Executive summary

(*Access full sector-specific updates: aerospace (1), automotive (3), banking (1), defense (1), education (1), electrical engineering (1), engineering (1), financial services (1), hospitality (1), information and communications technology (1), insurance (1), legal (3), media (1), mining (1), and transportation (2)

- **GKN** Land Systems celebrated its opening ceremony of GKN Lianyungang on 1st Nov. 2016. Read more [here](#).
- **BMW** celebrated the grand opening of its newest Regional Distribution Center (RDC) in Shenyang, the fifth in China together with the existing RDCs in Shanghai, Beijing, Chengdu and Foshan, marking the preliminary completion of BMW’s aftersales logistics network and a milestone of its localization in China. Read more [here](#).
- **Ford** and its joint ventures in China continued to build momentum in China, posting record October sales of 107,618 vehicles, up 14 percent compared to October 2015. Read more [here](#).
- **Toyota Motor Corporation** announced the expansion of R&D facilities at Toyota Motor Engineering & Manufacturing (China) Co., Ltd., (TMEC). Read more [here](#).
- **J.P. Morgan** sponsored a symposium themed Human Capital Transformation through Innovation in China. Additionally, J.P. Morgan produced a report on economic transformation and skills mismatch in China. Read more [here](#).
- **Thales** has announced that China Eastern, will equip its newest fleet of 70 Airbus A320NEO with a full package of Thales avionics components including the Market Leading Flight Management System, the Thales/ACSS traffic and terrain collision avoidance system, and the Low Range Radio Altimeter as well as single configuration Head Up Display. Read more [here](#).
The University of Nottingham has launched a programme to help Chinese universities improve the quality of the training they provide to film industry students. Read more here.

ABB has won an order of over $40 million to provide advanced power equipment to the 800 kilovolt (kV) Dianxibei-Guangdong ultra-high-voltage direct current (UHVDC) transmission link. Read more here.

Siemens announced it has entered into a strategic agreement with Hesteel Group Co., Ltd. (HBIS), to form deep cooperation in the area of digital factory, intelligent manufacturing, energy-saving and environmental-protection, as well as metallurgical technology improvement. Read more here.

SC Innovation is hosting an exhibition in the UK Pavilion at Seawork Asia 2016 in order to showcase its SMV specialist multi-purpose vessel product. Read more here.

According to Grant Thornton’s latest “International Business Report” (IBR) titled Future of Asia Pacific, business leaders across the Asia Pacific (APAC) region believe that the rebalancing of China’s economy, which rose to the second place from the third of last year, poses threat to enterprises in the region. Read more here.

InterContinental Hotels Group (IHG), one of the world’s leading hotel companies, announced the launching of “virtual reality experience” through a strategic partnership with HTC Corporation (“HTC”), a pioneer in innovative, smart mobile and virtual reality (VR) technologies. Read more here.

Fujitsu announced the development of an artificial intelligence model that can generate highly reliable recognition of handwritten character strings. Read more here.

Prudential Life Insurance Company has commenced operations of its 16th branch in Anhui province. Read more here.

Clifford Chance is advising the Industrial and Commercial Bank of China (ICBC) on the establishment of a European investment fund that is focused on projects in Central and Eastern Europe (CEE). Read more here.

Linklaters has advised Bank of China on the establishment of its US$5bn China Covered Note Programme and the initial offering by Bank of China London Branch of US$500m China Green Covered Bonds due 2019 to be listed on the London Stock Exchange. Read more here.

UBM plc is pleased to announce that Michael Duck, Executive Vice President of UBM Asia, will take on the additional role of UBM Group Chief Representative for China with immediate effect, succeeding Philip Chapnick. Read more here.

Rio Tinto and Chinalco have signed a non-binding agreement to sell Rio Tinto’s entire stake in the Simandou project in Guinea to Chinalco. Read more here.

