



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

NEWSLETTER | 11 JANUARY 2016

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FCCC ACTIVITIES

Meeting and Reception with the Ambassador and Consuls General of Belgium in China – Wednesday 27 January 2016 – 18h00 – Brussels

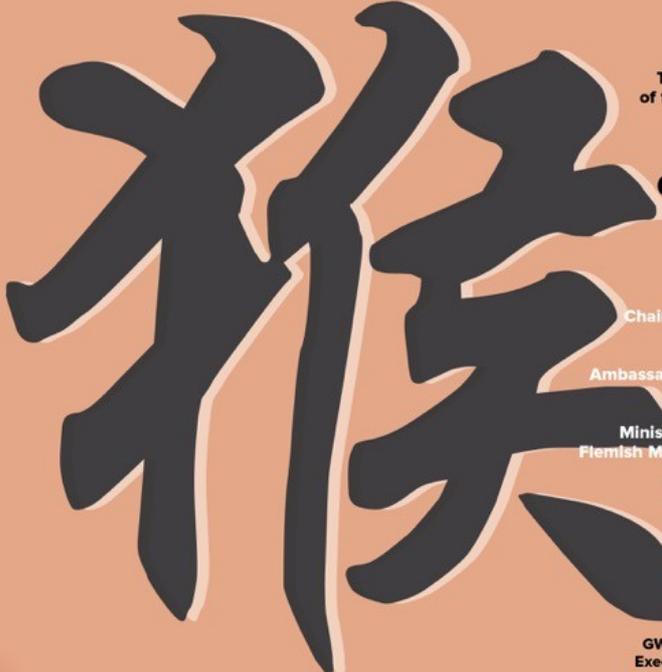
The Flanders-China Chamber of Commerce (FCCC) is organizing a meeting with the Ambassador and Consuls General of Belgium in China. This event will take place on Wednesday 27 January 2016 at 18h00 at BNP Paribas Fortis, Kanselarijstraat 1 in Brussels.

This event is an excellent opportunity to discuss your companies' activities in China with the Ambassador and Consuls General of Belgium in China.

Programme:

- | | |
|---------|--|
| 6.00 pm | Registration |
| 6.30 pm | Speeches by
Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce
Mr Michel Malherbe, Ambassador of Belgium in China
Mrs Cathy Buggenhout, Consul General of Belgium in Shanghai
Mr Christian de Lannoy, Consul General of Belgium in Guangzhou
Mrs Michèle Deneffe, Consul General of Belgium in Hong Kong and Macao |
| 7.00 pm | Exchange of views and networking with the Ambassador and Consuls General |
| 8.00 pm | End of Programme |

If you are interested in attending this event, please [register online](#) before 21 January 2016. The participation fee for members is 45 € (excl.VAT). The fee for non-members is €75 (excl.VAT).





The Chairman and the Board of Directors of the Flanders-China Chamber of Commerce are delighted to invite you to its

CHINESE NEW YEAR RECEPTION

With speeches by

MR BERT DE GRAEVE
Chairman Flanders-China Chamber of Commerce

HIS EXCELLENCY MR QU XING
Ambassador of the People's Republic of China in Belgium

MR GEERT BOURGEOIS
Minister-President of the Government of Flanders,
Flemish Minister for Foreign Policy and Immovable Heritage

3 FEBRUARY 2016 AT 18:00

KBC Bank
Havenlaan 2, 1080 Brussels

We look forward to seeing you at our Chinese New Year Reception.

GWENN SONCK Executive Director **BERT DE GRAEVE** Chairman

法蘭德斯-中國商會
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法蘭德斯-中國商會主席
曲星閣下
中華人民共和國駐比利時王國大使
GEERT BOURGEOIS 先生
法蘭德斯政府首席大臣
法蘭德斯大區對外政策及固定文化遺產部長

2月3日 2016年 18時 -
KBC 銀行
Havenlaan 2, 1080 布魯塞爾

我們期待與您共度商會的春節慶典

宋惠安 執行總裁 狄鎬夫 法蘭德斯-中國商會主席

With special thanks to / 特別鳴謝

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Interested in sponsoring the FCCC Chinese New Year Reception or Advertisement in the FCCC Weekly/Website?

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.

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 [Advertisement and Sponsorship Opportunities for 2016](#).

Also note the sponsorship opportunity for the **FCCC Chinese New Year Reception** on February 3, 2016. More details are available by following the link above.

We would like to give your company more exposure to Belgian companies active in China and Chinese companies active in Belgium.

The programme of the FCCC Chinese New Year Reception is as follows :

3 February 18h00 - Brussels - KBC Bank, Havenlaan 2, 1080 Brussels

Speakers :

- Mr Bert De Graeve, Chairman, Flanders-China Chamber of Commerce
- His Excellency Mr Qu Xing, Ambassador of the PRC in Belgium
- Mr Geert Bourgeois, Minister-President of the Government of Flanders, Flemish Minister for Foreign Policy and Immovable Heritage

Organized by the Flanders-China Chamber of Commerce (FCCC).

