



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

NEWSLETTER | 7 DECEMBER 2015

<u>Advertisement and sponsorship</u>	<u>Interested to promote your services/products to potential Chinese or Belgian clients?</u>
<u>Past events</u>	<u>Banquet & Seminar 'Business opportunities between China and Province of West Flanders' – November 23, 2015 – Bruges</u> <u>Understanding China – Training Update – 12-13 November 2015 – Brussels</u> <u>Seminar: “An overview of the new legal environment for foreign companies in China” – 23 October 2015 - Brussels</u>
<u>Advertisement</u>	<u>An Executive MBA by IMD & CKGSB</u> <u>Hainan Airlines, your direct link from Belgium to China</u>
<u>Automotive</u>	<u>Carmakers on road to recovery in China</u>
<u>Finance</u>	<u>IMF approves reserve currency status for China's yuan</u>
<u>Foreign investment</u>	<u>Sovereign wealth fund CIC to increase investment in Germany</u>
<u>Foreign trade</u>	<u>South Korea ratifies free trade agreement with China</u>
<u>Health</u>	<u>Number of lung cancer patients on the rise</u>
<u>IPR protection</u>	<u>China to crack down on unauthorized republishing of online news</u>
<u>Macro-economy</u>	<u>More Chinese companies in Deloitte's Technology ranking</u>
<u>Mergers & acquisitions</u>	<u>Final agreement for Yashili to acquire Dumex China</u>
<u>Real estate</u>	<u>Cost of buying a house should be slashes, CASS report</u> <u>Evergrande announces largest single real estate acquisition</u>
<u>Advertisement</u>	<u>HKWJ Tax Law: Your Hong Kong & Mainland China Tax Advisor</u>
<u>Retail</u>	<u>Huge increase in shoppers on Black Friday</u>
<u>Stock markets</u>	<u>Stock exchanges to apply circuit breaker</u>
<u>Travel</u>	<u>Didi Kuaidi announces partnership with Lyft, Ola and GrabTaxi</u>
<u>VIP visits</u>	<u>Xi Jinping attends climate talks, visits Zimbabwe and South Africa</u>
<u>One-line news</u>	

ADVERTISEMENT AND SPONSORSHIP

Interested to promote your services/products to potential Chinese or Belgian clients?

We would like to offer our members the opportunity to promote your services/ products to potential Chinese and/or Belgian clients. We can promote these in many different ways via advertisement on our website, newsletters and events.

Below you can find the different possibilities:

- [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.

If you'd like to advertise on our website, newsletters and events, please check out our [New advertisement and sponsorship opportunities](#).

If you are interested in advertising or sponsoring or need more information, please send an e-mail to: gwenn.sonck@flanders-china.be

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.

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.

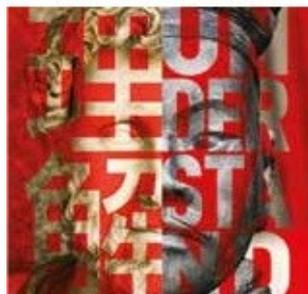
ADVERTISEMENT

An Executive MBA by IMD & CKGSB

GUESS WHAT?
THE BEST WAY TO LEARN
ABOUT DOING BUSINESS
WITH THE CHINESE IS TO
LEARN FROM THE CHINESE.

All over the world, people are beginning to do business with China. All over China, people have been doing it for centuries. So, who better to help prepare you for China's increasing influence on the global marketplace? While the Chinese economy continues to grow, gaining expert knowledge from the other side of the business fence can give you an unquestionable advantage in leading the way between China and the world.

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



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

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

Eastern and Western locations. Delivered by two world-class business schools, the IMD-CKGSB Executive MBA is the ideal answer for fast-rising executives who want to create value for their organizations by spanning both East and West. You'll go beyond the basics to a true understanding of the forces that will be shaping the world of business in the future.

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

Hainan Airlines, your direct link from Belgium to China



Hainan Airlines, your direct link from Belgium to China.

Hainan Airlines is your 5 Star Airline awarded by Skytrax, operating direct flights from Brussels to Beijing.

Save time, fly in comfort and have the possibility to connect to 50 domestic destinations including Hong Kong and Taipei.

A seamless connection and a convenient transfer service will bring you via Beijing to your destination in Hong Kong.

