



津衛商務

Insight Into a Changing Tianjin

BUSINESS JOURNAL TIANJIN



The Power of Communication

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Scott Kronick

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MANAGING DIRECTOR: J. Hernan

MANAGING EDITOR: Jamie Michael Kern

SENIOR EDITOR: Wang Na

EDITOR: Zhao Jing

CONTRIBUTORS: Joe Escobedo, Joei Villarama, Regina Gonçalves, Mansi Sethi, Simon Bai, David Kwon, Michael Hart, Stefanie Zou, Begoña Suso Lázaro, Yunjie Si, Mark Gao

GRAPHIC DESIGN: Li Kechao

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For extra copies please contact:
distribution@businesstianjin.com

For editorial enquiries please contact:
editor@businesstianjin.com

For advertising enquiries please contact:
sales@businesstianjin.com

For projects and suggestions please contact:
gm@businesstianjin.com

Dear Reader,

Recent growth and development in Tianjin has been aimed at industry specialization. As such, we at *Business Tianjin* have made a move to further specialize our monthly content for you.

For the month of August we begin distribution of *Tianjin Plus*, Your Guide to the City. This supplementary publication focuses on all the finest in lifestyle and leisure activities that Tianjin has to offer. Now, when searching for a local hotel, theater, school or restaurant review, we hope you'll turn first to *Tianjin Plus*. You can still always find full coverage of local and national industry news in every issue of *Business Tianjin* magazine.

Of greatest impact to the city last month was the founding of Tianjin Airlines. The new airline anticipates a major share of business passengers traveling between manufacturing and shipping bases such as Tianjin. Read all about it in this issue's competition article.

This month we highlight a few local SMEs and offer legal advice on how to fund such ventures, with a special focus on online retailing. Several important meetings held in the city last month have also been reviewed in our event reports.

As always, we welcome your input and inquiries. If you are interested in contributing to a future *Business Tianjin*, or just have questions or comments on an article, please don't hesitate to reach out to us at the contacts on this page.

Sincerely,

Jamie Michael Kern

Managing Editor – Business Tianjin



Mooncakes

Celebrate this mid autumn festival with our delicious mooncakes with gorgeous and traditional packaging. Surely an ideal gift for this auspicious celebration.

- Deluxe Mooncake, RMB 208 per box, early bird Promotion RMB 198* per box
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TIANJIN NEWS

Raffles to open 2nd China hotel



Raffles Hotels & Resorts will open the Raffles Tianjin hotel, slated to be "the city's first penthouse hotel" in February 2010. Located on the 32nd-45th floors of the Tianjin Centre, at the junction of Nanjing Road and Guiyang Road, Raffles Tianjin is the company's second hotel in China, following Raffles Beijing Hotel. The 116-room hotel will feature a rooftop restaurant and bar with "sweeping views of the city," and a Raffles Amrita Spa.

- *BizChina-Update*, 30 June

Brandenburg music ensemble



The five musicians of the Jacaranda ensemble, a group from the Brandenburg Symphonic Orchestra, held their final concert in Tianjin after their tour through China. The ensemble played in the Bin Hu Theater on 13 July, followed by a reception by the German Business Circle (DUT). Interesting stories and cultural experiences were told by the group members of their tour, during which they performed in Guangzhou, Shenzhen, Wuhan and Chongqing. The group plays unusual instruments: an alphorn, didgeridoo, saxophone and percussion. The ensemble had previously performed in Tianjin in 2007.

- 13 July

Old town to return to heritage

A historic fishing town in Tanggu district, Tianjin, is slated to return to its roots, yet also become a modern recreation, commercial, exhibition and conference hub. The centuries-old town of Beitang is well known for its fresh seafood, especially to residents of Beijing and Tianjin, and Hebei province. Policymakers plan to rebuild Beitang as part of massive efforts underway to redevelop wide swaths of the municipality, one of only four cities under direct administration of the central government. "Beitang boasts historical heritage, geographic advantages and brand power as a tourism and recreational place," said Zhang Jiaying, head of Tanggu district government.

- *China Daily*, 2 July

Crude oil reserve tanks



Tianjin municipality plans to start the construction of a tank farm to accommodate 3.2 million cubic meters of state strategic crude reserves, the city government said on 3 July. Alongside the state tanks, Sinopec Group will build another tank farm in Tianjin to hold 3.2 million cubic metres (20.16 million barrels) of commercial crude reserves as well as 2 million cubic metres of refined oil products reserves, the city government said in a news letter published on its website (www.tj.gov.cn). The total investments will hit 10 billion CNY (1.5 billion USD).

- *Reuters*, 6 July

Keppel to build waste-to-energy plant

Keppel Seghers Belgium N.V., a wholly-owned subsidiary of Keppel Integrated Engineering (KIE), has se-

cured an 11 million EUR (15.4 million USD) contract to provide technology to a waste-to-energy plant (WTE) in Hangu, Tianjin. The contract was awarded by Tianjin Binhai Environmental Industry Development. Located in TEDA, the plant will have three incineration lines which combined will be able to treat 1,500 tonnes of municipal waste per day to generate more than 20 MW of green energy. It is expected to be operational in 2011. Keppel Seghers will provide equipment for the furnace, boiler and flue gas cleaning components of the plant.

- *Energy Current*, 6 July

Bank of Tianjin approved to open Shanghai branch

The Bank of Tianjin, formerly known as Tianjin City Commercial Bank, announced it has received approval from the China Banking Regulatory Commission, China's banking watchdog, to open a branch in Shanghai, its third outside Tianjin. One of the largest city commercial banks in China, Bank of Tianjin, with 69 main branches and a total of 184 banking locations, has made an impressive performance in recent years. Its expansion into Shanghai shows its determination to strengthen its financial position and its strong support from the government.

- *China Daily*, 7 July

Binhai animation theme park

The first National Animation & Cartoon Park, aspiring to be the "Disney World" of China, held its groundbreaking ceremony in Binhai New Area on 1 July. Cai Wu, Minister of Culture, and Huang Xingguo, Mayor of Tianjin, attended the ceremony. The park, covering 1 sqkm and containing 620,000 sqm of floor space, will be completed in three to five years. Upon completion, it will be a center for researching, producing and trading cartoons, games and animation products, as well as a training base for IT talent. According to the blueprint, the park will include

sections for American, European and Chinese comics and animation, and a Creativity Zone.

- *China Daily*, 7 July

Eco-City JV with Farglory Land Development Group



Sino-Singapore Tianjin Eco-City Investment and Development (SSTEC) and Farglory Land Development Group Shanghai, which is backed by Farglory Group, Taiwan's largest property developer, will collaborate to create a sustainable "live, work

and play" community in the Tianjin Eco-City. The two companies will work together on an integrated development covering more than 100 ha of residential and commercial land, of which more than 70-ha is located within the Eco-City's 4 sqkm Start-Up Area (SUA). This exciting project will offer various housing options for the new residents and serve as the hub of play activities for the Eco-City. Major land plots within the SUA will be developed by 2013 and the overall development is expected to be completed by around 2015.

- 8 July

Okay to receive 200m CNY investment

Okay Airways Chairman Wang Junjin said the Tianjin-based carrier will add one or two new investors within two months who will provide a capi-

tal injection of 200 million CNY (29.2 million USD) to bolster the troubled airline. The Tianjin municipal government reportedly is one of the potential investors and is expected to purchase a 40% stake, but Wang refused to confirm this. Okay currently has a registered capital of 300 million CNY. Juneyao Group, of which Wang is also chairman, controls a 63% stake, while Beijing Dadiqiao Investment and three other individuals hold the remainder. Asked if the capital injection will dilute Juneyao's holding, Wang said, "It is not important whether we are the controlling stakeholder or not after the capital injection. It's more important for Okay to maintain stable growth."

- *ATW Online*, 9 July

Freelance Writers Needed



- English speaker with experience in reporting and editing
- Basic knowledge of Chinese language and culture are a plus

Insight Into a Changing Tianjin
BUSINESS TIANJIN

If interested, please email your resume and writing samples to
editor@businesstianjin.com

FINANCE**Oil reserves to increase 160% over 5 years**

China plans to increase strategic crude oil reserves by 160% to 270 million barrels during the next five years, said an unidentified official from China's National Energy Administration. China will spend 30 billion CNY (4.39 billion USD) for stockpiling facilities with a capacity to hold 169 million barrels. China Petrochemical Corp., China National Petroleum Corp. and other companies will construct and use the storage sites.

- *Bloomberg*, 29 June

First cross-border CNY transactions

China formally allowed the use of the yuan to settle cross-border trade on 6 July, and three Shanghai-based firms completed transactions using the currency. Cross-border transactions are an important step toward promoting the CNY as a regional currency and reducing China's dependence on the USD. Now that dollar-denominated trade financing has dried up globally, yuan settlement will allow China's highly liquid banking sector to offer finance in CNY and help keep the country's export sector humming.

- *The Wall Street Journal*, 7 July

Manufacturing ticks up

China's manufacturing ticked up in June from the previous month, helping drive a recovery in the country's economy. The Purchasing Managers' Index rose to 53.2 in June from 53.1

in May, said the China Federation of Logistics & Purchasing on 30 June, exceeding the boom-bust threshold of 50 for a fourth straight month. It was below that level from October to February, when China's economy slumped. The report is the latest indication that China's economy continues to regain momentum, helped by the government's 4 trillion CNY stimulus plan. That's a good sign for other Asian countries, which have their hopes pinned on a revival in Chinese growth supporting a recovery in the region.

- *The Wall Street Journal*, 1 July

Mid-June steel output hits 2009 high

China's steel output hit 1.522 million tonnes per day between 11 and 20 June, the highest daily output this year, according to data from the China Iron & Steel Association. The rate of output is equivalent to an annual production of 555.5 million tonnes, more than 10% above the 2008 output of 500 million tonnes, and sets a pace that could leave June close to the all-time record for monthly steel production. The accelerating rate of steel production will further weaken the case for a 40% cut in annual iron ore prices that CISA is demanding in talks with top mining firms, which have run past a 30 June deadline without agreement. CISA wants Rio Tinto, BHP Billiton and Vale, the companies that control most of the global iron ore trade, to cut prices back to 2007 levels, which would mean a deeper cut in 2009 prices than many other steel mills have accepted.

- *Reuters*, 2 July

CNPC to bid up to 14.5b USD for Repsol YPF stake

China National Petroleum (CNPC), the country's largest oil company, has offered to pay between 13.2 billion USD and 14.5 billion USD for a 75% stake in Spanish oil major Repsol's Argentine unit YPF. Executives from CNPC, the parent firm of top Asian oil and gas producer PetroChina, and Repsol have begun talks over the offer and the initial reaction from Repsol's board members has been receptive. But Liu Weijiang, a CNPC official in charge of responding to foreign media inquiries, said that he did not have any information on the deal. The bid is lower than the 17 billion USD offer that CNPC was prepared to make.

- *Reuters*, 7 July

China seeks GM technology with Opel bid

Beijing Automotive Industry Holding said in a document outlining a takeover offer that access to GM's advanced technology was the "key driver" for its bid, which is aimed at outpacing Canadian auto supplier Magna International in the race for Adam Opel GmbH. According to the document, GM would have to "license all alternative propulsion technologies (i.e. hybrid, fuel cells)" to Opel, including the new company's planned Chinese operations. Beijing Auto plans to invest 2.25 billion USD in Opel in China to ramp up production there by 2015.

- *The Wall Street Journal*, 8 July

LAW & POLICY

China allows CNY trade settlement, offers tax breaks

The central bank allowed companies to undertake settlement of cross-border CNY trade and offered them tax breaks, seeking to reduce the reliance of importers and exporters on the USD. The People's Bank of China began encouraging banks to offer yuan settlement services on 2 July. Tax authorities are working on the specific regulations for rebates. China is promoting greater use of the yuan in international trade and finance after Premier Wen Jiabao in March expressed concern that a weakening dollar will cause losses on holdings of US assets. A Chinese Foreign Ministry official said on 2 July he hoped the greenback would remain stable, while reiterating a call for diversification of the international monetary system.

- *Bloomberg, 2 July*

CPC issues new corruption rules

The ruling Communist Party of China (CPC) made public on 12 July three regulations to promote Party officials' accountability and state-owned enterprise leaders' honesty, as well as strengthen inspection work inside the Party, aiming to curb corruption and improve government competence. According to the new regulations, officials will be given even more severe punishment if they interfere with the investigation of their misconduct, forge and hide evidence or take revenge on whistleblowers. Officials with serious misconduct will be transferred to judicial departments for further investigation and punishment if their misconduct is deemed criminal. Officials have the right to testify for themselves before an accountability decision is made, and "reasonable opinions" will be taken into account, said the regulations.

- *China Daily, 13 July*

Regulations may take sheen off online gaming



Summer is always a carnival for online gaming operators as millions of Chinese students indulge themselves lavishly in virtual worlds. But the festivities may be disrupted this year following regulations banning online casino gambling and restricting the use of virtual currency. The Ministry of Commerce and Ministry of Culture announced new regulations on 26 June to curtail trading in virtual currencies, prevent online gambling



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and restrict virtual currency from being exchanged for cash or used to buy real goods. The regulations are expected to have a severe impact on the online gaming firms, which rely heavily on the sales of virtual items. "The regulations will have a significant impact on the online gaming market, as about 90% of the games operated in China have features based on odds and probability," said Yu Yi, analyst with Analysys International, a research firm.

- *China Daily*, 11 July

LOGISTICS

DHL unit to add 10 transit hubs in China



DHL Supply Chain, the logistics unit of Deutsche Post AG's Deutsche Post DHL, plans to add 10 transportation hubs in China by year-end to meet growing demand for domestic shipping. "Our customers are growing in China, which is one of the fastest-growing markets for DHL," said Victor Mok, executive vice president of DHL Supply Chain Greater China, at the opening ceremony of the firm's 25 million USD hub in Shanghai for transportation in eastern China. DHL Supply Chain, which focuses on warehousing and road transportation and distribution, also operates four major China transportation hubs in Beijing, Guangzhou, Tianjin, and Wuhan.

- *The Wall Street Journal*, 30 June

Railway stations to offer airport check-in

Railway stations in big cities near Shanghai will soon become check-in

points for air travelers under a groundbreaking plan. The government-supported project aims to lift liaison between air and rail traffic. Luggage can be left at some out-of-town railway stations that would in a way become remote check-in terminals for Shanghai's Hongqiao and Pudong international airports, according to the project. Shanghai Airport Authority, the local airport operator, said 29 June that a joint panel from the Shanghai construction and science commissions had agreed on the feasibility of the project steered by the authority. The authority also said 29 June that some pioneering efforts may kick off before next year's World Expo. Eight cities – Nanjing, Zhenjiang, Changzhou, Wuxi, Suzhou, Kunshan and Jiaxing in Jiangsu Province, and Hangzhou in Zhejiang Province – have been targeted first in the project.

- *Shanghai Daily*, 30 June

June exports down 21.4%

China's exports and imports fell again in June but declines were less severe than in May, data showed on 10 July, adding to signs the world's third-largest economy is recovering from its slump. Exports fell 21.4% in June from a year earlier, the Official Xinhua News Agency reported, citing the Chinese customs agency. That was an improvement over May's record 26.4% decline. China's trade collapsed in late 2008 as the global consumer demand plunged, wiping out millions of factory jobs. Analysts say a full-fledged recovery will have to wait until China's key US and European export markets rebound. "Overseas demand still hasn't recovered yet," said Hu Xiaoyue, an economist at Shanghai Securities. "The role of exports in economic growth will continue to weaken."

- *AP*, 13 July

TELECOM & TRANSPORTATION

China Telecom in BlackBerry talks



China Telecom said on 25 June it is in "preliminary contacts" with Research In Motion to offer BlackBerry devices in China. China Telecom, China's largest fixed-line operator by subscribers, has been striving to introduce more handset models to drive its newly acquired mobile business from China Unicom in October. Chief Executive Wang Xiaochu said the company plans to launch 30 new third-generation mobile phone models between June and August, with Motorola and Nokia among the suppliers. Analysts said the BlackBerry is just "another handset choice," which shouldn't have much positive impact on China Telecom's mobile operation.

- *The Wall Street Journal*, 29 June

Airlines call for fuel surcharge

Airfares for China flights may rise soon as a result of surging jet fuel prices. Some domestic airlines have applied to resume fuel surcharges on domestic routes to offset higher fuel expenses that could cost the industry as much as 7 billion CNY (1.02 billion USD) a year. China Southern Airlines, the country's biggest carrier by fleet size, has applied to the regulator to re-institute fuel surcharges, Chairman Si Xianmin confirmed this week. The airline is likely to feel more pressure from the fuel price increase than others because it operates more domestic flights than its competitors. Air China, the country's flagship interna-

tional carrier, also said it will submit an application to authorities to resume the surcharges. The jet fuel run-up is expected to cost China Southern an extra 1.41 billion CNY a year, Air China 780 million CNY, Shanghai-based China Eastern Airlines 680 million CNY and Hainan Airlines 390 million CNY, said Wu Li, an analyst at Guotai Junan Securities.

- *Shanghai Daily*, 3 July

China Eastern offers 9b CNY for Shanghai Air



China Eastern Airlines offered about 9 billion CNY (1.3 billion USD) for Shanghai Airlines to become the na-

tion's second-biggest carrier and gain control of about half of air travel in the nation's financial capital. The carrier will exchange 1.3 new Shanghai-listed shares for each share of the smaller airline, it said. That's a 17% premium based on the two state-controlled companies' closing prices on 5 June. China Eastern also plans to raise about 1 billion USD selling new shares. Both stocks rose by the 5% daily limit on optimism the combination would ease competition in Shanghai and help China Eastern raise fares. The government backed a deal after bailing out the two airlines, which had combined losses of 16.5 billion CNY last year.

- *Bloomberg*, 13 July

Ericsson wins \$1.7b deals with Chinese operators

L.M. Ericsson Telephone said on 8 July that it has won deals totaling

1.7 billion USD to deliver 2nd and 3rd generation mobile communication equipment to Chinese operators China Mobile Communications and China Unicom, indicating rapid growth on the country's telecom market. Mats Olsson, the Stockholm-based equipment vendor's president for Greater China, told Dow Jones Newswires that the value of the deals is roughly equivalent to Ericsson's entire sales in the country during 2008, adding that "this reflects the growth we feel in China." The framework contract with China Mobile, valued at 1 billion USD, includes products and solutions to expand the company's networks in 18 Chinese provinces. Under the framework agreement with China Unicom, valued at 700 million USD, Ericsson will upgrade the operator's GSM networks in 10 provinces and provide GSM/WCDMA networks and wire-

German Language for Young and Old Yaohua Middle School and the PASCH-Network Partnership

The morning of 8 July saw a celebration of the newly established partnership between

Yaohua Middle School and the PASCH-network. The German government's PASCH – Schools: Partners for the Future – initiative aims to establish a worldwide network of 1000 partner schools which include German language in their teaching schedule and awaken young people's interest in and enthusiasm for modern day Germany and German society. With the signing ceremony on 8 July 2009, PASCH heartily welcomed the outstanding and well-renowned Yaohua Middle School, which has already incorporated its first German classes into its curriculum. To commemorate the event, speeches were given by the Head of the Culture Department of the German Embassy, Mr. Martin Fleischer, and the Deputy Director of the Goethe Institute, Dr. Clemens Treter, as well as Mrs. Ren Yiyi, the principal of Yaohua Middle school. The German spirit was alive and well throughout performances that included plays about the importance of being environmentally friendly and songs by Yaohua Middle School students displaying their German language skills. German representatives from the Goethe Institute were also treated to traditional Chinese song and modern dance.

“Guten Tag!”

The display of German language study possibilities during the Open Visitor Day at Goethe Language Center at Tianjin Foreign Studies University invited all interested parties to sit in on classes with native and Chinese German teachers. Visitor Day featured a photo exhibition of UNESCO world heritage sites in Germany and documentaries on German lifestyle, cities and landscapes. Mr. Fleischer's presentation, "Germany as a country of culture and German-Chinese relations," improved the insight into the manifold faces of German society, and the richness of nature, activities and interests in Germany. Given the clear structure and imaginative personal style of speech, attendees found their language skills sufficient to understand even details, and felt encouraged to ask questions about Chinese language promotion in Germany, access to German film material and the difficulties of APS student entry tests into Germany.

The purposes of the day – to enhance awareness of Germany as an attractive economic and cultural country, to demonstrate language study possibilities and to start another German-Chinese intercultural dialogue – were fulfilled and will be carried on in the continuous cooperative work of schools and language centres.



less access system in 15 provinces.

- *The Wall Street Journal*, 8 July

Airbus starts construction on new China plant



Airbus on 30 June started construction of a 350 million USD component plant in Harbin, one week after it delivered its first Tianjin A320 plane assembled in China. The composite manufacturing facility, in which Airbus holds 20% stake, will produce components for the A350 XWB, a wide body plane, and the A320 family, a single-aisle aircraft. Harbin Aircraft Industry Group, Hafei Aviation Industry, AviChina Industry & Technology and other Chinese partners hold the balance 80% stake. The new plant, scheduled to be operational by the end of 2010, is part of the world's 2nd biggest aircraft maker's commitment to locally manufacture 5% of the A350 XWB airframe under an agreement reached with the Chinese government in 2007. The plane maker, Barron said, is also considering setting up a logistics center in Tianjin.

- *China Daily*, 2 July

June car sales up 48.5%

China's passenger car sales in June rose 47.7% from a year earlier as government stimulus measures boosted consumption. Growth in China's vehicle market, the world's largest, slowed in 2008 to its lowest annual rate in more than a decade as the global financial crisis took its toll. Demand has rebounded since February, helped by government supportive measures, including halving the sales tax on small cars and subsidies for buyers in rural areas.

