

Wenzhou plans to attract private medical investors

By **LIU JIE** in Beijing and **YU RAN** in Shanghai

Municipal government officials in Wenzhou, Zhejiang province, have developed new plans which could establish the city as the private medical capital of China.

POLICY The city — long-renowned for its large population of entrepreneurs — has received opinions from central government on a draft plan that could call for offering incentive policies on land use, taxation and favorable payback conditions for investors.

A local Wenzhou government source confirmed to China Daily: "The central government has provided suggestions to us, and we are doing revisions," but declined to disclose further details.

According to a report appearing in 21st Century Business Herald on Monday, the plan's incentives could make hospital investors exempt from property tax and land use fees during the first three-years of operation.

According to officials, the municipal government is proposing that it provide funds of at least 20 million yuan (\$3.14 million) annually to support private hospitals, and interest-free loans will be offered for larger projects.

In addition, for nonprofit private hospitals, the government will consider giving dividends to investors, the draft plan says.

"If these plans are realized, that could be a breakthrough for the private medical sector," said Liu Guo'en, a director with the China Center for Health Economic Research, which is affiliated to Peking University.

Chinese and international government regulations suggest that all revenue from nonprofit medical institutes should be put back into further hospital operations, and operators should not get dividends from profit.

However, to stimulate private investment, the draft plan suggests that after deducting annual operational costs, including those for facility improvements, technological

renovations and talent training, a part of any remaining profit could be offered as a bonus to operators.

"The plan is really ambitious. But I am not sure if the central government will approve the dividend policy proposal," added Liu.

Wenzhou is well-known as a huge source of private capital, but due to the recent international economic slowdown, investment projects have been scarce.

However Zhao Xiao, a professor at the University of Science and Technology in Beijing, said the medical sector is favorably viewed "as a long-term and stable investment avenue for investors with strong capital strength".

According to the Ministry of Health, at the end of October China had 21,979 hospitals, an increase of 941 from the previous year. However, the number of State-owned hospitals fell by 311.

"About a third of medical institutions in China are privately owned, but they only provide a tenth of the medi-

cal services," added Hong Mi, vice-director of the National Institute of Hospital Administration, which is affiliated to the health ministry.

He added that the central government's goal is to have private hospitals provide 20 percent of all medical services in China by 2015.

But he said putting money into hospitals should be viewed as a long-term investment and investors should have the strength and patience necessary to shoulder five years of losses before break even.

Local governments in places such as Beijing, Shenzhen and Qinghai province have announced plans to issue policies aimed at encouraging the development of private medical hospitals.

Preferential policies to be suggested have included streamlined administration procedures as well as similar treatment as public hospitals on land use and taxation.

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what's news



CAO BOYUAN / FOR CHINA DAILY

Workers prepare sauced pig knuckles at a workshop run by Tianfu, a national time-honored brand, at 3 am on Tuesday, in Shunyi county, Beijing. The day marked the beginning of autumn according to the Chinese lunar calendar, and locals consider sauced pig knuckles to be a preferable food for the season. The company prepared 30 tons of pig knuckle in sauce this year, 20 percent more than last year.

China Vanke profit rises 25% as price cuts boost sales

China Vanke Co, the biggest developer by market value traded on the nation's exchanges, said its first-half profit climbed 25 percent as the company cut prices to boost sales amid government controls.

Net income increased to 3.73 billion yuan (\$585 million), or 0.34 yuan a share, from 2.98 billion yuan, or 0.27 yuan a share, a year earlier, the company said in a Shenzhen Stock Exchange filing on Monday. Revenue gained 54 percent to 30.72 billion yuan.

"Big companies such as Vanke tend to do better in downturns because they're better at marketing," said Jack Gong, a Hong Kong-based property analyst at Jiefang Group Inc, before the earnings announcement. "The general outlook for the property market is still tightening with some room for fine-tuning of policies."

