

EDITORIAL

Putin's China visit

The year 2006 marks the 10th anniversary of the establishing of the Sino-Russian Strategic Partnership of Coordination and the 5th anniversary of Sino-Russian Good Neighbourly Treaty of Friendship and Cooperation. This year is being celebrated as the 'Year of Russia' in China that involves organization of several activities in an unprecedented scale to enhance the level of cooperation between the two countries. The year 2007 would be celebrated in Russia as the 'Year of China'. These activities are a part of encouraging cultural and educational exchanges and exchanges between non-governmental organizations to provide social base to the bilateral friendship.

Russia is the major military hardware supplier of China. But what is most outstanding is that in recent years with the rapid development of bilateral political and economic relations, China has emerged as the fourth largest trade partner of Russia, while Russia has become the eighth largest trade partner of China. In 2005, bilateral trade between the two countries reached US\$ 29 billion with an annual increase of 37 percent. The two countries have set a target of bilateral trade at US\$ 60-80 billion by 2010. As the two countries share a large border, which has since stabilized, the growth in border trade is the symbol of resolve of the two countries to promote overall bilateral relations. The border trade, in 2005, reached US\$ 5.57 billion, 19.1 percent of the total trade, with an increase of 32.7 percent. Like wise, mutual investment has also increased in recent years. China has made contracted investment of US\$ 977 million in Russia by the end of 2005 and Russian contracted investment in China reached US\$ 1.4 billion.

The visit of the Russian president to China in the third week of March this year is extremely significant, both politically as well as economically. During this visit, the two countries signed three energy related cooperation agreements and twelve other agreements. The first agreement between China National Petroleum Corp. (CNPC) and the Russian oil company of Rosneft to set up joint ventures aims at jointly refining crude oil and selling oil products. The second document is an MoU between the CNPC and Russian natural gas company Gazprom for the supply of 60 to 80 billion cubic metres gas each year to China through two proposed pipelines, one from west Siberia and other from Russia's Far East, at a cost of about US\$ 10 billion. In comparison, China consumed about 39 billion cubic metres of gas in 2004. The third document relates to the deal between CNPC and Russian oil pipeline company, Transneft confirming a joint feasibility study of building an oil pipeline from East Siberia to China at a cost of about US\$ 11.5 billion. The proposal of constructing this oil pipeline has been under negotiations for several years now but could not get the clearance from Moscow so far, while China is quite eager to finalize it at the earliest. Another significant agreement relating to energy cooperation between the two countries is the sale of electricity by Russia to China at a large scale, similar to the agreements China is pursuing with Vietnam and Laos to out source electricity. While Russia is emerging as a major energy supplier to China to meet China's increasing energy needs, the evolving strategic relationship between the two countries would have deep impact on the economic development of the Asian region.

NEWS

India and China to set up a CEO's Forum: Kamal Nath

Mr. Kamal Nath, Minister for Commerce and Industry announced the setting up of an "India-China CEOs Forum" at a meeting organised by the Confederation of Indian Industry and the Trade Development Bureau (TDB) of the People's Republic of China in New Delhi on March 16, to achieve the trade target of 20 billion by 2007. Speaking at the meeting, Mr. Kamal Nath said that India and China constituted 40% of the world's population and though trade between the two countries had been growing at a rapid pace during the last few years, the trade basket was quite narrow and Indian exports confined mainly to raw materials. He said that both India and China produced almost everything and produced it cheaply. He said that since India and China were recording export growth of 25 to 30%, it was time that the exports between the two countries start galloping. "India and China have been two great civilizations, living together not just for decades but for the millennia and together we can provide a whole new vision to the world," he stated.

Speaking on the occasion, Mr. Bo Xilai, Minister of Commerce, People's Republic of China said that the two countries enjoyed very friendly and economic ties with each other. He invited Indian entrepreneurs to come to China and invest there as the domestic market in China was growing at 13 % for some years and would remain so for the next five years. He pointed out that China and India were the major contributors to the growth of world economy.

The CII and TDB signed an MoU for mutual cooperation. CII also organised a B2B meeting for the industry and business representatives of the two countries on this occasion.

China forex reserves become the world's biggest

China has overtaken Japan to become the world's biggest holder of foreign exchange reserves after its stockpile grew US\$ 8.5 billion in February to US\$ 853.7 billion, the China Business News reported on Tuesday. At the end of February 2006, Japan had reserves of US \$850.1 billion.

Source: chinadaily.com.cn, March 28, 2006

China outlines long-term nuclear development

The Chinese government has approved the outline for mid-and long-term development of nuclear power generation (2005-2020), in a bid to boost clean energy production. China has stressed the principle of putting safety and quality first in the construction of nuclear power stations and of using independent designing and innovation. To meet the increasing demand for electricity, the Chinese government gives priority to the development of hydro-power on an environment friendly basis, and nuclear power in an active manner. Presently China has six nuclear power stations with a capacity of 9 million kilowatts. Nuclear power accounts for 2 per cent of total power generation capacity in China. By 2020, China plans to increase nuclear power generation capacity to 40 million kilowatts or 4 per cent of the total. To reach this target, each year the country has to build a nuclear power station with a capacity of 1.8 million kilowatts, equivalent to that of the Daya Bay Nuclear Power Station in Guangdong Province. China's installed capacity of power generation reached 508.41 million kilowatts in 2005.

Source: www.chinaview.cn, China Daily, March 24, 2006

Northwestern China's oilfield aims at 10 million tons of output

Northwest China's Qinghai Oilfield aims at producing 4.85 million tons of annual oil and gas in 2006 and 10 million tons by 2010, said Huang Ligong, general manager of the oilfield. Qaidam Basin constitutes the bulk of Qinghai Oilfield. At the end of 2004, proven oil reserves in the basin amounted to 400 million tons, and proven natural gas reserves were 400.5 billion cubic meters.

Source: Xinhua; People's Daily Online, March 13, 2006

Strategic oil reserve planned for 2006

According to Ma Kai, minister in charge of the National Development and Reform Commission, China will start filling its first national oil reserves at Zhenhai in Zhejiang province by the end of this year and speed up construction of three other reserves, which would be put into operation in 2007 or 2008 in Liaoning, Shandong, and Zhejiang provinces. These projects are aimed at avoiding possible oil supply interruptions and restraining global crude oil prices. Previous reports said the government plans to stockpile as much as 150 million barrels of petroleum, or the equivalent of about a month's domestic consumption.

Source: GOV.cn, March 07, 2006

Qinghai-Tibet Railway expected to be extended from Lhasa to Xigaze

According to Tibetan chairman Qingba Puncog, the Qinghai-Tibet railway, which will begin its trial runs in July 2006, is expected to be further extended from Lhasa to Xigaze City in the southwestern part of the region. This section is expected to be completed during the 11th Five-Year Plan (2006-2010).

Source: Xinhua; People's Daily Online, March 13, 2006

Trains a cheaper way to see Tibet

Sleeping on a train's hard berth from Beijing to Tibet may cost less than US\$100 in the near future, only one-third of a one-way air ticket at present, according to the Price Department of the National Development and Reform Commission. The Cargo transport, which began operation yesterday, will charge 0.12 yuan (1.4 cents) per kilometre for 1 ton of cargo. The passenger transport is scheduled to begin on July 1. Hard seat ticket from Beijing to Lhasa is expected to be sold at 380 yuan (US\$46), a hard berth ticket will cost 776 yuan (US\$93), and a soft berth ticket will charge 1,241 yuan (US\$150).

