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

NEWSLETTER | 30 NOVEMBER 2015

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- FCCC Weekly: This newsletter is published in English and contains economic & trade information on China, a calendar with China-events and career opportunities. It is sent every Monday to 2.700 Belgian business leaders doing business with China and to relevant institutions, embassies, federal and regional authorities as well as the Belgian and Chinese press. It is also sent to Chinese officials and companies based in Belgium.
- News from Flanders: Europe's Smart Hub: This is a quarterly newsletter published in Chinese and English. It contains articles on Flanders' business news, education and tourism. It is sent to over 2.000 Chinese and Belgian companies, Chinese national and local authorities, Chinese companies based in Belgium, Chinese press in Belgium. It is also sent to all FCCC member companies and Belgian and regional institutions.
- FCCC website contains publications, newsletters, activities, and a broad range of interviews with Chinese and Flemish companies sharing their experiences.
- FCCC Events. The FCCC regularly organizes seminars and other high level events. If you are interested, please send an email to info@flanders-china.be.

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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.

MEMBERS' NEWS

City of Ghent is new structural partner of the FCCC

The City of Ghent has become a new structural partner of the Flanders-China Chamber of Commerce (FCCC). With its 252,000 inhabitants, Ghent is the second largest city in Flanders. Over 70,000 students make Ghent the largest student city in Flanders, including Ghent University that ranks 71st on the '2015 Academic Ranking of World Universities'. The young heart of the city boosts innovation and creativity. Ghent is a city that combines a strong logistic and industrial complex and hi-tech knowledge activities. The city's seaport provides over 60,000 jobs and generates a surplus value of €6,7 billion. The city is developing a pro-active approach to attract activities of world-leading companies that strengthen the existing industrial clusters in the cleantech, biotech, materials and ICT sector.

Ghent is linked with China in various ways:

- In November 2013 Ghent and the Chinese city of Weihai signed an agreement within the context of the China-EU Partnership on Sustainable Urbanization.
- Various companies in Ghent do business with China. Volvo Car Gent is one of the biggest employers of the Ghent region. The factory is part of the Volvo Car, owned

since 2010 by China's Geely Holding Group.

- Ghent is an attractive city for Chinese tourists to visit.
- The City of Ghent, together with Ghent University, the Flanders-China Chamber of Commerce and Port of Ghent form the China Platform, a central point of contact for all matters relating to China. It directs, coordinates and supports initiatives in education, research and business.

EUCBA NEWS

First issue of EUCBA Bulletin published

The EU-China Business Association (EUCBA) has published the first issue of the quarterly EUCBA Bulletin. In the EUCBA Bulletin important developments in EU-China relations will be highlighted in a periodical manner.

Lord James Sassoon, President of the EUCBA, introduces the Association and its aims. H.E. Hans-Dietmar Schweisgut, Ambassador of the European Union to China, presents his views on EU-China economic and trade relations, while H.E. Madam Yang Yanyi, Ambassador of the People's Republic of China to the European Union introduces China's important "One Belt, One Road" initiative.

In the current issue we focus on the "Position Paper 2015/2016" of the European Union Chamber of Commerce in China. We also bring you a news round-up, announcements from the EUCBA and last but not the least news from EUCBA members and companies. If you have a story to contribute to the EUCBA Bulletin, please feel free to mail it to Mrs Gwenn Sonck, Secretary General of the EUCBA.

The EU–China Business Association (EUCBA) is the EU-wide federation of national non-profit business organizations in the European Union with specialization and particular expertise in exchange of knowledge on investments and trade with China. Currently, EUCBA unites 18 members in 18 countries representing large, medium, and small companies, in all branches of industry, commerce and the service sector.

Website: www.eucba.org

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.

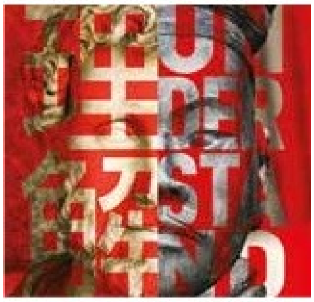
The Flanders-China Chamber of Commerce (FCCC) organized a seminar in Brussels on October 23 to discuss how these reforms affect daily operations of foreign companies in China.

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.

influence on the global marketplace? While the Chinese economy continues to grow, gaining expert knowledge from the other side of the business fence can give you an unquestionable advantage in leading the way between China and he world.

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



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

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

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

AUTOMOTIVE

Geely builds new-energy car plant in Guiyang

Zhejiang Geely Holding Group Co began construction of its new-energy car manufacturing base in Guiyang, capital of Guizhou province. The factory is the first passenger car manufacturing base in the province. Geely is aiming to make its first methanol-powered car in 2017. The total investment is around CNY10.2 billion. When completed, the base will be able to generate an annual output value of CNY27 billion. Guizhou is a pioneer in methanol development, and one of the four provinces that have been designated as methanol car pilot program bases by the central government. Geely announced its "Blue Geely" plan on November 18 with a view to produce 1 million units of new-energy cars. Geely unveiled its first electric car during the Guangzhou Auto Show in November, priced in the range of CNY228,800 to CNY249,800.

