business

CHINA DAILY 中国日报 CHINADAILY.COM.CN/BUSINESS SATURDAY, NOVEMBER 13, 2010 | PAGE 9

ONE US$ EQUALS

SOURCE: REUTERS, 9PM FRIDAY

▼RMB	▲HKD	▲JPY	▲EUR	▼GBP	▼AUD	▼INR	▼CAD	▼KRW	▼THB	▼BRL
6.6350	7.7510	82.02	0.7291	0.6210	1.0081	44.60	1.0090	1127.20	29.79	1.7188

briefly

Rare earths export rules

The Ministry of Commerce said on Friday it has toughened rare earths export rules to allow only producers that meet environmental protection laws and international standards to export the elements out of the country.

To qualify for export quotas, firms must show they meet national and local pollution standards and have acquired ISO 9000 quality certification.

Oil refiners ease diesel shortage

Chinese oil refiners increased processing to ease a domestic diesel shortage, Oilchem.net said in its fortnightly report on Friday.

The refineries operated at an average 87.42 percent of capacity as of Thursday, up from 86.9 percent two weeks earlier and 85.7 percent a year earlier.

Beijing R&D center expands

Diabetes-focused pharmaceutical company Novo Nordisk has announced that it will invest $100 million in the coming five years to double its research and development (R&D) capacity in China.

The company plans to invest the money in new facilities and euipment and add another100 jobs by 2015.

The Beijing center will be the second-largest R&D facility for the company after the one in Copenhagen.

CHINA DAILY - BLOOMBERG NEWS-AFP

Markets hit by policy fears

Sharp decline reflects concerns over possible measures to curb rising inflation

By LI XIANG

CHINA DAILY

CHEN LIANG / FOR CHINA DAILY

An investor studies an electronic board at a brokerage house in Wuhan, Hubei province. China's stocks on Friday fell to their lowest level since August 2009.

BEIJING — The Chinese stock market suffered its worst decline in more than a year on Friday as fears of policy tightening triggered sell-offs in many sectors.

MARKETS

The Shanghai Composite Index dropped 162.3 points, or 5.16 percent, to close at 2985.44 points, the biggest single-day drop since July 2009. More than 140 stocks fell to their daily trading limit of 10 percent.

Analysts said that the sharp decline reflected investors' fear over an imminent increase in the interest rate by the government, after the country's inflation rate jumped 4.4 percent year-on-year in October.

"The recent volatility in the market shows investors' increasing anxiety about a policy shift by the central bank toward tightening," said Zhang Qi, a Shanghai-based analyst at Haitong Securities.

"But there was a tendency to correction in the market after a quick and strong rally of 800 points from July's low level," he said.

Market watchers said that Friday's drop is unlikely to be the start of a bear market, but warned of greater volatility as there is widespread speculation that Beijing is poised to raise the interest rate for the second time this year to tackle rising inflationary pressure.

"The near-term risk-reward for this position also looks unappealing as we approach the year-end roll-off," US investment bank Goldman Sachs' analysts Robin Brooks and Dominic Wilson told Bloomberg.

The fall in the mainland's A-share market affected other Asian stocks with Japan's Nikkei Stock Average falling 1.4 percent and Hong Kong's Hang Seng Index down by 1.93 percent.

Analysts said that as the global economy remains in a fragile state of recovery the recent liquidity-driven rally in the stock markets is unlikely to be sustainable.

The government's growing concerns about the resurgent asset prices caused by the latest round of global quantitative easing was reflected in the People's Bank of China raising the required reserve ratio on Wednesday.

Officials from the central bank have repeatedly warned of the risk of rising inflation and asset bubbles and said they will continue to introduce tightening tools, including interest rate hikes to tame inflation.

However, some analysts insist that the long-term outlook for Chinese stocks remains favorable, as the country's growth is still robust and the government will be able to stabilize the markets from any underlying threats from rising inflation and asset bubbles.

Lenovo boosts app development

By WANG XING

CHINA DAILY

BEIJING — Lenovo Group, China's biggest computer maker, announced on Friday that it has set up a 100 million yuan ($150 million) investment fund to support Chinese developers creating mobile Internet applications and services, as part of its efforts to expand its online application store to compete with rivals such as Apple Inc.

TECH

The new fund, which will be run by Legend Holdings Ltd, Lenovo's parent company, will focus on investing in promising Chinese application development teams and enterprises.

Guangzhou Hua Yue Digital Technology, which creates e-reader applications, is the first company to receive support.

"A vital part of our mobile Internet strategy is to provide various online applications," said Yang Yuanqing, chief executive officer of Lenovo.

He said the country's smartphone market will expand rapidly in the next few years. Currently the market penetration of handsets having fast Internet connection is only about 10 percent in China, compared with about 40 percent in the United States.