- *Reuters*, 9 July

GM H1 China vehicle sales up 38% y-o-y

General Motors said on 1 July that its China vehicles sales rose 38% in the first half of 2009 from a year earlier as China's stimulus policies boosted automobile demand. GM sold 814,442 vehicles in China in the January-June period, an all-time first-half record, it said in a statement. It gave no figures for the month of June, after reporting a 75% rise in May sales and 50% growth in April. "China's vehicle market continued to outpace most expectations," said Kevin Wale, president and managing director for GM's China operations. The Detroit automaker, hit badly by a steep global industry downturn, filed for bankruptcy in June with a US federal court.

- *Reuters*, 1 July

GENERAL

Airbus Innovation School



On 24 June, Airbus officially dubbed Jinfeng Primary School in China's Sichuan province as "Airbus Innovation School". Airbus (Tianjin) Final Assembly attended the naming ceremony. Airbus decided to sponsor the school, which was shattered by last year's earthquake, and entered into a long-term partnership to support its development. Airbus' donation of 500,000 CNY will be used for the reconstruction of the school and to purchase equipment needed to create the framework for its information technology facilities. With the support of central and local government, Jinfeng Primary School will be rebuilt in time to reopen for the fall

2009 semester. The new school will be 4 times larger than the old one and offer much-improved facilities.

- 29 June

Shanghai World Expo tickets on sale

Tickets for the 2010 World Expo in Shanghai went on sale to individuals on 1 July. The tickets are sold by China Mobile, China Telecom, Bank of Communications and China Post in 2,796 outlets. Tickets can also be purchased online or by telephone, said Chen Xianjin, deputy director of Shanghai World Expo Affairs Coordinative Bureau. Blue tickets for the fair's opening and closing and special dates (1-3 May, 1-7 and 25-31 October) cost 200 CNY (about 29 USD). Yellow tickets for regular fair days cost 160 CNY (about 23 USD).

- *Xinhua*, 29 June

Rio Tinto employee to face espionage charge

An employee of mining giant Rio Tinto PLC being held in China is suspected of espionage. Stern Hu, general manager in China of Rio's iron-ore division, has been accused of stealing state secrets and could be charged, said Australian Foreign Minister Stephen Smith on 8 July. He is one of four Rio employees held by Chinese authorities since 5 July. Mr. Hu is an Australian citizen; the other three are Chinese citizens. The case is an unusual example of China's secretive national-security apparatus becoming involved with a multinational company.

- *The Wall Street Journal*, 9 July

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84,000,000

A record auction price of 84 million CNY (12.3 million USD) was achieved for a single Chinese painting in Beijing. The landscape painting by Zhu Da, also known as Bada Shanren (1626-1705), was sold to a private buyer at the Council Auction.



1,020,000,000,000

Combined CNY lending by China's big four state lenders reached 72.75 billion USD in June, with total lending in China exceeding 1.02 trillion USD in the first half of 2009.

400,000,000,000

With the issuance of new set of policies and more government investment, China will be doubling its traditional medicine output to 400 billion CNY (58.5 billion USD) in about ten years.

21,900,000

The new Transformers movie raked in 21.9 million USD in ticket sales within 5 days of opening in China, setting a record for English-language movies in the country and providing an unparalleled big-screen platform for General Motors cars, which are featured prominently in the movie.



3,000,000,000

Geologists have discovered an iron ore deposit with an estimated reserve of more than 3 billion tones, the largest in Asia, in northeast China's Liaoning Province. The deposit is said to last for more than 50 years.

1,500,000,000

Asian Development Bank and Citigroup have signed a "risk-sharing pact" that could provide over 1.5 billion USD by 2013 to support trade in developing Asia.

260,000,000,000

According to a recent report by MasterCard International, the total purchasing power of young Chinese women who are single or married without children is expected to rise from 180 billion USD in 2005 to 260 billion USD in 2015.



7

China plans to build seven wind power bases with a minimum capacity of 10 gigawatts (GW) each by 2020, in a move to dramatically increase the use of the clean energy. The seven bases will have combined capacity of around 120 GW and total investment around 1 trillion CNY (146.4 billion USD)

73

Residents of Nanning, capital of south China's Guangxi Zhuang autonomous region, crammed themselves into a shut car to win a prize of 500 CNY (73USD).



9

According to the latest global survey released by consultants Mercer, Beijing has been recognized as most expensive city for expats in China and was ranked 9th out of 143 countries surveyed around the world to be most expensive city for expatriates.

9.5%

Employers cut a larger-than-expected 467,000 jobs in June, driving the unemployment rate up to a 26-year high of 9.5%, suggesting that the economy's road to recovery will be bumpy.

116%

The real estate market is still growing in China. The market stood at 5.62 million sum in June 2009, rising by 116% y-o-y.



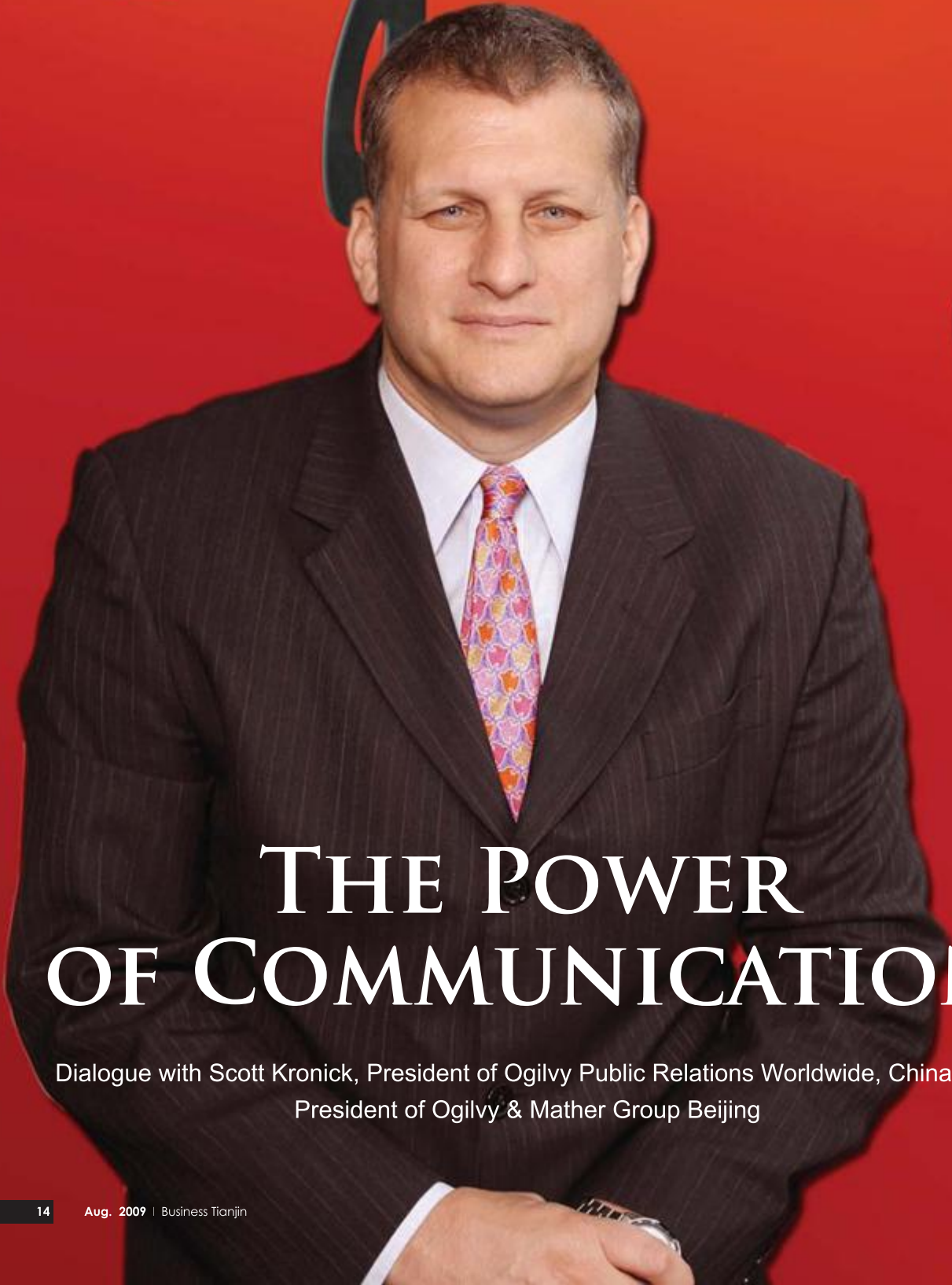
500

As per an Australian study, Earth's tropical zone is expanding rapidly. The tropics have widened by up to 500 km over the past 25 years, said researchers at James Cook University in north Queensland after examining 70 peer-reviewed scientific articles.

146

Beijing witnessed 146 "blue sky days" out of 171 days in the first half of the year, which means the city's residents breathed fewer pollutants than in the past nine years, an environmental official said. Air quality in first half of this year has been better than corresponding months over the last decade because of the steps taken during Olympics to control air pollution.





THE POWER OF COMMUNICATION

Dialogue with Scott Kronick, President of Ogilvy Public Relations Worldwide, China and
President of Ogilvy & Mather Group Beijing

Could you tell us about Ogilvy Public Relations Worldwide?

The Ogilvy Group is one of the largest marketing services organizations in the world. We provide advertising, customer relationship management, sales promotion, public relations and visual identity services to local and multinational clients in China.

Our company focuses on brand building, which includes how to build, protect, grow and establish brands. At Ogilvy, we provide 360-degree branding services which identify brand influencers and create a process for communicating to them through multiple channels – surrounding the target audience via media, public relations and word of mouth.

Our organization helps companies build market share in this very tough environment. Our business has recently been making a shift from traditional marketing to more new, digital marketing and we have a whole area of this company set up to do new media campaigns.

How did you come to be one of the two founding members of Ogilvy PR in China?

I started work at Ogilvy over 21 years ago. In 1991, I started working in Ogilvy's Taiwan office. At the time, we had clients beginning to do business in mainland China and we didn't have a physical presence in China, so I moved from Taiwan to Beijing to set up the Ogilvy PR offices in China in 1995.

If there is anywhere in the world you want to be in the PR business, it would be China. There is such a need for people to understand the benefits that brands bring, and clients understand that.



Scott was named "PR Agency Head of the Year" at the 2008 Asia-Pacific PR Awards. Ogilvy PR Beijing won "Consultancy of the Year" in the same year.



Paintings on exhibit at O Gallery, Ogilvy Beijing's purpose-built art gallery.

PR is key to successful development in China. What are Ogilvy's comparative advantages to Chinese PR agencies?

What makes Ogilvy different from the local firms is our global network, experience and exceptional training programs. About 95% of our staff is local and we provide global training and educate them about global best practices so that they can understand what's going on globally in order to better help brands.

In your four-year role as President of Ogilvy Public Relations Worldwide, China, what are the most valuable lessons you have learned?

- Seek to understand before making judgment. Communication breakdowns occur when people fail to assess the situation and make a quick judgment.
- A brand is not successful until the local market tells you so.
- It's impossible to run a good company without finding and nurturing the right team. Employment is a two way street: employees should work hard and be dedicated but at the same time the company has the responsibility to take care of its employees.

What is the greatest challenge you have to deal with in PR?

The most challenging case is when you have different view points from that of

the client's organization. You need to serve the organization right but "right" is subjective, especially when there are different voices involved.

Just start. A lot of people like to talk and not do anything.

In an interview with NPR in 2007 you mentioned that Chinese officials have taken steps to be more open with the public. How much progress do you feel has occurred since, and what areas can be improved?

The greatest thing about being in the PR business in China is being able to witness the evolution of the Chinese government as far as how Chinese

officials speak to the foreign media, their comfort level, and communication abilities.

What is your view on the "Great China Firewall", the system used by the Chinese government to control internet content?

People should have open access to information. I believe in free speech. As time goes on, I feel the system will become more open. It is all contingent upon people's comfort levels and their understanding.

A former colleague once said about you that you have a "remarkable record of hiring talent and pushing them to succeed." What methods do you use to ensure that staff are motivated and focused on the organization's objectives?

I care about leadership. People who are involved in the growth and the success of the company should participate in it. I think people who I work closely with feel that this is a fair and decent environment. Ogilvy has a lot to offer employees such as training, information, interesting clients and assignments. The company truly understands that the people are the product. The real essence of good management is just honesty. A great PR professional is someone who is forthright and honest. If you can find what a person's



Scott celebrates the launch of O-Gallery's newest exhibition with Shenan Chuang (center), CEO of Ogilvy & Mather Group China, and the featured artists and curator of the collection, May 2009.



ambitions are professionally and what they'd like to achieve personally, and make it so both goals are aligned, then it's a recipe for success.

Seek to understand before making judgment.

Creative talent is more difficult to manage; it's difficult to know whether employees are giving 100% or only 20% to their task. In a creative industry, how do you monitor and manage effort and efficiency?

Creative people need freedom and you need to give them room to be creative. The best creative people I've worked with have had discipline as well.

You were named PR Agency Head of the Year at the Asia

Pacific PR Awards for your work advising the Chinese government during the Olympics. But awards aside, what is your proudest moment working in China?

Every time we win a really big assignment it makes me very proud. Ogilvy won many Olympic sponsorship clients because of our strength in China. For me, I am proud about the clients we work with and the length of time we work with them. I also felt very proud for China when they won the Olympics.

What advice would you offer young people looking to start a PR career in China?

- Just start. A lot of people like to talk and not do anything.
- Be proactive and never accept no.
- Be curious.
- Do your research.

What are your future business plans and professional goals?

There is a theory of thought at Ogilvy in which the future of brands is towards reaching a broader ideal. The formula to creating this ideal is finishing the sentence, "The world would be better if..." My mission in life is to use my communication skills to bridge cultures. We at Ogilvy have a dream business and my goal is to make sure this dream business continues upon its path.

Are there any additional thoughts you would like to share with our readers and the business community?

Success can come from building more understanding. If someone wants to achieve something, the harder they work and communicate it, the more successful they'll be. Also, respecting the country in which you are operating is very important. ■

UP IN THE AIR

Profits, passenger loads are plummeting at China's big three carriers, so why is Tianjin getting a new airline?

By Mark Gao

It's going to get a lot easier to get in and out of Tianjin. That's because Hainan Airlines, China's fourth biggest carrier, has rebranded its subsidiary Grand China Express as Tianjin Airlines in a deal with local government worth 890 million USD in investment over the next three years. Based at Tianjin Binhai International Airport, the new airline says it will eventually fly a fleet of 100 aircraft on 500 routes. Incorporated in June, Tianjin Airlines promised in a press statement that it will mainly target business passengers traveling between second and third tier cities across China.

The HNA Group, parent company of Hainan Airlines, contributed 83% of the new airline's capitalization – the rest coming from Tianjin's government-run port authority. HNA has said the new Binhai-based company will help Hainan Air, also known as Grand China Air, add on the new routes it needs to become Asia's biggest aviation concern. This has long been the firm's stated goal since it drew in capital from international financier George Soros.

The new airline's pedigree is reassuring. Grand China Air was formed in 2007 when the HNA group's largest operational entity, Hainan Airlines, merged its operations with other HNA subsidiaries Shanxi Airlines, Chang'an Airlines and China Xinhua Airlines. Shares in Grand China Air are held by the Hainan provincial government (48.6%) as well as George Soros (18.6%) and the HNA group (32.8%).

Tianjin Airlines backers truly have big ambitions. But what of the timing? It comes online at a time when Chinese airlines are losing record amounts of money: the country's top three carriers lost 4 billion USD in 2008, prompting one of them, China Eastern, to agree on a merger with Shanghai Air. So does China need another airline? "Yes, there's room for another carrier," answers Albert Tjoeng, spokesperson for the International Air Transport Association (IATA) Asia Pacific office in Singapore. He points to China's geographic scale and a rising middle class as the fuel for future growth in the local aviation industry.





Currently, however, the aviation industry is going through trying times – particularly in Asia. IATA data for international scheduled traffic results for May shows passenger demand declining 9.3% year-on-year. International passenger load factors (the percentage of seats filled on aircraft) stood at 71.2%, down from 74.5% recorded in May 2008. Freight demand was down by 17.4% in May.

Recent outbreaks of swine flu have made the situation worse in Asia, which has bad memories of the SARS virus outbreak in 2003. According to IATA data, Asia Pacific carriers recorded a 14.3% year-on-year fall in demand in May, compared to 10% in North America. Though the region's carriers cut capacity by 9.3% the chop-back

did not keep pace “with the fall in demand driven by weak economies and the impact of swine flu on the region,” explains Tjoeng.

There'll be more tourists coming to an increasingly gentrified Tianjin.

It's unclear whether the new airline, officially launched on 10 June, will also offer cargo services. When its predecessor Grand China Express launched in May 2007 with a dozen 29- and 32-seat Dornier 328-300 jets, it vowed to become the country's largest regional airline, initially operating on 78 routes linking 54 cities. Now rebranded as Tianjin Air-

lines, it vows to take more than 90% of China's domestic regional aviation market. That explains the shopping spree for small regional jets.

Given that Tianjin boasts an Airbus assembly factory – the only one outside Europe – it may seem strange that Tianjin Airlines' jets are all made outside the city.

While it already flies 28 German-made Dornier 328-300 models, the Tianjin Airlines fleet will expand rapidly with orders for 82 jets from Brazilian-owned Embraer. Built in the northeasterly city of Harbin, 43 of the orders are for the Embraer E-190 model (of which Tianjin Airlines already has seven in service) which carries 105 passengers. The airline has 39 orders for the 50-person Embraer ERJ 145

model, of which it already has 11 in service. “This new airline wants to serve small cities so it will use small jets on short journeys,” explains Juan Silvestre, chief executive of Tianjin-based Box Inves, which advises Airbus. Yet while it appears to concentrate on short, speedy flights, the new airline has orders for eight Boeing 787 jets that will reportedly service its routes to Urumqi in far-western China. The Boeing jets are similar in range and carrying capacity to the Airbus A319 model.

Others have tried to build an aviation dream in Tianjin. OK Air, which became China's first privately-owned airline in 2005, has applied to China's aviation authorities to resume passenger services after suspending operations for six months since 6 December last year. The firm has been plagued by squabbles between investors “and its future is bleak, particularly if Tianjin Airlines proves a winner,” says the corporate loans manager of a foreign bank with a branch in Tianjin. The banker, who

declines to be named, points to government support as the key factor in newly launched Tianjin Airlines' favour. “Local government has a stake, they won't let it fail, certainly not for want of access to loans from state-owned banks.” It appears that Tianjin Airlines has the history and pedigree to be more successful – none of OK's backers, including the main shareholder, a Shanghai businessman, had an aviation background.

Hainan Air started out in 1989 with three Boeing 737-800s before bringing in private investors in 1993 to become China's first joint-stock air company. Hainan Airlines has since handed its jets into Grand China Air to form a fleet of 250 and become China's fourth largest airline. Grand China remains arguably the most enterprising of the country's airlines: with a headcount of 10,000 staff, also has a fleet of 50 Bombardier executive Learjets on private hire and holds a 25% stake in Haikou Meilan International Airport.

New routes may be needed since there'll be more tourists coming to an increasingly gentrified Tianjin. A regeneration of the city's colonial quarter has drawn praise from conservationists. More recently, the OCT Corp has signed a contract with the Tianjin municipal government to build a 5 billion CNY ecological community in Dongli District that will target domestic tourists as well as travelers from Korea and Japan.

Already Tianjin has become the north China base of Air Asia, one of the few Asian airlines expected to turn a profit in 2009. A daily flight to and from Kuala Lumpur has made Tianjin a target for Southeast Asian tourism – an Air Asia advertising campaign has stressed Tianjin's traditional crafts, colonial quarters and proximity to Beijing. Certainly, anyone who's flown out of Tianjin will vouch for the comfort: a smaller airport means shorter queues at security and immigration.



A recent Air Asia flight into the city, 80% full, proved the attraction of Tianjin as a low-cost alternative to Beijing. A regular coach service connects the two cities' airports. Similarly, a bus connects Tianjin airport to the city's train station, from which a high-speed CRH train shunts passengers into Beijing's south station in less than 30 minutes. The journey could get easier when Beijing south station is connected to the capital's subway system: currently passengers take buses or taxis into the city's business district.

Despite its obvious environmental effects, air traffic has room to grow in China. A rash of new airports are being built, particularly in second tier cities. The construction of a new airport near the site of a 2,200-year-old ancient city in northwestern Xinjiang province began recently. The Jiaohe Airport, 35 kilometers from the ancient Jiaohe City, 180 kilometers from the regional capital Urumqi, will channel tourists to local sites like Turpan, "a great town of vineyards and Muslim shrines," explained Duan Zixin, general manager of Xinjiang Airport Group Company Ltd. And China Eastern Airlines, the country's third-largest carrier by fleet size, has taken 65% of a new venture with the Yunnan provincial government to develop a regional air hub in Kunming.

Continued spending on roads, however, could obviate the need for more short-haul flights. The recently completed first phase of the northern section of the Tianjin Binhai Avenue, at 27.4 kilometers, cuts the distance between Tianjin and Beidaihe to 50 kilometers – so the commute by car now only takes 90 minutes. It used to take more than twice the time. "The new airline needs to be really careful about choosing its routes. The high-speed train connections out of Tianjin and new high-

ways will make it very hard to price short-haul air traffic out of the city," explains Pat Maxwell, head of Bothar Ltd, an agricultural machinery components maker in the city. He regularly makes a five-hour journey on the CRH high speed train line out of Tianjin to see clients in Qingdao.

