

China Mobile to be 'rational' on takeovers

MOBILE
China Mobile Ltd, the world's biggest phone company by market value, will be "rational" and not "aggressive" in making overseas acquisitions, Chairman Wang Jianzhou said. Emerging-market phone asset prices are "inexpensive", providing little incentive for owners to sell, Wang told reporters in Macao yesterday. The Beijing-based company doesn't have an acquisition target at present, he said. China Mobile, with net cash of 176 billion yuan (\$25.8 bil-

lion) at the end of June, may buy emerging-market phone companies to diversify as domestic competition increases after a government plan to reorganize carriers in the world's biggest telecommunications market. The Chinese company faces competition from carriers including Singapore Telecommunications Ltd. and Telekom Malaysia Bhd to acquire overseas assets. Lower prices of emerging market-companies have enticed cash-rich buyers such as China Mobile to seek acquisitions. The MSCI Emerging Markets

Telecommunications Services Index has declined 49 percent this year. China Mobile Communications Corp, which owns 74 percent of Hong Kong-listed China Mobile, is interested in expanding in Asia, Africa and the Middle East, Wang said in April. The parent company will consider investing in minority holdings in addition to controlling stakes, said Wang. Last year, China Mobile Communications bought Pakistan's PakTel Ltd, its first acquisition outside China, for about \$460 million.

China Mobile Communications may buy more shares of China Mobile if the stock price drops below the "the company's value", Wang said yesterday at the Mobile Asia Congress conference in Macao, without specifying what scale of decline would trigger a purchase. China Mobile fell 4.3 percent as of 2:46 pm in Hong Kong trading. The shares have lost 52 percent this year, in line with the benchmark Hang Seng Index's 54 percent decline. The benchmark dropped 5.1 percent yesterday. The Beijing-based company's

third-quarter profit rose 26 percent to 27.8 billion yuan, missing analysts' estimates, after it added lower-spending users in rural areas, eroding profitability. China Mobile will boost investment in rural areas, though the company's capital spending needs have peaked, Wang said. Separately, China Mobile and Nokia Oyj will announce today on dual-mode handsets for the China market, Wang said. Agencies

Market digest			
	Shang-hai	Shen-zhen	Hong Kong
Gainers	53	47	124
Losers	819	688	665
Unchanged	1	1	303

Subindex		
Name	Last	Change %
Hang Seng A+H	1268.27	-6.3
SSE Composite	2280.89	-7.36
SSE Fund	2480.39	-6.25
SZSE Fund	2539.23	-6.24

Top 10 by volume in SH			
Name	Last	Change %	Vol (m)
SOUTH LOCOMOTIVE	4.65	4.26	1285
CN RAILWAY GRP	5.8	-5.38	327
SOUTHERN AIR	3.88	5.72	262
CITIC	18.95	-7.92	252
MAANSHAN IRON	3.86	-10.02	224
MINSHENG BANK	4.35	-8.03	201
ICBC	4	-3.38	197
BAOSHAN STEEL	5.01	-10.05	167
CN UNITED TELECOM	5.48	-6.48	165
CONSTR BANK	4.29	-5.71	148

Jura brews up impressive growth in nation



INTERVIEW

Swiss firm Jura Elektroapparate AG is a Chinese market leader in the field of premium automatic coffee machines. Since its entry to the China market in 2000, the company, which has a market share of 28 percent in the fully automatic segment, has achieved annual growth rates of 25-30 percent. Jura is aware of Asian coffee consumer trends: China, the most populous country in the world, is a nation with a rich tea culture - but it is quickly discovering coffee. Jura CEO Emanuel Probst talked to China Daily reporter Qian Yanfeng about how the company is taking advantage of the fast-growing Chinese market.

Q: How important is the Chinese market for Jura's global expansion and what do you expect from it?
A: We believe this market will become a real locomotive of our global expansion plans. China is leading the race of world economic growth with such an incredible speed of development, so it is ever more important for Jura to keep pace with the growth of the Chinese market.

Q: Since Jura entered the China market in 2000 it has achieved annual growth rates of 25-30 percent, and holds a market share of 28

percent in the fully automatic segment. What's the key to your success?
A: At the time of conducting market research in 2007 based on 2006 sales information, it was revealed that Jura was the market leader in the automatic machine segment - household machines and light commercial machines combined. This is the result of close collaboration with our local distribution partner. Careful selection of distribution channels and the regional dealer network, plus a high standard of after-sales service policy and delivery of our commitments, gained the confidence of end-users.
Q: China is a nation with a long history of tea drinking. How do you view the trend toward coffee in a nation where tea is so popular?
A: Indeed, China is famous for its tea-drinking culture and is a leading tea grower/exporter to the world. However, tea drinking does not automatically mean non-coffee drinking. Tea and coffee can go hand-in-hand in any market, and China is no exception. Besides, our experience has taught us that the Chinese consumers are quite open to foreign products and culture. They are experimental in this respect. Furthermore, one should

not forget that our target audience is those who are interested in European lifestyle and products, are coffee lovers, and have some experience of Western culture. Additionally, with the continuing entry of companies from Europe, the number of corporate offices looking for a good coffee solution for executives and customers is increasing proportionately. In order to accommodate the needs of tourists and business travelers from around the world, hotels and food service outlets are ever more eager to have a reliable and cost-efficient machine. Since our machines are compact, stylish in design, user-friendly and offer a high cost-performance ratio, we are best suited to cater for these segments.
Q: Are you satisfied with Jura's performance in China so far? What's your plan for future development in China?
A: We are pleased to have been able to achieve steady and constant growth since our entry. Our aim is to keep holding the leadership position in our target segments, increase the brand value and maintain our high standard of customer care. By the end of 2010, we should like to achieve a market share of 35 percent of all automatic machines makers.

