

China Economic Digest

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Silk Road Fund makes maiden investment

China will contribute more to global stage

Study aims to transform manufacturing

IMF sees China's growth as safer



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Nationwide breast feeding campaign on the way

BEIJING

The top legislature began reviewing a draft amendment to the Advertisement Law, which proposes a ban on baby formula advertising to promote breast feeding. "Dairy products, drinks and other food advertisements that claim to partly or completely substitute mother's milk are [banned from] mass media or public venues," said the draft.

The draft revision was submitted to the bimonthly legislative session of the National People's Congress (NPC) Standing Committee, which ran from Monday to Friday.

The proposal stipulates that advertisers, clients, agents and publishers that violate the rule could be fined up to 1 million Yuan (\$163,260).



Many champions believe that breast feeding is the best source of nutrition for newborns, as it increases their immune systems and reduces the likelihood of obesity in adulthood.

However, only 28 percent of infants younger than 6 months were breast fed exclusively in China in 2008, well below the global average of about 40 percent, according to figures released by United Nations International Children's Emergency Fund (UNICEF) China.

Breast feeding rates might have increased in recent years as the government initiated measures to revive the practice, such as encouraging businesses to offer new mothers dedicated rooms to feed their infants or to express milk.

The State Council aims to raise the exclusive breast feeding rate to 50 percent by 2020, as outlined in its program for the development of women and children. – Agencies ■

'Strip shows' in rural areas to face govt wrath

CED Monitoring

BEIJING

Organizers of strip shows in rural areas will be severely punished in a campaign announced by the Ministry of Culture to curtail the illegal performances.

The ministry will work with various departments to intensify supervision of profit-oriented shows and boost law enforcement in rural areas, it said.

"Illegal performances such as strip dances have been occurring in rural areas from time to time that have disrupted the cultural market and created a negative influence on the social environment," the ministry said in a statement posted on its website.

The ministry will severely punish illegal activities such as strip shows and hold culprits criminally accountable if they violate laws, it said. It will also blacklist companies and individuals behind illegal operations and publish the list.

It cited two cases involving the staging of strip shows. The shows' organizers have been punished by cultural authorities and other departments, the ministry said. In one case, six performers with Red Rose Troupe, an art group from Handan,



Hebei province, participated in a performance at the funeral of an elder in Handan's Cheng'an county on Feb 15. The performance included playing a suona - a Chinese double-red horn - as well as traditional dancing. At the end, the performers presented what the authorities characterized as a strip show. No details were provided.

A manager of the troupe, surnamed Li, was given 15 days in

detention and a fine of 70,000 Yuan (\$11,000) by the police and county cultural authorities.

In the other case, three performers delivered what was said to be an obscene act at a funeral in Zhangtang village of Suqian, Jiangsu province, on Feb 27. Again, no details were provided.

Some people in rural areas pay troupes to play folk music and perform racy acts, so that more people will come to a funeral,

said Zhang Chengdong, vice-president of the Jiangsu Festivals and Events Association.

"They want to have as many people as possible attend the funeral. In this way, they feel they fulfill their obligation of fidelity to their elders," Zhang said.

Authorities should intensify supervision so performing troupes will not violate laws just to cater to the bad taste of some people in rural areas, he said. ■

Civil servant exodus reports denied

CED Monitoring
BEIJING

A senior government official has categorically denied reports of an "exodus" of the country's civil servants from their jobs, and said some job-hopping should be considered normal.

"Judging from statistical figures and our surveys at some central governmental agencies, there is no noticeable surge in the number of civil servants leaving their posts," said Li Zhong, spokesperson of the Ministry of Human Resources and Social Security, at a press conference.

Li made the remarks in response to a question on several reports by the media and job-hunting websites stating that the number of civil servants who



have quit their jobs has grown significantly.

Many think that heavy workloads, relatively low pay and pressure from the country's anti-corruption and frugality campaigns have led civil servant jobs to lose their appeal.

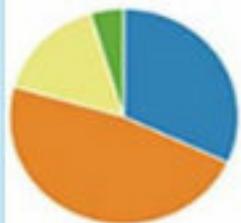
"Some members have quit, but that is generally normal," Li said, noting that the country's laws also encourage free flow of personnel.

Li also noted that the civil servant talent pool is constantly being filled through new member recruitment. ■

CPC members found absorbed book reading

Survey on cadres' interest in reading

1. Do you like reading or not?



2. How long do you read every week?



3. How many books do you read in a year?



4. What holds you back from reading?



CED Monitoring
BEIJING

Time spent with literature grows as social activities take back seat to new habits

As World Book Day arrived, reading events bloomed nationwide as the government encouraged a love of literature among the public. And surveys show that Party and government groups are taking the lead.

Jiangsu province launched a four-day reading festival in Nanjing during which scholars gave lectures, and a team of volunteers was created to read books aloud to the visually impaired.

The government also plans to turn the city's Xuanwu Lake Park into a readers' paradise by building a library and a book cafe for lectures and book fairs.

"Chinese people love reading. It is a tradition that goes back thousands of years," said Sun Shoushan, deputy director of the State Administration of Press, Publication, Radio, Film and Television, at the launch of the 5th Beijing Reading Season this week. "The government puts great emphasis on encouraging a love of reading among people and has included a policy to promote reading in the govern-

ment's work report since 2014."

It's no easy task to promote reading across the country. Leisure time is decreasing in an increasingly fast-paced life. The average daily leisure time for Chinese people was 2.55 hours in 2014, less than half in developed countries, according to a survey by China Central Television of 100,000 sample households.

Only one-tenth of daily leisure time about 15 minutes was spent reading, while one-third was spent on the Internet and one-sixth on TV, the survey showed. Party members are required to set an example of valuing reading, and recent surveys show they devote more of their leisure time to it.

Among nearly 5,000 participants in a poll on cpc.people.com.cn last year, 79 percent of the polled Party members said they like reading, while 28 percent admitted reading less than five hours per week. Compared with a survey by People's Tribune magazine in 2009, Party members are doing more reading. Half of the participants in the 2014 survey said they read 10 books or more in a year, a growth of more than 10 percentage points over 2009.

Moreover, Party members experience less disruption of their reading by social activities of late, as the Party has advocated a thrifty lifestyle and

cracks down on extravagance and abuse of public funds. In the 2009 survey, 22 percent of Party members polled said they were too busy attending social activities to read, while only 13 percent in the 2014 survey blamed social activities for holding them back.

"Besides participating in a reading club, I spend about eight hours every day reading," said Xu Bo, director of Jiangsu Local Taxation Bureau.

To help Party members develop a habit of reading, the Work Committee of the Jiangsu Party Com-

mittee organized after-work reading clubs, where participants engage in group discussions. The Work Committee conducted a survey of more than 3,200 Party members in the province last year, and 52 percent of those polled welcomed such events.

"I spend more time on reading than before, about 14 hours a week now," said Xu Shipei, deputy secretary of the Party Committee of the Jiangsu Provincial Commission of Economy and Information Technology. "What I learn from reading has helped me improve my work." ■

Hebei polluters fined heavily

CED Monitoring

BEIJING

Hebei province has fined waste water treatment plants tens of millions Yuan for polluting the environment.

