

BUSINESS

Power on
Tool maker Techtronic defies trend to thrive in troubled delta

> MANUFACTURING B2

Beat the squeeze
HK banks offer better rates to lure yuan deposits

> BANKING B3

Snapshot
H-share index: 9,063.3
-146.04 points, 1.59%
Top blue-chip mover:
Hang Lung Prop
-3.77%

Hang Seng Index
1,311
• Close 20,582.49
• Down 272.48

Home time
Supply is the key to ending the city's housing problems

> BRICKS & MORTAR B6



BUSINESS DIGEST

Britain vows to jail reckless bankers

The British government pledged to jail bankers found guilty of reckless misconduct, backing a recommendation in a report by the cross-party Parliamentary Commission on Banking Standards. It also backed moves to claw back bonuses to staff at state-rescued banks and to defer future bonuses for up to 10 years.

Japan bank loans rise by most in four years

Japanese bank lending increased from a year earlier by the most in four years last month, suggesting the central bank's aggressive monetary stimulus and brightening economic prospects are spurring demand for funds for fresh investment. Outstanding loans rose 1.9 per cent, official data showed, the 20th straight month of increase. Reuters

Housing sites in Sha Tin, Wan Chai for sale

Two residential sites, in Sha Tin's Kau To and in Wan Chai, will be up for tender from August 2 to September 13, the Lands Department announced. The Sha Tin site could yield a total gross floor area of 349,550 square feet, and the Wan Chai site could yield 11,195 sq ft. Yvonne Liu

BNP buys ING's stake in mainland insurer



BNP Paribas, France's No 1 listed bank, has taken its first step into China's insurance market by buying Dutch bank ING's stake in a partnership with Bank of Beijing. BNP is in the early stages of a plan to boost revenue and staff in Asia to offset recession in the euro zone, where it is heavily exposed. The terms of the deal were not disclosed. Reuters

HSBC names regional, commercial chiefs

HSBC named Alan Keir chief executive of HSBC Bank, overseeing its British, European, Middle Eastern and African divisions. He replaces Brian Robertson, 59, who is retiring, and will report to Stuart Gulliver, the bank said. Keir, 54, will be replaced as head of global commercial banking by Simon Cooper, 45. Bloomberg

TRANSPORT

Mainland truck makers target HK

Transport firms query production quality as importer stresses cheapness

Rachel Butt
rachel.butt@scmp.com

Mainland commercial vehicle makers are keen to tap the Hong Kong market as domestic sales decline and fuel economy standards get tougher in their home market.

In recent years, mainland commercial vehicles such as Yutong buses and Changhe trucks have become more widespread in Hong Kong. Buyers have more

POLICIES



The Pudong financial district in Shanghai and home to the new free-trade zone, where foreign banks can set up shop directly. Photo: Reuters

BEIJING EASES ENTRY FOR FOREIGN BANKS

Mainland clears way for overseas lenders to set up wholly owned units in new free-trade zone, which normally requires long approval process

George Chen and Nick Edwards

Premier Li Keqiang has approved a milestone plan to allow foreign banks to directly set up wholly owned subsidiaries in Shanghai's new free-trade zone in a move designed to accelerate the opening of its financial services sector to global players, sources told the *South China Morning Post*.

A step-by-step regulatory roadmap before opening branches or subsidiaries on the mainland and is being seen as a sign of renewed effort to kick-start financial reform, the sources said.

"Li is keen to accelerate financial industry reforms. Allowing foreign banks to skip the previously required long approval process to directly set up business units in the free-trade zone shows his determination to bring in more competition to domestic banks," said one source, who declined to be identified because of the sensitivity of the information being disclosed.

The government would also encourage domestic private firms and foreign enterprises to set up financial services companies, such as accounting and rating agencies, in the zone, widely expected to be a testing ground for major policy reforms to free-up cross-border commodity and capital flows, said another source.

Normally, a foreign bank needs to first set up a representative office, which will be used for communication and consulting purposes. It can apply to the China Banking Regulatory Commission.

MARKETS

Asian stocks slump as capital flows back to the US

Jeanny Yee
jeanny.yee@scmp.com

Asian emerging markets slumped yesterday as 10-year US Treasury yields hit a 23-month low of 2.75 per cent on the back of better-than-expected US job data. Fund managers said they expected more falls to come with capital continuing to leave the region as yields on US Treasuries climb amid expectations the Fed will cut back on its stimulus.

"The attraction of US assets is increasing and we see big short-term risks for Asian markets, as foreign capital, especially hot money, flows out of the region," said Yonghao Pu, regional chief investment officer at UBS. Bank of America last week raised its

Going down
Asian market round-up

Nikkei-225	-1.4%
Hang Seng Index	-1.31%
Shanghai Comp	-2.44%
Shenzhen Comp	-3.57%
Taiex	-1.44%
Kospi	-0.9%

Source: Bloomberg SCMP

would allow initial public offerings by approving 30 new listings by the end of the month. Composite Index shed 2.44 per cent yesterday to finish at its lowest level in 4½ years after mainland media reported that Beijing

substitutes, such as second-hand Japanese nine-tonne trucks, so our new product is intended to grab this market segment," Tang said.

On the mainland, sales of domestic brands of commercial vehicles are falling in terms of volume and market share, largely because of slowing economic growth and efforts to curb air pollution by limiting vehicle ownership in cities.

JAKE'S VIEW
JAKE VAN DER KAMP

Singapore's open door to billionaires shuts out logic

Brigadier general calls the shots but his top brass will struggle with his wonky economics

Indeed, if the [Lee Hsien Loong] could persuade another 10 billionaires to move to Singapore, he would, even if that led to higher income inequality because they will bring business, they will bring opportunities, they will open new doors, they will create new jobs".

Straits Times interview July 6

Brigadier general Lee Hsien Loong (Singapore army, ret.) may appear to some observers as being on a mission since being elected Prime Minister of Singapore.

