



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

# NEWSLETTER | 11 JULY 2016

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## FCCC/EUCBA ACTIVITIES

### The 11<sup>th</sup> EU-China Business Summit “Emerging Opportunities from a Changing Industrial Landscape” – 13 July 2016 – Great Hall of the People, Beijing

Date: 13th July, 2016

Venue: Great Hall of the People, Beijing

Member Price: 2,500 RMB Non-Member Price: 3,500 RMB

The theme of the 11th EU-China Business Summit is “Emerging Opportunities from a Changing Industrial Landscape”

The EU-China Business Summit is jointly organized by the European Union Chamber of Commerce in China (European Chamber) and the China Council for the Promotion of International Trade (CCPIT), under the patronage of the European Commission and the Ministry of Commerce (MOFCOM), and with collaboration from the EU-China Business Association and BUSINESS EUROPE.

The Business Summit is held in parallel with the Political Summit. EU and Chinese political leaders, the Premier of the People’s Republic of China, Li Keqiang, President of the European Council, Donald Tusk and President of the European Commission, Jean-Claude Juncker will be joining the Political Leaders Plenary Session by delivering keynote speeches. This year’s summit is expected to gather around 600 Chinese and European attendees, including Chinese Ministers and European and Chinese business leaders.

At this Conference breakout sessions will cover three key themes: New Industrial Revolution, Investment, and Connectivity, and will feature senior representatives from both European and Chinese companies.

For more information on the programme, registration and sponsorship opportunities, go to this link : <http://eu-china-business-summit.europeanchamber.com.cn/>

*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 organisation registered in Belgium. For further information, contact in Brussels : Gwenn Sonck, Secretary General : [gwenn.sonck@eucba.org](mailto:gwenn.sonck@eucba.org)- [www.eucba.org](http://www.eucba.org)*

### EU-China Business and Technology Cooperation Fair China Tour 2016 – 28 October – 4 November 2016 – Chengdu, Qingdao

The European Commission, the Enterprise Europe Network and EUPIC are organizing a tour to the EU-China Business and Technology Cooperation Fair China from 28 October to 4 November 2016 in Chengdu and Qingdao. This tour is organized with the support of the EU-China Business Association (EUCBA).

As an important platform for building ever closer relationship between 28 EU member states and China, the 11<sup>th</sup> EU-China Business and Technology Cooperation Fair, in the context of the importance of the land and marine Silk Roads linking China and Europe, will take place in Chengdu and Qingdao, two vital strategic cities of west and north China, the first phase in Chengdu from 28 October till 1 November, 2016 and the second phase in Qingdao from 2 to 4 November, 2016. The fair will gather 1,500 participants of companies, state/regional governments, clusters, business associations, EU-China Cooperation experts, universities, R&D institutions from west and north China, the European Commission, EEN partners, and European countries who are seeking potential collaboration and partnerships with their counterparts.

Chengdu is the centre of West China and hometown to the giant pandas. It is also the initial station of the Chengdu-Europe Express Railway to Lodz, Poland. Forbes listed Chengdu as one of "The Next Decade's Fastest Growing Cities Globally". Chengdu Shuangliu International Airport is ranked first in Mid & West China, with direct flights to Amsterdam, London, Paris, Frankfurt, Moscow, etc. There are 14 Consulates General in Chengdu. Leading industries are ICT, environment, renewable energy, new materials, life sciences, bio-pharmaceuticals, aviation, and modern agriculture.

Qingdao is located at the intersection of two Silk Roads, both through the continent and over the sea. It is the converging point for Asia-Pacific economic integration. 70% of China's academicians and 30% of senior researchers on maritime sciences and technologies are based in Qingdao. The EU is now the No 1 trading partner for Qingdao. Leading industries are maritime equipment, maritime bio-pharmaceuticals, renewable energy, new materials, maritime environment, ICT, home appliances, and rolling stock.

## **ADVERTISEMENT AND SPONSORSHIP**

### **Advertisement and sponsorship opportunities 2016**

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.

If you are interested in advertising or sponsoring or need more information, please send an e-mail to: [gwenn.sonck@flanders-china.be](mailto:gwenn.sonck@flanders-china.be)  
[www.flanders-china.be](http://www.flanders-china.be)

The sponsoring opportunities are the following:

#### **1. SPONSORING OF ACTIVITIES**

During FCCC activities, you can put a banner of your company at the event and distribute documentation of your company and obtain free invitations.

Invitations are distributed via E-mail and the FCCC website and newsletters. The events are announced in different media channels.

The fee is according to each different event.

#### **2. SPONSORING AT THE FCCC WEBSITE**

Your logo will be displayed on the FCCC home page with click through to your own website or to your own page on the FCCC-website

GOLDEN SPONSOR (12 months): 1.950 €

SILVER SPONSOR (6 months): 1.450 €

#### **3. SPONSORING IN THE FCCC WEEKLY NEWSLETTER**

Every Monday, the weekly Newsletters are sent and posted on the FCCC website.