Source: China Daily March 2, 2006

NPC endorses major economic policy changes

The National People's Congress, China's Parliament, endorsed government work report and the 11th Five-Year Plan on Tuesday, which enshrined the country's new economic policies of relying on rural development and sci-tech progress. The government work report and the Five-Year Plan projected an eight percent growth rate for 2006, and 7.5 percent for the five years by 2010 on the basis of reduced energy consumption and pollutant discharge. "The final validation of the Government's action plan for the next five years by the Parliament signifies China's major shift of economic policies from urban development and heavy investment in billion-dollar projects to boosting rural and sci-tech investment for sustainable development," said Li Chong'an, an NPC deputy and vice-chairman of the NPC Law Committee.

Source: Xinhua; GOV.cn, March 14, 2006

China issues new document on building new countryside

Chinese government on February 22, released a first major document of the year, which calls for the construction of a "new socialist countryside" as the foremost task facing China during the period from 2006 to 2010. It's the third consecutive time since 2004 that agriculture, farmers and countryside development have been focused to solve problems in rural areas. The document said the next five years will be key to laying a solid foundation for the construction of new socialist countryside. Its aim is to boost modern agriculture, develop new relationships between industry and agriculture, cities and countryside, and increase rural affluence. Following are the eight policy priorities to promote the reconstruction of the countryside:

1. Plan economic, social development in urban and rural areas as a whole, and firmly promote construction of the new countryside
2. Boost modern agriculture to consolidate industrial support to the new countryside construction
3. Ensure sustained increase in farmers' income to lay a solid rural economic foundation
4. Increase infrastructure construction in rural areas to improve rural material conditions
5. Accelerate development of public services in the countryside and encourage new farmers
6. Deepen comprehensive rural reform to guarantee systematic protection for rural people
7. Improve democracy in rural areas and perfect rural management
8. Enhance leadership and motivate all party members and the entire society to care, support and participate in the construction of a new countryside

The main facts and figures about China's drive to "build a socialist new countryside":

1. Central government budget expenditures for agriculture, rural areas and farmers this year will total 339.7 billion yuan, 42.2 billion yuan more than last year.
2. China will completely rescind the agricultural tax throughout the country in 2006.
3. Starting this year, the government will appropriate over 103 billion yuan annually to ensure the normal operation of town and township governments and meet the needs of rural compulsory education.
4. This year China will allocate 71.6 billion yuan for investment in science and technology, a year-on-year increase of 19.2 percent.
5. Over the next two years, the government will completely eliminate tuition and miscellaneous fees for all rural students receiving compulsory education. The Central government budget expenditures for compulsory education will increase by 218.2 billion yuan over the next five years.
6. China will spend more than 20 billion yuan over the next five years on renovating hospital buildings in towns and townships and in some counties and upgrading their equipment.
7. China will speed up the establishment of a new type of rural cooperative medical care system by extending the scope of current trials to 40 percent of the counties in China this year and by increasing the allowances paid by the central and local governments to farmers participating in the system from 20 yuan to 40 yuan. An additional 4.2 billion yuan will be allocated from the central government budget for this program.

Source: People's Daily Online --- <http://english.people.com.cn/> March 05, 2006

Widening gap between China's urban, rural areas

The average income of urban residents was 2.57 times that of the rural residents in 1978, but the gap expanded to 3.22 times in 2005. In particular, the gap has widened markedly since 1997. In the field of education, the ratio of lecturer-level teachers in rural primary schools was 35.9 percent in 2004, 8.9 percentage points lower than that in urban primary schools. In medical field, eighty percent of medical resources are concentrated in cities. Only 22.5 percent of rural people are covered by rural cooperative medical care system. In rural China, half of villages do not have access to tap water. More than 60 percent of rural households do not have access to flush toilets. The houses of nearly 70 million rural residents need to be improved. Some 150 million rural households face problems in fuel supply. Six percent of villages are still beyond the reach of highways. Two percent of villages have no electricity supply. Six percent of villages do not have telephones.

Source: People's Daily Online, March 03, 2006

China's defense budget up 14.7% in 2006

China's defense budget for 2006 is expected to reach 283.8 billion yuan (about 35.1 billion U.S. dollars), 14.7 percent higher than last year. This year's defense budget accounts for 7.4 percent of the budgeted fiscal expenditure, compared with 7.74 percent in 2003, 7.72 percent in 2004 and 7.34 percent in 2005.

Source: Xinhua; People's Daily Online, March 04, 2006

China's key transport infrastructure projects for 2006-2010

The following are the key transport infrastructure projects China is set to build during the 2006-2010:

1. Railway: six railways for passenger transportation, including one between Beijing and Shanghai; five inter-city railways, including one between Beijing and Tianjin; and the upgrading of five existing railways including one between Datong and Qinhuangdao.
2. Highway: 14 expressways including one from Beijing to Hong Kong and Macao.
3. Port: transit systems for the transportation of coal and imported oil, gas and iron ore, and containers transport systems at 12 seaports including those in Dalian, Tianjin and Shanghai; coal transit and storage bases in eastern and southern China.
4. Shipping: the third-phase project for dredging the deepwater channel at the mouth of the Yangtze River, the course at the mouth of the Pearl River to the sea, channel dredging in the Yangtze and Pearl River valleys and the Beijing-Hangzhou Canal; and acceleration of port construction along inland rivers.
5. Airport: expansion of ten airports including those in Beijing, Shanghai and Guangzhou; relocation of the two airports in Kunming and Hefei; and airports in central, western and northeastern China to accommodate flights on feeder lines.

Source: Xinhua; GOV.cn, March 06, 2006

China to raise education expenditures to 4% of GDP

China will increase financial input for education in the coming five years and gradually raise the proportion of annual government education expenditures to 4 percent of the gross domestic product, according to an official document seen Monday. The proportion of China's government education expenditures to the GDP stood at 3.41 percent in 2002, up from 2.55 percent in 1998.

Source: Xinhua; GOV.cn, March 06, 2006

China's major high-tech projects planned for 2006-2010

As listed in the draft guidelines of the five-year development blueprint, following are the major high-tech projects China is set to undertake during the 2006-2010 period:

Integrated circuits and software: establishing integrated circuit research and development centers, industrializing the technology for 90-nanometer and smaller integrated circuits, and developing basic software, middleware, large key applied software and integrated systems.

New-generation network: building next-general Internet demonstration projects, a nationwide digital TV network and mobile communication demonstration networks with independent property rights.

Advanced computing: making breakthrough in technology for petaflop computer systems, building grid-based advanced computing platforms, and commercializing the production of teraflop computers.

Biomedicine: Building a number of demonstration projects for commercial production of vaccines for major diseases and gene-modified medicines, improving the modern traditional Chinese medicine system, and enhancing the capability for new medicine invention and production.

Civil airplane: developing planes for trunk and feeder lines, general-purpose planes and helicopters, as well as advanced engines.

Satellite application: developing new meteorological, oceanographic, resource and telecommunication satellites, and poison- and pollution-free thrust augmented carrier rockets; building earth observation and navigation positioning satellite systems and facilities and application demonstration projects for civil satellite ground systems.

New materials: building demonstration projects for commercial production of high-performance new materials badly needed in information, biological and aerospace industries.