AUTOMOTIVE

Carmakers on road to recovery in China

China's car sales rebounded in October after the government halved sales tax to 5% for small vehicles, and analysts say continuing policy support should deliver modest growth in the coming year. Sales volume of passenger vehicles increased 13.3% year-on-year after it shrank between June and August, while September's tax cut for cars with engine sizes of up to 1.6 liters boosted the monthly market share for that class from 65.5% to 69%. Major domestic players SAIC, Dongfeng Motor, China Chang'an Auto and BAIC posted double-digit volume growth, although FAW missed out. Leading joint-venture manufacturers also reported positive returns. Fitch analysts say the industry in China suffers from excessive inventory, stiff price competition and margin pressure. Rising labor costs are also hurting margins and could increase the sector's vulnerability to outside competition, according to Standard Life Investments. The SUV segment has been this year's bright spot, growing 48% year-on-year in the first 10 months, accelerating further from 36% in 2014. Fitch analysts expect consumer preference for SUVs to continue to drive the market but warn that a manufacturing ramp-up may ultimately weaken profits, the South China Morning Post reports.

- Shanghai's electric-car rental program, EVCARD, expanded to two economic and technical development zones in Changning and Minhang districts as part of a plan to have 500 charging spots by the end of this year, up from 176 now. Models available for rent are the Roewe E50 and Chery EQ which both cost from CNY0.50 to CNY1 per minute to rent, while a BMW Zinoro 1E will cost CNY1 per minute to rent. Recharging at the spots is free.
- Electric car sales in China are set to hit 220,000 to 250,000 units this year, surpassing the U.S. to rank first worldwide, the China Association of Automobile Manufacturers (CAAM) predicted. Although China has achieved rapid development in electric vehicles, quality instead of quantity should be the focus for the sustainable development of the industry, Xu Yanhua, Deputy Secretary General of CAAM said.

FINANCE

IMF approves reserve currency status for China's yuan

The International Monetary Fund (IMF) has approved the inclusion of the yuan among its Special Drawing Rights (SDRs) currencies at a board meeting in Washington, a move analysts say will put the currency under pressure to weaken. The yuan, also known as the renminbi, from October 1, 2016 is joining the U.S. dollar, euro, Japanese yen and British pound in the basket of currencies the IMF uses as an international reserve asset. The IMF said that the yuan "met all existing criteria" to be included in the SDR. The Chinese currency will have a weight of 10.92% in the basket, lower than the dollar's 41.73% and 30.93% for the euro but above the Japanese yen's 8.33% and British pound's 8.09%. While joining the SDR would boost foreign holdings of the yuan in the long run, the currency is now under pressure to weaken from a stronger U.S. dollar and gloomy growth prospects. The central bank also may not be able to intervene as easily in the foreign exchange market in the future.

Some 204.1 billion SDRs had been created as of September 10 this year, equivalent to about USD280 billion. SDRs accounted for 2.4% of global reserve assets last year. This year China took several steps to facilitate the inclusion of the yuan in the SDR. The central bank ended a soft peg to the U.S. dollar on August 11 and revised the pricing mechanism to set yuan/dollar central parity to make the rate reflect closing prices the previous day. It intervened later to narrow the spread of the onshore and offshore yuan rates. China announced it would open the domestic foreign exchange market to foreign monetary authorities and sovereign wealth funds and removed quota controls on their investment in bond markets. The China International Payment System started operations in October to provide clearing and payment services in the cross-border yuan and offshore yuan business, a boost for the currency's global use by cutting transaction costs and processing times. Central bank Governor Zhou Xiaochuan informed the IMF in October that China had started to switch to SDDS, a statistical system created by the IMF to compile and release economic data, including GDP, foreign exchange reserves and balance of international payments, to enhance transparency and the credibility of economic statistics. The Ministry of Finance started to issue three-month treasury bonds in October with the coupon rate serving as a reference for the SDR's interest rate after the yuan's inclusion in the currency basket. The People's Bank of China (PBOC) removed the floor on lending rates in 2013 and lifted the ceiling on deposit rates in October this year, a milestone in interest rate liberalization. Economists estimate that CNY1 trillion of global reserves will migrate to renminbi assets, the South China Morning Post reports.

Joerg Wuttke, President of the European Chamber of Commerce in China, said the post-SDR yuan would introduce more volatility and Chinese authorities needed to explain their policies "wisely" to the market to avoid turmoil. The PBOC needs to explain what it could tolerate or not, without causing "overnight surprises", he said. PBOC Deputy Governor Yi Gang said that the current controlled float exchange regime will continue, while pledging to transition towards a free float mechanism in the future. Analysts expect the yuan to trade at 6.75 against the U.S. dollar by the end of 2016, or a 5% depreciation from the current level.