Sponsorship EU-China activities:

The EU-China Business Association (EUCBA) is an association of Associations in the European Union countries promoting business relations between European enterprises, institutions and their Chinese counterparts. It is an International non-profit organization registered in Belgium. The FCCC holds the secretariat-general of the EUCBA.

The EUCBA organizes high-level EU-China events and also publishes a Quarterly news bulletin. Website: www.eucba.org

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

EUCBA ACTIVITIES

EU-China Conference: China's New Normal: What's In It For Businesses? – Thursday, 28 January 2016 – 12:00-15:00 – Brussels

The European Union Chamber of Commerce in China, the EU-China Business Association and BUSINESSEUROPE are organizing an exclusive dialogue with the European Commissioner for Trade Cecilia Malmström, the European Parliament's Chair for Relations with China Jo Leinen, and the European Chamber China President Jörg Wuttke. This will take place on Thursday, 28 January, 2016 from 12:30- 15:00 at Thon Hotel EU, Rue de la Loi 75, 1040 Brussels.

The purpose of this event is to take stock of the most important developments in the EU-China relations and how this affects EU businesses.

In the past year, there have been a number of significant developments in China. First of all, the economic slowdown in China is a fact. European companies are adapting to this "new normal" of lower, but possibly more qualitative economic growth.

Another important development is the negotiations on the EU-China Investment Agreement, which started in early 2014. European businesses in China are hopeful that China will use these agreements to promote greater international competition and cooperation in its marketplace through meaningful liberalisation. The direction that these developments will take will be critical for Europe's mission for growth and the future success of European industry in both Europe and China.

Moreover, the Chinese government will soon release a roadmap, including two so-called negative lists to indicate where investments of domestic enterprises and foreign invested enterprises are allowed and not allowed.

Last but not least, EU Trade Commissioner Cecilia Malmström will deliver a keynote speech on the current state of the EU-China business relations.

Tentative Agenda

12h00 - 13h00	Registration and sandwich lunch
13h00 - 13h10	Introduction by Mr Markus Beyrer, Director-General, BUSINESSEUROPE
13h10 - 13h20	Speech on EU-China business relations by Ms Cecilia Malmström, European Commissioner for Trade
13h20 - 13h30	Speech by Mr Jörg Wuttke, President, European Union Chamber of Commerce in China
13h30 – 13h40	Speech by Mr. Jo Leinen, Member of the European Parliament and Chair of the Delegation for relations with the People's Republic of China
13h40 - 14h25	Moderated panel Discussion and Q&A
14h25 - 14h35	Closing remarks by Mr. Bert De Graeve for the EU-China Business Association

Moderator:

- Ms. Shada Islam, Director of Policy, Friends of Europe

During the event, representatives from the European Chamber's working groups will also on-site answer specific questions related to their industry sectors.

The EU-China Business Association is the EU-wide federation of business organisations in the EU promoting business relations with China. The Flanders-China Chamber of Commerce holds the secretariate-general of the association.

If you are interested to participate, please register before 20 January 2016 via this link : eucba.org/eu-business-in-china. The registration fee is: 95 € per person.

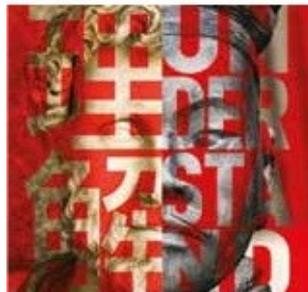
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CKGSB: Cheung Kong Graduate School of Business and IMD business school can help you develop your understanding of China with a fully global perspective. CKGSB is recognized as China's world-class business school with an alumni base that accounts for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



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

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

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

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

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AUTOMOTIVE

GM's car sales up 5.2% in China in 2015

General Motors Co's vehicle sales in China rose 5.2% to 3.61 million in 2015. GM and its Chinese joint venture partners sold 445,227 vehicles in December, a 14% rise from a year earlier. The automaker plans to launch 13 new or revamped models in China in 2016, including the Cadillac CT6 and the Malibu XLand Cruze XL, compared with 12 launches last year. GM recorded several months of falling sales in mid-2015, as China's economy grew at its slowest pace in 25 years and the stock market slumped, before sales rebounded strongly in October after the Chinese government cut taxes on small-engine cars. Analysts say the tax cut for cars with engines of 1.6 liters or less will drive a continued rebound in China's auto market until the tax cut expires at the end of 2016. The world's largest auto market is expected to have grown 3% in 2015, with a forecast of 5% to 7% growth for 2016.

- Shares of Geely Automobile opened lower on January 8 despite an announcement that its net profit for 2015 was expected to increase by about 50% to 60% due to an

increase in sales. In 2014 the company made a profit of CNY1.43 billion. Geely said it sold 509,863 vehicles last year, up about 22% year-on-year. The company set its sales target for 2016 at 600,000 units, representing an increase of around 18% over 2015.