Number of recipients every week: 1200 executives dealing with China

GOLDEN SPONSOR (12 months): 1.950 €

SILVER SPONSOR (6 months): 1.550 €

SPONSOR (3 months): 895 €

#### **4. SPONSORING IN THE QUARTERLY E-NEWSLETTER IN CHINESE AND ENGLISH LANGUAGE: "NEWS FROM THE HEART OF EUROPE: FLANDERS"**

- Newsletters are also posted online at the FCCC website
- 1 issue every quarter

- Number of direct recipients: +/- 2000 Chinese and Belgian business leaders, local authorities and institutions
- Distributed through the different Chambers of Commerce in China
- Your logo on the electronic newsletter and a 200-word profile of China activities

GOLDEN SPONSOR: 1.650 € -3 issues  
SILVER SPONSOR: 1.250 € - 2 issues

Amounts are excl. VAT.

## **5. SPONSORING 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 organisation registered in Belgium.

The FCCC holds the secretariat-general of the EUCBA.

The EUCBA organises high-level EU-China events and also publishes a Quarterly newsbulletin.

[www.eucba.org](http://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](mailto:gwenn.sonck@flanders-china.be)

## **ACTIVITIES SUPPORTED BY FCCC**

### **Agricultural sector mission – 3 to 10 September 2016 – Beijing, Yangling, Shanghai**

Flanders Investment & Trade and the Province of Antwerp are organizing an agricultural sector mission to China from 3 to 10 September 2016. It offers companies active in the agro-business the opportunity to prospect the Chinese market. The mission will visit Beijing, Yangling in Shaanxi province, and Shanghai.

In Beijing, individual B2B meetings, a networking reception and a visit to the agro expo VIV China will be organized. The Province of Antwerp will also host a seminar.

In Yangling, individual B2B meetings will also be organized, as well as a visit to the Yangling Agricultural High-tech Industries Demonstration Zone, a cluster of universities, schools, research centers, and an industrial park with Chinese and joint venture companies in the agricultural sector. The Province of Antwerp will organize a networking dinner. B2B meetings will also be held in Xian.

In Shanghai, the mission will visit a Flemish company in the agro sector, and participate in B2B meetings and a networking event.

More information on the mission is available on the [website of Flanders Investment & Trade](#). Register before June 10, 2016.

## **PAST EVENTS**

### **China workshop: Doing Business with China for SME's – 28 June 2016 – FIT Exportfair, Brussels**

On 28 June, the Flanders-China Chamber of Commerce and Flanders Investment & Trade organized a China workshop focused on Doing Business with China for SME's. This took place at the FIT Exportfair.

Following a word of welcome by Mrs. Gwenn Sonck, Executive Director Flanders-China Chamber of Commerce; Mr Bo Ji, Chief Representative, Cheung Graduate School of Business – Europe, Assistant Dean, Global Executive Education, talked about "Winning in China". "What keeps managers awake about banking in Asia?" was presented by Mr Mathias Deferme, Relationship Manager KBC Hong Kong. He explained that as a manager you want to:

- 1/ eliminate the administrative burden as much as possible; and
- 2/ obtain stable, long term and cross border financing solutions; and
- 3/ minimize the trade risk of your business; and
- 4/ be able to provide and hedge RMB payments.

But most of all you want a local banking partner that understands your home market business and understand your real banking needs.

The list of seminars and workshops which were held at the Export Fair is available at:

<http://www.exportbeurs.be/exportbeurs/pages/13688-programma>

## Meeting and Reception with the future Consuls-General from Belgium in Shanghai and Guangzhou – 20 June 2016 – Brussels

The Flanders-China Chamber of Commerce (FCCC) organized a meeting with the future Consuls-General from Belgium to Shanghai and Guangzhou. This event took place on 20 June 2016 at BNP Paribas Fortis in Brussels.

This event was an excellent opportunity to introduce your companies' activities in China with Mr Paul Lambert, future Consul-General of Belgium in Shanghai and Mr Joris Salden, future Consul-General of Belgium in Guangzhou. Mr Stefaan Vanhooren, Chairman of the FCCC, made the opening speech at the event, which was concluded by an exchange of views and networking.

## ADVERTISEMENT

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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

### Car sales sentiment improves in June

Consumer confidence in China's new car market remained strong in June, despite the national economic slowdown, as government support schemes will continue to bolster sales in the third and fourth quarters of the year. According to the MNI China Car Purchase Indicator, a composite gauge of overall conditions in the domestic car market, spending sentiment rose 0.5 points to 92.0 in the month, from 91.5 in May. Overall, the MNI Indicator, which is produced by Deutsche Borse Group-owned markets intelligence provider MNI, showed that car purchase expectations were up by 0.4. Deluxe brands sold especially well, it said. In the second quarter, Volkswagen consolidated its position as buyers' favorite brand, registering 26.6% of respondents' votes compared to 20.4% in March. Audi rose to second place claiming 14.9% of responses, up from just 8% in the first quarter. BYD was the most popular domestic brand, despite slipping from fifth place in March to eighth in June, holding 2.7% of votes. The China Passenger Car Association (CPCA) expects China's passenger car sales to grow 15% year-on-year in the third quarter, and accelerate 10% in the fourth quarter.

