BUSINESS

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ONE US$ EQUALS
SOURCE: REUTERS, 9PM TUESDAY

▼RMB	■HKD	▲JPY	▼EUR	▼GBP	▼AUD	▼INR	▼CAD	▼KRW	▼THB	▼BRL
6.3730	7.7500	119.915	0.8957	0.6479	1.4103	65.92	1.3262	1184.21	36.013	3.9860

INDUSTRY

Corning eyes more buyouts to expand presence

By LYU CHANG
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Glass and ceramics maker Corning Inc said on Tuesday that it was open to new investments and acquisitions for growth, amid an economic slowdown in the world's second-largest market.

"Our next five-year plan will be centered on new investments and acquisitions, operations, innovation and talent training," said Li Fang, president and general manager of Corning China.

"We have been looking into possible projects, evaluating them to make sure that they are in line with our overall strategy."

The United States-based Corning's business in China includes optical communications technologies and display technologies used to make liquid crystal display panels. Sales hit $2 billion in 2014.

Li said the company will continue to see robust sales due to the growing demand for smartphones, tablets and the push for clean energies in China, which represents the largest market for Corning.

Li Fang, president and general manager of Corning China

In April, it acquired a manufacturing facility in Hainan province for its fiber optics business from South Korean giant Samsung Electronics Co Ltd.

It also kicked off construction on a new LCD glass substrate finishing facility in Chongqing in June.

"The investment will help us better cater to the growing market for LCD substrates in China, since we have a localized supply chain here," Li said.

Lu Jinyong, a professor at the University of International Business and Economics in Beijing, said the company's innovation strength and a booming global LCD market have provided the impetus for strong growth in sales.

"Even though many industries suffer heavy losses caused by excessive production, companies with added-value products and unique technologies can still generate profits," he said.

The US company gained fame when Apple Inc's former chief executive officer Steve Jobs asked Corning to set up a new plant to supply cover glass, known as Gorilla Glass, a specialized toughened glass designed to be thin, light and damage-resistant, which was introduced in iPhones in 2007.

Corning now supplies most of the smartphone producers, but also faces challenges from makers of sapphire screens, who claim that sapphire is a better cover glass and more scratch resistant.

To maintain its dominance in the market, Corning will introduce a new product called phire, which will have the combined strength of its existing Gorilla Glass with added scratch-resistance features.

LEISURE

Fans cheer their team in a pub in Newcastle, the United Kingdom. LeTV Holdings Co Ltd has won the rights to broadcast the English Premier League for the coming three seasons in Hong Kong. PROVIDED TO CHINA DAILY

LeTV Sports gets EPL rights for Hong Kong

Three-year deal for airing soccer games from 2016 season may be worth $400 million, say experts

By LUO WEITENG
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LeTV Sports, the sports arm of China's biggest online video company LeTV Holdings Co Ltd, has snapped up the Hong Kong rights to the English Premier League soccer games for the next three years starting 2016, as part of its efforts to bring in new technology and securing a number of exclusive television properties.

Though LeTV did not disclose the exact terms of the agreement at a news conference in Hong Kong on Tuesday, industry sources said it could be as high as $400 million-plus for the three years, more than double what the current rights holder PCCW's Now TV paid for a similar three-year deal.

Beijing-based LeTV is aggressively expanding into the Hong Kong pay TV market, which has been dominated until recently by Now TV and i-Cable.

Cheng Yizhong, the newly appointed CEO of LeTV Sports in Hong Kong, said that LeTV will also webcast some Premier League matches in ultra high-definition quality during the 2016-17 season.

LeTV, which started out as an online video platform, has since evolved into a smart TV maker and diversified into segments such as smart bicycles, vehicles and smart phones.

Having evolved from a page on the Leshi movie and TV site letv.com in 2012 into a separate entity streaming live sports events, including National Basketball Association and National Collegiate Athletic Association basketball games from the United States, LeTV Sports is now shifting toward an all-round sports media business.