- Electric car start-up Faraday Future (FF) unveiled its FFZERO1 concept vehicle at a pre-CES event in Las Vegas. Founded in 2014, the U.S. company is backed by Chinese entertainment portal LeTV and is widely considered the top domestic threat to Tesla. Faraday will start building a USD1 billion factory in the U.S. state of Nevada in the next few weeks. Faraday also announced that the electric cars of the future will be assembled much like Lego bricks.
- Hyundai Motor Co is weighing plans to build its new luxury Genesis cars in China to overcome import tariffs that add 25% to the price. South Korea's biggest automaker still needs to reach an agreement with a local partner, said Cho Won-hong, Hyundai's Chief Marketing Officer. Hyundai's sales of its predominantly mid-market lineup fell last year for the first time since 2007 on a slowing economy. China is the biggest market for Hyundai, accounting for 21% of sales last year.
- Volvo Car said it sold 503,127 units in 2015, a major leap from 2014, when it sold 465,866 units. It is the first time it has sold more than half a million cars in its 89-year history. "We have created history," said Yuan Xiaolin, President of Volvo Car Group APAC, "and we have plenty of confidence in the Chinese auto market." Yuan said China is at the core of the company's global strategy. Volvo sold 81,336 vehicles in China last year, a 0.1% growth from 2014, when it sold 81,221 units.

FINANCE

Companies cut dollar-denominated debt

The continued depreciation of the yuan has prompted several Chinese companies to take measures to cut their dollar-denominated debt. On January 7, the People's Bank of China (PBOC) surprised markets by setting the official midpoint rate on the yuan at 6.5646 per dollar, the lowest since March 2011. The PBOC reiterated that there was no basis for the yuan's continuous depreciation and that it was stable against a basket of currencies in 2015. With more currency depreciation expected in the next few months, companies that have piled up dollar debt in the past are looking to reduce their debt burdens at a time when the economy is slowing sharply. China Eastern Airlines said it was repaying debts worth USD1 billion as part of its ongoing efforts to cut dollar-denominated debt. China Eastern's dollar-denominated interest-bearing liabilities accounted for 79.24% of the total in the first half of 2015. The financial expenses of China Southern Airlines, the largest carrier in Asia in terms of fleet size, increased by 142.52% in the third quarter of 2015, compared with the same period of 2014, due to forex losses.

- Total issuance of dim sum bonds plunged 79% year-on-year in the first 11 months of 2015 to USD5.1 billion, the lowest level since 2010, according to Dealogic, and analysts expect the drop to continue this year. "I don't think the fundamentals that made the dim sum bonds less attractive will change vis-à-vis the onshore market," said Evan Goldstein, global head of renminbi solutions at Deutsche Bank. Foreign issuers account for 21% of the total outstanding balance.
- The renminbi fell to a five-year low against the U.S. dollar on January 4 after statistics indicated weaker-than-expected Chinese economic growth momentum in December. The People's Bank of China (PBOC) cut its daily reference rate by 0.15% to 6.5032 renminbi to the dollar, the weakest level since May 2011.
- Chinese lenders may soon be able to seek bankruptcy protection legally, Shang Fulin, Chairman of the China Banking Regulatory Commission (CBRC), said in a recent article in the fortnightly China Finance. "Restructuring, mergers and acquisitions are likely to become the major choices for unhealthy banks to exit from the financial market," according to Wu Qing, Deputy Director of Banking Research at the Development Research Center of the State Council.
- The yuan fell 4.5% against the U.S. dollar last year, its biggest annual drop since 1994. However, an index compiled by the China Foreign Exchange Trade System

stood at 100.94 on December 31, indicating the yuan rose 0.94% against a basket of currencies, including the U.S. dollar, euro, yen and the British pound, from the end of 2014.

- China's foreign exchange reserves posted their biggest annual drop on record in 2015, falling by USD512.66 billion to USD3.33 trillion. They dropped USD107.9 billion in December alone, the biggest monthly decline on record and more than markets had expected. "The sharp fall in foreign exchange reserves indicates increased pressure on capital outflows," said Li Huiyong, Economist at Shenyin and Wanguo Securities, adding that he believed the People's Bank of China (PBOC) still has ample ammunition to defend the yuan.
- The internationalization of the yuan slowed late last year amid depreciation pressure as Standard Chartered's yuan offshore index fell by a record 5.3% month-on-month in November. The Renminbi Globalization Index stood at 2,230 as of November, up 5% from the beginning of the year but down 5.3% from October, a record monthly drop since Standard Chartered launched the index in November 2012.