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Bombardier announced today that its CS300 jetliner, the second CS300 flight test vehicle, has arrived in Zhuhai, China. Read more here.
Aerospace

**CBI member** GKN Land Systems celebrated its opening ceremony of GKN Lianyungang on 1st Nov. 2016. On 29th August 2016, GKN Lianyungang become a wholly owned subsidiary of GKN Land Systems, acquiring the remaining 20% of Chinese partner Lianyungang Huading Wheel Co. Ltd. The business will be renamed - GKN Lianyungang Company Limited - 吉凯恩车轮（连云港）有限公司. The joint venture was established in 2013 by GKN Land Systems and its Chinese partner Lianyungang Huading Wheel Co., Ltd. Commenting on completion of the acquisition Paul Wyatt, Operations Director, GKN Land Systems said “The completion of the acquisition is an important part of our strategy for the Asian market. Since 2013 we have worked with local and global customers to drive up quality standards and strengthens the sites relationships with our OEM customer base. With the recent news, we can now make significant strides forward with our development strategy for the future and look to enhance the services we provide to both employees and customers in the region” Read more here.

Automotive

**CBI member** BMW celebrated the grand opening of its newest Regional Distribution Center (RDC) in Shenyang, the fifth in China together with the existing RDCs in Shanghai, Beijng, Chengdu and Foshan, marking the preliminary completion of BMW’s aftersales logistics network and a milestone of its localization in China. The new RDC Shenyang will create synergy with BMW Plant Tiexi to further respond to the increasing customer demand in the Northeast region and meet the company’s strong business growth. ‘The RDC Shenyang is another major move of BMW Group in its investment in China and long-term commitment to the Northeast region, which also reflects our aftersales strategy in China. It will provide an efficient logistics support for comprehensively increasing customer satisfaction,’ said Mr. Claus Eberhart, Vice President of Aftersales, BMW Brilliance Automotive Ltd.. ‘The new RDC will reduce the time of order response and parts delivery for the dealers in the Northeast region and ensure the quality of parts, as well as supporting dealers in other regions in China to provide a higher-level of customer experiences.’ Read more here.

**CBI member** Ford and its joint ventures in China continued to build momentum in China, posting record October sales of 107,618 vehicles, up 14 percent compared to October 2015. Year-to-date sales for Ford, Changan Ford and Jiangling Motor Corporation total 966,000 vehicles, up 10 percent. “We had a strong October and we are headed for our best year ever for sales in China,” said Peter Fleet, vice president of Marketing, Sales and Service, Asia Pacific. “We are seeing the benefits of a much more exciting lineup and an ever stronger focus on the wants and needs of Chinese customers.” Monthly sales for CAF, Ford's passenger car joint venture, totaled 82,368 vehicles, up 10 percent compared to October 2015. So far in 2016 CAF has sold 745,650 vehicles, up 14 percent compared to last year. Sales of the iconic Ford Mustang remained strong in October, up 60 percent compared to October 2015. Ford’s SUVs also continue to
perform well. Ford Edge sales rose 93 percent in the month while Explorer sales rose 30 percent. Read more here.

**CBI Member** Toyota Motor Corporation announced the expansion of R&D facilities at Toyota Motor Engineering & Manufacturing (China) Co., Ltd., (TMEC). This is in accordance with the initial investment plan, which had been created at the time of the establishment of the R&D facilities. Specifically, the plan includes improvements to the existing laboratory facility, construction of a new laboratory, creation of a battery evaluation and test facility, as well as improvements to test tracks on the premises. These are scheduled to be completed from late 2018 onwards. TMEC was established in 2010, in line with Toyota’s aim to produce cars in China for the Chinese market. To this end, TMEC was created with the intention to emphasize on the localization and strengthening of organizational development in the country. Since then, TMEC has worked toward the promotion and expansion of cars that are equipped with China-made hybrid systems for the Chinese market. In 2012, Toyota Motor (Changshu) Auto Parts Co., Ltd., was created as the local production company for the main hybrid system (hybrid vehicle transaxle). This was followed by the establishment of the Sinogy Toyota Automotive Energy System Co., Ltd. (STAES), a hybrid battery production company in 2013. Altogether, these developments led to the October 2015 launch of the Corolla Hybrid and the Levin Hybrid which are fitted with China-made hybrid systems. Read more here.

