railway lines, while the existing western line that runs through the three nations and delivers mining resources, will remain unchanged for the time being. Several roads will also be build in the southern part of Mongolia to link with the northern regions of China. The economic corridor linking China, Mongolia and Russia was proposed by Chinese President Xi Jinping last year during a meeting with Russian President Vladimir Putin and Mongolian President Tsakhiagiin Elbegdorj on the sidelines of the 14th summit of the Shanghai Cooperation Organization (SCO).

- China National Nuclear Corp (CNNC) has clinched a USD15 billion agreement with Argentina's Nucleoelectrica, opening the doors for exports of nuclear equipment which might amount to CNY30 billion. CNNC will build two nuclear power plants over a period of 18 years. The firm has already exported six nuclear reactors, five miniature neutron source reactors, two nuclear research facilities and one experimental reactor. CNNC would invest USD6 billion, or 85% of the total financing, in the construction of Argentina's fourth nuclear power plant, expected to have a capacity of 750 megawatt. CNNC has also signed a framework agreement to provide a Chinese-designed pressurized water reactor – Hualong One – for a fifth power plant in the country.

IPR PROTECTION

China’s patent applications for 3D printing, nanotechnology and robotics rising

China is the only emerging middle-income country moving closer to advanced industrialized nations in terms of patent applications for 3D printing, nanotechnology and robotics, a World Intellectual Property Organization (WIPO) report shows. The report said that of all patent applications since 2005, Chinese applicants account for more than a quarter of first filings worldwide in the case of 3D printing and robotics, higher than any other country. As for nanotechnology patent filings since 2005, Chinese applicants make up nearly 15% of filings worldwide – the third-largest origin of patents. Carsten Fink, WIPO's Chief Economist, said China has made much progress in the past decade in patent applications in the three innovative fields, which have the potential to boost the economy. According to the report, China has seen rapid growth in 3D printing patent filings since 2005. By 2010, Chinese applicants were filing for more 3D printing applications than any other country, numbering almost as many as the Japanese and U.S. applicants combined. While China's first patent filings in the area of robotics accounted for only 1% of total applications worldwide in 2000, that figure had risen to 25% by 2011. The report said China hosts some of the fastest-growing robotics companies such as Shenzhen-headquartered DJI Co, a manufacturer of drones, and new industrial robot makers, including Siasun Robot and Automation Co. The country has also begun playing an important role in worldwide nanotechnology patent filings since the late 2000s. Tsinghua University and the Chinese Academy of Sciences (CAS) are among the top 20 nanotechnology patent applicants for first patent filings since 1970, the China Daily reports.

- Japan’s Ultraman superhero is facing an intellectual property battle in China after a distributor said 99% of all mobile games featuring the character were pirated. SCLA, a Shanghai-based company that holds the Ultraman franchise rights on the Chinese mainland, said only three out of dozens of related games launched in the second quarter were authorized. Some 85,000 people have been detained since 2013 for suspected IP violations, Xinhua said.
- The 2015 China Anti-Infringement and Counterfeiting Annual Report is the nation's first publication summarizing its efforts, achievements and challenges in the fight against IP infringement and counterfeit goods. The report was produced by the National Combating IPR Infringement and Counterfeiting Leading Group and its member ministries and organizations, as well as provincial leading groups across the country. The book was published in China and overseas, and will have an English edition. China handled 178,000 cases involving counterfeit goods in 2014, the police investigated more than 28,000 crimes and prosecutors handled over 18,000 lawsuits.

MACRO-ECONOMY

Shanghai’s industrial production rebounds

Shanghai’s industrial production rebounded in October to the fastest in nearly one year, increasing 1.4% from a year earlier to CNY262.4 billion last month, according to the Shanghai Statistics Bureau. It turned positive for the first time since March and was also the fastest growth since last December. But other data continued to reveal weakness in the economy. In the first 10 months of this year, Shanghai’s fixed-asset investment gained 5.7% to CNY476.8 billion, down from the increase of 6.1% in the first three quarters. Capital flowing into the property sector rose 8.9%, also slowing from a gain of 9.2% in the first nine months. Shanghai’s economy grew 6.8% in the first three quarters of the year.