- The Asian Infrastructure Investment Bank (AIIB) plans to lend USD10 billion to USD15 billion a year for the first five or six years. The new lender will be inaugurated later this month, and plans to hold its first board meeting next month according to Jin Liqun, President-designate of the AIIB. He added that around 30 countries are waiting in line for membership.

- Police in Sichuan province have detained five employees at an Industrial and Commercial Bank of China (ICBC) branch in Chengdu after wealth management products they marketed went bust. Officials at the Shenzhen-based fund management company that issued the products have also been arrested on charges of “illegally collecting deposits from the public”. More than 100 high-net-worth clients lost CNY400 million. The funds were channelled into mining projects.
- Bank of China (BOC) is seeking to appeal against a United States court order that imposes a USD50,000 daily fine on it for withholding information. BOC was held in contempt by a U.S. court for refusing to provide account details of Chinese customers accused of selling counterfeit luxury goods. Jiang Ying, a lawyer at Allen & Overy, the law firm representing BOC, said that the fine is “unfair” for the bank, which is “innocently involved” in the case and it would put the bank in a dilemma of violating Chinese laws if it has to comply with U.S. laws.
- The Asian Infrastructure Investment Bank (AIIB) will meet the opening requirements at the end of December and will open for business in mid-January. So far, 12 of the 57 founding countries’ legislatures have approved the establishment of the bank, but their shares are below the required 50% of the total. When India and Russia finish their legislative procedures in mid-December, conditions will be met for the bank to become operational. The AIIB will invest in five major areas during its initial stage – energy, transportation, rural development, urban development and logistics.
- The Chinese government is encouraging the Guangdong free trade zone (FTZ) to cooperate with Hong Kong and Macao in pioneering financial reform as it sought to make the yuan a convertible currency under the capital account “in an orderly way”, Premier Li Keqiang said. He was referring to increased cross-border use of the yuan and further opening of the capital account. Tianjin and Fujian had been instructed to conduct similar experiments in their FTZs.
- Zhang Yun, President of China’s fourth-largest state bank – the Agricultural Bank of China – has resigned citing ‘personal reasons’ amid the sweeping anti-graft campaign which is now focused on the financial sector. No other details have been given. A notice on the Hong Kong stock exchange’s website said that there were no matters in relation to his case that should “be brought to the attention of the shareholders or creditors of the bank.”
- Tsinghua Unigroup has issued USD800 million in dual-tranche senior notes, the firm’s first U.S. dollar-denominated issuance, as it looks to invest USD47 billion over the next five years in an effort to become the world’s third-largest chip maker behind Intel and Samsung Electronics. Tsinghua Holdings, the investment arm of Tsinghua University, hold a 51% stake in Unigroup. Credit Suisse said the dual-tranche notes were the largest unrated issuance from a Chinese state-owned firm to date.

FOREIGN INVESTMENT

Sovereign wealth fund CIC to increase investment in Germany

China’s sovereign wealth fund is eyeing greater investment in Germany. Li Keping, Vice Chairman of China Investment Corp (CIC), said the more than USD7 billion it had put into Germany was a key part of its global holdings portfolio. Much of the money flowed through the open market in the form of equities and bonds, Li told a business forum at the German Embassy in Beijing. CIC expected to keep those levels largely stable but saw significant room to expand investments in cooperation with private equity funds in Germany, in addition to increasing direct investment. It had partnered with more than 10 private equity funds with a focus on Europe which had given CIC a “quite big exposure” to Germany, Li said, adding a wide range of businesses and industries were covered. The fund established CIC Capital earlier this year to conduct direct investment overseas and wanted input from Chinese and overseas partners on what the new group should target. CIC Capital completed an acquisition of a minority interest in Autobahn Tank & Rast, Germany’s largest provider of petrol stations, in a joint deal with Allianz Capital Partners, Munich Re Group and other sovereign wealth funds. CIC’s total assets last year exceeded USD740 billion, the South China Morning Post reports.

- The Chahar Institute said the current number of Chinese companies based abroad exceeds 40,000 and over 1 million Chinese nationals were working overseas in those

companies by the end of 2014.