Six plants were ordered to pay nearly 20.48 million Yuan (\$3.3 million) in total as punishment for discharging excessive pollutants.

A plant in Zaoqiang county was ordered to pay more than 6.8 million Yuan, the highest fine among the six, for not taking corrective measures after being asked to, according to the Hebei Provincial Environmental Protection Department. The five other plants are in Chengde, Zhangjiakou, Langfang, Cangzhou, and Hengshui.

A further two plants, in Cangzhou city, were also punished with penalties ranging from tens of thousands of Yuan to millions.

Fines are accumulated on a daily basis based on a new national Environmental Protection Law, which took effect on Jan. 1.



According to the legislation, dubbed the most severe environmental protection law so far if an enterprise refuses to or does not correct a polluting operation after being asked to, it will be further punished by being fined multiple times the penalty initially imposed.

This is Hebei's first order since the law took effect.

"This will become a normal action in Hebei," said Yang Yongjie, from the Hebei environmental law enforcement supervision department, adding that the punishment has greatly increased enterprises'

costs. Yang said "the accumulated fine" will force enterprises to operate in accordance with the law.

In addition to fines, administrative punishment will also handed down to related responsible people, Yang said.

Hebei has spent 1.05 million Yuan on installing remote automatic inspection systems at 210 wastewater treatment plants.

Since launching inspections at the start of the year, Hebei has investigated and prosecuted more than 300 cases with more than 400 people punished. ■

Tibetan mastiff facing uncertain future



CED Monitoring
BEIJING

If mastiffs are guns, then a Tibetan mastiff will be a gun that could be easily discharged accidentally," said Wang Yibo, who runs an online forum for fans of the dog in China.

The remarks were made two years ago to describe the unpredictable and aggressive nature of the breed but now also sound

appropriate for the country's Tibetan mastiff market.

According to the Tibetan Mastiff Association, there were 95 puppy farms in the autonomous region selling nearly 10,000 dogs annually before 2012. Now only 66 farms survive with 3,000 of the exotic breed sold in 2014.

Earlier this year, animal rights activists in Beijing were reported to have saved 21 Tibetan mastiffs

and 150 other dogs from a truck heading to a slaughterhouse where the animals would have been sold for \$5 a head.

Shaggy, lion-like mastiffs, native to Tibet and neighboring Qinghai province, were traditionally used as shepherds and watchdogs by herders and known for a loyal but fierce disposition.

Like luxury cars and houses, a Tibetan mastiff was once deemed

a status symbol for China's nouveau riche. Burgeoning in the 1990s, the market has skyrocketed over the past two decades.

In 2012, a pup was reportedly sold for 20 million Yuan (\$3.23 million) in Qingdao, Shandong province.

The market also boosted related industries, including feed and exhibitions.

The growing number of breeders led to an oversupply of pups. "Many of the puppies are highly inbred and of questionable qual-

ity, which may threaten the species' existence in the long run and damage the reputation of the industry," said Wang Yonggang, chief of the Tibetan Mastiff Association, quoted by media.

The cooling of the market can also be attributed to strict regulations against large dogs in cities, said Wang Zhankui, chief of a mastiff research center in Henan province.

Cases of pet mastiffs injuring or killing family members and passersby are occasionally re-

ported, leading to a ban on raising the breed in cities including Beijing, Shanghai and Tianjin.

China's ongoing anti-corruption drive has also taken its toll, Wang said.

The dogs were once a fashionable gift from businessmen to officials but now both avoid buying or receiving them.

Wang Yonggang said the industry can only return to normal with more effort on producing high-quality breeds and improving breeding skills. ■

Cops bust gang of fake handbags sellers

SHANGHAI

Chinese police have caught 25 suspects for allegedly selling fake luxury handbags online to overseas customers, including Louis Vuitton (LV) branded items, authorities have said.

Police from Shanghai Municipality and East China's Fujian province have confiscated more than 60 computers and servers and 1.75 million Yuan in cash (about 280,000 US dollars), Shanghai police said. Last August, French fashion house Louis Vuitton reported to Shanghai municipal public security bureau that it had found counterfeit LV handbags in international markets. Some of them came from Shanghai, the police said.

After several months of investigation, a gang attracted the police's attention. In 2009, gang leaders established Tengchuang Information Technology Company in Fujian and rented servers from a Shanghai firm to operate more than 200 English-language websites to sell the fake products, police said.

The websites, which used foreign IP addresses,



advertised authentic products at lower prices. The company collected counterfeit luxury handbags, watches and accessories from factories in Guangdong and Fujian, and transported them to Beijing and Shanghai by express courier.

They then delivered the fake luxury goods to foreign customers in more than ten countries, including the United States, Canada, Britain and Greece, said Qian Honghao, a Shanghai police officer.

Qian said more than 80 percent of the gang members have bachelor's degrees, and the company's average monthly sales hit 2 million Yuan. Further investigation is under way. — Agencies ■

Bonded zone in Kashgar goes operational



URUMQI

A comprehensive bonded zone has been opened in Xinjiang Uygur autonomous region's border city of Kashgar. The zone was approved by the State Council in September and passed joint assessment led by the General Administration of Customs in January.

Covering a plot of 3.56 square km, the bonded zone enjoys geographic advantages for trade thanks to its proximity to Kashgar International Airport and busy highways, as well as the China-Pakistan and China-Kyrgyzstan-Uzbekistan railways currently being planned.

Several areas have been set up to provide bonded warehousing, logistics and manufacturing. In addition, support services such as custom clearance, airfreight and exhibition halls are also available.

The bonded area has finalized investment agreements with 26 logistics and manufacturing companies, which have a combined registered capital of 400 million Yuan (\$64 million) and is expected to create 500 jobs. Bordering on five Central Asian countries including Tajikistan, Kyrgyzstan and India, Kashgar boasts five national ports.

Xinjiang established its first bonded zone at the Alataw Pass, the country's largest land port, in the region's northwestern Mongolian autonomous prefecture of Bortala in 2011. – Agencies ■

NBA star Marbury graced on China's stamp

BEIJING

Former NBA star Stephon Marbury has a statue in front of the arena of Beijing's Wukesong Stadium, three Chinese Basketball Association titles and now he has a postage stamp named in his name and face.

Marbury keeps winning in Beijing. Fresh off winning his third championship in the Chinese basketball league, Marbury was honored with a postage stamp in a ceremony at the National Museum of China this week. The 38-year-old left the NBA Knicks in 2010 and reinvented himself in China, where he was named one of its 10 "model citizens" in 2014 and honorary citizen of Beijing.

