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ARTICLE HIGHLIGHTS

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- China to keep monetary policy stable as growth stablizes
- China takes the lead in renewable energy, as cost-effectiveness improves
- China's industrial output expands 6% in January –October period
- China Eastern Airline launching new innovative internet applications for online retailing
- Alibaba buys 1/3 share of a regional supermarket chain to promote stores to buy direct from suppliers

SINGLES' DAY SALES TOP 120 BLN YUAN AT ALIBABA

Xinhua, November 13, 2016
http://www.china.org.cn/business/2016-11/13/content_39692687.htm

Consumers spent more than 120 billion yuan (17.6 billion U.S. dollars) Friday shopping online on leading e-commerce platform Alibaba in their annual buying spree, sources with Alibaba Group said Saturday.

Online transactions totaled 120.748 billion yuan in the 24 hours that ended as the clocks struck 12 p.m. Friday, a record amount in global retail for any single day, according to data provided by Alibaba.

The shopping spree hit a climactic high just nine minutes after midnight on Friday morning, with an average 120,000 transactions handled per second on Alipay, Alibaba's mobile payment platform, 1.4 times as many as last year.

In addition, 54,000 payments were made every second through the wireless service for debit cards, according to Ant Financial, which runs Alipay.

Alipay handled a total of 1.05 billion payments Friday, a surge of 48 percent year-on-year.

Altogether 657 million delivery orders were handled by cainiao.com, Alibaba's delivery service platform, in the 24-hour shopping event, up 40.7 percent from last year.

More than 200 countries and regions were involved in the shopping spree, and 47 million consumers ordered products by international brands, said Zhang Yong, Alibaba's CEO.

The shopping spree on Singles' Day, which is named for the repeated digit 1 in the date Nov. 11, was created by Alibaba in 2009.

The annual event has been a test and rehearsal of China's new retail technology, market operation and business patterns, said Jack Ma, founder and executive chairman of Alibaba Group.

New retail patterns are created when online and offline sales, logistics services, technology and marketing data make a perfect match, said Ma. "This, in the meantime, upgrades the supply chain and promotes supply-side reform."

According to Alibaba Group, consumers in Shanghai, Beijing, Shenzhen, Hangzhou and Guangzhou spent more on Singles' Day than those in other Chinese cities.

CHINA TO KEEP MONETARY POLICY STABLE AS GROWTH STABILIZES

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Xinhua
Editor: Mo Hong'e
http://www.ecns.cn/business/2016/11-15/234049.shtml

As China's economy showed its resilience in October, the focus now centers on how the government will proceed with its monetary policy as it tries to strike the tricky balance between stabilizing growth and containing financial risk.

Data on Monday showed China's industrial output expanded 6.1 percent in October, the eighth consecutive month it has exceeded 6 percent.

Fixed-asset investment rose 8.3 percent in January-October from the same period a year earlier, higher than market expectations of 8.2 percent.

Private-sector investment, which has been a major worry for policymakers due to lackluster growth this year, is showing tentative signs of improving -- a broad positive for the economy's long-term vitality.

"Another month of solid growth data is good news for China, and should open space for the government to continue rotating policy toward tamping down rapid credit growth and the upward spiral in house prices," said Tom Orlik, Bloomberg chief Asia economist.

To combat downward pressure on the economy, China adopted multi-pronged growth policies last year, including several cuts in interest rates and lower deposit requirements.

The stimulus has fueled growth in real estate and investment, two sectors that have proved critical growth drivers, but not without unwanted outcomes: house prices in major cities have been flying out of control, prompting local governments to step in with a series of tightening measures.

For fear of adding fuel to the fire, the government has moved more cautiously with monetary policy this year, refraining from drastic rate cuts, preferring other tools to adjust liquidity.

Now that the economy is on a firmer footing, authorities are taking more note of financial risks associated with excess leverage and asset price bubbles, especially in the property market.

In its latest monetary report, China's central bank pointed out that the economy still relies relatively heavily on the property industry and infrastructure investment.

It highlighted the task of controlling asset bubbles to guard against financial risks while ensuring adequate liquidity needed for advancing structural reforms.

China will stick to prudent monetary policy with an appropriate degree of flexibility and timely preemptive adjustments, the central bank said.

The cautious tone indicates that overall macro policies will hold steady until at least mid-December's annual economic work conference when next year's economic targets will likely be set, according to UBS China economist Wang Tao.