World aviation markets are showing tentative signs of recovery. The 17.4% decline in international cargo demand is a relative improvement compared to the 21.7% drop in April. Since December 2008, cargo demand has stayed static after dropping 20% year-on-year in the previous month. Similarly, points Tjoeng, though international passenger demand weakened from the -3.1% recorded in April to -9.3% in May, both of those two months have been slightly stronger than the 11.1% decline reached in March. "This indicates that a floor may now have been reached," says Tjoeng, though he points to massive debt at airlines as a draw on future performance.

Tianjin, a city of 11 million, certainly has the economy to sustain an

airline. Proof of the city's increasing prosperity, Hong Kong-listed real estate developer Guangdong Investment recently spent 309 million CNY on a plot of land for a 2.13 billion CNY mall development. Tianjin's relatively solid performance in attracting more investment creates a market for regional air routes out of the city. Samsung LED has set up its first overseas manufacturing base, the 30 million USD Tianjin Samsung LED Co Ltd located in the Tianjin Economic-technological Development Area (TEDA). An even bigger coup for the city is national sportswear maker Li Ning establishing a headquarters for Lotto in Tianjin, a 930 million CNY deal that makes Li Ning the Italian brand's main manufacturer, as well as its distributor in China.

The investments suggest plenty of executives from around the region channelling in and out of TEDA and the Tianjin Binhai High-tech Industrial Zone. A brave birth in the toughest of times for the aviation industry, local prosperity may make the airline a success. ■



Asia's saving grace

July 2009, *Money Magazine*

"You've seen what happens when the world's biggest spenders - American consumers - start to save more and shop less... But what would happen if the world's most prodigious savers - Asian households - started to sock away less and spend more?" This is the premise behind potential growth opportunities in the near future.



Asian nations have realized that since the US no longer fuels their economic growth, they will need to turn inward to their own citizens. That has led governments to focus on measures to stimulate domestic spending.

Chinese households currently save more than a third of their disposable income, often in case of medical emergencies. A recent announcement to improve its health care system will help China tap some of its nations own spending power.

The article suggests investments – such as funds that track domestic consumption and transportation – to profit from the anticipated increase in consumer spending.

Cao Dewang named Ernst & Young World Entrepreneur of the Year 2009

July 2009, *International Financing*

Cao Dewang, Chairman of China's Fuyao Glass Industry Group Co., Ltd., was named the Ernst & Young World Entrepreneur Of The Year 2009. Cao was picked from among 43 entrepreneurs, each of whom had already been named the Ernst & Young Entrepreneur of The Year in their home countries.



J. Christer Ericsson, Chairman of Sweden's JCE Group and Chairman of the independent judging panel, said, "Cao's success extends beyond auto glass – Fuyao has really boosted the Chinese automotive sector as a whole, both domestically and overseas. He is also a pioneer in corporate governance, from restructuring Fuyao as one of the first joint-stock limited companies in Fujian province, to being one of the first companies in China to introduce independent directors to its board."

Today Cao is a well-known philanthropist in China. He personally donated more than 15 million EUR to the 2008 Sichuan earthquake relief effort. This year he announced that he will donate nearly 60% of his interest in Fuyao, valued at more than 300 million EUR, to a newly established charitable foundation.

Spreading its bets, and its gold

4-10 July 2009, *Economist*

Among China's many recent investments in Africa has been announced a recent 950-million-USD loan offer to the government of Zimbabwe. Details – including whether the money is to come from public or private lenders, whether it includes existing pledges, which projects it will fund, and how it should be repaid – have yet to be released.



Zimbabwe's Prime Minister, Mr Morgan Tsvangirai, has stated that his nation needs 8.5 billion USD to revive its faltering economy. Yet the IMF and the World Bank refuse to grant more credit, citing the nation's current 4-billion-USD international debt.

Enter China, a country grasping globally for natural resources. China-Africa trade has increased from 6.5 billion USD in 1999 to 107 billion USD in 2008. And while the loans are still under discussion, this most recent offering to Zimbabwe signifies a further entrenchment of China on African soil.

Tough balancing act for China's flu control

16 July 2009, *Caijing Magazine*

China's fight against A/H1N1 influenza took a new turn after the number of infections rose sharply in Guangdong Province and Beijing in late June and early July. The rising caseload gave policymakers new reason to consider adjusting China's disease prevention and control system.



Health officials in other countries have been enacting what they consider sustainable prevention and control measures for A/H1N1 on the assumption that this flu, like other types of influenza, may be around for a long time. Moreover, many officials outside China are taking into account that the current death rate for A/H1N1 is only slightly higher than the mortality rate for standard seasonal flu. They also note that A/H1N1's spread appears unstoppable.

These and other considerations have prompted the international community, scientists and even some government officials to ask China's central government to adjust its current flu prevention and control tactics.

On 29 June, the central government said it would not alter its tactics: quarantining and controlling virus carriers as well as intimate contacts of confirmed patients would continue. To that end, hospitals and disease prevention institutes have prepared for large-scale controls and quarantines.



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NATURE SHOWS US THE WAY



A TALE OF TWO VENTURES

MEET SOME OF TIANJIN'S EXPAT ENTREPRENEURS

By Joei Villarama

Expats featured in magazines and newspapers usually work for multinational companies, huge global conglomerates whose grand scale command the 24-7 attention of CNBC, Bloomberg and business media. There are, however, pioneering souls who have braved the uncertainty of starting from scratch in a strange land, gone solo to set up a wholly foreign-owned enterprise (WFOE) and whose stories beg to be heard if only for the myriad of business lessons to be gathered. In Tianjin, two such souls – Ben Hagbin and Harpreet Singh Puri – began their commercial journey into China fifteen and eight years ago, respectively.

Ben established the New Sunlight Co., which manufactures advertising light boxes, while Harpreet launched the Business Links Consulting Co., which offers a range of consultancy services to foreign enterprises, especially Indian companies wanting to do business in China. Both relatively old-timers in Tianjin, Ben and Harpreet have built strong foundations that are now reaping the benefits of their adopted country's dynamic growth, and despite the economic downturn are forging onward.

Fresh beginnings

A Canadian citizen, Ben developed his skills in mechanical engineering working for various companies in Alberta involved in manufacturing pumps and providing compressor services. In 1993, his wife came to Tianjin for three months to study the Chinese language at the Tianjin University, after which they decided to relocate their family here. For the first six years, Ben's company dealt with a wide variety of products, trading household items, chemicals, equipment, toys and crafts. At the back of his mind, he sought to focus on a product with a built-in competitive advantage while using this period to learn the ins and outs of Chinese business.

Ben also placed his engineering background to good use serving as project quality control and technical consultant for major companies based in Tianjin, such as the CNOOC Bohai Oil, Motorola and Procter & Gamble. He juggled this regular day job with his business and after much research into the market, attending fairs and exhibitions, he eventually decided on manufacturing scrolling light boxes. Merely trading in goods did not satisfy him, as he realized many factories make the same products and numerous trading companies offer similar items. He

wanted a product he could specialize in and to be involved in manufacturing. Not having the capital to build his own factory, Ben scouted areas, hand-picked existing factories that he could modify to fulfil his production requirements, and entered joint venture agreements with them.

In contrast to Ben's engineering background, Harpreet comes from the financial world and is a certified public accountant and financial analyst. In his original home in India, he evolved from financial management to commercial management to general management. He worked in an electronic company for eight years and managed a carpet factory in Indonesia for one year

before coming to work as General Manager of a Sino-Indian-American carpet manufacturing venture in Tianjin from 1999 to 2001.

During that time, trade between India and China was hardly worth 2-3 billion US dollars, despite being geographically close and sharing centre stage as rising economic stars. Their trade is now pushing the 50 billion mark. When the Ambassador of India to China revealed these facts and figures in a forum, Harpreet was intrigued and challenged by what he could potentially do. The Ambassador pointed out that there were no consultants for Indian companies in China. They could approach the em-



Ben Hagbin beside the scrolling light box he manufactures



Harpreet Singh Puri (right) with Suzlon Global Management.

bassy but embassies are not designed to help them do real business. When Harpreet's contract came up for renewal after two years, he decided to leave.

Pushing for growth

When Ben chose to specialize on advertising light boxes in 2001, not too many factories were doing this and it was a new product in the market. From one factory, he grew the business and has now two partner factories in Shanghai, two in Guangzhou and one in Tianjin. He spotted factories that were not too busy filling orders, and the government welcomed the idea of making them more productive. New Sunlight Company's first export customers were in Virginia, USA, and now they also cover the states of Florida and California as well as other countries in Europe, Asia and Africa. With a yearly growth of 5-10%, New Sunlight develops product designs suited and tailored to customer needs.

Seek to understand before making judgment.

Ben visits the factories and trains the workers as modifications in production require. He not only trains them technically but also makes them understand the quality demands of the outside world. Only recently Ben set his eyes on the domestic market. Although Chinese regulations do not allow mobile advertising vehicles, there is still plenty of room for fixed ads such as bus stops.

Harpreet initially handled business delegations coming from India and briefed them about China. He also traded mica from India which is a raw material used in electrical

apparatus and in packaging. His Business Links was one of the first to identify silver ingots for export to India from China. These were the initial trade tie-ups which kept the company floating, and slowly ventures, mergers and acquisitions started coming in. By word of mouth and client referrals, more Indian companies asked for his assistance. Business Links' momentous breakthrough came when Suzlon, the world's fifth largest wind energy company, decided to set up manufacturing facilities in China. In 2006, China committed to renewable energy. In the freshly enacted law, 70% of wind energy sold in China must have local content, thus Suzlon's decisive move to China aided by Harpreet and company right from the beginning. Business Links negotiated the investment agreement and land deal, supervised the completion of construction, and handled registration formalities including the opening of bank accounts. The job was to guide, liaise with government authorities, obtain approvals and reach deadlines on time.

Nowadays, Harpreet's clients are not limited to Indian businesses. Business Links has trained Honeywell managers through FGI, Canada, have undertaken a market survey for a British company and a management study for a Hong Kong company.

Apples and oranges: comparisons

According to Ben, fifteen years ago the Chinese government was more open and flexible to foreign-owned enterprises. Through the years, the government has become stricter about the terms of starting a WFOE and the invested amount. When he compares the tax laws in China and in Canada, there are also stark disparities in that you have to report more often to the Chinese government. A lot of man-hours are poured into transacting with the tax bureau. Foreign investors may have little opportunity to

sit down with government authorities, but every now and then they are given a chance to discuss and propose recommendations.

Through WFOEs, international standards of workmanship and ethics are introduced to China. In developed countries, customer satisfaction is number one. Ben observed that in Chinese enterprises, the staff are not as well-trained, or that since they may not have properly paid before, they often invest less than 100% effort. They rely on managers to keep everyone busy, which creates a difference in terms of quality and standards. Ben wants to instil through staff development that “your success is our success”. Because of his experience in hiring, Ben prefers people who are more educated, willing to change and willing to challenge themselves.

Harpreet believes that there a lot of cultural similarities between Indians and Chinese, who are both strongly family-oriented and enjoy festivities and socializing. The mindsets, however, are poles apart because Indians have been prospering in an innovative, creative, individualistic and democratic environment while China’s development is based on a disciplined and regulated atmosphere strongly guided by the government on a macro-economic level. Since these are two vastly contrasting business models, there are nuances in negotiations and doing business that may be shocking to newcomers in China. It’s quicker to develop trust among Indians while it takes a longer time to plant and nurture the seeds of trust among the Chinese. “We tell our Indian clients to be patient with the Chinese,” Harpreet says.

Advice from voices of experience

For start-ups, Ben has this advice to offer: “First, focus on what you are good at in terms of ability and products. Do not touch any product you are not familiar with or do not go into business that you have never studied before. Whatever you think you have the most experience in, focus on that. Secondly, choose a product or service that you enjoy or like to do. In this way, you will put all your effort into it and it will be successful. Third, never give up. You will fail at times and meet many problems but as long as you are persistent in your approach, you will find the results you seek. Never be afraid of failure because when you fail, it is the beginning of success.”

Imagine the “failure” Ben had to grapple with when his shipment was destroyed en route to the United States. The product couldn’t go into a closed container because of its height, so it was supposed to be put on top, but ended up crushed at the bottom. When he tried to go after the shipping company, he learned a valuable lesson. He discovered

that the company was only an agent of the forwarder, so he later resolved to do more thorough investigative checks into the shipping companies he deals with.

Harpreet has witnessed many negotiations. Some are rocky or smooth, but Harpreet adeptly tries to steer the parties towards a win-win resolution. One discussion collapsed because a client threatened to walk out the door if the Chinese authority did not agree. “You don’t give that kind of statement in China,” Harpreet cautions, “You don’t close a door because you don’t know when you need to open the door again. I have a very simple rule of thumb. If you go to India to do business then you look at the Indian culture but if you come to China then you look at the Chinese way of doing things. You can’t go to another country and expect them to change according to you. You should learn their ways and try to succeed in that way.”

Understand things said between the lines.

Indeed, one of the most challenging things for a foreigner who comes from an open environment to a previously closed society is to understand things said between the lines. It takes time to develop this discerning faculty, thus the service provided by Harpreet is invaluable to his clients. It also takes time to develop a solid network and strong contacts. Harpreet is completely happy doing what he is doing because he is creating synergy in bridging countries and bringing people together. “In India, philosophically and spiritually, we believe that the whole universe is one. This globe is a small family. It doesn’t matter if you’re talking to an American, British, Chinese or Indian. If you are taking their best interest into consideration, you will succeed in this kind of business.”

Postscript

When Harpreet began his consultancy eight years ago, his wife, Amrita, worked as Financial Controller of the International School of Tianjin (IST). The two activities complemented each other because it provided their family the security of a stable job while the husband embarked on a riskier venture. When the endeavour proved profitable, they could then enter the next phase of their life in China. Two years ago, Amrita decided to be an entrepreneur herself and started Beyond Frontiers Trading (Tianjin) Limited, a trading company of pearls, jewellery, art, textiles, machinery and equipment.

Now, that’s another interesting story for another time. ■

SME FINANCING IN CHINA AND GROWTH ENTERPRISE MARKET



Simon Bai
Winners Law Firm

SMEs now represent 98% of the private enterprises in China. Their output comprises 60% of national GDP. They also supply half of the country's tax revenues and are the source of three-quarters of China's urban employment. SMEs in China are not only the key contributors of wealth creation, they are powerful transformational agents and innovation centers.

Plights of SMEs in Financing and Possible Solutions

Many private SMEs in China, even those that have reached considerable size, are characterized by a high reliance on an internal and informal finance channel, mostly self-funded at the beginning from savings, supplemented by informal borrowings through family networks or friends. Growth was financed by business cash flow, balanced by an extremely frugal operating style which is typical of Chinese SMEs.

SMEs have limited or little access to the capital market in China. Lack of funding is the main blockade to the development of SMEs.

Banks are reluctant to lend to SMEs, mainly due to the lack of collateral by SMEs to offer as security, and the inadequate capability of banks in pricing risks. Chinese banks prefer to do business with State-owned enterprises, due to their government connections and availability of fixed assets as guarantee, which are perceived by the banks as being safer credit risks.

Credit guarantee institutions can play a key role in SME financing by bridging the gap of information asymmetry and removing the concern of banks with respect to the lack of guarantee by SMEs. Credit guarantee schemes seek to reduce risks and transaction costs by supplementing the bank credit evaluation and pricing processes. These schemes address the inability of SMEs to provide



acceptable collateral and practically circumvent interest rate controls. Pooling a large number of loans in a large credit guarantee program offers risk-sharing advantages.

In addition, the lifting of the ceiling on lending rates, which allows the banks to match the interest rate with risks involved, will effectively encourage bank lending to SMEs. Full interest-rate liberalization has long been recognized as the key to improving risk-pricing capabilities of banks in China.

High risk and great transaction costs make SME financing difficult. Insufficient compe-

tition in the banking sector, high rate of default and poor corporate governance of SMEs also result in frequently limited access to credit. Therefore, a publicly available and constantly updated credit information system and a nationwide collateral registry are perceived by many analysts to be desirable for easing the predicament of SMEs.

The State may also take a range of measures to enhance financing access of SMEs. For example, China's Ministry of Finance in 2006 set up a special fund to support the development of SMEs, offering SMEs free financial aid and loan repayment subsidies. The central bank of China may adopt more effective rules to encourage some eligible SMEs to issue bonds, and the tax authority may provide tax benefits for venture capital to invest in SMEs. Government authorities in addition may grant special funds to banks and financial institutions that make loans to SMEs in order to cover additional risk exposure. Last but not the least, government authorities and regulatory bodies may design and offer various other incentives aimed at rewarding financial institutions to extend loans to SMEs, which have always been discriminated against when competing for funds in the capital market.

GEM will effectively help successful SMEs to go public and efficiently raise funds.

Growth Enterprise Market -A springboard for SMEs with great potential

Public listing is one of the best ways for SMEs to access required funding. China has been debating the idea of a China version of NASDAQ for promising SMEs for many years, but it was postponed by the credit crunch and financial crisis. A decade after the initial proposal and following years of anticipation, China's growth enterprise market (GEM) finally launched this May. GEM will effectively help successful SMEs – particularly high-tech companies with good growth potential – to go public and efficiently raise funds from the general public. GEM will also facilitate the formation of a multi-level capital market in China.

In March 2009, the China Securities Regulatory Commission (CSRC) issued the Interim Measures for the Administration of the Initial Public Offering of Shares and the Listing thereof on the Growth Enterprise Market (“The Measures”), which entered into force on 1 May 2009. The Measures consist of 6 chapters and 58 articles including issuance conditions, issuance procedure, information disclosure and regulatory and legal liability.



China's SME Board was launched in 2004, trading within a subordinate market section of the Shenzhen Stock Exchange (Shenzhen Main Board) that has an independent trading system. Listed companies on the SME Board have to abide by the main board listing rules. The goals of the SME board are to introduce a new financing platform for SMEs without lowering the listing requirements and to help high-tech SMEs with growth prospects to list on the Shenzhen Stock Exchange.

Threshold for IPO in the GEM, compared with the main board and SME Market, is less stringent. In accordance with the Measures, candidate companies who seek entry into the growth enterprises market have to reach certain thresholds regarding profit, enterprise operation and corporate governance. The candidate enterprises that wish to list on the GEM have to fulfill one of the two criteria as follows:

- (a) the combined net profit of the most recent two years is no less than 10 million CNY, and the profit of both of the previous two years is positive and continuing to grow; or
- (b) the net profit of the most recent year is no less than 5 million CNY, the revenue of the most recent year is no less than 50 million CNY, and the growth rate of the revenue of both of the most recent two years is no less than 30%.

In addition, the candidate enterprises must be legally established and have been in continuous operation for at least 3 consecutive years. The candidate enterprises shall have net assets no less than 20 million CNY without uncovered loss at the end of the most recent period. The total capitalization of the enterprise after the IPO should be no less than 30 million CNY.

The Measures impose some restrictions on the operation of the candidate enterprise, such as its core business must focus on one business. Apart from abiding by laws, administrative regulations and articles of association, the business activities of the candidate enterprises shall be in line with national industry policy and comply with environmental protection regulations. The single core business of the candidate enterprises shall have not changed materially in the most recent two years. In addition, the capital raised from the GEM by the candidate enterprise shall be only used in its core business.

Candidate enterprises have to establish an audit committee under the board of directors according to the Measures. The Measures require that there is no material change of the directors, officers and actual controller of the candidate enterprises in the most recent two years.



According to the issuance procedures, upon receiving application documents, CSRC will issue a decision within 5 working days. If CSRC decides to accept an application, the relevant specialist departments will perform a preliminary examination of the issuer's application documents, which will also be examined by the issuance examination committee of the GEM.

The Measures stipulates that an investor entry system shall be established, corresponding to the risk-bearing capabilities of potential investors, and full disclosure to investors of risks shall be maintained. The stock exchange will also establish a risk warning and investment education mechanism and internal control systems for preventing and remedying any misconduct. ▣



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FOREIGN INVESTOR'S ONLINE RETAIL BUSINESS IN CHINA



Begoña Suso Lázaro



Yunjie Si

by attorneys
Begoña Suso Lázaro
and Yunjie Si,
Garrigues Shanghai

While the global economy suffers fallbacks due to the international financial crisis, China's e-commerce market still witnessed rapid development in 2008 and keeps optimistic growth momentum. The nation reached 338 million web users by the end of June 2009, ranking first in the world¹ and suggesting huge market potentialities. China is increasingly attracting foreign investors, both brand manufacturers and distributors, to sell their products online in China. This article gives an overview of the legal framework under which the foreign investor may conduct online retail business in China.

1. MARKET ACCESS

Pursuant to China's specific commitments to open its service trade market according to the General Agreement on Trade in Services (GATS), from its entry into the WTO in December 2001, China has gradually cancelled most of the limitations on market access to its retail market. Therefore, the foreign investor is currently permitted to incorporate a foreign invested commercial enterprise (FICE) in China to carry out retail activities away from a fixed location including online retail.

Although most FICEs could be approved by local branches of the Ministry of Commerce (MOC), the power to approve FICEs who will retail online still remains with the MOC at the central level. The MOC is quite conservative on granting the approval for online retail and it is very rare to see an FICE which has obtained such approval. In Beijing, for example, the only FICE approved by MOC to retail online this year is Amazon Joyo Co. Ltd., which was approved in February 2009 to engage in online retail of domestic-published books, periodicals, newspapers and e-publications.

2. ALTERNATIVES AVAILABLE

Due to the MOC's conservative attitude, foreign investors have, in practice, had to adopt



other business modes as temporary solutions to make online shopping available to their Chinese consumers while in the course of applying for online retail approval with the MOC. We would like to briefly summarize some of those alternatives.

Since online retail in the form of cross-border supply is permitted under China's GATS commitments, some foreign investors sell their goods/products to customers in China from abroad. Generally speaking, in this alternative no approval from MOC is required, the foreign investors could receive payment via credit card and they could send the goods to Chinese customers by postal or courier service.