## FINANCE

### Foreign exchange reserves rise unexpectedly

China's foreign exchange reserves unexpectedly rose by USD13 billion last month to USD3.21 trillion, as pressure on the yuan to depreciate apparently eased. Bloomberg News had predicted the reserves would decline by USD20 billion. Part of the increase is explained by the rising value in recent weeks of the yen, which makes up some of China's foreign exchange reserves, while capital outflows from China seem to have slowed. China received USD19 billion of net capital inflows in June, the first time that such inflows have outpaced outflows since 2014. China's total foreign exchange reserves remain down 20% from their USD4 trillion peak in 2014. It is expected that China will begin to run down its reserves again in the near future, to avoid more rapid depreciation, analysts said. "The yuan will drop further as Beijing apparently has a bias for depreciation due to the weaker economy, which will lead to more outflows and pressure the reserves in the second half," said Nathan Chow, Economist at DBS Group Holdings.

- China's state lenders, including the Agriculture Bank of China (ABC) and China Everbright Bank, were found to have lent a total of nearly CNY20.8 billion to unqualified borrowers, and cut credit for small and middle-sized firms, the National Audit Office (NAO) said. Six local branches of the ABC were also found to have broken rules when they falsified materials to lend around CNY18.23 billion from 2010 to 2014.
- The yuan weakened to the lowest in five and a half years against the U.S. dollar last week. The People's Bank of China (PBOC) lowered the central parity rate by 0.4% on July 6 to 6.6857, the weakest since November 2010. "Nearly all emerging market currencies have been weakening since Britain decided to leave the European Union, and the yuan cannot avoid the impact," foreign exchange broker FXTM said in a note.
- The mobile payments market in China is expanding so rapidly that global leaders are drawing up exclusive strategies to meet the growing local demand. According to Paul Jung, head of products and digital solutions of Visa Northeast Asia, China is now leading the way in mobile wallets. According to global market consulting firm eMarketer, China will have more than 195.3 million users of mobile payment solutions by the end of this year.
- Bad loans in China's banking sector exceeded CNY2 trillion at the end of May and the bad loan ratio rose to 2.15%. Non-performing loans (NPLs) increased by more than CNY280 billion in the first five months of this year, said Yu Xuejun, Chairman of the Board of Supervisors for major state-owned financial institutions under the China Banking Regulatory Commission (CBRC). Chinese banks are facing the most severe bad loan situation since they underwent a systematic restructuring and got listed in 2004, Yu said.
- HSBC Holdings is aiming to roll out its own credit cards in China by the end of the year. The bank will initially target customers in the Pearl River Delta (PRD). The bank

has co-branded cards in China through a partnership with Bank of Communications (BoCom). Citigroup and Bank of East Asia (BEA), the other foreign banks approved to issue credit cards, offer digital-payment services on the mainland with Alipay, Alibaba Group's payment affiliate, and Tencent's WeChat.

- With its green bonds issued in the first half of the year reaching CNY75 billion, or 33% of the world's total issued in the period, China has quickly become the world's largest green bond market. China's demand for green bonds is likely to be 20 times as much as the current financing, Ma Jun, Chief Economist of the Research Bureau of China's central bank said.
- China is expected to finalize a list of "too-big-to-fail" insurers this year. The China Insurance Regulatory Commission (CIRC) has asked 16 major insurers to provide data as part of its plan to identify domestic systematically important insurers (D-SII). Only some of them will be deemed to be D-SIIs and face increased scrutiny due to their importance to the financial system.

## FOREIGN INVESTMENT

### AIIB Chairman urges private sector not to worry over sovereign risks in Belt and Road investments

Faced with mounting questions from private sector business leaders on the economic viability of the proposed investment ideas under China's One Belt One Road vision, Chairman of the Asian Infrastructure Investment Bank (AIIB) Jin Liqun sought to reassure private sector business leaders on their concerns over sovereign risks in the destination countries. Jin's reassurances have come as a wide spectrum of private sector players, including former Hong Kong Financial Secretary Anthony Leung, who is now a Chairman of the private sector developer Nan Fung Group, said the high degree of sovereign risk presented by the 60-plus countries along the Belt and Road region is a key deterrent to investing in the projects. Leung suggested that the Export Import Bank of China step in and provide a new form of dedicated insurance to remove or lessen the sovereign risks that private investors face. But Jin told audiences and panel members at the Boao Forum for Asia Financial Cooperation not to worry too much about these issues. "Sovereign risk is not a big issue," said Jin. "I'm not worried about the sovereign risks – as long as the project is good for that recipient country." In Jin's view, the real challenge ahead for the region may be severe risk aversion from global capital allocation, the South China Morning Post reports.

- Global currency fluctuations caused by the Brexit vote won't continue for long and won't affect long-term outbound investments by Chinese companies, the Ministry of Commerce (MOFCOM) said. Spokesman Shen Danyang said China has a strategy of developing China-Europe and China-British business ties. Outbound direct investment (ODI) by both state-owned enterprises (SOEs) and private companies from China to the EU reached a record of USD23 billion in 2015, while Chinese investment in the United Kingdom totaled USD3.3 billion.