Source: Xinhua; GOV.cn, March 06, 2006

China's major targets for 2006

Following are the main targets for China's economic and social development in 2006, revealed in the report on the work of the government:

1. GDP should grow about 8 percent, and energy consumption per unit of GDP should fall by about 4 percent.
2. The rise in consumer prices should be kept under 3 percent.
3. Urban employment should increase by 9 million persons, and the urban registered unemployment rate should be kept under 4.6 percent.
4. The equilibrium in the balance of payments should stay basically balanced.
5. The government plans to issue 60 billion yuan worth of long- term treasury bonds, 20 billion yuan less than last year, while increasing regular construction investment from the central government budget by 10 billion yuan.
6. The deficit in the central government budget is projected to be 295 billion yuan, 5 billion yuan less than last year.

People's Daily Online, February 05, 2006

China's major achievements in 2005

The following are some major achievements of China in economic and social development in 2005, seen in the government work report delivered by Premier Wen Jiabao at the annual session of the national legislature:

1. China's GDP reached 18.23 trillion yuan in 2005, an increase of 9.9 percent over the previous year.
2. Fiscal revenue exceeded 3 trillion yuan, 523.2 billion yuan more than the previous year.
3. Consumer price index rose 1.8 percent.
4. Import and export volume totaled 1.42 trillion U.S. dollars, an increase of 23.2 percent.
5. Actually-used direct foreign investment reached 60.3 billion U.S. dollars.
6. Foreign exchange reserves totaled 818.9 billion U.S. dollars at the end of 2005.
7. A total of 9.7 million urban residents entered the workforce for the first time.
8. Urban per capita disposable income rose to 10,493 yuan, an increase of 9.6 percent after adjusting for inflation.
9. Rural per capita net income grew to 3,255 yuan, an increase of 6.2 percent after adjusting for inflation.
10. Agricultural tax was rescinded in 28 provinces, autonomous regions and municipalities directly under the central government, and the livestock tax was rescinded nationwide.
11. Last year, 297.5 billion yuan from the central government budget was spent on agriculture, rural areas and farmers, an increase of 34.9 billion yuan over 2004.
12. With considerable increase in 2004, grain output rose by 14.55 billion kg to reach 484 billion kg.
13. A total of 21.9 billion yuan was allocated by the central government to subsidize the policy-based closure and bankruptcy of 116 state-owned enterprises.
14. The central government spent 116.8 billion yuan in 2005 on science and technology, education, health and culture, an increase of 18.3 percent over the previous year. In addition, 9.54 billion yuan from the sale of treasury bonds was spent on these items.
15. Over 7 billion yuan was allocated by the central and local governments to pay tuition and miscellaneous fees, provide free textbooks, and subsidize room and board for 17 million students from poor families in 592 designated poverty-stricken counties. Free textbooks were also provided to more than 17 million students from poor families in the central and western regions.
16. Over the past three years, the central and local governments spent 10.5 billion yuan to basically complete the establishment of a disease prevention and control system that operates at the provincial, city and county levels.
17. A total of 16.4 billion yuan was spent on setting up a medical treatment system for public health emergencies, and work is proceeding smoothly.
18. Total expenditures from the central government budget for fighting natural disasters and providing disaster relief came to 8.9 billion yuan last year, and more than 90 million people were helped.
19. The central and local governments allocated 16.2 billion yuan for poverty alleviation, and the number of rural residents living in poverty decreased by 2.45 million.
20. Elections for village committees were held in 21 provinces, autonomous regions and municipalities.

Source: People's Daily Online --- <http://english.people.com.cn/> March 06, 2006

China's main targets for 2006-2010

The following are the main targets China has set for the 2006-2010 plan period:

Economic growth:

1. GDP up 7.5 percent annually from 18.2 trillion yuan in 2005 to 26.1 trillion yuan in 2010;
2. Per capita GDP up 6.6 percent annually from 13,985 yuan in 2005 to 19,270 yuan in 2010.

Economic structure:

1. Share of service industry's value added to GDP up from 40.3 percent in 2005 to 43.3 percent in 2010;
2. Share of employment in service industry up from 31.3 percent to 35.3 percent in 2010;
3. Share of R&D spending out of total GDP up from 1.3 percent in 2005 to 2 percent in 2010;
4. Urbanization rate up from 43 percent in 2005 to 47 percent in 2010.

Population, resources, environment:

1. Population up from 1.30756 billion in 2005 to 1.36000 billion in 2010;
2. Energy consumption per unit of GDP down 20 percent in five years;
3. Water consumption per unit of industrial added value down 30 percent in five years;
4. Coefficient of effective use of water for irrigation up from 0.45 percent in 2005 to 0.5 percent in 2010;
5. Rate of comprehensive use of solid industrial waste up from 55.8 percent in 2005 to 60 percent in 2010;
6. Total acreage of cultivated land down from 122 million hectares in 2005 to 120 million in 2010;
7. Total discharge of major pollutants down 10 percent in five years;
8. Forest coverage up from 18.2 percent in 2005 to 20 percent in 2010.

Public service, people's life:

1. Term of education per capita up from 8.5 years in 2005 to nine years in 2010;
2. Coverage of urban basic old-age pension up from 174 million people in 2005 to 223 million people in 2010;
3. Coverage of the new rural cooperative medical care system up from 23.5 percent in 2005 to over 80 percent in 2010;
4. New jobs created for urban residents reaching 45 million in five years;
5. Number of rural laborers transferred to non-agriculture sectors reaching 45 million in five years;
6. Urban registered unemployment rate up from 4.2 percent in 2005 to 5 percent in 2010;
7. Per capita disposable income of urban residents up 5 percent annually in five years, from 10,493 yuan in 2005 to 13,390 yuan in 2010;
8. Per capita net income of rural residents up 5 percent annually in five years, from 3,255 yuan in 2005 to 4,150 yuan in 2010.

Source: People's Daily Online, March 06, 2006

China, Pakistan ink comprehensive deals

China and Pakistan on Monday signed a series of agreements, which ranged from trade and energy to agriculture and defense, after Chinese President Hu Jintao held talks with visiting Pakistani President Pervez Musharraf, who arrived here on Sunday for a five day visit. President Musharraf strongly condemned the terrorist killing of three Chinese engineers in Pakistan last Wednesday. President Hu called for cooperation in security and a joint crackdown on the "three forces" plaguing both countries, namely terrorism, separatism and extremism.

The two sides are satisfied with the implementation of the Early Harvest Program, and agreed to expedite negotiations on the Free Trade Agreement. They emphasized that overland trade through the Karakoram Highway should be promoted. The two sides also signed a Framework Agreement on Energy Cooperation. Both sides also agreed to enhance cooperation in the peaceful use of nuclear energy.

Source: Xinhua; People's Daily Online, February 22, 2006

China, Pakistan to open four new road links

China and Pakistan will open four new passenger and cargo road links in the first half of the year. Two of the four roads are for cargo transportation and the other two are for passengers and they will be opened on May 1 and June 1 respectively, according to an agreement signed on Wednesday between the transport ministries of the two countries in Urumqi, capital of Xinjiang Uygur Autonomous Region. The two cargo routes run from Kashi in southern Xinjiang to Pakistan's ports of Karachi, Qasim and Gwadar. The passenger lines are from Kashi and Taxkorgan, also in southern Xinjiang, to Pakistan's northern Gilgit and Sost Pass respectively. With this, the number of road links between Pakistan and China will rise to eight.

Source: Xinhua; People's Daily Online, March 23, 2006

China produces 224 tons of gold in 2005

China produced 224 tons of gold in 2005, an increase of 5.51 percent over the previous year and the gold production enterprises earned a record profit of 4.03 billion yuan, an increase of 32.7 percent year on year. China Gold Group and the Shandong Gold Co. Ltd. now rank among the world's top 15 gold producers. The gold output and sales volume in China rank fourth in the world.