- Local officials in China are dithering over project approvals and business deals, some to avoid the spotlight of an anti-corruption campaign, impeding the central government’s plans to use infrastructure spending to boost economic growth. Though the National Development and Reform Commission (NDRC) approved CNY1.9 trillion of investment projects in the first 10 months of 2015, an estimated USD45 billion of projects are behind schedule.
- China’s electricity consumption, a key barometer of economic activity, dropped 0.2% to 449.1 billion kilowatt-hours in October. In the first 10 months, power use rose 0.7% from a year earlier to 4.58 trillion kWh, according to the National Energy

Administration (NEA). Electricity use in services rose 7.1% in the first 10 months while the agricultural sector saw a 3% gain and use by the industrial sector fell 1.1% from a year earlier.

- Chinese President Xi Jinping said at the 10th summit of the Group of Twenty (G20) in Turkey that the Chinese economy is capable of sustaining a medium-to-high growth rate and will continue to create development opportunities for other countries. Xi said the Chinese economy is forecast to grow by about 7% this year, equivalent to the GDP of a medium-sized country and larger than the double-digit growth several years ago, and will continue to contribute as much as one-third to global growth.
- China's top 500 private companies have made significant contributions in fostering innovation, creating jobs and tax contributions, according to a report by the China Federation of Private Enterprises and the China Academy of Management Science. It ranked Legend Holdings Corp as the leading private enterprise in China with operating revenues of CNY289.5 billion, followed by Huawei Technologies Co and Suning Commerce Group Co.
- Gree Electric Appliances' Dong Mingzhu took the top spot in the list of most influential businesswomen in China, according to Fortune magazine. Other prominent businesswomen in the list include Chen Chunhua, Co-chair and CEO of agri-business firm New Hope Liuhe Co, and Wang Fengying, President of Great Wall Motor Co.
- China’s wholesale natural gas price will be cut by an average 28% later this month and the government will relinquish much of its control over price setting to let the market decide energy prices. Residential prices, which have not been changed since 2010, will not be changed, but remain lower than non-residential prices. Non-residential gas accounts for around 80% of total consumption.
- The Chinese government plans a progressive approach to raise the retirement age, Li Zhong, Spokesperson of the Ministry of Human Resources and Social Security (MOHRSS) said. The retirement age would be lifted by only “several months” each year. The current retirement age is 60 for men, 55 for female white-collar workers and 50 for female blue-collar workers.
- SOE profits fell 9.8% year-on-year in the January-October period to CNY1.88 trillion, with profits of SOEs under central government control slumping 11.3% to CNY1.35 trillion. Locally administered SOEs posted a 6% drop in profits in the first 10 months. SOEs in the petrochemical, oil refining and construction materials sectors saw sharp profit declines, while the steel, coal and non-ferrous metal sectors continued to suffer losses, but the profits of transport and electronics SOEs continued to improve.

MERGERS & ACQUISITIONS

Chinese SOEs bid for German waste management company

At least three Chinese state-owned enterprises are bidding for a German waste management company. Beijing Enterprises Water Group, China Everbright International and Beijing Capital Group have submitted initial bids for Energy from Waste (EEW), Europe’s market leader in energy-to-waste and valued at €1.5 billion to €2 billion. If successful, the deal would mark China’s biggest outbound M&A in the sector in about 16 years. China had set a target to spend about USD16 billion between 2013 and 2016 to improve sewage disposal and garbage treatment.

- A potential merger between Sinotrans & CSC and China Merchants is being discussed. Zhao Huxiang, Chairman of Sinotrans & CSC, said that “not many of our businesses overlap and we are not competitors in most areas, it will be a group level integration”. Sinotrans & CSC would become a subsidiary of China Merchants. Zhao said that the structure of Sinotrans & CSC’s listed platforms won’t be changed significantly in the event of a merger.
- Dalian Wanda Group concluded the merger with World Triathlon Corp, making it the world’s largest sports company. Wanda also purchased Swiss sports marketing group Infront Sports & Media for €1.05 billion earlier this year, and took a 20% stake in Spanish soccer team Atletico Madrid.