FOREIGN INVESTMENT

Foreign investment expected to reach USD126 billion in 2015

Foreign investment in China is estimated to hit a record USD126 billion in 2015, new official data showed. In the first 11 months of last year, China netted USD114 billion in non-financial investment, up 7.9% year-on-year, the Ministry of Commerce (MOFCOM) said in a statement. Nearly 24,000 foreign-funded enterprises were founded in the first 11 months, up 11% from the same period of 2014. A rising amount of foreign capital flowed to the service sector and advanced manufacturing.

- China's investment in Israel is expected to grow quickly, as the two countries beef up cooperation in areas such as technology, medical devices and water management. Amit Lang, Director General at Israel's Ministry of Economy and Industry, said in an interview with China Daily. "China's investment in Israel is growing rapidly and we believe the trend will be more pronounced in the next few years", Lang said at the China-Israel technology and investment conference in Beijing.

FOREIGN TRADE

EU to discuss proposal to grant China market economy status

Divisions among EU member states make it hard to predict whether the European Union will grant China market economy status, according to the German Ambassador to China, Michael Clauss. Sixteen countries would need to give their assent and these countries must represent at least 65% of the total EU population. A majority in the European Parliament would also have to confirm the decision. The European Commission is expected to discuss the proposal in February or March. "The European Commission has postponed its proposal on whether to grant several times. It may now be presented in February or March," Clauss told the South China Morning Post. Britain and Belgium are supporters while Italy leads the opposition and Germany is yet to reveal its position. "The European Parliament has a track record of very lively and contentious debates on free trade issues. So the outcome is difficult to predict," Clauss said. "As the largest member state with the biggest voting weight, Germany's position will be of particular importance. The Chinese government has insisted that the status should come into effect automatically in December this year, according to the agreement for its entry into the WTO in 2001, but the EU has said China must first meet certain criteria.

HEALTH

Dalian Wanda to invest in three hospitals

Dalian Wanda Group Co is venturing into the healthcare sector with a CNY15 billion investment in three hospitals in China, to be managed by UK-based International Hospitals Group (IHG). The hospitals are located in Shanghai, Chengdu (Sichuan province), as well as Qingdao (Shandong province). The hospital in Shanghai will be the largest with 1,000 beds.

“Wanda is looking to bring top international hospitals to China to cater to the high-tech healthcare demand in cities,” said Wanda Chairman Wang Jianlin. The cooperation with Wanda will help IHG enter the fast-growing healthcare market in China, said Chester King, Chairman of IHG in Asia. The UK firm manages 450 healthcare programs across 50 countries. Local government officials in Guangdong province said last year that the United States-based Massachusetts General Hospital would manage a 500-bed hospital in the province that would open by 2018. Mayo Clinic, another leading healthcare group from the U.S., is already present in China through a joint venture with Hillhouse Capital Group, China Daily reports.

- China has reported six new cases of the deadly H5N6 avian flu – three of them in Guangdong province – but the virus has not mutated to a human-to-human transmission, according to local officials. All three of the H5N6 patients in Guangdong had contact with live poultry or had been to live poultry markets. One woman from Shenzhen has died one day after being admitted to hospital.

MACRO-ECONOMY

Premier Li focusses on overproduction in iron, steel and coal

Premier Li Keqiang attended a meeting in Taiyuan, Shanxi province, aimed at finding a solution to overcapacity in the nation's iron, steel and coal industries. His two-day visit to Shanxi was his first trip of the year. Governors from provinces rich in coal, iron and steel, as well as heads of leading companies in these industries, attended the meeting. Li said stricter measures will be taken to control newly increased capacity and clear goals will be set to reduce overcapacity in the coming three years, while the nation needs to set limits on the maximum amount of production for the iron, coal and steel industries based on market demand. Outdated overcapacity will be further closed, especially at iron and steel companies that do not meet production safety, energy consumption and environmental protection standards. Li said that this year the government will close 13 types of outdated small coal mines, most of which are privately owned and produce coal by using low safety standards.

- The Purchasing Managers' Index (PMI) edged up to 49.7 in December from a three-year low of 49.6 in November, the National Bureau of Statistics (NBS) said, suggesting the sector had contracted for a fifth straight month, the longest such streak since 2009. The non-manufacturing PMI rose to 54.4, the highest since August 2014. Total new orders rose to 50.2 in December from November's 49.8, but export orders shrank for the 15th straight month, albeit at a less severe pace. The Caixin General China Manufacturing Purchasing Managers' Index fell to 48.2 in December from 48.6 in November.
- Finance Minister Lou Jiwei said that by allowing peasants to buy and sell land – which is currently prohibited – they could use the proceeds to move to cities, helping to spur economic growth. “Under the principles of proper planning, it's advisable to encourage farmers to transfer and lease out the land, or use it for equity financing,” Lou said. Collective ownership of rural land also means that villas, houses and factories built on rural land cannot be traded.
- The number of Chinese having CNY1 million to CNY5 million worth of investable assets is estimated to hit 12.3 million this year from 11.16 million last year, according to a report by Forbes China and China Pacific Insurance Group.
- Li Ka-shing retains the crown of Hong Kong's richest man on Forbes' Hong Kong Rich List for the 18th straight year. But the 87-year-old tycoon's net worth edged down USD2.2 billion to USD31.3 billion this year from last year, narrowing the gap with Wanda Chairman Wang Jianlin, the richest man in mainland China, with a net worth of USD28.3 billion.
- The consumer price index rose (CPI) 1.6% in December from a year earlier, up slightly from November's 1.5%, the National Bureau of Statistics (NBS) said. Last month's inflation rate was driven by rising food prices – 2.3% for fresh fruit and 13.7% for fresh vegetables. For the whole year, the CPI rose 1.4% compared with 2014, which was also affected by higher food prices. Pork prices jumped year-on-year by 9.5% and fresh vegetables went up 7.4% last year. The producer price index fell 5.9% from a