Mission: Raise Singapore's gross domestic product per capita to the highest level to be seen anywhere within 10,000 miles. That'll learn 'em who has the right way of running things. Plan of Attack: GDP per capita means money. Billionaires have money. Thus bring billionaires in. You hate your orders, men. Zero-hour is now! Dismissed!

If only it were as simple as it is in the army.

But let's go through the story of the foreign billionaire (we shall assume that the brigadier general means US dollar billionaire) who has been attracted to park his money in the city state.

One man cannot do anything directly with his billions in Singapore. The problem is that in Singapore one must pay for things with Singapore dollars and he has only US dollars.

But this is no big problem. Off to one of the big Singapore banks he goes and for starters gives it US\$1 million, for which the bank in turn gives him S\$1.25 million that he puts back on deposit with the bank.

He can now spend in Singapore to his heart's delight.

Notice, however, that this transaction has not increased the stock of Singapore dollars. A Singapore bank now has a S\$1.25 million liability to a foreign client whereas it previously had that S\$1.25 million liability to a resident client. The money changed hands but did not grow in the process.

What we have here is a brigadier general who suffers from a very common misunderstanding of the workings of the balance of payments.

International money transfers do not increase the stock of money. If they did so we would be able to double the world's wealth overnight.

Everyone would be matched with a foreigner of equal wealth and each pair would swap wealth.

Do it again and we would

triple the world's wealth. How convenient. I would very much like that kind of economics.

And, because the stock of money does not rise, the amount of business the money brings also does not necessarily rise.

Business is created when people spend money. They may indeed spend more when a foreigner comes in, being encouraged by this sign of confidence in Singapore's economy.

Then again, they may spend less if they think the confidence is misplaced.

Either way, the fact that a foreigner has swapped US dollars for Singapore dollars does not have to mean there is more business in Singapore.

It makes little difference that the foreign holder of Singapore dollars may spend his money in different sectors of the economy than the previous resident

Singapore's economy, like Hong Kong's, thrives because it is a parasite on neighbouring economies

holder of that money would do. It may create jobs in different sectors but is unlikely to affect the overall number of jobs.

With a Singapore unemployment rate of less than 2 per cent, which is probably as low as the figure can get, you have to wonder why the brigadier general is worried about jobs anyway.

And it surprises me that he thinks his people need foreign input in order to find opportunities and open doors. I was not aware that they are so deficient in initiative as not to be able to do it themselves.

But here is the truth of the matter.

Singapore's economy, like Hong Kong's, thrives because it is a parasite on neighbouring economies, doing what they do not want to do, or for various reasons of administrative incompetence, cannot yet do.

Singapore doesn't need immigrant billionaires. It feeds on them quite well outside its borders.

jake.vanderkamp@scmp.com



Hong Kong already imports Yutong buses from the mainland.

30 per cent price difference in order for them to be appealing."

A manager at Cheuk Tak Transportation said commercial vehicles made on the mainland have a shorter life span and lower quality, and she would prefer Korean products at a similar price.

A recent report by Business Monitor International projected growth of 1.1 per cent in commercial vehicle sales in Hong Kong this year to 4,728 units, saying that sales would be boosted by a government subsidy to encourage owners to replace old diesel vehicles.

deduced vehicles make up about 2 per cent of the fleets of the group's members.

"Compared with the Japanese, mainland vehicles have more minor defects," Chiang said. "There should be at least a

BASIS OF ALLOCATION UNDER THE HONG KONG PUBLIC OFFERING

Valid applications made by the public (taking into account all valid Confirmation Forms received from Eligible Applicants pursuant to the Hong Kong Public Offering on WHITE and YELLOW Application Forms and by giving electronic application instructions to HKSCC via CCASS and by applying through the HK eIPO White Form service) will be conditionally allocated on the basis set out below:

Number of Units applied for	Number of valid applications	Basis of allocation	Approximate percentage allocated of the total number of Units applied for
POOL A			
1,000	165	1,000	100%
2,000	42	2,000	100%
3,000	5	3,000	100%
4,000	3	4,000	100%
5,000	7	5,000	100%
7,000	2	7,000	100%
8,000	3	8,000	100%
9,000	1	9,000	100%
10,000	1	10,000	100%
15,000	3	15,000	100%
20,000	7	20,000	100%
25,000	3	25,000	100%
30,000	1	30,000	100%
40,000	1	40,000	100%
50,000	4	50,000	100%
250,000	1	250,000	100%
1,000,000	2	1,000,000	100%
2,000,000	4	2,000,000	100%
POOL B			
1	1	1	100%

The final number of Units comprised in the Hong Kong Public Offering is 11,278,000 Units, representing approximately 3.84% of the total number of Units under the Global Offering. In relation to the Hong Kong Public Offering, the initial number of Units comprised in Pool A and Pool B was 9,650,000 Units in each pool. The final number of Units in Pool A and Pool B was 5,278,000 and 6,000,000 Units, respectively.

The final number of Units comprised in the International Offering is 181,722,000 Units which were allocated in full, representing approximately 94.2% of the Units offered under the Global Offering.