Another option takes advantage of the fact that there are no restrictions for domestic companies to retail online. In these cases, the foreign investors cooperate with third-party domestic companies to sell their products. Generally speaking, in this alternative the foreign investors act as wholesalers while the domestic companies act as retailers; the wholesalers sell (directly from abroad or via the FICE incorporated in China) the goods to the retailers, who will retail those goods online to their customers in China.

3. OTHER LEGAL ISSUES INVOLVED IN DOING ONLINE RETAIL BUSINESS

In the process of online retail business in China, the following legal issues, among others, might also be involved and are worth consideration by foreign investors.

3.1 ICP filing

In order to retail online, it is necessary to establish and operate a website. Pursuant to Chinese laws and regulations on telecommunications and internet information service, to operate a website in China, the retailer acts as an internet information service provider, and therefore, either a permit of value added telecommunication (VAT permit) or filing of internet content provider (ICP Filing) is necessary depending on the nature of the information service provided in such website: if the retailer provides profitable internet information service, it shall have a VAT permit; if the retailer provides non-profitable internet information service, it shall have an ICP filing.

For an online retailer, the information provided on its website is not charged to the web users. Therefore, as a usual understanding, the retailer is providing a non-profitable internet information service, and consequently needs to have an ICP filing rather than a VAT permit. In practice, ICP filing is not a complicated procedure: the retailer just needs to input its basic information into the filing system as established by the Ministry of Industry and Information Technology.

3.2 Permit to publish content on the website?

Pursuant to Chinese laws and regulations, in order to publish on a website any content involving news, education, publications, pharmaceuticals, health care, medical instruments etc., the internet information service provider must obtain the relevant permit or





qualification from the relevant competent governmental authorities, such as a press office, food and drug administration or publication authority.

For the information other than that mentioned above, no permit is required. Therefore it is not necessary for the retailer to obtain a permit to publish information regarding its goods, like the specifications, prices etc., provided that, as always, such information shall be legal and not infringing upon the rights of third parties.

3.3 Legal disclaimer

It could be understood that a retailer would like to publish a certain legal disclaimer on its website, under which the issuer of such disclaimer intends to be exempted from relevant liabilities or responsibilities. In this sense, it would be worthy to think about the effectiveness of such legal disclaimer which could be categorized into the following two types: a legal disclaimer between retailer and consumers and a legal disclaimer between retailer and parties other than consumers.

(1) Legal disclaimer between re-

tailer and consumers

Generally speaking, such legal disclaimer could be deemed as the standard terms and conditions², though there are also exemption clauses.

Pursuant to Chinese Contract Law and the recently promulgated judicial interpretations of the Chinese Supreme Court, standard terms and conditions that exempt liabilities for

personal injury or property damage arising from intentional acts/gross negligence are invalid. Standard terms and conditions that exempt liabilities other than the above-mentioned could be deemed as valid only provided that the party supplying the standard terms has reminded – by reasonable means that are notable enough to attract the attention of the counterparty (like special wording or fonts) – the counterparty of those exemptions and has made explanations of the same to the counterparty if required.

**There are
338 million web
users in China.**

Therefore, in order to secure the validity of such legal disclaimer, it would be better to remind and explain those exemption clauses by reasonable means and to exclude any clauses which exempt liabilities for personal injury or property damages arising from intentional acts/gross negligence.





(2) Legal disclaimer between retailer and parties other than consumers

Because there is no contractual relationship between the retailer and parties other than consumers, liabilities which might arise are tort liabilities. Under Chinese laws and regulations, as well as court rulings, there is no sufficient legal ground for a unilateral statement to decline to assume tort liabilities, if any. As a result, a legal disclaimer could not realize such purpose.

3.4 Personal information protection

During the process of online retail, the retailer might collect certain personal information from its consumers. It is therefore worthwhile that the retailer be careful in collecting and using such personal data so as to avoid any legal risk.

Recently promulgated laws and regulations protect personal information nationwide. The 7th Amendment to the Criminal Law provides that any entity or its employee who, in violation of the state provisions, sells or illegally provides to others personal informa-

tion of citizens obtained during performance of its duties or provision of its services, or whoever illegally obtains the aforesaid information by stealing or any other means, will for serious cases be sentenced to fixed-term imprisonment of not more than three years or criminal detention, and/or be fined. Additional rules exist on the collection and protection of personal credit information by the relevant institutions. Detailed nationwide rules on how to collect personal information in the course of providing goods/services, however, are still absent.

At local levels, there are more detailed regulations related to the collection of personal information. For example, pursuant to local regulations on protection of interests and rights of consumers in Shanghai city and Liaoning province, the business operation entity, during its provision of goods/service, shall not request its consumers to provide personal information that is irrelevant to the goods or service provided (i.e. name, gender, profession, diploma, marriage

status, blood type or medical history). It is still possible for the retailer to collect personal information from its consumers in the course of online retail, provided that such personal information correlates with the retailer's online retail business. The online retailer shall not sell any information collected, lest civil liabilities or even criminal liabilities be triggered.

In summary, the online retail market in China is promising and appealing to foreign investors, but at present it is not easy for them to carry out such activity in China, due to the conservative attitude of the MOC. Though alternatives might be available, admittedly they are still makeshift and could only serve as temporary solutions while the application for online retail approval is in progress. When establishing an online retail business, it is advisable that relevant provisions and legal requirements be respected and taken into consideration by foreign investors. ■

1. As per the 24th Statistics Report on China's Internet Development issued by China Internet Network Information Center in July 2009.

2. Pursuant to Chinese Contract Law, the standard terms and conditions are the clauses that are prepared in advance for general and repeated use by one party, and which are not negotiated with the other party when the contract is concluded.

Garrigues has over 13 years of experience in advising companies in their investments in China. The team of experienced Western and Chinese professionals at Garrigues Shanghai provides legal advice to foreign companies on a wide range of issues such as incorporation of companies and negotiation of joint ventures, commercial contracting, M&A, tax, real estate, employment, intellectual property, arbitration and infrastructures, as well as to Chinese companies with investments abroad.



AUGUST CHINESE ECONOMY REPORT

by David Kwon

Export

The world is in “dangerous waters” as protectionism increases.

Trade disputes between the EU, the US and China are amplifying, each contesting complaints to World Trade Organization (WTO) of the other's trade protectionism.

On 23 June, the EU and the US filed their third joint complaint against China asserting that Chinese export taxes artificially keep material costs lower for domestic steel and manufacturing companies. The next day, Bloomberg reported that the Chinese government will contest the complaint that it is unfairly limiting exports of raw materials such as magnesium, coke and zinc.

Trade tensions between the US and China span product safety and calls for a stronger CNY. Chinese officials have complained about “Buy American” rules imposed on government spending by Congress, and about moves to restrict US imports of Chinese tires and steel pipes.

China reiterated this month its own rules favoring local suppliers for government projects. The “Buy Chinese” policy for its 4 trillion CNY economic stimulus package was aimed at a domestic audience and reflected political concerns about factory shutdowns and rising unemployment, but was likely to stoke global protectionist sentiments, reported Financial Times on 24 June.

M&A Deals

Sinopec buys Addax

China Petrochemical Corp (Sinopec Group) announced on 24 June that it has agreed to pay 52.80 CAD (45.40 USD) per share in cash for Geneva-based Addax Petroleum Corp. That is 47% more than Addax's closing price in Toronto on 5 June, the day before the company said it was in takeover talks, reported Bloomberg on 25 June.

Sinopec group, the nation's second-biggest oil company, will gain reserves in Iraq's Kurdistan and West Africa upon





completing its 8.3 billion CAD (7.2 billion USD) purchase of Addax. Sinopec Group has until 24 August to receive clearance from the Chinese government to go ahead with the purchase. It will pay a break-up fee of 300 million CAD to Addax if it doesn't have approval by that date.

Bloomberg noted that this deal, China's biggest overseas takeover to date, hands Sinopec Group control of 42.5 million barrels of proven and probable reserves in Iraq's Kurdish territory, where the start of oil exports earlier this month sparked a wave of takeover interest. China has spent as much as 5.4 billion USD since December on oil assets in Singapore, Syria and Kazakhstan after crude prices fell from a record and equity markets tumbled.

China Petroleum, Asia's biggest refiner, imports about 400,000 barrels of oil a day to supply its plants, while Addax's daily production is about 50,000 barrels, said Wang Aochao, an analyst at UOB-Kay Hian in Shanghai, by e-mail to Bloomberg.

The Addax buy may "help China achieve national energy security," said Gordon Kwan, head of regional energy research at Mirae Asset Securities Ltd. in Hong Kong. "It could be a big win for Sinopec's listed company via potential asset injection owing to its need to beef up the upstream resource base to sustain long term production growth."

Chinalco buys Rio Tinto

Chinalco confirmed on 2 July that it purchased 15.2 billion USD worth of share issue to maintain its 9% shareholding in Rio Tinto. Chinalco's decision to maintain its stake in Rio came one month after the miner rejected a 19.5 billion USD investment package that would have seen the Chinese group's stake rise to 19%.

Senior leaders in Beijing have seen the rejection as a blow to Chinese prestige and Xiong Weiping, Chinalco's chairman, laid the blame squarely on Rio for the collapse of a deal originally agreed upon five months ago, reported Financial Times on 2 July.

The mainland's two stock exchanges have been the world's best performers this year.

Rio Tinto began its equity sale to pay down part of its 38.7 billion USD debt, which mostly was incurred by its takeover of Canadian aluminum giant Alcan in 2007. FT reported that around 8.9 billion USD is due by the end of this year, with a further 9.1 billion USD due in 2010. Also, Rio plans an iron ore joint venture with rival BHP Billiton, which has adjacent operations in Western Australia. This partnership is expected to yield 10 billion USD in annual savings, although China has said it may use its antitrust laws to try to block the deal.

Rio Tinto staff held for bribery

The mainland's National Security Bureau has accused four staff members of Australian mining giant Rio Tinto of bribing managers at a steel company to hand over secret information relating to negotiations for an iron ore supply deal. The 21st Century

Business Herald, citing anonymous industry sources, said the information revealed to the four included data about the average cost to the domestic steel industry of imported ore, gross profit per tonne and raw material stock turnover. The information would give a company an advantage in the bargaining process. "Accurate knowledge of this data, particularly the raw material stock turnover, gave firms like Rio Tinto a clear idea how far it could push the Chinese steelmakers in the negotiations," said Xu Zhonbo, the chairman of Beijing Metal Consulting, as reported in the 11 July South China Morning Post.

Some observers have speculated that the action against Rio Tinto is payback for the company rejecting the planned 19.5 billion USD investment by state-owned metals firm Chinalco. Chinalco on 10 July said that the company "has been in contact with Rio Tinto expressing our mutual concern for the current situation with their staff" and also "reasserted that the situation is in no way related to any commercial dealings between Rio and Chinalco."

Recovery from the Financial Crisis

Export and Import

Mainland exports rose a significant 7.5% month-on-month in June – the first increase in eight months, indicating

the domestic economy is picking up, reported SCMP on 11 July. Meanwhile, June's import figures showed an even bigger m-o-m improvement, rising 15.6% compared with May. "We view the much stronger than expected imports growth as a reflection of the acceleration in domestic demand growth. As we expect domestic demand growth to accelerate further in the coming months, the rise in real imports growth is likely to continue as well," stated Goldman Sachs in its market report.

Government policy

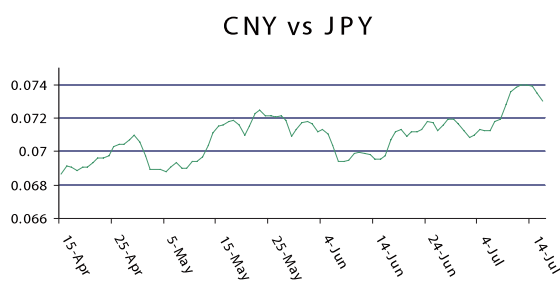
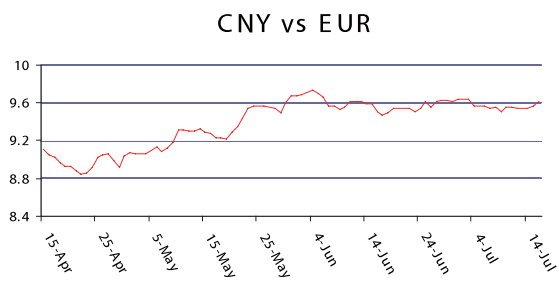
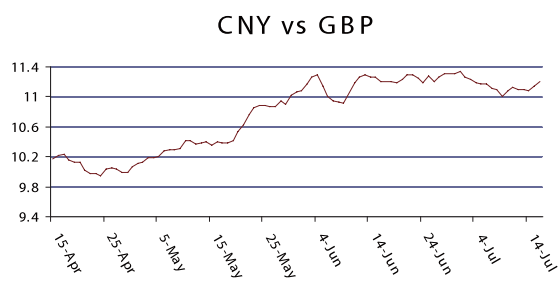
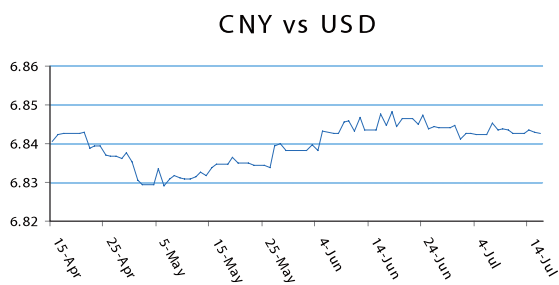
PRC Premier Wen Jiabao has ordered efforts be made to support the property and stock markets and carmakers, saying they were crucial to sustaining the economic recovery at least in the short term. Premier Wen also said the central bank should keep the credit tap fairly wide open to support big government spending. Premier Wen said the authorities would ensure plentiful bank lending and use fiscal measures to support the recovery of key industries because demand for mainland exports was likely to remain weak for some time to come.

SCMP quoted Premier Wen saying, "The government

should spare no effort in maintaining the stability of stock and property markets and boosting spending on big items such as homes and cars." Premier Wen acknowledged that such high spending might not be sustainable over the long term. He said that with the economy on the path to recovery, future policies would focus more on addressing medium-term structural problems and on boosting household income and domestic consumption to ensure sustainable growth.

The mainland's two stock exchanges have been the world's best performers this year. The Shanghai Composite Index rallied 69% in the first six months; improving credit, investment and manufacturing data suggested the government's 4 trillion CNY stimulus package was reviving the mainland economy. Property sales and prices in the mainland have started to recover, driven by pent-up demand and supportive government policies. Property prices in 70 large and medium-sized cities rose 0.2% in June from a year earlier, the first increase in six months, according to results of a survey by the National Development and Reform Commission and National Bureau of Statistics issued on 10 July. ■

Three-month CNY trends



Data source: Oanda.com interbank rate



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Every modern economy has a central bank. America has the Federal Reserve System, Great Britain has the Bank of England, Europe has the newly formed European Central Bank and China has The People's Bank of China. These central banks are amongst the most powerful institutions in the modern world. All these central banks have foreign currency deposits (mostly in USD) and bonds that are known as foreign exchange reserves or widely the International Reserve. Official reserve assets normally consist of liquid or easily marketable foreign currency assets that are readily available to the reserve management entity. Furthermore, they are liquid and freely useable for settlements of international transactions and are held in form of convertible foreign currency claims.

Although all countries differ in their size of population, government spending, development and wealth, still almost every country sees the need to maintain foreign reserves, the purpose for which varies widely. The traditional use of reserves was as a **formal backing of the domestic currency** (most notably as gold reserves).

The most common use of reserves today is as a **tool for influencing exchange rates** to stabilize the value of a depreciated currency by allowing a country's central bank to purchase its own depreciated currency against the reserved dollars. Reserves may also be held as the **source to pay government expenditure overseas** for countries that usually generate big import bills. Reserves also serve as **defense against emergencies or disasters** by acting as the fund to finance recovery and rebuilding. And above all, reserves can be held as the **investment fund** for supporting a country's future financial gains.

Currency Reserve History

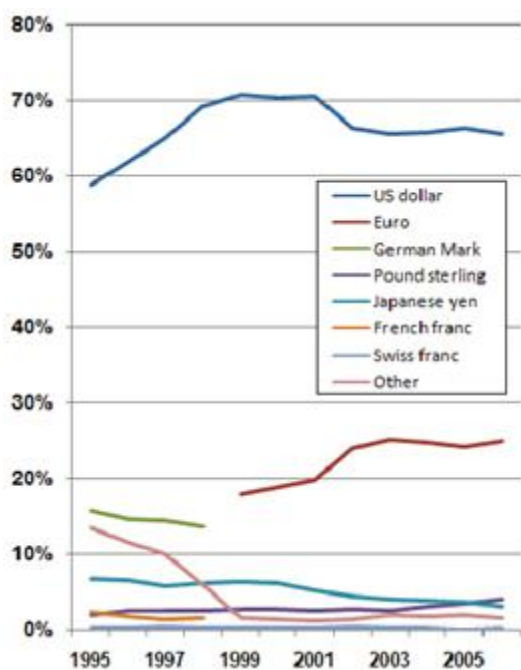
The official international reserve formerly consisted only of gold; in the period of classical gold standard (1880-1914) most countries in varying degrees adhered to gold. The gold standard was a commitment by participating countries to fix prices of their domestic currencies in terms of a specified amount of gold. But due to increasing demand of gold there was need to lower the demand of goods, since only a fixed rate of conversion was available which led to price declines and depressionary effects in many countries. This led to the breakdown of the gold standard in 1931. The outbreak of World War II in 1939 also ushered in a period of tight exchange controls wherein exchange rates continued to be officially managed, with the pound rigidly pegged at 4.03 USD.

Between 1946 and 1971, countries operated under the Bretton Woods system. Under this further modification of the gold standard, most countries settled their international balances in USD and the US government promised to redeem the central banks their holdings of dollars for gold at a fixed rate of 35 USD per ounce. Two of today's major organizations, the IMF and the International Bank for Reconstruction and Development (the World Bank), were created under the Bretton Woods system. The IMF was designed to promote international monetary cooperation, create an orderly exchange rate system, and provide short-term financial assistance to meet temporary balance of payment needs. The World Bank was established to finance economic reconstruction and development. Following the collapse of the Bretton Woods System in 1971, it became necessary for monetary authorities worldwide to maintain official reserves, with the US dollar remaining central due to the lack of stable competitor currencies.

The new currency regime, without a gold exchange rate, is known as fiat money. “Fiat money carries no intrinsic value of its own and cannot be redeemed for any commodity. It is made a legal tender by a country’s government and is solely based on faith. All modern paper currencies that we use today are Fiat money.”¹ The movement from a currency backed by gold to one with no fixed price represented a momentous shift in our financial architecture. The advent of fiat currency allowed for an entirely new mechanism of monetary creation. Governments now awarded themselves the right to create their own money without any corresponding liability; since there was no longer a promise to convert the printed money into gold, there was no longer a liability associated with printing that money.² Because fiat money is not linked to any reserve, it always risks becoming hyper-inflated and consequently worthless.

The period beginning in 1972 also saw a steady decrease in the frequency of exchange rate adjustments, particularly in European countries, whose rates were being realigned often. Many transformations took place within and among European countries for the next 27 years. Finally, on 1 January 1999, the euro was recognized as the common currency of 16 EU countries, and the European Central Bank, formed in 1998, took over responsibility of monetary policy of the newly formed euro area. The euro has since become the second-largest-held reserve currency worldwide after the USD.

Percentage of held global currencies

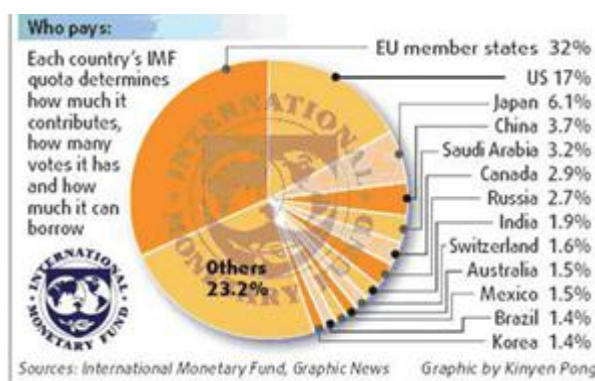


Source: en.wikipedia.org

The International Monetary Fund

The IMF started financial operations on 1 March 1947 and today has 185 members. The major purpose in creating the IMF was to promote economic and financial operations among its members in order to facilitate the expansion and balanced growth of world trade. Each member country was assigned a quota, based on its relative size in the global economy, which determined its maximum financial commitment to the IMF as well as its voting power. China's current IMF quota is 3.72%, the sixth largest in the world.³

Countries' current IMF quotas



Source: International Monetary Fund Graphic News

Special Drawing Rights (SDR) were introduced by the IMF in 1969 and are used as a unit of account by the IMF and several other international organizations. SDR are defined in terms of a basket of major currencies used in international trade and finance. At present, the currencies in basket are the USD, EUR, JPY and GBP. The value of one SDR in terms of USD is determined daily by the IMF, based on the exchange rates of the currencies in the basket, as quoted by London or New York exchange markets.