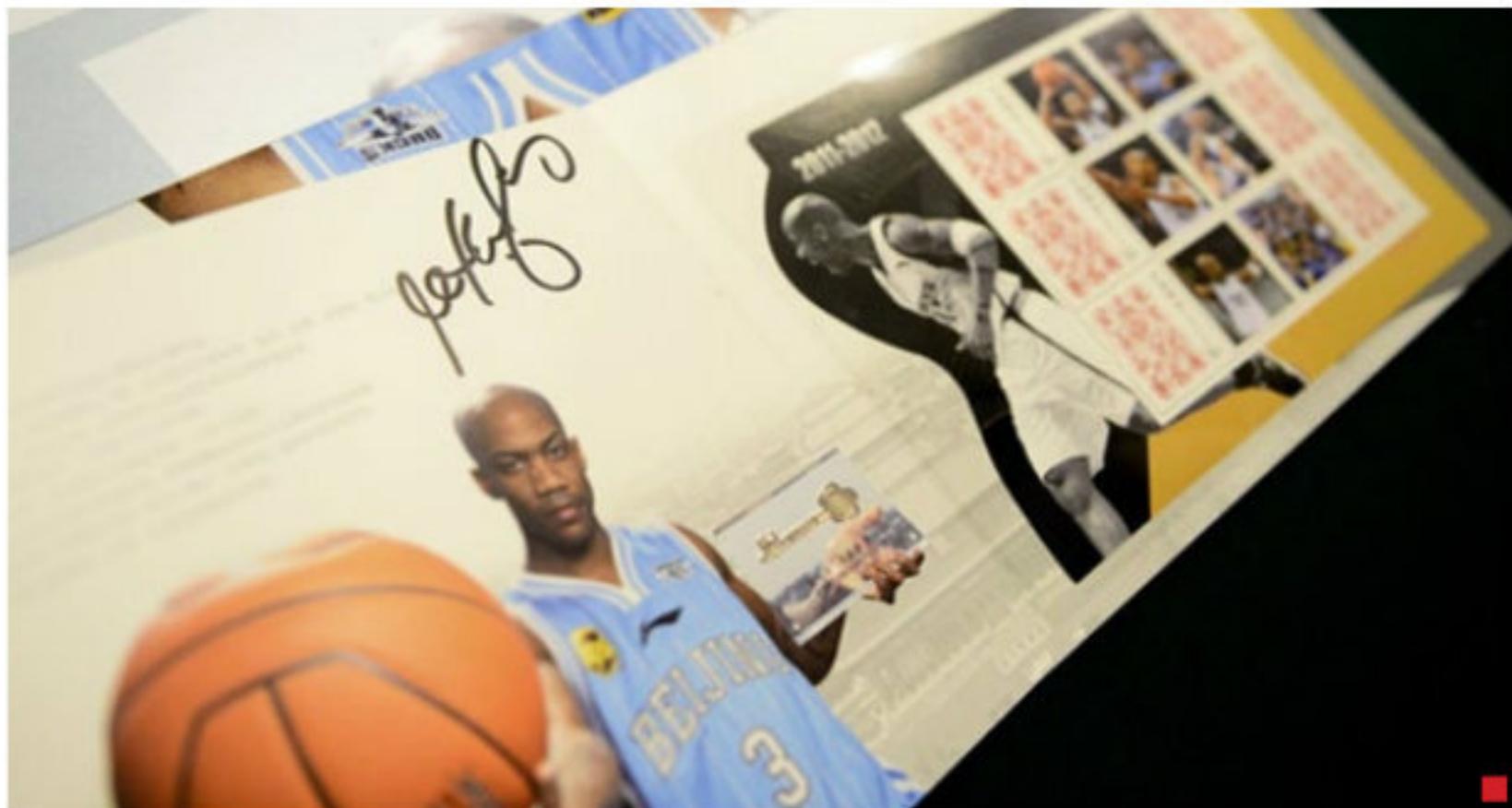
"I'm still trying to wrap my head around the fact that people will be able to buy a stamp of me to mail packages anywhere in the world," said Marbury, who plans to give a speech at the Na-

tional Museum of China in Beijing.

"I am truly humbled. Never did I imagine in all of my 38 years of living that I - a kid who grew up 7,000 miles away from Beijing and a kid who came from the projects of Coney Island - would have a stamp of myself. I can never have dreamed it."

Marbury has applied for a Chinese "green card", or permanent residence permit. "I'm applying for a Chinese green card," Marbury wrote last week in his Weibo account, Chinese version of twitter. China started to grant permanent residence permits to foreigners in 2004. Since then, about 5,000 foreigners have received permits.

Marbury, who left a 20 million US-dollar NBA contract behind six years ago to play basketball in Beijing, is now a settled superstar in China. He led Beijing to their third and second straight Chinese basketball league title last month and was voted the CBA finals MVP. – Agencies



More overseas talent to be lured

CED Monitoring
BEIJING

Vincent H. Yu, a licensed physician in New York state, is thinking about setting up his own healthcare company in China.

He is not worried about funding, technology or a partner. His main problem is how to find the best place to start his business, with several Chinese cities offering attractive policies for overseas professionals like him.

At the Conference on International Exchange of Professionals in Shenzhen, Guangdong province, at the weekend, Yu witnessed many cities' policy incentives in various areas, such as free workshops, startup funds and taxation.

"I'm very eager to bring research results from the United States to China to help extend people's lives," he said.

"I simply want a platform to get started."

Yu is lucky, as China wants to lure more international talent and entrepreneurs to start businesses in the country. Coastal provinces including Jiangsu, Zhejiang and Fujian, are leading the way.

For example, Suzhou in Jiangsu, has attracted more than 300 foreign experts under its 1000Talent Plan to start businesses or carry out innovative projects.



Many overseas Chinese are being encouraged to start businesses as the nation aims to become more innovation-driven. This follows the success stories of companies such as e-commerce giant Alibaba Group, whose market capitalization has risen to more than \$250 billion.

Yuan Yuan, who works in the Suzhou Government Organization Department, said: "This idea of attracting overseas talent to start innovative businesses stems from our own situation. Suzhou, a tourism destination, has a good reputation among foreigners, and we have a solid industrial foundation."

"We have a long history of attracting outside talent despite the fact that we don't have many prestigious universities," Yuan added.

"With more overseas Chinese and foreigners wanting to seek opportunities in China, we want to take this opportunity to not only attract talent but to keep it in Suzhou."

Vice Premier Ma Kai has said that with the hard work of its people, China is now closer than ever to attaining its dream of national rejuvenation, meaning that it needs more talented people and is in a better position to give them "fame and glory".

Ongoing reform in politics, the judiciary, business and talent recruitment policy has also provided the opportunity and the environment for talented people to start their own businesses or perform innovative work.

"China is comprehensively pushing forward the rule of law and this will offer a legal environment featuring equality, justice and transparency for talent at home and abroad," Ma said. ■

Beijing Intl' Film Festival seeks to be top event

CED Monitoring
BEIJING

The rapidly expanding Chinese market for movies has drawn increasing attention from around the world. The recently concluded 5th Beijing International Film Festival, one of the country's major film events, has drawn a record number of participating stars, some 300 at the opening ceremony in northern Beijing last weekend, and hundreds of world-renowned filmmakers at the following meetings. There was also a long list of celebrities.

The event had a lift-off when Hollywood action star and former California governor Arnold Schwarzenegger gave warm hugs and handshakes to the screaming fans alongside the red carpet.

The festival's organizers have given themselves three to five years to make the Beijing International Film Festival rank as the top movie event in Asia, on a level with the Cannes Film Festival and Toronto International Film Festival, says Zhao Zhiyong, executive deputy secretary-general with the festival's committee, in a news release. French veteran filmmaker Luc Besson, who leads a seven-member panel to select the best picture and other nine awards for the festival's Tiantan (Temple of Heaven) Awards, believes that is achievable.