## FOREIGN TRADE

### Chongqing hopes to become world's third-largest coffee futures market

Chongqing announced the establishment of the Chongqing Coffee Exchange in June, hoping to become the world's third-largest coffee futures market, after New York and London. Since last year, Yunnan-based coffee producer Hogood Coffee Co has used the 11,000-kilometer-long Chongqing-Xinjiang-Europe International Railway for exporting coffee products. "It not only cuts costs, but also saves time," said Xiong Xiangren, Founder of Hogood, which is China's largest instant-coffee producer. Hogood accounts for about half of China's coffee exports, and its clients include such major brands as Nescafe, Maxwell and Kraft. Chongqing, a megacity of 30 million people, is rapidly becoming a trading hub for goods bound for Europe. Statistics from the General Administration of Customs of China show that as of mid-June, 45% of goods transported by the Sino-Europe railway began their journey in Chongqing. In the Chongqing Liangjiang New Area, the rail link and two large Yangtze River ports are connected by highways and railroads, creating a vast logistics network. The rapid growth of freight transport on the railway connecting Chongqing and Duisburg, Germany, pushes the inland

municipality to the front of China's Europe-bound international trade, the China Daily reports.

- The Group of 20 will work to trim global trade costs by 15 percentage points as part of a series of deals reached during a weekend meeting of Trade Ministers in Shanghai. They also agreed to ratify the World Trade Organization's trade facilitation agreement by the end of this year. The accord still needs the support of more than 20 WTO members to reach the two-thirds majority to have it adopted.

## MACRO-ECONOMY

### NBS adopts new method to calculate GDP

China's National Bureau of Statistics (NBS) has adopted a new method of calculating GDP that it says "better reflects the contribution of innovation to economic growth." Research and development expenditures that can economically benefit companies will no longer be calculated as intermediate consumption, but as fixed capital formation. The adjustment was made according to the 2008 System of National Accounts (SNA), which was unveiled by five international organizations, including the United Nations, in 2009 to provide a "comprehensive, consistent and flexible set of macro-economic accounts." The NBS will use the method for future GDP calculations, and has also recalculated all figures dating back to 1952. In the past decade, the revised GDP rose 1.06% annually on average from the original data. Recorded GDP growth rates in the past 10 years rose by an annual average of 0.06 percentage points. The growth rate for 2015 was revised upward by 0.04 percentage points. The old calculation method failed to reflect the importance of R&D, the Shanghai Daily reports. China's R&D spending has been growing rapidly in recent years, soaring from 0.57% of GDP in 1996 to 2.08% in 2014. China's GDP growth for last year remains at 6.9%. The move is part of the country's agenda to improve its statistical calculation and is not being undertaken to beautify the current economic growth figures, the China Daily added.

- Beijing reclaimed the title of the best paid city on the Chinese mainland for white-collar workers from Shanghai, recruitment portal Zhaopin.com said. Beijing white-collar workers get a monthly average salary of CNY9,240, followed by Shanghai at CNY8,962. Shenzhen remained at no 3 at CNY8,315. The average salary in 34 major cities rose to CNY7,233 from CNY7,018 in the first quarter.
- The Chinese government will send supervisory teams to regions with huge but sharply slowing amounts of private investment from the middle of this month in the government's latest effort to revive the economy. In May fact-finding trips and assessments were carried out on how policy on private investment was being implemented. Private investment rose by only 3.9% in the first five months from the same period last year, continuing to slow from a rise of 10.1% at the end of 2015.
- Growth in China's service sector in June accelerated the fastest in nearly a year, as manufacturing weakened, according to a survey by Markit and sponsored by Caixin Media. The Caixin Business Activity Index rose to 52.7 in June, its highest point since July 25.
- China is set to register stable economic growth in the second quarter but momentum may remain weak, requiring further policy loosening to counter economic headwinds for the rest of the year, analysts said. They also warned that Britain's "Brexit" vote to leave the European Union might have a negative effect on China. UBS said it expected growth to slow to 6.5% in the fourth quarter. The yuan was under renewed depreciation pressure against the U.S. dollar after the vote, having weakened around 1% against the greenback in the last week of June.
- Skilled professionals in China are receiving an average pay rise of 8% to 15% this year as demand for talents continues in the information technology sector, ZW HR Consulting said. Those "with desired skills such as leadership capabilities, on-the-job experience and language proficiency can receive up to a 25% rise in salary," said Frank Yu, Chairman of ZW HR Consulting.
- China's economic growth is "basically stable and in line with expectations", President Xi Jinping said at a meeting with Chinese economists in Beijing. The country will firmly push ahead with the supply-side structural reform and continue to implement prudent



monetary and proactive fiscal policies, he said. But the transition from old to new economic growth engines will take some time, he added.

- The Chinese government will intensify efforts to promote more standardized and rapid development of public-private partnerships (PPPs), especially for projects in the public service sector. This is also part of the government's effort to encourage private investment across the country. Chinese Premier Li Keqiang said that while the country has seen much progress in promoting PPP in the past two years, a variety of institutional barriers still hinder PPP development.
- China's Minister of Commerce Gao Hucheng issued a stern warning over the global economic outlook and urged governments to boost trade and investment in his opening remarks at the Group of 20 Trade Ministers meeting in Shanghai. Global trade remains sluggish and investment has not recovered to levels before the global financial crisis, he said. Global trade is expected to rise 2.8% this year, making it the fifth straight year that the rate has been below 3%, the weakest sustained level recorded in 30 years.
- China's consumer inflation cooled further in June and factory gate prices continued to fall. The Consumer Price Index (CPI) increased by 1.9% from a year earlier in June, down from 2% in May and 2.3% in April, the National Bureau of Statistics (NBS) said. A 1.4% month-on-month drop of food prices, accounting for nearly a third of the CPI basket, contributed to the lower CPI reading. The Producer Price Index (PPI) fell 0.2% month-on-month, ending a consecutive three-month increase. On a year-on-year basis, the PPI fell 2.6%, the 52<sup>th</sup> consecutive month of decline.