Composition of SDR basket (value of 1 SDR)

Period	USD	EUR	JPY	GBP
1999 I	0.5820 (39%)	0.3519 (32%)	27.2 (18%)	0.1050 (11%)
2000 I	0.5770 (45%)	0.4260 (29%)	21.0 (15%)	0.0984 (11%)
2001 I	0.6320 (44%)	0.4100 (34%)	18.4 (11%)	0.0903 (11%)
2005 I				
2006 I				
2010 I				

source: en.wikipedia.org

The Current Currency Dilemma

For almost a year and a half the global financial system has been under extraordinary stress. The proximate cause

of the crisis was turn-off created by the housing cycle in United States and the associated rise in delinquencies on subprime mortgages, which imposed substantial losses on many financial institutions and shook investor confidence in credit markets. The developments in the US mortgage market also transcended to many other forms of credit. Financial institutions saw their capital depleted by losses and write-down and their balance sheets clogged by complex credit products and other illiquid assets of uncertain value. Rising credit risks and intense risk aversion pushed credit spreads to unprecedented levels. Falling asset values and tightening credit took a heavy toll on business and consumer confidence and precipitated a sharp fall in global economic activity. The damage, in terms of lost output, lost jobs and lost wealth, is already substantial.

Following the subprime crisis, the US government started applying very loose fiscal and monetary policies. Former US Treasury Secretary Henry Paulson's 700 billion USD Troubled Asset Relief Programme, President Obama's 789 billion USD stimulus package, and current Treasury Secretary Timothy Geithner's 2 trillion USD financial stability plan together create a record-high fiscal deficit (government expenditure increasing government revenue) that said to reach an estimated 1.75 trillion USD in 2009 – over 12% of the US GDP. The Federal Reserve cut the benchmark interest rate from 5.25% to 0-0.25% and has been pumping money and credit into the economy through various types of innovative mechanisms.

To finance these rescue packages, the US government has only two options. First is to issue more treasury bonds, at least 2 trillion USD in 2009. If the demand for US treasury bonds is unable to keep pace with the supply, their market value will decrease. China, being the largest holder of US treasury bonds, will therefore suffer a significant loss. The second options is that, if investors are unwilling to continue to buy US treasury bonds, the Federal Reserve will become the buyer of last resort, meaning that the US government will have to print more currency to do so. Unavoidably, the inflation rate will surge and the USD will depreciate against other major currencies. Therefore, the international purchasing power of China's portfolio of USD-denominated assets will shrink markedly.

According to the IMF's COFER statistics, for the third quarter of 2008, assets denominated in USD, EUR, GBP and JPY in the portfolios of developing countries' reserves totaled 61%, 28%, 6% and 3% respectively. At the end of 2008, China's foreign exchange reserve was roughly 1.95 trillion USD, the largest in the world. The preliminary report on foreign portfolio holdings of US securities at



the end of June 2008 showed that China held 535 billion USD in US treasury bonds, 544 billion USD in US agency bonds, 27 billion USD in US corporate bonds and 100 billion USD in US equities.⁴

Towards a New Global Currency

In light of the diminishing role of the USD as an international currency and the devaluation risk attached to it, the Chinese government has proposed that IMF SDR to replace the global functioning of dollar. This would allow governments around the world extra reserves to expand their domestic money



supplies to fund government deficits and help manipulate their currency on a foreign exchange market.

China moved a step in this direction, signing currency exchange agreements totaling 650 billion CNY (95 billion USD) with South Korea, Hong Kong, Malaysia, Belarus, Indonesia and Argentina. In doing so, China has expanded the global use and coverage of its renminbi and provided sufficient capital for future cross-borders transaction settlement in the currency.

But to be recognized as the international currency, the renminbi still faces number of challenges. Firstly its exchange rate has to be improved to be flexible and to build a mechanism that will help CNY conversion to the capital account, which includes items like direct investments and international loans. Currently, CNY is convertible in the current account for trade in goods and services. Free CNY convertibility to the capital account requires that the central bank have sufficient foreign exchange reserves and be capable of buying and selling large amounts of foreign currencies in the market to keep reserve volumes within a target range. Secondly, China also requires a large domestic capital market which can cushion and absorb any external impacts.

If SDR, on the other hand, are recognized as the new reserve currency, they would help stabilize exchange rates. But SDR acceptance also faces many challenges. First, it might be necessary to legally mandate the use and acceptance of SDR by governments and private traders around the world; some form of international legal tender law would have to be imposed. Second, there would have to be some acceptable rule concerning the creation and allocating of SDR among the nations of the world. Would allocation be on the basis of a nation's contribution to global GDP, or according to a nation's percentage of the world population, or some measure of a nation's average standard of living? Third, the IMF would need to have a special global central bank division that would track fluctuations in the SDR index and determine whether the quantity of SDR should be increased or decreased and by how much. In addition, if global or regional economic crises were to arise, the IMF central banking authority would have to decide on the appropriate SDR monetary policy.

Institutionally and politically, such transitions to a new global currency always involve difficult and slow processes. ¹⁴

Sources:

1. www.investorwords.com/1928/flat_money.html
2. Cooper, George. *The Origin of Financial Crises: Central Banks, Credit Bubbles and the Efficient Market Fallacy*. Harriman House Limited, 2008.
3. www.chinadaily.com.cn/china/2009-05/14/content_7775080.htm
4. www.realinstitutoelcano.org/wps/portal/rielcano_eng/Content?WCM_GLOBAL_CONTEXT=/Elcano_in/Zonas_in/Asia-Pacific/ARI62-2009

TIANJIN MID-YEAR PROPERTY REVIEW

Rising Demand Helps to Accelerate Recovery of Tianjin Market



Michael Hart,
Managing Director,
Jones Lang LaSalle
Tianjin office.



Stefanie Zou
Jones Lang LaSalle
Tianjin office.

Domestic financial companies, especially banks and securities, supported the first half of this year's office market, alongside Tianjin's traditional competitive manufacturing firms. "Retailers and developers are confident in the Tianjin retail market," noted Michael Hart, Jones Lang LaSalle's Managing Director for Tianjin. The average price of high-end residential properties that had begun to fall in 3Q08 started to climb back in 2Q09. Total units sold in the first half of 2009 increased over 30% from the same period of last year. "The weak foreign market continues to bring challenges for bonded warehousing, while domestic demand has insured stability of the non-bonded logistics market," Hart also noted.

Office

Demand turning positive – In 2Q09, decreased vacancy rate was observed across all the office submarkets. Domestic companies contributed more than 60% of this quarter's total transacted

area. "Domestic financial companies, especially banks and securities firms, were the main driver for the first half of this year. Manufacturing has always been a traditional key industry to Tianjin's economy. Several foreign manufacturing corporations also leased space in Nanjing Road and Xiaobailou areas, including Akzo Nobel, Shanghai Mitsubishi Elevator, Kumho Tires and Pfizer," said Hart. Though fewer newcomers set up offices in Tianjin this quarter, 70% of the transacted area could be categorized as tenants relocating to better quality buildings. Tenants moving to upgrade working environment are an important potential demand for developers who are planning to launch quality office projects in next two to three years to capture.

Average gross rental of Grade A properties in Tianjin reached 4.8 CNY per sqm per day, down by 3.1% q-o-q. Compared with a substantial rental decrease of 10% and negative net absorption in 1Q09, this quarter

Tianjin City Tower, owned by CDL of Singapore and located next to Somerset Youyi, will open in August.



was supported by more leased area. Still affected by the global economy slump, MNC tenants continue to be inactive, resulting in only a handful of transactions. For example, Mitsubishi Elevator and Akzo Nobel leased 800 sqm and 250 sqm respectively in The Exchange towers.

Supported by a large portion of domestic tenants, the average vacancy rate of Tianjin's Grade B market was down 1.8% q-o-q, despite a minor rental drop of 0.5%. The majority of the existing buildings enjoyed stable or increasing occupancy rates, such as Regent Plaza and TEDA Building.

Retail

Confident retailers and developers – Several primary retail projects, which have been undertaking tenant repositioning work during the past few months, have partially finished their adjustments and offer new shopping options for consumers. Take New World Department Store for instance: in addition to a plethora of new fashion and shoe tenants, domestic electronic appliance supplier Gome also leased 1,600 sqm there.

In 2Q09, various well-known foreign retailers made their first appearances in the city. THEFACESHOP, a cosmetics retailer from Korea, rented 27 sqm on the ground floor of The Exchange Shopping Mall. Following Zara and Mango, European fashion brand Motivi occupied 75 sqm in Milenio to open its first store in Tianjin. Moreover, 7-Eleven, the largest convenience store operator worldwide, registered its Tianjin branch only a few weeks ago and plans to open over 200 chain stores in Tianjin in the following years.

Active leasing activities not only helped to reduce the market's vacancy rate from 9.0% to 7.4% in 1Q09, it also allowed developers to accelerate investment and construction on their retail projects in Tianjin. Dalian Wanda Group just commenced construction on its second project, a planned retail area of 106,000 sqm, here in Hedong District. And TeeMall Group plans to build a large-scale shopping mall in Tianjin modeled after the existing successful Guangdong TeeMall; Tianjin TeeMall Company just recently completed the land transaction for the project.

High-end Residential

Prices start to rebound – There is a new level of confidence in Tianjin's residential sector. The average price of high-end residential properties climbed back in 2Q09. This quarter prices increased 2.6% q-o-q, achieving 12,380 CNY per sqm. Fewer developers are lowering sales prices right now. Instead, about two-thirds of them have raised prices by 400 to 700 CNY per sqm. R&F Tianjin Lake and Downtown View even increased over 1,000 CNY per sqm.

Gross rental for high-end residential properties had a very slight decrease of 1.0% in 2Q09, arriving at 41 CNY per sqm per month. Given moderate leasing demand, rentals of projects which were completed before 2006 dropped more than the newer ones.

Close to 1,300 high-end residential units sold in 2Q09, which is 12.0% lower than that of last quarter. However, this transaction volume was still 30% higher than the quarterly average volume in 2008. Uptown Luxurious Apartment, Magnetic City, R&F Tianjin Lake and R&F City Phase 3 comprised 80% of the total transaction volume of 2Q09. In the first half of 2009, the only new project launched pre-sale was Tianjin World Financial Center Apartment in 2Q09, delivering 444 apartments. Eight projects comprising more than 5,000 units are planned to launch pre-sale in the second half of this year. Transaction volume is expected to rise then.

Logistics

Stable domestic demand vs. weak foreign market – In 2Q09, the overall vacancy rate of primary warehouses in Tianjin slightly decreased to 33.0%, down 1.0% compared to the previous quarter. The average rental of the overall market was 0.78 CNY per sqm per day, down 4.3% q-o-q. Rentals of the leading properties remained unchanged from last quarter; only a few bonded projects, particularly in the sea port area, have further lowered their rentals.

Domestic third party logistics companies leasing space in East Port helped to ease the oversupply pressure on that area. For example, Penavico and Tianjin Consol International Co., Ltd. leased 14,000 sqm and 5,000 sqm respectively in Haitian Bonded Logistics Warehouse.

“Due to the electronics and automobile exports suffering from global recession, generally, bonded logistics properties are still facing relatively high vacancy rates. Other than this, demand for non-bonded projects which are targeting the domestic market has been more positive,” said Stefanie Zou from Research and Consultancy at Jones Lang LaSalle Tianjin. Blogis (Tianjin) Logistics Center located in TEDA, which is scheduled for completion in July 2009, has already secured several tenants, including the well-known leading supplier of wind power solutions, Vestas, pre-leasing 13,000 sqm. ■

About Jones Lang LaSalle

Jones Lang LaSalle (NYSE:JLL) is a professional services firm specializing in real estate. The firm offers integrated services delivered by expert teams worldwide to clients seeking increased value by owning, occupying or investing in real estate.



European Food & Beverage

Celebration Evening 2009

Friday, 11 September

Join us for an enchanting evening of typical & appetizing European Food & Beverage prepared by the French Chef with the assistance of our Tianjin friends and our wine & beer connoisseurs in a new five star hotel along the Haihe River.

This year's event will feature:

- Cocktail lounge with selected cocktail served
- Tasty foods, wines and beers from different European Countries
- Live band
- Entertainment and games
- Lucy draw prizes
- Picture taking

RMB350 per person, RMB3000 per table.
Ticket price includes: Food, Cocktail, Wine and Beer.
Date: Friday, 11 September 2009, 6:30pm-1:00am.

Tickets available now Contact Kitty / Una
Email: tianjin@euccc.com.cn Tel: 86-22-23741122

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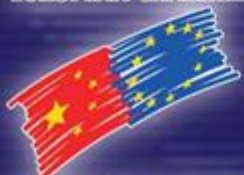
Beverage Sponsor



Venue:
Radisson Plaza Tianjin Hotel



EUROPEAN CHAMBER



中国欧盟商会





天津韩国商会

The Korea Chamber of Commerce & Industry in Tianjin, China

Recent Events

(최근 현황)



왼쪽부터 박상민부회장, 한삼수회장, 키르기스스탄 영사, 카스시 하위주임
From left: Park Sang Min, Vice Chairman, Han Sam Soo, Chairman, of Tianjin Korean Chamber, Kyrgyzstan Consular Officer and Director He Wei from Kashgar City



한삼수회장과 카스시 마이마이팅명, 바이커리시장과의 단독 면담
Meeting between Chairman Han Sam Soo, and Mayor of Kashgar City

1. Consultant Group Meeting

Date: 8 July 2009 17:00
Venue: 2F, Fenglin Hotel
Content:
- Discussion on the current situation of Tianjin Korea Chamber and Tianjin Korean Society
- Report on promoting construction of the Tianjin Korea International School

2. Seminar on New Tax Regulation and Proposal for Reducing Taxation Expense

Date: 15 July 2009 13:30 – 16:30
Venue: 15F, Building A, Tianjin International Trade Centre, No. 59 Machang Road, Hexi District
Topics:
- Explanation of the key points of the new sales tax regulation
- Explanation of the key points and important modification of the new business income tax
- Proposal for reducing corporate tax expense

3. Tianjin Korean Chamber organized Korean companies to attend Central and South Asia Commodity Fair

Date: 28 June – 2 July 2009
Venue: Xinjiang Kashgar Technology Culture Square (No. 16 Tiannan Lu, Kashgar City)
Effect:
- Tianjin Korea Chamber organized a group to attend the fair for the first time in the chamber's 16-year history. The group was praised by the Kashgar Government, which improved the image of Tianjin Korea Chamber.
- Tianjin Korea Chamber, as a non-governmental diplomatic institute, bridges China and South Korea to improve investment connections and cultural communications between local government and Korean companies.

1. 고문 자문회의

연 제: 09.07.08(수)17시00분
장소: 풍림호텔 2층
토의내용:
- 천진한국인회, 천진한국상회 현안 토의
- 천진한국국제학교 건축 추진 상황 보고

2. 신세무법규 해설 및 세금절약 방안 세미나 개최

연 제: 2009년7월15일(수) 13:30~ 16:30
어디서: 국제경제무역중심 A-15층 (평안빌딩)- 하서구 마장도 59호
주 제:
- 신 영업세금 조례 주요 규정 설명
- 새 기업소득세의 중요한 변화 및 주요 규정 설명
- 회사내 세금 절약 방안

3. 천진한국상회에서 조직하여 중국新疆,喀什市 <중남 상품전시회>에 참가

일 시: 2009년 6월 28일(일) ~ 7월 2일(목) (5일)
장 소: 중국 新疆 喀什 과기문화광장 (喀什市 天南路16號)
참가효과:
☆ 천진한국상회 창립16년 이래 처음 박람회 참가단을 조직하여 현지에 파견함으로써 카스시 정부와 대외 기관으로 부터 좋은 호평을 받아 대외 이미지 제고에 큰 효과를 얻었습니다.
☆ 현지 정부와 각종 한국기업 투자관련과 문화교류 증진방안 등 한.중 양국의 가교역할을 수행하여 민간외교에도 이바지 하였습니다.

Address: 1F, Fenglin Hotel, No. 6 Binshui West Road, Nankai District, Tianjin
Tel: +86 22 2395 7991~3, +86 22 2395 7991 (24-hour Hotline) Fax: +86 22 2395 7990
Http: www.tjkorcham.net E-mail: hanshanghui@hanmail.net



AmCham-China Tianjin Chapter

Recent Event

US Embassy Briefing & Tianjin Chapter Monthly Get-Together

3:30-8:30 PM, Tuesday, June 26 – Radisson Plaza Hotel Tianjin



US Embassy representative members Laura Stone, Roger Luo and Alfonso Cortes were the key speakers of this month's meeting. Members listened to the US briefing and had the opportunity to receive citizen services.

Laura Stone discussed current economic concerns, namely global rebalancing, the trade deficit between China and America and the upcoming Pittsburgh G-20 summit. She also noted that the cooperation between the two countries regarding future environmental plans is paramount for their effectiveness. Roger Luo presented on the roles of the Foreign Commercial Service and its ability to help American companies export to China. Alfonso Cortes lectured on the US visa application and debunked myths related to the process. The event was attended by more than 40 members and guests.

Tianjin Chapter July 4th Celebration

5:00 - 9:00 PM July 4 – Istyle Town (Italian Concession Area)



The Fourth of July Party was a huge success this year with well over 200 people attending the venue in the Italian Concession area. Members and friends feasted upon a delicious assortment of food provided by the Radisson Hotel, watched talented young dancers, listened to the Sitong's live band, appreciated a scintillating string quartet, won raffles and observed a spectacular fireworks display. Children were constantly smiling from the time they were greeted by a talented clown to the time they left. They enjoyed bouncing on the inflatable castle, playing basketball and spraying their friends and families with their water guns. The event was a wonderful opportunity for individuals and families to enjoy an American holiday in China, to meet new friends and to catch up with old pals. A regular attendee of past AmCham Independence Day celebrations said, "This year's venue is the best that AmCham has offered yet." While marveling at the firework display, another AmCham member commented, "This is the best firework show that AmCham has ever done."

Room 2918, 29F The Exchange Tower 2, 189 Nanjing Lu, Heping District
Tel: +86 22 2318 5075 Fax: +86 22 2318 5074
Website: www.amchamchina.org



The Benelux Chamber of Commerce in China strengthens the business, government and community ties between Belgium, The Netherlands, Luxembourg (Benelux) and China. By representing large, medium and small sized Benelux companies, with offices in Beijing and Shanghai, we provide a wide range of services to ensure our members' success in China.

NEW PUBLICATION

**Benelux Chamber of Commerce
Business Directory China**



It is our pleasure to present to you the Benelux Chamber of Commerce business directory China 2009-2010. The business directory will be sent to all BenCham members, Belgian, Dutch, Luxembourgian and Chinese officials and business organizations at the end of this month.

In spite of economically challenging times, we see BenCham membership increase, and with it we offer an increasing number of events and services, including this new directory. The role of BenCham – to provide Benelux companies and our members in particular with a platform to exchange knowledge and vital insights in China – is of the utmost importance, especially in the present period, to build competitive advantages. We also increasingly reach out to the Chinese business community with an interest to expand their operations overseas, and can be a bridge of knowledge and ‘guanxi’ to interested Benelux partners. It is our hope that the directory may constitute an important tool to support this mutual network of businesses.

BenCham members will receive the directory for **free**. Non members can also purchase a directory for **600 RMB** per copy; members can order additional copies for **300 RMB** a piece. Student members can purchase the directory for **200 RMB** per copy.

For more information and for purchasing the directory please contact Ms. Vincy Zhu - beijing@bencham.org

UPCOMING EVENT

- August 23, 2009
**Welcome back party:
Visit to the Legation Quarter in Beijing and
Brunch @ Maison Boulud**

For more information check: www.bencham.org
To register for our events, please send an email to events-bj@bencham.org or register on our website.

PAST EVENTS

- **SME Workshop - New media**
June 26, 2009
- **BenCham & Interconnection Cocktail**
June 19, 2009
- **Green Energy - Joint event with the Danish Chamber**
June 18, 2009
- **Tianjin Biz Socializer**
June 16, 2009
- **Airbus Company Visit**
June 16, 2009
- **Maximize opportunities under the new M&A tax rules**
June 10, 2009



MISSION

To strengthen the business, government and community ties between the Benelux countries and China by providing a dynamic networking platform to its members.

BENCHAM BEIJING OFFICE



BenCham team

Rm. 5006 Xinhe Dasha,
Sanyuanli No.14, Shunyuan Street,
Chaoyang District,
Beijing, 100027
Tel: + 86 (0)10 6465 0320 / 0985
Fax: +86 (0)10 6465 2080
beijing@bencham.org
www.bencham.org

北京市朝阳区顺源街
三源里小区14号信和大厦5006室。
邮政编码: 100027
Tel: + 86 (0)10 6465 0320 / 0985
Fax: +86 (0)10 6465 2080
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JOINING THE CHAMBER

The CICC is a free and elective association incorporated in the People's Republic of China. It is made up of Italian and foreign entrepreneurs and economic organizations. Membership is granted to Italian and foreign entities, incorporated in China or not, and Italian and foreign individuals, resident in China or not.

The 2009 Membership campaign is still open, and joining as a **Supporting Member** is now more convenient than ever:

- One **rotational banner** published on the home page of the CICC website for the entire association period;
- One "information and contacts" or one "assistance service" **free of charge**;
- Two **Membership Cards**;
- Two copies of the 2008-09 **Membership Directory**.

SERVICES

The CICC services aim to support the entrance process and promotion of Italian companies on the Chinese market, as well as developing and facilitating trade exchanges between the two countries.

Information services

- Business credit reports on Chinese companies and companies registered in China;
- Support in import and export regulations;
- Consultation in laws and regulations regarding different product categories;

- Import and Export data supports for individual product categories;
- Business opportunities regarding each category and the market information of products;
- Directories of interpreters and translators;
- Database of curriculum vitae and publication of Job Seeker ads on the CICC website;
- List of CICC Members sorted by industry sector and business area;
- The latest news about fairs and exhibitions in China.

Communication and advertising services

- Organization of promotional events (logistic support, PR services);
- Direct marketing;
- Advertising on the CICC website;
- Advertisement in the CICC paper publications.

Assistance services

- Focused research on suppliers, purchasers, business partners and joint venture opportunities;
- Analysis of Chinese social and economic situation;
- Assistance during trade missions in China;
- Organization of individual and entrepreneurial missions;
- Invitation letters for Chinese visa application.