year earlier, extending declines to a record 46 months.

REAL ESTATE

China Vanke biggest Chinese real estate developer

China Vanke saw its gross property sales grow by 24% in 2015, thereby retaining the No 1 spot among Chinese property developers for a fifth straight year. China Vanke's 2015 sales totaled CNY262.7 billion, according to full year figures released by China Real Estate Information Corp (CRIC). Evergrade Real Estate, the property group controlled by billionaire Hui Ka Yan, trailed in the No 2 spot with gross sales of CNY205.04 billion. China Vanke has topped the league tables for China developers since 2011, the first year that the data was compiled by CRIC. State-owned Greenland Group took the No 3 spot with sales of CNY201.51 billion, nudging out Wanda Group, which ranked as the fourth largest with sales of CNY151.26 billion. Fifteen out of 20 selected leading developers had achieved their full year sales target in 2015, according to CRIC, which said the data indicates China's housing market remains on track for recovery. Vanke Chairman Wang Shi is battling a hostile take-over by Baoneng Group, which controls a 24.26% stake in the company. Vanke intends to acquire a company via a share and cash deal which may include the issue of new shares. Vanke, which is listed in Hong Kong and Shenzhen, has had its shares suspended since December 18, but they resumed trading on January 5, falling 12.66% to HKD20 when trade resumed. Vanke's Shenzhen-listed shares would remain suspended from trade pending a possible asset restructuring.

Home prices rise in first-tier cities, drop elsewhere on average

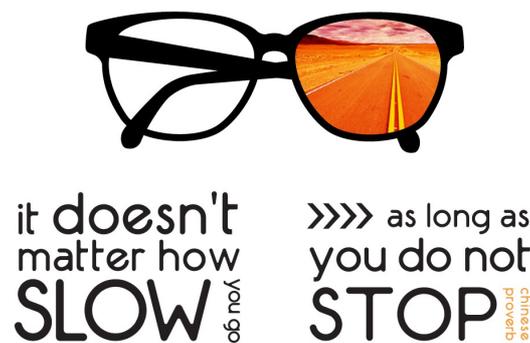
In 2015, average new home prices in first-tier cities advanced 17.2%, largely driven by a spectacular surge in Shenzhen, Guangdong province, where prices swelled 38.7% to a record CNY42,591 per square meter. Prices in Shanghai surged 15.3% to CNY36,935 per sq m. In Beijing, prices saw a more modest 9.2% increase to CNY34,981 per sq m. Second-tier cities as a group saw new home prices decline by 0.53%. Prices in Wuhan, Hubei province, gained 15%, the highest among second-tier cities. Central Hefei in Anhui province rose 7.7% to reach CNY7,992 per sq m. Thanks to its proximity to Beijing, prices in Langfang, Hebei province, rose 5.6%. However, Fuzhou, Fujian province, saw prices slump 11%, the largest fall in similar cities. Prices in Sanya, Hainan province, contracted 8.4%, while Dalian in Liaoning province saw prices fall 8%. Prices in most third- and fourth-tier cities fell, with Shaoxing (9.2%) and Taizhou (8.3%) in Zhejiang province losing the most. Third-tier cities as a group saw a 1.1% decline. The price slump of 2014 continued into 2015, as national prices declined in the first four months of the year, until the effects of favorable policies kicked in, notably allowing second-home buyers who have paid off their mortgage to enjoy the benefits of "first-home buyer" status. Prices began picking up in May, and month-on-month growth was largest in August (up 0.96%). Prices in December rose 0.74%. Nationwide, sales surged 20.6% on a floor-space basis. Again, first-tier cities led the rebound with a 34% surge, while sales in second-tier cities rose 17% and third-tier cities climbed 22%. A total of 104 developers sold properties worth more than CNY10 billion in 2015. In 2014, only 80 did so, the China Daily reports.