Lenovo launched a new Android-based smartphone — called LePhone — in May, as part of an initiative to establish a new growth engine after its traditional computer business was affected by growing sales of smartphones, netbooks and tablet computers.

Yang said on Thursday that the company has sold more than 15,000 LePhones since its launch. He expected mobile Internet products to account for 10 to 20 percent of Lenovo's revenue in the next five years.

Analysts said that the lack of applications and services for its handset is one of the biggest challenges facing Lenovo in its bid to compete with products such as Apple's iPhone and HTC's Android-based smartphones, which have been well received by Chinese consumers.

According to Lenovo, the company's online application store has about 1,000 applications available for download at present. The number of applications on Apple's App Store has surpassed 300,000 and Android Market has more than 160,000.

Lenovo said on Friday that its applications will also work with its newly developed tablet — LePad — which will be launched in China early next year.

guangdongspecial

Power company Yudean goes increasingly green

By ZHAN JI

As the nation increasingly promotes a low-carbon economy, power generator Guangdong Yudean Group Co Ltd is expanding its involvement in nuclear energy.

Its latest moves include an agreement with China Guangdong Nuclear Power Holding Corp and Hong Kong's CLP Holdings Ltd to jointly invest in a nuclear power project in the city of Yangjiang.

It also signed an agreement with China Guangdong Nuclear Power to co-invest in a nuclear power project in the city of Taishan.

Both projects are expected to enhance electrical supplies and improve the environment in the Pearl River Delta region.

"Yudean Group is dedicated to the development of clean, renewable and new energies," said Pan Li, chairman of Yudean Group. "The company has diverse projects ranging from solar power, wind power, hydropower, natural gas and nuclear power in addition to traditional coal-fired power plants."

Its project in the county of Huilai in Guangdong is China's first wind power generation project with installed capacity surpassing 100 megawatts.

It also has a wind power installation in the county of Xuwen, as well as liquefied natural gas plants in Shenzhen and Huizhou in the Pearl River Delta region.

Its wind and natural gas facilities qualify as CDM — clean development mechanism — projects under the UN-approved carbon trading program.

"That means Yudean's contribution to UN efforts to decelerate the global warming has international acceptance," he said.

The power generation enterprise has also joined with South China University of Technology to establish the province's largest photovoltaic power plant in Guangzhou.

Built at a cost of 90 million yuan, the project is expected to have a total installed capacity of 5 megawatts when in full operation.

It is also building China's largest biomass power project in Guangdong.

As well, the chairman said Yudean Group is advancing desulfurization at coal-fired plants under its Blue Sky program.

The initial phase of the Blue Sky initiative, which took six years from 2002 to complete, required an investment of 2.6 billion yuan to upgrade 32 existing coal-fired power generating units with combined capacity of 11.87 gigawatts.

It is expected to reduce sulfur dioxide emissions by 280,000 tons annually.

Smoke and dust from coal-fired power plants has been reduced by over 20 percent, while water pollution has been brought to nearly zero.

PROVIDED TO CHINA DAILY

Yudean Group headquarters in Guangzhou. The company aims to have 2.11 million tons in annual shipping capacity by 2012.

Assured sources, shipping for stable coal supply

By LI SHENG

With power generation as its core business, Guangdong Yudean Group has extended its supply chain by diversifying into coal mining, shipping, liquefied natural gas transport, equipment manufacturing and ports.

The range of industries has a common element — they all serve its power generation business.

Yudean bought a 7.5 percent stake in the Narrabri Coal operation in Australia in 2008 as the world reeled from the recent financial crisis.

The deal will give Yudean access to 7 million tons of coal of the Narrabri project in one year in the near future.

Months later, the group spent $15 million for a 60 percent stake in the DBP coal project in Indonesia.

"The deals are win-win for both Yudean and the coal mine owners in Australia and Indonesia," said Li Zhuoxian, president of Yudean Group.

"On one hand, the deals meant capital injections in those projects amid the global economic recession — on the other, they guarantee Yudean the reliable supply of quality coal for a long time to come," he explained.

According to the president, Yudean's 1.98 billion yuan purchase of a 20 percent stake in North United Power Corp from CITIC Pacific Ltd in 2009 has enabled the company to further expand outside the province of Guangdong and laid a good foundation for its development in the coal industry.

Industry insiders note that Yudean's involvement in the shipping industry will help it control costs while guaranteeing timely coal supplies.

The company aims to have 2.11 million tons in annual shipping capacity by 2012 compared to 993,400 tons in 2009.

The company is planning to run international sea routes in the near future.

Founded with registered capital of 20 billion yuan in 2001, Guangdong Yudean Group now has more than 150 billion yuan in assets.

Its total installed capacity is now 21.19 gigawatts.