"So five years is very young. It's a baby, but I had never seen a baby so mature, and he has the

maturity of a very old Chinese wise man," Besson says at the opening ceremony, referring to the five-year-old festival. Marco Solari, President of the Locarno International Film Festival

in Switzerland, says that he has been impressed with the fast development of China's movie market and the number of local talented moviemakers.

"There are now more than 3,000 film festivals in the world. Their influence is not judged old they are. Though the Beijing International Film Festival is still young, it has already taken its place in the world," Solari says.

The President of the earliest and largest film festival in Switzerland predicts that it is "quite possible" for China to overtake the United States as the world's top box-office market in the coming years.

Some big numbers may show the festival's potential and the possibility of its goal. More than 300 movies selected from more than 1,500 titles from 103 countries and regions were released in 23 Beijing cinemas and eight universities.

Some of them made their international debut in China, the world's second-largest movie market with a record box office hitting 29.6 billion Yuan (\$4.8 billion) last year, up 36 percent year-on-year.

Online ticket booking statistics show that more than 10,000 tickets were sold in only three minutes after Gewara.com, the festival's authorized site, started presale, and 4.2million tickets were sold in the following three days.



Tickets of some US blockbusters, such as this year's Oscar winners *Birdman* and *The Grand Budapest Hotel*, were sold out at least two days before the screenings.

The overwhelming response from Chinese movie goers to the festival, with some attendees claiming on major film forums that they flew to Beijing just for the "precious" chance to enjoy the classical productions on the big screen, makes the 2015 festival the most popular since it was launched in 2011.

The festival also reached out to the international movie market. Latest available figures show that the movie industry fair, part of the festival that was held from April 17 to 20 in the China Millennium Monument, attracted 275 movie companies and institutions from 25 countries and regions, up 11 percent year-on-year.

Project Pitches, a major section of the market which aims to find film projects that have big commercial potential, have received 455 applicants, double the total of the previous year.

In the previous four festivals from 2011 to 2014, a total of 80 movie projects were picked up, hitting a trade value as high as 27.3 billion Yuan.

The fantasy thriller *Warrior Gate*,

Journey to the West, an adaptation from the Ming Dynasty (1368-1644) classic, will feature the Monkey King again in the summer of 2017. This time, the 3-D version of the popular legend is a collaboration between Paramount Pictures and Beijing Ruyi Xinxin Film Investment.

The Monkey King is a world-famous character and the story will work well with the latest movie technology, says Rob Moore, Paramount's Vice President. Many of the principal actors in the 1986 classic TV series, who are still remembered by a generation of Chinese viewers, will star in the film that will be produced by Mark Johnson, famed for *Rain Man* and *Breaking Bad*.

Hollywood blockbusters also made their pitches during the festival.

"I'll be back."

The signature line in the *Terminator* franchise was Schwarzenegger's last sentence in his speech at the opening ceremony.

The 67-year-old American star refers to his possible promotion back in China for the upcoming action, titled *Terminator 5* or *Terminator: Genisys*, which will be released in July in North America. ■

Feng denies attending gambling tourney



CED Monitoring
BEIJING

Chinese veteran rocker Wang Feng has denied attending a poker tournament which was suspended for involving illegal gambling.

The star said he had only attended the opening ceremony and the following charity poker

championship. The 2015 China (Jiangsu) Poker Championship was suspended by Nanjing police after allegedly involving illegal gambling activities.

According to the investigation, the championship is suspected because participants are allowed to purchase multiple chips.

More than a thousand people and nearly eight million Yuan (\$1.3 million) are said to be involved. ■

Beijing film fest generates \$2.2b in contracts

CED Monitoring
BEIJING

The 5th Beijing International Film Festival generated over 13.8 billion Yuan (about \$2.2 billion) in contracts.

The figure is a 32 percent increase year on year, and is more than any other film festival in Asia, according to the organizing committee. On April 20, a ceremony was held for 36 major projects, including creation, production, release and marketing, the committee said.

The projects included an animated film, "Beast of Burden", which will be co-produced by China Film Animation Ltd. and New Zealand-based Huhu Studios. It is an adventure story about how animals living an arduous life under oppressive masters, find love and learn to walk upright.

Chairman Trevor Yaxley of Huhu Studios said both production teams believe this story could bring joy and tears to the global audience. In the first four annual festivals, 80 projects were signed with a total transactions of more than 27 billion Yuan. — Agencies



The Gold Era grabs best picture Award at 34th HK film fest

CED Monitoring
BEIJING

The Golden Era, a biographical movie of Xiao Hong, one of China's most famous essayists and novelists, won the Best Film of the 34th

Hong Kong Film Awards this week.

Actor Sean Lau from Hong Kong and actress Zhao Wei from the Chinese mainland respectively won the Best Actor and the Best Actress by staring the latest Hong Kong action movie series Overheard 3, and Dearest, a movie on kidnapping in China.



The Golden Era was the biggest winner at the awarding ceremony. With nominations for up to ten titles, the movie also won the Best Cinematography, the Best Art Direction, the Best

Costume and Makeup Design, with its Hong Kong director Ann Hui winning the Best Director title. The Golden Era had been selected as the Hong Kong entry for the Best Foreign Language Film at the 87th Academy Awards, although it was not nominated.

It was the first time for Zhao to win a Hong Kong Film Awards title, though she has been nominated twice. Zhao said at the ceremony that she really did not expect anything from the awards this time and attributed the success to the movie's director Peter Chan.

With a total of 13 nominations, Overheard 3 also helped Alan Mak and Felix Chong win the Best Screenplay for writing a sophisticated story in the crime-thriller movie. Ivana Wong, a 35-year-old Hong Kong actress who started a career as a singer ten years ago, starred four movies in 2014, three of which were nominated for the Best New Performer this year. Wong won this title for performance in Delete My Love, and also won the Best Supporting Actress for Golden Chicken SSS.

Coming Home, which tells a love story through China's cultural revolution directed by Zhang Yimou, won the Best Film from Mainland and Taiwan. Founded in 1982, the Hong Kong Film Awards has been the most prestigious movie awards in the region and one of the most recognized in the Chinese mainland and Taiwan. ■

China looks to top the bill in Hollywood productions

CED Monitoring

LA moguls are looking longingly East as the mainland becomes a hefty box-office market, reports Xie Yu in Hong Kong.

Imagine Hollywood actor Matt Damon engaging in mortal combat with a bunch of sleazy-looking villains on the stone parapets of the imposing Great Wall of China. You're right. Hewins against all

the odds, as he always does.

Or if you prefer something less violent, but just as tantalizing, how about another scenario: Raven-hair Chinese beauty Li Bingbing races through the mean streets of Los Angeles on an even meaner Harley Davidson, chased by a group of burly bikers. She escapes but has the last laugh, of course.

In fact, you do not really need to stretch your imagination because you could be able to buy

a ticket to watch these scenes on a big screen near you soon, and you can count on Hollywood to produce many more such box-office hits centered on increasingly East-meets-West themes, in partnership with Chinese producers and funded by Chinese money.