- The Beijing Environmental Protection Bureau has started soliciting public opinion on its strictest emissions standard, due to be implemented on December 1, 2017. The new standard, which covers light vehicles, heavy vehicles and heavy motors, was drafted according to the strictest possible global emissions standards. Currently, vehicles in Beijing need to meet the fifth phase emissions standard, which went into effect in 2013 and is equivalent to the Euro V emissions cap.

FINANCE

Evergrande Real Estate expanding into the insurance sector

Evergrande Real Estate Group, one of China's largest property development companies, has launched an ambitious plan to expand into the insurance sector, after taking a stake in a joint-venture insurer. Evergrande Nanchang, an indirect wholly-owned subsidiary, will pay USD617 million for a 50% stake in Great Eastern Life Assurance (China) Co – a Chongqing-based joint venture originally formed between the city's government and Singapore, which offers life, health and accident cover. Zhao Dongmei, who will chair the life insurance business, said Evergrande's high-profile brand and large number of customers created a solid foundation for business growth, setting a target of more than CNY100 billion in business by the end of 2018. Reuters reported that Evergrande will promote the insurance services in its more than 300 new housing developments. It said Evergrande will buy the shares held by the Chongqing City Construction Investment (Group) Co and the Chongqing Land Group. The Chongqing Casin Group Co and Great Eastern Life Assurance will each retain their 25% holdings. Based in Guangzhou, Evergrande has tapped into other sectors including bottled water, sports, medicine and culture, the China Daily reports.

- At least 52 executives, including those from leading state-owned lenders, have either resigned for personal reasons or moved on to other jobs recently. Stagnating salaries, and highly-paid opportunities in private banking and the nascent online financial sector have helped fuel the cycle of departures. Ten out of the 16 listed banks have reported that executive staff at President or Vice President level have resigned or left. Since the start of the year, pay packages for bank executives have been capped at CNY600,000.
- China's largest private conglomerate Fosun Group has completed the acquisition of U.S. insurer Ironshore, which marks a milestone for the Shanghai-based company's investments in specialty insurance. Ironshore is now a wholly-owned subsidiary of Fosun. In February, Fosun paid USD464 million for 20% of Ironshore, which provides broker-sourced specialty commercial property and casualty coverage, and later also bought the remaining 80%.
- Chinese tourists spent HKD13.9 billion in new life insurance policies in Hong Kong in the first half of the year – a 37.6% increase from the HKD10.1 billion in the same period in 2013. Chinese tourists' share of new life insurance in Hong Kong reached 20.2% in the January-June period, up from 18.4% in the same period in 2013.
- The yuan will be a convertible and freely traded currency by the end of 2020, when more than a third of China's total payments will be settled in yuan, Zhou Xiaochuan, Governor of the People's Bank of China (PBOC), said. The currency reforms are among 17 major targets set by the central bank.
- The onshore assets of China's banking institutions, including commercial banks, policy banks and rural credit cooperatives, rose 15% year-on-year in October to CNY188.6 trillion, the China Banking Regulatory Commission (CBRC) said. The institutions' total liabilities increased 14.3% in the period to CNY174 trillion.
- The first batch of overseas central banks and similar institutions have been allowed to enter China's interbank foreign exchange market, the People's Bank of China (PBOC) said. Seven such institutions have completed registration with the China Foreign Exchange Trading System. The institutions are the Hong Kong Monetary Authority, Reserve Bank of Australia, Hungarian National Bank, International Bank for Reconstruction and Development, International Development Association, World Bank Group Trust Funds, and GIC Private.
- Eight of the country's largest regional city commercial banks have submitted initial public offering (IPO) applications since June 2014, according to the China Securities Regulatory Commission (CSRC). Wen Bin, Researcher at China Minsheng Banking Corp, said regional city lenders are keen to go public because they are facing greater capital pressures after rapid expansion in recent years.
- Apple Pay is expected to become available in China before the Spring Festival in early February. Analysts don't expect it to have a big impact on mobile payment leaders Alibaba's Alipay and Tencent's Tenpay. China UnionPay, which operates the country's largest payment and clearing network, will help introduce Apple Pay to the market.

- Internet search firm Baidu, global insurer Allianz and Asian investor Hillhouse Capital Group have formed a digital insurance company in China called Bai An. In November last year, rivals Alibaba and Tencent joined forces with Ping An Insurance in setting up Zhong An Online Property Insurance to tap growing local demand.
- French independent financial services company Oddo & Cie said it was planning to make an offer for asset manager BHFKleinwort Benson, rivaling an existing bid from China's Fosun. Oddo already holds 21.57% of BHF and said in a statement that it was prepared to acquire more than 50% of the company after reaching an agreement with two other shareholders, the Franklin Templeton and Aqton groups.