Wang expects no change to benchmark interest rates through 2018, citing a stable outlook for China's economic fundamentals, with the focus on maintaining prudent policy to deal with RMB exchange rate movement and ongoing property market development.

To avoid sending any easing signals, the central bank will likely continue to use liquidity tools instead of bank reserve requirement ratio cuts to manage interbank liquidity and base money supply, Wang added.

Tom Orlik sees more uncertainties as the surprise win of Donald Trump in the U.S. presidential election may deal a blow to trade while a challenging outlook for China's property sector could put policymakers to the test.

"If either the property or trade risks crystallize, China will be forced to choose between accepting slower growth and lower employment, or engaging in another round of credit-fueled infrastructure spending," Orlik said.

CHINA TAKES THE LEAD IN RENEWABLE ENERGY, AS COST-EFFECTIVENESS IMPROVES

By YANG ZIMAN
China Daily
Updated: 2016-11-01 10:47
http://www.chinadaily.com.cn/business/2016-11/01/content_27236759.html

China's renewable energy investment constitutes one-third of the world's investment in the area, said Adnan Z. Amin, director-general of the International Renewable Energy Agency.

China's total investment in renewable energy last year was $102.9 billion, up 17 percent from the same period the year before, said Amin at the International Forum on Energy Transitions held in Suzhou from Oct 30 to 31.

International investment in renewable energy was $330 billion last year.

"China is taking the lead in renewable energy development. Last year, China's wind and hydropower newly-installed capacity accounted for more than half of the world's total. Its photovoltaic newly-installed capacity accounted for one third of the world's total," he said.

The key to renewable energy development is to lower the costs. The infrastructure cost of photovoltaic power has gone down by 70 percent from 2005, said Qu Xiaoye, president and founder of Canadian Solar Inc based in Ontario, and it needs to drop further.

"China's photovoltaic power accounts for 1 percent of the country's total power. In Germany, the proportion is 7 to 8 percent. With effective cost reduction, photovoltaic power has great room for growth," said Qu.

According to Qu, every one percentage point reduction in cost will lead to 5 percent reduction in price per kilowatt hour. This is mainly to be achieved by technological research to make the solar panels more cost effective.

Qu said that the on-grid price of photovoltaic power might be lowered to the same level as fossil fuel-fired power by 2022.

"Another major cost is financing. Most of the photovoltaic companies lease facilities through financial leasing, which takes up 40 percent of the revenue. Therefore, a more flexible and diversified financing system is needed for renewable energy," said Qu.

According to a report by IRENA released in June, the average costs of photovoltaic power are going to drop by 59 percent by 2025, compared with the 2015 price of $0.5 per kilowatt.

Oceanic and land wind power costs are expected to go down by 35 and 25 percent respectively by 2025, according to IRENA.

China has pledged to increase its share of non-fossil fuels in primary energy consumption from 12 percent in 2015 to 15 percent by 2020 and 20 percent in 2030.

In order to achieve this goal, the wind and photovoltaic integration into the national grid would need to be at least 400 million kilowatts in 2020 and 1 billion kilowatts in 2030.

CHINA'S INDUSTRIAL OUTPUT EXPANDS 6% IN JAN.-OCT. PERIOD

Source: Xinhua
November 14, 2016
http://www.shanghaidaily.com/business/economy/Chinas-industrial-output-expands-6-in-JanOct-period/shdaily.shtml

CHINA'S industrial output expanded 6 percent in the first ten months of 2016, thanks largely to strong performance in the high-tech and equipment manufacturing sectors, National Bureau of Statistics (NBS) data showed Monday.

The growth rate was unchanged from that posted for the first half of the year, the NBS announced.

Industrial output, officially called industrial value added, is used to measure the activity of designated large enterprises with annual turnover of at least 20 million yuan (US$2.93 million).

In October, industrial output rose 6.1 percent year on year, unchanged from September, and up from 5.6 percent in October last year.

The increase in industrial output was largely buoyed by the fast-developing high-tech and equipment manufacturing sectors.

Industrial output for the two sectors jumped 10.5 percent and 10.1 percent in October, respectively, much faster than overall growth.

Profits of large enterprises rose 8.4 percent year on year to 4.64 trillion yuan during the first three quarters, unchanged from the growth rate posted for the first eight months, the data also showed.

After more than a decade of double-digit growth, the country's annual industrial growth slowed to 8.3 percent in 2014, and 6.1 percent in 2015, due to mounting downward economic pressure.