## MERGERS & ACQUISITIONS

### HNA bidding for CIT aircraft leasing arm, take-over of Gategroup successful

China's HNA Group and Accipiter Holdings, a firm backed by Hong Kong tycoon Li Ka-shing, are among suitors advancing to a second round of bidding for CIT Group's aircraft leasing assets valued from USD3 billion to USD4 billion. CIT's commercial air unit is one of the world's top-10 lessors with 331 aircraft. Bohai Capital, HNA's leasing arm, has said it is planning to add 300 to 400 planes to the 500-plus it has on order and in service. Separately, HNA Group said its USD1.5 billion offer for Swiss airline catering company Gategroup was successful. HNA earlier said it intends to delist the company but pledged to retain its current management and keep it headquartered in Switzerland. The deal is set to complete in the fourth quarter of this year.

### Midea secures majority control in Kuka

Midea has secured majority control in German industrial robotics supplier Kuka. Midea – best known for selling washing machines and air conditioners – offered €115 per share for Kuka, one of the world's leading manufacturers of industrial robots, in June. It valued Kuka at €4.6 billion, a near 60% premium to Kuka's closing price before Midea announced it was increasing its stake in the German firm in February. Midea said it had "approximately 57.25% of the issued share capital and the existing voting rights of Kuka. Midea had moved a step closer to acquiring Kuka when it raised its stake to nearly a majority. Two of Kuka's biggest German shareholders – technology company Voith and entrepreneur Friedhelm Loh – said they had decided to take up Midea's offer and sell their stakes. Voith said it viewed its investment in Kuka as a success because the value of its stake had more than doubled since it acquired it around 18 months ago.

- Investment bank China International Capital Corp (CICC) and brokerage China Investment Securities Co, firms with CNY186 billion of combined assets last year, are in talks on a possible merger. Shenzhen-based China Investment Securities is fully-owned by Central Huijin Investment, which is a unit of China's sovereign wealth fund. Huijin also owns 28.4% of Beijing-based CICC.
- Hong Lei, Spokesman for the Ministry of Foreign Affairs, called for an objective and fair view of overseas mergers and acquisitions (M&As) by Chinese companies and "a reasonable and transparent business environment for them." As the Chinese economy and companies grow in strength, overseas M&As have become an important sign of

the internationalization of Chinese companies, Hong said.

- China Resources Beer, China's biggest brewer, is planning to raise HKD9.5 billion as it prepares to buy the remaining 49% stake in China Resources Snow Breweries, a joint venture it currently owns with London-based SABMiller. It will see CR Beer gain full control of the popular Snow Beer brand. The rights issue is likely to be one of the largest in Hong Kong since last year.

## REAL ESTATE

### Property prices soar in Hangzhou ahead of events

Hangzhou has seen property prices soar in the districts around the newly-built Hangzhou Olympic and International Expo Center, where the G20 summit in September and the 2022 Asian Games will be held. They have increased around 40% since the second half of last year, according to local property agents. They are set to rise more next year, with record-high prices being fetched at auctions of nearby land lots. The Hangzhou government's land transfer income in the first half of the year quadrupled to CNY81.7 billion, the most among all Chinese cities in the period, according to the China Index Academy. A Country Garden development that opened late June near the expo center located in Binjiang district has sold "very well", with an average price of more than CNY30,000 per square meter compared with average prices of just over CNY20,000 last year at two property developments nearby, said Dai Dunshan, a property agent with Lianjia. "New home prices, especially in the core Binjiang district, have risen at least 30% from mid-last year. But the increase would be more next year, as land in the area is being sold at high prices now," he said. In May a plot of land near the center was awarded to a consortium led by Cinda in one of the most expensive transactions in the country for CNY12.32 billion, or CNY21,576 per sq m, the South China Morning Post reports.

### Record sales of luxury homes recorded in Shanghai

Shanghai saw record sales of luxury homes in the first half of this year, as 5,041 units of new homes costing CNY10 million and above were sold in the city, or more than 60% of the total volume transacted last year, Shanghai Homelink Real Estate Agency Co said. "While 2015 was regarded a record year for high-end housing in Shanghai due to very strong sales, the first six months of 2016 proved to be even more crazy as sentiment seemed extremely robust despite government efforts to cool the overheated market," said Lu Qilin, Director of Research at Homelink. "While austerity policies, including a higher minimum down payment for second-home buyers and a higher eligibility threshold for non-local residents to buy a house, did damp momentum in April, the market rebounded quickly in the following two months through June." The Pudong New Area led all districts with sales of 1,371 units in the six months, followed by Minhang's 544 units, Zhabei's 467 units and Putuo, where 434 units were sold. Shanghai Legend in Pudong became the most popular project in the CNY10 million and above category after selling 406 units for an average price of CNY72,745 per square meter over six months, Honelink data showed. Real estate firm JLL reported that the average price of new high-end homes increased by 0.9% quarter-on-quarter, or 15.3% year-on-year, to CNY101,516 per sq m in the second quarter of this year, the Shanghai Daily reports.

