



# Money supply growth at record low

Slow pace set to become the 'new normal' in the months ahead

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China's money supply growth slowed to its lowest level on record in July as regulators continue to keep a grip on fending off financial risks.

The M2 money supply in July grew 9.2 percent year-on-year, compared to 9.4 percent in June, data from the People's Bank of China

showed on Tuesday.

The growth has been slowed down for six consecutive months, continuing to miss the 12 percent target level set for the whole year.

Slow M2 growth is the result of strengthening efforts to lower leverage ratios in the financial sector, and there should not be too much reading into it, Ruan Jianhong, head of the People's Bank of China's Survey and Statistics Department, said in June.

She said slow money supply growth will become "new normal" in the coming months.

The government has been trying to curb risks by controlling the debt level and

tightening controls on the overheated property market since the beginning of the year, leading to some concerns over the non-financial activities which will be affected — companies will face with high borrowing costs.

However, total social financing and new yuan loans witnessed higher-than-expected growth in July.

Total social financing, a broad measure of credit and liquidity in the economy, increased by 1.22 trillion yuan (\$182 billion) in July, which is 741.5 billion yuan higher compared to the same period last year, the data showed.

Chinese banks extended

825.5 billion yuan (\$123.7 billion) in net new yuan loans in July, beating market expectations.

Higher than expected growth of the above mentioned indicators starkly contrast with weakened economic data revealed earlier this month, reflecting the fact that seasonal factors played key roles, Shenwan Hongyuan Securities wrote in a note, referring to China's major economic indicators revealed on Monday.

Year-on-year growth of industrial output, investment and retail sales all dropped slightly in July compared to the previous month.

"The economy still retains its resilience, and relative high credit growth is expected to ensure economic growth is at a proper pace in the coming months," it said.

Wang Tao, chief China economist at UBS, said tightened regulation in the financial sector might drag down the pace of credit growth in the next few months, which may put some downward pressure on economic performance.

The government may relax its policy on issuing credit early next year, if the property market cools to a level threatening the stable economic growth, Wang added.



**Young Southampton fans in the stands react during a game.**  
JOHN WALTON / FOR CHINA DAILY

## Chinese investor gets 80% stake in Southampton FC

**By CONAL URQUHART**  
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A Chinese businessman has bought a major stake in Southampton Football Club.

Gao Jisheng and his family are understood to have bought around 80 percent of the club from its Swiss owner, Katharina Liebherr.

In a statement, Gao said: "I am honored and humbled to become a partner of Southampton FC, alongside Katharina Liebherr, who, together with her father, has been such a great steward of the club, its growth and success. Together, we have the passion and motivation to build on Southampton's excellent progress in recent years and we look forward to an exciting next chapter for the club."

Gao first expressed an interest in the club earlier this year. It seemed at the time as if a company he was believed to have been involved with, Lander Sports Development, would be the buyer of the club, but the investment looks to have since transformed into more of a personal one.

Liebherr inherited the club from her father, Markus, in 2010.

Southampton will become the seventh English club to be owned, or partly owned, by Chinese national. The other clubs are Reading, West Bromwich Albion, Aston Villa, Birmingham City, Wolverhampton Wanderers, and Manchester City.

Liebherr confirmed that Gao had become her partner at Southampton.

"Following extensive and fruitful work, we are entering into a partnership with the Gao family and I am excited about what we will achieve together," she said. "Today is the start of a new and exciting chapter for our club. Mr Jisheng Gao and his daughter, Mrs Nelly Gao, with whom I have built a close relationship, share our values and ambitions. As a team, we will strive to build upon the strong foundation that is in place toward sustain-

**Chinese companies' frenzy for investing in overseas sports industry will cool down for a while."**

**Adam Zhang**, founder of Key-Solution Sports Consultancy

able long-term success."

She said the partners continued to have faith in Ralph Krueger, the club's chairman, and his team.

