Oil refiners rush to cash in on bumper profits

Allianz to boost China property investment

Allianz plans to boost real estate investment in China, announcing the launch of a US$750 million fund that targets malls in major cities such as Shanghai and Beijing.

The German insurer and asset manager is betting higher-end outlet shopping in China will continue to grow despite threats from online stores and a slowing economy.

Allianz Real Estate, Allianz’s multi-billion-dollar property investment arm, launched the China-focused fund in partnership with investor TH Real Estate. Allianz will be the anchor investor owning 30 percent of the fund.

“China will become one of the largest if not the largest market in Asia,” said Rushabh Desai, CEO of Allianz Real Estate’s Asia-Pacific division.

Foreign investors such as Allianz remain optimistic about China’s real estate market despite government tougher property curbs and a slowing domestic economy.

“Even if we see a slowdown in China’s economy, we consider launching a real estate fund in China,” Desai said.

At a Glance

Private investment

Sixteen government agencies jointly issued guidelines yesterday aimed at boosting private investment in the manufacturing and new energy sectors, according to the guidelines. China will also encourage private firms to invest in overseas infrastructure projects such as high-speed railway, desalination, and solar energy products.

Shanghai SOEs

Shanghai’s locally-owned State firms will invest an additional 8 trillion yuan (US$1.18 billion) over the next five years on top of their “regular” investments in strategic industries, according to the city government.

It did not give details of how much the additional funds would total. Some of the investment these State-owned enterprises (SOEs) were planning, or what industries the additional funds would be for. In Shanghai, a large chunk of the city’s US$400 billion economy remains State-owned, with firms such as SAIC Motor, a partner of Volkswagen and General Motors, and Bright Food Group Co., one of China’s biggest food processors.

Geely’s Belarus plant

A joint venture between Beijing’s Geely Auto and carmaker Geely has unveiled a plant producing Belarussian-made vehicles, targeting the Russian market.

Belarus is envisaged as a gateway for China to the European Union, a key taché of the government’s initiative known as One Belt One Road. The plant, 70 km from the capital, is expected to produce 25,000 and 35,000 cars in 2018 and 2019 respectively and has the capacity to make 60,000 cars per year.

INVESTORS in China are stepping up their hunt for education assets overseas as more Chinese students seek access to Western educational resources.

Private equity firm CITIC Capital has submitted a bid for Study Group, according to sources. Providence Equity Partners, a U.S.-based private equity group, is selling the Sydney-headquartered company, which provides language and preparatory courses for university students, for up to US$1 billion, the sources said.

And CITIC, in a consortium with Baring Private Equity Asia, is also nearing a deal to acquire Pearson Plc.’s language learning business Wall Street English (WSE) for US$350-US$400 million.

Separately, Bright Scholar Education Holdings, backed by Chinese property tycoon Yeung Kwok-kwong, is among the bidders for U.K.-based education provider Pearson Plc.’s language learning business Wall Street English (WSE). The deal could value the business at up to US$1.6 billion, media reports said last month.

The moves are triggered by the continued rise in Chinese students flocking to study in Western countries, and as the growing middle class in the world’s second-largest economy looks for international-style education at home. This is also bolstered by studies showing that providing the best education available is the biggest priority for any parent.

The latest deals, if successful, would significantly push up China’s overseas investments in the sector.

China’s global education push has also been reflected in a series of listings in recent weeks in New York by RISE Education, which offers English lessons for kids in China, pre-schooling provider RYB Education and Four Seasons Education which runs mathematics classes.

The number of Chinese students studying abroad totalled 544,000 in 2016, up 4 percent year on year and more than four times the number a decade ago, according to statistics from China’s Ministry of Education.

Chinese students already make up the bulk of revenues for Pearson’s language learning business WSE, and WSE, said Lin Feng, founder and chief executive officer at DealGlobe, a professional training services provider based in Shanghai.

During the past decade, the average disposable income of Chinese people has more than doubled, government statistics show. While families are already spending more on their children’s schooling, China’s decision in 2015 to allow people to have two children is expected to further boost demand for early and pre-school education.

Tapping the growth potential, Chinese investors, including companies, private equity firms and family offices, have snapped up education assets ranging from a pre-school education technology firm in Singapore, Pearson Plc.’s language learning business Wall Street English, to the most, said Hou Yi, an executive director at Chinese education investment firm CDH Investments. This is really meeting the demand from Chinese parents who care about kids’ education the most,” said Hou Yi, an executive director at Chinese education investment firm CDH Investments.

CDH last December acquired a controlling stake in Singapore-listed Education and Retail Peer Ltd., a pre-school educational technology firm, China now accounts for about 50 percent of Education and Retail Peer’s core earnings, up from 50 percent before the deal, Hou said, adding deals in the education sector will remain strong and active in the next three to five years.

Engineer community alliance set up

Members of China Engineer Community Alliance in a group photo at Shenzhen Convention and Exhibition Center on Saturday.

The alliance, established Saturday on the sidelines of the 19th China Hi-Tech Fair to promote communication and collaboration among mainland engineering communities, was initiated by 12 mainland engineering communities from places including Shanghai, Jiangsu, Shandong and Jiangxi as well as a Macao engineering community. An engineer community alliance was held during the fair to brainstorm on energy storage technologies.

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