Source: Xinhua; People's Daily Online, February 23, 2006

China to amend corporate income tax law in 2006

China is set to amend corporate income tax law in 2006. Domestic companies have long complained that they were not on a level playing field because of lower tax rates for foreign-funded enterprises. There are also concerns that the abolishment of preferential tax rates could slow down the influx of foreign capital. Foreign companies operating in China enjoy a preferential tax rate of 15 per cent, compared to 33 per cent for Chinese firms. Analysts suggest the unified tax rate should be set between 24 per cent and 28 per cent.

Source: China Daily; GOV.cn, February 27, 2006

Taiwan enjoys \$30-plus billion trade surplus with Mainland

Taiwan enjoyed a total trade surplus of more than 30 billion US dollars with the Chinese mainland in 2005, an all time high in history, according to across-the-Taiwan Straits trade statistics released by a related Taiwan economic authority on Friday. It is reported that the trade volume across the Straits reached 71.7

billion US dollars, a year-on-year growth of 16.3 per cent in 2005. Taiwanese exports to the mainland stood at 51.773 billion US dollars and imports 19.928 billion US dollars with its trade surplus reaching 31.845 billion US dollars, a year-on-year growth of 12.6 per cent.

Source: People's Daily Online, February 27, 2006

China tops world in road accidents and death toll

Chinese Vice Minister of Communication, Xu Yahua said here on Sunday that in number of road accidents and the related death toll China ranked first in the world in 2005. In 2005, 98,738 people were killed in 450,000 road accidents and 470,000 others were injured, with direct property losses totaling 1.88 billion yuan (233.8 million U.S. dollars).

Source: Xinhua; People's Daily Online, February 26, 2006

China's farm products trade grows in 2005

China's trade in farm products grew steadily in 2005 to reach US\$ 55.8 billion, reducing the trade deficit by 70 percent in a year. The exports of farm products topped US\$ 27.18 billion in 2005, up 17.7. Imports rose 2.4 percent to reach US\$ 28.65 billion. Chinese farmers also witnessed the highest annual income increase in eight years in 2005 as their per capita annual net income topped 3,255 yuan (US\$ 401.9), a year-on-year increase of 6.2 percent.

Source: Xinhua; People's Daily Online, February 26, 2006

No timetable for capital account RMB conversions

Hu Xiaolian, deputy governor of China's central bank and director of the State Administration of Foreign Exchange (SAFE) said on Thursday that there was no timetable to further relax regulations that govern converting the Renminbi under capital accounts. He said that China had a goal to convert the RMB under capital accounts step by step.

Source: Xinhua News Agency March 3, 2006

China approves 40 overseas insurers

According to the China Insurance Regulatory Commission (CIRC), China approved forty overseas insurers to operate in the country by the end of 2005. These 40 companies now run 99 headquarters and branches throughout China.

Source: GOV.cn, March 02, 2006

Coal-to-oil plant to begin work next year

China's biggest coal company, the Shenhua Group, will start production at its first coal-to-liquid project at the end of next year, a scheme that will supply 1 million tons of oil products a year to North China. This is China's first facility producing oil from coal and has great market potential in China, which relies on coal for about 70 percent of its energy needs and aims to cut the import of high-priced oil. The plant is located in the north-western Ordos Basin that has rich coal reserves.

Source: China Daily; GOV.cn, March 10, 2006

Pay roll corruption highlighted among booming govt spending

According to Li Hanyu, a member of the National Committee of the Chinese People's Political Consultative Conference, several pay roll fabrication cases have been exposed in many government organs and institutions in China's vast middle and western region. Initial investigations revealed that 37,000 people in Sichuan province have been found taking paycheques for those who do not exist, which cost the government 64 million yuan (US\$8 million) every year. In a similar case about 20,000 people in the central province of Henan, have taken 152 million yuan (US\$19 million) of government funds so far.

Source: Xinhua News Agency March 10, 2006; china.org.cn

China steel industry faces external threat

Zhu Jimin, president of Beijing Shougang Group, said today that should China not quickly legislate against monopolization and establish relevant authorities, China's steel industry may be "dismembered" by foreign financial oligarchs and multinational groups. "Whoever has enough money can acquire China's largest steel enterprise - Baosteel - for 30 billion RMB (US\$3.75 billion)." Zhu said. News of the merger of Mittal and Arcelor, the world's largest and second largest steel companies, shocked Chinese steelmakers and the Chinese government. "If the acquisition succeeded, these two giants would monopolize resources in Europe, America and most horrible of all, Brazil." Zhu said that at present Brazil and Australia are the main sources of ore for China.

It is said that Mittal has reached an agreement with a Chinese steel company. Theoretically, Mittal can spend about 18 billion RMB to become the controlling shareholder of Baosteel, which has been listed in Shanghai.

Most sovereign countries in the globe do not allow transnational merger or acquisition that will affect their economic security. China should follow this rule. Zhu said that facing the aggressive M&A tide, corporations and the Chinese government are anxious to seek measures to prevent risks and monopolization. Currently, China lacks relevant government departments and laws to do this.

Source: chinademands.com

Arcelor to buy 38% stake in Laiwu Steel

European steel giant Arcelor on Friday signed an agreement with Chinese producer Laiwu Steel Group that will allow Arcelor to hold a 38.41 percent stake in Laiwu Steel Corporation. According to the agreement, Arcelor will acquire 354,236,546 legal shares from Laiwu Steel Group at a price of 5.88 yuan (73.5 cents) per share for a total consideration of 2.086 billion yuan (US\$ 260.75 million). It also involves the transfer of technology and management expertise as well as the sharing of commercial resources.

Source: Xinhua News Agency February 25, 2006

Steel price in China to drop in 2006

Rolled steel price in China is expected to fall this year, according to a report by the price monitoring center of the National Development and Reform Commission published in the China Securities Journal on Wednesday. Figures show the average rolled steel price level in 2005 was 1.47 percent higher than that of 2004. At the end of 2005, however, the steel price dropped due to over-production, down 13.1 percent from the previous year. By the end of 2005, China's potential capacity in iron and steel production had reached 470 million tons, 120 million tons more than the demand amount, said He Xiaoying, an expert

with the price-monitoring center. In 2006 the over-supply problem will be exacerbated because the country's steel output is expected to grow at a rate of 10 percent to 15 percent, probably hitting a new record high of 400 million tons, he said.

Source: Xinhua News Agency February 9, 2006

China faces overcapacity of steel industry

China is to cut the annual production capacity by 100 million tons of iron and 55 million tons of steel in the coming five years, in a bid to cool down the overheated steel industry, an official said on Tuesday. Its annual steel output is equivalent to those of the United States, Russia and Japan put together. In 2005, China produced 348 million tons of steel out of its annual capacity of 470 million tons. According to a recent survey of the commission, China has 1,499 steel companies, of which only 15 have an annual production capacity of more than 5 million tons each and 40 others, 1 million to 5 million tons. There are many steel projects under planning. Local governments without the approval of the central authorities have started many steel projects that are under construction.

Source: Xinhua News Agency January 11, 2006

International iron ore prices a concern

China will be keeping a close eye on international iron ore price talks scheduled for this year, and hopes that prices will be fixed fairly to achieve a win-win result for producers and consumers, an official with the Chinese Ministry of Commerce said on Thursday. "China will monitor the progress of iron ore price talks, and take legal measures if necessary to protect the interests of the country and Chinese companies," the official said. In 2005, China imported 43 percent of the world's total iron ore or 275 million tons.