REAL ESTATE

New home prices drop month-on-month in major cities

New home prices fell month-on-month in 8 of the 10 major cities tracked by the SCMP-Creda index, but sales improved for a second consecutive month. Prices in Beijing dropped the most by 9.68% from the previous month's gain of 7.16%. Other losers include Nanjing, Guangzhou, Shenzhen, Chongqing, Chengdu, Hangzhou and Tianjin. Shanghai and Wuhan were the only two gainers, up 11.28% and 0.45% respectively. The latest data showed combined transaction volume in the 10 cities rose 10.3% last month, improving for a second straight month. However, Beijing, Chengdu and Hangzhou suffered a decline. In year-on-year terms, Shenzhen outperformed last month with the average new home price gaining 53.3%, followed by Shanghai with an annual rise of 20.4%. Guangzhou was the only one in the 10 cities to suffer a decline of 1.76% during the period.

Price momentum also built up last month in the existing home markets of China's two most important cities – Beijing and Shanghai. The average asking price in Beijing's secondary home market rose 1.1% in October from September, the fastest pace in a year. It gained even faster in Shanghai by 1.6%, the quickest since at least January 2014, when the South China Morning Post started its partnership with consultancy Century 21 on the index. As a result, the home price index edged up to 165 last month from September's 164, and rose to 153 in Shanghai from 150 during the same period. But transactions cooled off in both cities, falling 16.6% in Beijing to 16,356 units and declining 7% in Shanghai to 33,590. In year-on-year terms, sales soared, by 63.4% in Beijing and 97.2% in Shanghai.

New home prices rose in 27 cities of the total 70 tracked, compared with 39 in September, the National Bureau of Statistics (NBS) said. The average home prices in the 70 cities rose 0.07% in October from September, the slowest monthly gain since June. The slowdown in price rises was accompanied by a slowdown in residential sales. In floor space terms, residential sales growth nationwide fell further in October to 5.9% year-on-year, from 8.8% in September, and a 15.6% surge in August.

- Hong Kong's Grade-A office towers are starting to be occupied by mainland Chinese enterprises as they buy en bloc buildings and lease office space in the central business district (CBD) amid rapid business expansion. Their explosive demand for office space spurred rents for Grade-A offices to rise for a tenth consecutive month in October, with the vacancy rate in Central dropping to about 1%.
- Two senior executives of state-controlled property developer Financial Street Holdings, Wang Gongwei and Ju Jin, have been detained as part of a Communist Party investigation over their alleged links to Lu Xiwen, the disgraced former Deputy Party Secretary of Beijing. Financial Street Holdings is the biggest state-owned commercial property developer in Beijing's Xicheng district.
- Swire Properties has sold the last unit at Opus Hong Kong in Mid-Levels for HKD509.6 million, making it the most expensive apartment transaction in Asia. The 5,444 sq ft unit sold is on the 12th and top floor of the three-year-old Opus Hong Kong block at 53 Stubbs Road and includes two car parking spaces and a 1,508 sq ft roof top. The price translates to HKD93,608 per square foot.
- The property sector will remain an engine for China's economic growth over the next decade and serve as a "lifesaver" amid the slowdown, according to Dalian Wanda Chairman Wang Jianlin. "In the next five to 10 years, there's unlikely to be an industry that could replace property as an engine for growth," Wang, who built his empire on property, told the Beijing News. The property sector directly accounted for 12% to 13% of China's gross domestic product (GDP), but if related industries such as construction, decoration and building materials were included the figure would be more like 30%, said Wang.
- Prime office rent in Shanghai is likely to rise 6.1% in the next three years which will also see Beijing's rent growing by a milder 1.8%, global property consultancy Knight Frank predicted. The increases are expected to place Shanghai at No 13 and Beijing at No 19 in the list of the world's 20 leading business cities. Hong Kong stands at No 8 with a rise of 12% through the end of 2018, according to the Global Cities 2016 Report. Overall office rent in Shanghai rose 5.5% year-on-year in the third quarter.

RETAIL

Drone maker DJI to open Shenzhen store

Chinese drone maker DJI Technology Co is opening its largest retail store in Shenzhen, Guangdong province, later next month. The 800-square-meter store will give DJI, which claims to control about 70% of the global drone market, a boost in the retail sector and help ward off competition from overseas players. DJI also plans to open similar stores in cities like Beijing and Shanghai to showcase its entire range of products. Retail prices for the company's drones start at around CNY4,000, with high-end products priced above CNY20,000. Turnover of the civil-use drone market in China is set to reach CNY2.3 billion this year, a 55% jump from a year earlier, according to an Analysys International estimate. Demand for drones in the country is likely to exceed CNY11 billion by 2018, it said.