- New home prices in December rose 0.74% from the prior month, according an index compiled by SouFun, which tracks prices in 100 Chinese cities. Xiamen recorded the biggest jump in percentage terms, with new home prices rising 3.6% to CNY22,206 per square meter. In Shenzhen, new home prices were up 3.5% on month to CNY42,591 per sq m, becoming the most expensive on a nationwide basis.
- Zhu Haibin, Chief China Economist for JPMorgan, predicted that property investment would see a decline of 2% to 3% in 2016 – the first property investment fall on record. He said smaller cities would continue to suffer from property oversupply for at least two to three years, even with government incentives to encourage home-buying.
- According to the National Bureau of Statistics (NBS), China had over 7 billion square meters of floor area under construction in the January-November 2015 period, but total property sales, by floor area, were only 1.1 billion sq m. Even if no new buildings were erected, existing supply could meet demand for the next couple of years.

- Shanghai's new home sales market ended last year by jumping 55% from 2014 as easing mortgage curbs and continuing cuts in both interest rates and banks' reserve requirement ratios fueled demand from buyers. The area of new houses sold, excluding government-funded affordable housing, exceeded 15 million square meters, and sold for an average CNY32,174 per square meter, a year-on-year rise of 18.1%.
- New World Development, chaired by Henry Cheng, has revived a privatization plan for its subsidiary New World China Land in a HKD21.4 billion deal to buy out the shares it does not own in the property unit. The developer is offering HKD7.8 in cash for each share of New World China Land. The price represents a 26% premium over the last closing price on January 4. It is the company's second attempt to take its 68.75% owned property unit private.
- Sales of pre-owned houses in Shanghai jumped 89% last year from 2014 to 337,300 units, while the average cost rose 17.8% year-on-year to CNY25,100 per square meter, both records in the city, Shanghai Homelink Real Estate Agency Co said in a report. In December, 34,600 units of pre-owned houses changed hands across the city, staying above the 30,000-unit threshold for the ninth straight month despite a slight retreat from November's sales of 35,700 units.

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RETAIL

Average rent drops in prime areas of Shanghai

The average rent at retail properties in prime areas of Shanghai shrank 2.5% year-on-year to CNY56.40 per square meter per day at the end of 2015, while that in non-prime locations edged up 0.7% from a year earlier to CNY29.90 per sq m per day, according to Colliers data. The average fixed rent for ground floor real estate in the city's medium to high-end shopping centers fell 1.2% year-on-year to CNY38.80 per sq m per day. Shanghai expects 11 new retail real estate projects totaling 936,000 square meters to launch over the next 12 months.

SCIENCE & TECHNOLOGY

China tests most powerful neutron generator

China has fired up its most powerful neutron generator as it aims to produce the world's strongest neutron beam using nuclear fusion technology within the next few years. The High Intensity D-T fusion Neutron Generator (Hineg) at the Chinese Academy of Sciences' Institute of Physical Science in Hefei, Anhui province, generated more than 1 trillion neutrons per second during its maiden test run. A team of nuclear physicists led by Prof Wu Yican fired

deuterium, a heavy and stable isotope of hydrogen, on to a target board made of tritium – another hydrogen isotope that is also highly radioactive. The two isotopes fused to form helium while releasing a neutron with large amounts of kinetic energy. As the fusion reaction continued, a steady beam of high-energy neutrons was produced. A neutron generator is a critical component of modern-day nuclear weapons. It creates a fast stream of neutrons to kickstart the chain reaction of fission or fusion materials in a thermo-nuclear warhead.

State science & technology awards conferred

The 2015 state science and technology awards honoring the contributions of 295 research projects and seven foreign experts were bestowed at a ceremony in the Great Hall of the People in Beijing on January 8, but the highest award remained vacant. The state science and technology awards comprise five award categories, of which the Pre-eminent Science and Technology Award is the highest. The top prize has previously been awarded to 25 scientists since it was established in 2000. There were one or two winners each year except in 2004, the first time there was no recipient. Pan Jianwei, 45, a quantum scientist at the University of Science and Technology of China in Hefei, Anhui province, won the top prize in the State Natural Sciences Award category. Chen Yanjing, Professor of Geology at Peking University who won the National Award for Technological Invention, said “the prize should recognize innovative ideas instead of researchers' specific work”. The 295 research projects included 42 “natural science” prizes, 66 “technological invention” prizes, and 187 “sci-tech progress” prizes.

- Fossils of the stegodon, one of the largest prehistoric members of the Elephantidae family, found in China's western Gansu province, are officially the oldest on record. They could be up to 11 million years old. Prior to the latest discovery, the earliest stegodon fossil was believed to be located in Kenya. Scientists claim it is about 7 million years old.
- China will conduct more than 20 space missions this year, including a manned one and the maiden flights of two rockets. China Aerospace Science and Technology Corp said it plans to launch the Tiangong 2 space laboratory and the Shenzhou XI manned spacecraft and to test-fly the Long March 5 and Long March 7 rockets. China will also launch two satellites for the domestically developed Beidou Navigation Satellite System, and the Gaofen 3 for the Gaofen High-Resolution Earth Observation System.
- Chinese drone maker Ehang unveiled the world's first drone capable of carrying one passenger. The electrically powered Ehang 184, unveiled at the 2016 Consumer Electronics Show (CES) in Las Vegas, can carry a single passenger weighing up to 100 kg for a 23-minute flight at sea level at a speed of 100 km per hour. After setting a flight plan, the passenger only needs to send two commands: “take off” and “land” by clicking on a tablet.