FOREIGN TRADE

South Korea ratifies free trade agreement with China

The National Assembly of South Korea has approved the China-South Korea free trade agreement (FTA). China is South Korea's biggest trading partner as well as its biggest export market, with trade between the two sides at USD235.4 billion in 2014. South Korea is also one of China's major foreign investors with investment of USD2.25 billion made from January to September this year. The agreement will still come into force this year.

- Falling global commodity prices have caused Sino-African trade to fall 18% year-on-year in the first three quarters, while Chinese investment in Africa fell 40% this year.

HEALTH

Number of lung cancer patients on the rise

China is expected to have more than 800,000 lung cancer patients diagnosed annually by 2020, with nearly 700,000 people dying from the disease each year, according to the latest forecast by medical experts. Lung cancer has been a growing problem in China since 2000 due to risk factors such as an aging population, air pollution and smoking. "The rapid increase of the disease will last for at least 20 years," warned Zhi Xiuyi, Director of the Lung Cancer Diagnosis and Treatment Center of the Capital Medical University in Beijing. Zhong Nanshan, a respiratory expert and academic at the Chinese Academy of Engineering, expects that PM2.5, a major cause of smog, will replace smoking as the top risk factor for lung cancer. China already has the highest lung cancer prevalence and death rate in the world, according to the World Health Organization (WHO). According to the National Health and Family Planning Commission, a nationwide network monitoring the impact of air pollution on human health is underway, the China Daily reports.

IPR PROTECTION

China to crack down on unauthorized republishing of online news

China will crack down on illegal reproduction of online news, the national media watchdog said, days after an influential Chinese news magazine complained publicly about what it described as unauthorized republishing of its stories. While the republishing of other news outlets' articles is common in China, some companies in the country's increasingly competitive media industry have become more vocal about what they say is unauthorized use of original content. "We must strengthen enforcement and increase the strength of punishment for those that do not make corrections," State Administration of Press, Publication, Radio, Film and Television Deputy Director Yan Xiaohong said. He told a forum of media experts and officials from Chinese news outlets that an "efficient and low-cost authorization mechanism" should be created to safeguard copyright.

MACRO-ECONOMY

More Chinese companies in Deloitte's Technology ranking

The latest edition of the Deloitte Technology Fast 500 Asia-Pacific ranking include 139 mainland Chinese companies, up from 100 last year. "China's presence continues to grow more dominant each year," said Ichiro Nakayama, Deloitte's leader for the Technology Fast 500 study in the region. Seven Chinese companies reached the top 10, including second-ranked Wuhan Hi-Target Digital Cloud Technology, No 5 Changzhou Yihutong Logistics Technology, No 6 Chongqing Yijifu Technology, No 7 Shenzhen iDreamSky Technology, No 8 Beijing Yixin Yixing Automotive Technical Development Services and No 10 CapitalBio Technology. The average revenue growth of the 139 Chinese companies this year was 645%, compared with 634% for the 100 firms which made the list last year. The top-ranked company in this year's Deloitte survey was Seoul-based Devsisters, an international developer of mobile

games.

- The official purchasing managers index (PMI) fell to 49.6 in November, the National Bureau of Statistics (NBS) said, the lowest level since August 2012. The non-manufacturing PMI rose to 53.6 from 53.1 a month earlier. Numbers below 50 indicate a slowdown. Readings of output, new orders, inventories and employment all weakened from October, the official manufacturing PMI report showed. Input prices for raw materials slumped to the lowest point this year.
- Nine copper producers from China have decided to cut output in 2016 by 350,000 metric tons, in an effort to rein in commodity prices, which fell to a six-year low recently. The amount is equivalent to about 4.4% of the country's annual output. China accounts for 24% of the world refined copper supply.
- The Caixin China General Services Purchasing Managers' Index dropped to 51.2 in November from a three-month high in October of 52. New business rose at a slower pace of 51.1, down from 52.9 in October, showing weaker domestic and external demand while employment in services rose only marginally.
- China's large and medium-sized steel mills suffered a loss of CNY72 billion in the first 10 months of 2015, according to the China Iron and Steel Association (CISA). Of the 101 steel mills tracked by CISA, the average sales margin stood at minus 1.5% during the January to October period. Slowing investment in property and infrastructure development, as well as weakening manufacturing, has hurt domestic demand for steel, which in turn cut profit for steel makers and forced small players to exit the market.