"China-connect" was the buzzword of the annual Hong Kong International Film and TV Market, Asia's largest film and entertainment market, hosted by Hong

Kong Trade Development Council late last month.

Nearly all the biggest-name US producers were there, rubbing shoulders with Chinese movie moguls and business tycoons keen on joining the star-studded business. In the past, the Chinese mainland was valued by Hollywood producers as nothing more than a money spinner with an ever-increasing number of moviegoers captivated by US-produced big-budget blockbusters.

Now, however, they have found something that promises to be even more tantalizing: investment funds. To further tap the potential of the Chinese market, Hollywood producers are trying to knit more and more Chinese elements into their blockbusters by filming on location in China and featuring Chinese stars.

Such exploits have attracted the attention of many Chinese real-estate tycoons, coal mine bosses and rags-to-riches indus-

trialists, who have the money and a growing desire to buy their own slice of showbiz glamour.

"There is huge energy and interest among our members to navigate their way into China, which is now the world's second-largest film market after the United States," said Elizabeth Dell, head of a China Task Force formed by the Producers Guild of America, the highly influential trade organization representing television producers, film producers and new media producers in the US. Dell is also acting as an independent film producer.

The PGA set up the task force last autumn to meet soaring interest from its members in China—especially about how to get money from the market.

"We have also been receiving more requests to participate in China-based, or China-focused, projects in the United States. It is explosive," Dell said.

What is particularly exciting

many Hollywood movie producers is that Chinese investment funds are beginning to pour millions into projects, big and small.

A growing number of producers, she said, are working Chinese angles into their movie plots, simply in the hope of attracting calls from eager investors with jumbo-sized egos on the other side of the globe.

This huge surge in interest has happened only in the past two years, and already some of China's most successful entrepreneurs, flush with cash, have been eyeing Hollywood and throwing money into creating their own dreams there.

The latest move came in mid-March when Hollywood mini-studio Lions gate Entertainment Inc, which produced the blockbuster Hunger Games, announced it had reached a three-year agreement with China's Hunan TV & Broadcast Intermediary Co Ltd to co-finance movie productions for the next three years.



Under the agreement, Hunan TV's wholly owned subsidiary, TIK Films, will bankroll one-quarter of Lions gate's film production budget of \$1.5 billion.

The planned list of titles includes Gods of Egypt, Now You See Me 2, The Last Witch Hunter starring Vin Diesel, Sicario and Age of Adalin featuring Blake Lively and Harrison Ford.

Hunan TV is China's second-largest broadcaster after China Central Television, and it is not the only Chinese enterprise trying to court Lions gate.

Other suitors are thought to include e-commerce giant Alibaba Group Holding Ltd and property group Dalian Wanda Group Co Ltd, both of which are well-known to have been shopping around for up-and-coming Hollywood studios.

It had been widely reported in the Chinese media that Alibaba and Wanda had separately initiated talks with Lions gate that could lead to either acquiring a substantial interest in the studio. A Lions gate's spokesman declined to comment on the reports.

"As Chinese people spend more on leisure and entertainment, the film business is seen by many Chinese entrepreneurs as a very important channel to further diversify their revenue sources," said Alex Wang, an analyst with Beijing-based iResearch Consulting Group.

The PGA's Dell said: "The major studios in Hollywood are what we call the 'Big Five,' but there are many smaller producers. Lions gate sits in the middle of the ranking."

"Irrespective of its size, the studio has got a library that keeps generating revenue and stabilizing the financing. What's more, Lions gate isn't so big that makes it hard for potential suitors to buy into." Past transactions have shown that Chinese buyers are targeting the smaller players just to whet their appetites.

Last year Fosun International Ltd, for instance, acquired an interest in Jeff Robinov's new film company Studio 8 for \$200 million. Insiders said Fosun had beaten Huayi Brothers Media

A growing number of producers, she said, are working Chinese angles into their movie plots, simply in the hope of attracting calls from eager investors with jumbo-sized egos on the other side of the globe.

Corp, the country's largest privately owned filmmaker, in landing Robinov's signature.

Huayi, meanwhile, has reportedly closed its own deal with producer Robert Simonds' new movie and TV studio STX Entertainment to finance, produce and release movies. The Los Angeles Times quoted a source as saying that its total investment in STX was around \$50million.

Chinese private equity fund

Hony Capital is STX's largest single shareholder after making a major capital injection in the studio in February.

"Chinese people are global. They are shopping, going to school, buying properties all over the world. That's where we come in. We can show them around Hollywood," said Renee Hartmann, a producer from Los Angeles-based Hollyluxe Entertainment.

Hartmann is promoting a movie project featuring the life of Chinese students in the US with a modest budget of \$3 million to \$5 million, and TV shows focusing on Hollywood Lifestyle in the Hong Kong Film Festival. Nicole Beckett, also from Hollyluxe, said it is on the hunt for investors.

"They can invest in our movie or TV shows and can be investment companies, TV stations, or online media operators like Youku Tudou Inc," she said.

Tough nuts to crack

As US film producers and Chinese investors continue to snuggle up to each other, industry insiders said making money from these potential marriages is harder than many think.

The Chinese market, on the one hand, remains partially closed to foreign films. Just 34 movies produced outside of China are allowed to be screened in the Chinese mainland each year.

Some foreign, particularly US, filmmakers are seeking to circumvent the restriction by seeking Chinese partners to jointly produce movies for the Chinese market. ■

3D opera films wow Beijing film fest



Not even star delegate Arnold Schwarzenegger can steal the thunder of 3D Beijing opera films screening in the ongoing Beijing International Film Festival (BJIFF).

Five 3D films featuring Beijing opera are premiering during the fifth BJIFF, which kicked off on April 16 evening at Yanqi Lake with an opening ceremony attracting nearly 1,000 international filmmakers, directors and actors.

The pick of the Beijing opera films is "Farewell My Concubine", an adaptation of the classic love story based on the legend of ancient hero Xiang Yu and his beloved concubine Yu Ji.

The film combines traditional Chinese culture and modern technology, according to director Teng Junjie.

"By including a high-tech and modern touch, audiences can appreciate the beauty of Beijing opera while enjoying the story from their own perspective," Teng said.

The two lead roles are filled by 75-year-old opera veteran Shang Changrong and rising star Shi Yihong. "When I watched the demo on the monitor, I found it very exciting. In 3D, the fight scenes felt like real battles," Shang said in a previous interview with Xinhua.

Shi said she hopes the movie can draw global attention to Chinese art.

"Farewell My Concubine" had its overseas premiere in Hollywood last May and was given an award for "Live Broadcast Music Entertainment" by the International 3D and Advanced Imaging Society in January. Agencies ■



'Furious 7' rules China's box office with \$190 million

Furious 7 raced ahead of its competitors for the second week, which ended April 19, with 1.17 billion Yuan (\$191 million) in ticket sales. The seventh film in the stunt-filled "Fast and Furious" street-racing franchise easily beat all rivals and remained dominant after a record opening of 401 million Yuan on April 12.

Domestic romance "Ever Since We Love," which debuted on April 17, was at the number two-spot, pulling in 72 million Yuan in the week, China

Film News reported. Domestic action film "Wolf Warriors", which debuted April 2, landed in third place with 54 million Yuan in the week. The film has rung up 493.8 million Yuan as of April 19.