- Louis Vuitton has closed one of its two flagship stores in Guangzhou, Guangdong province, as the French fashion house continues to grapple with slow sales in China. It also closed its outlets in Harbin and Urumqi – and was drawing up plans to close several others. The store closures will leave LV with about 50 stores across the mainland. Other leading retailers such as Giorgio Armani, Hermes and Versace have been closing shops since 2013.
- JD.com, China's second-largest e-commerce services provider by sales, plans to expand its mobile initiatives with Tencent Holdings and pursue further strategic investments after recording a 52% year-on-year increase in third-quarter revenue to CNY44.11 billion. "Our partnership with Tencent's dominant Weixin and Mobile QQ platforms puts JD.com at the fingertips of virtually every Chinese mobile online consumer, and continues to drive rapid user growth," JD.com Chief Executive Richard Liu said.
- The State Administration for Industry and Commerce (SAIC) plans to ramp up inspections of goods bought online, as there are many complaints about low-quality goods on offer. Companies like Alibaba, rival JD.com and others have been criticized by regulators for enabling the sale of low-quality goods and counterfeit products. The issue has affected e-commerce companies. Merchants found to be selling goods that don't meet the regulator's standards will be made to stop sales, the SAIC said. The e-commerce platforms on which they operate will also bear responsibility for removing the products.
- Walmart Stores signed an agreement with China Resources SZITIC Investment Co for the purchase of minority interests in 21 joint ventures. The deal is valued at CNY3.3 billion. "The investment closely follows the decision to acquire 100% of Yihaodian,

reflecting our belief that Chinese customers want a seamless online and offline shopping experience," said Sean Clarke, President and CEO of Walmart China. New store openings in China have driven up third-quarter sales growth by 2.9%.

- Foreign retailers had a 13.5% share of the Chinese market during the third quarter, a 1% drop from the corresponding quarter in 2014, according to Kantar Worldpanel.

SCIENCE & TECHNOLOGY

More than 300,000 Chinese students study in the U.S.

The number of mainland Chinese students studying in colleges and universities in the United States exceeded 300,000 for the first time this academic year, according to "The 2015 Open Doors Report on International Educational Exchange", published annually by the Institute of International Education. 304,040 Chinese students are in the U.S., a 10.8% increase over the previous academic year. Chinese students now account for 31.2% of the total 974,926 international students in U.S. colleges and universities in the 2014-15 academic year. The number of U.S. students in China dropped 4.5% in the 2013-14 academic year to 13,763.

- Scientists in Shanghai are rewriting the rules of reproduction with a groundbreaking experiment that combined genetic material from two female mice to create healthy offspring. But the researchers said they strongly opposed using the technology to create humans, saying it would give rise to serious ethical and genetic problems. The team, led by Professor Li Jinsong from the Chinese Academy of Sciences' Institute of Biochemistry and Cell Biology, genetically modified ovum-derived embryonic stem cells to make them function like sperm, and injected the cells into ova to produce a batch of mouse pups with two genetic mothers and no male involvement.
- China is conducting tests on its largest and most powerful rocket, the Long March 5, at the Wenchang Satellite Launch Center in Hainan province, with plans to make the first launch before the end of next year. Long March 5, the nation's next-generation heavy lift launch system, is nearly 57 meters high, with a diameter of 5 meters. With a liftoff weight of around 800 metric tons, it will have a maximum payload capacity of 25 metric tons in low earth orbit and 14 tons in geosynchronous transfer orbit. The Long March 5 will be used to launch large lunar probes and the manned space station that China plans to send into orbit around 2020.
- Scientists carried out the last step in testing the "retina" component of China's gigantic radio telescope. After its scheduled completion in September, it will be the largest such telescope in the world. The telescope, 500 meters in diameter and known as FAST, is composed of 4,500 mostly triangular panels with sides measuring 11 meters that create a parabolic shape or hemisphere.