FOREIGN INVESTMENT

Beijing invests more than USD3 billion in Hong Kong

Beijing's direct investment in Hong Kong during the first nine months of this year reached USD3.55 billion, up 135.57% year-on-year. The investments involved 142 companies, and accounted for almost 51% of the Chinese capital's total outbound direct investment (ODI). Investment was mostly in leasing, business services, wholesale and retail, scientific research and technological services, according to the organizing committee of the 2015 Beijing-Hong Kong Economic Cooperation Symposium, which was held in Hong Kong on November 27. The projects signed between Beijing and Hong Kong during the symposium were expected to account for 40% of the total. Hong Kong's investment in Beijing, which has become more diversified over the past few years, has helped many Beijing enterprises grow. More than 500 enterprises and organizations from Hong Kong attended the symposium. In 2014, Beijing's direct investment in Hong Kong reached USD2.451 billion, or 45% of the city's total overseas direct investment. On the other hand, Hong Kong has also set up 606 new companies in Beijing with an investment of USD9.52 billion in the first nine months of this year, an increase of 97.9% year-on-year, accounting for 77% of the city's overall overseas investment. As of the end of September, Hong Kong, which ranks first among all overseas investors, had 13,946 enterprises in Beijing, with actual investment totaling USD43.27 billion, accounting for 43.3% of the city's total overseas investment, the China Daily reports.

- China is likely to invest more than USD1 trillion overseas in the next five years, Premier Li Keqiang said. He also said the country will probably import commodities worth more than USD10 trillion during this period. Although China's economic growth has slowed, growth volume is increasing annually, Li said at an economic and trade forum of China and Central and Eastern European countries in Suzhou, Jiangsu province.

FOREIGN TRADE

China reducing reliance on grain imports

China is moving to reduce reliance on grain imports in the next five year plan period to step up domestic grain security, but the higher prices for local produce may be an obstacle, analysts say. China is this year set to see grain production rise for the 12^{th} consecutive year even as overseas grain prices fell 40% to 50% from 2011/2012 levels. Last year, China's grain inventory was estimated at 766 million tons while imports surpassed 100 million tons for the first time.

- The General Administration of Customs (GAC) has rolled out 18 measures to boost foreign trade. Customs procedures have been streamlined, raising customs clearance efficiency by about 50%, while foreign trade fees have been lowered or eliminated.

HEALTH

'Made in China' medicines on the rise

China is making more of the medicines it uses. Given the 10 years or more it typically takes to bring a new medicine to market, original "Made in China" treatments won't arrive overnight, but multinationals are already encountering more competition from local generic drugs that look set for a quantum leap in quality. The stakes are high. China is the world's second-biggest medicine market behind the United States, and fast food, smoking and pollution have fueled a rise in cancers and chronic diseases. The country also has more diabetics than any other country in the world, with numbers expected to hit 151 million by 2040, up from 110 million today. By 2010, Denmark's Novo Nordisk dominated 63% of China's insulin market, but it has been losing ground to local rivals, who are selling both cut-price basic insulin as well as sophisticated modern versions. The top 10 Chinese drugmakers increased sales averaging 12% this year, according to IMS Consulting – twice the rate of multinationals. Selling drugs to patients at a hefty mark-up often accounts for 40% to 50% of Chinese hospitals' revenues, but the authorities are now pushing a zero mark-ups policy, the South China Morning Post reports.

- The first successful womb transplant was performed in China after a mother in Shaanxi province donated her uterus to her 22-year-old daughter. The daughter was born without a vagina and uterus but had functioning ovaries. There have been 11 known womb transplants around the world, most of them in Sweden.

IPR PROTECTION

Five hotels penalized for using Disney name

Shanghai has fined a hotel chain for infringing on Disney's trademarks at five of its branches as part of an effort to protect Disney's brand in the run-up to the opening of its theme park next year. The five hotels owned by the Shenzhen Vienna Hotels Group in Pudong district, where the theme park is due to open, were found to have used the Chinese characters for Disney on their signboards, websites and electronic displays in their lobbies without authorization. "Some of the hotels are more than 10 km away from Disneyland. This kind of behavior exploits Disney's trademarks and goodwill and will cause real damage to its trademarks," Xinhua quoted the regulators as saying. The establishments had infringed on trademark rights, and some were suspected of unfair competition, the report said. The hotels were fined a combined CNY100,000.

- China's national intellectual property authority will continue cooperating with its Japanese and South Korean peers to help residents of all three countries benefit from innovation and creation, said Shen Changyu, Director of the State Intellectual Property Office (SIPO). He made the remarks at the 15th trilateral policy dialogue meeting among SIPO, the Japan Patent Office and the Korean Intellectual Property Office on November 17 in Guangzhou. The three IP offices are among the world's five largest.
- Bank of China (BOC) was held in contempt of court in the U.S. for refusing to hand over account details of Gucci and Yves Saint Laurent counterfeiting suspects. U.S. District Judge Richard Sullivan in Manhattan ordered the bank to pay a fine for withholding its customers' records. Bank of China itself is not a defendant in the lawsuit and argued that it could not turn over the records without violating Chinese privacy law. The bank also said the New York court had no jurisdiction over it.
- The first unitary patent in Europe, slated to be issued next year by the European Patent Office (EPO), will help Chinese companies save time and money, said EPO President Benoit Battistelli. Rather than dealing with formalities in different countries, a unitary patent applicant can gain approval for participating countries in the European Union. It will be "less costly and more simple" to file a patent, Battistelli said during an intellectual property symposium in Beijing.
- The eighth China Copyright Annual Conference was held in Beijing to tackle online music copyright infringement and promote copyright protection in the internet era. Nearly 500 professionals attended the conference, organized by the Copyright Society of China. The revenue from China's music copyrights is about 10% of the industry's profit, compared to about 60% to 70% in developed countries.