"Mortdecai," a comedy-action starring Johnny Depp, came in fourth, with 13 million Yuan. The film was released here on April 17.

Rounding out the top five was domestic romance "The Queens," which earned 11.8 million Yuan in the week after opening on April 15. — Agencies ■

France honors Chinese celebrities

CED Monitoring
BEIJING

Chinese director Feng Xiaogang, "god-father" to the 10th Croisements Festival and the 12th Panorama, was named a Knight of the Order of the Arts and

Letters by Maurice Gourdault-Montagne, French ambassador to China.

The ceremony was held as part of the French evening of the 12th Panorama organized by the French Embassy and uni-France Films at Chinese Zen House in Beijing. The order was created in 1957 to honor those who have distin-



guished themselves through their work in the artistic or literary domain or by their contribution to the dissemination of art and literature in France and the world.

Feng said the order is a great honor and encourages him to promote cooperation between

the Chinese and French film industries.

He thinks France is a romantic country and expects film's third sequel to *If You Are the One* there.

Many other Chinese luminaries have also been recognized by France for their contribution to the arts, literature, or the propagation of these fields. ■

A photograph showing a close-up of two hands holding a small, colorful object, possibly a piece of clothing or a small bag, over a yellow FedEx Express shipping box. The box has the FedEx logo and the word "Express" printed on it. The background is plain white.

FedEx

Express



IMF sees China's growth as safer

Cover Story

WASHINGTON

China's economy slowed to a safer and more sustainable range, marking the transition to its economic "new normal", says a senior official of the International Monetary Fund (IMF).

In a recent interview with China's State run news agency, Steven Barnett, a division chief in the Asia and Pacific Department of the IMF, said China's economic growth which moderated to 7 percent in the first quarter, the slowest pace since 2009, is in line with what IMF expects China's growth range which stands between 6.5-7 percent.

"We think this marks the transition what in China is being called 'new normal'. We will call you get on a slower but safer and more sustainable growth path," he said on the sidelines of the World Bank-IMF Spring Meetings.

In IMF's biannual World Economic Outlook (WEO) report, the Washington-based lender forecast China's economy would ease to 6.8 percent in 2015 from 7.4 percent in 2014. The growth is expected to cool to 6.3 percent in 2016.

For China, the main risk is the failure to implement the reform agenda to address



financial risks, rebalance the economy and tap new sources of growth," the report warned.

"We see it will continue in a safe range in the end ... How fast China can grow depends on how successful China is in implementing the reform agenda," Barnett said.

He singled out key areas where reforms should be accelerated, including liberalizing the financial sector, giving private business equal treatment with the state-owned companies and beefing up the social

security system.

"We think China still has policy space to support growth if needed," he noted, saying one is to accelerate the reduction of social security contributions, and the second relates to strengthening the social security system.

"These will help boost consumption by boosting labor market and income, and accelerate the shift away from investment towards consumption as a driver of growth," he said. – Agencies



ICBC topples Wells Fargo



CED Monitoring
BEIJING

Industrial & Commercial Bank of China Ltd (ICBC) is now the world's most valuable bank, winning its duel with Wells Fargo & Co, foreign media has reported.

ICBC's market capitalization was \$315 billion this week, 11 percent more than Wells Fargo based in San Francisco.

According to analyst Steven Chan, of Maybank Kim Eng Securities Pte in Hong Kong, Chinese banks' gains may be supported by monetary easing lowering their funding costs and limiting bad loans, the report said.

China has cut interest rates and lenders' reserve requirements twice since November.

"The next round of the rally is likely to be related to some of the foreign institutional investors realizing that they've been too pessimistic about China's banks," Chan said.

ICBC reported a net profit rise of 5.1 percent year on year to 276.29 billion Yuan (\$45.29 billion) in 2014.

Business revenue gained 11.7 percent in 2014 from 2013 to 658.89 billion Yuan. Among the total revenue, the net interest income gained 11.3 percent year on year to 493.52 billion Yuan.

The bank's total assets hit 20.61 trillion Yuan, up 8.9 percent year on year. ■

Turnover explosion crashes SCE software

CED Monitoring

BEIJING

China's stock trading fever has made the Shanghai Stock Exchange the world's biggest in terms of turnover, surpassing the New York Stock Exchange, but the explosion in volumes has exceeded the ability of the exchange's software to report it.

The exchange's trading turnover exceeded 1 trillion Yuan (\$161.28 billion) for the first time, but the data could not be properly displayed because its software was not designed to report numbers that high.

"This is a software configuration issue, not a technical glitch," the Shanghai Stock Exchange said in a statement, adding that trading and price quotes for individual stocks were not affected.

The exchange said it would need to replace its

current software files that handle volume reporting to resolve the issue. China's stock market has nearly doubled over the past six months on hopes of monetary easing, with the world-beating performance luring retail investors who have been opening accounts at a record pace.

Trading turnover on the Shanghai and Shenzhen stock exchanges totaled \$1.85 trillion and \$1.56 trillion respectively in March, making the two bourses the world's biggest that month, according to the World Federation of Exchanges.

The New York Stock Exchange had a turnover of \$1.53 trillion in March, and the Nasdaq OMX a total turnover of \$1.1 trillion.

The Shanghai Stock Exchange said that the current software package, called SHOW2003, can only support trading turnover below 1 trillion Yuan, and was being gradually replaced by new software.



RMB being made more freely usable



WASHINGTON

China will take a series of reforms to further increase the capital account convertibility of Renminbi, and make Yuan, a more freely usable currency, governor of the People's Bank of China (PBOC) Zhou Xiaochuan has said.

In a statement at the 31st meeting of the International Monetary and Financial Committee meeting held in Washington, Zhou said that China will further expand cross-border investment channels for individual investors, such as via pilot program of Qualified Domestic Individual Investor.

The country will also introduce Shenzhen-Hong Kong stock connect program, relax foreign exchange regulations, facilitate access to the Chinese capital markets

by overseas institutional investors, and further facilitate the international use of Renminbi, he added.

Zhou said that China will adopt a concept of managed convertibility in order to limit risks from cross-border capital flows and safeguard the stable value of the currency and a safe financial environment.

This year, the International Monetary Fund (IMF) will conduct review of including Yuan into the basket of the Special Drawing Rights (SDRs). Zhou told reporters that the evaluation process of the Renminbi's inclusion is proceeding, and China would speed up relevant reforms to promote the process.

SDRs are international foreign exchange reserve assets. Allocated to nations by the IMF, an SDR represents a claim to foreign currencies for which it may be ex-

changed in times of need.

According to the IMF, the selections of currencies for the SDR basket are based on two criteria -- the size of the country's exports and whether its currency is freely useable, and the latter requires a certain degree of capital account convertibility.

Zhou said that there are only a few capital account items that are completely convertible, adding that this year China plans to launch a series of reforms that will target currently nonconvertible items under the capital account, with the aim of further promoting capital account liberalization and making Renminbi a more freely usable currency.

Commenting on China's current economic conditions, Zhou said China's macro-financial condition remains stable, while the economy is facing some downward pressure.