STOCK MARKETS

Five former CITIC Directors on trial in Hong Kong

Five former Directors at Chinese conglomerate CITIC signed off on a "demonstrably untrue" exchange filing that failed to disclose a "material" loss stemming from ill judged foreign exchange hedging contracts, Hong Kong's market misconduct tribunal heard on the opening day of a month-long hearing that will raise questions about director accountability at listed companies. Representing the Hong Kong Securities and Futures Commission (SFC), Senior Counsel Adrian Bell told the tribunal that CITIC Directors knew the "actual position sitting on potential multibillion dollar" losses when they signed off on an exchange filing dated September 12, 2008 that stated they were not aware of any "material adverse change in the financial or trading position" of the company. The defendants are former Citic Chairman Larry Yung, former Deputy Managing Directors Leslie Chan and Peter Lee, former Managing Director Henry Fan, and former Executive Director Chau Chi-yin. They are expected to give testimony next month. The tribunal was told how in late 2007, CITIC bought a series of 17 leveraged hedging contracts that were meant to protect the company's Australian mining investment against adverse changes in the Australian dollar. However, the contracts were structured so that "while the upside was capped, the downside to CITIC was unlimited," Bell said. Internal CITIC e-mails read out at the tribunal revealed a growing sense of panic among senior executives as losses mounted. If the tribunal finds the defendants liable for the misleading statement, it has the power to impose limited fines and ban people from holding directorships. In a separate High Court case against the same defendants, the SFC is seeking HKD1.9 billion in compensation to pay off 4,500 affected investors.

RQFII yuan quota for Singapore raised

The People's Bank of China (PBOC) has doubled the yuan investment quota for Singapore under the Renminbi Qualified Foreign Institutional Investor (RQFII) scheme to CNY100 billion. The increase will open the domestic capital market further and facilitate bilateral trade and investment between China and Singapore, the PBOC said. The move occurred after China this month lifted RQFII quota for South Korea from CNY80 billion to CNY120 billion, increased a currency swap with Turkey, and allowed foreign investments made by central banks and similar organizations in the interbank market. The RQFII quota now stands at USD166 billion, compared with USD150 billion for QFII, the U.S. dollar-denominated counterpart. Shanghai stocks have attracted CNY121 billion through the scheme, about 40% of the CNY300 billion aggregate quota, with trading hitting CNY1.54 trillion. According to the Shanghai Stock Exchange, Hong Kong stocks have drawn CNY92.4 billion under the scheme, about 37% of the CNY250 billion annual quota, with transactions at HKD742 billion, according to Hong Kong Exchanges and Clearing.

Report lists causes of stock market crash

Investors borrowed too much to speculate on shares, regulators were too incompetent to see the crisis, and the media failed to remind the public about the risks. Those were the causes of China's summer stock market rout, according to a 300-page report by three high-profile financial figures in Beijing. Instead of blaming a few individual "bad guys" for the crash, the first semi-official report gives a comprehensive overview of the systematic failures that wiped out trillions of yuan of market value in just a few weeks. Authorities have detained several people held responsible for the rout. Yao Gang, former Vice Chairman of the China Securities Regulatory Commission (CSRC), is the latest to come under investigation. Cheng Boming, President of Citic Securities, hedge fund billionaire Xu Xiang and Caijing magazine journalist Wang Xiaolu are among dozens of people who are in the spotlight for alleged inside trading and other offenses. But the real causes of the crisis go well beyond the misconduct of any individual, according to Wu Xiaoling, former PBOC Vice Governor; Central Huijin Investment Vice Chairman Li Jiange; and Wang Zhongmin, Deputy Chairman with the National Council for Social Security Fund, who wrote the report. "The excessive and chaotic application of leveraged buying, and lax regulation over financial products, prevented Chinese regulators from effectively monitoring and quantifying stock market risks, and that's the most important reason for the stock market swing," the three authors wrote.

- CITIC Securities Co, China's largest securities brokerage, said Chairman Wang Dongming, 64, is retiring for age reasons, and Zhang Youjun, 50, has been put forward as his replacement, subject to a decision at the next board meeting.
- Focus Media Holding, the country's largest commercial screen-advertising network, will become the first Chinese company to be listed on the domestic A-share market after delisting from the United States Nasdaq stock market. It plans to be listed in the domestic equity market through a reverse merger with Hedy, a move which has in principle been approved by the Ministry of Commerce (MOFCOM).
- The China Securities Regulatory Commission (CSRC) is working on a stock connect scheme between the Shenzhen and Hong Kong bourses. Authorities will expand the quota of shares that can be traded under a similar program that already exists between Shanghai and Hong Kong, according to Fang Xinghai, CSRC Vice Chairman. The schemes allow investors to trade on both bourses under a quota and are seen as further opening the Chinese capital market.
- Yirendai, an online consumer finance marketplace, is planning to raise USD100 million in an initial public offering (IPO) on the New York Stock Exchange (NYSE). The peer-to-peer (P2P) lending platform, a wholly-owned subsidiary of online finance firm CreditEase, was set up in 2012 and currently has more than 7 million registered users and has facilitated more than USD10 billion transactions.