Southampton has played one game this season, drawing with Swansea at home. Last season, Southampton finished in eighth place in the English Premier League.

Gao Jisheng founded Lander Holdings Group Ltd in 1995 and switched the company's focus from property to sports investment. According to Forbes magazine, the value of Lander Holdings is estimated at \$1.4 billion.

In recent years, an increasing number of Chinese companies have shown an interest in investing in overseas football clubs, resulting in overpricing of this sector. But the Chinese government has increased scrutiny on overseas investment and tightened restrictions on speculative deals by Chinese companies in sectors such as property, sports and entertainment.

"Chinese companies' frenzy for investing in overseas sports industry will cool down for a while. It is positive to have the money invested in domestic sports industry, which has only begun to grow in recent years and has required patience to cultivate its sustainable development," said Adam Zhang, founder of Key-Solution Sports Consultancy.

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## Hungary to Serbia railway now well on track

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Construction of the first stage of the Hungary-Serbia railway, China's debut rail line in Europe, will start in November, a top Serbian official said on Tuesday.

Zorana Mihajlovi, Serbia's deputy prime minister and minister of construction, transport and infrastructure, said in an interview that the project will be completed in two to two-and-a-half years.

The 350-kilometer flagship railway will link Hungary's capital Budapest with Serbia's capital Belgrade, with 166 km on the Hungarian side and the rest in Serbia. With a designed maximum speed of 200 kilometers per hour, it expects to reduce the intercity travel time from eight hours to just two-and-a-half hours.

"China and Serbia are set to sign an agreement to construct the second phase by the end of this year," said Li Manchang, Chinese ambassador to Serbia.

The original Hungary-Serbia line was a monorail built at the end of the 19th century. Upon completion, it will be upgraded into an electric railway.

In November 2013, China, Hungary and Serbia signed a memorandum of understanding to jointly build and refurbish the rail line. Almost one year later, the three sides reached an official agreement.

Construction of the Hungarian section started in late 2015. It was financed by the Export and Import Bank of China, and undertaken by a consortium of China Railway International and China Communications Construction Co.

The Hungary-Serbia railway project, with a total investment of \$2.89 billion, is projected to serve as a shortcut for transporting Chinese goods from Greece to Western Europe.

Prior to the rail line, China had completed the 250 million-euro (\$292.5 million) Zemun-Borca Bridge, across the Danube and its approach roads in Belgrade, Mihajlovi said.

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A Chinese tourist looks at a giraffe in Nairobi, the capital of Kenya. XINHUA

## Africa offers mainland tourists cool vacation

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Africa has become a new hot destination for Chinese tourists this summer, as the continent's cooler weather and more relaxed visa policies have boosted local tourism.

This summer, Chinese tourists who went to Kenya to watch the great migration of animals surged more than 100 percent over last summer, and those who traveled to Morocco soared more than 500 percent.

On average, Chinese tourists spend about 24,000 yuan (\$3,597) on trips to South Africa and East Africa, and spend 15,000 yuan in North Africa, according to Ctrip.com, China's largest online travel agency.

Because of the opposite seasons in the Southern Hemisphere, and the plateau

topography of eastern and southern Africa, Kenya, South Africa, Mauritius and other African countries are experiencing one of their coolest seasons, with the highest daytime temperatures falling below 30 C, which is suitable for traveling.

With an enduring heat wave in many regions of China, a large number of Chinese tourists prefer to spend their vacation in these cooler places.

Meanwhile, African countries' relaxed visa policies for Chinese travelers have encouraged more people to travel to the continent. For instance, Mauritius, Tunisia and Morocco offer visa-free travel to Chinese passport holders, while Egypt and Tanzania have a visa-on-arrival policy.

Besides, more direct flights between major and smaller Chinese cities and Africa have

**\$3,597**

Chinese tourists' average spending on trips to South Africa and East Africa

fueled the growth. In May, Ethiopian Airlines launched direct flights between Chengdu in Sichuan province and Addis Ababa, the capital of Ethiopia. In July, Air Leisure launched direct flights between Changsha in Hunan province and Aswan in Egypt.