- China Vanke said it had rejected a call from its biggest shareholder, Baoneng Group, for an investor meeting aimed at firing its entire board. But Vanke's top management may still be shaken up as Baoneng can convene a shareholders meeting by themselves. Vanke has been trying to fend off a potential hostile take-over by privately-owned conglomerate Baoneng since late last year. Baoneng could also face financial challenges if Vanke's shares in Shenzhen continue to slump, as it has borrowed heavily to raise its stake in Vanke since late last year.
- Hong Kong's overall property sales plunged nearly 40% in the first half compared with last year, according to Midland Realty. The agent said the dim economic outlook and increased home supply continued to cast a shadow over the market. Midland said it was the worst six-month number since it started recording prices in 1991. Total sales value fell 39.2% in the six months to HKD189.5 billion.
- Wanda Group saw its property sales decline 17% in the first half of the year. The group's property arm Dalian Wanda Commercial Properties recorded CNY50.6 billion

of contracted sales from January to June, compared with CNY61.2 billion in the same period of 2015. June sales dropped sharply to just CNY14.8 billion, a 28% fall. On the flip side, rental income in the half year surged 27% year to CNY8.48 billion. Chairman Wang Jianlin cut the company's full-year sales target in March by almost 40% to CNY100 billion.

- China's housing sales are expected to reach a record high in 2016, though the growth of real estate investment may slow, according to the Chinese Academy of Social Sciences (CASS). Housing inventory in the first half of 2016 fell by 50 million square meters from the same period in 2015, but the growth in sales slowed slightly in May. "The cycle for China's real estate market is about two to three years, within which the rising period only lasts about one year," said Ni Pengfei, Researcher at the National Academy of Economic Strategy at CASS and the main author of the report. "By the middle of 2016 the one-year period of increasing prices will end."
- A number of China's leading property developers have raised their sales targets after posting significant sales growth in the first half of the year. Shanghai-based CIFI Group said it has revised its full year contracted sales target by 20% to CNY43.8 billion. The company's sales surged 162% year-on-year in the first six months to CNY27.6 billion. Country Garden also raised its annual target to CNY220 billion, a 31% rise. The Guangdong developer was one of five that saw their sales surpass CNY100 billion in the first half, the other four were China Vanke, Evergrande Real Estate, Greenland, and Poly Real Estate.

## RETAIL

### Retailers posted slower growth last year

China's large retailers posted slower growth last year, with brick-and-mortar stores under continuous pressure due to booming e-commerce. The country's top-100 retailers generated a sales volume of CNY4.13 trillion in 2015, up 22.4% year-on-year, but the volume was down by 3.8 percentage points compared with 2014, according to a report by the China General Chamber of Commerce. The growth for brick-and-mortar stores continued to be slow as sales rose only 3.2% year-on-year. Alibaba's T-mall e-commerce platform emerged as the top seller last year, followed by JD.com and Suning.com. The report pointed out that foreign retailers continued to suffer a decline in their market share in China last year, resulting in fewer foreign players making it into the top 100. They also suffered a slower sales growth.

## SCIENCE & TECHNOLOGY

### Tiangong-2 spacelab arrives at launch site

China's second orbiting space lab Tiangong-2, which may enable two astronauts to live in space for up to 30 days, has been delivered to the Jiuquan Satellite Launch Center. The lab's launch is scheduled for mid-September. China's first space lab Tiangong-1, which was launched in September 2011 with a designed life of two years, ended its service earlier this year. It had docked with the Shenzhou-8, Shenzhou-9 and Shenzhou-10 spacecraft. Tiangong-1 is expected to eventually burn up in the atmosphere. Tiangong-2 features major improvements from its predecessor, including an improved propulsion sub-system. Carrier rockets to launch Tiangong-2 and Shenzhou-11 will be transferred to Jiuquan next month. Shenzhou-11, which will carry two astronauts to dock with Tiangong-2, has passed initial tests.

- New candidates for the level-I Chartered Financial Analyst (CFA) designation in China are forecast to exceed the number in the United States for the first time this year, according to Nick Pollard, Managing Director of the CFA Institute's Asia-Pacific region. The number of level-I candidates for the CFA exam from China grew to 52,315 in December, ranking No 2 worldwide, just behind the United States. 46% of candidates who want to gain the CFA designation are Chinese passport holders this year.
- UK immigration consultancy Overseas Student Service Centre had its license suspended by the British Home Office recently, leading to 257 Chinese graduates being told to leave the country within 60 days or make alternative arrangements to stay. The consultancy placed eligible graduates in internships at UK-based organizations. In the 2014-15 academic year, 89,540 Chinese students enrolled in

higher education in the UK.