He reiterated that the Chinese government will maintain continuity and stability of the monetary policy to ensure reasonable credit growth and liquidity, continue proactive fiscal policy, and stay vigilant on nonbank financing. In regard to real estate policy, Zhou said China will continue to implement a differentiated housing mortgage policy to support the healthy housing demand. — Agencies ■

Reserve ratio cut to boost developers' lending

CED Monitoring
BEIJING

The unexpectedly large cut in banks' required reserve ratio announced will put more money into the market and ease developers' borrowing costs, giving a big boost to the flagging real estate sector, analysts said.

The one percentage point reduction to 18.5 percent by the People's Bank of China, the central bank, was twice the usual adjustment. Analysts estimated that it will allow banks to boost lending by unleashing about 1.2 trillion Yuan (\$194 billion).

Investors agreed, with shares of property developers rallying and the Shanghai Property Index rising 1.2 percent for the best performance among five industry groups, even as the Shanghai Composite Index dipped 1.64 percent.

China State Construction Engineering Corp jumped 9.1 percent to 9.85 Yuan. Rongan Property Co, based in the second-tier city of Ningbo, Zhejiang province, rallied by the 10 percent daily limit to 26.93 Yuan.

With the new liquidity, banks are likely to boost lending to homebuyers and developers, said Yang Hongxu, vice-president of



the E-House China R&D Institute. Yang added that the banks have a "natural tendency" to lend more to "big clients" who borrow a large amount of outstanding debts. That tendency will likely reduce heavily leveraged developers' financing costs.

The central bank lowered the reserve ratio by 0.5 percentage point on Feb 4 and the benchmark interest rate by 0.25 percentage point on Feb 28. Those moves combined to reduce the average corporate borrowing cost by 0.5 percentage point from the year-earlier level to 6.83 percent, according to central bank data.

Zhang Hongwei, chief analyst of Tospur Real Estate Consultancy, said that the reserve ratio cut will boost home sales by making it easier for banks to implement previous support policies, such

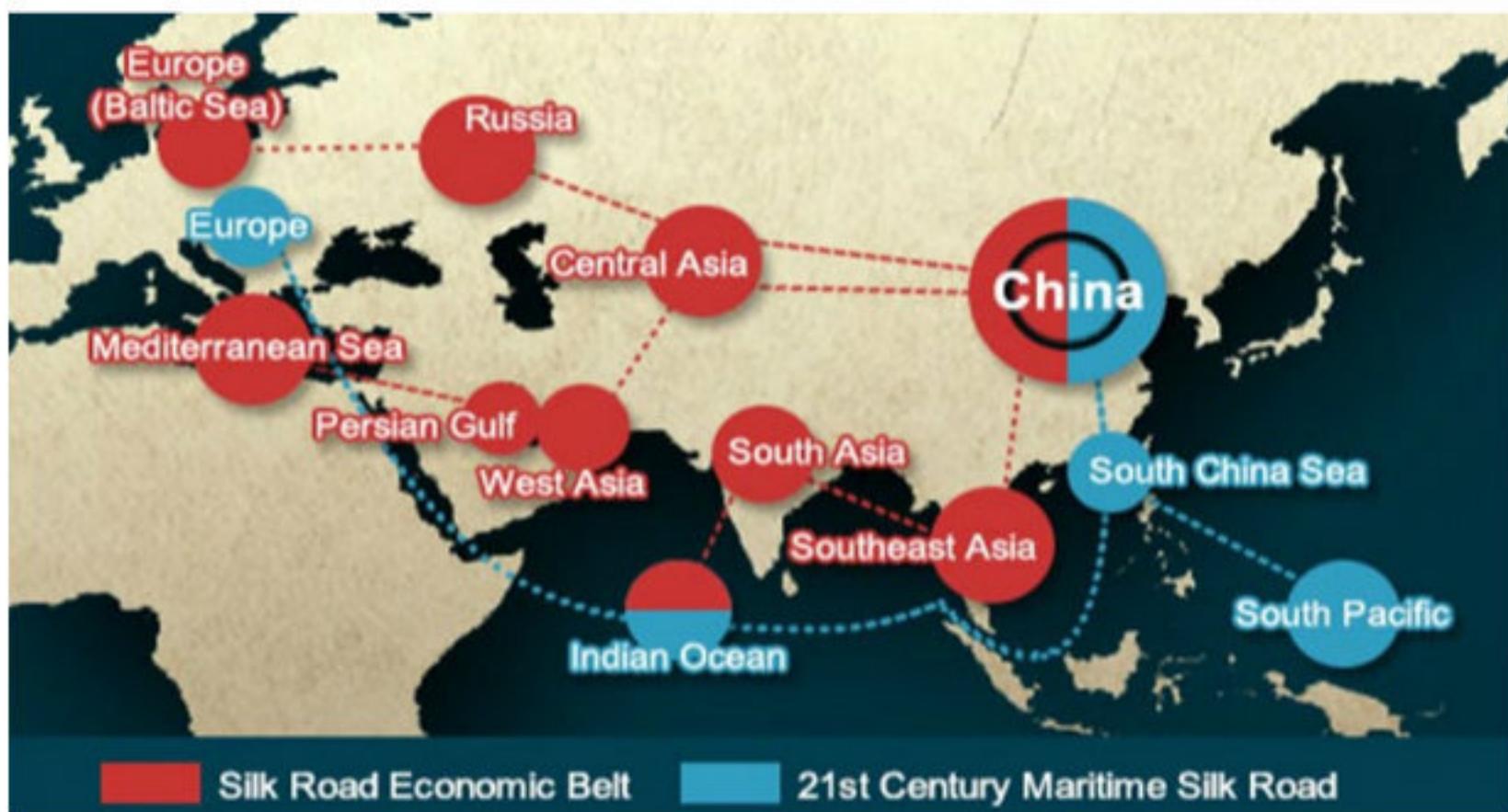
as the PBOC's announcement on March 30 that it was cutting the minimum down payment for second-home buyers.

Zhang said that housing sales stayed flat in the first half of April despite these policies because banks had not implemented them at the local level. Before the ratio cut this weekend, banks were required to set aside 19.5 percent of their deposits as reserves, which hurt their lending ability.

With the lower reserve requirement, banks will be more willing to implement the 40 percent down payment ratio for second-home buyers who have outstanding mortgages.

Many in-house analysts at property agencies have urged potential buyers to snap up properties in first-tier cities at the lowest prices in some time. ■

Silk Road Fund makes maiden investment



CED Monitoring BEIJING

The 'Belt and Road Initiative' gets a major boost with Pakistan project, say experts

The Silk Road Fund's first overseas investment project is expected to demonstrate a new financing model that supports infrastructure construction and improves connectivity across the regions involved in the "Belt and Road Initiative", experts said.

The \$40-billion Silk Road Fund, set up in December 2014, will inject capital in China Three

Gorges South Asia Investment Ltd, a subsidiary of China Three Gorges Corp, to develop the Karot hydropower project on the Jhelum River in northeastern Pakistan.

The project will be funded through a mix of equity and loan investments, said a statement released on the website of the People's Bank of China, the central bank.