Nissan Motor's sales in China fall for first time in 6 months

Nissan Motor Co, Japan's second-largest carmaker, said its sales in China last month declined for the first time since January, as the slowing economy damps demand in the world's largest vehicle market.

Deliveries fell 2 percent to 98,100 vehicles in July, the Yokohama, Japan-based company said in an e-mailed statement on Tuesday. It sold 776,100 vehicles in the first seven months this year, or 12 percent more than the year-earlier period.

Nissan's monthly sales declined amid China's economic expansion slowing to a three-year low of 7.6 percent in the second quarter. Stiffer competition in China this year has led to discounting and an increase in inventory.

China construction activity may pick up in second half

Belimo Holding AG, a supplier of motors that control air-conditioning units, says it sees recovering construction activity in China after a government lending reduction hampered investments in the first half.

Beat Trutmann, chief financial officer of the Hinwil, Switzerland-based company, said in a telephone interview on Tuesday that large construction projects have been resumed by the Chinese government.

"You don't know of the smaller orders, but you know about the bigger projects like infrastructure or airports," he said.

Belimo's outlook mirrors positive statements from ABB Ltd, which supplies low-voltage equipment like switches and circuit-breakers to China's construction market. Joe Hogan, ABB CEO said on July 26 that he saw "some strengthening" in China's construction market and that he hoped it would extend into the second half.

ICBC said to market first offshore bond in Hong Kong

Industrial & Commercial Bank of China Ltd started marketing its first sale of offshore bonds in Hong Kong, according to a person familiar with the matter.

China's biggest lender by market value is offering the three-year Dim Sum debt at a yield of around 3.15 percent. It is the first time the mainland bank rather than one of its units has directly sold the securities, the person said, asking not to be identified because the matter is private.

The country's economic planning agency, the National Development & Reform Commission, approved a combined 25 billion yuan (\$3.93 billion) of Dim Sum issuance in January by 10 banks.

Bank of China Ltd, the fourth-largest lender by market capitalization, issued 1 billion yuan of three-year notes in Hong Kong in July at a yield of 3.1 percent, its first Dim Sum bond since September 2010.

China overtakes South Africa on ferrochrome output

China overtook South Africa as the largest ferrochrome producer this year, according to Merafe Resources Ltd, which has a joint venture with Xstrata Plc.

China accounted for 33 percent of the 4.8 million metric tons produced in the first half, while South Africa produced 32 percent, Johannesburg-based Merafe said on Tuesday in a statement, citing data compiled by Heinz H Pariser Alloy Metals & Steel Market Research.

South Africa's market share fell as Eskom Holdings SOC Ltd, supplier of about 95 percent of the country's power, took back electricity allocated to ferrochrome producers in return for payments to prevent a repeat of rolling blackouts in 2008.

South Africa shipped about 2.1 million tons of chrome ore to Chinese ferrochrome production plants in the first half, Merafe said, citing Chinese customs data. China is the world's largest producer of stainless steel made with ferrochrome.

Isuzu, Jiangling Motors form vehicle, engine ventures

Isuzu Motors Ltd and Jiangling Motors Corp will form ventures to produce light commercial vehicles and engines in Jiangxi province as the demand for pickup trucks increases in China.

Isuzu expects to obtain government approvals in March and begin production in early 2014, according to a statement on its website on Tuesday. The Tokyo-based truckmaker expects to build and sell about

100,000 vehicles a year.

In the year ending on March 2013, Isuzu is targeting to boost its global deliveries of light commercial vehicles by 32 percent to 393,400 units, while it expects worldwide shipments of commercial vehicles to increase by 11 percent.

Market share of iPad spikes to 72.6% in China

The iPad's market share in China's tablet-PC sector climbed to more than 72.6 percent in the second quarter of 2012, according to a report released on Monday by the market researcher Analysys International. The figure marked a 20.06 percent increase from the first quarter, the report said.

After the iPad, the tablet PC from Lenovo Group Ltd, the world's second-largest PC maker, held about 8.38 percent of the market share.