RESULTS OF ALLOCATIONS

In relation to the Hong Kong Public Offering, the REIT Manager announces that the results of allocations and the Hong Kong identity card/passport/Hong Kong business registration number of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering can be found in our announcement to be posted on New Century REIT's website at www.ncreit.com and the website of the HKEx at www.hkexnews.com by no later than 9:00 a.m. on Tuesday, July 9, 2013.
- Results of allocations for the Hong Kong Public Offering will be available from the designated results of allocations website at www.tricor.com.hk/ipa/result on a 24-hour basis from 8:00 a.m. on Tuesday, July 9, 2013 to 12:00 midnight on Tuesday, July 16, 2013. Search by ID function will be available on our Hong Kong Public Offering results of allocations website at www.tricor.com.hk/ipa/result, or via a hyperlink from New Century REIT's website at www.ncreit.com to the Hong Kong Public Offering results of allocations website at www.tricor.com.hk/ipa/result. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/s/its application to search for his/her/its own allocation results.
- Results of allocations will be available from the Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Public Offering Units allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 5:00 p.m. on Tuesday, July 9, 2013 to Friday, July 12, 2013.
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches from Tuesday, July 9, 2013 to Thursday, July 11, 2013 at any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

Hong Kong Island:	Branch Name	Address
	North Point Centre Branch	284 King's Road, North Point
	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Quarry Bay Branch	1027 King's Road, Quarry Bay
	Wanchai Bay Branch	G/F to 2/F, Yee Wah Mansion, 36-40A Yee Wo Street, Causeway Bay
	Causeway Southern Branch	Shop G, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tuen Wan
Kowloon:	Kwan Tong Hoi Yuen Road	Hennessy Road, Wanchai
	Mongkok Branch	G/F, 2/F, Chanoy Building, No. 63 Hoi Yuen Road, Kwan Tong, Kowloon
	Tsimshatsui Branch	Shop B, G/F, 1/F & 2/F, 623 Nathan Road, Mongkok
New Territories:	New Town Plaza Branch	G/F, 8A-10 Ground Floor, Tsimshatsui Shop 215, 222 & 223, Phase 1, New Town Plaza, Sha Tin
	Tuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tuen Wan
	Metropola Branch	Shop No. 175 - 176, Level 1, Metropola, 223 Hing Fong Road, Kwai Chung
	Tuen Mun Town Plaza Branch	Shop No. G047 - G052, Tuen Mun Town Plaza Phase 1, Tuen Mun

DESPATCH/COLLECTION OF UNIT CERTIFICATE/AUTO REFUND INSTRUCTIONS/ REFUND CHEQUES

Applicants on WHITE Application Forms or by HK eIPO White Form who have applied for 1,000,000 or more Hong Kong Public Offering Units and who have successfully allocated Hong Kong Public Offering Units and have indicated in their WHITE Application Forms that they wish to collect Unit certificates (where applicable) in person, may collect Unit certificates (where applicable) from Tricor Investor Services Limited at 26th Floor, Treasury Centre, 28 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, July 9, 2013. Applicants being individuals who opt for personal collection cannot authorize any other person to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Units Registrar. Uncollected Unit certificates (where applicable) will be despatched by ordinary post to the addresses specified in the relevant WHITE Application Forms or HK eIPO White Form application at the applicants' own risk.

Unit certificates for Hong Kong Public Offering Units allotted to applicants using WHITE Application Forms or HK eIPO White Form which are either not available for personal collection or which are available but are not collected in person within the time specified for collection, are expected to be sent to the address specified in the relevant Application Form on Tuesday, July 9, 2013, by ordinary post at their own risk.

Unit certificates for Hong Kong Public Offering Units allotted to applicants using YELLOW Application Forms are expected to be issued in the name of HKSCC Nominees Limited and deposited into CCASS for credit to their CCASS Investor Participant stock account or the stock account of their designated CCASS Participant or as instructed by the applicant in their YELLOW Application Form on Tuesday, July 9, 2013.

Unit certificates for Hong Kong Public Offering Units allotted to applicants who applied by giving electronic application instructions are expected to be issued in the name of HKSCC Nominees Limited and deposited into CCASS for credit to the stock account of the CCASS Participant that the applicant has indicated in give electronic application instructions on their behalf or their CCASS Investor Participant stock account on Tuesday, July 9, 2013.

Applicants who applied through a designated CCASS Clearing/Custodian Participant by giving electronic application instructions to HKSCC via CCASS should check the amount of refund money payable to them via the CCASS Firms System on a YELLOW Application Form or by giving electronic application instructions to HKSCC via CCASS should check the number of Hong Kong Public Offering Units allocated to them with that CCASS Participant. Applicants applying as a CCASS Investor Participant on a YELLOW Application Form or by giving electronic application instructions to HKSCC via CCASS should check and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, July 9, 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees Limited.

Applicants who applied as a CCASS Investor Participant on a YELLOW Application Form or by giving electronic application instructions to HKSCC via CCASS may also check their new account balance via the CCASS Firms System and the CCASS Internet System under the procedures contained in HKSCC's "An Operating Guide for Issuing Participants in Effect from time to time" immediately after the crediting of the Hong Kong Public Offering Units to the CCASS Investor Participant stock accounts. HKSCC will also make available to the CCASS Investor Participant an activity statement showing the number of Hong Kong Public Offering Units credited to their stock accounts.

Applicants applying through designated CCASS Clearing/Custodian Participants by giving electronic application instructions to HKSCC via CCASS may check the refund amount payable to them through their broker or custodian on Tuesday, July 9, 2013.

Applicants applying as CCASS Investor Participants by giving electronic application instructions to HKSCC via CCASS may check the amount of refund money payable to them via the CCASS Firms System or the CCASS Internet System on Tuesday, July 9, 2013, or the activity statements made available to them by HKSCC after the credit of refund money to their designated bank accounts.

Applicants on WHITE or YELLOW Application Forms who have applied for 1,000,000 or more Hong Kong Public Offering Units and have indicated in their application their intention to collect their refund cheques in person, may collect their refund cheques from Tricor Investor Services Limited at 26th Floor, Treasury Centre, 28 Queen's Road East, Hong Kong from 9:30 a.m. to 1:00 p.m. on Tuesday, July 9, 2013. Refund cheques for surplus application monies for wholly unsuccessful applicants and the difference between the final Offer Price and the maximum Offer Price per Unit paid on application which are either not available for personal collection or which are available but are not collected in person, are expected to be despatched by ordinary post to those entitled at their own risk on Tuesday, July 9, 2013.