MACRO-ECONOMY

Number of rich Chinese grows 23% year-on-year

The number of wealthy Chinese has grown 23% year-on-year even as the country's economic growth is slowing. By the end of the year, China is expected to have 1.12 million residents with at least CNY10 million of investable assets – compared with 910,000 people at the end of last year. Their combined investable assets would reach CNY114.5 trillion – up 7.8% from last year – according to a report compiled by Forbes' Chinese edition and Beijing-based finance management firm Fu Hua Asset. The industries with the most wealthy people were telecommunications, media, technology, finance, and trade, the report said. Jia Kang, President of the China Academy of New Supply-side Economics, said the number of rich had risen much faster than the country's economy, which, suffering from a lingering downturn, grew at just 6.9% in the third quarter of the year. "It shows the economy has brought more benefits for them than for the poor," he said.

In a separate poll of 284 high-net-worth Chinese who were either considering emigration or had already emigrated, Hong Kong beat Shanghai and New York as the most important global city. "Hong Kong's investment environment and quality of life is most attractive for rich Chinese, despite the Hong Kong government suspending investment immigration," said Rupert Hoogewerf, Chairman of Hurun Report, which issued the study with immigration service firm Visas Consulting Group. However, the U.S. remained the most popular emigration destination, valued for its top universities, property market, medical services and friendly immigration policy. Britain replaced Canada as the second choice, the South China Morning Post reports.

- Chinese Vice President Li Yuanchao encouraged overseas robotics companies to share technologies with China-based vendors, saying that international cooperation will help foreign companies tap into China's market. China buys one-fourth of all robots globally. At least 800,000 robots will be put into use in Chinese factories by 2020, according to the Ministry of Industry and Information Technology (MIIT), representing a turnover of CNY100 billion.
- China's cosmetic surgery industry will be valued at CNY400 billion by the end of this year and is expected to double in size to CNY800 billion by 2019. If growth continues as expected, China will be the world's third largest market after the United States and Brazil by 2019, according to the latest industry trend report issued by the China Association of Plastics and Aesthetics. More than seven million Chinese people, mostly women, had plastic surgery last year.
- PetroChina Co and its state-owned parent China National Petroleum Corp (CNPC) are planning to sell assets before the end of the year that may include stakes in pipelines and refineries. CNPC is seeking to use proceeds from the sale to meet annual income growth targets. The slump in energy prices has pushed energy companies to shed assets and cut staff to survive the downturn. PetroChina's third-quarter profit fell 81%.
- The increase in social security spending in China has outpaced its revenue growth over the past five years, posing a major challenge to the country's welfare system, Finance Minister Lou Jiwei said. He called for measures to address the problem, including having 30% of state-owned enterprises' profits go towards covering the shortfall.
- The Chinese Communist Party has pledged to do everything it could to eradicate poverty in the next five years. The party would take "unconventional measures" and "perfect methods" in its battle to wipe out poverty, the Politburo said after a meeting chaired by President and Party General Secretary Xi Jinping. 70.2 million people in rural areas were living below the poverty line – earning an annual income of less than CNY2,300 – at the end of last year.
- The China Iron and Steel Industry Association (CISA) has rejected international industry claims that a global glut in supplies is the direct result of robust growth in Chinese steel exports. Wang Liqun, CISA Vice Chairman, said it strongly disagreed with a joint statement by nine foreign counterparts that claimed the Chinese steel industry "is the predominant global contributor" to the world's steel industry suffering "a crisis of overcapacity".

- China's industrial profits sharply declined by 4.6% year-on-year in October, widening the 0.1% drop in September. The high-tech manufacturing industry however achieved a 14.2% year-on-year profit growth. Profits in the equipment manufacturing industry increased by 8.6%. In the first 10 months, the country's industrial profits shrank 2% from a year earlier, reaching a total of CNY4.87 trillion.
- More top talent was sought in China this year by multinationals with a noted shift to high-caliber local prospects. Global executive search and consulting firm Heidrick & Struggles International, said that half of the 119 multinational executives with responsibility over China operations said headcount would likely show an increase by the end of 2015 over the previous year.