"The investment structure includes global investors and follows international standards, which means the project is feasible and can achieve mutual benefit and win-win results for partners," Jin Qi, chairwoman of the Silk

Road Fund Co Ltd, told media.

The infrastructure construction project, under the framework of the China-proposed Silk Road Economic Belt and the 21st Century Maritime Silk Road initiative, is expected to ease electricity shortage in Pakistan and support its economic development, said Jin.

"It also shows the fund's attitude of being open and inclusive," she said. The fund will take a stake in a subsidiary of China Three Gorges Corp the Three Gorges South Asia Investment Ltd, which is jointly developing the hydropower station with Pakistan's

Private Power and Infrastructure Committee. It will also invest in other clean-energy projects in the South Asian region. The International Finance Corp, a member of the World Bank Group, is another shareholder in the Chinese construction company.

The Silk Road Fund has also joined a consortium comprising the Export-Import Bank of China, China Development Bank and the IFC to provide loans. But the fund has not yet disclosed further information about the ownership ratio or amount of the loan.

John Zhou, an economist at HSBC Holdings Plc, said that the fund's investment structure is a balance between both opportunities and risks under the "Belt and Road Initiative".

"In terms of the equity investment, investors' returns are more correlated with the performance of the projects, giving them every incentive to perform detailed due diligence," said Zhou. "For the recipient countries, direct equity investment is generally considered the most beneficial."

As for the loan, it needs to be serviced immediately and continuously, but the returns are more stable, he said.

"But it is equity investment where the 'Belt and Road Initiative' will look to truly innovate by involving public and private investors, as well as international organizations old and new."

"The fund could become a model of public-private cooperation", as the central bank Gover-

nor Zhou Xiaochuan has stressed that it will operate like a private equity fund but with a longer investment horizon, the HSBC economist said.

The launch of the fund's first project also means that China has started to diversify the investment of its foreign exchange reserves, said Zhang Xiaoji, a researcher at the State Council's Development Research Center.

Initial capital of the fund was \$10 billion, with 65 percent coming from the nation's foreign exchange reserves.

"By using the foreign exchange reserves for equity and debt investment purposes, the fund will provide more opportunities for Chinese enterprises going overseas," he said. ■

Lawmakers protect retail investors

BEIJING

Chinese lawmakers called for better protection for retail investors in the stock market while discussing an amendment to the Securities Law.

The Standing Committee of the National People's Congress (NPC) is weighing a revision requiring a more transparent information disclosure system.

According to the draft, tabled for its first reading, issuers must

disclose information to all investors at the same time and are strictly forbidden from leaking information to any organization or individual in advance.

The majority of investors in China's stock market are individuals, many of whom are taking a gamble on fluctuations of share prices rather than making long-term investments, said He Yicheng, an NPC Standing Committee member.

Preventing securities dealers from manipulating the stock market is crucial, He said, and new

provisions in the amendment will protect their interests.

Another change is abolishing much of the red-tape surrounding stock issues. A stock issue registration system would replace the current system and the examination committee of the Securities Regulatory Commission would be dissolved.

Registration will increase the market's role in pricing, said Wu Xiaoling, deputy head of the NPC Financial and Economic Affairs Committee.



The draft amendment establishes a multi-level capital market, promotes innovation in securities, and better protects investors. It increases the range of securities

regulated by law, from stocks and corporate bonds at present to stocks, bonds, depository receipts and other securities identified by the State Council.

Issue and trade of asset backed securities, listing and trading of government bonds, and securities investment funds were also covered in the amendment. — Agencies ■

SCB on path to profits in China's Northeast

CED Monitoring
BEIJING

Standard Chartered Bank (China) Ltd officially opened a branch in Heilongjiang province, notwithstanding the slowdown in the national and regional economy.

The London-headquartered

global lender is looking to play a key role in the construction of the Heilongjiang Land and Maritime Silk Road Economic Belt, part of the country's "Belt and Road Initiative" proposed by President Xi Jinping, and it remains confident in the successful transition of the Chinese economy.

Jerry Zhang, executive vice-

chairwoman and chief executive officer of Standard Chartered Bank China, said:

"It will take some time for China to realize economic restructuring. We expect that the country will turn from an economy relying heavily on industries with overcapacity to a new form of economy in two years."

The short-term economic downturn will not affect our long-term strategic layout in China, which is still one of our most important markets."

The branch in Harbin, capital of Heilongjiang province, is Stan Chart's second unit in Northeast China. It had upgraded its representative office in Dalian, Liaoning province to a branch in 2009. At present, the bank has 106 outlets in 29 cities across China.

Although it is a relatively hard time for lenders to expand in Northeast China, Zhang remained hopeful that Stan Chart would be able to take advantage of the potential business opportunities.

She said the lender has a strong advantage in agriculture and commodities-related business. By opening a second branch in the region, it hopes to fully exploit the benefit of policies earmarked for the "Belt and Road Initiative", namely the Silk

Road Economic Belt and the 21st Century Maritime Silk Road.

With a network mainly concentrated in Asia Pacific, Africa and the Middle East, the bank has more than 400 outlets in the Association of Southeast Asian Nations and more than 200 outlets in Africa. Its history in 12 sub-Saharan African countries can be traced back to over 100 years ago.

Zhang said the geographical layout of Standard Chartered along the Belt and Road is highly overlapped with the countries related to the initiative. Apart from having a distribution of outlets that goes hand in hand with the national strategy, the bank also has advantages in commodity finance, corporate finance and project finance.

Wen Bin, principal researcher at China Minsheng Banking Corp Ltd, said: "The Belt and Road Initiative will become a new growth engine for banks and companies in China, while domestic demand

continues to decline. It will also provide an opportunity of mutual benefit for relevant countries."

Standard Chartered expects that Yuan-denominated payments will exceed \$3 trillion by 2020 and the Yuan will become the fourth-largest global payment currency.

As China is gradually opening up its capital market to offshore investors, it is expected that dim sum bond issuance will reach 3 trillion Yuan (\$483.9 billion) in 2020, with an annual growth of 30 percent on average in the next five years.

The bank is promoting Renminbi business in more than 70 countries and regions. It has formed professional teams specializing in Renminbi transactions in five major foreign exchange trading centers, including New York, London and Hong Kong, to utilize its global resources effectively.



Local banks urged cut coal lending

CED Monitoring
BEIJING

China needs to cut lending to coal-related industries and shift more financing to cleaner businesses in order to address a huge funding gap that is hindering the country's war on pollution, a study drawn up in part by central bank researchers has said.

Some 2.9 trillion Yuan (\$468 billion) a year was required over the next five years to boost clean energy and tackle pollution, said the study published by the Financial Research Institute of the People's Bank of China and Greenovation Hub, a non-governmental organization.

The researchers found that bank loans to the coal sector rose sharply from 2012 and more than doubled in 2013, a period when growth in Chinese energy demand remained high and coal firms were rapidly expanding. After reviewing loans made to 168 Shanghai-listed companies, the report found that 5.5 trillion Yuan went to borrowers specializing in coal mining, coal-fired power generation, coal chemicals and building materials from 2008 to March 2014.

However, the cheap loans have saddled the sector with a massive capacity glut that has brought down prices, especially with coal consumption falling for the first time in more than a decade last year.