Applicants who applied through the HK eIPO White Form service and paid the application monies from a single bank account will have refund monies despatched to the application payment account in the form of e-Auto Refund payment on Tuesday, July 9, 2013. Applicants who applied through the HK eIPO White Form service and paid the application monies from multiple bank accounts will have refund monies despatched to the address at specified on their application in the form of e-Auto Refund payment cheque(s), by ordinary post at their own risk on Tuesday, July 9, 2013. Refund monies for applicants who have applied by giving electronic application instructions to HKSCC via CCASS are expected to be credited to their designated bank accounts or the designated bank account of their broker or custodian on Tuesday, July 9, 2013.

Unit certificates will only become valid at 8:00 a.m. on Wednesday, July 10, 2013 provided that the Global Offering has become unconditional in all respects including the right of termination described in the section headed "Offer Information - Underwriting - Underwriting Arrangements and Expenses - Grounds for Termination by the Hong Kong Underwriters" in the Offering Circular has not been exercised. No temporary document of title in respect of the Units will be issued. No receipt will be issued for sums paid up on application.

PUBLIC FLOAT

Immediately following the completion of the Global Offering, approximately 28.67% (taking into account that there will be no exercise of the Over-Allotment Option) of the total Units in issue of New Century REIT will be held by the public.

COMMENCEMENT OF DEALINGS IN THE UNITS

Assuming that the Global Offering becomes unconditional in all respects at 8:00 a.m. on Wednesday, July 10, 2013, dealings in the Units on the Main Board of the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, July 10, 2013. The Units will be traded in board lots of 1,000 Units each. The stock code of the Units is 1275.

All times and dates in this announcement refer to Hong Kong times and dates unless otherwise stated.

By order of the Board
New Century Asset Management Limited
as manager of New Century Real Estate Investment Trust
Mr. Chen Miaolin
Chairman of the REIT Manager

Hong Kong, July 9, 2013

As at the date of this announcement, the executive Director of the REIT Manager is Mr. Chung Kai Ming, the non-executive Director of the REIT Manager is Mr. New Man Wai, Mr. Zhang Qianchi, Mr. Chen Kai, and the non-executive Director of the REIT Manager are Mr. Angelini Giovanni, Mr. Yu Bin To David and Professor Dai Rix. This announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and New Century REIT at www.ncreit.com.

BUSINESS

ANALYSIS



Hon Hai Precision Industry has 1 million workers at its mainland plants. Photo: Reuters

FOXCONN GROUP SET TO STAY TOP APPLE SUPPLIER

Taiwanese company's size advantages are likely to prevail even as the US technology giant attempts to diversify its production base

Bien Perez
bien.perez@scmp.com

Hon Hai Precision Industry, the world's biggest electronics manufacturing services provider, is expected to remain the largest supplier to Apple, despite recent efforts by the American technology giant to diversify its production base.

A report by Bernstein Research said Apple pushed forward diversification over the past 12 months by adding Pegatron as a supplier of its iPhone and iPad mini lines, as well as potentially qualifying other manufacturers.

Hon Hai, however, has a compelling size advantage over its competitors. The company has about 1 million employees at its factories on the mainland, against Pegatron's 178,000.

Alberto Moel, a senior analyst at Bernstein, said: "We expect Hon Hai to remain Apple's pre-dominant electronics manufacturing services (EMS) provider for the next two to three years at least."

"Given Apple's [product] vol-

umes, we believe it would be difficult for other EMS and original design manufacturers to make a dent in iPhone or iPad orders without going through major capacity expansion, and putting that additional capacity to work on lower-margin Apple orders," Moel said.

Bernstein estimates that Hon Hai, which is based in Taiwan, can continue to maintain about 80 per cent of Apple's iPhone and iPad contract manufacturing business. Hon Hai operates more than 200 holding companies, subsidiaries and divisions collectively known under the trade name of Foxconn Technology Group.

Apple outsources 100 per cent of its production to Asia. While Hon Hai has the majority of iPhone and iPad orders, it has also shared production of iPod and Mac computers with the major offshore yuan centre, "the source added.

Moel estimated that Apple accounted for 41 per cent of Hon Hai's revenue last year, when it reached a record high of NT\$3.9 trillion (HK\$1 trillion) and yielded a net profit of NT\$9.8 billion.

Last month Hon Hai's founder and chairman, Terry Gou Taiming, unfazed by tepid global economic conditions and increased competition, guaranteed shareholders higher profits than last year.

Hon Hai's business will continue to grow," Gou declared.

Moel said Bernstein agreed with that assessment. He said the company's margin expansion would continue, as more manufacturing is done inland, yield rates for new products are improved and the components it creates in Apple products increase.

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Shanghai plan to lure foreign investors

> CONTINUED FROM A1

trade zone in Shanghai would be a snapshot of an "upgraded Chinese economy". Details and rules for how the central government plans to support the project have yet to be officially released.

Shanghai already has three bonded trade or port zones, according to the Pudong government's website. It says the new pilot zone will include all three - at the Waigaoqiao port, the Yangshan deepwater port and Pudong International Airport - within its 28 square kilometres.

The initiative is one of the biggest to attract foreign investors since China entered the World Trade Organisation in 2001.

As the *Post* has previously reported, the project will include shortcuts for foreign banks to set up subsidiary or joint venture operations, and permission for foreign commodities exchanges to own warehouses in the free-trade zone. It will also likely include the end of a 13-year-old ban on the sale of gaming consoles by foreign firms, provided the likes of Sony, Nintendo and Microsoft make them within the zone.

The sources said foreign companies would also be allowed to set up wholly owned healthcare insurance operations and foreign shipping firms would be able to set up cargo joint ventures.