MERGERS & ACQUISITIONS

Yantai Changye acquires Bordeaux-based Chateau Mirefleurs

Yantai Changyu Pioneer Wine Co, one of China's leading wine producers, has bought a 90% stake in the Bordeaux-based Chateau Mirefleurs for €3.33 million. Chateau Mirefleurs belongs to French drinks company Castel Group. The acquisition allows Changyu to gain Appellation d'Origine Controlée, a quality certification granted to certain French wines, cheese and agricultural products. The deal marks the second venture between the Shandong province-based Changyu and Castel. In 2002, the two built China's first professional winery – Yantai Changyu Castel Chateau. Chateau Mirefleurs grows 55 hectares of vines, planted on south-facing slopes. It can produce 250,000 bottles annually, and has two registered trademarks – Chateau Mirefleurs and Chateau Techeney. The operation made a €40,000 loss last year, after being forced to drop its prices, but Sun Jian, Changyu's Deputy General Manager, expects it to return to the black once more of its high-quality bottles are sold in China. Changyu is looking to buy more assets in Bordeaux and other areas of France, as well as in other wine-producing countries including Australia and Chile. Changyu already owns the French cognac house Roullet-Fransac Chateau, which it bought in 2013, and Spanish wine producer Marques del Atrio, acquired in September this year for €26.25 million, the China Daily reports.

- A consortium that includes State Grid Corp of China is among the approved final bidders for a USD6 billion electricity network in Australia's New South Wales. The Chinese company teamed up with Macquarie Group's Macquarie Infrastructure and Real Assets Fund in July to bid for TransGrid in New South Wales, which plans to raise AUD20 billion from selling a long-term lease to operate the company and stakes in two energy-distribution companies to fund new railways, roads, schools and hospitals.

REAL ESTATE

Chinese developer investing in Moscow real estate

China Zhong Jin Yin Di City Development is investing CNY10 billion in the Moscow property market, which it believes has huge potential and can deliver a high return on investment. The company signed a strategic cooperation framework agreement with Sistema JSFC, the largest conglomerate in Russia, earlier in the year. Both the companies will jointly bid for a 109-hectare land plot in central Moscow, with total investment expected to reach CNY2.5 billion. Liu Zhifeng, Chairman of the Beijing Real Estate Association, an industry body, said overseas property investment by Chinese firms may exceed USD25 billion this year.

- Cinda Real Estate Co completed the biggest residential land deal of the year in Shanghai, beating more than 10 rival bidders to secure a plot in Yangpu District for close to CNY7.3 billion. With a developable floor area of 148,500 square meters, the winning bid represented an average cost of CNY49,150 per sq m. “This is the most expensive housing plot sold in Shanghai this year,” said Lu Wenxi, Senior Manager at Shanghai Centaline Property Consultants.

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RETAIL

Chinese consumers to remain biggest spenders on luxury

Chinese consumers are expected to remain the biggest spenders in the global luxury market this year, accounting for 46% of worldwide sales of the goods. Chinese shoppers are forecast to spend USD117 billion, or 9% more, on luxury goods in 2015, with 78% of the purchases made overseas, according to a report by the Shanghai-based Fortune Character Institute. But just 10% of worldwide sales were expected to be in China, down from 11% in 2014, the Institute said in its "China Luxury Report 2015". The report looked at sales of jewelry, watches, accessories and clothes, but not cars, yachts, jets or art. More than 80% of global luxury brands had closed Chinese stores and conditions were set to worsen, Institute Director Zhou Ting said. "We expect more than 95% of the brands will close some of their stores in the coming year, and upgrade the rest – to replace them with experience and service centers," she said. Some luxury companies such as Gucci are diversifying into food and beverages, and into customized services. Surveying more than 3,800 Chinese with over CNY5 million in assets, the Institute found that brand names carried much less weight now for the rich.

Carrefour opens its largest store in Asia in Beijing

The new Carrefour outlet is located on the North Fourth Ring Road and is adjacent to Swedish home-furnishing retailer Ikea. The two-story hypermarket has more than 80 outlets including fast fashion brand Uniqlo and C&A, sportswear retailer Decathlon, as well as the first Baidu Concept Store, an experience store for hardware products. Spread over an area of 71,380 square meters, the hypermarket is home to more than 40,000 products, of which more than 6,000 are imported. It also has 800 free parking spaces and is the 20th store of the French retailer in Beijing. "We are focusing on imported food products as there has been a sea change in the food preferences of Chinese consumers. It is quite different from what I saw when I first came to China in 1995," said Laurent Olszewski, Regional Manager for the North-West China region at Carrefour. He added that Carrefour is expanding its e-commerce business by January next year after finishing work on a logistics center in Tianjin. Carrefour's current expansion is an indication that the French retailer is not swayed by the growth slowdown in China. Rather, the new outlet is seen as a move by the company to gain more consumers with higher incomes, the China Daily reports.

- Chinese consumers and websites embraced Black Friday, the American shopping extravaganza in which retailers offer deep discounts leading up to the fourth Friday of November. More and more foreign websites are accepting China-issued credit cards.

- A strong U.S. dollar – pegged to the Hong Kong dollar – and high rents are killing the retail business in Hong Kong, the latest half-year result reports of two pillar businesses of the Hong Kong retail sector showed. Sincere Co, the operator of Sincere Department Store, reported losses for the six months to the end of September had grown 34% year-on-year, to HKD93 million. Luk Fook Holdings, the operator of Luk Fook Jewellery, saw its profit for the period dive 42.6% year-on-year to HKD463 million, while revenue was down 7.7% to HKD6.96 billion.