STOCK MARKETS

Circuit breaker dumped after two trading halts

The circuit breaker mechanism which was introduced at China's two stock exchanges led to a trade suspension on the first trading day of 2016 – January 4 – after the CSI300 index fell by 7%. After a second suspension in one week, the China Securities Regulatory Commission (CSRC) decided to dump the mechanism as it was deemed not compatible with China's stock market, leading to further disruptions instead of the hoped for stability. Under the circuit breaker for Chinese markets launched on January 4, the trading of stocks, index futures and options would be suspended for 15 minutes when the CSI 300 Index, which tracks large-cap stocks in Shanghai and Shenzhen, falls or rises by 5%, with trading halted for the rest of the session when the index moves by 7%. On January 4, trading was suspended for 15 minutes at 1:12 pm after the index fell 5%, triggering the first circuit breaker, and was suspended for the rest of the day at 1:33 pm after the CSI 300 Index fell 7% to close prematurely on Monday at 3,469.07. The Shanghai Composite Index closed down 6.86% at 3,296.26 and the Shenzhen Composite Index tumbled 8.19%, or 189.01 points to close at 2,119.90, while the Nasdaq-style ChiNext dropped 8.21%, or 222.78 points to 2,491.27. Trading on the Shanghai-Hong Kong Stock Connect scheme's northbound route was also suspended.

Besides the circuit breaker mechanism, Beijing also lifted a six-month ban preventing major shareholders with a stake of over 5% in A-share companies from selling their investments. The ban was imposed at the height of a market rout that saw Chinese markets lose USD4 trillion in value last year. The ban helped stabilize the market with the Shanghai Composite Index ending 2015 up 10% and Shenzhen surging 65% on the year. But lifting of the ban, in combination with the introduction of the circuit breaker led to panic selling by small investors, who wanted to sell shares before the big institutional investors would cause a drop in share prices by selling previously locked shares after January 8. Up to CNY1.1 trillion worth of shares would resume trading by the end of January. China International Capital Corp (CICC) said that since the CSI300 Index was composed in 2005, the Index had moved by over 5% in intra-day trading 105 times, and by more than 7% 33 times. "Monday's sell-off was a rare incident. For the past 11 years, the opening day of the year has never been so negative," said Hong Hao, Chief Strategist at investment bank BOCOM International Holdings Co. "The plan was to suppress market volatility, but it has magnified volatility as investors were concerned that such significant selling pressure would beget more selling," Hong said.

Again on January 7, trading was called off for the day after the CSI300 Index tumbled 7% by 9.58 am. Trading was earlier halted for 15 minutes at 9.42 am after the index fell more than 5%. It took just another minute for the index to fall a further 2% when trading resumed, with the markets trading for only 13 minutes in total. All trading was shut down in less than 30 minutes, marking the shortest-ever trading session in the Chinese stock market. The markets had finished Wednesday's trading (January 13) with the biggest gain in three weeks, after the authorities intervened by propping up the markets on Tuesday. On January 8, the benchmark Shanghai Composite Index surged by 1.97% after the securities authorities suspended the controversial circuit breaker mechanism the night before. The mechanism was blamed for the worsening liquidity crunch in the market. Under new rules, major shareholders are not allowed to sell more than 1% of a listed company's share capital within any three-month period. In addition, they will have to release their selling plans 15 trading days in advance of transactions. With the stocks circuit breaker deactivated, the CSI300 index closed up 2% at 3,361.56 points, while the Shanghai Composite Index also closed up 2% at 3,186.41 points. The CSI300 lost around 12% in the first four trading days of 2016, giving up all the gains made in 2015.

- Fundraising by China's new IPOs in 2016 is estimated to hit CNY250 billion to CNY300 billion, making the A-share IPO market the biggest one globally, according to firm PricewaterhouseCoopers (PwC) said. The number of new IPOs is expected to reach 400, fueled by the forthcoming registration-based IPO system and the launch of the Strategic Emerging Industries Board, said Frank Lyn, PwC China and Hong Kong Markets Leader. There were 219 IPOs in 2015 on the Shanghai and Shenzhen stock markets, compared with 125 in 2014.
- Yang Zezhu, Chairman of mid-sized Chinese brokerage Changjiang Securities, is under investigation by the Central Commission for Discipline Inspection (CCDI). At least a dozen senior executives of China's biggest brokerage Citic Securities have also come under investigation since September. Some were suspected of "insider trading" and "leaking inside information".