Source: Xinhua News Agency March 17, 2006

Coal output set to reach record high of 2.5 billion tons

Top energy planners are seeking, in the next five years, to raise China's coal output to an unprecedented level and, at the same time, reduce the number of large mining disasters. China's coal output will be between 2.5 billion and 2.6 billion tons in 2010, as compared with 2.19 billion tons in 2005, according to Guo Yuntao, Director of the China Development Research Centre for the Coal Industry. The growth rate being forecast by the planning team led by Guo is much slower than in the last five years, when China's coal output rose from about 1.3 billion tons in 2000.

Source: China Daily; People's Daily Online, March 20, 2006

China's population reaches 1.30756 billion in 2005

The National Bureau of Statistics released the results of a 1 percent sample census conducted in 2005, on Thursday. On Nov.1, 2005, China's population was 1.30628 billion (excluding those in Hong Kong, Macao and Taiwan). Compared with the fifth census conducted on Nov.1, 2000 China's population has increased by 40.45 million or 3.2 percent or 8.09 million per year. Important features of the survey are:

- China had a mobile population of 147.35 million, of which cross-province population accounted for 47.79 million.
- Urban population stood at 561.57 million, about 42.99 percent of the total population and those living in rural areas totaled 744.71 million representing 57.01 percent of the total population.

- The Han nationality made up 90.56 percent of total population and the remaining 9.44 percent were minority nationalities.
- China had 395.19 million households with the average size of 3.13 persons per household.
- University educated (junior college or above) were 67.64 million, those with high school education (including technical secondary school) were 150.83 million. 467.35 million people had middle school education while 407.06 million had primary school education.

Source: People's Daily Online, March 17, 2006

China to produce 98 million microcomputers this year

China will produce 98 million desktop and laptop computers in 2006, 58 million of which will be for export, the Ministry of Information Industry forecasts. Presently, in China's domestic market, computer makers are dropping their prices. On the global market, the average export price of desktop computers dropped from 644 dollars earlier this year to 617 dollars. Statistics showed that laptop computers are increasing their market shares. In 2005, China produced 80.84 million computers, of which 45.65 million were laptops, a net increase of 18.15 million from 2004.

Source: Xinhua; People's Daily Online, March 19, 2006

China to produce 91 million color TVs in 2006

China is expected to produce 91 million units of color TVs in 2006, the Ministry of Information Industry forecast on Thursday. Of these, about 48 million units will be for export. The output of thin film transistor-liquid crystal display panel TVs has grown very fast over the past years in China. In 2005, China turned out 82.83 million sets of color TVs, an increase of 13 percent year-on-year. Meanwhile, it exported 39.75 million units of color TVs last year, a year-on-year rise of 43.36 percent, with export volume hitting US\$5.05 billion, up 57.55 percent.

Source: Xinhua News Agency March 17, 2006

Labor contract draft law open to public view

National People's Congress on March 20, made public the full text of the draft law on labor contracts to solicit public opinions on the law that will affect almost all workers in the country. The 7-chapter draft, details the establishment, revocation, revision, and termination of labour contracts. It is the country's first law governing the labor contracts and it was submitted to the top legislature for review last December. The existing labor contract system was enacted in 1994.

Source: Xinhua; GOV.cn, March 21, 2006

China's largest investment project in Russia starts all round construction

The Baltic Pearl real estate project in St. Petersburg, China's largest investment project in Russia, has begun construction. Shanghai Industrial Investment (Holdings) Company Limited is one of the five major Chinese investors in the project, which is about 800 km northwest of Moscow and covers an area of 208 hectare.

Source: Xinhua; People's Daily Online, March 23, 2006

Consumer tariff shakes up market

China's decision to make sweeping changes in the current consumption tax regime, which was announced on Tuesday and will take effect starting April 1, is turning some public companies into investors' darlings, while making life harder for others.

The consumption tax revision, the largest overhaul since its inception in 1994, shot up shares of companies whose products will likely be affected by the revision, while others dipped on the stock market yesterday in a trend analysts say may herald investors' sentiments in days to come.

According to the tax adjustment, more refined oil products, disposable wooden chopsticks and wooden floor panels and other luxury items such as high-priced watches, yachts and golf balls will be charged consumption tax. Meanwhile, the consumption tariff on some goods such as hard alcohol, motorcycles, small-engine cars will be cut, while tax on skincare products and shampoo will be totally done away with.

Source: China Daily; People's Daily Online, March 23, 2006

EU slaps dumping duties on Chinese footwear

The European Union (EU) yesterday adopted provisional anti-dumping duties on Chinese leather shoes even as shoemakers were preparing to fight dumping charges. The European Commission said that it had identified "clear evidence of disguised subsidies and unfair state intervention in the leather footwear sector in China and Viet Nam." The tariffs, proposed by EU trade chief Peter Mandelson, are to be phased in from April 7, starting at 4 per cent and rising to 19.4 per cent for Chinese shoes.

Source: China Daily, March 26, 2006

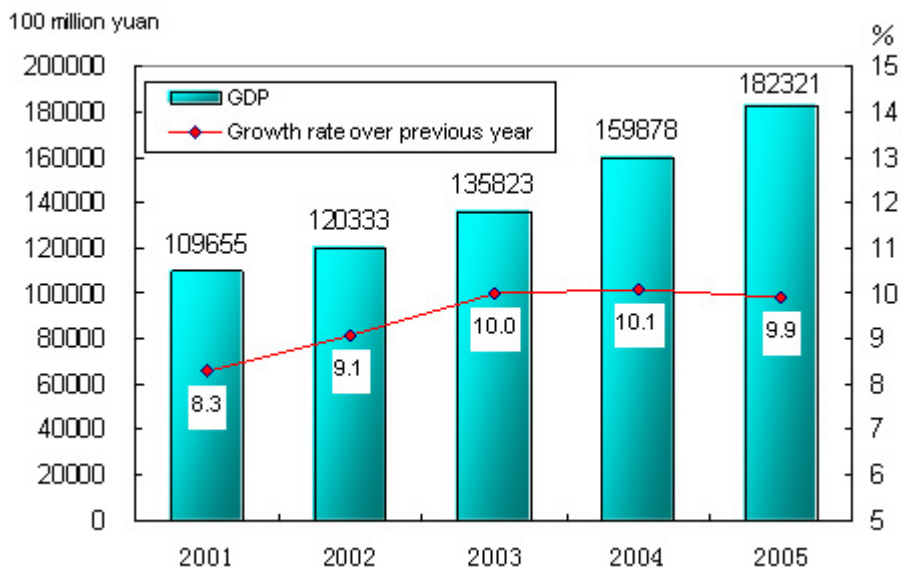
STATISTICS

China's foreign trade January-February 2006

According to the custom statistics, total foreign trade of China during January and February 2006 reached US\$ 226.37 billion, an increase of 26.3% compared to the corresponding period of the previous year. The exports accounted US\$119.19 billion, an increase of 25.5% and imports US\$ 107.18 billion, an increase of 27.4%. There was trade surplus of US\$ 12.02 billion.