The plan also envisages overseas human resources and recruitment firms setting up joint ventures. Foreign investors would be allowed to own up to 70 per cent of such ventures established in the free-trade zone, the sources said. Foreign travel agencies would be permitted to set up joint ventures to provide international travel and holiday services to mainlanders, but would not be allowed to offer trips to Taiwan.

The new policy package is the central government's latest initiative to promote Shanghai's ambitions as a global business hub and international financial centre.

SINO-US TALKS



Secretary of State John Kerry speaks at the opening of the US-China strategic and economic dialogue in Washington. Photo: Reuters

BIDEN SEEKS GREATER TRUST IN RELATIONSHIP

US vice-president also calls on Beijing to stop 'outright theft' through hacking as he opens annual strategic and economic dialogue

Teddy Ng
teddy.ng@scmp.com

US Vice-President Joe Biden called on the US and China to build greater trust, but also urged Beijing to stop "outright theft" through hacking as he opened two days of annual talks between leaders of the world's two largest economies.

The annual strategic and economic dialogue is the first real chance for the new cast of diplomats and economic chiefs on both sides to discuss a wide range of issues, including trade frictions, as well as the building of a "new model" of relationships be-

tween major powers, as advocated by President Xi Jinping (习近平) and his US counterpart, Barack Obama.

"Our relationship is and will continue to be a mix of competition and co-operation," Biden said in his opening remarks.

The start of the high-level dialogue followed two days of talks among officials on both sides about cybersecurity, which has been complicated by former National Security Agency contract worker Edward Snowden's revelations of electronic surveillance by the US, which also targeted Chinese networks.

There was no information from either side on whether

Snowden's revelations were discussed, but Biden said Chinese theft of US intellectual property must stop.

"We both will benefit from an open, secure, reliable internet. Outright theft that we are experiencing must be viewed as out of bounds and needs to stop," he said.

Vice-Premier Wang Yang (汪洋) said the main aim of the dialogue was to turn the consensus reached by the presidents of the two nations into pragmatic results and to "inject concrete substance to the building of a new type of major country relationship between the two nations".

Also addressing the opening ceremony, State Councillor Yang Jiechi (杨洁篪) said China would discuss cybersecurity co-operation with the US, but added that both nations should look for ways to effectively manage their differ-

ences to set the path for the "new type of relationship".

Building such a relationship required an "innovative mindset and positive actions", he said.

US Secretary of State John Kerry said the high-level dialogue was a platform for the two sides to find ways to co-operate effectively. He said both nations recognised the complexity of their ties, and the urgency for them to find common ground for honest, wide-ranging conversation.

Kerry would return to Boston to visit his wife, who is recovering in hospital from a seizure-like episode she suffered over the weekend, Associated Press reported. US Deputy Secretary of State William Burns would take Kerry's place as co-host of the meeting with US Treasury Secretary Jack Lew, its report said.

> INSIGHT A15

TECHNOLOGY

China likely to lift foreign game console ban

Companies must produce consoles within proposed new free-trade zone in Shanghai

George Chen
george.chen@scmp.com

Beijing is expected to end a 13-year ban on the sale of gaming consoles by foreign companies on the condition that firms such as Sony, Nintendo and Microsoft make their products in Shanghai's new free-trade zone.

The move is part of a raft of policies planned to boost the proposed free-trade zone, endorsed by Premier Li Keqiang (李克强), who favours opening up the Chinese economy and making the yuan a global currency. Foreign companies that agree to register in the free-trade zone will be allowed to promote and sell their products in the mainland market after seeking approval for specific products from "culture-related authorities", sources with first-hand knowledge of the new policies told the *South China Morning Post* yesterday.

"They still need approval from the culture ministry and other relevant government bodies for their products. The government wants to make sure the content of (their) games is not too violent or politically sensitive for young people," said one of the sources. The sources asked not to be named before an official an-

(They) want to make sure the games are not too violent or political

A SOURCE WITH ACCESS TO NEW POLICIES

ouncement is made about the new rules for Shanghai's free-trade zone.

It is also understood that consoles made in Shanghai will be modified in order to comply with mainland regulations. Such consoles typically allow users access to social media sites and YouTube that are blocked on the mainland.

The ban on the production and sale of game consoles dates back to June 2000. At the time, the government was concerned about the potential harmful effects of video games on the "mental health" of China's youth.

Although Sony, Nintendo and Microsoft consoles - and games to play on them - are not officially sold domestically, consoles for the industry's "big three" are assembled by contract electronics manufacturers on the mainland and young gaming fans buy them on the black market or purchase pirated versions.

Asked for reaction to the apparent relaxation of the current rules, a spokesman for Sony Computer Entertainment Hong Kong said: "We recognise that mainland China is a promising market. We will continuously study the possibility, but there is no concrete plan at this stage."

Ralph Haupter, the chairman and chief executive at Microsoft Greater China, told the *Post* last month that the company was working to address the legal requirements to enable the release of its new Xbox One console on the mainland.

Nowadays young Chinese increasingly enjoy playing games on tablets and smartphones, which are assembled on the mainland and sold legally to domestic consumers as they are not considered gaming products.