Logistic assistance services

- Leasing of assembly room (with videoconference facilities);
- Leasing of office;

- Leasing of desk;
- Light Desk: NEW Service!

To take note of the complete list of services please visit the website www.cameraitacina.com and click on "Services".

EVENTS

The CICC is supporting the event *Dreaming of Italy*. The initiative wants to showcase the peculiarities of Italian Style via unique and spectacular performances. An invitation is directed to all Italian firms and institutions that want to promote their products in a market rich with precious opportunities. Art, Luxury, Fashion, Design, Technology, Automotive, Training, Tourism, and Food Farming – all the excellences of "Made in Italy" melt into a sensorial path to involve, excite and move.

For any information or request, please visit our website www.cameraitacina.com or contact our offices:

Beijing
Unit 2607, Full Tower, 9, Dong San Huan
Zhong Lu Chaoyang District, 100020,
Beijing China
Tel: 0086-10-85910545 Fax:
0086-10-85910546
info@cameraitacina.com

Shanghai
Unit 3605-3606A, The Center,
989 Changle Road 200031
Shanghai, China
Tel: 0086-21-54075181 Fax:
0086-21-54075182
infoshanghai@cameraitacina.com

Guangzhou
Room 1401, International Financial Place,
No.8 Huaxia Road,
Pearl River New City 510425
Tel: 0086-20-85160147 Fax:
0086-20-85160149
infoguangdong@cameraitacina.com

Shenzhen
Room 220, 2/F, Int'l Chamber of Commerce
Tower, 3rd Fuhua Road, Futian
District, 518048 Shenzhen, China
Tel: 0086-755-88311675
Fax: 0086-755-88312127
infoshenzhen@cameraitacina.com

International organizations based in Tianjin have the following open positions: (在津跨国公司招聘以下高级人员)

IT Manager (IT经理)

Code: IM0908

JOB DESCRIPTION:

- Lead IT support (hardware, software, network, database analysis, etc.) and development to achieve targets on quality of services
- Build a high performance team of programmers, engineers, web designers, etc.
- Setup and develop related IT policies and work procedures
- Ensure projects get completed on time, as per agreed business scope, within budget and with high quality

WHO WE ARE LOOKING FOR:

- Over 10 years of working experience in IT field
- Expert at Windows server and operating systems
- Expert at maintenance of hardware and software, and telecommunication operation
- Knowledge of Web development languages such PHP and ASP
- Strong management skills in leading an IT team, managing projects, coordinating IT requests from multiple departments
- Can work independently and cooperatively
- Strong verbal and written communication skills

Logistic & Distribution Supervisor (物流及发行专员)

Code: PM0908

JOB DESCRIPTION:

- Coordinate, supervise and instruct on domestic and international shipping arrangements to ensure secure, timely and cost effective deliveries
- Be responsible for managing third party logistics vendors to maintain and improve their quality of service
- Ensure all logistics practices are in compliance with company's policy
- Distribute the products locally and where necessary
- Inspect and instruct distribution work and find new locations to distribute our products
- Plan and control customer services including inquires and customer records

WHO WE ARE LOOKING FOR:

- Bachelor's degree or above, major in Logistics or Supply Chain Management are preferred
- Over three years of relative working experience
- Transportation strategy development, planning and budgeting experience
- Experience with customs clearance, CIQ procedure, shipment, inbound/outbound and import/ export
- Effective conflict resolution, data analysis and performance measurement
- Good customer and marketing industry connections
- Fluent in English for internal and external communication
- Working knowledge of MS Office and ERP system (preferred: SAP)
- Good leadership, interpersonal and organizational skills

Accounting Manager (主管会计)

Code: PM0908

JOB DESCRIPTION:

- Check daily expense report
- Check daily voucher made by AR/AP and Cashier
- Make out vouchers for account transfer by the end of each month
- Close daily accounting by the end of each month
- Make out balance sheet and profit loss statement and cash flow statement monthly and yearly
- Make out profit and loss analysis monthly and yearly

WHO WE ARE LOOKING FOR:

- At least 3 years of work experience in a similar position
- University degree in accounting-related field
- Proficient in accounting laws and rules
- Good command of English and Chinese
- Good command of YongYou Accounting Software
- Team player, honest, outgoing and can work well under high pressure

Human Resource Specialist (人力资源专员)

Code: PM0908

JOB DESCRIPTION:

- Implement HR policy and projects
- Deal with issues related to labor relations and contracts
- Ensure effective payroll administration and taxation for all local staff
- Maintain and develop the job evaluation system
- Ensure all HR initiatives, projects and implementation are delivered as scheduled
- Create and maintain all personnel records in an orderly and systematic manner
- Monitor staff probation, contracts, leave, etc.
- Ensure effective daily management of all staff movement within the organization from enrolment to resignation

WHO WE ARE LOOKING FOR:

- Bachelor's degree or above with at least 3 years of related experience
- Good knowledge and skills in all HR functions covering recruitment, C&B, training, performance management, policy design
- Good spoken and written skills in both Mandarin and English
- Honest, willing to work under pressure, able to work independently



If you are interested in any of these positions, please send your resume and mention **Code No.** to HR@boxinren.com

DOMESTIC FLIGHTS

(1=Mon, 2=Tue, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

From Tianjin

DEST	DEP	ARR	Flight No	Days
Changchun	11:10	12:40	ZH9253	1234567
Changsha	13:00	15:10	BK2811	1234567
Chengdu	13:00	15:50	8L9976	123.5.7
Chifeng	11:30	12:20	MU2135	1.3.5.7
Chongqing	13:35	17:15	BK2853	1234567
Dalian	08:15	09:05	BK2859	1234567
Fuzhou	19:15	23:00	MF8138	1234567
Guangzhou	13:30	16:20	HU7201	1234567
	19:35	22:10	CZ3136	123456.
Gullin	14:25	18:50	MF8323	.2.4.5.7
Guiyang	08:10	12:20	GS7465/HU7465	1234567
Haikou	08:50	13:50	GS7471/HU7471	.2.4.6.
Hangzhou	07:30	09:40	BK2825	1234567
	17:15	18:55	MF8126	1234567
Harbin	07:00	08:50	BK2821	1234567
Hefei	07:05	08:30	BK2847	1234567
Hohhot	09:35	10:45	CA4717/SC4717	1234567
Jinjiang	07:00	10:40	BK2857	1234567
Kunming	13:00	17:50	8L9976	123.5.7
Nanjing	16:10	17:30	ZH9254	1234567
Qingdao	14:00	14:55	GS7455/HU7455	1.3.5.7
Sanya	17:20	20:50	FM9159	1234567
Shanghai	09:00	10:45	FM9134/MU8964	1234567
	15:15	16:55	HU7207	1234567
	16:50	18:35	FM9958/MU5498	1...567
	19:55	21:40	FM9908/MU5190	1234567
Shenyang	11:55	13:10	3U8861	1234.67
Shenzhen	09:10	12:10	FM9125	1234567
	16:30	19:25	ZH9936	1234567
Taiyuan	13:55	14:45	BK2853	1234567
Urumqi	16:05	21:35	CZ6928	1.3.5..
Wuhan	19:15	21:00	MF8138	1234567
Xiamen	14:30	17:05	MF855	1234567
	17:15	21:10	FM8126	1234567
Xi'an	08:10	09:50	GS7465/HU7465	1234567
	14:20	17:00	GS7581/HU7581	1234567
Yantai	08:40	09:30	GS7421/HU7421	1234567
Zhang Jia Jie	18:20	20:30	BK2813	.23.5.7
Zhengzhou	19:05	20:10	ZH8312/VD8312	1234567
Zhuhai	15:35	18:25	BK2831	..3.5.7

To Tianjin

ORIGIN	DEP	ARR	Flights No	Days
Changchun	13:25	15:10	ZH9254	1234567
Changsha	21:30	23:30	BK2812	1234567
Chengdu	09:50	12:10	8L9975	123.5.7
Chifeng	13:00	14:00	MU2136	1.3.5.7
Chongqing	18:05	21:45	BK2854	123456
Dalian	09:55	10:50	BK2860	1234567
Fuzhou	09:00	13:20	MF8137	1234567
Guangzhou	17:15	20:10	HU7202	1234567
	16:05	18:55	CZ3135	1234567
Gullin	19:35	23:35	MF8324	.2.4.5.7
Guiyang	13:20	17:30	GS7466/HU7466	1234567
Haikou	14:30	19:50	GS7472/HU7472	.2.4.6.
Hangzhou	10:30	12:10	BK2826	1234567
	11:45	13:30	MF8125	1234567
Harbin	09:30	11:25	BK2822	1234567
Hefei	15:50	17:20	BK2848	1234567
Hohhot	15:50	16:55	CA4718/SC4718	1234567
Jinjiang	11:10	15:00	BK2858	1234567
Kunming	07:50	12:10	8L9975	123.5.7
Nanjing	08:30	10:20	ZH9253	1234567
Qingdao	15:40	16:40	GS7456/HU7456	1.3.5.7
Sanya	21:50	01:20(+1)	FM9160	1234567
	08:15	10:15	FM9131/MU8959	1234567
Shanghai	10:55	12:45	HU7206	1234567
	17:55	19:45	HU7208	1234567
	20:20	22:10	CA1528	12345.7
	14:10	15:30	3U8862	1234.67
Shenyang	14:10	15:30	3U8862	1234.67
Shenzhen	13:00	15:55	FM9126	1234567
	12:50	15:50	ZH9935	123456.
Taiyuan	20:35	21:45	BK2854	1234567
Urumqi	09:35	15:05	CZ6927	1.3.5..
Wuhan	11:10	13:20	MF8137	1234567
Xiamen	13:45	16:15	MF856	1234567
	09:30	13:30	FM8125	1234567
Xi'an	16:00	17:30	GS7466/HU7466	1234567
	18:00	20:30	GS7582/HU7582	1234567
Yantai	18:00	19:00	GS7422/HU7422	1234567
Zhang Jia Jie	21:20	23:30	BK2814	.23.5.7
Zhengzhou	17:20	18:30	ZH8311/VD8311	1234567
Zhuhai	22:35	01:25(+1)	BK2832	..3.5.7

Updated on 18 July 2009.

Airline Code

3U Sichuan Airlines	FM Shanghai Airlines	MF Xiamen Airlines	ZH Shenzhen Airlines
BL Lucky Air	GS Grand China	MU China Eastern Airlines	
BK Okay Airways	HO Juneyao Airlines	NS Northeast Airlines	
CA Air China	HU Hainan Airlines	SC Shandong Airlines	
CZ China Southern Airlines	JD Deer Air	VD Kunpeng Airlines	

INTERNATIONAL FLIGHTS

(1=Mon, 2=Tue, 3=Wed, 4=Thu, 5=Fri, 6=Sat, 7=Sun)

From Beijing

DEST	DEP	ARR	Flight No	Days
Abu Dhabi	19:10	00:20 (+1)	EY889	12.4.6.
Amsterdam	11:55	15:10(+1)	KL898/CZ767	1234567
Bangkok	17:50	22:00	TG615	1234567
Cairo	20:00	06:15(+1)	MS961	1.3.5.6.
Colombo	14:40	21:50	UL889	...3.5.7
Doha	23:50	04:05(+1)	QR899	12.45..
Dubai	23:30	04:50(+1)	EK307	1234567
Frankfurt	11:25	14:35(+1)	LH721/CA6221	1234567
Helsinki	11:40	14:15(+1)	AY052/CA3007	1234567
Hong Kong	07:50	11:25	CX 317	1234567
Istanbul	23:55	04:35(+1)	CA3005	1234567
London	12:15	15:05(+1)	BA038	12..5.7
Los Angeles	21:00	16:30(+1)	UA4455	123.5.7
Melbourne	15:35	09:00(+1)	NZ4907/CA177	1.3.5..
Moscow	11:50	15:10	SU572	1234567
Munich	14:20	18:10(+1)	LH723/CA6223	.23.567
Paris (CDG)	10:35	14:40(+1)	AF129	.2.4.6.
	13:45	17:40	AF125	1234567
San Francisco	13:40	09:04(+1)	UA888/CA8888	123.567
	11:55	14:55	KE852	1234567
Seoul*	13:50	16:50	KE856	1.3.5.7
	21:15	00:10(+1)	KE854	1234567
Singapore	08:45	15:10	SQ803	1234567
Tel Aviv	22:00	03:00(+1)	LY096	.2.4..7
Tokyo	08:25	12:45	JL780	1234567
Toronto	19:00	18:55	AC032	12.4.6.
Vancouver	15:50	10:30(+1)	CA991	1234567
Washington	19:00	19:35(+1)	UA898/CA8898	1234567

To Beijing

ORIGIN	DEP	ARR	Flight No	Days
Abu Dhabi	23:45	11:30(+1)	EY888	1....7
Amsterdam	17:40	09:55(+1)	KL897/CZ768	1234567
Bangkok	10:50	16:30	TG614	1234567
Cairo	22:40	18:30(+1)	MS960	.2.45.7
Colombo	01:45	13:20	UL888	...3.5.7
Doha	01:30	14:40	QR898	12.45..
Dubai	03:00	14:45	EK306	1234567
Frankfurt	17:15	09:25(+1)	LH720/CA6220	1234567
Helsinki	20:00	09:40(+1)	AY051/CA3008	1234567
Hong Kong	17:00	20:15	CX312	1234567
Istanbul	23:05	14:20	CA3006	1234567
London	16:45	10:30(+1)	BA039	1234.67
Los Angeles	00:40	05:30(+1)	UA4456	1234567
Melbourne	10:45	22:25	CA178	.2.4.6.
Moscow	21:30	09:50(+1)	SU571	1234567
Munich	19:45	12:35(+1)	LH722/CA6222	12.456.
	15:55	11:50(+1)	AF126	1234567
Paris (CDG)	18:55	08:50(+1)	AF128	1.3.5..
	11:00	15:35(+1)	UA889/CA8889	1234567
San Francisco	09:30	10:35	KE851	1234567
	11:35	12:40	KE855	1.3.5.7
Seoul*	19:00	20:05	KE853	1234567
	08:45	14:50	SQ802	1234567
Singapore	08:45	14:50	SQ802	1234567
Tel Aviv	00:45	16:35	LY095	.2.4..7
Tokyo	10:50	14:00	JL781	1234567
Toronto	14:35	17:00(+1)	AC031	1.3.5.7
Vancouver	12:50	16:30(+1)	AC992	1234567
Washington	12:21	15:30(+1)	UA897/CA8897	1234567

From Tianjin

DEST	DEP	ARR	Flight No	Days
Chubu	13:25	17:15	JL788	1234567
Hong Kong	08:35	11:50	KAL103	1234567
Seoul*	12:15	15:05	KE806	1234567
Nagoya	13:25	17:15	MU8719/JL788	1234567
Kuala Lumpur	08:35	14:50	D7 2615	12.45.7

To Tianjin

ORIGIN	DEP	ARR	Flight No	Days
Chubu	10:10	12:15	JL787	1234567
Hong Kong	12:50	16:00	KAL104	123456
Seoul*	09:30	10:20	KE805	1234567
Nagoya	10:30	12:55	MU8718/JL787	1234567
Kuala Lumpur	01:00	07:05	D7 2614	12.45.7

* Flights from Beijing/Tianjin to Seoul, from Seoul to Beijing/Tianjin provided by Korean Air.
Tianjin-Kuala Lumpur flights provided by AirAsia. *AA*
Schedules are subject to government approval and may be changed without prior notice.

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Airline Code

AC	Air Canada	D7	Air Asia	LH	Lufthansa	SK	Scandinavian Airlines
AF	Air France	EK	Emirates	LY	EI Al Airlines	SQ	Singapore Airlines
AY	Finnair	ET	Ethiopian Airlines	MS	Egypt Airlines	SU	Aeroflot Airlines
BA	British Airways	EY	Ethiad Airways	NH	All Nippon Airways	TG	Thai Airways International
CA	Air China	JL	Japan Airlines	NZ	Air New Zealand	UA	United Airlines
CX	Cathay Pacific	KE	Korean Air	QF	Qantas Airways	UL	Sri Lanka Airlines
CZ	China Southern Airlines	KL	KLM-Royal Dutch Airlines	QR	Qatar Airways		



第三届中国企业国际融资洽谈会 The 3rd China International Private Equity Forum

主题论坛——全球金融危机、国际资本流动与新兴 e Speeches – Global Financial Crisis, International Capital Movement & Emergin

主办单位：中国企业国际融资洽谈会组委会
承办单位：国际融资服务有限公司



THE BIG DEAL

Inside the Third China International Private Equity Forum in Tianjin

By Joei Villarama

Last year, over 2,500 companies and organizations attended the Second China International Private Equity Forum (CIPEF). Statistics conservatively show that 162 enterprises have been successfully financed, for a total of 20 billion CNY, by investment companies who partook in the event. From 10 to 12 June this year, the Third CIPEF in Tianjin hoped to surpass this record, improving on its yearly performance.

Patrick Hurley, Chairman of CIPEF since its inception and former Chairman for The Association for Corporate Growth (ACG), measures success by more than just figures alone. Instead of looking at the amounts behind the deals, he'd like to count the intangibles, such as the quality of interaction that participants enjoy. An active ACG member in the US for 25 years, Patrick has seen how business relationships nurtured over a period of

time have grown. Mere metrics don't do justice to the levels of understanding bridged by these events.

CIPEF gathers local and foreign companies under a massive umbrella of activities and opportunities to connect and network. Rows upon rows of green-covered tables grouped by sectors allow people to weave in and out, freely opening conversations with the other side. This is called the Capital Connection area, a venue that helps capital-seeking companies, intermediaries and potential investors meet each other, thus increasing venture and financing probabilities.

The concept of speed dating applies to the professional world: registered prospective investors hold 30-minute one-on-one encounters with a company's management. Like its purely social counterpart, speed dating at the CIPEF

is a highly efficient and economical method to exchange information with multiple parties under one roof.

To heighten the permutations of meeting those with whom people wish to link up, there are cocktails, lunches and tours. Aside from these, there are also institutional introductions of various stock exchanges around the world, with London, New York, Tokyo and other cities represented. Forum discussions tackle issues such as international cooperation under the global financial crisis and transparency in corporate governance while introducing key players in both the local and global arena.

For Patrick Hurley, the conference “makes sources of capital available for all sorts of industries” emphasizing how important this is for small and medium sized businesses. “They already have an employment base and once they get capital infusion, they can expand that base considerably.”

But there are other takeaways as well. An investment company in TEDA encountered labor problems. As a result of its communication with Tianjin officials at the First CIPEF, it was able to resolve the issues and focus on growing the business.

The 2009 Tianjin Report, which Hurley co-authored, highlights samples of investments by private equity firms in China, illustrating briefly how the additional investments are utilized. One catering company will use the proceeds to triple the number of outlets over the next three years while another firm aims to expand its street furniture platform and cover over 30 cities throughout China. One biochemical company plans to acquire its smaller peers to become the leader in the pesticide industry while a healthcare provider seeks to double its outpatient medical centers to 20 and improve the operation of its call center.

To track trends in private equity, the report surveyed 174 private equity funds investing in Chinese companies since the First CIPEF was held in Tianjin in 2007. It found that “approximately 65% of all transactions were for investment amounts less than \$50 million and most of those were for more than \$10 million. The largest number of transactions was in the investment amount range of \$20 million to \$30 million. The most active type of investment was growth capital which accounted for 67% of the transactions.”

Predictions for industries potentially seeing the most action in the coming months are in the fields of renewable energy, infrastructure, domestic retail and

healthcare-related enterprises. The report cited that the most challenging area needing due diligence in China was the accurate measurement of market opportunity.

Both first timers and old-hands at the event appreciate the value of CIPEF. James Hull is a Shanghai based New Yorker looking for Chinese companies publicly listed abroad because he writes and distributes financial analysis reports in the US and Canada. As a first time attendee, he was impressed with the volume of people. “In business you always want to broaden your network base because business is all about cooperation. It’s not just about going to China to find a customer.”

Seven years ago, lawyer Gary Biehn first visited Tianjin on a trade mission – Philadelphia is Tianjin’s sister city. Back then, his firm made the correct strategic decision



to make China a part of its future. “During my first trip to China, there was no private equity and now it’s a developing industry which, I believe will soon be a mature one. That’s very exciting to witness.” He has attended all three CIPEF conferences and looks forward to the fourth one next year.

Peter Borbely confers high marks to the event organizers for making it easy for him to go around despite the language barrier. There were interpreters everywhere in easy-to-spot light blue shirts. Peter’s venture capital firm was on the lookout for early-stage technology companies.

After three years of co-organizing the CIPEF with the Tianjin Municipal Government and the All-China Federation of Industry and Commerce, ACG has decided to launch and establish its headquarters in Tianjin, continuing its mission to be the leading global association for professionals involved in corporate growth, corporate development and mergers and acquisitions. Boasting 12,000 members and 53 chapters worldwide, its entry point into China through Tianjin, in contrast to the usual route via Beijing and Shanghai, will benefit the city thanks to the strong foundation built by regularly holding the CIPEF here.

Patrick Hurley is committed to spending more time in Tianjin to develop the ACG branch, which he stresses won’t be an expat organization but will be something for the whole community. “This has to have the strength of people who live and work in Tianjin regardless of whether they are foreigners or born and raised in Tianjin or from other parts of China.”

Tables from the 2009 Tianjin Report

Tianjin Survey: Private Equity Conditions in China
Main Authors: Patrick Hurley, Telu Tsai and Jian Zhang

What form of investments do you forecast being most widespread in China over the course of the next year?