SCIENCE & TECHNOLOGY

World's largest animal cloning factory to be built in Tianjin

Boyalife Group's Sinica subsidiary is building the world's largest animal cloning factory in Tianjin, aiming to produce one million cattle embryos annually, with an investment of CNY200 million. Among the animals it will clone are also sniffer and pet dogs, high-grade beef cattle, racehorses and "non-human primates". The project could rapidly improve the quality of livestock. The Peking University's Institute of Molecular Medicine, the Tianjin International Joint Academy of Biomedicine and South Korea's Sooam Biotech Research Foundation are also partners in the project. Boyalife Chairman Xu Xiaochun said the center would produce 100,000 cattle embryos a year before expanding annual output to one million. Xu said Chinese farmers had struggled to breed enough beef cattle to meet market demand and the center would be the largest of its kind in the world. The factory also plans to set up a cloning lab, a gene bank and a science education center. Since 2000, Chinese scientists have cloned sheep, cattle and pigs. China's first commercial cloning company was established in September 2014 in Shandong province with the birth of three pure-blooded Tibetan mastiff puppies, the South China Morning Post reports.

- China's R&D expenditure reached CNY1.3 trillion in 2014, up 9.9% from the previous year, according to a report jointly published by the National Bureau of Statistics, the Ministry of Science and Technology and the Ministry of Finance. Last year's R&D expenditure equaled 2.05% of the country's gross domestic product (GDP), the second straight year above 2%. With R&D spending at more than CNY1 trillion, enterprises were the biggest contributor.
- Eight officials of the Communication University of China have been punished for violating austerity rules. The Ministry of Education shamed the top officials for their fancy cars and offices and for trying to cover up the university's "chaotic" financial management.
- Charles Darwin's theory of evolution by natural selection does not work at a cellular level, a finding that could profoundly influence the battle to find a cure for cancer, according to joint study by a team of researchers from the University of Chicago and the Chinese Academy of Sciences (CAS). The results were published in a paper in the Proceedings of the National Academy of Sciences. Instead of solving the problem by removing the "fittest" mutant cells, doing so could actually upset the delicate balance of power inside a tumor, the study said.
- Chinese drone maker DJI has launched its first drone designed for agricultural use. The DJI Agras MG-1 has eight rotors and can carry more than 10 kilograms of liquid for crop spraying, with the ability to spray up to four hectares an hour. It also folds to make it convenient and portable. Shenzhen-based DJI is the world's leader in the civilian drone market boasting a 70% market share for consumer and commercial drones.

STOCK MARKETS

Crackdown on brokerages' malpractices ongoing

The Chinese government is trying to rid the stock market of collusion between power and money by stepping up investigations of securities companies, analysts said, while warning of shocks to the markets that had just stabilized. Three of China's top 10 brokerage companies by assets – Citic Securities, Guosen Securities and Haitong Securities – reported last week that they were being investigated by the China Securities Regulatory Commission (CSRC), all suspected for having breached securities regulations. “Clearly Xi Jinping is trying to change a rather long-held culture where those who obtain powerful positions believe that the rules don’t apply to them, and that clearly is changing and he has changed behavior,” said Professor Paul Gillis, from Peking University’s Guanghua School of Management. Citic Securities President Cheng Boming was taken by police for investigation in September, while Guosen Securities’ President Chen Hongqiao, hanged himself in his Shenzhen home in late October, after his former boss Zhang Yujun, an Assistant Chairman at the CSRC, was taken in for questioning in September. In November, CSRC Vice Chairman Yao Gang became the most senior figure to be caught up in the crackdown. Shares of all the brokerage companies plunged on November 27, as panicked investors dumped their holdings, the South China Morning Post reports. The Shanghai Composite Index sank 5.5% on November 27, the steepest percentage decline since August 25, wiping out all the gains for the index since early November.

- Duzhe Publishing & Media Co, the publisher of China's most popular magazine The Duzhe (The Readers), is planning to raise CNY500 million in a Shanghai initial public offering (IPO). Subscription will begin on December 1. The capital being raised will be used to develop its magazine titles, digital publishing operations and book publishing projects.
- China will grant a CNY50 billion quota to Malaysia under the Renminbi Qualified Foreign Institutional Investor program (RQFII) to strengthen financial cooperation with Malaysia.
- Nikhil Rathi, Chief Executive of the London Stock Exchange (LSE), said work on creating a trading link between the bourse and Shanghai is making good progress, without disclosing a specific timetable. He said some technical issues are still being sorted out by regulators, adding that London, as a market with deep liquidity and wide global reach, is keen to be complementary to the Chinese market. There are 49 Chinese firms listed in London, and 39 yuan-denominated bonds have been sold on the British bourse, raising GBP2.2 billion.
- CITIC Securities Co, China’s biggest brokerage, overstated some of its financial derivatives by more than CNY1 trillion in monthly reports from April to September, the Securities Association of China said. The Association is investigating the matter, but has not accused CITIC Securities of any wrongdoing, as the wrong figures were not included in CITIC’s quarterly financial filings. CITIC said the error was caused by a system upgrade, and the figures were amended at the beginning of November.
- Credit Suisse Group’s joint venture, Credit Suisse Founder Securities, received approval from the China Securities Regulatory Commission (CSRC) to offer brokerage services in Qianhai, the special economic zone in Shenzhen. The venture is expected to start offering services early next year after it completes the setting up of its trading outlet in Qianhai. Established in 2008, the joint venture is 33.3% owned by Credit Suisse, with the remainder held by its partner Founder Securities.