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Ancient letters
Earliest known written Chinese characters date back to around 3,000BC

> CHINA A7

The other Bruce Lee
People close to the kung fu star share their real-life memories

> LEADING THE NEWS A3



England wins a thriller
Hosts hold their nerve to take first Ashes test against Australia by 14 runs

> SPORT BACK PAGE



Stamping out ivory trade

Hong Kong residents join struggle to enforce ban

> LIFE C5

South China Morning Post

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Monday, July 15, 2013 / See live updates at www.scmp.com / HK\$9

Showing discontent



Hundreds of protesters gather outside the municipal headquarters in Jiangmen (江門), even though the government there had pledged to scrap plans for a uranium processing plant. The

government later issued the pledge in writing. One protester said the letter would justify further protests if the government broke its promise. > FULL REPORT A3. Photo: Dickson Lee

DIGEST

Beijing's tolerance level for growth tested

Data due to be released today is expected to show China's economic growth has eased for the second straight quarter. > BUSINESS B1

Xi refers to Mao in graft campaign

Communist Party leader Xi Jinping (習近平) referred to Mao Zedong's (毛澤東) so-called six xos last week to advance his anti-graft campaign. > CHINA A5

Philippines makes deal with Muslim rebels

The Philippines has struck a pact with Muslim rebels, bringing it closer to ending a decades-old conflict that has killed thousands. > ASIA A8

Prison questioned over 'hasty execution'

The execution of a prisoner has caused a public outcry as he was not allowed to say farewell to his family, although authorities claim he did not request to meet his family. > CHINA A6

FOCUS
CHINA'S INFLUENCE IN GERMANY
> PAGE A4

CITY

Compromise isn't hard to find

Lawmaker Lau Wong-fat has enjoyed a long career in city's political scene > CITY C3

COURTS

Waiting times lengthen for civil, criminal cases

Judiciary seeks to ease pressure on courts by hiring more judges and encouraging mediation

Patsy Moy
patsy.moy@scmp.com

The waiting times for both civil and criminal trials in the Court of First Instance has soared up to 50 per cent over targets for last year.

The judiciary said lengthening waiting times were the result of many factors, including the retirement of judges, longer and more complex cases, the deployment of judicial manpower in the High Court "as a result of the elevation of judges to higher positions," and a rise in caseloads.

The number of civil cases coming before the Court of First Instance has risen by nearly 8 per cent in the past two years – from 15,966 in the 2011 financial year to an estimated 17,210 this year.

In Court of First Instance civil courts, the interval between applying to the judiciary to fix a hearing date and the start of the actual hearing was 244 days last year – more than two months longer than the target of 180 days. The waiting time was 215 days in 2010 and 231 days in 2011.

For civil appeals, the wait was 131 days last year, nearly six weeks

beyond the 90-day target. The delay was even more severe in criminal cases, where the average waiting time was 180 days at the Court of First Instance last year – two months longer than the target of 120 days. The waiting time in 2011 was 169 days and 166 days in 2010.

The judiciary, which established the targets, said an open recruitment exercise for Court of First Instance judges had been in progress since the second half of last year, and that additional deputy judges had been appointed as an interim measure.

"The judiciary will continue to closely monitor the situation and will make every effort to improve the waiting times," it said.

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"The judiciary will continue to closely monitor the situation and will make every effort to improve the waiting times," it said.

"Parties who have disputes over relatively small amounts of money – such as a few million dollars – are more willing to have their cases settled," he said.

It is always after lawyers start to bill them for preparatory work, that the parties would start to feel the pinch and seriously consider the option of mediation to avoid litigation," Soo said.

But he admitted Hong Kong was five to 10 years behind the US and UK in the use of mediation.

TRADE

Li made to fight for Shanghai plan

George Chen
george.chen@scmp.com

Premier Li Keqiang (李克強) fought open opposition from financial regulators in his bid to push through a landmark plan for a free-trade zone in Shanghai. It is the clearest sign yet that the nation's new leadership is determined to deliver long-delayed economic reforms.

Financial industry regulators, including the China Banking Regulatory Commission (CBRC) and China Securities Regulatory Commission (CSRC), openly disagreed with Li's plan to open Shanghai's financial services sector to foreign investors.

Three sources with first-hand knowledge of high-level government meetings told the South China Morning Post that Li lost his temper at one closed-door cabinet session. When told of the continuing opposition to his bid to push through the plan, he slammed his fist on the table in frustration.

The sources insisted on anonymity due to the sensitive nature of their disclosures.

"The feedback opinions are not acceptable," say the minutes from Li's office, summarising his response to a CSRC objection in one meeting.

Behind-the-scenes debates inside party headquarters in Zhongnanhai over the Shanghai plan reflect the intense

difficulties the new leadership faces in its bid to reform the nation's economic structure.

The sources, who reviewed internal cabinet meeting minutes, said disagreements over new policies were not uncommon among ministers. But it was rare for regulators to team up and fight a premier – China's second most powerful man after the president.

"He has had to fight a lot on this," said one of the sources. "You know Chinese officials. Rule number one: they don't want to lose face. So Li Keqiang is now definitely very keen to make the

> CONTINUED ON A3

> MR SHANGHONG B12

EDUCATION

TWO STUDENTS FOR EVERY PLACE AT UNIVERSITY

Students face tough competition as almost 28,500 pass exam for only 15,000 positions

Johnny Tam
johnny.tam@scmp.com

Competition for university places is tougher this year than last, as more secondary school students have achieved the minimum requirements for admission in the Hong Kong Diploma of Secondary Education (HKDSE) exam.

Statistics released yesterday by the Hong Kong Examinations and Assessment Authority showed that of 82,283 students who took HKDSE exams this year, 28,418 obtained the minimum score for about 15,000 government-subsidised first-year university degree places through the joint admission system.

That represents a 7 per cent increase from the 26,552 last year, and it means that more than 13,000 students will have to pay more for full-fee private courses, opt for sub-degree programmes or look elsewhere.

"When applying for admission, students have to consider their own interest, the special requirements of the programme that they apply for and their performance in the admission interview," said Thomas Cheung Kwong-yuen, acting deputy secretary general of the HKEAA.

"The score can only be used as reference but can't be treated as the only indicator for admission." The number of candidates from outside the school system also increased 736 per cent, from 1,329 last year to 11,115 this year, as some students from the first HKDSE exam resat it this year and some from the previous Advanced Level Examination might have taken the new syllabus.

Some 88 per cent of students scored a level-two or higher in liberal studies, making it once again the best performing core subject, outperforming mathematics, at 80.7 per cent, and each of the two languages.