Acquiring the broadcast and media rights for exclusive sports events seems to be the way ahead for LeTV in what is otherwise a highly competitive market. However, it will face stiff competition from similar services owned by Alibaba Group Holding Ltd, Tencent Holdings Ltd and Dalian Wanda Group Co.

In January this year, Tencent beat LeTV Sports with $500 million for the rights to broadcast NBA games in the Chinese mainland for the next five seasons, despite LeTV Sports offering $600 million.

> ...there is a possibility that customers could actually benefit from the latest deal."
>
> **Huang Jinyang,** an English Premier League viewer in Shanghai

$125.5 million

record funding raised by LeTV in May this year from a group of investors

As one of China's fastest-growing and most acquisitive video-streaming startups, LeTV Sports' merry-go-round to beef up its presence as an all-round events rights holder is mind-blowing.

As of July this year, it is reported to have handled broadcast and media rights for as many as 200 events and nearly 10,000 matches for live broadcast, ranging from golf's US Open, cycling's Tour de France, and three years of tennis' Wimbledon Championships to the Boston and New York marathons, and Shenzhen International Marathon.

At the same time, the company also needs huge cash flows to pursue its sports ambitions. In May this year, it raised 800 million yuan ($125.5 million) as funding from Wanda Investment, the venture capital fund supported by Chinese billionaire Wang Jianlin, and Alibaba's Jack Ma-backed Yunfeng Capital, valuing the video-streaming business at 2.8 billion yuan and setting a record for fundraising in the Chinese sports industry.

Huang Jinyang, an EPL viewer in Shanghai, believes the emergence of a new player and distributor like LeTV Sports in the TV market is a good thing as it allows content owners to distribute to a mass audience without huge investments on cable TV networks.

"The broader picture may not be very clear so far, but there is a possibility that customers could actually benefit from the latest deal," said Huang.

BEVERAGES

Changyu snaps up Spanish wine firm

By SHI JING in Shanghai and JU CHUANJIANG in Jinan

Yantai Changyu Pioneer Wine Co Ltd, a leading Chinese wine producer, has stepped up its overseas moves with the acquisition of Marques del Atrio, a wine company in Spain.

Changyu, which has more than 100 years of history, was established in 1892 by Chinese diplomat Zhang Bishi. Since then, it has made its presence felt at several international exhibitions.

Marques del Atrio products have been sold to more than 40 countries, with overseas revenue accounting for about 55 percent of its total revenue. The Spanish wine company also has close ties with leading global retailers like Carrefour SA and Tesco Plc.

The acquisition follows Changyu's takeover of France-based Roullet-Fransac Cognac in 2013. According to Zhou Hongjiang, general manager of Changyu, the acquisition will further Changyu's globalization strategy. He, however, did not disclose any details on the acquisition price or other terms of the deal.

Responding to questions that Marques del Atrio takes up less than 1 percent of the wine market share in China, Zhou said Changyu will try to change this by introducing more Spanish wine products that are popular in Europe and North America.

"Changyu should possess a number of world famous brands if it wants to become a top-rated winery in the world. Excellent grape-growing regions are not easily available anywhere in the world right now. Changyu must invest more to acquire such resources. Only by having a well-stocked global wine portfolio can the company effectively compete with its peers. They are also important from a long-term growth perspective," said Zhou.

Yan Wei, a senior analyst at Shanghai-based Guotai Junan Securities Co, estimated that Changyu's overseas annual capacity will reach 20,000 tons once the Spanish acquisition is complete.

Holding a global vision and seeking more cooperation in the international market have been the new targets for Changyu in recent years. Five imported wine divisions have been set up in Yantai — Changyu's headquarters — earlier this year to take charge of the investments in the five major wine regions, including France, Spain, Italy, Australia and the United States.