In the first half of this year, Ctrip.com said that the number of flight ticket bookings to Mauritius was the highest among African countries, followed by the Egyptian capital of Cairo, and Casablanca in Morocco.

Dai Bin, director of the China Tourism Academy, said Chinese tourists are seeking

more diverse experiences overseas, with more bookings to exotic destinations, reflecting their rising purchasing power and evolving tastes.

"The unique tourism resources in Africa are attracting Chinese tourists who are pursuing personalized and quality tour experiences."

Some attractions, such as following in the footsteps of the movie *Casablanca* in the Moroccan city of the same name, and watching the great migration of animals in Kenya, are especially appealing to Chinese tourists.

In addition, the Chinese movie *Wolf Warriors 2*, which is continuing its dominance at the domestic box office, is also playing a role, as some scenes in the film were shot in Africa. Ctrip said the popularity of the film is expected to encourage more Chinese people to visit Africa.

## China to build shale gas facilities, issue exploration tenders

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China is likely to build two shale gas facilities in the central and southern parts of the country and issue more tenders for oil and gas exploration, the Ministry of Land Resources said on Tuesday.

The ministry said at a news conference in Beijing that following an investigation, China is also likely to conduct commercial production of shale gas in the southern city of Zunyi in Guizhou province and in Yichang in Hubei province.

The ministry did not give a timetable for the start date at

the news conference.

Natural gas is set to play an increasingly important role in the country's energy mix, with the nation pushing to wean itself off coal — betting big on a shale gas boom to rid itself of its dependency on the more polluting energy source and on foreign gas imports for better energy security.

As part of the Chinese government's 13th Five-Year Plan (2016-20) for natural gas, the proportion of natural gas in the energy consumption mix will rise to about 10 percent by 2020, from about 5.9 percent in 2015.

According to the ministry, oil and gas exploration efforts cov-

**123,000 kilometers**

length of China's natural gas pipelines by 2025

er a vast 500,000 square kilometers area in the north of the country alone and China has also discovered new natural gas and light crude reserves there.

The ministry said on Tuesday that the authorities are encouraging private firms to participate in a tender for shale gas exploration rights in Guizhou on Aug 18. The ministry said it would also consider more auc-

tions of shale gas exploration blocks outside Guizhou.

China has vowed to further strengthen its oil and gas pipeline network during the next decade. That's in order to further boost the share of gas, a cleaner fuel, in the country's energy mix.

According to the National Development and Reform Commission, the oil and gas pipeline network is expected to reach 240,000 kilometers by 2025, with natural gas pipelines reaching 123,000 kilometers.

With 112,000 kilometers of oil and gas pipelines in the country so far, China will need to build another 128,000 kilometers of pipeline in the next few years,

the nation's top economic regulator said last month.

Zheng Jian, deputy head of the commission's basic industries section, said the expansion is to meet China's rapid energy demand and energy diversification needs.

Energy companies are eyeing a bigger slice of the booming sector, with China Petroleum and Chemical Corp, the world's biggest refiner, saying it will double its annual natural gas output by 2020 to 40 billion cubic meters.

Sinopec's Fuling shale gas field, China's first commercial shale gas production program, was launched in 2014. It will

reach an annual output of up to 10 billion cu m by the end of this year, Sinopec said.

Proven shale gas reserves of the field, located in Chongqing, now exceed 600 billion cu m, following the discovery of more than 220 billion cu m of additional deposits earlier this month.

Wang Lu, an Asia-Pacific oil and gas analyst at Bloomberg Intelligence, said Sinopec's Fuling project would play a leading role in China achieving its goal of producing 80 to 100 billion cu m in 2030, and its shale gas production may contribute about 4 to 5 percent of China's total gas consumption by 2020.