Some 51.4 per cent of pupils scored a level-three or higher in Chinese, up from 49 per cent last year when some students from elite schools missed out on university places as they failed the grade. However, only 48.5 per cent of pupils scored a level-three or higher in English.

In mathematics, some 80.7 per cent of students scored a level-two or higher, compared to 79 per cent last year.

Nine students obtained seven level-five "double-star" marks, putting them in the top 1 per cent for those subjects. One student with special needs bagged six level-five "double-star" marks, alongside 13 other pupils.

The diploma exam was held for the second time since so-called 3+3+4 education reforms came into full effect. Secondary school education was cut from seven to six years and standard university degree courses lengthened from three to four years.

A score of 3-3-2-2 in the core subjects of mathematics, English, Chinese and liberal studies satisfies the basic requirements for a local university place.

The incident underlined what analysts say is a growing credibility problem for local officials on the mainland, where environmental protests have recently prompted the withdrawal of several major industrial projects.

Qualifiers	2012	2013
Chinese language	49	51.4
English language	49.3	48.5
Liberal studies	90.2	88
Mathematics (compulsory part)	79	80.7

Number of all candidates 2012: 73,074 2013: 82,283 Source: Hong Kong Examinations and Assessment Authority

retary general of the HKEAA. "The score can only be used as reference but can't be treated as the only indicator for admission."

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ENVIRONMENT

JIANGMEN PUTS NUKE PLEDGE IN WRITING

After a rally by over 2,000 protesters, officials issue a formal statement confirming plans to scrap a proposed uranium processing plant

Minnie Chan
minnie.chan@scmp.com

Jiangmen (江門) handed over an official document reaffirming the city's plans to scrap a proposed uranium processing plant yesterday after residents refused to believe that the project was dead.

The formal red-letter statement was released after more than 2,000 protesters marched on the municipal government headquarters – the third such rally in as many days – to secure written assurances that Jiangmen officials would stick by their promise on Saturday to withdraw the project.

Even public appearances by municipal party secretary Liu Hai (劉海) and Mayor Peng Guomei

Many opponents remained sceptical that the government would so easily abandon a plant that could provide as much as half of the fuel for the country's atomic power generation.

"The authorities would not give up on such a big project," said one protester, who vowed to keep fighting the uranium-processing plant until it "gets out of the Pearl River Delta." "We are afraid that the authorities will move it to somewhere else in the PRD, stealthily."

The municipal government had sent Huang and another vice-mayor to address a crowd of about 1,000 who had assembled in Donglu Square by 9am. But protesters refused to listen, complaining their ranks were too low to make a guarantee.

The crowd then began marching to the government headquarters, chanting slogans like "We want healthy children!", "No nukes!" and "No GDP!" They were joined by another 1,000 on their way, while being watched by more than 200 police officers.

"We just can't believe how our government could suddenly become so efficient," one protester said. "It's impossible for the officials to make such an important decision in one day. It's well known that all government departments have to spend at least one week to resolve just a very small issue."

Guangzhou-based sociologist Yuan Weishi (袁偉時) said the project's abrupt withdrawal appears to have only contributed to the people's mistrust of the government. Residents only became aware of the project on July 4, when the government announced a 10-day consultation.

Antony Wang Dong, a Macau-based political commentator, said the Jiangmen government's fast decision had run counter to officials' usual working style.

One protester said that the red-letter document could help build legitimacy for future protests if the government failed to keep its word.

"I can use this document to warn the authorities to stick to their guarantee," he said.

Shanghai plan a major achievement who was very keen to get this done quickly after his trip to Shanghai."

After Li's trip to Shanghai in late March, his first domestic trip after taking office, he began to float the idea of a free-trade zone to Shanghai officials, who felt "overwhelmingly flattered" said another government source.

Li also asked Shanghai officials to provide him a list of the policy changes that the local government believed it would need to set up futures delivery warehouses in China are not yet well established. The CSRC suggests relevant information should be taken out of the proposal.

"At present, the conditions for foreign commodities exchanges to set up their own futures delivery warehouses in the free-trade zone. But the mainland's securities regulator did not support the idea, according to government documents seen by the Post.

"Setting up futures delivery warehouses in the Shanghai free-trade zone can replace the functions of those warehouses in South Korea's Busan and Singapore to a very large extent, and the plan can also reduce the trading costs of Chinese enterprises," said a memo sent from his office in reply.

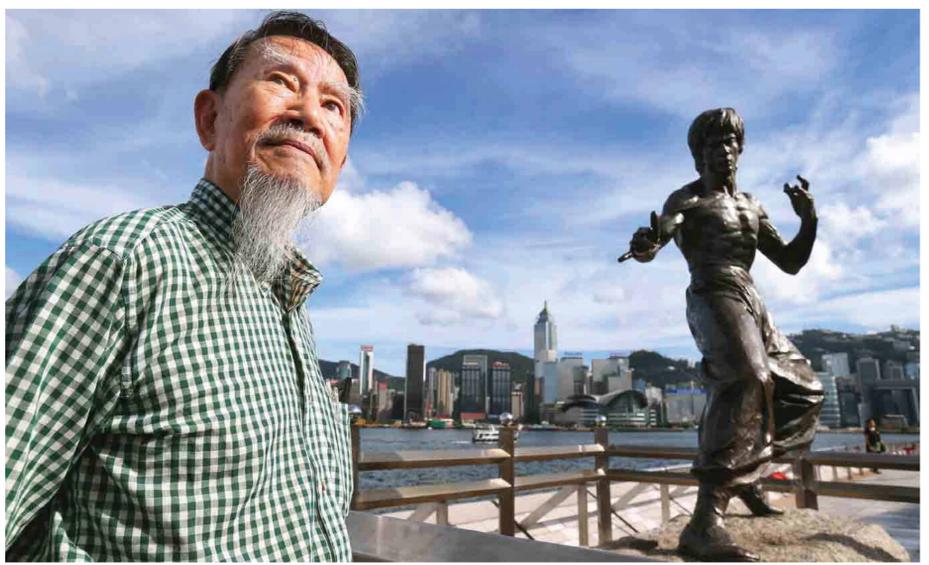
"Commodities trading in the Shanghai free-trade zone will still be considered offshore (trading), so to set up futures delivery warehouses within the zone will not have an impact on domestic fu-

trading, delivery and pricing system, and it should not have any negative impact on the stability of domestic financial markets," said Li's office in its official reply to the CSRC.