The total volume of imported wine was up 44 percent year-on-year in China during the first seven months of 2015, while the average prices dropped 16.4 percent, according to statistics provided by Shenzhen-based Ping An Securities Co. As the inventory of imported wines accumulated in 2013 and 2014, has been gradually digested, imported wines are expected to see another surge in the next few months, resulting in another increase in prices.

"The acquisition of Marques del Atrio is part of Changyu's globalization strategy. The company will probably continue with other acquisitions in the future," said Zhang Yuguang, a senior analyst at Ping An Securities.

Changyu's interim results showed that its sales revenue rose 22.8 percent year-on-year to reach 2.83 billion yuan ($443.8 million) in the first six months of this year.

According to the Hurun Most Valuable Chinese Brands 2015 list, Changyu remains the most valuable privately owned wine brand in China, with market value of about 6 billion yuan.

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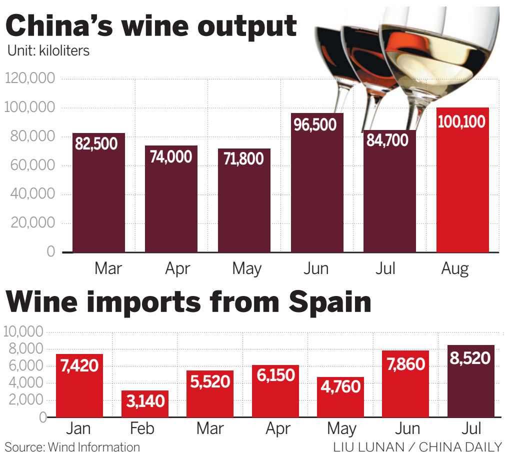

FINANCE

Regulator may step up action as Fanya crisis spooks investors

By LI XIANG
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The securities regulator is likely to intensify its crackdown on unregulated equity and commodities exchanges, after a 40 billion yuan ($6.25 billion) asset default at a rare metals exchange triggered widespread protests from investors.

On Monday, hundreds of investors from across the country gathered outside the office building of the China Securities Regulatory Commission, demanding return of the money that they had invested in high-interest rate financial products sold by the Fanya Metal Exchange located in the southwestern city of Kunming in Yunnan province.

The exchange has ceased to pay back investors' funds and investment proceeds from its financial products that promised an annual return as high as 13.6 percent. It is estimated that the Fanya scandal may involve more than 200,000 investors nationwide with total investment value exceeding 40 billion yuan.

The Fanya fallout has triggered fears that the exchange's financing scheme could turn out to be a widespread Ponzi scheme in China's financial market.

Fanya, established in 2011, claimed itself as the world's largest trading platform of minor metals including indium and bismuth, with a cumulative transaction value of 325.7 billion yuan.

However, the exchange's operation has served as a financing scheme that used metals deposited with it as collateral to offer loans while funneling funds from retail investors by selling high-interest rate investment products.

The sharp slide in international commodity prices and the previous bull run of China's stock market had led to a collective fund withdrawal by investors, and the exchange stopped its payments to investors in July due to liquidity problems.

> The business of Fanya itself did not generate any profits."
>
> **Executive** at a mining exchange requesting anonymity

"The business of Fanya itself did not generate any profits. Operation relied on new capital brought in by new investors to pay returns to its investors," a senior executive at a mining exchange told China Daily on condition of anonymity.

"Fanya tried to stockpile rare metals to monopolize the supplies and prices but it failed to do so.

"Since there are no real buyers of the metals at the prices stipulated by Fanya, as they were much higher than prevalent market rates, it led to a gradual depletion of its money chain," the source said.

Li Shuguang, a law professor at the China University of Political Science and Law, said that the Fanya incident will likely prompt a massive campaign by the central government to clean up the exchanges that engaged in illegal and unauthorized activities.

The establishment of Fanya was approved by the local financial authorities of Yunnan province. Shan Jiuliang, the 51-year-old founder and president of Fanya, did not respond to press inquires after investors' protest on Monday.

The CSRC, the country's top securities regulator, has not issued any statement regarding the Fanya case.