Meanwhile, Samsung Group's tablet PC saw a 7.69 percent year-on-year decrease in its market share, which stood at 3.59 percent in the second quarter of 2012. Apple Inc introduced the new generation of iPads in the Chinese market in March, but customers were unable to buy them until the second quarter.

Local governments get OK to sell securities

China has given three local governments' financing vehicles approval to sell asset-backed securities, the regulator of the country's interbank bond market said.

Shanghai Pudong Road & Bridge Construction Co, Ningbo Urban Construction Investment Holding Co and Nanjing Public Holdings Group Co registered on Tuesday to sell the securities, according to notices on the website of the National Association of Financial Market Institutional Investors. The companies must sell the first batches of the debt within six months of their registration, the regulator said.

China Life issues first-half profit warning

China Life Insurance Co, the world's largest insurance provider by market value, has issued a profit warning for the first half of 2012, citing volatile equity markets and a drop in its asset value.

The company, due to publish its interim results on Aug 28, did not specify the extent of the decline, but said that it will not be worse than the 29.4 percent fall in profits it announced in the first quarter.

In the first quarter, China Life reported total assets of 1.66 trillion yuan (\$266 billion), a 4.3 percent year-on-year increase. Net profits were 5.63 billion yuan.

The company said low-margin products, increased competition and new rules have stalled growth, and that volatile equity markets have squeezed profit margins.

Export growth easing in July, whole year goal hard to meet

Economists believe that China's export growth rate will be weaker in July than it was in the first half of the year, and the rest of the year will be difficult for foreign trade.

In the first half of the year, the country's exports increased 9.2 percent compared with the first half of 2011.

Li Jian, a researcher from the Chinese Academy of International Trade and Economic Cooperation, which is affiliated to the Ministry of Commerce, said that foreign trade in the second half of the year will not improve significantly, which means the 10 percent growth goal set earlier this year will be hard to achieve. The trade surplus is expected to further expand, but will remain within a "relatively reasonable scope", Li said.

SOEs should adjust investment, SASAC says

Central State-owned enterprises' investments that target scale expansion must be stopped, and the money should be used instead to improve technology, products and commercial models, the State-owned Assets Supervision and Administration Commission said.

SASAC, the government supervisor of 128 central SOEs, asked the companies to boost the management of their capital chain and cash flow. SOEs should also avoid the ripple effect that results from the shortage of funds in related industries, SASAC said.

In the first half of the year, central SOEs generated profits of 387 billion yuan (\$61.18 billion), down 16.4 percent from a year earlier.

Project approval by the NDRC at peak rate

The National Development and Reform Commission, China's top planning agency, approved more than 200 investments projects every month in the last quarter after the government asked for additional efforts to maintain steady economic growth.

Zhang Changmao, an economics professor at the Party School of the Communist Party of China Central Committee, said that the faster approval was aimed at revitalizing the cooling economy.

"The approval process is likely to see a slowdown this year when the economy gets back on track," Zhang said. He added that more policies like cutting taxes and easing monetary policies are needed.

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Stocks: Over-selling nips any bull market

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He even recommended blue-chip stocks to investors, in a rare comment on market dynamics, that won him an unenviable nickname for someone in his position — the "stock analyst".

A bull market is always started by institutional investors, and only gets into full swing as retail investors pile in.

Institutional investors remain wary because the market is still under selling pressure, five years after the last bull ended.

"Many individual investors were — and still are — traumatized by the big slumps of 2007 and 2008.

"They will sell all locked-in shares when markets get just a little better, and stay away from equities forever," suggested one

Shanghai-based analyst who refused to be named.

"That kind of selling will nip any bull market in the bud."

Sun Huixin, a 50-year-old investor in Shanghai, added: "I just don't believe in the Chinese stock market anymore.

"I will sell all my shares when prices recover a little bit."