Again, Li fought back against the CBRC's concerns. "The Shanghai free-trade zone is a proving ground for commercial banks to explore how they can manage the risks of offshore banking and then build up a system. Offshore banking will have a very small impact on onshore financial markets and the risks can be kept under control."

In the meantime, other mainland cities, facing unemployment and slower growth, are also keen to follow Shanghai's move to lure foreign capital. But Li is not understood to be interested in rushing to copy the Shanghai model for other mainland cities.

ENTERTAINMENT



Chaplin Chang, who worked on two of Bruce Lee's films and has now published a book about him, alongside the star's statue in Tsim Sha Tsui. Photo: Dickson Lee

The good, bad and ugly side of Bruce Lee

New book reveals another aspect of kung fu icon as told by those who loved, and feared him

Amy Nip
amy.nip@scmp.com

In the 40 years since Bruce Lee's death, the kung fu star has achieved almost god-like status among fans the world over.

Like Marilyn Monroe and James Dean, Lee left a legacy and an idealised image of who he was. Yet he was all too human – he swore at his boss, boasted about his prowess and threatened to kill those who challenged him.

He was also a charismatic character well-respected by old school friends and fellow cast members, said Chaplin Chang Ching-peng, assistant director on *Enter the Dragon* and production manager for *Way of the Dragon*.

"He would utter all those mother-related swear words in the face of [producer] Raymond Chow," Chang said.

It was anecdotes like that that prompted Chang to publish a book, *The Bruce Lee They Knew*, this month. Together with Lee biographer Roger Lo Chun-kwong, Chang has put together 11 interviews from people who worked with or befriended his star.

The interviews were done together with *Enter the Dragon* director Robert Clouse in 1987. Clouse used parts of the interviews to write his own book in English about Lee, while Chang had the copyright to publish a Chinese-language book – which he had not exercised until now.

Now 87, Chang has decided to

publish the interviews in full. "As time passes, memories fade or become distorted. People gave more accurate accounts about Lee 20 years ago. Now fans glorify him," he said.

Some people quoted in the book have already died.

Actor Roy Chiao Hung said Lee once threatened to kill his *Enter the Dragon* co-star Robert Wall after Wall failed to drop a

broken bottle as planned during filming and injured Lee with it. Lee pointed a knife at *Big Boss* director Lo Wei after he dropped the star from casting, the director recalls in the book. About 10 days later, Lee died.

Others give accounts of how the young Lee would often fight with foreign students in his neighbourhood, how he was severely short-sighted and feared large dogs.

Recalling his time with Lee, Chang describes him as energetic, full of ideas and boastful: "He would ask people he'd just met to hit his muscular chest."

The kung fu master was kind to stunt doubles, showing them a great deal of respect and sometimes paying them higher salaries than agreed. But in the face of his superiors on the job, especially producer Chow, he was another man.

His hostile relationship may have had something to do with how profits from movies were allocated: Lee told Chang that Chow gave him only 5 per cent of the profits from the blockbusters *The Big Boss* and *Fists of Fury*.

Nevertheless, Chang said that the movie mogul and Lee had a father-and-son relationship – they didn't quite get along, but Lee was dependent on him.

The star continues to be a worldwide icon – fans still write to Chang, and filmmakers who worked with Lee are held in awe. Chang said it was a pity that the government failed to help build a Bruce Lee museum at his former home in Kowloon Tong.

Hong Kong is where Bruce grew up and was educated. It was his base for his films," said Chang.

> BRUCE LEE WAY C1

CONTINUED FROM A1

Inside Li's battle to unlock Shanghai



Illustration: Lau Ka-kuen

Shanghai plan a major achievement who was very keen to get this done quickly after his trip to Shanghai."

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Apple probe into reports of iPhone shock death

Apple has promised to "fully investigate" reports that a woman was killed by an electric shock from her iPhone 5 while charging it at home.

A spokeswoman for the technology company said: "We are deeply saddened to learn of this tragic incident and offer our condolences to the family. We will fully investigate and co-operate with authorities in this matter."

According to mainland media reports, Ma Ailun, a 23-year-old flight attendant with China Southern Airlines, was picking up her iPhone 5 to answer a call while the battery was being charged when she was electrocuted and killed.

The incident reportedly took place at her home in Xinjiang (新疆) on Thursday.

It has sparked safety concerns over the bestselling smartphone.

Ma's brother, Yuelun, said in an interview with *Apple Daily* that the family believe she was killed by an electric shock while using the phone. He said the iPhone in question and its accessories had been handed over to Xinjiang police for investigation.

Online, microblogging site Weibo was flooded with posts urging fellow users not to make calls while charging their phones.

Experts in Hong Kong warned against using any electrical device while it is being charged.

Johnny Sin Kin-on, a professor at the Hong Kong University of Science and Technology, said: "There is a risk using an electrical device while its installed battery is being charged, be it a shaver or a phone."

Dr Peter Chiu Ping-kuen, head of the department of electronic and information engineering at the Hong Kong Institute of Vocational Education (Sha Tin), expressed a similar view.

"But we do not know the circumstances of the incident and it is not suitable to jump to any conclusions at this stage," he said.

He has had to fight a lot on this. Chinese officials don't want to lose face

A SOURCE CLOSE TO THE MATTER