- Trading in yuan-denominated securities has started on the Frankfurt stock exchange, hailed as the first such market outside China. The platform allows investors in Europe to trade securities denominated in yuan. The China Europe International Exchange (CEINEX) is the first yuan market authorized outside China.
- The China Securities Regulatory Commission (CSRC) announced that 10 of the 28 companies whose IPOs were suspended during the summer market crash will be among the first batch to disclose their IPO prospectuses. New IPOs are expected to be launched this week.
- Financial authorities released more measures to promote the Beijing-based National Equities Exchange and Quotations (NEEQ), also known as the “New Third Board”. The new rules include a pilot program that allows NEEQ-listed companies to transfer to the startup-dominated ChiNext board, and the scrapping of a restriction on the number of qualified investors needed when companies seek to offer new shares. A much-anticipated open price-bidding process, however, was not included in the new rules, and the minimal capital requirement of CNY5 million for investors to trade shares of NEEQ-listed companies was not lifted.
- Guotai Junan International Holdings said Chairman and Chief Executive Yim Fung has been missing since November 18. Ms. Qi Haiying, Executive Director and Deputy Chief Executive Officer, will temporarily act as Chair of the Board until further notice. The company is the Hong Kong-listed unit of Guotai Junan Securities, one of China’s largest financial firms.

TRAVEL

China Railway proposes Silk Road high-speed railway

China Railway Corp has launched a proposal for a Silk Road high-speed railway connecting the country's northwest region to West Asia via Central Asia. Chief Engineer He Huawu put forward the proposal at a forum on the One Belt, One Road Initiative hosted by the China Civil Engineering Society. The route would run from Urumqi and Yining to Almaty in Kazakhstan, then to Bishkek in Kyrgyzstan, Tashkent and Samarkand in Uzbekistan, Ashgabat in Turkmenistan and finally connect to West Asia's network through Teheran, Iran. Container trains and passenger trains could run on the same route. The only difference would be speed. A passenger train could run at 250 to 300 kilometers per hour, while a container train could run at 120 km/h. Other experts cautioned that an Asian railway link has been under discussion for a long time and has not materialized mainly due geopolitical concerns of the countries along the route, the China Daily reports.

- German railway company Deutsche Bahn is opening its first international procurement office in Shanghai and has identified some 40 potential suppliers of train products in China. The Shanghai office will help the company to find Chinese suppliers for rail vehicle replacement parts and infrastructure materials. Deutsche Bahn plans to spend €10 billion annually in the next five years.

VIP VISITS

President Xi calls for new impetus for growth at G20 Summit

Chinese President Xi Jinping has called for the world to find new impetus for growth, further reinvigorate free trade and achieve better macro-economic policy coordination. The President's comments were made in a speech titled “Innovative growth that benefits all” at the first session of the G20 summit in Antalya, Turkey. He said all parties should pay particular attention to the communication and coordination of their policies to “avoid negative spillovers”. “For major countries that carry significant weight in the world economy, it is all the more necessary to take into full consideration the impact of their macro-economic policies on others and to increase the transparency of their policymaking,” Xi said. Elaborating on finding a new impetus for growth, Xi said there is also huge potential for upgrading traditional industries with new technologies. “We should seize the opportunities and make innovation-driven development and cultivation of new growth points the new priorities for G20 cooperation,” he said. Xi said countries “should ensure that regional free trade arrangements serve as a useful complement to a multilateral trading regime, rather than creating new obstacles or barriers. We should work for balanced, meaningful and development-oriented outcomes at the 10th WTO Ministerial Conference and endeavor to realize the goal of the development round as early as possible," Xi said. The WTO conference is scheduled to be held in Nairobi, Kenya, from December 15 to 18, the China Daily reports.