Source: mofcom.gov.cn

China's Gross Domestic Product and Its Growth in the 10th Five-year Plan Period

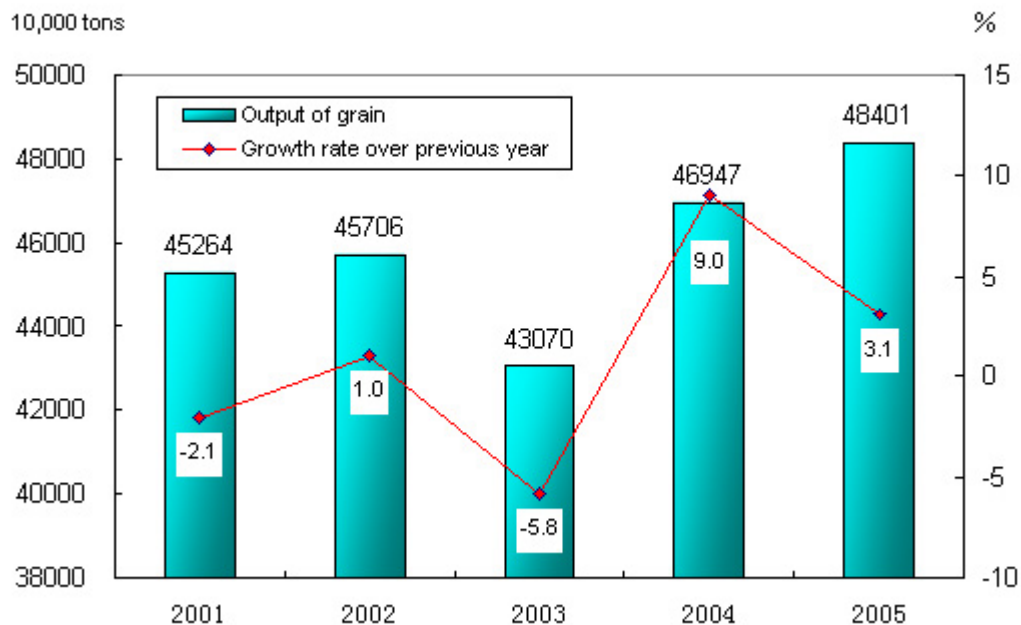


Output of Major Farm Products, 2005

Unit: 10,000 tons

| Item | Output | Increase over 2004 (%) |
|-------------------|--------|------------------------|
| Grain | 48401 | 3.1 |
| Summer crops | 10627 | 5.1 |
| Early rice | 3179 | -1.3 |
| Autumn crops | 34595 | 2.9 |
| Oil-bearing crops | 3078 | 0.4 |
| Peanuts | 1434 | 0.0 |
| Rapeseed | 1305 | -1.0 |
| Cotton | 570 | -9.8 |
| Sugar crops | 9551 | -0.2 |
| Sugarcane | 8760 | -2.5 |
| Beetroot | 791 | 35.2 |
| Cured tobacco | 241 | 11.5 |
| Tea | 92 | 9.8 |
| Fruits | 16076 | 4.8 |
| Vegetables | 56284 | 2.2 |

Output of Grain and Its Growth in the 10th Five-year Plan Period



Output of Major Industrial Products in 2005

| Product | Unit | Output | Increase over 2004 (%) |
|---------------------------------|--|--------|------------------------|
| Yarn | 10000 tons | 1440 | 11.5 |
| Cloth | 100 million meters | 470 | 11.9 |
| Chemical fibers | 10000 tons | 1618 | 13.6 |
| Sugar (final product) | 10000 tons | 903 | -12.6 |
| Cigarettes | 100 million | 19560 | 4.4 |
| Color TV sets | 10000 | 8283 | 11.5 |
| Household refrigerators | 10000 | 2986 | -0.7 |
| Room air conditioners | 10000 | 6765 | 5.9 |
| Total primary energy production | 100 million tons of standard coal equivalent | 20.6 | 9.5 |
| Coal | 100 million tons | 21.9 | 9.9 |
| Crude oil | 100 million tons | 1.81 | 2.8 |
| Natural gas | 100 million cubic meters | 500 | 20.6 |
| Electricity | 100 million kilowatt-hours | 24747 | 12.3 |
| Of which: Thermal-power | 100 million kilowatt-hours | 20180 | 12.4 |
| Hydro-power | 100 million kilowatt-hours | 4010 | 13.4 |
| Crude steel | 10000 tons | 35239 | 24.6 |
| Rolled steel | 10000 tons | 39692 | 24.1 |

| | | | |
|---|--------------------|-------|------|
| Ten kinds of nonferrous metals | 10000 tons | 1635 | 13.2 |
| Of which: Refined copper (copper) | 10000 tons | 260 | 18.1 |
| Aluminum electrolyze | 10000 tons | 779 | 16.4 |
| Aluminum oxide | 10000 tons | 851 | 21.9 |
| Cement | 100 million tons | 10.6 | 10.0 |
| Sulfuric acid | 10000 tons | 4529 | 15.3 |
| Soda ash | 10000 tons | 1467 | 9.9 |
| Caustic soda | 10000 tons | 1264 | 21.4 |
| Ethylene | 10000 tons | 756 | 20.0 |
| Chemical fertilizers (100 percent equivalent) | 10000 tons | 5220 | 8.6 |
| Power-generating equipment | 10000 kilowatts | 9200 | 28.9 |
| Motor vehicles | 10000 | 570 | 12.1 |
| Of which: Cars | 10000 | 277 | 19.7 |
| Large & medium tractors | 10000 | 16.2 | 42.7 |
| Integrated circuits | 100 million pieces | 266 | 12.9 |
| Program-controlled switchboards | 10000 lines | 7721 | 1.3 |
| Mobile telephones | 10000 | 30354 | 6.4 |
| Micro-computers | 10000 | 8084 | 35.3 |

Composition of Population in 2005

Unit: 10,000 persons

| | Population (Year-end figure) | Percentage (%) |
|-----------------------|---------------------------------|----------------|
| National Total | 130756 | 100.0 |
| Of which: Urban | 56212 | 43.0 |
| Rural | 74544 | 57.0 |
| Of which: Male | 67375 | 51.5 |
| Female | 63381 | 48.5 |
| Of which: 0-14 years | 26504 | 20.3 |
| 15-64 years | 94197 | 72.0 |
| 65 years and over | 10055 | 7.7 |

Source: English.Gov.cn

EXHIBITION

| Date Year/ Month/Day | Event | Venue |
|---------------------------------|---|--------------|
| 06/11/01 - 06/11/04 | The 10th China International Exhibition & Symposium on Dental Equipment | Shanghai |
| 06/05/18 - 06/05/20 | The 7th China International Building Coating Materials and Coating Equipment Expo | Xi'an |
| 06/10/12 - 06/10/17 | China Hi-Tech Fair | Shenzhen |
| 06/08/16 - 06/08/30 | 2006 China(Dongguan) International Shoes, Leather Products and Accessories Expo | Dongguan |
| 06/11/22 - 06/11/25 | China International Drinks Expo | Chengdu |
| 06/05/25 - 06/05/28 | Western China International Power Supply Equipment Expo | Chengdu |
| 06/04/11 - 06/04/14 | The 11th Jilin(Changchun) International Expo on Construction Materials | Changchun |
| 06/10/11 - 06/10/14 | The 10th China International Pet Show | Beijing |
| 06/10/20 - 06/10/24 | Central China International Industry Expo | Zhengzhou |
| 06/10/31 - 06/11/05 | The 6th China International Aviation & Aerospace Exhibition | Zhuhai |
| 06/08/29 - 06/08/31 | The 5th China Agricultural Machinery and Facilities Expo | Wuhan |
| 06/10/10 - 06/10/13 | ENERGY 2006 | Shanghai |
| 06/09/28 - 06/10/03 | AUTO Nanjing 2006 | Nanjing |
| 06/08/17 - 06/08/21 | Hong Kong International Medical Care and Health Service Expo | Hong Kong |
| 06/09/09 - 06/09/18 | The 18th Dalian International Garment Fair | Dalian |
| 06/06/08 - 06/06/10 | 2006 China International Environmental Protection Expo | Dalian |
| 06/06/22 - 06/06/24 | Beijing International Tourism Expo 2006 | Beijing |
| 06/07/06 - 06/07/09 | China International Exhibition on Glass Products 2006 | Guangzhou |

| | | |
|------------------------|--|-----------|
| 06/06/20 - 06/06/22 | The 3rd China Logistics Expo 2006 | Guangzhou |
| 06/05/29 - 06/05/31 | The 7th China International Exhibition of Food and Drink | Shanghai |
| 06/05/04 - 06/05/07 | International Jewellery Jade & Fashion Accessories Expo | Beijing |
| 06/05/10 - 06/05/13 | 2006 China International Electrical Appliances Expo | Beijing |