China's gross domestic product grew by 6.7 percent in the third quarter, the same as the second quarter.

AIRLINE SOARS ON INNOVATION

Source: China Daily
November 22, 2016
http://www.chinadaily.com.cn/business/2016-11/22/content_27449035.htm

China Eastern has transformed from a debt-laden airline to profit-making group

It took one year for China Eastern Air Holding Co to transform from a debt-laden group to a profit-making one.

And during the period from 2009 and 2015, its net assets surged from minus 10 billion yuan ($1.45 billion) to 53.99 billion yuan in the black.

The extraordinary u-turn is credited by its senior executives to consistent reform and development, which they said was a continuing process and remains the key to the Shanghai-based State-owned group's pursuit of loftier achievements.

"We once faced an extremely difficult situation," said Wang Haitao, deputy head of the group's strategic development department.

"At the end of 2008, China Eastern's debt-to-asset ratio reached 105 percent and the debt ratio of our listed arm China Eastern Airlines hit 115 percent."

Apart from the negative effects of rising fuel prices and falling demand, the core of the problem was that internal reform was not fully carried out, Wang said.

He said that after deepening its reform for seven consecutive years, the group posted a net profit of 6.234 billion yuan in 2015, up 103.7 percent from a year earlier. Its return on equity, or return on net worth, also posted a higher ranking among global airlines groups.

The airline released its latest reform plan this year and said it was ready to let reform play a greater role during the next five-year plan.

The planned reforms include establishing the group's own management board by the end of this year, with a guarantee its role won't overlap with that of the listed arm.

The group, Wang said, plans to embrace the Internet Plus era, launching innovation on products, technologies and business mode through industry fund and innovation fund.

The group wants to strengthen the competitiveness of its listed arm — China Eastern Airlines, and consider to introduce some strategic investors to boost the vitality of the company.

In 2015, China Eastern sold a 3.55 percent stake in China Eastern Airlines to US carrier Delta Air Lines Inc.

In the first nine months this year, China Eastern saw its capacity in North America soar 65 percent year-on-year, said Cheng Junhui, an official from the company's passenger transportation market committee.

The company signed an agreement with online trip planning and activities site Ctrip.com International Ltd in April to expand into tourism industry.

The group also made successful trial in online retailing, with its online ticket sales revenue expected to reach 8.5 billion yuan by the end of 2016, according to Wei Zhilin, general manager of China Eastern's e-commerce unit.

China Eastern Airlines will have a fleet of more than 820 planes by 2020, its passenger traffic will reach 150 million per year and its cargo and mail volumes will reach 1.6 million metric tons per year.

ALIBABA BUYS 32% STAKE IN GROCERY CHAIN SANJIANG

Source: China Daily
November 22, 2016
http://www.chinadaily.com.cn/business/tech/2016-11/22/content_27448967.htm

Acquisition is part of e-commerce giant's plan to revamp O2O model in the country

Alibaba Group Holding Ltd will spend more than 2 billion yuan ($290 million) buying about one-third of Sanjiang Shopping Club Co, picking up a slice of a regional Chinese discount supermarket chain, which has more than 1 million members.

Shares of Sanjiang surged by its daily 10 percent limit on Monday, giving the Ningbo-based company a market value of about $830 million.

China's largest e-commerce company will hold about 32 percent of Sanjiang, it said in a filing. It will buy 1.52 billion yuan of new shares, 438.6 million yuan of stock from existing holders, and 188 million yuan of convertible bonds via a private sale. If converted, the bonds would account for 3 percent of equity.

The deal marks Alibaba's latest acquisition of bricks-and-mortar retail, as it tries to revamp traditional offline and online models. Billionaire co-founder Jack Ma's goal is to replace distributors and middlemen and let stores buy directly from suppliers based on real-time demand and inventory.

Sanjiang, a local take on Sam's Club, sells groceries at discounted prices and operates about 160 stores scattered across the prosperous eastern province of Zhejiang.

"Sanjiang shopping has an extensive offline network and experience in running retail stores," the companies said in the filing. The two companies will work in procurement and logistics, and integrate business lines.

Alibaba does not plan on any additional stake purchases in the next 12 months, Sanjiang said in a stock exchange filing. The convertible bonds can be converted to Sanjiang shares six months after issuance.

Alibaba has invested in physical retail - including in Suning Commerce Group Co and Intime Retail Group Co - to flesh out its online shopping offerings, open up new sales channels and improve its logistics network.