## STOCK MARKETS

### First company delisted from Chinext board

Dandong Xintai Electric Co, an electrical equipment maker, has become the first company to delist from the Chinext board, China's Nasdaq-style board, for a fraudulent initial public offering (IPO) process. The company was convicted of faking financial information during its IPO application in 2014 and releasing falsified details in its regular reports. Xintai Electric and 17 of its senior executives will be fined and two personnel held responsible will be permanently banned from the market, the China Securities Regulatory Commission (CSRC) said. "Xintai Electric broke the bottom line of integrity and undermined the market order. China's capital market has zero tolerance of such companies," said Zhang Xiaojun, CSRC Spokesman. Industrial Securities Co, underwriter of Xintai Electric's IPO, will be fined CNY12.6 million for its due diligence failure on the listing, and have CNY32.78 million of illegal income from the deal seized by the CSRC. Two of its underwriting representatives will be barred from the securities market for 10 years, the Shanghai Daily reports.

- Shares of China Vanke, the country's largest home builder, plunged in Shenzhen as trading resumed following more than six months of suspension. The stock price tumbled by the daily limit of 10% to CNY21.99. Trading was suspended in December amid the take-over battle between Vanke Chairman Wang Shi and Baoneng Group, which is still ongoing.
- China's A-share market expects 120 initial public offerings (IPOs) this year, 45% of the 2015 total, while the amount to be raised is set to fall by 50% from last year to CNY80 billion. The Shanghai Stock Exchange is likely to have 45 new listings this year while 75 firms will list on the Shenzhen bourse, according to PricewaterhouseCoopers' forecast. The declines have been attributed to a delay in the long-awaited reform toward a registration-based IPO system.
- The listed units of some major state-owned firms have substantially scaled back their top executives' pay packages as part of the government's campaign against extravagance, decadence and corruption by officials appointed by the state. Wang Dongjin, President of PetroChina, saw his compensation slashed by 35.4% last year to CNY734,000. Other leaders of centrally-administered SOEs faced similar cutbacks.
- Funds under the Qualified Foreign Institutional Investor (QFII) scheme, a main gateway for foreign investors to tap China's securities market, made an average return of 2.23% in June, according to Lipper, a unit of Thomson Reuters. Their return was slightly below the average of 2.85% posted by domestic stock-invested mutual funds. The Shanghai Composite Index (SCI) edged up 0.45% in June while the CSI 300 Index dipped by 0.5%.
- The China Securities Regulatory Commission (CSRC) has said that the U.S.-China Strategic and Economic Dialogue, held in Beijing in June, confirmed that qualified foreign and joint-venture enterprises can be registered as private securities firms with the Asset Management Association of China and thereby get licenses to invest in the Chinese stock markets. Previously, foreign companies were not allowed to be registered as private securities firms. There were 10,769 private securities firms registered with the Asset Management Association of China with CNY2.2 trillion under management at the end of May.

## TRAVEL

### CAAC taking measures to reduce flight delays

Flight delays will be reduced and the shortage of unrestricted air space eased under a combination of measures planned by the Civil Aviation Administration of China (CAAC). One-way air passages soon will be opened on three busy routes – Beijing and Guangzhou, Shanghai and Kunming, and Shanghai and Lanzhou, according to Feng Zhenglin, Director of the CAAC. A one-way passage allows commercial aircraft to travel to and from a destination to fly in two separate air lanes, instead of the two-way routes in which pilots have to adjust their

altitude to ensure that aircraft in all directions can fly safely. The one-way passages, now in use for flights between Beijing and Kunming as well as between Guangzhou and Lanzhou, have proved to be useful in boosting the efficient use of airspace and in reducing congestion in the air. Nearly one-third of Chinese flights were late in 2015, and air traffic control measures were the biggest drag on flights, accounting for 30.7% of air delays last year. China's airspace is still tightly controlled by the People's Liberation Army Air Force. In the first half of this year, passengers made 230 million trips on Chinese airlines, a 10.8% increase compared with the same period last year. A total of 151 new scheduled flights were launched in the first six months by 24 Chinese and foreign carriers, with most of the new links connecting cities in central and western regions, the China Daily reports.

- CRRC Changchun Railway Vehicles Co has announced it is to supply its new eight-car 8A subway trains with more carrying capacity to the Beijing Subway Line 16 in March next year. Compared with the 6A and 6B six-car metro trains currently operating in Beijing's metro system with a maximum carrying capacity of 2,000 to 2,500 passengers, the eight-car subway train will transport up to 3,560 commuters at any time during peak periods.

## VIP VISITS

### Chinese and Greek PMs focus on Piraeus Port

In a meeting without neckties, Premier Li Keqiang and his Greek counterpart Alexis Tsipras vowed to transform the Greek port of Piraeus into a top-level one in the Mediterranean, following the approval of a landmark concession deal. The visit to Beijing by Greek Prime Minister Alexis Tsipras came after the Greek Parliament approved on June 30 the purchase by China Cosco Shipping Corp of a 67% stake in the Piraeus Port Authority. In a show of solidarity, Chinese Premier Li Keqiang took off his necktie at the meeting at the Great Hall of the People, as Tsipras had vowed not to wear a tie until Greece's debt crisis is resolved. "We firmly support the integration of Europe and have always believed that a prosperous and stable European Union is in the interests of all sides," Premier Li said. The two Premiers witnessed the signing of nine cooperation agreements, including one confirming the port's date of transfer, the China Daily reports.