TRAVEL

Huge investment planned in airports

China plans to invest about CNY77 billion this year on the construction of civil aviation infrastructure, especially airports, according to the Civil Aviation Administration of China (CAAC). The Administration said it will step up construction of important new airports, including those in Beijing, Chengdu, Qingdao, Xiamen and Dalian. Eleven key infrastructure projects and 52 upgrades or expansion work on civil aviation facilities will be started this year. It said work on Beijing's second international airport, the largest construction project in Chinese civil aviation history, is progressing well. Work on the terminal and air traffic control facilities began in September and construction of support facilities is expected to start in June. The airport is scheduled to be completed in June 2019 and to become operational in December that year. CAAC will publish a blueprint this year on the locations of new civil airports to be built before 2030. China plans to build 66 new civil airports in the next five years, taking the number to 272 from 206. CAAC said Chinese made 440 million trips by air last year

and predicted that the figure could rise to 485 million this year. More than 200 new international routes will be inaugurated this year, CAAC Director Li Jiayang said. The CAAC also pledged to gradually loosen control over air carriers' ticket prices and administrative charges. Enterprises in the industry will have more freedom to determine charges for their services or products, and consumers will enjoy more options. Currently, carriers can only determine the lowest price for their domestic flights. The highest price for such flights and prices for international services are controlled by the government.

China to add 571 train services this year

China will increase the number of passenger train services by 571 this year, including 563 high-speed services. 6,284 passenger train services now run every day nationwide, with more than 60% of them high-speed. According to China Railway Corp, the country was forecast to have 18,000 kilometers of high-speed railway in operation by the end of 2015, linking all the cities with populations larger than 500,000. From January to August, 1.72 billion journeys were made on the rail network. "In 2014, the Beijing-Shanghai high-speed railway transported more than 100 million people, with more than 250 trains running every day," Cai Qinghua, former Chairman of the Beijing-Shanghai High-Speed Railway Corp, said. "Even that capacity cannot meet demand in peak periods. If demand keeps growing at speed, we may need a second Beijing-Shanghai high-speed railway someday," he said.

- China will allow transit stops in Taiwan for citizens traveling from three cities, Nanchang, Kunming and Chongqing, allowing them to travel on from the island for the first time. Up to now, mainland citizens could travel to Taiwan but were not allowed to go from there to another destination.
- China's first domestically made regional passenger jet, the ARJ21-700, will make its maiden commercial flight from Chengdu to Shanghai on February 28.
- Singapore-based aircraft leasing firm BOCAviation, which is owned by the Bank of China (BOC), has ordered 30 Airbus A320 aircraft worth USD3.07 billion at list prices. The order, made at the end of December, comprises 18 A320s equipped with new engines and 12 A320s using the current engines.
- The number of foreign tourists who booked train tickets online in 2015 jumped 4.5 times, according to a report by online travel service providers ChinaTravelDepot and Skyscanner. From January to October, the total visits made by overseas tourists surpassed 100 million, an increase of 4.4% compared with the same period last year.

ONE-LINE NEWS

- In the ongoing anti-corruption campaign, 8 officials at provincial or ministerial level, 441 city-level and 3,818 county-level officials were punished in the first 11 months of last year. The figures for officials at the three levels for the whole of 2014 were two, 198 and 2,630, respectively.
- Figures from the Supreme People's Court (SPC) show that, from 2013 to 2015, courts in China concluded about 100,000 civil, commercial and maritime lawsuits involving foreign litigants – a jump of 10.4% from the previous three-year period. About 50,000 of those were filed by parties from Hong Kong, Macao and Taiwan.
- Lü Xiwen, Beijing's former Deputy Party Secretary and the first high-ranking official placed under investigation in the capital, has been expelled from the Communist Party and removed from her post for serious violations of discipline. She ranked third in the Party's Beijing Committee after the capital's Party Secretary, Guo Jinlong, and its Mayor, Wang Anshun.
- The State-owned Assets Supervision and Administration Commission (SASAC) announced that 57-year-old Ning Gaoning, former Chairman of COFCO, will become the new Chairman of Sinochem Group. Zhao Shuanglian, Chairman of China Grain Reserves Corp, will succeed him as Chairman of China National Cereals, Oils and Foodstuffs Corp (COFCO).
- More than a third of the 4,119 exhibitors at the Consumer Electronics Show (CES) in Las Vegas, the world's biggest consumer electronics show, came from China,

including Huawei Technologies, ZTE Corp and LeTV. Shenzhen-based Huawei, which became the world's No 3 smartphone vendor in 2015, launched its new flagship model Mate 8 at CES.

- Zhou Chengjian, Chairman of youth fashion brand Shanghai Metersbonwe Fashion and Accessories Co, is believed to have been taken into custody. The Shenzhen-listed company halted trading of its shares on the stock exchange. Zhou is the latest in a number of well-known business-people who have been questioned in recent months in connection to alleged questionable share dealings.

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