	Most Likely	Likely	Least Likely
Growth equity minority position	63%	34%	3%
Majority equity position	16%	49%	35%
Subordinated debt with equity feature	29%	44%	27%
Acquisition	29%	65%	6%

Rank the following challenges to concluding private equity deals in China under the current economic environment:

	Critical	Important	Not Important	DK/NA
Availability of financing	25%	63%	12%	0%
Viable exit routes	50%	45%	5%	0%
Deal sourcing	21%	65%	15%	0%
Availability of qualified human capital	45%	52%	6%	0%
Ability to conduct due diligence	42%	52%	6%	0%
Governmental influence	26%	55%	16%	3%
Corporate governance regime	36%	55%	7%	1%
Taxation system	16%	62%	24%	2%
Market volatility	14%	62%	24%	0%
Western management practices diverge from Chinese business culture	16%	57%	27%	0%

Please rank the impact of the following legislative issues on the private equity investment environment in the PRC:

	Over-regulated	Neutral	Under-regulated	Unsure
State regulation	43%	41%	13%	3%
Taxation laws and regulations	25%	64%	8%	3%
Regulation of foreign ownership	55%	40%	1%	4%
Currency exchange	57%	31%	9%	3%
Regulatory enforcement	19%	56%	24%	2%

BUSINESS ECO-WARRIORS OF THE WORLD, UNITE!

By Joei Villarama

Imagine vast tracks of the desert lined with extra-hardy crops grown and harvested as sources of energy. Imagine industrial waste fed as raw material into another industry so that ultimately there is no waste but only a continuous stream of transformations. Imagine nations and businesses of all sizes implementing actions in complete harmony with the environment. Scenarios that seem far-fetched and impossible today may be realities of the not-so-distant future. People and societies merely need to persevere, pursuing and doing the “right thing”.

The Global Green Business Summit held in TEDA from 7 to 8 June is one such step in orchestrating eco-movements on a big scale, bringing together businesses and organizations with the aim of simultaneously achieving environmental goals and maximizing profits. The conference was out to prove “how implementing green business practices can help drive profits and speed up the global economic revival.”

Jim McIlvenny, Senior Vice President of Emerging Economies at the Dow Chemical Company, captured the essence of this concept. “Industrial enterprises are not charitable organizations. We do things for a profit. We best succeed when we have a profit motive and work with something with commercial value. Before, companies were focused on doing less bad but now the focus is on doing more good. You need to be in this for the longer-term perspective. You can’t make money in the short term.”

Established companies are leading the way in combining visionary innovations with practical profitability. They have the years of experience and resources behind them. Seeing China’s appetite for eco-tech, GE has put up some 400 wind turbines in five provinces with 200 more under contract. In addition, the sales of GE’s “Ecomagination” products within China far exceed their percentage of total global sales. Novozymes has entered a partnership with COFCO and SINOPEC to develop an industry chain to collect and process agricultural waste into bioethanol for distribution



among petrol stations. By 2010, Vestas seeks to reach the goal of having 95% of its products recycled up from the current 60%.

Jan Devens, Director of Safety, Health Environment and Manufacturing in DSM China, believes that a company “cannot have different standards in different parts of the globe. We have to have global standards no matter where we’re at.” In DSM’s Triple P Report (People, Profit, Planet), Devens insists on publishing a “What Still Went Wrong” section to emphasize transparency as the main key to constant improvement.

Voted the “Greenest Person on Earth” by Canadian organization 3rdWhale, Matthias Gelber spoke passionately about cement made from fly ash, the main waste material from coal powered plants that is abundantly found in China, the world’s leading coal producer. This perfect marriage of fulfilling construction demand with industrial waste has been Gelber’s advocacy, a zeal he shares with architects and urban planners who endeavor to impact the built environment.

Khee Poh Lam, architecture professor at Carnegie Mellon University, reminds us that 10 to 15 years ago, people laughed at the thought of double-glazing as an energy-saving measure. It takes quite some time for pioneering ideas to be accepted, but now awareness may be gaining momentum, as well as an ever growing sense of urgency.

Martha Grossman, General Manager of Reputex China, nudges us to look beyond the superficial, the fluff and the PR. To accomplish this, it takes



more time, exertion and in-depth analysis into the various programs and projects that may look good on paper but could still stand further development. To study these issues, there are a host of tools readily available for measuring sustainability. In the field of construction, for instance, there’s LEED (Leadership in Energy and Environmental Design), the international benchmark and green building rating system.

A few attendees were curious to know why a high-profile international event like this was held in TEDA rather than Beijing or Shanghai. Mainly, there is a need to recognize efforts of upcoming areas that are pouring much of their heart, soul and capital into collaborations with green zealots who want to make this a safer planet for future generations. Michael Christiansen, President of Novozymes China, cites its TEDA plant as a distributor of its factory’s by-product, bio-organic fertilizers which are returned to the community at no charge. The Binhai New Area Construction and Investment Group and the Sino-Singapore Eco-City are both paving the way for more inflow of eco-tech into the district.

Good and great ideas typically converge at summits like these. When the dust has settled and we’re back in our offices, it is hoped that we make good on them, and continue to do the right thing. ■

TALKING ABOUT INSURANCE

VOLUME 20

We buy insurance to protect ourselves from risk.

我们 | 购买(1) | 保险(2) | 是为了(3) | 防备 | 风险(4)。
wǒmēn | gòumǎi | bǎoxiǎn | shì wèile | fángbèi | fēngxiǎn.

The younger the age when a person takes out a life insurance, the lower the premium will be.

一个人(5) | 投(6) | 人寿保险(7) | 时 | 的 | 年纪(8) | 越轻(9), | 保险费率(10) | 越低(11)。
yígerén | tóu | rénshòu bǎoxiǎn | shí | de | niánjì | yuèqīng, | bǎoxiǎnfèilǜ | yuèdī.

Fortunately, I have insurance and my insurer will pay for all my losses.

幸亏(12) | 我 | 有保险, | 保险商(13) | 将 | 赔偿(14) | 我的 | 所有 | 损失(15)。
Xìngkuī | wǒ | yǒu bǎoxiǎn, | bǎoxiǎnshāng | jiāng | péicháng | wǒ de | suǒyǒu | sǔnshī.

Do you want full coverage on your new car?

你 | 想要(16) | 为 | 你的 | 新车(17) | 投 | 完全 | 承保(18) | 吗?
Nǐ | xiǎngyào | wèi | nǐde | xīnchē | tóu | wánquán | chéngbǎo | ma?

I'd like to know whether basic health insurance coverage includes benefits for outpatient, hospital, surgery and medical expenses.

我想 | 知道(19) | 基本(20) | 健康保险(21) | 所列 | 的 | 项目(22) | 是否(23) | 应包括(24) | 医院门诊(25),
Wǒ xiǎng | zhīdào | jīběn | jiànkāng bǎoxiǎn | suǒliè de | xiàngmù | shìfǒu | yīng bāokuò | yīyuàn ménzhěn,

住院(26), | 手术(27) | 及 | 药品(28) | 等费用(29)。
zhùyuàn, | shǒushù | jí | yàopǐn | děng fèiyòng.

Will you please tell me where I can purchase health insurance?

请 | 告诉我(30) | 在 | 何处(31) | 能(32) | 购买 | 健康保险?
qǐng | gàosù wǒ | zài | héchù | néng | gòumǎi | jiànkāng bǎoxiǎn?

This information office provides clients with information on cargo insurance.

这个 | 问询处(33) | 为 | 顾客(34) | 提供(35) | 关于 | 货物 | 投保(36) | 方面 | 的 | 信息(37)。
Zhègè | wènxúnchù | wèi | gùkè | tígòng | guānyú | huòwù | tóubǎo | fāngmiàn | de | xìnxī.

The extent of insurance is stipulated in the basic policy form and in the various risk clauses.

保险 | 的 | 范围(38) | 在 | 基本 | 保险单(39) | 和 | 各种 | 险别 | 的 | 条款(40) | 里 | 予以 | 规定(41)。
bǎoxiǎn | de | fànwei | zài | jīběn | bǎoxiǎndān | hé | gèzhǒng | xiǎnbíe | de | tiáokuǎn | lǐ | yǔyǐ | guīdìng.

What kind of insurance are you able to provide for my consignment?

贵公司(42) | 能 | 为 | 我的 | 这批货(43) | 保 | 哪些 | 险(44) | 呢?
guīgōngsī | néng | wèi | wǒ de | zhèpīhuò | bǎo | nǎxiē | xiǎn | ne?

How much is the insurance premium?

保险费 | 是 | 多少?
bǎoxiǎnfèi | shì | duōshǎo?

Please insure the shipment for 5,000 CNY against all risks.

请将 | 这批 | 货物 | 投保 | 综合险(45) | 人民币 | 5000元。
Qǐng jiāng | zhèpī | huòwù | tóubǎo | zōnghéxiǎn | rénmínbì | wǔqiān yuán.

We already insure these goods for 10% above the invoice value against all risks.

我们 | 已经(46) | 将 | 这些 | 货物 | 按 | 发票 | 金额(47) | 加 | 百分之十 | 投保 | 综合险。
Wǒmēn | yǐjīng | jiāng | zhèxiē | huòwù | àn | fāpiào | jīn é | jiā | bǎifēnzhīshí | tóubǎo | zōnghéxiǎn.

(1) 购买	gòumǎi	buy, purchase	(26) 住院	zhùyuàn	be in hospital
(2) 保险	bǎoxiǎn	insurance	(27) 手术	shǒushù	surgery
(3) 为了	wèile	in order to	(28) 药品	yàopǐn	medical
(4) 防备风险	fángbèi fēngxiǎn	protect oneself from risk	(29) 费用	fèiyòng	expense
(5) 一个人	yígerén	person	(30) 请告诉我	qǐng gàosù wǒ	will you please tell me
(6) 投	tóu	take out	(31) 在何处	zaihechu	where
(7) 人寿保险	rénshòu bǎoxiǎn	life insurance	(32) 能	néng can	be able to
(8) 年纪	niánjì	age	(33) 问询处	wènxúnchù	information office
(9) 越轻	yuèqīng	younger	(34) 顾客	gùkè	clients
(10) 保险费率	bǎoxiǎnfèilǜ	premium rate	(35) 提供	tígòng	provide
(11) 越低	yuèdī	lower	(36) 货物投保	huòwù tóubǎo	cargo insurance
(12) 幸亏	Xìngkuī	fortunately	(37) 信息	xìnxī	information
(13) 保险商	bǎoxiǎnshāng	insurer	(38) 范围	fànweí	extent
(14) 赔偿	péicháng	pay for	(39) 基本保险单	jīběn bǎoxiǎndān	basic policy form
(15) 所有损失	suǒyǒu sǔnshī	all the losses	(40) 各种险别的 条款	gèzhǒng xiǎnbíe de tiáokuǎn	various risk clause
(16) 想要	xiǎngyào	want	(41) 予以规定	yúyǐ guīdìng	be stipulated in...
(17) 新车	xīnchē	new car	(42) 贵公司	guīgōngsī	your company
(18) 完全承保	wánquán chéngbǎo	full coverage	(43) 这批货	zhèpīhuò	consignment
(19) 想知道	xiǎngzhīdào	I'd like to know	(44) 保哪些险	bǎo nǎxiēxiǎn	what kind of insurance
(20) 基本	jīběn	basic	(45) 综合险	zōnghéxiǎn	all risks
(21) 健康保险	jiànkāng bǎoxiǎn	health insurance	(46) 已经	yǐjīng	already
(22) 项目	xiàngmù	item	(47) 发票金额	fāpiào jīn é	invoice value
(23) 是否	shǐfǒu	if/whether			
(24) 包括	bāokuò	include			
(25) 医院门诊	yīyuàn ménzhěn	outpatient			



If you meet any problems in learning Chinese, please send us an email at
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Ballet dancers from Tianjin Opera and Dance Drama Theater rehearse for the performance **Jingwei** on 8 July at Tianjin Grand Theatre. The performance is based on a mythological story in which a bird called Jingwei attempts to fill up the sea with pebbles. The story symbolizes determination and perseverance in the face of seemingly impossible odds.



600-year-old Guyi Street reopened on 12 July after 4 months of renovation, attracting over 10,000 visitors on the opening day. The 350-meter-long street with 60 shops housing old Chinese brands was restored to its historical style. The street will be a center for shopping, amusement, sightseeing and leisure for both residents and tourists.



On 28 June, A newlywed couple in Tianjin rented a rickshaw team to carry relatives and friends for a tour around Drum Tower, Tianjin Food Street and Haihe River, attracting passersby.



Organized by Tianjin Sports Bureau and Jinghai County Government, **The First Tianjin Tuanbohu Cycling Tournament** was held on 28 June in Jinghai with 360 bicycle athletes and hundreds of bicycle amateurs at home and abroad participation.



Peng Cheng, who promotes **Thanksgiving education** in China, gave a **lecture** with the title “Don’t let the person who loves you be disappointed” in Tianjin on 11 July. Thousands of people were in tears by the time he’d finished.



Airbus delivered the first A320 assembled at its Final Assembly Line China (FALC) in Tianjin on 23 June. At a grand ceremony, the aircraft was handed over by Airbus President and CEO Tom Enders to the Chairman of Dragon Aviation Leasing, Li Hai. The aircraft will be leased to and operated by Sichuan Airlines. The aircraft entered into service on 24 June on the route from Chengdu to Beijing. It will be deployed on domestic trunk routes between the airline’s base of Chengdu to major cities like Beijing and Shanghai.

TIANJIN

Chinese

China Station

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Tel: +86 22 2457 8888
中国站
河东区新开路66号天津天诚丽笙世嘉酒店2层

Cuiheng Village

2F, block C, Huasheng Plaza
No. 146, Weidi Dao, Hexi District
Tel: +86 22 8823 8986
翠亨邨
河西区围堤道146号华盛广场C座2层

Ding Tai Fung

No. 18, Binshui Dao, Hexi District
Tel: +86 22 2813 8138
鼎泰丰
河西区宾水道18号

Fountain Lounge

Hyatt Regency Jing Jin City
Resort & Spa
No. 8, Zhujiang Da Dao
Zhouliao Zhuang, Baodi District
Tel: +86 22 5921 1234
碧泉茶园
宝坻区周良庄珠江大道8号京津新城凯悦酒店

Fortune Restaurant

2F, Crowne Plaza Tianjin Binhai
No. 55, Zhongxin Da Dao
Airport Industrial Park
Tel: +86 22 5867 8888 ext. 2355
富淳中餐厅
空港物流加工区中心大道55号天津滨海圣光皇冠假日酒店2楼

Go Believe

Shipin Jie, Heping District
Tel: +86 22 2727 1116
狗不理
和平区食品街

Tao Li Chinese Restaurant

6F, Hotel Nikko Tianjin
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 8888 ext. 3561
桃李中餐厅
和平区南京路189号天津日航酒店6层

Japanese

Benkay Japanese Dining

5F, Hotel Nikko Tianjin
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 8888 ext. 3558
弁慶日本料理餐厅
和平区南京路189号天津日航酒店5层

Chitose

5F, Ningfa Group
No. 21, Shuishang Dong Lu
Nankai District
Tel: +86 22 2392 0287
千登世
南开区水上东路21号宁发集团5楼

Kasumi

1F, Crowne Plaza Tianjin Binhai
No. 55, Zhongxin Da Dao
Airport Industrial Park
Tel: +86 22 5867 8888 ext. 2322
霞日式料理
空港物流加工区中心大道55号天津滨海圣光皇冠假日酒店1楼

Kushi

2F, Radisson Plaza Hotel Tianjin
No. 66, Xinkai Lu, Hedong District
Tel: +86 22 2457 8888
串烧
河东区新开路66号天津天诚丽笙世嘉酒店2层

Seitaro

Sheraton Hotel Tianjin
Zijin Shan Lu, Hexi District
Tel: +86 22 2335 0909
清太郎日本料理
河西区紫金山路天津喜来登大酒店

Indian

Alibaba Indian Restaurant & Bar

2F, Sports Hotel
No. 90, Weijin Nan Lu
Nankai District
Tel: +86 22 2391 6368
阿里巴巴印度餐厅酒吧
南开区卫津南路90号体育宾馆2楼

Bawarchi Indian Restaurant

No. 69, bldg. B, Shang Gu
Tianta Lu, Nankai District
Tel: +86 22 2341 2786
芭瓦琪印度餐厅
南开区天塔路上谷商业街B座69号

Thai

Golden Elephant Thai Restaurant

No. 78, Guangdong Lu
Hexi District
(Behind Yonghe Dou Jiang Fang)
Tel: +86 22 2328 7801
金象苑泰国餐厅
河西区广东路78号(永和豆浆坊后侧)

YY Beer House

No. 3, Aomen Lu, Heping District
(Behind International Building)
Tel: +86 22 2339 9634
粤园泰餐厅
和平区澳门路3号(国际大厦后侧)

Western

Broadies Tavern

No. 5, Bar Street, Youyi Lu
Hexi District
Tel: +86 22 8837 0933
部落地西餐酒吧
河西区友谊路酒吧街5号

Café@66

1F, Radisson Plaza Hotel Tianjin
No. 66, Xinkai Lu, Hedong District
Tel: +86 22 2457 8888
咖啡66
河东区新开路66号天津天诚丽笙世嘉酒店1层

C'est la Vie French Restaurant

3F, bldg. D, Shang Gu
Tianta Dao, Nankai District
Tel: +86 22 2341 9808
三乐味法国餐厅
南开区天塔道上谷商业街D座3层

Glass House

Hyatt Regency Jing Jin City
Resort & Spa
No. 8, Zhujiang Da Dao
Zhouliao Zhuang, Baodi District
Tel: +86 22 5921 1234
水晶厨房
宝坻区周良庄珠江大道8号京津新城凯悦酒店

Hank's Sports Bar & Grill

1F, bldg. B, Shang Gu
Tianta Dao, Nankai District
Tel: +86 22 2341 7997
汉克斯运动酒吧
南开区天塔道上谷商业街B座1层

La Seine Café

7-9, bldg. B, Magnetic Plaza
Lingbin Lu, Nankai District
Tel: +86 22 2385 5018
塞纳咖啡屋
南开区凌宾路奥城商业广场B区7-9

Pan Shan Grill & Wine

2F, Main Building, Sheraton Hotel
Tianjin
Zijin Shan Lu, Hexi District
Tel: +86 22 2334 3388 ext.1820
盘山葡萄酒扒房
河西区紫金山路天津喜来登大酒店主楼2楼

Pizza Hill

Bldg. B, Magnetic Plaza
Lingbin Lu, Nankai District
Tel: +86 22 2385 5025
天津喜来比萨餐饮
南开区凌宾路奥城商业广场B区

Spectrum All-Day Dining

7F, Hotel Nikko Tianjin
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 8888 ext. 3570
彩西餐厅
南京路189号天津日航酒店7层

Wyndsong Restaurant

1F, Crowne Plaza Tianjin Binhai
No. 55, Zhongxin Da Dao
Airport Industrial Park
Tel: +86 22 5867 8888 ext. 2333
风之细语西餐厅
空港物流加工区中心大道55号天津滨海圣光皇冠假日酒店1楼

Golf Clinic/Pro Shop

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Tianjin Sports Center
Binshui Xi Dao, Nankai District
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G&G高尔夫动作诊断所/专卖店
南开区滨水西道体育中心内

Golf Clubs

Aroma (Tianjin) Golf Club
Green base, Guangang Senlin
Park, Dagang District
Tel: +86 22 6328 5000
阿罗马(天津)高尔夫俱乐部
大港区官港森林公园绿化基地处

Tianjin International Hot Spring Golf Club

Guanzhuang Cun Nan
Huaming Zhen, Dongli District
Tel: +86 22 2489 0391
天津国际温泉高尔夫俱乐部
东丽区华明镇贵庄村南

Yangliuqing Golf Club

Yijing Lu, Yangliu Qing Zhen
Xiqing District
Tel: +86 22 2792 2792
杨柳青高尔夫俱乐部
西青区杨柳青镇一经路(立交桥北)

Gyms

Alex Fitness Club
3-4F, New Culture Plaza, next to
Modern Women Center, Nankai District
Tel: +86 22 8988 8809
天贝武老爱健身俱乐部
南开区八里台新文化广场旁妇女活动中心3-4层

GLO Fitness & Health Club

6F, Hotel Nikko Tianjin
No. 189, Nanjing Lu, Heping District
Tel: +86 22 8319 8888 ext. 3290
焕-健康中心
和平区南京路189号天津日航酒店6层

Powerhouse GYM

1F, Golden Crown Building
No. 20, Nanjing Lu, Hexi District
Tel: +86 22 2302 2008
宝力豪健身俱乐部
河西区南京路20号金星大厦1层

Sheraton Hotel Fitness Center

Zijin Shan Lu, Hexi District
Tel: +86 22 2334 3388 ext. 2228
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Crystal Palace Hotel Apartment

No. 28, Youyi Lu, Hexi District
Tel: +86 22 2835 6666
水晶宫饭店公寓
河西区友谊路28号

Sheraton Apartment

Zijin Shan Lu, Hexi District
Tel: +86 22 2334 3388
喜来登公寓
河西区紫金山路

Somerset Olympic Tower

No. 126, Chengdu Dao
Heping District
Tel: +86 22 2335 5888
天津盛捷奥林匹克大厦服务公寓
和平区成都道126号

TEDA International Club (Tianjin)

No. 7, Fukang Lu, Nankai District
Tel: +86 22 5869 5555
天津泰达国际会馆公寓
南开区复康路7号

Tianjin Centre Residences

No. 219, Nanjing Lu, Heping District
Tel: +86 22 5868 2888
天津中心公寓
和平区南京路219号

Banks

Agricultural Development Bank, Tianjin Branch

No. 120, Jiefang Bei Lu
Heping District
Tel: +86 22 2330 0801
中国农业银行天津分行
和平区解放北路120号