**Banking**

**CBI member** J.P. Morgan sponsored a symposium themed Human Capital Transformation through Innovation in China. The improvement of educational and vocational training system and the allocation of human resources according to market demand are key to addressing the skills gap issue in China. Organized by the Asia Society, sponsored by J.P. Morgan, and in partnership with Center for China & Globalization, the themed symposium discussed the pressing workforce issues in China as the nation shifts towards a knowledge-based economy, and explores feasible solutions to address China’s complex employment challenges. Read more here.

In related news, J.P. Morgan produced a report on economic transformation and skills mismatch in China. As China undergoes macroeconomic reform and structural change, it has resulted in a skills mismatch in the labor market. The quality of labor and the speed of training required to equip future employees with the correct skills needed for the country’s growth sectors must be addressed in order to ensure the sustainability of its economic growth. These key findings are the result of year-long research study conducted by Tsinghua and Fudan University, in partnership with the global financial services firm J.P. Morgan. The report, entitled Skills Shortages in the Chinese Labor Market, examines the skill supply and demand issues in China’s labor market and explores ways to solve the challenges this presents. Read more here.
Defense

CBI member Thales has announced that China Eastern, will equip its newest fleet of 70 Airbus A320NEO with a full package of Thales avionics components including the Market Leading Flight Management System, the Thales/ACSS traffic and terrain collision avoidance system, and the Low Range Radio Altimeter as well as single configuration Head Up Display. The group will also equip over 110 Boeing 737NG and MAX with the Low Range Radio Altimeter. China Eastern is one of the largest users of Thales/ACSS products in China. The Thales FMS system is the highest selling Flight Management System with over 90% market share in China. The T³CAS solution includes the Traffic Alert and Collision Avoidance System (TCAS) with Class A Terrain Awareness and Warning System (TAWS), and Mode S Transponder updated for DO-260B with full ADS-B IN/OUT capability. Read more here.

Additionally, Thales strengthens its ties with China Southern Airlines with a major avionics contract to equip up to 80 Boeing aircraft. Thales will install 30 B737NG and, with the intention to include 50 B737MAX with a package of components including the market leading Thales/ACSS TCAS3000 the Thales TopFlight SATCOM (Inmarsat) and Low Range Radio Altimeter. China Southern is one of the largest users of Thales/ACSS products in China on both Boeing and Airbus aircraft. The system is fully compliant with all the main ATM requirements in China and is with DO260B ADS-B out, which guarantees the highest level of accuracy of information to pilots. Read more here.

Education

CBI member the University of Nottingham has launched a programme to help Chinese universities improve the quality of the training they provide to film industry students. The University of Nottingham hosted a group of 27 screen industry academics from 23 universities across China, who came to the UK to find out how the University trains graduates and prepares them for careers the screen industry. China’s film industry is expanding rapidly. In 2015, the Chinese spent more than $6.5 billion on movie tickets, an increase of almost 50% on the previous year. Around 20 new cinema screens are opening every day in China to meet demand, and last year, profit from film production climbed 76% to 868 million yuan. Read more here.

Electrical Equipment

CBI member ABB has won an order of over $40 million to provide advanced power equipment to the 800 kilovolt (kV) Dianxibe-Guangdong ultra-high-voltage direct current (UHVDC) transmission link. The project, operated by China Southern Power Grid Company Limited, one of the country’s two major grid
operators, is expected to transmit 5,000 megawatts (MW) of power over a distance of more than 1,950 kilometers. The order was booked in the third quarter of 2016. The link will transmit clean hydro-power from Yunnan province in southwestern China to the Pearl River Delta region in Guangdong, one of the most densely urbanized regions in the world and a major economic and manufacturing hub of China. The link has the capacity to meet the annual power consumption needs of over 10 million people based on average per capita national consumption. It will also help the region to significantly reduce coal consumption and mitigate carbon dioxide and sulfur dioxide emissions. Read more here.