EVENTS

The 5th Qingdao International Automobile Exhibition

Qingdao International Convention & Exhibition Center
April 29-May 3, 2006

2006 President's Forum/CBU 11th International Conference

Global Automotive Manufacturing and the Role of China, Great Wall Sheraton Hotel, Beijing
June 26-27, 2006

CITEXPO 2006: The 4th China International Tire Expo

Shanghai Everbright Convention and Exhibition Center
September 6-8, 2006

Auto China 2006 The 9th Beijing International Automobile Exhibition

China International Exhibition Center and National Agricultural Exhibition Hall, Beijing
November 19-27, 2006
Source: CBU-AutoEnews v7n6

China Glassware & Glasscraft Beijing 2006

Exhibition Hall of China World Trade Center, Beijing
Date: 06-09, July 2006
Contact: Ms. Shao Hong, Ms. Fan Rong
Phone: 0086-10-67749362/67732713 Fax: 0086-10-67705379
Email: shaohong@cccla.org.cn, fanrong@cccla.org.cn; Web: www.glass-fair.com

7th CHINA (GUANGZHOU) INTERNATIONAL METAL & METALLURGY EXHIBITION INVITATION

Guangzhou International Convention & Exhibition Center
Date: 15-18 June, 2006
T: +86-20-38620781/2 F: +86-20-38620781
Contact: Miss WenMei 86-13902266275
E-mail: meiwen@julang.com.cn; Http://www.julang.com.cn

Outdoor Lifestyle China (Hangzhou) 2006

Date: 31 May-3 June
website: www.outdoor-fair.com.cn

The 9th International Valves, Actuators, Pipelines, Pumps, Compressors, Seals, Fluid Machinery, Process Equipment, Instrumentation, Automation & control Systems Exhibition

Date: March 29-31, 2006

Guangzhou Free Trade Zone Shibo Exhibition Co., Ltd.,)

TEL 86-20-82220077 82220061 82227155 82088331-602

FAX 86-20-82214624 82209956 P.C. 510730

Water & Membrane China (Shanghai) 2005

Date: March 29-31, 2006

Place: Shanghai, China

Contact person: Lucia Gao

Tel: 86-10-85323275; Fax: 86-10-85323276

Email: Lucia1025@126.com

5th China International Consumer Goods Fair

Ningbo China

Date: 8th – 12th June 2006

2006 China Shanghai International Automotive Parts & Components Exhibition

Shanghai Automobile Exhibition Center

June 8-10, 2006

Auto China 2006. 2006 The 4th China (Guangzhou) International Auto Exhibition

Guangzhou International Convention & Exhibition Center

July 25-31, 2006

Source: CBU-AutoEnews v7n9

Events in Taiwan

| | | |
|--|---|---------------|
| Taipei Int'l Digital Electronics Show | DTV & DAB Personal Communication & Terminal Equipment PC & Game Digital Audio/Video & Entertainment Photonics Electro Power Tech Digital Home & Related Products Flexible Electronics Digital Content | April 17 ~ 20 |
| Taipei International Automobile Electronics Show | Telematics / Drive Information System, Automobile Body Electrical System, Automobile Safety System, Automobile Security System, Engine Management System, Power Train System, Brake Control System, Suspension & Chassis System, Automobile Electronic Products, Automobile Electronic Components & Parts | April 17 ~ 20 |
| Taipei Int'l Gift & Stationery Spring Show | Seasonal gifts, souvenirs, premiums, incentive items, glassware, ceramics, electronic products, novelties, houseware, handicrafts, stationery, school & office supplies, artist supplies, jewelry, bags, toys & children's article | April 23 ~ 26 |

| | | |
|--|--|------------------|
| Taipei Int'l Manufacturing Technology Show | Design engineering, advanced manufacturing technology and equipment, mold & die, parts & subcontracting, factory automation and management | May 3 ~ 7 |
| Taipei Int'l Auto/Motorcycle Parts & Accessories Show | Engine parts & fittings, body parts, steering systems, electronic parts, motorcycles, auto repair kits, auto maintenance/repair equipment, power transmissions, brake systems, other auto and motorcycle accessories | May 19 ~ 22 |
| Taipei Int'l Information Technology Show | Communication, optoelectronic display products, components, peripherals, software, computer systems, motherboards & add-on cards, data storage device, multimedia, digital audio/video, office automation systems, digital electronic products | June 6 ~ 10 |
| Taipei Int'l Food Show | Beverages, wine, liquor, condiments, meat products, frozen foods, biscuits & confections, healthy food, fruit and vegetables, food ingredients & additives, dairy products & cereals, tableware | June 21 ~ 24 |
| Taipei Int'l Food Machinery & Technology Show | Food machinery & related technology, food additives, baking wheat equipment, restaurant equipment, pharmaceutical machinery | June 21 ~ 24 |
| Taipei Int'l Packaging Industry Show | Packaging materials & machinery, converting machinery, printing machinery & materials for packaging purposes, physical distribution, materials handling & warehouse equipment | June 21 ~ 24 |
| Taipei International Chem Fair | Electronic Chemicals & Materials □ Optoelectronic Chemicals & Materials □ Nano Materials □ Petrochemical Products □ Specialty Chemicals □ Plastics & Rubber Products □ Composite Materials □ Functional Fibers □ Green Building & Construction Materials □ Consumer Products □ Instruments & Equipment | Jun. 28 ~ Jul. 1 |
| Taipei Int'l Telecommunications & Networking Show | Communication products & service, mobile communications, mobile content, short-wave radio & microwave communications, antennas, networking products & services, instruments, wires & cables transmission equipment, E-Business, broadcast equipment & services, IP telecom products & services | July 14 ~ 17 |
| Taipei Computer Applications Show (Domestic Market Show) | Computers, peripherals, system software, factory & office automation software, image processing systems, value added networks, point of sale systems, PC & on-line game software, multimedia products, digital camera and digital home products | August 3 ~ 7 |