MERGERS & ACQUISITIONS

Final agreement for Yashili to acquire Dumex China

Yashili International Group has reached a final agreement to acquire Dumex China, the infant formula unit of Danone, for €150 million. The all-cash deal is subject to approval from authorities and Yashili's shareholders, according to a filing to the Hong Kong stock exchange. Dumex is to become a wholly-owned subsidiary of Yashili, a joint venture in which Danone holds a stake, after the transaction closes. The deal comes after the French company earlier this year wrote down the value of Dumex by €398 million due to a shift by Chinese customers away from buying infant formula in supermarkets in favor of purchasing it online. Danone owns 25% of Yashili after agreeing to pay HKD4.39 billion for the stake in October. Mengniu Dairy owns 51.04% of Yashili.

- Huapont Life Sciences Co, a Chongqing-based pharmaceutical company, said it will buy a 70% stake in Swiss Biological Medicine Group for up to CNY210 million. The Swiss company owns Paracelsus Suisse, a holistic medicine center for tumor treatment, anti-aging therapies and treatment of chronic diseases.
- Chinese investors have agreed to buy 13% of Manchester City's parent company for USD400 million – the first major move by Chinese firms into England's lucrative Premier League. The agreement will see institutional investors CMC (China Media Capital) Holdings and CITIC Capital take a stake in City Football Group (CFG), the company that owns Manchester City, New York City, Melbourne City, a minority interest in Yokohama F Marinos, and other football-related businesses.

REAL ESTATE

Cost of buying a house should be slashed, CASS report

The National Academy of Economic Strategy under the Chinese Academy of Social Sciences (CASS) said that homeowners should be allowed to use their mortgage interest payments to lower their tax liability, and that costs associated with buying a home should be slashed to support the market. Other measures put forward include subsidies for first-time homebuyers and slashing a number of taxes related to home purchases. There were 437 million square meters of finished homes as of October, with 3.57 billion sq m of unfinished homes. Excluding

inventory that could be sold in a reasonable time, there are 2.1 billion sq m of excess finished and unfinished homes that might take six and a half years to sell, according to a report by CASS. "But there are solutions. If 70% of migrant workers bought homes in the cities they work in, the inventory would be depleted," said Ni Pengfei, Director of the Center for City and Competitiveness at the CASS. The report suggested that stimulus policies this year have unleashed most of the home trade-up demand, so next year's housing sales will slow significantly. Without fresh stimulus, it warned, housing prices next year are at risk of falling precipitously, the China Daily reports.

Evergrande announces largest single real estate acquisition

Evergrande Real Estate Group has announced China's largest ever single real estate acquisition, after agreeing to take over USD2.1 billion worth of property projects from New World China Land, a subsidiary of Hong Kong's New World Development. There are four projects involved in the deal: high-end residential sites in Haikou, the capital of Hainan province, Huiyang in Guangdong province, and two sites in Hubei province's Wuhan, close to the city's central business district. Evergrande has made a downpayment of CNY3.15 billion, or a fifth of the total gross price, with the rest due to be paid off in installments over the next two years. Evergrande has been on a shopping spree this year, having spent more than CNY40 billion on 10 projects, mainly from Hong Kong-owned firms. The list includes the CNY10.2 billion acquisition of HK's Mass Mutual Tower. Evergrande has also acquired assets in the insurance, bottled water, sports, medicine and cultural sectors. Evergrande last month raised its 2015 sales target by 20%, after a recovery in its residential sales, the China Daily reports.

- Growth in China's new home prices quickened in November after a slack performance in September and October. Despite being a traditionally slow season for new home sales, the average home price in 100 cities rose by 0.46% month-on-month in November to CNY10,899 per square meter, an acceleration from the 0.3% and 0.28% gains in October and September respectively, the China Index Academy said. New home prices in Shanghai grew 1.4% over October, while Beijing prices gained 0.95%.
- Sales of pre-owned houses rose to the highest this year in Shanghai in November. A total of 37,400 units of pre-owned homes were sold, the highest monthly volume registered so far this year, Shanghai Centaline Property Consultants said in a report. The number of homes sold marked a 17.5% jump from October and a surge of 90.5% from the same period a year ago. Pre-owned homes across the city were sold for an average CNY25,402 per square meter in November, up 2.5% monthly and a year-on-year gain of 15.9%.