Engineering

CBI member Siemens announced it has entered into a strategic agreement with Hesteel Group Co., Ltd. (HBIS), to form deep cooperation in the area of digital factory, intelligent manufacturing, energy-saving and environmental-protection, as well as metallurgical technology improvement. Based on the cooperation, both parties will be committed to exploring and practicing Siemens intelligent manufacturing solutions. Targeting the key program of “Made in China 2025” - Hesteel Tangsteel cold rolling intelligent manufacture project, and Hesteel coastal new base project, both parties will be closely cooperated in the fields of digital factory and enterprise management etc., collectively cast an Industry 4.0 intelligent plant model for Hesteel. In addition, Siemens will provide a comprehensive range of services for products provided to Hesteel throughout the entire life cycle, including customized training, responsive service, as well as retrofit and upgrading solutions. According to the agreement, factories of Siemens and Hesteel will select product from each other as priority for development needs. Read more here.

CBI member SC Innovation is hosting an exhibition in the UK Pavilion at Seawork Asia 2016 in order to showcase its SMV specialist multi-purpose vessel product. The SMV is a unique aluminium catamaran that delivers a true multi-role capability using its patented ISO compatible through-deck concept. By simply changing over ISO compatible modules, the vessel can be immediately re-employed from a dive boat to an accommodation or from an ROV to a windfarm support, to name a few of its features. As well as showcasing the product, SC Innovation will meet with existing contacts to further develop relationships and will look for new potential partners with whom to work in the region and beyond.

Financial Services

According to CBI member Grant Thornton’s latest “International Business Report” (IBR) titled Future of Asia Pacific, business leaders across the Asia Pacific (APAC) region believe that the rebalancing of China’s economy, which rose to the second place from the third of last year, poses threat to enterprises in the region.
The findings also show that economies across the region have formed closer links with China in recent years, thus augmenting the impact of China’s economy on the business environment of the region. The IBR surveyed 675 business leaders in APAC, and the results reveal that ageing population was still regarded by most of them (35.7%) as a major threat, followed by the rebalancing of China’s economy (33.8%) and the regional conflict caused by competing territorial claims (32.1%). Read more here.

**Hospitality**

**CBI member InterContinental Hotels Group (IHG)**, one of the world’s leading hotel companies, announced the launching of “virtual reality experience” through a strategic partnership with HTC Corporation (“HTC”), a pioneer in innovative, smart mobile and virtual reality (VR) technologies. IHG is the first international hotel group in China to provide guests with this innovative, in-room digital experience. Virtual Reality is at the leading edge of technology today and has captured the imagination of consumers globally. Therefore, IHG has formed a robust partnership with HTC, one of the world’s leading technology innovators, to bring new and exciting VR experiences to their guests in Beijing, Shanghai and Sanya. Guests will be able to try VR in a “Vive Zone”, which offers gaming, entertainment and interactions in a fully immersive digital generated environment. Guests will also have the opportunity to enjoy Vive line of VR content through Viveport application store for a fully digitalized entertainment moment in their own rooms. Read more here.

**Information and communications technology**

**CBI member Fujitsu** announced the development of an artificial intelligence model that can generate highly reliable recognition of handwritten character strings. The results of this model represent the world’s highest degree of accuracy in recognizing handwritten Chinese character strings. Recognition of individual handwritten Chinese characters using deep learning and other AI models has already surpassed human recognition capability(1). When used on strings of handwritten characters, however, issues arise with an inability to correctly break the strings into individual characters. Given this, the new Fujitsu-developed AI model can rank degree of reliability, assigning a high degree of reliability to correct characters, and a low degree of reliability to portions that are not characters, in image recognition for handwritten strings of characters. By applying this model, recognition mistakes in characters have been reduced to less than half that of previous technology, greatly improving the efficiency of tasks such as digitization of handwritten texts. Read more here.

Additionally, Fujitsu and Lenovo Group Limited (“Lenovo”) announced today that they are exploring a strategic cooperation in the realm of research, development, design and manufacturing of personal computers for the global market. Details of the cooperation are currently under discussion. Read more here.