TRADE QUERIES

| S No | Address | Area of interest |
|------|---|---|
| 1 | Mr. Sanjay 13/F, Daily House 35-37 Haiphong Road Tsim Sha Tsui, Kowloon, Hong Kong Tel: (852) 23660575; Fax: (852) 27398070 E-mail: Sanjay@lachman.com.hk Website: www.lachman.com.hk | <u>IMPORT</u> All kind of bicycles and bicycle parts and components, sanitary ware – toilet pans and basin in ceramic material and all kind of sanitary ware items |
| 2 | Mr. D.J.Kim World Spring Development 15/F, Xiu Ping Commercial Building 104 Jervous Street, Sheung Wan, Hong Kong Tel: (852) 2850-7257, 2850-7264 Fax: (852) 2850-7276 E-mail: wsdev@netvigator.com | <u>IMPORT</u> Salted yellow cucumber for using in pickles |
| 3 | Mr. Franics Leung Femco Limited, 16, 9/floor, Goldfield Ind. Centre, No. 1, Sui Wo Road, Fo Tan, Sha Tin, N.T., Hong Kong Phone No. (852) 2665-6118 Fax No. (852) 2664-2118 E/mail: - francis.leung@femco.com.hk | <u>IMPORT</u> Chemicals- 1) Chlorhexidine Digluconate 25%; 2) Micronazole Nitrate;3) Titratable Tamed Iodine;4) Coal Tar; 5) Benzoyl Peroxide; 6) d-onene; 7) Hydroxymethyl Cellulose and 8) Vitamin E 9)Triclosen DP 300 Natural Oil- 10) Jojoba oil; 11) Aloe Vera; 12) Cedar oil; 13) Corn oil and 14) Coco oil. |
| 4 | Ms. Angela Lo Perfect Awards, 2C, Tai Chi Court, 132 Austin Road Tsimshatsui, Hong Kong Tel: (852) 2366 1273;Fax: (852) 2311 9654 | <u>IMPORT</u> EPNS (electro plating nickel silver) Beer Tankards |
| 5 | Mr. Sachin Lokumal & Co. (HK) Ltd, Hong Kong Tel: (852) 22163805;Fax: (852) 28104155 E-mail: sachin@lokumal.com.hk | <u>IMPORT</u> Cement |
| 6 | Mr. Wilson Chui Glory Development Co 15-21 Wang Chuk Yung St, Fo Tan, Shatin Hong Kong Tel: (852) 90824855;E-mail: glory@gdchk.com | <u>IMPORT</u> All kinds of garment, knitwear fabric, sundry |
| 7 | Ms. M. M. Lee Shop 69, G/F,6D, Java Rd,North Point, Hong Kong Tel : (852) 92389084 E-mail: smilingmm@netvigator.com | <u>IMPORT</u> Precious stones, crystal, handmade crystal jewellery |

| | | |
|----|--|--|
| 8 | Mr. Peter Tam 4P Multimedia Software Ltd 15/F VTC Tower, 27 Wood Road, Hong Kong Tel: (852) 26823402 Fax : (852) 26828104 Website: http://www.fourp.com.hk . E mail: pittattam@hkbn.net | <u>IMPORT/EXPORT</u> Educational software (interactive multimedia CD-Roms learning English, EQ, interpersonal skills etc) |
| 9 | Mr. Dickson Hu Prosper Source Limited, Hong Kong Tel: (852) 26028358;Fax: (852) 35926909 E-mail: info@prospersource.com Website: www.prospersource.com | <u>EXPORT</u> Digital thermometer(measuring body temperature) and electronic temperature controllers |
| 10 | Mr. Edmond Yu Tagalder Environmental Bio-Tech Co. Ltd. Hong Kong Tel: (852) 2836-6202;Fax: (852) 2836-0762 E-mail: edmond.yu@tagaldergroup.com | <u>EXPORT</u> Healthy & environmental products, HIV Tester, EM Air Spray Liquid & Collagen Bio-Calcium Water |

Source: Consulate General of India, Hong Kong

TENDERS

For tender information in Hong Kong visit:

<http://www.gld.gov.hk> & <http://www.ets.com.hk>.

For information on bidding/tender notices in Mainland China, visit the following sites:

<http://my.tdctrade.com/chinabidding/cb2.asp>

www.chinabidding.com.cn

Tenders and trade leads for your export to China also visit:

www.chinademands.com

http://english.gov.cn/2005-09/22/content_68884.htm

Q&A

Q: What are the provisions on the limits of authority for project's examination and approval?

A: 1) The county level government is authorized to take charge of the examination and approval in setting up foreign-funded enterprises, which meet the following requirements:

- a. Total investment below 30 million US dollars
- b. Projects encouraged and allowed by the state, do not require an overall balance by the state and conform to the Regulations on Foreign Investment Guiding, the Industrial Catalogue Guideline on Foreign Investment promulgated by the state
- c. Exportation not related to quota and export license

- 2) As for the foreign-funded enterprises belong to the following kinds, the county level government is responsible for the preliminary examination, directly reporting to Hebei Provincial Department of Commerce for examination & approval and reporting to the competent commercial authority for record of its municipal city.
 - a. Projects restricting foreign investment and total investment below 30 million US dollars
 - b. Projects encouraging foreign investment and do not require overall balance by the state and total investment above 30 million US dollars
 - c. Projects related to special trade, research & development center and merging and purchasing project examined and approved by the Provincial Department of Commerce promulgated by law and regulations.
- 3) As for the foreign-funded enterprises restricting foreign investment or allowing foreign investment with total investment above 30 million US dollars and special projects as in special trade, foreign-funded corporation limited, invested corporation and pioneering investment enterprise which are required to be examined and approved by the State Dep. of Commerce promulgated by law and regulations, the county level government is responsible for the preliminary examination, directly reporting to Hebei Provincial Department of Commerce for examination & verification and reporting to the State Dep. of Commerce for approval, meanwhile reporting to the competent commercial authority for record in its municipal city.
- 4) The competent commercial authority is responsible for the alternation in contracts and articles of association as increasing funds, share transfer and adjustment of business scope of the already founded foreign-funded enterprises including equity joint-ventures, contractual joint-ventures, wholly foreign-owned enterprises and other foreign-funded projects). the alternation in contracts and articles of association of the founded foreign-funded enterprises approved by county level government or originally by provincial commercial authorities or municipal commercial authorities, is approved by the county government itself within its proper authority and reported to competent provincial and municipal commercial authorities for record. As for those exceed the county level's proper authorities, the alternation in contracts and articles of association is preliminarily examined and directly reported to the Provincial Dep. of Commerce for approval or reported to the State Ministry of Commerce for approval after the examination and verification by the Provincial Dep. of Commerce.
- 5) The county level government is responsible for the examination and approval of the decreasing of total investment and registered capital of the founded foreign-funded enterprises after reporting to the Provincial Dep. of Commerce for agreement.
- 6) The competent county level commercial (economic and trade) authority is responsible to deal with the specific examining and approving affairs on behalf of the county government. The approval documents shall be submitted to departments related to industry & commerce, taxation, foreign exchange and the Customs etc. The administration of examining and approving of foreign-funded projects is in accordance with the Provisions on Investment Structural Reform by the State Council.

Source:.mofcom.PRC

EXCHANGE RATE

Renminbi

| Currency (Unit:100) | Buy | | Sell |
|------------------------|--------|--------|--------|
| | check | cash | |
| US Dollar | 800.72 | 794.43 | 803.93 |
| Euro | 959.73 | 939.49 | 967.44 |
| Japanese Yen | 6.8434 | 6.6991 | 6.8984 |

Source: china.org.cn, March 28, 2006

Indian Rupee

| Currency | Cash/TC | | TT | |
|-----------|---------|-------|-------|-------|
| Name | Buy | Sell | Buy | Sell |
| US | 44.10 | 45.15 | 44.49 | 45.02 |
| Euro | 52.80 | 54.30 | 53.28 | 54.14 |
| Sterling | 76.65 | 78.90 | 77.52 | 78.67 |
| Yen (100) | 37.60 | 38.65 | 37.93 | 38.56 |

(March 28, 2006)

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7. Cheque/DD No. _____ Bank Branch _____ Date _____
Amount _____

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