TRAVEL

Tourist market shifting as more Chinese travel abroad

As more Chinese travel overseas, fewer foreigners visited China in the three years to last year. The number of inbound tourists fell 2.2% in 2012 to 132 million; and shrank a further 2.5% and 0.45% in 2013 and last year respectively, according to the National Tourism Administration (NTA). The lackluster performance may reflect various factors, from concerns about worsening pollution to exchange rates to competition from other destinations. Infrastructure in China still has much room for improvement, as well as food and toilet hygiene. Adding to the problem is limited English proficiency. According to the latest travel competitiveness index from the World Economic Forum, China ranked 17th out of 141 economies, trailing Japan, Singapore and Hong Kong. Tourism in China is an important economic pillar, providing some 64.4 million, or 8.4% of jobs. The economic benefit of tourism was expected to top CNY5.817 trillion in 2014, or 9.4% of GDP.

First ARJ21-700 regional aircraft delivered to Chengdu Airlines

Commercial Aircraft Corporation of China (COMAC) delivered its first regional aircraft – the ARJ21-700 – to Chengdu Airlines, after the jet took 5,258 hours of testing flights over the past seven years. The aircraft will be put into commercial operation in three months, said Zhuang Haogang, Chairman of the airline, which is based in Chengdu, Sichuan province. Seven domestic routes are planned, including Chengdu to Shanghai, Beijing, Nanjing, Xian, Kunming, Wuhan and Guiyang. The carrier, which is currently operating 20 aircraft in the Airbus 320 family on over 50 domestic routes, plans to receive another four ARJ21-700s next year, Zhuang said. "Chengdu Airlines expects to fill its total order of 30 aircraft over five years." It will be the only customer during the coming year, although COMAC has more than 300 orders from 20 clients, including some foreign carriers. The Republic of the Congo, which ordered three ARJ21s last year, may be the first foreign carrier to start operating the aircraft. With 90 seats, the aircraft is considered an advanced regional jet. It is the first product of COMAC, which also is preparing the maiden flight of its large passenger aircraft, the C919.

- China will expand the scope of its 72-hour visa-free entry policy to boost consumption and provide new impetus to domestic demand. The country will also improve the tax refund policy for foreign visitors and hasten the opening of more duty-free shops in the 18 cities included in the visa program, which applies to travelers from 51 countries and regions. To be eligible, travelers need onward reservations to a third country.
- HNA Group is going to become the largest shareholder in Brazil's low cost carrier Azul Brazilian Airlines with a USD450 million acquisition of a 23.7% stake. Azul, with a fleet of 145 planes, will be the seventh airline outside China the HNA Group has a stake in, after Hong Kong Airlines and Hong Kong Express in Hong Kong, Aigle Azur in France, Comair in South Africa, Africa World Airlines in Ghana, and myCargo in Turkey. HNA Tourism, a subsidiary of the group, also announced it was making a USD500 million strategic investment to become the largest shareholder in Nasdaq-listed Chinese online travel company Tuniu.
- China now has 202 civilian airports, with 35 new ones being built and more than 60 existing ones undergoing expansion. The government planned to invest CNY500 billion in 193 major domestic aviation projects before the end of this year.
- A HKD133 billion bridge from Hong Kong to Macao and Zhuhai will miss its 2016 construction deadline by a year, the Hong Kong government has confirmed. The statement said the bridge's completion will be pushed back until the end of 2017 because of unstable material supplies and shortages of labor, as well as dealing with aviation height limits, environmental protection requirements and slower than expected progress in land reclamation. The 50 kilometer link consists of three cable-stayed bridges, two artificial islands, and a 6.7 km-long immersed tube tunnel off Lantau Island. The link would cut travel time from Hong Kong to Zhuhai from more than three hours to 30 minutes.
- China and Russia are setting up a joint venture in Russia for making electromagnetic vehicles for the Moscow-Kazan high-speed rail project. The vehicles will be made by Changchun Railway Vehicles Co, a CRRC subsidiary based in the capital city of Jilin province. The Chinese subsidiary's experience in making equipment suitable for extreme cold weather conditions will come in handy for the Moscow-Kazan line.
- MTR Corp, the operator of Hong Kong's metro system, will continue developing new subway lines in Beijing over the next five years. Beijing MTR Corp, a joint venture formed by MTR, Beijing Capital Group and Beijing Infrastructure Investment Co, is looking to participate in the construction of Beijing metro lines 12 and 17, as well as the new airport line. It currently operates the Daxing Line, Beijing Metro Line 4 and Line 14.
- Chinese companies' business travel budgets have grown by 4.79% year-on-year. China will surpass the United States to become the world's biggest business travel market in 2016, with expected spending of USD346 billion next year, compared with the U.S. market size of USD319 billion, according to a report by CITS American Express Global Business Travel.