Bank of China, Tianjin Branch

No. 80, Jiefang Bei Lu
Heping District
Tel: +86 22 2710 2001
中国银行天津分行
和平区解放北路80号

Bank of East Asia (BEA)

Bldg. G, Rome Gardens
No. 47, Youyi Bei Lu, Hexi District
Tel: +86 22 2332 1662
东亚银行有限公司
河西区友谊北路47号罗马花园G楼

BNP

11F, The Exchange
No. 189, Nanjing Lu, Heping District
Tel: +86 22 2318 7000
法国巴黎银行

和平区南京路189号津汇广场11层

China Bohai Bank

Machang Dao Branch
No. 201-205, Machang Dao
Hexi District
Tel: +86 22 5831 6666

渤海银行

马场道支行: 河西区马场道201-205号

Magnetic Branch

Magnetic Plaza
No. 1, Binshui Xi Dao
Nankai District

Tel: +86 22 5839 1358

奥城支行: 滨水西道1号楼奥城商业广场

China Construction Bank

No. 19-1, Nanjing Lu, Hexi District
Tel: +86 22 2340 1616

中国建设银行分行

河西区南京路19号曾1号

Citibank

18F, The Exchange
No. 189, Nanjing Lu, Heping District

Tel: +86 22 8319 1988 ext. 73812

花旗银行

南京路189号津汇广场18层

HSBC, Tianjin Branch

Ocean Shipping Plaza
No. 1, Haihe Dong Lu
Hebei District

Tel: +86 22 5858 8888

香港上海汇丰银行天津分行
河北区海河东路远洋广场1号

Standard Chartered

36F, The Exchange
No.189, Nanjing Lu, Heping District
Tel: +86 22 8319 1360

渣打银行

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Car Dealers

Porsche Center Tianjin

No. 59, Qiche Yuan Zhong Lu
Airport Industrial Park
Tel: +86 22 2435 9911
天津保时捷中心
空港物流加工区汽车园中路59号

Tianjin Star

No. 28, Huanhe Bei Lu
Airport Industrial Park
Tel: +86 22 8490 9090
天津之星
空港物流加工区环河北路28号

Tianjin Tianbao Auto Sales & Service

No. 70, Huanhe Bei Lu
Airport Industrial Park
Tel: +86 22 8827 7777
天津天宝汽车销售服务有限公司
空港物流加工区环河北路70号

Chambers

European Chamber, Tianjin Chapter

Room 15A17, Suite 17
Magnetic Plaza
Binshui Xi Dao, Nankai District
Tel: +86 22 2374 1122
www.eucc.com.cn
中国欧盟商会天津分会
南开区滨水西道奥城商业广场15A17座17室

German Business Circle Tianjin

Deutscher Unternehmerkreis Tianjin, DUT

Office 803, Huake Center
No. 3, Kaihua Dao, Huayuan
Industrial Area, Nankai District
Tel: +86 22 8371 7855
天津德国人联谊会
南开区华苑产业区开华道3号华科创业中心803室

German Chamber of Commerce, Tianjin Office

No. 3, Yuliang Lu, Nankai District
Tel: +86 22 2301 1709
德国商会天津分会
南开区育梁路3号

The American Chamber of Commerce, Tianjin Chapter

Room 2918, 29F, bldg. B
The Exchange
No. 189, Nanjing Lu, Heping District
Tel: +86 22 2318 5075
www.amchamchina.org
美国商会天津分会
和平区南京路189号津汇广场B座29层2918室

Tianjin Japanese Association

Room 607, International Building
No. 75, Nanjing Lu, Heping District
Tel: +86 22 2313 2522
www.tjja.net/page/index.jsp
天津日本人会
和平区南京路75号国际大厦607室

Tianjin Korean Chamber of Commerce & Industry

1F, Feng Lin Hotel
No. 6, Binshui Xi Dao
Nankai District
Tel: +86 22 2395 7991
天津韩国商会
南开区滨水西道6号枫林宾馆1楼

Tianjin Korean Society

1F, Feng Lin Hotel
No. 6, Binshui Xi Dao
Nankai District
Tel: +86 22 2395 6600
天津韩国人会
南开区滨水西道6号枫林宾馆1楼

Education

German Language Centre, Tianjin Foreign Studies University

Bldg. 3, Tianjin Foreign Studies University
No. 177, Machang Dao
Hexi District
Tel: +86 22 2326 5642
天津外国语学院 歌德语言中心
河西区马场道117号天津外国语学院3号楼

International School of Tianjin

Weishan Lu, Jinnan District
Tel: +86 22 2859 2001
www.istianjin.org
国际学校天津分校
津南区津南微山路

Tianjin International School

No. 1, Meiyuan Lu, Huayuan
Industrial Area, Nankai District
Tel: +86 22 8371 0900
www.tiseagles.com
天津国际学校
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 河西区友谊路32号

Hotels



Crowne Plaza Tianjin Binhai

No. 55, Zhongxin Da Dao
 Airport Industrial Park
 Tel: +86 22 5867 8888
 天津滨海圣光皇冠假日酒店
 空港物流加工区中心大道55号

Golden Crown Hotel

No. 18, Nanjing Lu, Hexi District
 Tel: +86 22 2303 8866
 金皇大酒店
 河西区南京路18号

Golden Ocean Hotel

No. 338, Nanjing Lu, Nankai District
 Tel: +86 22 2746 6666
 金泽大酒店
 南开区南京路338号

Hotel Nikko Tianjin

No. 189, Nanjing Lu, Heping District
 Tel: +86 22 8319 8888
 天津日航酒店
 和平区南京路189号

Hyatt Regency Jing Jin City Resort & Spa

No. 8, Zhujiang Da Dao
 Zhouliang Zhuang, Baodi District
 Tel: +86 22 5921 1234
 京津新城凯悦酒店
 宝坻区周良庄珠江大道8号

Radisson Plaza Hotel Tianjin

No. 66, Xinkai Lu, Hedong District
 Tel: +86 22 2457 8888
 天津天诚丽笙世嘉酒店
 河东区新开路66号

Renaissance Tianjin Hotel

No. 105, Jianshe Lu, Heping District
 Tel: +86 22 2302 6888
 天津滨江万丽酒店
 和平区建设路105号

Sheraton Hotel Tianjin

Zijin Shan Lu, Hexi District
 Tel: +86 22 2334 3388
 天津喜来登大酒店
 河西区紫金山路

TEDA International Club (Tianjin)

No. 7, Fukang Lu, Nankai District
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 南开区复康路7号

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 天津君隆威斯汀酒店
 和平区成都道与河北路口

Tian Bao International Hotel

No. 368, Jingmen Da Dao
 Baoshui District
 Tel: +86 22 2576 1588
 天津天保国际酒店
 保税区京门大道368号

Tianjin Saixiang Hotel

No. 8, Meiyuan Lu, Huayuan Industrial Area, Nankai District
 Tel: +86 22 2376 8888
 天津赛象酒店
 南开区华苑产业区梅苑路8号



Best Western Byronn Hotel Tianjin

No. 90, Xi'er Dao
 Airport Industrial Park
 Tel: +86 22 8486 0000
 Global free reservation telephone: 0800 0013 1779
 天津空港白云酒店
 空港物流加工区西二道90号

Crystal Palace Hotel

No. 28, Youyi Lu, Hexi District
 Tel: +86 22 2835 6666
 水晶宫饭店
 河西区友谊路28号

Dickson Hotel

No. 18, Binshui Dao, Hexi District
 Tel: +86 22 2836 4888
 帝城大酒店
 河西区宾水道18号

Geneva Hotel

No. 32, Youyi Lu, Hexi District
 Tel: +86 22 2835 2222
 津利华酒店
 河西区友谊路32号

Holiday Inn Tianjin Riverside

Bldg. A, Phoenix Shopping Mall
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Local Events in August 2009 ▶▶

August						
日	一	二	三	四	五	六
SUN	MON	TUE	WED	THU	FRI	SAT
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					



► Business Events

Date	Event	Location	Organizer
August 11	HR Training: Organization development - Restructure for Growth	Hotel Nikko Tianjin	EUCCC
August 18-20	China International Metallurgical Technology and Equipment Exhibition	Tianjin Binhai International Convention & Exhibition Centre	Tianjin Zhenwei Exhibition Co., Ltd
August 18-20	China Die-casting & Foundry Technology & Equipment	Tianjin Binhai International Convention & Exhibition Centre	Tianjin Zhenwei Exhibition Co., Ltd
August 18-20	China International Industrial Automation & Instruments Exhibiton	Tianjin Binhai International Convention & Exhibition Centre	Beijing Zhenwei Exhibition Co., Ltd
August 18-20	China International Metals Processing Technology & Equipment Exhibition	Tianjin Binhai International Convention & Exhibition Centre	Beijing Zhenwei Exhibition Co., Ltd
August 20-22	Tianjin Sign Expo 2009	Tianjin International Exhibition Center (No.32 Youyi Lu, Hexi District)	
August 27-30	2009 Tianjin International Automotive Technology Show	Tianjin Binhai International Convention & Exhibition Centre	Society of Automotive Engineers of China, TEDA Committee, China Automotive Technology Research Center Tel: +86 22 6530 2602
August 28-30	The 6th China (Tianjin) Internatinal Building & Decoration Exhibition	Tianjin International Exhibition Center (No.32 Youyi Lu, Hexi District)	China Construction & Decoration Association

► Leisure Events

Date	Event	Location	Organizer
Every Saturday in August 8:30am	Weekly Golf Outings With Hank's Golf Club	No. B-56, Shanggu Business Center, Tian Ta Road, Nankai, 天津市南开区天塔道上谷商业中心B座56号	Hank's Sports Bar & Grill
August 1-10	Original Cartoon Promotion Exhibition	Tianjin Museum	Tianjin Museum Tel: +86 22 5879 3000
August 1 - September 27 6:30pm-10:30pm	Ancient Culture Street folk custom night market	Ancient Culture Street	Tel: 27356150
August 8-9 9am-5pm	Reach Your Potential Recruitment Days - The Westin Tianjin	1F/2F, The Emperor Place Tower C, Junction of Chengdu Avenue and Hebei Road, Heping District, Tianjin	The Westin Tianjin Tel: +86 22 2339 0670 E-mail : westin.tianjin@westin.com
August 18	TICC Coffee Morning	Somerset Youyi Tianjin	TICC
August 21	TICC Family BBQ	Sheraton Hotel Tianjin	TICC
August 27	TICC Monthly Lunch	Venue to be advised	TICC
August 29	Beijing Bus Trip	YaShow market & Ikea (Seats are limited)	TICC

► Special Days

August 1	Army Day		August 23	Chǔ Shǔ (The Limit of Heat)	
August 7	Lì Qiū (Autumn begins)		August 26	Qī Xī (Chinese Valentine's Day)	

The New Silk Road by Ben Simpfendorfer

Reviewed by Mark Godfrey

This isn't the only period the world has been deluged with books about China. Actually there were a lot more of the books around in the early 1900s, up to the Second World War, when Americans were keen to learn about China.

I've always been puzzled at the dearth of books and general knowledge about China where you'd expect it most, among the country's Asian neighbours. Folks from Kyrgyzstan over to Iran and down to Syria usually seem ill-informed or indifferent about the rise of China. A new book that will hopefully be translated into the relevant languages is the *New Silk Road*, by Hong Kong based Ben Simpfendorfer, chief China economist for Royal Bank of Scotland.

Often it's the fault of inadequate local media, and ingrained alignments with Cold War allies such as Russia, but the lack of knowledge about China in the Arab and Turkic worlds is all the more unfortunate given the rise of China as a trading partner. China has surpassed the US as the number one trading partner of the Arab world, figures helped upwards by huge purchases of oil by Beijing, but also shipments of Chinese goods: Arab lands like Saudi Arabia and Syria have become key test markets for Chinese carmakers like Geely as they perfect vehicles for more stringent Western markets.

Simpfendorfer's long professional stints in both territories make him qualified to write this book. Thankfully he's more of a writer than many other economists-turned-scribes. The man does his own interviews. Hints of journalistic ambitions perhaps, but his linguistic abilities mean he's also able to draw on the Arabic-language press and Chinese chat rooms for popular views among each side towards the other.

The writer's suggestions that there's collegiality or solidarity among the East is taking things too far – Arabs and Iranians in my experience don't see themselves in the same tribe as southeast and northeast Asians. Certainly they prefer to seek out Western cultural and economic models, much as the Chinese do.

Simpfendorfer is strongest when he's pinpointing how the Arabs – and particularly states less entwined with the West, such as Syria – are looking to and learning from China's economic liberalization. Arab states have been much more reluctant to reform their economies in the way China had to in order to join the WTO. One wonders if the point applies equally to the wealthy, striving Emirates – Dubai for instance has been liberal in opening both its financial services and labour markets.

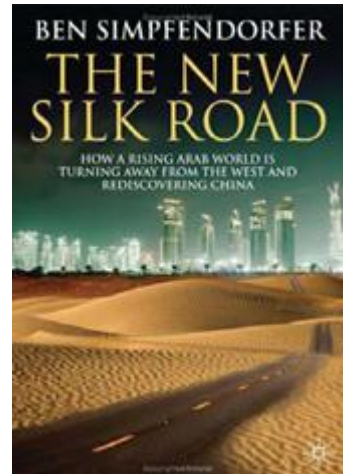
But Simpfendorfer's analysis certainly applies to the states which lie between those Arab nations and China: Central Asia. Nations like Uzbekistan and Turkmenistan are energy-rich and far more engaged with China (which recently lent Turkmenistan 3 billion USD to develop a gas field) but these lands are reform-retarded compared to China, which has reaped the benefits (in FDI and soaring GDP growth) of its often reluctant economic liberalization.

I'd like to see Simpfendorfer come up with a sequel, this time concentrating on the Central Asian neighbours to whom the Silk Road term is in any case more usually connected.

In the meantime this slim tome makes for a solid evening's reading. It's notable how unrepresented Arab states are among China's foreign press corps. Newspapers like the *Khajee Times* draw on western news agencies like Reuters and AP for their China copy, while developing Muslim nations like Bangladesh and Pakistan draw extensively on the Chinese agency Xinhua.

A book like this, which attempts to explain how and why China influences the world's petroleum states, deserves a reading. Let's hope it'll be translated into Arabic, and Chinese, soon.

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QUOTATIONS OF THE MONTH

Our greatest glory is not in never falling, but in rising every time we fall.

— Confucius

There are no great limits to growth because there are no limits of human intelligence, imagination, and wonder.

— Ronald Reagan

Effective leadership is putting first things first.
Effective management is discipline, carrying it out.

— Stephen Covey

Courage is going from failure to failure without losing enthusiasm.

— Winston Churchill



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Fruity Salad Mix with Citrus Dressing



Chef YVAN COLLET
 chef@business.tianjin.com

With summer comes the urge to eat freshly prepared salads, preferably accompanied by in season fruits. This month Chef Collet presents a juicy assortment of lettuces and fruits. More than vegetables and a simple dressing, this fruity salad adds colour and taste to your dishes, proving that food can also be trendy. The citrus vinaigrette is the perfect touch for outstanding flavours. Easy to make and delicious to eat!

Ingredients

- | | |
|---------------------------------------------------------------|-------|
| Citrus Vinaigrette | |
| • Dijon Mustard | 30g |
| • Fresh Grapefruit Juice | 50mL |
| • Fresh Lemon Juice | 50mL |
| • Fresh Orange Juice | 50mL |
| • Vegetable Oil | 300mL |
| • Pepper | |
| • Salt | |
| Salad | |
| • Avocado | 60g |
| • Citrus Dressing | 40mL |
| • Grapefruit (Pink) | 60g |
| • Mixed Greens (Arugula, Frisee, Radicchio, Romaine, Sprouts) | 200g |
| • Orange | 40g |
| • Pine Nuts | 10g |
| • Raisins | 10g |

Time of preparation
 20 minutes

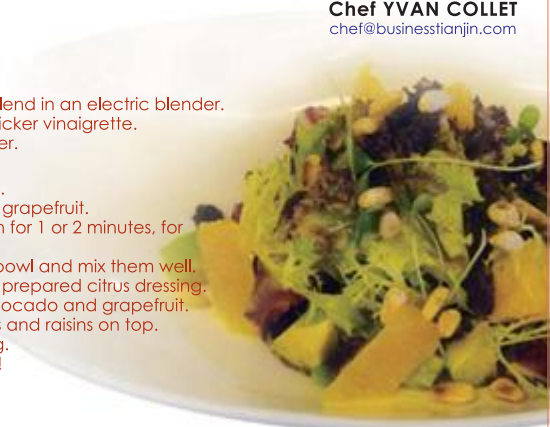
Drinks
 Chilled Chardonnay or Chablis.

Preparation

- Citrus Vinaigrette**
- Mix the juices together.
 - Add Dijon mustard and blend in an electric blender.
 - Slowly add the oil for a thicker vinaigrette.
 - A pinch of salt and pepper.
- Salad**
- Cut the avocado in slices.
 - Slowly cut the quarters of grapefruit.
 - Grill the pine nuts in a pan for 1 or 2 minutes, for a golden colour.
 - Place all the greens in a bowl and mix them well.
 - Drizzle with the previously prepared citrus dressing.
 - Sprinkle with the sliced avocado and grapefruit.
 - Decorate it with pine nuts and raisins on top.
 - Refrigerate before serving.
- E voilà! Enjoy the summer!

Chef's Tips

1. Add vegetables that taste good with citrus (asparagus, spinach, green beans).
2. For a salty and sweet taste add dry plumb powder to the salad.
3. Clean the lettuces 3 times with water and white vinegar.



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18:30-22:00



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CHINA HOUSE – TIMELESS PIECES OF CULTURE

China House is one of the most dedicated displays of grandiose accomplishments in Chinese art. Made and decorated with 400 million pieces of antique porcelain, 20 tons of natural crystals, 300 white marbles, valuable jade figurines and rare jewels, the house is a homage museum to one of China's most distinguished forms of art – ceramics.

The house was first built more than one hundred years ago in a French style, housing the Minister of Finance during the late Qing Dynasty. After the establishment of the People's Republic of China in 1949, the building became property of the Administration for Industry and Commerce of Heping District. But years of neglect led Mr. Zhang Lianzhi to acquire, transform and refurbish it into a museum.

A patron of the arts

Mr. Zhang Lianzhi is a local successful businessman who had always expressed his passion for arts by acquiring and collecting antique porcelain pieces over the past two decades. China House was a project that took millions of dollars and five years to conclude, all financed by the newest and soon to be one of the most eminent patrons of the arts in Tianjin, Mr. Zhang.

His role in the creation of China House went beyond a mere financing contract. It's hard to believe, but simply armed with his knowledge in Chinese ceramics and his will to create something outstandingly beautiful, Mr. Zhang was the



idealist, the contractor, the architect and the designer of the project. He kindly refused the presence of any professional architects. According to his view, if this place was to be his tribute to Chinese cultural splendour, it should conspicuously express his vision and understanding of the magnificence and mysteries of this so admired and delicate art form.

House of China

When it was finally inaugurated in September of 2007, the four-storey house soon became a source of pride for locals and for art admirers.

Tianjin used to be a passage and inspection point for porcelain, even for the imperial wares. Since the times of the Yuan Dynasty (1271-1368), any broken artefacts found during the inspections would be secretly well kept, giving birth to a deep respect for this art in the city. Some of the pieces date as far back as the Tang Dynasty (618-907). Wares from several Chinese art periods are present, including the worldwide admired early Blanc du Chine.

The collection is extensive and a rather exceptional sight. The pieces of porcelain decorate parts of the roof, ceilings, doors and rails. The entrance has several incrustations of Junci, the Imperial Court ware. Only the king himself had the privilege of using this china.

The walls are probably the most interesting scenes inside. Incrustations recreate everyday life in the Ming Dynasty: the pieces of porcelain depict images of women carrying water or bringing food,



and men taking care of their horses. The balconies' walls are also decorated with pillows. Made of porcelain, these pillows were invented at a time where there were no air cooling methods. People would pour water inside the porcelain pillow and enjoy a cool night's sleep. The balconies are the ideal spot for a quick rest while admiring pure beauty. One of the ceilings is lined in plates decorated with fish whose eyes seem to follow the observer's eyes around the room.

The furnishings are particularly valuable to antique admirers. One of the Ming cabinets in the house has the particularity of closing by itself. Another stand inside was owned by the last Chinese Emperor, Puyi. His wife's boudoir takes your imagination to a troubled time in China's history.

The outside of the house is decorated with 635 vases. One of the most precious ones is the Huang You Ping, the only

yellow vase in the world dating from the Tang Dynasty.

Of great importance in China is the aesthetics system Fengshui. Scenes of dragons, phoenixes and tigers guarantee positive energies. Even the old Dagu Fort cannon standing on one of the balconies obeys Fengshui rules.

Symbolism

Following the importance of symbolic figures and traditions in China, meticulous pieces and structures inside and outside the house show us that their creational purpose was also to be auspicious. The outside area displays unique expressions of this Chinese symbolism in the dragons. The word "China" appears atop the house, shaped by the curves of a dragon's body that wraps 736m around the entire building.

One of the several rooftops lets us glimpse a beautiful statue of Chinese

heroine Hua Mulan. She proudly stands on the tip of the roof as a faithful guardian. Even the very entrance to the house is auspicious, inhabited by a statue of the brave and clever Wen Zhong, who wishes visitors well-being.

Vases surround one of the doors. It is said that if you touch one your life will be protected. Offerings to Buddha can be made in each of the floors. Nothing that means good luck and a prosperous life in China was left aside. The house is a peaceful place to enjoy beauty from a privileged view.

Combining porcelain and architecture, Mr. Zhang launched a decorative trend in an increasingly modern city. Combining French architecture with one of the finest Chinese arts, China House is the place to admire antiques in a multicultural environment. **E**

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