Q: What challenges face Jura's expansion in China? How do you expect to tackle them?
A: From a logistics and technical point of view, China presents challenging barriers such as CCC (China Compulsory Certification) approval obligation, which is quite a time-consuming procedure, and higher import duties, to name just a few. These elements mean higher end-user prices. A general understanding of what "espresso" or "cappuccino" mean is a lot lower than among the European public, thus types and areas of marketing communications to convey what are the benefits of owning a Jura machine are different from those in Europe. Our brand ambassador, Roger Federer, with whom we have been working since 2006, helps us to further increase our brand awareness, especially in China, because he is extremely popular in this country. Jura and Federer share common values such as heritage, hard work, elegance and a passion to win. We put our resources in the areas of most importance in each market where we are present. Again, one of the core elements is to retain existing customers by keeping them happy with superior customer care.

BIZSCENE

BIZ MOVE

Towona names Li



China's largest mobile TV group, Towona Media, has appointed Li Robin Kit Ling as executive vice-president responsible for finance, human resources, administrative and legal affairs. The company also appointed Lin Ming and Kong Yiguo as vice-presidents for finance and marketing.

MARKET

China Eastern package

China Eastern Airlines Corp, the nation's third-largest carrier, said its application for government aid was in the final stage. The airline said it is waiting for written approval for the aid, Bloomberg said yesterday, quoting Luo Zhuping, board secretary of China Eastern.

Great Wall drops JV

Great Wall Motor Co, China's biggest sport-utility vehicle maker, has decided to dissolve its joint venture in Russia, because of the economic downturn and its failure to

win tariff concessions. The joint venture did not start production as scheduled last year, because its applications for tariff concessions and tax benefits weren't approved, the company said in a statement to the Hong Kong Stock Exchange.

Lingyuan deal

Lingyuan Iron & Steel Co, a Chinese steelmaker, plans to sell shares to its parent and institutional investors to raise funds to buy a 2 billion yuan iron ore mine from its parent. The China Securities Regulatory Commission approved the sale of 128 million yuan-denominated shares to parent Lingyuan Iron & Steel Group at 9.45 yuan apiece, the Lingyuan, Liaoning province-based company said yesterday in a statement.

Jinchuan price cut

Jinchuan Group Co, Asia's biggest nickel producer, reduced the price of the refined metal after global rates declined.

The price was cut by 6,000 yuan, or 6 percent, to 90,000 yuan a metric ton effective from Tuesday, according to a statement on the Gansu-based company's website.

Haitong margin trading

Haitong Securities Co, China's biggest brokerage by market value said its board of directors has cleared the proposal to start margin

trading business. The company will limit its margin trading business during the trial period to 4 billion yuan, Haitong said in a statement to the Shanghai Stock Exchange yesterday. The securities regulator is, however, yet to announce details of the trial margin trading program under which investors can buy shares on credit and sell borrowed stocks.

LOCAL

Henan housing

Henan province plans to construct 130,000 units of low-cost housing over the next three years to improve the livelihood of people and expects to help over 2 million people in rural areas come out of poverty before 2010. The provincial department of finance plans to allocate 1.26 billion yuan as re-employment fund and 1.61 billion yuan to support the operation of local companies.

Jiading investment

Over 21 companies from Taiwan have signed investment contracts in Jiading District, Shanghai, with total investment amounts aggregating \$670 million, according to Jiading director Sun Jiwei. So far, more than 1,000 Taiwan-based companies have got approval to invest in Jiading, with the total investment

amount \$5 billion. The investments are mainly in manufacturing, real estate, software, whole sale and retail trade.

The Taiwan-based companies generated profits of around 940 million yuan last year and provided employment to over 63,000 people.

Railway expansion

Beijing plans to build 100-km of railway lines by 2010, with an accumulated investment of 90 billion yuan and total lines

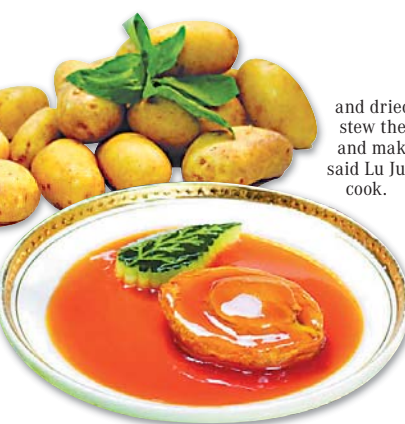


reaching 300 km. Currently, seven lines are under construction and the number will go up to 13 in 2009, said Wu Hongjian, general manager of the Beijing Railway Construction and Management Co. The local subway will reach 561 km by 2015, occupying more than 50 percent of the total capacity of public transportation, said Zhou Zhengyu, deputy head of the municipal committee of communications.

BIZ UNUSUAL

Potato tales

Made of potatoes, maigre abalone is a famous dish from Wuchuan, Inner Mongolia autonomous region. The dish made with just two potatoes costs about 1 yuan to make, but can sell for 16 yuan. "Wuchuan is rich in potatoes and their quality is good. We use chicken soup,



and dried seafood to stew the potatoes and make this dish," said Lu Jun, a local cook.

My THIRTY YEARS IN CHINA
A compilation of true-life stories by Westerners who came to China early, all determined to make their mark. They came from a fascinating variety of international backgrounds, with different motivations and skills, different careers and dreams, but with one thing in common: they embraced China 30 years ago - before it was fashionable to do so. This fascinating collection of memoirs shows China from a previously untold point of view, through the eyes of those early pioneers, who today are independent entrepreneurs and heads of multinational businesses. Their extraordinary experiences of contrasting Chinese and Western customs and behaviours are vividly recalled, and deliver a refreshing perspective on China that we can all relate to.

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