Note: The summaries below are extracted from the sources quoted. Please click the titles for further details.

National News

China halts offshore yuan borrowing
Source: Agencies (2 August)

China’s central bank has halted offshore yuan borrowing by domestic companies, a move seen as an attempt to clamp down on hot money flows at a time when the authorities are still tightening policy, according to a Chinese media report.

The move is unlikely to slow the growth of the offshore yuan or "CNH" market in Hong Kong as Beijing still encourages the outward flow of yuan via trade settlements and foreign direct investment and has recently tweaked rules to encourage trade.

China’s inflation expected to remain high
Source: Xinhua (3 August)

BEIJING - China's consumer prices will remain high in the third quarter with July's inflation figure forecast to be between 6 to 6.7 percent, according to analysts.

The consumer price index, a main gauge of inflation, will climb to 6.5 percent year-on-year in July after hitting a three-year high of 6.4 percent in June. But this may not be the highest in the year, said Lu Zhengwei, analyst with the Industrial Bank.

Carlyle to buy 9% of Haier
Source: Agencies (3 August)

Buyout firm Carlyle Group agreed to buy 9 percent of Haier Electronics Group Co Ltd (HEG) through convertible bonds, raising its stake in a Chinese company expanding into Japan and China's untapped markets, Reuter reported Tuesday.

The deal comes days after Haier decided to buy Panasonic Corp's Sanyo Electric washing machine and refrigerator units in Japan and Southeast Asia for $130 million.

Carlyle said it will invest up to $194 million in HEG, a Hong Kong-listed subsidiary of white goods firm Haier Group, China’s largest maker of washing machines and water heaters.

More fledgling Chinese firms seek to list
Source: China Daily (3 August)
In the first half of 2011, 339 enterprises listed in 13 overseas and three domestic markets.

Of these, 207 companies were Chinese companies, who raised $35 billion in total, accounting for 38.9 percent of the total funds raised, according to data released by Zero2IPO, a leading service provider in the venture capital and private equity industry.

Zero2IPO said 40 of the 207 companies chose overseas stock markets, while 22 listed in the Hong Kong Stock Exchange. Other popular markets included the New York Stock Exchange, Korea Stock Exchange and NASDAQ.

**China's yuan hits new high against dollar**
*Source: Xinhua (4 August)*

BEIJING - The Chinese currency Renminbi, or the yuan, strengthened 55 basis points to 6.4386 per US dollar on Thursday, the highest since China started the exchange rate reform six years ago, according to the China Foreign Exchange Trading system.

In China's foreign exchange spot market, the yuan is allowed to rise or fall by 0.5 percent from the central parity rate each trading day.

**ICBC buys 80% of Standard Bank Argentina**
*Source: Xinhua (5 August)*

BEIJING - Industrial and Commercial Bank of China (ICBC), the world's biggest lender by market value, said Friday it had agreed to pay $600 million to take a lion's share of assets controlled by Standard Bank Group Ltd in Argentina, to extend its businesses in South America.

The Chinese bank will acquire 80 percent of Standard Bank Argentina and its two affiliates, a fund management company and a business service provider, from Standard Bank London Holdings Plc (SBL), a unit of the Johannesburg-based lender, and two Argentina shareholders, the Werthein Sielecki families.

The shares SBL holds will be reduced to 20 percent.

**Banks urged to support public housing projects**
*Source: Xinhua (5 August)*

BEIJING - China's banking regulator on Friday urged banks to back the country's public housing projects by offering loans and discounts on lending rates to alleviate financing difficulties.

Banks should directly extend loans to government-invested public housing projects that have sufficient cash to repay credit and interest, the China Banking Regulatory Commission said in a statement posted on its website.
Banks can at most offer a 10 percent discount on interest rates on loans for public housing projects, according to the statement.

**News in Yangtze River Delta Region**

**Alibaba settles row with Yahoo and Softbank**
*Source: China Daily (1 August)*

SAN FRANCISCO - Alibaba Group Holding Ltd reached an agreement on Friday with Yahoo! Inc and Softbank Corp, its largest shareholders, ending a four-month spat over how to compensate investors after an ownership change in China's most popular online-payment service.

Alibaba, which transferred the Alipay unit to a company controlled by Chairman Jack Ma last year, will get as much as $6 billion if Alipay sells shares to the public, according to a statement on July 29. Before any sale, Alibaba will receive 49.9 percent of Alipay’s earnings.

The deal leaves Alibaba and, by extension, Yahoo and Softbank, with less access to the growth of the payments business. Yahoo's shares had lost almost 30 percent of their value in the past three months on concern that its future in the booming Chinese market was at risk. The United States company disclosed the loss of Alipay in May, saying it only learned about the August 2010 transfer in March.

**Good sales but very low profit margins, SMEs experiencing the most difficult period in history**
*Source: Zhejiang Online (2 August)*

In Zhejiang, Fujian and Guangdong, the three coastal provinces that have developed manufacturing industries, SMEs are now facing a common dilemma: good production and sales but almost zero profits. Some enterprises say they are experiencing the most difficult time in history. This is different from the time when the 2008 global financial crisis put tough impact on China’s SMEs.

According to surveys in these coastal provinces, electricity shortage, money shortage, labor shortage, high costs, high tax, usury and some other factors are the key reasons for the current crisis faced by SMEs.

**Ningbo: large number of newly established enterprises in H1, shrinking size of real estate companies**
*Source: Ningbo Daily (2 August)*

The recent report on Ningbo’s domestic enterprises issued by the Ningbo Bureau of Industry and Commerce showed that, in the first half this year, in Ningbo there are 13755 newly established domestic enterprises, with a year-on-year increase of 13.5%, and the total registered capital is RMB 37.419 billion, with a year-on-year increase of 33.7%. The size of real estate industry is notably shrinking.
HSBC to enter China gold future market  
*Source: Agencies (4 August)*

China giving HSBC Holdings Plc entry to its gold futures market, a first for a foreign bank, is likely a harbinger of a further opening to local and overseas institutions to trade the precious metal, Reuters reported Wednesday.

For the Shanghai Futures Exchange, which has received tepid interest in its gold futures, having HSBC as a trading member is arguably one of the best endorsements to show that it will play a larger role in China's booming gold market.

Shanghai’s OTC equity exchange to start in September  
*Source: China Daily (5 August)*

SHANGHAI - The municipality's Over-The-Counter (OTC) equity bourse, launched in July 2010 in the city's Zhangjiang Innovation Park (ZIP), is expected to begin operations by September, according to a senior local official.

"We expect that the bourse will not only serve enterprises within Zhangjiang, but also thousands of small and medium-sized enterprises in the Yangtze River Delta region," said Ding Lei, executive vice-director of the administrative committee of ZIP, at a recent rebranding ceremony for the park, a State-level high-tech industrial zone in Shanghai.

The equity exchange, which will mainly serve non-listed companies in the Yangtze River Delta region, has a total registered capital of RMB 80 million ($12.4 million), with Shanghai Zhangjiang Hi-Tech Park Development Co taking a stake of 20 percent.

Baidu buys into e-book retailer  
*Source: China Daily (6 August)*

BEIJING - Baidu Inc, China's biggest search engine by market share, has bought approximately 40 percent of a Chinese e-book seller, Fanshu.com. That's according to a person close to the matter who declined to be named.

The search engine has been in discussions about cooperation with Fanshu, a website on which users can search, share and purchased licensed e-books, since last year, according to the source.

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