**Insurance**

**CBI member Prudential Life Insurance Company**, which exists in China as a 50:50 equity joint venture partnership between Prudential plc in the U.K. and CITIC Limited in China, has commenced operations of
its 16th branch in Anhui province. The company’s expansion into the Anhui province further strengthens its footprint across the country and enhances its ability to meet the protection and savings needs of customers in one of the fastest growing regions in China. The new Anhui branch, located in the capital city of Hefei, complements CITIC-PRU Life’s extensive network spanning 66 cities across 16 provinces and municipalities in China, covering the key economies of Pearl River Delta in the south, Yangtze River Delta in the east and Bohai Economic Rim in the north. Anhui is a key province of the Yangtze River Delta, and plays an important role in China’s strategic “One Belt, One Road” initiative. The province has enjoyed accelerated economic development in recent years. In 2015, Gross Domestic Product of Anhui reached RMB 2.20056 trillion, up 8.7% from 2014 while per capita disposable income of urban residents increased 8.4%. Read more here.

Legal

**CBI member Clifford Chance** is advising the Industrial and Commercial Bank of China (ICBC) on the establishment of a European investment fund that is focused on projects in Central and Eastern Europe (CEE). The fund is part of China's major initiative to develop a modern silk road – 'One Belt One Road', and was formally announced at the China and CEE Countries Summit in Riga, Latvia on 5 November 2016. The fund will focus on developing the infrastructure, high-tech manufacturing and consumer goods industries in the CEE countries with the intention of promoting more economic interaction between the Chinese and the European markets. The size of the fund is expected to reach €10 billion and expected investors include governmental investors from of CEE countries, as well as Asian institutional investors. Read more here.

**CBI member Linklaters** has advised Bank of China on the establishment of its US$5bn China Covered Note Programme and the initial offering by Bank of China London Branch of US$500m China Green Covered Bonds due 2019 to be listed on the London Stock Exchange (the “Notes”). The Notes will be secured on a portfolio of PRC domestic climate aligned bonds held by Bank of China. This is a landmark transaction since it is the first international note issue by a Chinese entity that is secured by onshore assets, and in this case, an international green bond issue secured by green bonds that are traded on the China interbank bond market. Read more here.

Media

**CBI member UBM plc** is pleased to announce that Michael Duck, Executive Vice President of UBM Asia, will take on the additional role of UBM Group Chief Representative for China with immediate effect, succeeding Philip Chapnick. Michael brings with him 30 years of business experience in China, the majority of it in the exhibition industry. He is also Director and Treasurer of UFI – the Global Association of the Exhibition Industry based in Paris. Michael will be supported by Hellen (Honglei) Zhang, UBM senior manager, based in Beijing. Read more here.

Mining
CBI member Rio Tinto and Chinalco have signed a non-binding agreement to sell Rio Tinto’s entire stake in the Simandou project in Guinea to Chinalco. The Heads of Agreement sets out the proposed principal terms of the sale with the aim of signing a binding agreement within six months. Rio Tinto will receive payments of $1.1-1.3 billion based on the timing of the development of the project. The initial payment for shares will commence at the time of first commercial production, on a per tonne basis. Read more here.

Transportation

CBI member Alstom supplied the traction system for the Xi’an metro line 3. The contract was signed in 2013 between Alstom and Xi’an Metro Company to equip 246 metro cars with OptONIX traction system. That was the first transport contract for Alstom in Xi’an city. Phase one - which is 39.1 km long and includes 26 stations – connects the city from southwest to northeast, passing through important landmarks including Xi’an International University, Qinglong Temple, Chanba Ecological District, Xi’an International Habor Affairs Area, Xi’an Economic & Technological Development Zone and Xi’an Free Trade Zone. A further extension of the metro line toward the south is planned. Read more here.

CBI Member Bombardier announced today that its CS300 jetliner, the second CS300 flight test vehicle, has arrived in Zhuhai, China. The visit is the debut of the C Series aircraft in China and the jetliner, which is showcasing the logo of CS300 first operator airBaltic, will be on static display at the China International Aviation & Aerospace Exhibition (Airshow China) from October 30 to November 3. “As we approach first delivery and entry-into-service of the CS300 aircraft with launch operator airBaltic in the coming weeks, it is a pleasure to be showcasing the aircraft in China for the first time and updating the industry on our progress,” said Andy Solem, Vice President, Sales – China and North Asia, Bombardier Commercial Aircraft. “What we have been saying all along, is confirmed - the aircraft offers exceptional fuel burn and range, outstanding airfield performance in hot-and-high operations and it is the quietest commercial jet in production. Read more here.

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