ADVERTISEMENT

HKWJ Tax Law: Your Hong Kong & Mainland China Tax Advisor



it doesn't
matter how
SLOW you go

>>>> as long as
you do not
STOP chinese
proverb



GAIN WISE

www.hkwj-taxlaw.hk

E: taxservices@hkwj-taxlaw.hk

T: (852) 28040889

tax law
Partners Ltd

Your Hong Kong & Mainland China Tax Advisor

Website: www.hkwj-taxlaw.hk

RETAIL

Huge increase in shoppers on Black Friday

The number of people in China buying foreign products during the “Black Friday” shopping promotion in November increased seven-fold compared with the same event last year using e-commerce company Alibaba’s Alipay system, the Beijing Morning Post said. 70% of those spending were women, the report added. “Black Friday” is a big shopping day after the Thanksgiving holiday in the United States, but retailers have been trying to promote the event in China. Sales of products bought directly from overseas websites using Alipay increased 15-fold from last year during the three days starting from November 27. The online shopping website Ymatou.com, which only sells foreign goods, said millions were buying on the site on Black Friday. “The festival has attracted many people who had no experience of buying products from foreign websites in the past and it demonstrates that globalization of consumption has permeated into the daily life of Chinese people,” Zeng Bibo, the company’s Chief Executive said. Purchases at Macy’s made through Alipay rose 28 times compared with last year. Average spending on the payment system was CNY699, slightly lower than last year, the South China Morning Post reports.

- The Fortune Character Institute, a Shanghai-based market research unit, forecasts luxury sales in China to grow 3% to USD25.8 billion this year, much slower than the 11% in the recovering global market. Although Chinese shoppers consumed 46% of luxury goods around the world, purchases in their home market accounted for only 10% of global sales, falling from 11% in 2012 and 13% in 2013.
- The Chinese government is considering measures against overseas shopping agents to boost domestic consumption. The new policies are expected to be launched soon. Overseas shopping agency businesses, known as daigou, have grown quickly in recent years as Chinese consumers buy more goods from foreign countries, such as baby formula, cosmetics, luxury handbags and fresh food. Agents purchase products in overseas markets and sell to Chinese customers at a profit, often evading import tariffs.

STOCK MARKETS

Stock exchanges to apply circuit breaker

China will temporarily stop share trading if a broad market index rises or falls 5% or more under a circuit breaker mechanism that will start on January 1 to curb wild market fluctuations, authorities announced. Trading of all stocks, convertible corporate bonds, index futures and other equity-related securities will be suspended for 15 minutes when the CSI 300 index rises or falls by more than 5% from the previous day’s close, the Shanghai and Shenzhen stock exchanges and the China Financial Futures Exchange said in a joint statement. The duration of the trading suspension is cut from a previous proposal of 30 minutes to minimize the effect on market liquidity. A 7% movement in the index, which tracks the stock prices of the 300 largest companies listed in Shanghai and Shenzhen, will trigger a trading halt for the rest of the day. “Dominated by retail investors, China’s stock market is volatile. The circuit breaker system will help stabilize markets by providing a cooling-off period for investors during drastic market fluctuations,” Deng Ge, Spokesman of the China Securities Regulatory Commission (CSRC) said. Such “circuit breakers” are common in Asian stock markets, the Shanghai Daily reports.

Erwan Sanft, a strategist with Macquarie, said international investors would accept the new arrangement more readily than arbitrary intervention from the authorities. Northbound trading via the Shanghai-Hong Kong Stock Connect scheme will be suspended if the circuit breaker takes effect, but southbound transactions would not be affected, the Shanghai Stock Exchange said. The U.S. installed market-wide circuit breakers after the 1987 crash.

- Henan Lianhua Gourmet Powder, a company based in Henan province whose main product is cooking seasoning, decided to cancel the nomination of Xi Jinping, a cousin of China’s President, as an Independent Director, a filing at the Shanghai Stock Exchange said.

- The Hong Kong Monetary Authority (HKMA) has banned all staff members from referring job candidates to institutions it regulates after Deputy Chief Executive Peter Pang was named alongside senior Chinese business leaders and Chinese government ministers as having referred friends or relatives for jobs and internships at Wall Street bank JP Morgan where hiring practices are now under scrutiny by U.S. regulators for a potential breach of American anti-bribery laws.

TRAVEL

Didi Kuaidi announces partnership with Lyft, Ola and GrabTaxi

Didi Kuaidi, operator of China's top ride-hailing mobile application, announced a partnership with U.S.-based Lyft, India's Ola and GrabTaxi of Singapore to build an extensive alliance that covers nearly half of the world's population and aims to be a major competitor for Uber. Collectively, Didi Kuaidi, Lyft, GrabTaxi and Ola have raised more than USD7 billion from investors.