VIP VISITS

Fourth Summit of China and Central and Eastern European Countries held in Suzhou

Two documents for a high-speed railway linking Serbia and Hungary were signed amid China's continuing efforts to boost ties with Central and Eastern European countries. In a ceremony witnessed by Premier Li Keqiang and Hungarian Prime Minister Viktor Orban, China's National Development and Reform Commission (NDRC) and Hungary's Foreign Affairs and Trade Ministry signed an agreement to cooperate on the development, construction and financing of the Hungarian section of the Hungary-Serbia railway. Additionally, China Railway International and China Communications Construction Co have signed a contract with the Serbian Ministry of Mining and Energy for the modernization and reconstruction of the Serbian section of the railway. Construction of the Hungary-Serbia railway will begin this year, Li told an economic and trade forum during the Fourth Summit of China and Central and Eastern European Countries (16+1), which was held in Suzhou. The train link, which will cut travel time between Belgrade and Budapest from eight hours to three, will be finished in two years. China also is willing to invest in the construction and upgrading of infrastructure in port areas of the Baltic Sea, the Adriatic Sea and the Black Sea to boost cooperation and connectivity, Premier Li said. Meanwhile, China will support Central and Eastern European countries in their industrial upgrading with its advanced capacity in automobiles, steel, shipbuilding, port equipment and engineering machinery, the Premier added. During the summit, China and the CEE countries outlined a blueprint for the development of the "16+1" mechanism in the next five years, the China Daily reports.

China to cooperate with Poland in finance, new energy, and agriculture

China will explore a new logistics corridor to reach Central and Eastern Europe through Poland, President Xi Jinping said. Xi made the remarks when meeting with Polish President Andrzej Duda at the Great Hall of the People in Beijing. The Polish President attended the Fourth Summit of China and Central and Eastern European Countries in Suzhou, Jiangsu province, and was also making an official visit to China. Xi said the two nations need to accelerate the process of linking China's Belt and Road Initiative with Poland's national development strategy. He also said China expects to explore cooperation with Poland in various areas including finance, new energy and agriculture. Poland was one of the first countries to recognize and establish diplomatic ties with the People's Republic of China (PRC). Poland is China's largest trading partner in Central and Eastern Europe, while China is Poland's third-largest source of imports from the region. Trade between the two countries reached USD17.2 billion last year, the China Daily reports.

- China and Malaysia reached an agreement to deepen infrastructure cooperation and discuss key projects including a high-speed rail line linking Malaysia and Singapore during Chinese Premier Li Keqiang’s visit. The two countries will also explore the potential for cooperation on building a rail line in southern Malaysia and setting up an alliance covering Chinese and Malaysian ports in order to boost bilateral trade. The high-speed line linking Kuala Lumpur and Singapore is expected to cost more than USD10 billion and cut the traveling time between the cities to just 90 minutes from about eight hours.
- Chinese President Xi Jinping will bring no new concessions to the negotiating table when he attends key UN climate change talks in Paris. World leaders were going to France “to lend political impetus” to the meeting but were “not there for negotiations”, said Vice Foreign Minister Liu Zhenmin. “The Paris conference is not about tabling new proposals – it’s about narrowing differences and reaching agreement on the basis of existing proposals,” he said. U.S. President Barack Obama would meet Xi on the first day of the Paris talks on November 30.
- China boosted its economic ties with Africa by signing 23 business deals totaling USD930 million, ahead of President Xi Jinping’s visit this week. Companies, including Sinosteel Corp, Sinochem Group and China Chengtong, agreed contracts with 50 South Africa firms involved in industries including steel, energy, medicine, fruits, wine and textiles, at a signing ceremony in Johannesburg.

ONE-LINE NEWS

- Li Kunxue, Deputy Party Secretary of Chengdu, capital of Sichuan province, has been placed under investigation for corruption. Last month, seven officials at or above ministerial level were disciplined among 67 officials who were found to be involved in corruption, according to a report in the Legal Daily.
- Zhou Laizhen, Deputy Director of the Civil Aviation Administration of China (CAAC) is being "suspected of serious violations of discipline," the Central Commission for Discipline Inspection (CCDI) said. Prosecutors also ordered the arrest of Liu Xian, former Deputy General Manager of China Southern Airlines.
- Yu Weiguo, 60, has been confirmed as Fujian province's Acting Governor after his predecessor Su Shulin had been sacked for corruption.
- Beijing issued its highest air pollution alert of the year on November 29 as smog persisted in northern China for a second day. Industrial plants were required to cut or shut down production, construction sites should stop transporting materials and waste, and heavy-duty trucks were banned from the roads.
- Executives in China are more concerned about fraud than anywhere else in the world, according to a survey conducted by commercial investigative firm Kroll. Some 73% of the 768 China-based executives surveyed said they were affected by fraud, marking a 6% increase from last year. China ranks the most vulnerable in 9 out of 11 fraud types.

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