Morgan Stanley, however, actually argued that a new bull

is already here.

In a research note published on May 16, the investment bank said that the last bear market ended on Jan 5 this year, after 884 days.

Chinese equities, it added, were 130 days into the bullish phase, with returns of 11 percent by then. It added that an average bull market lasts 414 days for 245 percent return.

industryspecial

Dow materials make Games sustainable

By **LIU JIE** liujie@chinadaily.com.cn

Ever wonder what makes stadium seats so durable yet comfortable? How do lines on the field stay clear and visible despite the glare from overhead lights? How can the artificial turf maintain its vibrancy after rough play?

All this is made possible by the magic of chemical materials. As a worldwide partner, The Dow Chemical Company is committed to the sustainability of the Olympic Games through advanced materials science.

Dow's Styrofoam insulation and roofing materials have been used in many of the Olympic venues of multiple Games, supporting the Olympic Movement's sustainability goals.

For the Vancouver 2010 Winter Olympics, most of the major venues were certified LEED buildings, which is short for Leadership in Energy and Environmental Design, or approved by the Canadian Green Building Council for a certain LEED Grade. Styrofoam played a positive role in achieving this recognition.

At the ongoing London 2012 Olympic Games, Dow's advanced technologies have been adopted in many areas.

For the iconic London Olympic Stadium, Dow specifically developed a sustainable fabric made up of 336 individual panels to wrap around the venue. Made of high-performance resin, the fabric is 35 percent lighter than conventional materials while reducing its carbon footprint by 20 percent.

Another benefit is that the fabric is completely reusable. Dow's Dowlex polyethylene resin is used to make soft artificial grass for the field hockey pitches, thereby creating safe, world-class playing surfaces.

Non-competition venues also use Dow solutions. The parking area of the Westfield Shopping Center uses Dow's strong and durable insulation material to ensure the areas are safe and slick resistant.

Dow is also actively preparing for future Olympic Games and continuing the sports legacies of host countries.

For the 2014 Winter Olympic Games in Sochi, Russia, Dow's wire and cable components will be used in the electrical solutions for facilities such as hotels, stadiums and broadcast centers.

China's General Administration of Sports developed a roadmap for the 12th Five-Year Plan, highlighting the continuation of a nationwide fitness program. It also set a goal to increase the total number of sports venues from 1 million to 1.2 million by 2015.

With a proven record of supporting the Olympic Games since 1980, Dow has the experience and technology to construct sustainable, high-performance sports facilities

throughout China.

Host cities also benefit from Dow's products and solutions as they look to build infrastructure and upgrade facilities in preparation for millions of visitors to the city.

Sustainability

Traffic is a major issue and Dow offers environmentally friendly paint solutions for road markings. The water-based paint uses 40 percent less energy than solvent-based coating, which amounts to 50 percent less carbon dioxide emissions. When compared with hot-melt coating, Dow's paint uses 35 percent less energy and amounts to a 90 percent reduction in CO2 emissions.

Since 1996, the International Olympic Committee has emphasized reducing its environmental impact and increasingly stressed the urgency of promoting the sustainability of the Olympic Games.

With its long-standing commitment to global sustainabil-

ity, scientific excellence and addressing world challenges, Dow said it is proud to bring its materials science solutions to the Olympic movement. Products and solutions across Dow's 30 businesses are available to help the Olympic Games achieve these goals.

The Dow Chemical Company serves as a worldwide partner of the Olympic Games from 2010 to 2020, and it is proud to provide innovative and sustainable solutions for the Olympic Games.

At the London 2012 Olympic Games, the Olympic Stadium, the Riverbank Arena, the International Broadcasting Center, the Olympic and Paralympic Village and the Westfield Shopping Center, among others, are all using Dow products and solutions.

Athletes, spectators and TV audiences around the world will be able to experience and see how materials science truly improves their performance and daily lives.



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Dow provided the sustainable fabric wrap that encircles London's iconic Olympic Stadium.