## ONE-LINE NEWS

- In May, about 15% of China Mobile's subscribers were using Apple's iPhones, which amounts to about 120 million users. Domestic brands Xiaomi and Huawei Technologies rank alongside Samsung Electronics as the second-most popular brands, with each company accounting for 9% of subscribers. Apple is the brand with the highest consumer loyalty in China.
- The Guy and Myriam Ullens Foundation has announced that it is looking for a buyer for the Ullens Center for Contemporary Art (UCCA) in Beijing's 798 art district. Guy Ullens also plans to sell its Chinese art collection. UCCA has received some 4 million visitors since its opening.
- Qianhai has reached the milestone of 100,000 companies registered in the special economic zone next to Shenzhen, but many of them are still not in operation. Companies that meet certain criteria pay a 15% tax rate, compared with the conventional 25%.
- Parents in China continue to struggle with a shortage of vaccines as central government authorities try to overhaul the supply system in the wake of a health scare involving expired or improperly stored vaccines. As producers were forced to raise quality control, output dropped, leading to a shortage.

## VACANCY

### General Manager Shanghai

CFR Global Executive Search is a growing equity based alliance of like-minded independent search companies with more than 300 consultants over 35 countries, working on recruitment

and selection assignments for middle and high level positions. For her activities in China the vacancy is open for M/F as GENERAL MANAGER SHANGHAI.

You will let the activities of CFR China flourish by taking care of your relations with the other CFR offices worldwide and by extending the clientele of Chinese and Western companies in China.

You will only succeed if you have expertise in managerial and commercial functions with P&L responsibilities. This will be the key to find trust with clients in China and the partners of CFR who will introduce you to their clients who have vacancies in China. Fluent knowledge of Mandarin and English is a must. Being of Chinese nationality is an advantage.

Your alertness for expectations and needs of clients can offer many opportunities. Important clients will ask you personally to execute the competency analysis for senior levels and to advise, to set up workshops, to give coaching and training. Besides that you control conscientiously the quality and output of your teams. Creativity and perseverance are important features of your personality as well as the power to inspire and to motivate. You are responsible for the budget and report the figures of turnover and cash flow to the current Managing Director. He will guide you during the transfer. He is available for advise and support.

A salary with profit sharing is provided as well as a company car and possibility of partnership. Mail your CV to Christine Van Velthoven, CEO of CFR Global Executive Search; [Christine.vanvelthoven@cpm-hrm.be](mailto:Christine.vanvelthoven@cpm-hrm.be) who will evaluate the CVs together with Haoguang Zhu, Managing Director of CFR-China.

## **ANNOUNCEMENTS**

### **Internet Silk Road – Chinese for Business (C4B)**

Language course, business-cultural guide and B2B platform constitute a package offered by a European project – Chinese for Business (C4B), which enables SMEs from Europe to embark on the Chinese market. Everything is available for free for every internet user, as a part of the Erasmus + programme.

The potential of economic cooperation between China and the European Union increases year by year. Nevertheless, entrepreneurs still struggle with three problems concerning business collaboration with the Middle Country. These are the following: language and cultural barrier and distance. The Chinese for Business project solves perennial problems in a modern way. All one has to do is register at [chinese4.biz](http://chinese4.biz) to deal with them.

The first of our three products is the Chinese language course. It consists of four subjects units – «Travel» «Preparations», «Operations» and «Work and life», of which every one contains 10 lessons. During every lesson the user learns grammar, basic dialogues and vocabulary. With the audio materials and interactive exercises, the studying process is just as efficient as at school, but more pleasant and available everywhere you are.

The cultural-business guide is China in questions and answers. Starting with the instruction how to get a transit visa through what a handshake with a Chinese businessman should look like, ending with the famous dilemma how to eat with chopsticks. Moreover, every article corresponds with a lesson at a language course.

Another product – B2B platform – enables a swift trade exchange between China and the EU. Every registered user can easily upload an offer of his company in the following languages: English, French, Portuguese, Italian, Dutch, Spanish, German and Chinese. Apart from adding offers they can also search for them.

Creating offers in Chinese will cease to be a problem for a European. The SaaS system of the project is going to be equipped with a special, pioneer tool, which automatically translates it into Chinese and shares it with potential business partners.

The goal is for the entrepreneur to possess skills needed to establish a contact with a Chinese businessman through a B2B platform after having finished the language and cultural course.

For further information please contact the Chinese for Business Manager: Malgorzata Jendryczka [m.jendryczka@mescomp.pl](mailto:m.jendryczka@mescomp.pl) mobile: 0048 509 540 445

### “Vlamingen in de Wereld” looking for Beijing representative

“Vlamingen in de Wereld” (VIW) is an organization for compatriots who want to live and work abroad. Through her world-wide and active network, VIW is keeping in touch with thousands of expatriate Flemish people. It offers them personal services and acts as their spokesperson.

Become representative of “Vlamingen in de Wereld” in Beijing?

VIW representatives are anchors of the organization in the region. They are experienced antennas who disseminate information, networkers who bring together compatriots abroad, and transmit the requests and requirements of expats to the VIW-secretariat in Brussels.

Ideally, a representative is embedded in the local society and has links with a local Flemish/Belgian/Belgian-Dutch organization.

Have you lived already for a substantial time period in Beijing? Do you have an extensive network? Maybe you will become our next representative. Show your interest to [koen.vanderschaeghe@viw.be](mailto:koen.vanderschaeghe@viw.be)

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