### SPECIAL FEATURE

**5** Xi Jinping’s Generals by BO Zhiyue

*Since he became commander-in-chief in November 2012, Xi Jinping has promoted altogether 11 generals in three batches. The promotion of the third batch came in the shadow of expelling Xu Caihou, former vice chairman of the Central Military Commission and Politburo member, from the Party.*

**13** The Military Role in China’s Foreign Policy-Making by YOU Ji

*The PLA role in China’s foreign policy is integral and deep. Politically it follows overall civilian primacy in foreign policy-making. Militarily the PLA sticks to assertiveness/war aversion dynamics in tackling external security threats, especially over territorial disputes. Functionally, the PLA abides by a top-down division of labour with diplomats.*

### ESSAYS

**26** Does Privatisation Affect Earnings Management of State-owned Enterprises in China? by CHEN Chien-Hsun

*The degree of control that the state is able to exert over the company will diminish after privatisation. The concentrated ownership structure and the strong political and economic connections between the government and listed companies are the main causes of earnings management in China.*

**39** China’s State-owned Enterprise Mixed Ownership Reform by ZHENG YU

*While some central SOEs and local governments have unveiled their plans to diversify ownership structure, the success of the reform hinges on how the government resolves two credibility problems: one is to restore credibility to the reform commitment and the other is to convince private investors that their interests will be sufficiently protected.*

**51** China’s Hukou Reform: New Guidelines and Implications by ZHAO Litao

*China released the National New-Type Urbanisation Plan (2014-2020) and the State Council Opinion on Hukou Reform in 2014. The new leadership adopts a tiered approach to hukou conversion, ranging from full liberalisation in towns and small cities to strict control in mega cities.*
“Youth Drain” and its Implications for Regional Disparity by LU Ding

China’s domestic migration in recent years has featured the migration of working-aged workers from the rural areas to cities and from the poor regions to the rich ones. Poor regions thus saw their elderly dependency ratios as well as median population age rise faster than that in the rich regions.

Women’s Participation in China’s Budgeting Process by GUO Xiajuan

Three participatory gender budget (PGB) models have evolved: the “outsider model”, the “insider model” and the “integrated model”. Zhejiang’s Wenling experiment has accelerated the fulfilment of government’s commitment to gender equality, executed some adjustments to the government budget, enhanced equal resource distribution and empowered women in the budget-making process.

China Upgrades Bilateral Investment Treaties to Promote its Growing Outbound Investment by Sarah Y TONG

Being a major recipient and an important source of foreign direct investment (FDI), China shifted its policy focus from attracting FDI inflow to facilitating and protecting outbound FDI. The shift is reflected in China’s efforts to negotiate and to upgrade its bilateral investment treaties (BITs), especially the decision to revive the China-US BIT negotiations.

Rising Terrorism and China’s New Policy in Xinjiang by SHAN Wei and PING Xiaojuan

Since May 2014 Beijing has promulgated its two-pronged new policy plans in anti-terrorism and social development in Xinjiang. One involves heavy-handed tactics and fierce crackdown campaign. The other is the announcement of a new social and economic policy package.

China’s Asian Infrastructure Investment Bank: East Asian Responses by LAM Peng Er

In an era when the US superpower and Japan are facing fiscal problems, China has ample funds to woo Asian states seeking economic development. Notwithstanding its maritime disputes in the South China Sea with some ASEAN states, Beijing has offered the carrot of development as a means to serve its geopolitical ends.