- The number of trips made by Chinese tourists to Japan in the first 10 months of 2015 has exceeded four million – double the number of trips over the same period last year. Chinese tourists could end up spending more than CNY75 billion in Japan this year.
- China's largest budget carrier Spring Airlines plans to buy 45 Airbus A320 planes and 15 A321 ones for USD6.3 billion at list prices. The planes will be delivered from 2019 to 2023. Boeing, a rival of Airbus, estimates China will add 6,330 new aircraft worth USD950 billion to its commercial fleet by 2034.
- China has given the green light to the production of the world's first electric aircraft for commercial use. The two-seat RX1E aircraft, powered by a lithium battery and an electric motor, is expected to sell well due to its environmental friendliness. The aircraft can fly 120km/h after just 90 minutes of charging, and the manufacturer has received 28 orders so far. It can put out as many as 100 units a year.
- Although offshore travel is growing faster, domestic tourism still accounts for more than 80% of China's travel expenditure. Official figures show CNY1.65 trillion was spent on domestic travel in the first half, up 14.5% on last year.

VIP VISITS

Xi Jinping attends climate talks, visits Zimbabwe and South Africa

Chinese President Xi Jinping attended the opening of the UN climate conference in Paris and met with several state leaders on the sidelines. Xi and his U.S. counterpart Barack Obama pledged to manage differences and sensitive issues in a constructive manner, in addition to committing to a climate change agreement. Obama said that nowhere had the coordination with Beijing been more important or fruitful than on climate change. He credited the U.S. and China with leading 180 nations to make their own pledges to curb emissions in the run-up to the Paris talks. President Xi Jinping also had a brief meeting with Japanese Prime Minister Shinzo Abe amid signs of a thaw in relations between the two nations.

Xi became the first Chinese President to set foot in Zimbabwe since 1996, as he was greeted by 91-year-old Zimbabwean President Robert Mugabe. The two leaders witnessed the signing of a number of agreements on infrastructure, finance, culture and wildlife conservation. As Zimbabwe's leading investor, China invested a total of USD600 million in 2013, while last year bilateral trade volume hit USD1.24 billion. The economy and wildlife protection were the highlights of President Xi's first visit to Zimbabwe. China has become a major trading partner of Zimbabwe and its largest source of foreign investment. Bilateral trade reached USD1.24 billion last year, a year-on-year increase of 12.7%.

In Johannesburg, President Xi Jinping attended the sixth Forum on China-Africa Cooperation attended by 48 African leaders. Xi presided over the signing of 26 agreements and loan deals with South Africa worth USD6.5 billion, mainly to build infrastructure in the continent's most industrialized nation. South Africa's President Jacob Zuma hailed relations between the two nations as at their "best ever" after the two leaders held talks focussed on boosting investment

and addressing a trade imbalance that favors China. President Xi Jinping offered USD60 billion of funding to African nations for their development and pledged to restructure their debt. The funding package for the next three years would include USD5 billion in zero-interest loans and USD35 billion in preferential financing, export credit lines and concessional loans as part of a 10-point development plan.

- The first China-U.S. ministerial dialogue on fighting cybercrime was held at the U.S. Justice Department in Washington. The two nations agreed on a guiding principle for fighting internet crimes and related issues. They also agreed to set up a hotline and reached a consensus on counterterrorism cases involving cyberspace. The talks were co-chaired by Chinese State Councilor Guo Shengkun, U.S. Attorney General Loretta Lynch and U.S. Secretary of Homeland Security Jeh Johnson.