President Xi attends APEC Summit in Manila

Chinese President Xi Jinping attended the Asia-Pacific Economic Cooperation summit meeting in Manila. Setting up an Asia-Pacific free trade area (FTA) has become a new top priority on the agenda for the APEC Economic Leaders' Meeting, according to Vice Minister of Commerce Wang Shouwen. President Xi Jinping proposed to speed up construction of an Asia-Pacific FTA that will account for more than half the world's GDP. A free trade zone encompassing the 21 APEC members should potentially be implemented no later than 2025 if agreements can be reached. President Xi also said China will host the first APEC high-level forum on urbanization next year.

Beijing will "substantially cut back" on market access restrictions for foreign investment and build an economy with an even higher level of openness, President Xi Jinping told the Asia-Pacific Economic Cooperation CEO Summit. The fundamentals of China's economy remain positive, the economy has great potential and is proving resilient to the pains of deepening reform, and there is ample room to maneuver, said Xi. "China's door to the outside world will forever stay open," the Chinese President said. Xi also hinted that various regional trade deals can cause "fragmentation", saying that the Asia-Pacific economies should accelerate the realization of the Free Trade Area of the Asia-Pacific initiative, which would include all APEC economies. "We will step up reforms of the foreign investors management system, substantially cut back on market access restrictions for foreign investment, improve IPR protection, and foster an open, transparent, fair and highly efficient market environment," Xi said. "We reiterate our belief that the Free Trade Area of the Asia-Pacific (FTAAP) should be pursued as a comprehensive free-trade agreement by building on ongoing regional undertakings," the leaders' statement said.

- Turkey says it will actively take part in Beijing's "One Belt, One Road" economic and trade initiative, but has cancelled a USD3.4 billion tender for a Chinese-made missile system provisionally awarded to China in 2013. The news came hours after President Xi Jinping arrived in the Turkish city of Antalya for the G20 summit and held a meeting with Turkish counterpart Recep Tayyip Erdogan.
- Chinese Premier Li Keqiang arrived in Malaysia for an official visit and to attend the 18th China-ASEAN (10+1) leaders' meeting, the 18th ASEAN-China, Japan and South Korea (10+3) leaders' meeting and the 10th East Asia Summit. China has pledged infrastructure loans totaling USD10 billion to Southeast Asian countries and proposed railway and production capacity cooperation.

ONE-LINE NEWS

- China is poised to open up shale gas exploration. The Ministry of Land and Resources may announce details of the third round of shale gas auctions within two months, Guo Jiaofeng, Researcher at the Development Research Center of the State Council said. However, interest in exploring China's shale potential has cooled amid falling gas prices and the country's challenging geology.
- The next G20 summit will be held in Hangzhou, Zhejiang province on September 4 and 5, 2016. China will assume the rotating presidency of the G20 Group on December 1.
- Tsinghua Unigroup plans to invest CNY300 billion over the next five years in a bid to become the world's third-biggest chipmaker, Chairman Zhao Weiguo said. The company is in talks with a United States company involved in the chip industry to buy a stake. Currently, Qualcomm holds the No 3 position in the global chip rankings, behind Samsung Electronics and market leader Intel Corp.
- China Merchants Group is to take part in the construction of Russia's Zarubino Port,

18 kilometers from Russia's border with China. Zarubino is connected by road to Hunchun, a county-level city in Jilin province. Founded in 1872, China Merchants is believed to have built 34 ports in 14 countries.

- China wants to see a legally binding treaty limiting global warming agreed at UN talks in Paris later this month, but says any deal must take into account the different circumstances of participating nations. Xie Zhenhua, China's Special Representative for Climate Change, said that major disagreements existed between nations at the preparatory meeting held before the summit from November 30 to December 11.
- A new gene that makes bacteria highly resistant to a last-resort class of antibiotics has been found in people and pigs in China – including in samples of bacteria with epidemic potential. The discovery was described as "alarming" by scientists, who called for urgent restrictions on the use of polymyxins – a class of antibiotics that includes the drug colistin and is widely used in livestock farming.

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Membership rates for the last quarter of 2015 (excl. 21% VAT):

- SMEs: €100
- Large enterprises: €285

Membership rates for 2016 (excl. 21% VAT):

- SMEs: €385
- Large enterprises: €975

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