ONE-LINE NEWS

- Air quality in Beijing deteriorated to its worst level this year on November 30, but strong winds cleared the air on December 2. Beijing had required over 2,100 major companies in polluting industries to suspend their production. It also ordered all construction sites to stop work as well to cut emissions, after issuing an orange alert, the second-highest response to air pollution.
- China will soon publish regulations for civilian unmanned aircraft or drones that will help put an end to irregular flights. Ke Yubao, Executive Secretary General of the Aircraft Owners and Pilots Association of China, said that the Civil Aviation Administration of China (CAAC) has drafted a provisional regulation on the operation of light-duty civilian drones and is soliciting suggestions and opinions. The new regulation will set clear rules on which flights are legal and which are not permitted.
- Fourteen people – eight former Sinopec executives and six local government ex-officials – were sentenced to up to five years in jail over a fatal oil pipeline explosion that rocked Qingdao on November 22, 2013. Pipeline corrosion and the subsequent poor response from workers was blamed for the accident, which caused 63 deaths, left 156 others injured and led to economic losses amounting to nearly CNY750 million.
- Shen Peiping, 53, former Vice Governor of Yunnan province, was sentenced to 12 years in prison for accepting bribes worth about CNY16 million. Shen took advantage of his posts as Communist Party Secretary of Tengchong County and Mayor of the city of Simao to seek benefits for local companies in mergers, iron ore sales and copper exploitation from 2000 to 2012.
- China's box office has grown by almost 50% so far this year to surpass USD6 billion in ticket sales, the country's Film Bureau said. China is the world's No 2 movie-going market after the United States. The country has about 6,200 cinemas with more than 30,000 screens.
- Xu Ming, the 44-year-old Chairman of the Dalian Shide Group, died following a heart attack at a jail in Wuhan. He was an associate of former Chongqing Party Secretary Bo Xilai, who was sentenced to life in prison for corruption and abuse of power. In 2005, Xu was ranked eighth on the Forbes list of wealthiest Chinese.
- Premier Li Keqiang told leading post-doctoral talents that China needs to give them a bigger role as the country builds an innovation-driven economy. This year marks the 30th anniversary of the establishment of the post-doctoral system in China in 1985. China has trained more than 140,000 post-doctoral talents in the past 30 years.
- Shanghai is the 39th "Best Student City" in the world, according to the British company Quacquarelli Symonds. The city ranked 10th for "employer activity" – a measure of job opportunities for graduates – up from 16th in the previous poll. In the "University ranking" sub-list, it came 17th, down from 16th a year earlier.

ANNOUNCEMENTS

International Jobs Corner in March 2016 in Ghent

Companies wanting to advertise their jobs abroad can connect with international job seekers (BAs, MAs and PhDs) in the Afstudeerbeurs & Job Market for Young Researchers' [International Jobs Corner](#). Save the date for [The Afstudeerbeurs & Job Market for Young Researchers](#) on 22 March 2016 (12:00-18:00) in the ICC, Ghent. [Inform us](#) about your facilities abroad and we bring our international students to you!

For further information, please contact [dr. Katrien Daemen-de Gelder](#)

FOUNDING MEMBERS



STRUCTURAL PARTNERS



WITH THE SUPPORT OF



Your banner at the FCCC website or newsletter

Companies interested in posting a banner/an advertisement on the FCCC website, FCCC weekly newsletter or bi-weekly sectoral newsletters are kindly invited to contact the FCCC at: info@flanders-china.be

Organisation and founding members FCCC

President: Mr. Bert De Graeve, Chairman of the Board, NV BEKAERT SA

Vice-President: Mr. Stefaan Vanhooren, President Agfa Graphics, Member of the Executive Committee of the Agfa Gevaert Group, NV THE AGFA-GEVAERT GROUP SA

Secretary and Treasurer: Wim Eraly, Senior General Manager, NV KBC Bank SA

Executive Director: Ms. Gwenn Sonck

Members of the Board of Directors and Founding Members:

Mr. Bert De Graeve, Chairman of the Board, NV BEKAERT SA

Mr. Jozef De Mey, Chairman of the Board, NV AGEAS SA

Mr. Philippe Vandeuken, Legal & Corporate Affairs Director Benelux & France, NV AB INBEV

Mr. Carl Peeters, CFO, NV BARCO SA

Mr. Johan Verstraete, Vice-President Marketing, Sales & Services Weaving Solutions, NV PICANOL SA

Mr. Luc Maton, General Manager Asia Region, NV AHLERS SA

Mr. Philip Hermans, Director General, NV DEMA SA

Mr. Philippe Van Der Donckt, Director Business Development, NV UMICORE SA

Mr. Wim Eraly, Senior General Manager, KBC Bank SA

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

Contact:

Flanders-China Chamber of Commerce

Offices: Ajuinlei 1, B-9000 Gent – Belgium

New telephone and fax numbers: Tel.: +32/9/269.52.46 – Fax: ++32/9/269.52.99

Registered office: Zenith Building, Koning Albert-II laan 37, 1030 Brussels

E-mail: info@flanders-china.be

Website: www.flanders-china.be

Share your story:

To send your input for publication in a future newsletter mail to: info@flanders-china.be

This newsletter is realized with the support of Flanders Investment & Trade.



The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail michel.jc.lens@gmail.com. Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.